

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

NORTHERN MINERALS & EXPLORATION LTD.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **October 31, 2018**

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number **333-146934**

NORTHERN MINERALS & EXPLORATION LTD.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

98-0557171

(IRS Employer
Identification No.)

1889 FM 2088 Quitman, Texas

(Address of principal executive offices)

75783

(Zip Code)

(254) 334-0767

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 48,436,818 common shares issued and outstanding as of December 13, 2018.

NORTHERN MINERALS & EXPLORATION LTD.

FORM 10-Q

For the Period ended October 31, 2018

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

NORTHERN MINERALS & EXPLORATION LTD.

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**NORTHERN MINERALS & EXPLORATION LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS**

	October 31, 2018 (unaudited)	July 31, 2018 (audited)
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 2,152	\$ 52,672
Prepaid expenses	3,500	3,500
Accounts receivable	-	3,229
Stock subscription receivable	-	20,000
Total Current Assets	<u>5,652</u>	<u>79,401</u>
Other Assets		
Mineral rights and properties	30,065	30,065
Oil and gas properties	141,250	141,250
Total Other Assets	<u>171,315</u>	<u>171,315</u>
TOTAL ASSETS	<u>\$ 176,967</u>	<u>\$ 250,716</u>
<u>LIABILITIES & STOCKHOLDERS' DEFICIT</u>		
Current Liabilities:		
Accounts payable	\$ 71,178	\$ 85,146
Accounts payable – related party	37,500	43,374
Accrued liabilities	327,150	327,580
Current portion of property option payable	116,000	116,000
Loans payable	125,990	125,990
Loans payable – related party	21,800	25,000
Total Current Liabilities	<u>699,618</u>	<u>723,090</u>
Convertible debt – long term	<u>85,000</u>	<u>85,000</u>
TOTAL LIABILITIES	<u>784,618</u>	<u>808,090</u>
Commitments and Contingencies	-	-
Stockholders' Deficit:		
Common stock, \$0.001 par value, 75,000,000 shares authorized; 48,436,818 and 48,286,818 shares issued and outstanding, respectively	48,438	48,287
Common stock to be issued	100,000	50,000
Additional paid-in-capital	1,746,434	1,736,835
Accumulated deficit	<u>(2,502,523)</u>	<u>(2,392,496)</u>
Total Stockholders' Deficit	<u>(607,651)</u>	<u>(557,374)</u>
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	<u>\$ 176,967</u>	<u>\$ 250,716</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NORTHERN MINERALS & EXPLORATION LTD.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended October 31,	
	2018	2017
Revenue	\$ 10,862	\$ 11,292
Distributions	9,153	13,039
Gross margin	<u>1,709</u>	<u>(1,747)</u>
Operating expenses:		
Officer compensation	15,000	12,500
Director services	-	500
Consulting	10,000	17,500
Consulting – related party	15,000	-
Professional fees	1,750	9,565
Advertising and promotion	38,485	10,000
Mineral property expenditures	15,973	2,749
General and administrative	8,061	35,685
Total operating expenses	<u>104,269</u>	<u>88,499</u>
Loss from operations	<u>(102,560)</u>	<u>(90,246)</u>
Other expense:		
Interest expense	(7,467)	(7,184)
Total other expense	<u>(7,467)</u>	<u>(7,184)</u>
Loss before provision for income taxes	(110,027)	(97,430)
Provision for income taxes	-	-
Net Loss	<u>\$ (110,027)</u>	<u>\$ (97,430)</u>
Loss per share, basic & diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average shares outstanding, basic & diluted	<u>48,286,818</u>	<u>28,662,202</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NORTHERN MINERALS & EXPLORATION LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Three Months Ended October 31,	
	2018	2017
Cash Flow from Operating Activities:		
Net loss	\$ (110,027)	\$ (97,430)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock compensation expense	9,750	-
Changes in Operating Assets and Liabilities:		
Prepaid expenses	-	(10,000)
Accounts receivable	3,229	4,413
Accounts payables and accrued liabilities	(16,865)	(25,257)
Accounts payable – related party	(5,874)	7,500
Accrued interest	2,467	29,522
Advances for well work	-	(24,379)
Net cash used in operating activities	<u>(117,320)</u>	<u>(115,631)</u>
Cash Flows from Investing Activities:		
	-	-
Cash Flows from Financing Activities:		
Proceeds from loan payable	-	25,000
Proceeds from loans payable – related party	51,800	-
Payments on loans payable – related party	(55,000)	-
Proceeds from the sale of common stock	70,000	125,000
Net cash provided by financing activities	<u>66,800</u>	<u>150,000</u>
Net increase (decrease) in cash	(50,520)	34,369
Cash at beginning of the period	52,672	822
Cash at end of the period	<u>\$ 2,152</u>	<u>\$ 35,191</u>
Cash paid for:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Northern Minerals & Exploration Ltd.
Condensed Consolidated Notes to Financial Statements
October 31, 2018
(unaudited)

NOTE 1 – ORGANIZATION AND BUSINESS OPERATIONS

Northern Minerals & Exploration Ltd. (the “Company”) is an emerging natural resource company operating in oil and gas production in central Texas and exploration for gold and silver in northern Nevada.

The Company was incorporated in Nevada on December 11, 2006 under the name Punchline Entertainment, Inc. On August 22, 2012, the Company’s board of directors approved an agreement and plan of merger to effect a name change of the Company from Punchline Entertainment, Inc. to Punchline Resources Ltd. On July 12, 2013, the stockholders approved an amendment to change the name of the Company from Punchline Resources Ltd. to Northern Mineral & Exploration Ltd. FINRA approved the name change on August 13, 2013.

On November 22, 2017, the Company created a wholly owned subsidiary, Kathis Energy LLC (“Kathis”) for the purpose of conducting oil and gas drilling programs in Texas.

On December 14, 2017, Kathis Energy, LLC and other Limited Partners, created Kathis Energy Fund 1, LP, a limited partnership created for raising investor funds.

On May 7, 2018, the Company created ENMEX LLC, a wholly owned subsidiary in Mexico, for the purposes of managing and operating its investments in Mexico including but not limited to the Joint Venture opportunity being negotiated with Pemex Bacalar on approximately 61 acres on the Bacalar Lagoon on the Yucatan Peninsula. There was no activity from inception to date.

The Company is working on the following projects:

ENMEX Operations LLC – Wholly owned Subsidiary - Pemex Bacalar – Resort Development Project

During the quarter ended October 31, 2017, the Company entered into a Letter of Intent with Pemex Bacalar SAPI DE CV on September 22, 2017 to examine the opportunity of acquiring ownership in approximately 61 acres (“Property”) on a freshwater lagoon near the community of Bacalar, Mexico in the state of Quintana Roo for the purpose of entering into a joint venture for the potential development of the Property into a resort. On November 16, 2017, subsequent to the end of the quarter, the Company entered into a Memorandum of Understanding (“MOU”) in order to further conduct due diligence toward this potential project. An amended MOU was entered into on April 13, 2018 setting forth the conditions for entering into a definitive agreement with Pemex Bacalar. The amended MOU of April 13, 2018 expired on June 15, 2018; however, discussions have continued toward seeking a definitive agreement and also continued subsequent to October 31, 2018.

Coleman County, Texas – Three well rework/re-completion project

On October 14, 2014, we entered into an agreement to acquire the 206.5 acre J.E. Richey oil and gas lease. This lease area has six known productive formations. The existing three wells on the lease are fully equipped. Beginning in May 2015 we started conducting operations on the three wells to place them back into production. The rework/re-completion was completed on July 28, 2015 and production of oil and gas was established. Additional work was conducted on J. E. Richey lease during the fiscal year ended July 31, 2018. No additional work was performed during the quarter ended October 31, 2018.

