SECURITIES & EXCHANGE COMMISSION EDGAR FILING

NORTHERN MINERALS & EXPLORATION LTD.

Form: 10-Q

Date Filed: 2020-12-14

Corporate Issuer CIK: 1415744

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, 2020**

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	**98-0557171**
(State or other jurisdiction ofincorporation or organization)	(IRS EmployerIdentification No.)
881 West State Road, Pleasant Grove, UT	**84062**
(Address of principal executive offices)	(Zip Code)

(801) 885-9260
(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. 64,078,679 common shares issued and outstanding as of December 14, 2020.

NORTHERN MINERALS & EXPLORATION LTD.

FORM 10-Q

For the Period ended October 31, 2020

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

NORTHERN MINERALS & EXPLORATION LTD.

NORTHERN MINERALS & EXPLORATION LTD
CONDENSED CONSOLIDATED BALANCE SHEETS

	October 31, 2020	July 31, 2020
ASSETS		
Current Assets:		
Cash	$ 20,941	$ 6,840
Accounts receivable	1,146	1,146
Other receivable	10,000	10,000
Total Current Assets	32,087	17,986
Other Assets:		
Oil and gas properties	28,800	28,800
Total Other Assets	28,800	28,800
TOTAL ASSETS	$ 60,887	$ 46,786
LIABILITIES & STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	$ 89,268	$ 89,037
Accounts payable – related party	29,700	29,700
Accrued liabilities	416,702	437,632
Convertible debt	110,000	110,000
Loans payable	104,000	109,000
Loans payable – related party	23,210	23,210
Total Current Liabilities	772,880	798,579
TOTAL LIABILITIES	772,880	798,579
Commitments and Contingencies	-	-
Stockholders' Deficit:		
Preferred stock, $0.001 par value, 50,000,000 shares authorized; no shares issued	-	-
Common stock, $0.001 par value, 250,000,000 shares authorized; 64,078,679 and 63,078,479 shares issued and outstanding, respectively	64,079	63,079
Common stock to be issued	50,000	-
Additional paid-in-capital	2,213,218	2,184,218
Accumulated deficit	(3,039,290)	(2,999,090)
Total Stockholders' Deficit	(711,993)	(751,793)
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	$ 60,887	$ 46,786

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,	
	2020	2019
Revenue, net	$ -	$ 1,231
Operating expenses:		
Officer compensation	6,600	-
Consulting – related party	15,000	15,000
Professional fees	33,500	17,660
Mineral property expenditures	1,000	15,133
General and administrative	5,121	5,114
Total operating expenses	61,221	52,907
Loss from operations	(61,221)	(51,676)
Other income (expense):		
Interest expense	(3,979)	(2,891)
Other income	25,000	-
Total other income (expense)	21,021	(2,891)
Loss before provision for income taxes	(40,200)	(54,567)
Provision for income taxes	-	-
Net Loss	$ (40,200)	$ (54,567)
Loss per share, basic & diluted	$ (0.00)	$ (0.00)
Weighted average shares outstanding, basic & diluted	63,955,466	56,240,528

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

NORTHERN MINERALS & EXPLORATION LTD.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED OCTOBER 31, 2019 AND 2020
(Unaudited)

	Common Stock	Common Stock Amount	Additional Paid-in Capital	Common Stock To Be Issued	Accumulated Deficit	Total
Balance, July 31, 2019	55,836,819	$ 55,837	$ 2,024,035	$ 44,925	$ (2,964,073)	$ (839,276)
Common stock issued for cash	666,660	668	19,332	-	-	20,000
Common stock issued for services	75,000	75	3,750	(3,825)	-	-
Net loss	-	-	-	-	(54,567)	(54,557)
October 31, 2019	56,578,479	$ 56,580	$ 2,047,117	$ 41,100	$ (3,018,640)	$ (873,843)

	Common Stock	Common Stock Amount	Additional Paid-in Capital	Common Stock To Be Issued	Accumulated Deficit	Total
Balance, July 31, 2020	63,078,479	$ 63,079	$ 2,184,218	$ -	$ (2,999,090)	$ (751,793)
Common stock sold for cash	1,000,200	1,000	29,000	50,000	-	80,000
Net loss	-	-	-	-	(40,200)	(40,200)
October 31, 2020	64,078,679	$ 64,079	$ 2,213,218	$ 50,000	$ (3,039,290)	$ (711,993)

