



Northern Mining Limited

ABN 30 113 654 229

Consolidated Financial Statements

For the Year Ended 30 June 2020

Northern Mining Limited

ABN 30 113 654 229

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For the Year Ended 30 June 2020

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Northern Mining Limited

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Director's Report For the Year Ended 30 June 2020

The directors present their report, together with the consolidated financial statements of the Group, being Northern Mining Limited (the Company) and its controlled entities, for the financial year ended 30 June 2020.

1. General information

(a) Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Tony Ong

Qualifications

B.Com., M.Ec

Experience

Mr. Ong is currently the Non -Executive Chairman of Northern Mining Limited. Mr. Ong is also the current Chairman of Cogent Financial Group (HK) Limited, an investment company with controlling interest in property development, hotel ownership and management, media, publishing and commodities trading businesses. In addition, he is the Chairman of Hoverwing Industrial Corp, a manufacturer of oil and gas equipment in China.

Mr. Ong graduated with a Bachelor of Commerce Degree (Banking and Finance) and a Master of Economics Degree and attended a Leadership Program at London School of Economics and Political Science. In his spare time, Tony is passionately engaged in Equestrian Sports, Karate and Kendo.

Interest in shares and options

224,589,762 ordinary shares.

Other directorships in listed entities held in the previous three years

None.

Gerald Woon

Qualifications

B.A (Hons), M.Sc. (Marketing)

Experience

Mr Woon has more than 26 years of communications experience. As a co-founder and director of Cogent Communications Pte Ltd, he has been involved in most of its consulting services for IPO launches, Investor Relations, and Public Relations since its inception. He also has extensive experience in advising companies on their crisis communications, and notably was involved in the corporate recovery of China Aviation Oil (Singapore) Corporation Ltd and a few other listed companies. Mr Woon has also worked at Provenance Capital Pte. Ltd., a boutique Corporate Finance firm, where he was involved in deal origination and fund raising. Mr Woon started his career in the government sector and was formerly Head, Marketing Communications at the Singapore Economic Development Board (EDB), looking after its corporate communication needs as well as the communication needs of its multinational and local company clients in the electronics, chemicals, biomedical sciences, precision engineering, heavy engineering and services industries. At EDB, Mr Woon was also sole media liaison for several ministerial overseas trips and has worked on several multi-government agency initiatives. Mr Woon holds a Master of Science (Marketing) degree from National University of Singapore and a Bachelor of Arts (Hons) degree from Monash University. In addition, he has also completed the Capital Markets & Financial Advisory Services (CMFAS) Module 4A – Rules and Regulations For Advising On Corporate Finance, and is a member of the EDB Society.

Interest in shares and options

25,473,982 ordinary shares

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Director's Report

For the Year Ended 30 June 2020

1. General information continued

Other directorships in listed entities held in the previous three years None.

Stuart Cameron

Qualifications

B Ec, LLM (Syd), FCA

Experience

Stuart Cameron is a Partner of KS Black & Co Chartered Accountants. He was formerly with KPMG, Nexia and BDO. Stuart is also a non-practicing Barrister admitted to the Supreme Court of NSW.

Stuart has over 35 years in the accounting profession. In that time, he has had comprehensive experience with many public companies, in varied fields. This has included assisting capital raising, authoring both investigating accountants and independent expert reports, as well as providing compliance services including company secretarial and governance services.

Interest in shares and options

Nil

Other directorships in listed entities held in the previous three years

None.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

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Directors' Report

30 June 2020

1. General information continued

(b) Principal activities and significant changes in nature of activities

The company has not engaged in any business activities as it makes the necessary preparations to become a property investment and development company.

2. Operating results and review of operations for the year

(a) Operating results

The consolidated profit/(loss) of the Group amounted to \$261,456 loss (2019: (\$135,729) loss) after providing for income tax.

(b) Review of operations

The Company is a mineral exploration company based in New South Wales, which used to hold exploration tenements comprising the East Kalgoorlie Gold and Nickel Project in Western Australia. The Company was previously listed on the ASX and has plans to explore opportunities to achieve better returns for its shareholders, which includes a pivot of its business model to that of property investment and development.

On 10 December 2018, the Company announced that it was considering the acquisition of Cogent Commercial Limited, a New Zealand entity that is in the business of developing and managing commercial properties, for a consideration of approximately NZ\$15 million (the "Acquisition"). Cogent Commercial Limited is owned by Mr Tony Ong, Non-Executive Chairman of NMI. The acquisition, if successful, will facilitate a change of business of NMI into a property development and investment company with a focus in Australia and New Zealand (the "Transaction").