Kathis Energy LLC – Wholly owned Subsidiary:

The Company created a wholly owned subsidiary, Kathis Energy LLC (“Kathis”), on November 22, 2017 for the purpose of conducting oil and gas drilling programs in Texas. The Company agreed to assign to Kathis the Olson and Guy Ranch leases in exchange for \$126,500.

Jones County, Texas – Palo Pinto Reef project

During the fiscal year ended July 31, 2016 the Company acquired the Olson lease covering 160 acres in Jones County, Texas. This lease is 1.5 miles from the Strand Palo Pinto Reef Field which was discovered in 1940 and has produced 1,700,000 barrels of oil from 8 wells or 212,500 barrels of oil per well. The structure map on the Palo Pinto shows a large buildup in the Palo Pinto Reef across the southern portion of the lease.

Shackelford County, Texas – Guy Ranch Project:

During the fiscal year ended July 31, 2016 the Company acquired 692-acres divided into two tracts Guy Ranch Lease in Shackelford County. The Guy Ranch lease is located in the southern part of Shackelford County. The Ranch has 32 wind turbines on it representing it is at a structurally higher elevation. The principal targets for this drilling prospect is the Patio (aka Palo Pinto Sand) and Morris Sands the area is also known to be productive from three other formations on the Guy Ranch acreage.

Riverside Prospects, Runnels County, Texas

On October 20, 2017 the Company entered into an exclusive option agreement with Murphree Oil Company to acquire drilling prospects on four leases in Runnels County near the City of Ballinger, known as the Riverside Prospects. During the quarter ended April 30, 2018, the Company, through its wholly owned subsidiary, Kathis Energy LLC, (“Kathis”) paid the lease bonuses for extending the oil and gas lease period on 548.76 acres covering the Riverside Prospects. This acreage consists of 4 leases in a well established area where oil and gas production was discovered during 1978 – 1983. On November 2, 2018 a fresh option agreement was entered into for the Riverside Leases.

89 Guy #4 Well – Cased Hole:

On April 16, 2018, Kathis Energy acquired the 89 Guy Well #4 located on a 20-acre tract on the Guy Ranch property in Shackelford County, Texas. The well is an abandoned cased well that was drilled in October 2010 and completed in the Patio Sand at the interval of 3,144’ - 3,154’. The interval perforated (3,144 – 3,154’) is above the best productive part of the formation.

McClure 2B Gas Well – Producing:

On February 6, 2018 the Company acquired the McClure # 2B producing gas well on a 40-acre oil & gas lease located in Palo Pinto County near the Community of Graford, Texas. The McClure 2B well is completed in the Strawn in the interval 2,882’ to 2,940’ and has produced in excess of 70 million cubic feet of natural gas.

Carter & Foster Wells – Producing:

During the fiscal year ended July 31, 2018 the Company acquired the Carter and Foster wells located west of the Community of Atwell, Texas in Callahan County. The Carter lease consists of 40 acres and has one well. The Foster lease has 10 acres around each well of the three wells, all of which are fully equipped with surface and subsurface equipment. All four wells are completed in the Palo Pinto Limestone formation at approximately 1,900 feet.

Reeves Lease – Acreage – Palo Pinto Reef Prospect:

In August 2018 the Company paid for the geological prospecting fees for a Palo Pinto Reef prospect in Jones County. The Reeves lease covers 160 acres and is located near Noodle, Texas in Jones County. The projected depth of the Palo Pinto Reef is 4,300’.

Winnemucca Mountain Gold Property, Nevada

On September 14, 2012, the Company entered into an option agreement (as amended and restated on November 15, 2012, February 1, 2013 and August 26, 2013) with AHL Holdings Ltd., a Nevada corporation, and Golden Sands Exploration Inc., a company incorporated under the laws of British Columbia, Canada, wherein the Company acquired an option to purchase a revised 80% interest in and to certain mining claims from AHL Holdings and Golden Sands, which claims form the Swordfish Property (“Winnemucca Mountain Property”) in Humboldt County, Nevada. This Winnemucca Mountain property at September 14, 2012 consisted of 208 unpatented mining claims covering an area of approximately 4,100 acres.

Effective July 30, 2014, the Company entered into amended and restated option agreement with AHL Holdings and Golden Sands that materially modifies and replaces the terms of the original option agreement (as amended last on August 26, 2013). The amended and restated option agreement dated July 30, 2014 was further amended by letter agreement on February 11, 2016. The aggregate cash fee payable to exercise the option was increased from \$1,715,000 to \$1,740,000 and the total number of common shares issuable to exercise the option has been increased from 100,000 to 3,850,000. Lastly, the amended and restated agreement provides that AHL Holdings may elect to receive shares of the Company’s common stock in lieu of any cash payments payable pursuant to the agreement at a 75% discount to the then current closing market price.

In 2015 the Company failed to maintain in good standing all of the claims which form the Winnemucca Mountain Property whereby 70 unpatented mining claims were forfeited. The Company is obligated to pay the costs and cause to be re-acquired and recorded in the name of AHL Holdings the area of the property that was previously held by the 70 unpatented claims. No work was conducted on the property during the fiscal year. The Company was given a default notice by the Optionors on May 30, 2017, whereby the Company lost the right to earn an interest in the Winnemucca Mountain Property.

As part of the Company's outstanding obligations under the Option Agreement the Company conducted a geophysical survey on the Winnemucca Property in January 2018 at a cost of \$35,100.

On July 23, 2018, the Company entered into a New Option Agreement with AHL Holding Ltd & Golden Sands Exploration Inc. ("Optionors"). This agreement provided for the payment of \$25,000 and the issuance of 3,000,000 shares of the Company's common stock and work commitments. The Company issued the shares and made the initial payment of \$25,000 per the agreement on July 31, 2018. The second payment of \$25,000 per the terms of the agreement was to be paid when it was due on August 31, 2018. The Company is in default of the terms of the July 23, 2018 agreement. The Company at the time of this filing is in discussions to seek a mutual agreement and or settlement with the Optionors to proceed forward with the Winnemucca Property. The Company has firm cash commitments of \$149,000 and firm exploration commitments of \$200,000 pursuant to the July 23, 2018 agreement.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company's unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accompanying unaudited condensed financial statements reflect all adjustments, consisting of only normal recurring items, which, in the opinion of management, are necessary for a fair statement of the results of operations for the periods shown and are not necessarily indicative of the results to be expected for the full year ending July 31, 2019. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended July 31, 2018.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year financial information to conform to the presentation used in the unaudited financial statements for the three months ended October 31, 2018.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Kathis Energy LLC, Kathis Energy Fund 1, LLP and Enmex Operations LLC. All financial information has been prepared in conformity with accounting principles generally accepted in the United States of America. All significant intercompany transactions and balances have been eliminated.

Revenue Recognition

Revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration that an entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. Once a contract is determined to be within the scope of ASC 606 at contract inception, the Company reviews the contract to determine which performance obligations the Company must deliver and which of these performance obligations are distinct. The Company recognizes as revenues the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. Generally, the Company's performance obligations are transferred to customers at a point in time, typically upon delivery.

Revenues are earned from the J.E. Richey Lease both in selling oil and gas and from funds received for reworking the Concho Richey #1. We began earning revenues in Q1 of 2015 from the J.E. Richey Lease. Revenues resumed from the sale of oil and gas during the second quarter of the 2016/17 fiscal year.

Long Lived Assets

Property consists of mineral rights purchases as stipulated by underlying agreements and payments made for oil and gas exploration rights. Our company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When we determine that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, we record an impairment charge. Our company measures any impairment based on a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent in the current business model. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows.

Mineral Property Acquisition and Exploration Costs

Mineral property acquisition and exploration costs are expensed as incurred until such time as economic reserves are quantified. Cost of lease, exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. We have chosen to expense all mineral exploration costs as incurred given that it is still in the exploration stage. Once our company has identified proven and probable reserves in its investigation of its properties and upon development of a plan for operating a mine, it would enter the development stage and capitalize future costs until production is established. When a property reaches the production stage, the related capitalized costs will be amortized over the estimated life of the probable-proven reserves. When our company has capitalized mineral properties, these properties will be periodically assessed for impairment of value and any diminution in value.

Oil and Gas Properties

The Company applies the successful efforts method of accounting for oil and gas properties. The Company capitalizes asset acquisition costs of mineral rights and leases. Unproved oil and gas properties are periodically assessed to determine whether they have been impaired, and any impairment in value is charged to expense. The costs of proved properties will be depleted on an equivalent unit-of-production basis in which total proved reserves will be the base used to calculate depletion.

Basic and Diluted Earnings Per Share

Net income (loss) per common share is computed pursuant to ASC 260-10-45, *Earnings per Share—Overall—Other Presentation Matters*. Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period. The weighted average number of common shares outstanding and potentially outstanding common shares assumes that we incorporated as of the beginning of the first period presented.

As of October 31, 2018, and 2017, the Company had 4,823,045 and 2,544,981 potentially dilutive shares; however, the diluted loss per share is the same as the basic loss per share for the three months ended October 31, 2018 and 2017, as the inclusion of any potential shares would have had an antidilutive effect due to our loss from operations.

Recently issued accounting pronouncements

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

NOTE 3 – GOING CONCERN

The accompanying unaudited condensed consolidated financial statements are prepared and presented on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, they do not include any adjustments relating to the realization of the carrying value of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Since inception to October 31, 2018, the Company has an accumulated deficit of \$2,502,523. The Company intends to fund operations through equity financing arrangements, which may be insufficient to fund its capital expenditures, working capital and other cash requirements for the next twelve months. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 4 – MINERAL RIGHTS AND PROPERTIES

Coleman County – J.E. Richey Lease

On October 14, 2014, the Company entered into a Terms of Farm-out Agreement with Copper Basin Oil & Gas Inc. to acquire a working interest in an oil and gas lease in the J.E. Richey lease, which had 3 fully equipped wells, production flow lines, injection flow line, Tank battery consisting of two 300 BBL tanks, one 210 BBL tank with two separators. The Company agreed to acquire a 75% working interest in the lease including the existing wells and equipment.

The total consideration that the Company must pay to acquire the 75% working interest is estimated at \$336,000, which amount includes all work requirements, and common stock valued at \$0.10 based upon our current share price of \$0.11 as at October 14, 2014. The Net Revenue Interest is 56.25% and consists of approximately 206.5 acres, more or less, in Coleman County, Texas. This lease has no depth limit.

On March 20, 2015, the Company entered into a multi-well purchase and sale agreement with EF VC2, LLC to sell a 37.5% working interest ("WI") in the 3 wells for total consideration of \$180,000. Under the terms of the agreement both parties will receive a 50.0% of the WI revenue from these three wells until EF VC2 recaptures their investment of \$180,000 (defined as "Payout"). After Payout EF VC2 will revert to a 37.5% of the WI revenue for the remaining life of the production from the three wells.

We were successful in the re-completion of the Concho Richey #1 well on the J.E. Richey Lease in the Gray formation in July 2015. The Concho Richey well came in with initial production rates of 65 barrels of oil per day and 100 MCF of gas per day. We hold a 25% working interest in one producing well ("Concho Richey #1") on the lease and a 100% working interest in the remainder of the 206-acre J. E Richey Lease.

The Concho Richey well was shut in due to a hole coming in to the casing which was repaired in the quarter ended October 31, 2016. No revenues were received during the quarter from the Concho Richey well, subsequently repairs were made to the well. Repairs made to the well to squeeze off the holes in the casing were successful. Revenues from the sale of oil and gas resumed during the year ended July 31, 2017. The Concho Richey #1 well is currently producing 5 barrels of oil and 31 MCF of gas per day.

During August 2017 further work was conducted on the J.E. Richey #1 well during August 2017, which determined the casing in this well was beyond being repaired. A decision was made to plug this well. The Richey #1 well was plugged on January 3, 2018.

Further work is planned during the next fiscal year on the J. E. Richey lease on well #3 in an effort to improve its production.

Winnemucca Mountain Property

On September 14, 2012, the Company entered into an option agreement (as amended and restated on November 15, 2012, February 1, 2013 and August 26, 2013) with AHL Holdings Ltd., a Nevada corporation, and Golden Sands Exploration Inc., a company incorporated under the laws of British Columbia, Canada, wherein the Company acquired an option to purchase a revised 80% interest in and to certain mining claims from AHL Holdings and Golden Sands, which claims form the Swordfish Property ("Winnemucca Mountain Property") in Humboldt County, Nevada. This Winnemucca Mountain property at September 14, 2012 consisted of 208 unpatented mining claims covering an area of approximately 4,100 acres.

Effective July 30, 2014, the Company entered into amended and restated option agreement with AHL Holdings and Golden Sands that materially modifies and replaces the terms of the original option agreement (as amended last on August 26, 2013). The amended and restated option agreement dated July 30, 2014 was further amended by letter agreement on February 11, 2016. The aggregate cash fee payable to exercise the option was increased from \$1,715,000 to \$1,740,000 and the total number of common shares issuable to exercise the option has been increased from 100,000 to 3,850,000. Lastly, the amended and restated agreement provides that AHL Holdings may elect to receive shares of the Company's common stock in lieu of any cash payments payable pursuant to the agreement at a 75% discount to the then current closing market price.

In 2015 the Company failed to maintain in good standing all of the claims which form the Winnemucca Mountain Property whereby 70 unpatented mining claims were forfeited. The Company is obligated to pay the costs and cause to be re-acquired and recorded in the name of AHL Holdings the area of the property that was previously held by the 70 unpatented claims. No work was conducted on the property during the current fiscal year.

As previously announced, on September 14, 2012, we entered into an option agreement (as last amended on February 11, 2016) with AHL Holdings Ltd., and Golden Sands Exploration Inc., wherein we acquired an option to purchase an 80% interest in and to certain mining claims, which claims form the Winnemucca Mountain Property in Humboldt County, Nevada. On May 30, 2017 the Company was given notice of default by the optionors whereby the Company lost the right to earn an interest in the property. At present the Company is in discussions with optionors to renegotiate the agreement. Although we are in such discussions, there are no assurances that acceptable terms can be reached with the optionors, AHL Holdings Ltd and Golden Sands Exploration Inc. Due to the notice of default the Company determined this property to be fully impaired. As a result of writing off the asset and liability associated with this property the Company recognized a \$342,157 loss on impairment.

As part of the Company's outstanding obligations under the Option Agreement, the Company conducted a geophysical survey on the Winnemucca Property in January 2018 at a cost of \$35,100.

On July 23, 2018, the Company entered into a New Option Agreement with AHL Holding Ltd & Golden Sands Exploration Inc. ("Optionors"). This agreement provided for the payment of \$25,000 and the issuance of 3,000,000 shares of the Company's common stock and certain work commitments. The Company issued the shares and made the initial payment of \$25,000 per the agreement on July 31, 2018. The second payment of \$25,000 per the terms of the agreement was to be paid when it was due on August 31, 2018. The Company is in default of the terms of the July 23, 2018 agreement. The Company at the time of this filing is hopeful to seek a mutual agreement and or settlement with the Optionors to proceed forward with the Winnemucca Property. No assurances can be given that the discussions currently underway will result in the Company being able to enter into a new agreement on acceptable terms with the Optionors. The Company has firm cash commitments of \$149,000 and firm exploration commitments of \$200,000 pursuant to the July 23, 2018 agreement.