The Company submitted a revised application to ASX for in-principle advice for the Transaction in relation to ASX Listing Rules 1.1 condition 1 and 1.19 on 27 August 2019, but did not manage to obtain ASX approval. The Company was delisted from the ASX on 3 February 2020 after being suspended for two years for not having sufficient operations to warrant the continued quotation of its securities in accordance with Listing Rule 12.1.

Since its delisting, the Company has been preparing an application to list on the National Stock Exchange of Australia (the "NSX"), with the assistance of its panel of professional advisers as per its announcement dated 5 March 2020. The Company had previously obtained NSX's preliminary approval to proceed with the lodgment of a listing application and prospectus, and had started on the drafting of the necessary documentation. As the Transaction is a related party transaction, a general meeting was planned to be called to consider and approve the Transaction.

With the onset of the COVID-19 outbreak in March 2020 which quickly became a global pandemic, governments around the world had to impose various measures including travel restrictions and border closings, stay-at-home and quarantine notices and country lockdowns, to contain the spread of COVID-19. These measures have caused delays to the progress of the Transaction and the COVID-19 situation has also affected certain market dynamics with regard to the Acquisition and the Company's property investment and development plans. As such, the Company has decided to put the Acquisition on temporary hold while closely monitoring the situation as it stabilises, so as to have better clarity for risk mitigation.

Nevertheless, the Company has been looking at boutique property projects in the Asia Pacific where it can play a role, given its financial resources. The Company's intention with each investment project, is to generate sustainable yields or good investment returns for shareholders. It is therefore the Company's intention to build up its project track record and apply for a listing on NSX as soon as practicable.

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Directors' Report

30 June 2020

3. Other items

(a) Significant changes in state of affairs

Except for the matters disclosed in the "Review of Operations", there have been no other significant changes in the state of affairs of entities in the Group during the year.

(b) Dividends paid or recommended

No dividends were declared or paid during the year ended 30 June 2020. No recommendation for payment of dividends has been made.

(c) Events after the reporting date

Northern Mining Limited (the "Company") announced on 26th of October 2020, that it has incorporated a wholly-owned subsidiary, Cogent Kaihatsu Ltd. ("Cogent Kaihatsu") in Japan and its business activity is to explore property investment and development projects in Japan.

The Company is planning to acquire a piece of land located at 3-34-6 Asakusabashi, Taito-ku, Tokyo, Japan ("Asakusabashi Land") from Ject One Co. Ltd ("Vendor"). Situated at the junction of two major roads and a 7-minute walk from the Asakusabashi subway station, the Asakusabashi Land is envisaged as an ideal site for the development of a low-rise apartment building offering small apartments for single persons working in downtown Tokyo to rent. The Company will provide further updates on the Asakusabashi Land acquisition to shareholders in due course.

(d) Future developments and results

Other than likely developments contained in the "Review of Operations", further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

(e) Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

4. Company secretary

Lisa Dadswell held the position of Company secretary at the end of the financial year. Ms Dadswell is a qualified chartered secretary.

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Directors' Report

30 June 2020

5. Meetings of directors

During the financial year, 1 meeting of directors (including committees of directors) was held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Tony Ong	1	1
Gerald Woon	1	1
Stuart Cameron	1	1

6. Indemnification and insurance of officers and auditors

The Group has agreed to indemnify the following current directors of the Group, Mr Tony Ong, Mr Gerald Woon and Mr Stuart Cameron against all liabilities to another person (other than the Group or a related body corporate) that may arise from their position as directors of the Group and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Group will meet the full amount of any such liabilities, including costs and expenses. No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Northern Mining Limited.

The Group has paid insurance premiums of \$34,133 in respect of directors' and officers' liability insurance for current directors, including senior executives of the Group. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

7. Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

8. Non-audit services

During the year there were no non-audit services provided by the Group's auditor, PKF.

9. Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2020 has been received and can be found on page 10 of the consolidated financial report.

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Directors' Report

30 June 2020

10. Remuneration report (audited)

(a) Remuneration policy

The Group's policy for determining the nature and amount of remuneration and amount of emoluments for Board members of the Group is as follows:

The Group's remuneration policy for Executive Directors is designed to promote superior performance and long-term commitment to the Group. Executives received a base remuneration which is market related.