Olson Lease, Jones County, Texas:

We have a 100% interest in the 160-acre oil and gas Olsen lease located in the north central part of Jones County, Texas. The principal target formation is the Palo Pinto Reef. The Palo Pinto Reef is a known productive formation in the area with a high yield of cumulative oil production. An example in the area is the Strand Oil Field which is a Palo Pinto Reef Oil Field. The field discovered in 1940, consists of only 8 wells on approximately 160 acres produced a total of 1,700,000 barrels of oil, an average of 212,500 barrels of oil per oil well. The 160 Olson Lease lies approximately 1.5 miles southeast of the Strand Palo Pinto Reef Oil Field. We hold 100% of the working interest in this lease. The lease expires on April 27, 2019.

Subsequent to July 31, 2017, the Company agreed to assign its interest and rights to the 160-acre Olson Lease to Kathis Energy LLC, a wholly owned subsidiary of the Company in exchange for a \$60,500 loan.

Guy Ranch Lease, Shackelford County, Texas

During the fiscal year ended July 31, 2016 the Company acquired a 100% working interest in a 692-acre Guy Ranch Lease divided into two tracts. Tract 1 covers 480 acres and Tract 2 covers 212 acres. The Ranch has 32 wind turbines on it representing it is at a structurally higher elevation. The principal targets for this drilling prospect is the Patio (aka Palo Pinto Sand) and Morris Sands the area is also known to be productive from three other formations on the Guy Ranch acreage.

The first project on the Guy Ranch was to re-complete a cased well in the Morris formation that was reportedly untested. The structure of the deal was for a third party to pay 100% of the costs re-complete the cased well in the Morris formation allocating 20 acres out of the 450 acres in order to earn a 75% working interest in the cased well. All records filed with the Texas Railroad Commission supported that no attempt to produce from the Morris had been performed. However, it was subsequently found out that in fact an attempt was made to re-complete in Morris formation and such attempt was unsuccessful due to an over stimulation of the Morris with a large frac at high pumping rate. The well produced mostly water. The 20 acres around the well was not assumed by the Company or its third party investors. The unused funds provided by the third party will be allocated to a new well on the Guy Ranch Lease with the third party being responsible for providing the balance of the funds to drill and complete a new well in order to earn 75% of the working interest.

During the fiscal year ended July 31, 2018 the Company agreed to convey the Guy Ranch lease to Kathis Energy LLC, its wholly owned subsidiary, for its drilling program for the consideration of \$66,500.

In March 2018 Kathis Energy LLC, our wholly owned subsidiary, staked two drilling locations on the Guy Ranch and prepared one drilling location. This drilling location is a direct offset to a Patio Sand well that came in at 140 barrels per day. The Patio Sand is one of the main producing formations in the area generally averages between 25,000 and 75,000 barrels oil per well. The Morris Sand a notable gas producer is known to produce up to 1.4 BCF gas from one well and the Gardner is noted in this area to produce between 50,000 and 110,000 barrels per well. The Net Revenue Interest for the Guy Ranch lease is 75%. The lease expired on December 16, 2018. The Company is currently in discussions to extend or enter into a new lease. No assurances can be given that the discussions currently underway will result in the Company extending the lease or that it will enter into a new lease on the Guy Ranch acreage.

89 Guy #4 Well – Cased Well:

The 89 Guy Well #4 is located on the Guy Ranch property in Shackelford County. The well is an abandoned cased well that was drilled in October 2010 and completed in the Patio Sand at the interval of 3,144' - 3,154'. This interval produced 2 barrels of oil and 20 thousand cubic feet of natural gas from a 100 sac gel frac. The interval perforated (3,144 – 3,154') is above the best productive part of the formation. The cased well was purchased from the mineral owner through an independent geologist followed by an application to the Texas Railroad Commission to assume liability of the case well. The application is still pending approval.

Kathis Energy has a 80% net revenue interest in the 20 acre lease with the cased well and owns 100% of the working interest. Kathis has until April 17, 2019 to bring the well back into production. Kathis paid \$22,500 for the cased well.

McClure 2B – Gas Well – Palo Pinto County, Texas

On February 6, 2018 the Company acquired the McClure # 2B producing gas well on a 40 -acre oil & gas lease located in Palo Pinto County near the Community of Graford, Texas. The McClure 2B well was drilled in 2006 to a total depth of 4,739' and was re-completed in the Strawn formation in January 2011. The McClure 2B gas well is among a large number of gas wells that are producing in the area from the Strawn formation.

The location of the McClure 2B gas well is 1 mile southwest of the Community of Graford, Texas in Palo Pinto County on a 40 acre tract. The lease is off a main county road and the lease road can have washouts depending on the amount of rain as the McClure 2B gas well is on top of a hill. There are two natural gas lines 1) high pressure and the 2) is low pressure.

The Company paid \$25,000 for this gas well. The Net Revenue Interest for the McClure lease is 75% and the lease is held by existing production. The Company entered into an agreement with a third party to acquire and rework/re-complete the well in one or more of the other intervals in the Strawn formation in the well. As of the date of this report no work has been conducted toward the reworking/re-completing in this well. Upon the third party recovering its investment the Company will receive 40% of the Net Revenue Interest.

Carter & Foster Wells – Producing:

History and Background:

The wells on the Carter and Foster leases were drilled in 1992-93. Most of the wells were treated with 5,000 gallons of 21% acid and yielded initial rates of production of 40 barrels of oil per day then gradually declined to 3 barrels per day by the end of the first year. The wells now are 25 plus years old and are producing 90% or better oil cut in the fluid being produced. The production is very nominal at the present time however no secondary acid stimulation has been conducted since they were originally brought into production in the early 1990s. All four wells on the Carter and Foster leases are fully equipped and have their own production facilities and have electricity to each of the wells. These wells are marginal producing oil wells producing approximately 20 barrels per month with little to no formation water. The objective is to conduct a large multiple stage acid job on three of the four wells to significantly enhance daily production rates.

The Carter and Foster wells are located west of the Community of Atwell, Texas in Callahan County. The Carter lease consists of 40 acres and has one well. The Foster lease has 10 acres around each well of the three wells, all of which are fully equipped with surface and subsurface equipment. The Carter and Foster have good access to an all-weather county road and the lease roads provide good access to each well.

The Net Revenue Interest for the Carter lease is 75% and the lease is held by existing production. The Net Revenue Interest for the Foster lease is 60% and the lease is held by existing production. The Company entered into an agreement with a third party to acquire and rework Palo Pinto formation by conducting the multiple staged acid jobs on three wells. During the year the Company has placed new electric motors on all four wells, changed out the down hole pumps and placed the wells into production. As of the date of this report the Company has not conducted the multiple staged acid job on any of the three wells. Upon the third party recovering its investment the Company will receive 40% of the Net Revenue Interest. The Carter and Foster leases/wells were acquired from an Officer of the Company for total consideration of \$1.00.

Reeves Lease – Palo Pinto Reef – Jones County, Texas

The Company has paid for the geological prospecting fees for a Palo Pinto Reef prospect in Jones County. The Reeves lease covers 160 acres and is located near Noodle, Texas in Jones County. The projected depth of the Palo Pinto Reef is 4,300'. Excellent well control by 6 Strawn wells provides evidence of a Palo Pinto Reef showing a structure 48' high to other wells. The nearest Palo Pinto Reef well to the Reeves Lease made more than 150,000 barrels from one well.

The lease bonus money of \$28,000 was provided by a third party for a two-year lease and the Company paid the geological prospect fee of \$10,000. It was verbally understood between the Company and third party to promote this drilling prospect seeking to retain a carried interest plus recoup the lease and prospect monies.

The Net Revenue of the lease is 80%. The lease term is 2 years. Plans are to deliver a 75% net revenue lease to a drilling partner retaining an overriding royalty and a carried working interest in the drilling in the well.

Riverside Prospects, Runnels County, Texas

On October 20, 2017 the Company entered into an exclusive option agreement with Murphree Oil Company to acquire drilling prospects on four leases in Runnels County near the City of Ballinger, known as the Riverside Prospects. During the quarter ended April 30, 2018, the Company, through its wholly owned subsidiary, Kathis Energy LLC, ("Kathis") paid the lease bonuses for extending the oil and gas lease period on 548.76 acres covering the Riverside Prospects. On November 2, 2018 a fresh option agreement was entered into for the Riverside Leases. This acreage consists of 4 leases in a well established area where oil and gas production was discovered during 1978 – 1983. Riverside Add

NOTE 5 – ACCRUED LIABILITIES

Accrued liabilities consist of \$8,428 general accrual, \$40,469 of accrued interest, \$21,164 of accrued distribution and royalty payments and \$162,089 of monies received in advance for well work to be performed and the acquisition of additional oil and gas properties and \$95,000 of investment funds to be used for the development of future properties. The Company has partnered with others whereby they provide all or a portion of the working capital for either well to be completed on existing properties or towards the acquisition of new properties. As of October 31, 2018, the Company has obligations of \$162,089 from funds received.

NOTE 6 – CONVERTIBLE DEBT

On August 22, 2013 the Company entered into a \$50,000 Convertible Loan Agreement with an un-related party. The Loan and interest are convertible into Units at \$0.08 per Unit with each Unit consisting of one common share of the Company and ½ warrant with each full warrant exercisable for one year to purchase one common share at \$0.30 per share. On July 10, 2014, a further \$35,000 was received from the same unrelated party under the same terms. On July 31, 2018, this Note was amended whereby the principal and interest are now convertible into Units at \$0.04 per Unit with each Unit consisting of one common share of the Company and ½ warrant with each full warrant exercisable for one year to purchase one common share at \$0.08 per share. The Loan shall bear interest at the rate of Eight Percent (8%) per annum and matures on March 26, 2020. As of October 31, 2018, there is \$85,000 and \$38,096 of principal and accrued interest, respectively, due on this loan.

On April 16, 2017, the Company executed a promissory note for \$15,000 with a third party. The note matures in two years and interest is set at \$3,000 for the full two years. As of October 31, 2018, there is \$13,500 and \$750 of principal and accrued interest, respectively, due on this loan.

On October 20, 2017, the Company executed a convertible promissory note for \$25,000 with a third party. The note accrues interest at 6%, matures in two years and is convertible into shares of common stock at maturity, at a minimum of \$0.10 per share, at the option of the holder. As of October 31, 2018, there is \$1,623 of accrued interest due on this loan.

NOTE 7 – COMMON STOCK

During the year ended July 31, 2018, the Company sold 16,559,000 shares of common stock for total cash proceeds of \$219,475; \$20,000 of which had not yet been received as of July 31, 2018. The \$20,000 was received in the quarter ended October 31, 2018. In addition, 1,000,000 shares of those sold were not issued as of July 31, 2018 and have therefore been credited to common stock to be issued. The 1,000,000 shares have not been issued by the transfer agent as of October 31, 2018.

During the year ended July 31, 2018, the Company sold 2,730,000 Units of its common stock for total cash proceeds of \$136,500. Each Unit consists of one common share and one-half share purchase warrant exercisable for 1 years. Each whole share purchase warrant has an exercise price of \$0.15 per common share.

During the year ended July 31, 2018, the Company issued 200,000 shares of common stock for conversion of a \$4,000 loan payable. The shares were valued at \$0.05, the closing stock price on the date of conversion for a loss on conversion of \$6,000.

During the year ended July 31, 2018, the Company issued 3,000,000 shares of common stock for per agreement. The shares were valued at \$0.061, the closing stock price on the date of grant for total non-cash expense of \$183,000.

During the three months ended October 31, 2018, The Company issued 150,000 shares of common stock to two individuals as consideration for their support with the Richey #2A project. The shares were valued at \$0.065 per share, the closing price on the date of grant, for total non-cash expense of \$9,750.

During the three months ended October 31, 2018, the Company sold 1,000,000 Units of its common stock for total cash proceeds of \$50,000. Each Unit consists of one common share and one-half share purchase warrant exercisable for 2 years. Each whole share purchase warrant has an exercise price of \$0.15 per common share. As of October 31, 2018, the shares have not yet been issued by the transfer agent and have therefore been credited to common stock to be issued.

NOTE 8 – WARRANTS

Warrants have been issued in conjunction with common stock issuances. During the year ended July 31, 2018, the Company sold 2,730,000 Units of its common stock for total cash proceeds of \$136,500. During the three months ended October 31, 2018, the Company sold 1,000,000 Units of its common stock for total cash proceeds of \$50,000. Each Unit consists of one common share and one-half share purchase warrant exercisable for 2 years. Each whole share purchase warrant has an exercise price of \$0.15 per common share. The warrants were evaluated for purposes of classification between liability and equity. The warrants do not contain features that would require a liability classification and are therefore considered equity. The Black Scholes pricing model was used to estimate the fair value of the Warrants issued during Q1 with the following inputs:

Warrants		500,000
Exercise Price	\$	0.15
Term		2 years
Volatility		323%
Risk Free Interest Rate		2.61%
Fair Value	\$	25,205

Using the fair value calculation, the relative fair value between the common stock and the warrants was calculated to determine the warrants recorded equity amount of \$25,205, accounted for in additional paid in capital.

Activity for the three months ended October 31, 2018 and the year ended July 31, 2018 is as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contract Term
Outstanding at July 31, 2017	150,000	\$ 0.10	1.50
Granted	1,865,000	0.15	1.47
Expired	-	-	-
Exercised	-	-	-
Exercisable at July 31, 2018	2,015,000	\$ 0.15	1.47
Granted	500,000	0.15	2.0
Expired	-	-	-
Exercised	-	-	-
Exercisable at October 31, 2018	<u>2,515,000</u>	<u>0.15</u>	<u>1.33</u>

NOTE 9 – RELATED PARTY TRANSACTIONS

For the three months ended October 31, 2018 and for the year ended July 31, 2018, total payments of \$7,500 and \$56,500, respectively were made to an officer of the Company for consulting services.

For the three months ended October 31, 2018 and for the year ended July 31, 2018, total payments of \$22,500 and \$26,500, respectively were made to directors of the Company for consulting services.

On July 31, 2018, Winona Webb, the wife of Ivan Webb, CEO, loaned the Company \$25,000 for general operating expenses. This loan was repaid on August 2, 2018 with an additional \$5,000 for interest and a loan fee. On August 3, 2018, Mrs. Webb loaned the Company \$30,000 which was repaid on August 21, 2018. On September 25, 2018, the Company executed a loan agreement with Mrs. Webb for \$6,800. The loan is to be repaid by December 15, 2018, with an additional \$680 to cover interest and fees. On October 10, 2018, the Company executed a loan agreement with Mrs. Webb for \$15,000. The loan is to be repaid by December 15, 2018, with an additional \$1,500 to cover interest and fees. As of October 31, 2018, the Company owes Mrs. Webb \$21,800 of principal.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855, from the balance sheet date through the date the financial statement were available to be issued, and has determined that no material subsequent events exist other than the following.