The remuneration policy, setting the terms and conditions for the Executive Directors and other Senior Executives, was developed by the Board after seeking professional advice from independent external consultants.

The Board's policy reflects its obligation to align Executives' remuneration with shareholders' interests and to retain appropriately qualified Executive talent for the benefit of the Group. The main principles of the policy are that:

- the reward reflects the competitive market in which the Group operates;
- the individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

Executives are also entitled to participate in the employee share and option arrangements.

Key management personnel receive a superannuation guarantee contribution required by the law, which is currently 9.5%, and do not receive any other retirement benefits.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Key management personnel are paid a percentage of between 5-10% of their salary in the event of redundancy. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed.

(b) Relationship between remuneration policy and company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and Executives. There have been two methods applied in achieving this aim, the first being a performance-based bonus based on key performance indicators, and the second being the issue of options to the majority of Directors and Executives to encourage the alignment of personal and shareholders' interests.

The following table shows the gross revenue, profits and dividends for the last five years for the Group, as well as the share prices at the end of the respective financial years.

	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$
Revenue	115,562	196,608	99,841	78,224	3,684,893
Net profit / (loss)	(261,456)	(135,729)	(305,555)	(3,281,521)	(3,196,565)
Share Price at Year-end	0.01	0.01	0.01	0.01	0.02

Directors' Report

30 June 2020

10. Remuneration report (audited) continued

Performance conditions linked to remuneration

(c) Employment details of members of key management personnel

Fees to Non-Executives Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' remuneration consists of set fee amounts and statutory superannuation. Directors' base fees are presently up to \$35,000 per annum. Mr Tony Ong has elected not to be paid the director fee during the year.

Non-Executives Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2016 AGM, is not to exceed \$105,000 per annum. There is no provision for retirement allowances for Non-Executive Directors apart from statutory superannuation. Non-Executive Directors are eligible to be granted with options to provide a material additional incentive for their ongoing commitment and dedication to the continued growth of the Group.

Remuneration and other terms of employment are formalised in employment agreements.

Tony Ong – Non-Executive Chairman

- No employment agreement with Mr Ong.

Gerald Woon – Non-Executive Director

- Term of agreement – commenced 19 August 2015.
- Directors fee of \$35,000 per annum.
- The Company may immediately terminate the agreement by giving notice upon occurrence of certain non-performance criteria.
- There is no specific remuneration entitlement on resignation or if retirement occurs.

Stuart Cameron – Non-Executive Director

- Term of agreement – commenced 17 May 2018.
- Directors fee of \$35,000 per annum plus superannuation.
- The Company may immediately terminate the agreement by giving notice upon occurrence of certain non-performance criteria.
- There is no specific remuneration entitlement on resignation or if retirement occurs.

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Directors' Report

30 June 2020

10. Remuneration report (audited) continued

(d) Remuneration details for the year ended 30 June 2020

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

Table of benefits and payments

	Short term		Post-employment	Total
	Salary and fees	Non-monetary benefits	Superannuation contribution	
2020	\$	\$	\$	\$
Directors				
Tony Ong	-	9,505	-	9,505
Gerald Woon	35,000	9,505	-	44,505
Stuart Cameron	35,000	9,504	3,325	47,829
	70,000	28,514	3,325	101,839

	Short term		Post-employment	Total
	Salary and fees	Non-monetary benefits	Superannuation contribution	
2019	\$	\$	\$	\$
Directors				
Tony Ong	-	9,505	-	9,505
Andrew Nai (resigned on 1 October 2018)	8,750	-	831	9,581
Gerald Woon	35,000	9,505	-	44,505
Stuart Cameron	35,000	9,504	3,325	47,829
	78,750	28,514	4,156	111,420

(e) Key management personnel options and rights holdings

The movement during the reporting period in the number of shares in Northern Mining Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

30 June 2020	Balance at beginning of year	Exercised	Other changes	Balance at the end of year
	No.	No.	No.	No.
Directors				
Tony Ong	224,589,762	-	-	224,589,762
Gerald Woon	25,473,982	-	-	25,473,982
Stuart Cameron	-	-	-	-
	250,063,744	-	-	250,063,744

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Director's Report For the Year Ended 30 June 2020

10. Remuneration report (audited) continued

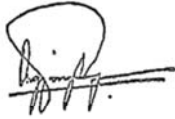
30 June 2019	Balance at beginning of year No.	Exercised No.	Other changes No.	Balance at the end of year No.
Directors				
Tony Ong	224,589,762	-	-	224,589,762
Andrew Nai (resigned on 1 October 2018)	-	-	-	-
Gerald Woon	25,473,982	-	-	25,473,982
Stuart Cameron	-	-	-	-
	<u>250,063,744</u>	<u>-</u>	<u>-</u>	<u>250,063,744</u>

End of Audited Remuneration Report

Corporate Governance

The Directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Director:

Dated this28..... day ofOctober..... 2020

NORTHERN MINING LIMITED


Auditor's Independence Declaration under section 307C of the Corporations Act 2001

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Northern Mining Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.



PKF



SCOTT TOBUTT
PARTNER

28 OCTOBER 2020
SYDNEY, NSW

Northern Mining Limited

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Other income	5	115,562	196,608
Administration expense		(369,993)	(329,786)
Impairment of capitalised exploration assets		-	(2,168)
Bad Debts Expense		(6,152)	-
Depreciation expense		(306)	(383)
Foreign Currency Exchange		(567)	-
Loss before income tax		(261,456)	(135,729)
Income tax expense		-	-
Loss for the year		(261,456)	(135,729)
Other comprehensive income, net of income tax			
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities		-	(1,392)
Other comprehensive loss for the year, net of tax		-	(1,392)
Total comprehensive loss for the year		(261,456)	(137,121)
Loss attributable to:			
Members of the parent entity		(261,456)	(130,960)
Non-controlling interest		-	(4,769)
		(261,456)	(135,729)
Total comprehensive loss attributable to:			
Members of the parent entity		(261,456)	(132,372)
Non-controlling interest		-	4,749
		(261,456)	(137,121)
Loss per share			
Basic loss per share (cents)	10	(0.03)	(0.01)
Diluted loss per share (cents)	10	(0.03)	(0.01)

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Consolidated Statement of Financial Position As at 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11	7,044,101	7,216,184
Trade and other receivables	13	4,615	11,246
Other assets	14	7,501	10,549
TOTAL CURRENT ASSETS		<u>7,056,217</u>	<u>7,237,979</u>
NON-CURRENT ASSETS			
Property, plant and equipment	15	1,225	1,531
TOTAL NON-CURRENT ASSETS		<u>1,225</u>	<u>1,531</u>
TOTAL ASSETS		<u>7,057,442</u>	<u>7,239,510</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	119,834	40,446
TOTAL CURRENT LIABILITIES		<u>119,834</u>	<u>40,446</u>
TOTAL LIABILITIES		<u>119,834</u>	<u>40,446</u>
NET ASSETS		<u>6,937,608</u>	<u>7,199,064</u>
EQUITY			
Issued capital	17	24,915,987	24,915,987
Reserves		(60,949)	(60,949)
Accumulated losses		(17,708,028)	(17,446,572)
Total equity attributable to equity holders of the Company		<u>7,147,010</u>	<u>7,408,466</u>
Non-controlling interest		<u>(209,402)</u>	<u>(209,402)</u>
TOTAL EQUITY		<u>6,937,608</u>	<u>7,199,064</u>

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Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Share capital	Accumulated losses	Share based payments reserve	Foreign currency translation reserve	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	24,915,987	(17,446,572)	-	(60,949)	(209,402)	7,199,064
Loss for the year	-	(261,456)	-	-	-	(261,456)
Other comprehensive income	-	-	-	-	-	-
Transactions with owners in their capacity as owners						
Selective reduction of share capital	-	-	-	-	-	-
Balance at 30 June 2020	24,915,987	(17,708,028)	-	(60,949)	(209,402)	6,937,608

2019

	Share capital	Accumulated losses	Share based payments reserve	Foreign currency translation reserve	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	24,915,987	(17,315,612)	-	(59,536)	(204,654)	7,336,185
Loss for the year	-	(130,960)	-	-	(4,769)	(135,729)
Other comprehensive income	-	-	-	(1,413)	21	(1,392)
Balance at 30 June 2019	24,915,987	(17,446,572)	-	(60,949)	(209,402)	7,199,064