Subsequent to October 31, 2018, the Company had discussions with Cooper Basin Oil & Gas Inc. The Company agreed to pay \$50,000 to Cooper Basin Oil & Gas Inc. plus the 2,000,000 shares issued for the Richey Lease acquired in 2014. Cooper Basin received revenue from the Richey lease from the sale of oil via BLM checks for 25% working interest. Cooper Basin has received \$60,752 from its 25% working interest in the Richey lease and considers the loan paid in full and also agrees to assign all of its 25% working interest in the Richey lease to the Company.

On November 3, 2018, the Company entered into a Memorandum of Understanding with EnergyFunders, LLC to set forth the terms and conditions to jointly operate and pursue oil & gas projects. It was mutually agreed to create EF NMEX 18, LP, in order to jointly promote domestic oil and gas drilling projects. On December 7, 2018, EnergyFunders and NMEX entered into a Joint Venture Agreement on the first project in which EnergyFunders and NMEX will participate in the drilling of a seismic structure in the Beauregard Parish of Louisiana, known as the Northside High Prospect. The target depth is 7,300 feet to test the Cockfield (Yegua) Sand. Notable wells in the area have produced more than 200,000 barrels of oil from a single well. Drilling of this well is scheduled to begin in January 2019. NMEX has agreed to acquire a working interest in this well

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This report on Form 10-Q contains certain forward-looking statements. All statements other than statements of historical fact are "forward-looking statements" for purposes of these provisions, including any projections of earnings, revenues, or other financial items; any statements of the plans, strategies, and objectives of management for future operation; any statements concerning proposed new products, services, or developments; any statements regarding future economic conditions or performance; statements of belief; and any statement of assumptions underlying any of the foregoing. Such forward-looking statements are subject to inherent risks and uncertainties, and actual results could differ materially from those anticipated by the forward-looking statements.

These forward-looking statements involve significant risks and uncertainties, including, but not limited to, the following: competition, promotional costs and the risk of declining revenues. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of a number of factors. These forward-looking statements are made as of the date of this filing, and we assume no obligation to update such forward-looking statements. The following discusses our financial condition and results of operations based upon our unaudited financial statements which have been prepared in conformity with accounting principles generally accepted in the United States. It should be read in conjunction with our financial statements and the notes thereto included elsewhere herein.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

As used in this quarterly report, the terms "we", "us", "our" and "our company" mean Northern Minerals & Exploration Ltd., unless otherwise indicated.

General Overview

We are an emerging natural resource company operating in oil and gas production in central Texas and exploration for gold and silver in northern Nevada.

We were incorporated in Nevada on December 11, 2006 under the name Punchline Entertainment, Inc. On August 22, 2012, the Company's board of directors approved an agreement and plan of merger to effect a name change of the Company from Punchline Entertainment, Inc. to Punchline Resources Ltd. On July 12, 2013, the stockholders approved an amendment to change the name of the Company from Punchline Resources Ltd. to Northern Mineral & Exploration Ltd.

Current Business

ENMEX Operations LLC – Wholly owned Subsidiary - Peme Bacalar – Resort Development Project

During the quarter ended October 31, 2017, the Company entered into a Letter of Intent with Peme Bacalar SAPI DE CV on September 22, 2017 to examine the opportunity of acquiring ownership in approximately 61 acres ("Property") on a freshwater lagoon near the community of Bacalar, Mexico in the state of Quintana Roo for the purpose of entering into a joint venture for the potential development of the Property into a resort. On November 16, 2017, the Company entered into a Memorandum of Understanding ("MOU") in order to further conduct due diligence toward this potential project. An amended MOU was entered into on April 13, 2018 setting forth the conditions for entering into a definitive agreement with Peme Bacalar. As of October 31, 2018, the Company is still conducting its due diligence.

Coleman County, Texas – Three well rework/re-completion project

On October 14, 2014, we entered into an agreement to acquire the 206.5 acre J.E. Richey oil and gas lease. This lease area has six known productive formations. The existing three wells on the lease are fully equipped. Beginning in May 2015 we started conducting operations on the three wells to place them back into production. The rework/re-completion was completed on July 28, 2015 and production of oil and gas was established. Additional work was conducted on J. E. Richey lease during the fiscal year ended July 31, 2018. The Concho Richey is currently producing on the Richey lease approximately 5 barrels of oil and 31 MCF of natural gas per day.

Kathis Energy LLC – Wholly owned Subsidiary:

The Company created a wholly owned subsidiary, Kathis Energy LLC (“Kathis”), on November 22, 2017 for the purpose of conducting oil and gas drilling programs in Texas. The Company agreed to assign to Kathis the Olson and Guy Ranch leases in exchange for \$126,500. Kathis is seeking to raise drilling funds to drill up to 8 wells. As of July 31, 2018, Kathis has raised \$125,000 and is continuing to seek funding for its drilling program. As of the date of this report no wells have been drilled. Kathis has additional information regarding its drilling program on its website www.kathisenergy.com.

Jones County, Texas – Palo Pinto Reef project

During the fiscal year ended July 31, 2016 the Company acquired the Olson lease covering 160 acres in Jones County, Texas. This lease is 1.5 miles from the Strand Palo Pinto Reef Field which was discovered in 1940 and has produced 1,700,000 barrels of oil from 8 wells or 212,500 barrels of oil per well. The structure map on the Palo Pinto shows a large buildup in the Palo Pinto Reef across the southern portion of the lease.

Shackelford County, Texas – Guy Ranch Project:

During the fiscal year ended July 31, 2016 the Company acquired 692-acres divided into two tracts Guy Ranch Lease in Shackelford County. The Guy Ranch lease is located in the southern part of Shackelford County. The Ranch has 32 wind turbines on it representing it is at a structurally higher elevation. The principal targets for this drilling prospect is the Patio (aka Palo Pinto Sand) and Morris Sands the area is also known to be productive from three other formations on the Guy Ranch acreage.

Riverside Prospects, Runnels County, Texas

On October 20, 2017 the Company entered into an exclusive option agreement with Murphree Oil Company to acquire drilling prospects on four leases in Runnels County near the City of Ballinger, known as the Riverside Prospects. During the quarter ended April 30, 2018, the Company, through its wholly owned subsidiary, Kathis Energy LLC, (“Kathis”) paid the lease bonuses for extending the oil and gas lease period on 548.76 acres covering the Riverside Prospects. This acreage consists of 4 leases in a well established area where oil and gas production was discovered during 1978 – 1983. On November 2, 2018 a fresh option agreement was entered into for the Riverside Leases.

89 Guy #4 Well – Cased Hole:

On April 16, 2018, Kathis Energy acquired the 89 Guy Well #4 located on a 20-acre tract on the Guy Ranch property in Shackelford County, Texas. The well is an abandoned cased well that was drilled in October 2010 and completed in the Patio Sand at the interval of 3,144’ - 3,154’. The interval perforated (3,144 – 3,154’) is above the best productive part of the formation.

McClure 2B Gas Well – Producing:

On February 6, 2018 the Company acquired the McClure # 2B producing gas well on a 40-acre oil & gas lease located in Palo Pinto County near the Community of Graford, Texas. The McClure 2B well is completed in the Strawn in the interval 2,882’ to 2,940’ and has produced in excess of 70 million cubic feet of natural gas.