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Consolidated Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payment to suppliers and employees	(287,645)	(381,546)
Interest received	105,562	148,722
Government Cash Flow Boost	10,000	-
Trade Payables written off	-	47,886
Net cash used in operating activities	12 <u>(172,083)</u>	<u>(184,938)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Exploration expenditure	-	-
Proceeds from disposal of subsidiary	-	-
Net cash provided by / (used in) investing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held	(172,083)	(184,938)
Effect of Exchange rate changes on cash	-	(1,393)
Cash and cash equivalents at beginning of financial year	7,216,184	7,402,515
Cash and cash equivalents at end of financial year	11 <u>7,044,101</u>	<u>7,216,184</u>

Northern Mining Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

The consolidated financial report covers Northern Mining Limited and its controlled entities (the "Group"). Northern Mining Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Date authorised by Directors

The financial report was authorised for issue by the Directors on 28 October 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. Summary of Significant Accounting Policies

Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 19 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Going concern

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary course of business.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

2. Summary of Significant Accounting Policies

New, revised or amending Accounting Standards and Interpretations adopted continued

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New and amended standards adopted by the Company

Certain new accounting standards and interpretations have been published during the financial year ended 30 June 2020. The directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretation is set out below.

(i) AASB 16: Leases (AASB 16) (applicable from 1 January 2019)

AASB 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the Statement of Cash flows applying AASB 107 *Statement of Cash Flows*.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

There was no impact on the Company upon adoption of AASB 16 on 1 July 2019 as the Company did not enter into any lease contract during the period

New standards and interpretations not yet adopted

There were no new standards, interpretations or amendments to existing accounting standards that are not mandatory for the financial year ended 30 June 2020 or that are available for early adoption by the Company.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2. Summary of Significant Accounting Policies continued

Income tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2. Summary of Significant Accounting Policies continued

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Office equipment and improvements	13% - 67%
Plant and equipment	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not amortised or depreciated.

Non-current assets classified as held for sale and any associated liabilities are presented separately in the consolidated statement of financial position.

Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair values plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and, trade and other receivables.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

2. Summary of Significant Accounting Policies continued

Financial instruments continued

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Interest income

Interest income is recognised on a proportional basis considering the interest rate applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2. Summary of Significant Accounting Policies continued

Goods and services tax (GST) continued

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the consolidated statement of profit or loss and other comprehensive income.

Employee benefits

Defined contribution schemes

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit and loss in the periods during which services are rendered by employees.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2. Summary of Significant Accounting Policies continued

Defined contribution schemes continued

Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The executive committee of the group has been identified as the chief operating decision makers and are responsible for assessing the financial performance and position of the group, and make strategic decisions.

3. Critical Accounting Estimates and Judgements

The Directors evaluated estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained externally.

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Notes to the Financial Statements For the Year Ended 30 June 2020

4. Operating Segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group had been operating in three geographical areas, being Australia, China and Poland in the previous years, but during the period the China segment had been dissolved and there is no operation for the Poland segment. The geographical areas are regarded as being the operating segments of the Group and this is the format of the information provided to the chief operating decision-maker.

Segment Performance

	Australia		China		Poland		Total	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Segment revenue	115,562	144,615	-	4,107	-	47,886	115,562	196,608
Segment result	(261,456)	(179,947)	-	(3,477)	-	47,695	(261,456)	(135,729)
Other segment information								
Impairment of capitalised exploration costs	-	2,168	-	-	-	-	-	2,168
Depreciation	306	383	-	-	-	-	306	383
Segment assets	7,057,422	6,726,510	-	513,000	-	-	7,057,422	7,239,510
Segment liabilities	(119,834)	(40,446)	-	-	-	-	(119,834)	(40,446)

5. Other Income

Revenue from continuing operations

	2020 \$	2019 \$
Other income		
- Interest income	105,562	148,722
- Government Cash Flow Boost	10,000	-
- Trade Payables Written off	-	47,886
	115,562	196,608

6. Employee Benefits Expense

	2020 \$	2019 \$
Wages and salaries	70,000	78,750
Superannuation	3,325	4,156
Total	73,325	82,906

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Notes to the Financial Statements For the Year Ended 30 June 2020

7. Income Tax Expense

(a). Reconciliation of income tax to accounting profit:

	2020	2019
	\$	\$
Loss before income tax	(261,456)	(135,729)
Tax	27.5%	27.5%
	<u>(71,900)</u>	<u>(37,325)</u>
Temporary differences		
- Accruals	3,237	(831)
- Exploration expenditure	-	(624)
- Non-deductible expenses	84	2,381
- Other deductible expenses	754	(349)
- Other assessable income	-	-
- Non-assessable income	2,750	-
	<u>(65,075)</u>	<u>(36,748)</u>
Deferred tax asset not brought to account/(recoupment of prior year tax losses not previously brought to account)	65,075	36,748
Income tax expense	<u>-</u>	<u>-</u>

Tax losses

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future profit will be available against which the Group can utilise the benefit, subject to the Continuing Ownership Test.

	2020	2019
	\$	\$
Tax losses	<u>17,190,892</u>	<u>16,173,217</u>
Potential tax benefit	<u>4,727,495</u>	<u>4,847,519</u>

Unrecognised net deferred tax assets

	2020	2019
	\$	\$
Deferred tax assets		
Unused tax losses for which no deferred tax assets has been recognised	4,727,495	4,847,519
Deferred tax liabilities		
Exploration, evaluation and development expenditure	-	-
Total	<u>4,727,495</u>	<u>4,847,519</u>

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Notes to the Financial Statements For the Year Ended 30 June 2020

8. Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2020	2019
	\$	\$
Short-term employee benefits	70,000	78,750
Post-employment benefits	-	-
Other costs	3,325	4,156
	<u>73,325</u>	<u>82,906</u>

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporate Regulation 2M.3.03 is provided in the remuneration report section of the Directors' Report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Director's interests existing at year-end.

9. Related Parties

The Group's main related parties are as follows:

(i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 8 : Key Management Personnel Disclosures and the remuneration report in the Directors' Report.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions between each parent company and its subsidiaries which are related parties of the Company are eliminated on consolidation and are not disclosed in this note.

Loans to/from related parties

There are no loans made to directors or other key management personnel of the Company or the Group.

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Notes to the Financial Statements For the Year Ended 30 June 2020

10. Earnings per Share

	2020	2019
	\$	\$
Loss from continuing operations	<u>(261,456)</u>	<u>(135,729)</u>
(a). Losses used to calculate overall loss per share		
	2020	2019
	\$	\$
Losses used to calculate overall earnings per share	<u>(261,456)</u>	<u>(135,729)</u>
(b). Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		
	2020	2019
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>938,441,594</u>	<u>938,441,594</u>

11. Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash at bank and in hand	512,339	382,464
Short-term deposits	<u>6,531,762</u>	<u>6,833,720</u>
	<u>7,044,101</u>	<u>7,216,184</u>

12. Cash Flow Information

Reconciliation of net income to net cash used in operating activities:

	2020	2019
	\$	\$
Profit / (Loss) for the year	(261,456)	(135,729)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit / (loss):		
- Depreciation	306	383
- Exploration expenses written off	-	-
- Loss on Disposal of Subsidiary	-	-
Proceeds from termination of joint venture	-	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- decrease/(increase) in trade and other receivables and other assets	9,679	(9,595)
- increase/(decrease) in trade and other payables	<u>79,388</u>	<u>(39,997)</u>
Net cash used in operating activities	<u>(172,083)</u>	<u>(184,938)</u>

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Notes to the Financial Statements For the Year Ended 30 June 2020

13. Trade and Other Receivables

	2020	2019
	\$	\$
CURRENT		
Interest receivable	-	-
Other receivables	4,615	11,246
Total current trade and other receivables	4,615	11,246

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

14. Other Assets

	2020	2019
	\$	\$
CURRENT		
Prepayments	7,501	10,549

15. Property, Plant and Equipment

PLANT AND EQUIPMENT	2020	2019
	\$	\$
Office equipment		
At cost	30,981	30,981
Accumulated depreciation	(30,981)	(30,981)
Total office equipment	-	-
Plant and equipment		
At cost	22,507	22,507
Accumulated depreciation	(21,282)	(20,976)
Total property, plant and equipment	1,225	1,531

16. Trade and Other Payables

	2020	2019
	\$	\$
CURRENT		
Trade and other payables	94,584	26,966
Accrued expenses	25,250	13,480
	119,834	40,446

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

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Notes to the Financial Statements For the Year Ended 30 June 2020

17. Issued Capital

	2020	2019
	\$	\$
938,441,594 (2019: 938,441,594) Ordinary shares	24,915,987	24,915,987
Total	24,915,987	24,915,987

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residue assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Capital Management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

There are no externally imposed capital requirements. The Group monitors capital through the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is defined as equity per the consolidated statement of financial position plus net debt.

18. Reserves

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income - foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Share option reserve

This reserve records the cumulative value of employee service received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital.