Carter & Foster Wells – Producing:

During the fiscal year ended July 31, 2018 the Company acquired the Carter and Foster wells located west of the Community of Atwell, Texas in Callahan County. The Carter lease consists of 40 acres and has one well. The Foster lease has 10 acres around each well of the three wells, all of which are fully equipped with surface and subsurface equipment. All four wells are completed in the Palo Pinto Limestone formation at approximately 1,900 feet.

Reeves Lease – Acreage – Palo Pinto Reef Prospect:

The Company has paid for the geological prospecting fees for a Palo Pinto Reef prospect in Jones County. The Reeves lease covers 160 acres and is located near Noodle, Texas in Jones County. The projected depth of the Palo Pinto Reef is 4,300'.

Winnemucca Mountain Property

On September 14, 2012, our company entered into an option agreement (as amended and restated on November 15, 2012, February 1, 2013 and August 26, 2013) with AHL Holdings Ltd., a Nevada corporation, and Golden Sands Exploration Inc., a company incorporated under the laws of British Columbia, Canada, wherein we acquired an option to purchase a revised 80% interest in and to certain mining claims from AHL Holdings and Golden Sands, which claims form the Winnemucca Mountain Property in Humboldt County, Nevada. This Winnemucca Mountain property is currently comprised of 138 unpatented mining claims covering an area of approximately 2,700 acres.

On July 23, 2018, the Company entered into a New Option Agreement with AHL Holding Ltd & Golden Sands Exploration Inc. ("Optionors"). This agreement provided for the payment of \$25,000 and the issuance of 3,000,000 shares of the Company's common stock and certain work commitments. The Company issued the shares and made the initial payment of \$25,000 per the agreement on July 31, 2018. The second payment of \$25,000 per the terms of the agreement was to be paid when it was due on August 31, 2018. The Company is in default of the terms of the July 23, 2018 agreement. The Company at the time of this filing is hopeful to seek a mutual agreement and or settlement with the Optionors to proceed forward with the Winnemucca Property. The Company has firm cash commitments of \$149,000 and firm exploration commitments of \$200,000 pursuant to the July 23, 2018 agreement. The Company has firm cash commitments of \$149,000 and firm exploration commitments of \$200,000 pursuant to the July 23, 2018 agreement.

Results of Operations

Results of Operations for the Three Months Ended October 31, 2018 and 2017

	Three Months Ended October 31,	
	2018	2017
Revenue	\$ 10,862	\$ 11,292
Distributions	9,153	13,039
Gross Margin	1,709	(1,747)
Officer compensation	15,000	12,500
Director services	-	500
Consulting	10,000	17,500
Consulting – related party	15,000	-
Professional fees	1,750	9,565
Advertising and promotion	38,485	10,000
Mineral property expenditures	15,973	2,749
General and administrative	8,061	35,685
Interest expense	7,467	7,184
Net Loss	<u>\$ (110,027)</u>	<u>\$ (97,430)</u>

Revenue

Revenues of oil and gas for the three months ended October 31, 2018 and 2017 were \$10,862 and \$11,292, respectively, a decrease of \$430 or 3.8%. Revenues are earned from the J.E. Richey Lease both in selling oil and gas and from funds received for reworking the Concho Richey #1. During the current period ending October 31, 2018 there were no oil or gas sales.

Distributions

During the three months ended October 31, 2018, we accrued and/or paid distributions of \$9,153 compared to \$13,039 for the three months ended October 31, 2017. Distributions are paid or accrued in the quarter in which the revenue for those distributions is earned. Distributions are paid to the joint venture partners in the J.E. Richey Lease.

Officer compensation

Officer compensation was \$15,000 and \$12,500 for the three months ended October 31, 2018 and 2017, respectively, an increase of \$2,500. The increase can be attributed to an increase in time the CEO is spending on the day to day operations of the Company.

Director services

A director was paid for services in the amount of \$0 and \$500 for the three months ended October 31, 2018 and 2017, respectively, a decrease of \$500. Fees are paid to our directors but are billed as consulting fees. No director compensation was paid in the current period.

Consulting

Consulting fees were \$10,000 and \$17,500 for the three months ended October 31, 2018 and 2017, respectively, a decrease of \$7,500 or 42.8%. Over the past year the Company has used its director to provide consulting services and hired other experts in the mining, oil and gas industries to assist with its current projects. The decrease can be attributed to a decrease in expenditures while the Company pursues additional funding.

Consulting – related party

Consulting fees paid to Noel Schaefer, one of our Directors, were \$15,000 and \$0 for the three months ended October 31, 2018 and 2017, respectively. Mr. Schaefer has increased his time spent on the Company over the past several months.

Professional fees

Professional fees were \$1,750 and \$9,565 for the three months ended October 31, 2018 and 2017, respectively, a decrease of \$7,815 or 81.7%. Professional fees generally consist of legal, audit and accounting expense. The decrease can be attributed to decreased legal and public relations fees.

Advertising and promotion

Advertising and promotion expenses were \$38,485 and \$10,000, for the three months ended October 31, 2018 and 2017, respectively. Advertising and promotion expense has increased with the increased availability of funds to use to promote the company's current mining activities.

Mineral property expenditures

Mineral property expenditures were \$15,973 and \$2,749 for the three months ended October 31, 2018 and 2017, respectively, an increase of \$13,224 or 481%. Property expenditures have increased as the Company has increased its efforts to get existing properties up and running and invest in new ones.

General and administrative

General and administrative expense was \$8,061 and \$35,685 for the three months ended October 31, 2018 and 2017, respectively, a decrease of \$27,624 or 77.4%. The decrease can be largely attributed to a decrease BLM rentals and associated fees.

Interest expense

During the three months ended October 31, 2018 and 2017 we had interest expense of \$7,467 and \$7,184, respectively, an increase of \$283 or 3.9%. The increase is in conjunction with a higher loan payable balance.

Net Loss

For the three months ended October 31, 2018, we had a net loss of \$110,027 as compared to a net loss of \$97,430 for the three months ended October 31, 2017. Our net loss was higher in the current period primarily due to an increase in certain operating expense including advertising and promotion, property development expense, and consulting fees.

Liquidity and Financial Condition

Operating Activities

Cash used by operating activities was \$117,320 for the three months ended October 31, 2018. Cash used for operating activities was \$115,631 for the three months ended October 31, 2017.

Investing Activities

We used \$0 and \$0 for investing activities for the three months ended October 31, 2018 and 2017.

Financing Activities

Net cash provided by financing activities was \$66,800, for the three months ended October 31, 2018 compared to \$150,000 from the sale of common stock and loans for the three months ended October 31, 2017.

We had the following loans outstanding as of October 31, 2018:

On August 22, 2013 the Company entered into a \$50,000 Convertible Loan Agreement with an un-related party. The Loan and interest are convertible into Units at \$0.08 per Unit with each Unit consisting of one common share of the Company and ½ warrant with each full warrant exercisable for one year to purchase one common share at \$0.30 per share. On July 10, 2014, a further \$35,000 was received from the same unrelated party under the same terms. On July 31, 2018, this Note was amended whereby the principal and interest are now convertible into Units at \$0.04 per Unit with each Unit consisting of one common share of the Company and ½ warrant with each full warrant exercisable for one year to purchase one common share at \$0.08 per share. The Loan shall bear interest at the rate of Eight Percent (8%) per annum and matures on March 26, 2020. As of October 31, 2018, there is \$85,000 and \$38,096 of principal and accrued interest, respectively, due on this loan.

On April 16, 2017, the Company executed a promissory note for \$15,000 with a third party. The note matures in two years and interest is set at \$3,000 for the full two years. As of October 31, 2018, there is \$13,500 and \$750 of principal and accrued interest, respectively, due on this loan.

On October 20, 2017, the Company executed a convertible promissory note for \$25,000 with a third party. The note accrues interest at 6%, matures in two years and is convertible into shares of common stock at maturity, at a minimum of \$0.10 per share, at the option of the holder. As of October 31, 2018, there is \$1,623 of accrued interest due on this loan.

On July 31, 2018, Winona Webb, the wife of Ivan Webb, CEO, loaned the Company \$25,000 for general operating expenses. This loan was repaid on August 2, 2018 with an additional \$5,000 for interest and a loan fee. On August 3, 2018, Mrs. Webb loaned the Company \$30,000 which was repaid on August 21, 2018. On September 25, 2018, the Company executed a loan agreement with Mrs. Webb for \$6,800. The loan is to be repaid by December 15, 2018, with an additional \$680 to cover interest and fees. On October 10, 2018, the Company executed a loan agreement with Mrs. Webb for \$15,000. The loan is to be repaid by December 15, 2018, with an additional \$1,500 to cover interest and fees. As of October 31, 2018, the Company owes Mrs. Webb \$21,800 of principal.

We will require additional funds to fund our budgeted expenses over the next twelve months. These funds may be raised through equity financing, debt financing, or other sources, which may result in further dilution in the equity ownership of our shares. There is still no assurance that we will be able to maintain operations at a level sufficient for an investor to obtain a return on his investment in our common stock. Further, we may continue to be unprofitable. We need to raise additional funds in the immediate future in order to proceed with our budgeted expenses.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Note 2 to the Financial Statements describes the significant accounting policies and methods used in the preparation of the Financial Statements. Estimates are used for, but not limited to, contingencies and taxes. Actual results could differ materially from those estimates. The following critical accounting policies are impacted significantly by judgments, assumptions, and estimates used in the preparation of the Financial Statements.

We are subject to various loss contingencies arising in the ordinary course of business. We consider the likelihood of loss or impairment of an asset or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss in determining loss contingencies. An estimated loss contingency is accrued when management concludes that it is probable that an asset has been impaired, or a liability has been incurred and the amount of the loss can be reasonably estimated. We regularly evaluate current information available to us to determine whether such accruals should be adjusted.

We recognize deferred tax assets (future tax benefits) and liabilities for the expected future tax consequences of temporary differences between the book carrying amounts and the tax basis of assets and liabilities. The deferred tax assets and liabilities represent the expected future tax return consequences of those differences, which are expected to be either deductible or taxable when the assets and liabilities are recovered or settled. Future tax benefits have been fully offset by a 100% valuation allowance as management is unable to determine that it is more likely than not that this deferred tax asset will be realized.

Revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration that an entity expects to receive in exchange for those goods or services. In addition, ASC 606 requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. Once a contract is determined to be within the scope of ASC 606 at contract inception, the Company reviews the contract to determine which performance obligations the Company must deliver and which of these performance obligations are distinct. The Company recognizes as revenues the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. Generally, the Company's performance obligations are transferred to customers at a point in time, typically upon delivery.

Revenues are earned from the J.E. Richey Lease both in selling oil and gas and from funds received for reworking the Concho Richey #1. We began earning revenues in Q1 of 2015 from the J.E. Richey Lease. Revenues resumed from the sale of oil and gas during the second quarter of the 2016/17 fiscal year.

Property consists of mineral rights purchases as stipulated by underlying agreements and payments made for oil and gas exploration rights. Our company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When we determine that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, we record an impairment charge. Our company measures any impairment based on a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent in the current business model. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows.

Mineral property acquisition and exploration costs are expensed as incurred until such time as economic reserves are quantified. Cost of lease, exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. We have chosen to expense all mineral exploration costs as incurred given that it is still in the exploration stage. Once our company has identified proven and probable reserves in its investigation of its properties and upon development of a plan for operating a mine, it would enter the development stage and capitalize future costs until production is established. When a property reaches the production stage, the related capitalized costs will be amortized over the estimated life of the probable-proven reserves. When our company has capitalized mineral properties, these properties will be periodically assessed for impairment of value and any diminution in value. To date, our company has not established the commercial feasibility of any exploration prospects; therefore, all costs are to be expensed.

The Company applies the successful efforts method of accounting for oil and gas properties. The Company capitalizes asset acquisition costs of mineral rights and leases. Unproved oil and gas properties are periodically assessed to determine whether they have been impaired, and any impairment in value is charged to expense. The costs of proved properties will be depleted on an equivalent unit-of-production basis in which total proved reserves will be the base used to calculate depletion.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and, as such, are not required to provide the information under this Item.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer (our principal executive officer, principal financial officer and principal accounting officer), as appropriate to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer (our principal executive officer, principal financial officer and principal accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures as of quarter covered by this report. Based on the evaluation of these disclosure controls and procedures the chief executive officer and chief financial officer (our principal executive officer, principal financial officer and principal accounting officer) concluded that our disclosure controls and procedures were not effective.

Changes in Internal Controls

During the quarter covered by this report there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We know of no material, existing or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our company.

Item 1A. Risk Factors

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and, as such, are not required to provide the information under this Item. For a full list of our Risk Factors refer to our Form 10-K filed on November 13, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended October 31, 2018, The Company granted 150,000 shares of commons stock to two individuals as consideration for their financial support with the Richey #2A project. The shares were valued at \$0.065 per share, the closing price on the date of grant, for total non-cash expense of \$9,750.

During the three months ended October 31, 2018, the Company sold 1,000,000 Units of its common stock for total cash proceeds of \$50,000. Each Unit consists of one common share and one-half share purchase warrant exercisable for 2 years. Each whole share purchase warrant has an exercise price of \$0.15 per common share. As of October 31, 2018, the shares have not yet been issued by the transfer agent and have therefore been credited to common stock to be issued.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description
(3)	Articles and Bylaws
3.1	Amendment to Articles of Incorporation (Incorporated by reference to our Current Report on Form 8-K filed on August 12, 2013)
(31)	302 Certification
31.1*	Section 302 Certification under Sarbanes-Oxley Act of 2002.
(32)	906 Certification
32.1*	Section 906 Certification under Sarbanes-Oxley Act of 2002.
(101)**	Interactive Data File (Form 10-Q for the three Months Ended October 31, 2018)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Link base Document.
101.DEF	XBRL Taxonomy Extension Definition Link base Document.
101.LAB	XBRL Taxonomy Extension Label Link base Document.
101.PRE	XBRL Taxonomy Extension Presentation Link base Document.

* (a) Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORTHERN MINERALS & EXPLORATION LTD.

(Registrant)

Dated: December 21, 2018

/s/ Ivan Webb

Ivan Webb

Chief Executive Officer

/s/ Noel Schaefer

Noel Schaefer

Chief Operating Officer and Director

/s/ Victor Miranda

Victor Miranda

Chief Financial Officer and Director

**CERTIFICATION PURSUANT TO
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ivan Webb, hereby certify that:

- (1) I have reviewed this quarterly report on Form 10-Q for the quarter ended October 31, 2018 (the "report") of Northern Minerals & Exploration Ltd.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 21, 2018

/s/ Ivan Webb

Ivan Webb
Chief Executive Officer

NORTHERN MINERALS & EXPLORATION LTD.

CERTIFICATION OF PERIODIC REPORT

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
18 U.S.C. Section 1350

The undersigned executive officers of Northern Minerals & Exploration Ltd . certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- the report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this certification as of the date shown below:

Date: December 21, 2018

/s/ Ivan Webb

Ivan Webb
Chief Executive Officer

/s/ Victor Miranda

Victor Miranda
Chief Financial Officer & Director

/s/ Noel Schaefer

Noel Schaefer
Chief Operating Officer & Director