Movements in reserves

	Share based payments	Foreign currency	Total
	\$	\$	\$
Balance at 1 July 2019	-	(60,949)	(60,949)
Foreign currency translation	-	-	-
Balance at 30 June 2020	-	(60,949)	(60,949)
Balance at 1 July 2018	-	(59,536)	(59,536)
Foreign currency translation	-	(1,413)	(1,413)
Balance at 30 June 2019	-	(60,949)	(60,949)

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Notes to the Financial Statements For the Year Ended 30 June 2020

19. Group Entities

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2020	Percentage Owned (%)* 2019
Subsidiaries:			
NMI Minerals Limited	Mauritius	100	100
Gepco Geologia i Ochrona Srodowiska Sp. z.o.o	Poland	90	90
NMI Limited*	Seychelles	100	100

*NMI Limited was the parent company for NMI Minerals Limited. NMI Minerals Limited was disposed of in December 2019. NMI Limited, was dissolved as a company in the Seychelles on 14 January 2020.

20. Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not speculate in financial assets.

The most significant financial risks to which the Group is exposed are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk and interest rate risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables

Notes to the Financial Statements

For the Year Ended 30 June 2020

20. Financial Risk Management continued

Objectives, policies and processes

Risk management is carried out by the Group's risk management committee under the delegated power from the Board of Directors. The Finance Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group, these policies and procedures are then approved by the risk management committee and tabled at the board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period is identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The Group's liabilities have contractual maturities which are summarised below:

	Carrying Amount	Contractual Cash Flows	Less than 1 year
	\$	\$	\$
Trade and other payables	(119,834)	(119,834)	(119,834)
	<u>(119,834)</u>	<u>(119,834)</u>	<u>(119,834)</u>

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the consolidated statement of financial position due to the effect of discounting.

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Notes to the Financial Statements For the Year Ended 30 June 2020

20. Financial Risk Management continued

Liquidity risk continued

Financial liability maturity analysis - Non-derivative

	Within 1 Year		Total	
	2020	2019	2020	2019
Financial liabilities due for payment	\$	\$	\$	\$
Trade and other payables (excluding estimated annual leave)	119,834	40,446	119,834	40,446

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the Group.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

	2020	2019
	\$	\$
Cash and cash equivalents	7,044,101	7,216,184
Other receivables	4,615	11,246
	7,048,716	7,227,430

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Notes to the Financial Statements For the Year Ended 30 June 2020

20. Financial Risk Management continued

Credit Risk continued

On a geographical basis, the Group has significant credit risk exposures in Australia. The Group's exposure to credit risk for other receivables at the end of the reporting period by geographic regions is as follows:

	2020	2019
	\$	\$
Australia	4,615	11,246
	<u>4,615</u>	<u>11,246</u>

As at 30 June 2020, \$6,152 (2019: \$6,152) other receivables were past due but not impaired. The Group believes that no impairment is necessary in respect of other receivables not past due.

Market risk

(i) Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Assets		Liabilities	
	2020	2019	2020	2019
	\$	\$	\$	\$
US Dollars (USD)	-	-	-	-
Polish Zloty (PLN)	-	-	-	-
Singapore Dollars (SGD)	-	9,018	-	-
Total	<u>-</u>	<u>9,018</u>	<u>-</u>	<u>-</u>

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Notes to the Financial Statements For the Year Ended 30 June 2020

20. Financial Risk Management continued

Foreign currency sensitivity analysis

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations. The foreign currency risk in the books of the parent entity is considered immaterial and is therefore not shown.

	USD \$	PLN \$	SGD \$	Total \$
Net financial assets / (liabilities) in AUD				
30 June 2020				
Impact of 10% change in foreign currency rate on:				
Profit for the year	-	-	-	-
Equity	-	-	-	-
	-	-	-	-
30 June 2019				
Impact of 10% change in foreign currency rate on:				
Profit for the year	-	-	902	902
Equity	-	-	(902)	(902)
	-	-	-	-

Fair values of financial instruments

There is no difference between the carrying amounts and the fair value of financial instruments.

(ii) Financial instrument composition and maturity analysis

	2020 \$	2019 \$
Variable rate instruments		
Financial assets	512,339	382,464
Financial liabilities	-	-
	<u>512,339</u>	<u>382,464</u>
Fixed rate instruments		
Financial assets	6,531,762	6,833,720
Financial liabilities	-	-
	<u>6,531,762</u>	<u>6,833,720</u>

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Notes to the Financial Statements For the Year Ended 30 June 2020

20. Financial Risk Management continued

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

An increase or decrease of 100 basis points would have increased equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

	Profit		Equity	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
30 June 2020				
Variable rate instruments	4,474	(4,474)	4,474	(4,474)
Fixed rate instruments	66,827	(66,827)	66,827	(66,827)
Cash flow sensitivity (net)	71,301	(71,301)	71,301	(71,301)
30 June 2019				
Variable rate instruments	3,495	(3,495)	3,495	(3,495)
Fixed rate instruments	69,598	(69,598)	69,598	(69,598)
Cash flow sensitivity (net)	73,093	(73,093)	73,093	(73,093)

The movements in profit and equity are due to higher and lower interest on cash balances.

The net exposure at the end of the reporting period is representative of what the Group was and is expecting to be exposed to at the end of the next twelve months.

The sensitivity analysis is performed on the same basis as in 2019.

21. Events Occurring After the Reporting Date

Northern Mining Limited (the "Company") announced on 26th of October 2020, that it has incorporated a wholly-owned subsidiary, Cogent Kaihatsu Ltd. ("Cogent Kaihatsu") in Japan and its business activity is to explore property investment and development projects in Japan.

The Company is planning to acquire a piece of land located at 3-34-6 Asakusabashi, Taito-ku, Tokyo, Japan ("Asakusabashi Land") from Ject One Co. Ltd ("Vendor"). Situated at the junction of two major roads and a 7-minute walk from the Asakusabashi subway station, the Asakusabashi Land is envisaged as an ideal site for the development of a low-rise apartment building offering small apartments for single persons working in downtown Tokyo to rent. The Company will provide further updates on the Asakusabashi Land acquisition to shareholders in due course.

22. Parent Entity

The following information has been extracted from the books and records of the parent, Northern Mining Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Northern Mining Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Northern Mining Limited

ABN 30 113 654 229

Notes to the Financial Statements For the Year Ended 30 June 2020

22. Parent Entity continued

Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint venture entities are accounted for at cost in the consolidated financial statements of the parent entity.

	2020	2019
	\$	\$
Statement of Financial Position		
Assets		
Current assets	7,051,602	4,481,587
Non-current assets	2,349	2,765
Total Assets	<u>7,053,951</u>	<u>4,484,352</u>
Liabilities		
Current liabilities	115,219	40,446
Total Liabilities	<u>115,219</u>	<u>40,446</u>
Equity		
Issued capital	24,915,988	24,195,988
Accumulated losses	<u>(17,977,256)</u>	<u>(20,472,082)</u>
Total Equity	<u>6,938,732</u>	<u>4,443,906</u>
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	<u>(1,030,278)</u>	<u>(179,947)</u>
Total comprehensive income	<u>(1,030,278)</u>	<u>(179,947)</u>

Guarantees

The parent entity has not entered into any guarantees in respect of its subsidiaries.

23. Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019.

24. Contractual commitments

The parent entity did not have any commitments as at 30 June 2020 or 30 June 2019.

25. Auditors' Remuneration

	2020	2019
	\$	\$
Remuneration of the auditor of the parent entity, for:		
- Audit and review of financial statements - PKF	24,000	23,750
Total	<u>24,000</u>	<u>23,750</u>

Northern Mining Limited

ABN 30 113 654 229

Notes to the Financial Statements For the Year Ended 30 June 2020

26. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019: None).

27. Company Details

The registered office of the company is:
Northern Mining Limited
Level 12, 225 George Street, Sydney, NSW 2000

Northern Mining Limited

ABN 30 113 654 229

Directors' Declaration

The directors of the Company declare that:

1. the consolidated financial statements and notes for the year ended 30 June 2020 are in accordance with the *Corporations Act 2001* and:
 - a. complies with Accounting Standards, which, as stated in basis of preparation Note 1. to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. gives a true and fair view of the financial position and performance of the consolidated group;
2. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director

Dated this 28 day of October 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Northern Mining Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Northern Mining Limited (the Group), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Northern Mining Limited, is in accordance with the Corporations Act 2001, including:

- (a) Giving a true and fair view of the Group's financial position as at 30 June 2020, and of its financial performance for the year then ended; and
- (b) Complying with the Australian Accounting Standards and Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Other Information (cont'd)

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



SCOTT TOBUTT
PARTNER

28 OCTOBER 2020
SYDNEY, NSW