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, 2020	For the Three Months Ended October 31, 2019
Cash Flow from Operating Activities:		
Net loss	$ (40,200)	$ (54,567)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in Operating Assets and Liabilities:		
Prepaid expenses	-	2,500
Accounts payables and accrued liabilities	(24,678)	(13,624)
Accounts payable – related party	3,979	3,500
Net cash used in operating activities	(60,899)	(62,191)
Cash Flows from Investing Activities:	-	-
Cash Flows from Financing Activities:		
Proceeds from loans payable	-	75,000
Repayment of loan payable	(5,000)	-
Proceeds from loans payable – related party	-	10
Proceeds from the sale of common stock	80,000	20,000
Net cash provided by financing activities	75,000	95,010
Net increase in cash	14,101	32,819
Cash at beginning of the period	6,840	21,847
Cash at end of the period	$ 20,941	$ 54,666
Cash paid for:		
Interest	$ -	$ -
Taxes	$ -	$ -

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

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 Pemer Bacalar on the 61 acres on the Bacalar Lagoon on the Yucatan Peninsula. There was no activity from inception to date.

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, 2021. 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, 2020.

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.

Cash and Cash Equivalents
The Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents. The carrying amount of financial instruments included in cash and cash equivalents approximates fair value because of the short maturities for the instruments held. The Company had no cash equivalents as of October 31, 2020 and July 31, 2020.

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.

The Company receives its revenue from oil and gas sales from the J. E Richey lease located in Coleman County, Texas. Revenue is recognized upon delivery.

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 follows the successful efforts method of accounting for its oil and gas properties. Under this method of accounting, all property acquisition costs and costs of exploratory and development wells are capitalized when incurred, pending determination of whether the well found proved reserves. If an exploratory well does not find proved reserves, the costs of drilling the well are charged to expense. The costs of development wells are capitalized whether those wells are successful or unsuccessful. Other exploration costs, including certain geological and geophysical expenses and delay rentals for oil and gas leases, are charged to expense as incurred. Maintenance and repairs are charged to expense, and renewals and betterments are capitalized to the appropriate property and equipment accounts. Depletion and amortization of oil and gas properties are computed on a well-by-well basis using the units-of-production method. Although the Company has recognized minimal levels of production and revenue, none of its property have proved reserves. Therefore, the Company’s properties are designated as unproved properties.

Unproved property costs are not subject to amortization and consist primarily of leasehold costs related to unproved areas. Unproved property costs are transferred to proved properties if the properties are subsequently determined to be productive and are assigned proved reserves. Proceeds from sales of partial interest in unproved leases are accounted for as a recovery of cost without recognizing any gain until all cost is recovered. Unproved properties are assessed periodically for impairment based on remaining lease terms, drilling results, reservoir performance, commodity price outlooks or future plans to develop acreage.

Asset Retirement Obligation
Accounting Standards Codification (“ASC”) Topic 410, Asset Retirement and Environmental Obligations (“ASC 410”) requires an entity to recognize the fair value of a liability for an asset retirement obligation in the period in which it is incurred. The net estimated costs are discounted to present values using credit-adjusted, risk-free rate over the estimated economic life of the oil and gas properties. Such costs are capitalized as part of the related asset. The asset is depleted on the equivalent unit-of-production method based upon estimates of proved oil and natural gas reserves. The liability is periodically adjusted to reflect (1) new liabilities incurred, (2) liabilities settled during the period, (3) accretion expense and (4) revisions to estimated future cash flow requirements. To date, the Company has very few operating wells. Currently, the Company has one working well. Because there is only one active well on the Ritchie Lease, the Company estimates the asset retirement obligation to be trivial and has not recorded an ARO liability.

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.

For the three months ended October 31, 2020, the Company had 2,564,365 of potentially dilutive shares. The shares consisted of common shares and warrants from convertible debt of 1,709,397 and 854,968, respectively. For the year ended July 31, 2019, the Company had 4,768,408 of potentially dilutive shares. The shares consisted of common shares and warrants from convertible debt of 1,602,272 and 801,136, respectively, and an additional 2,365,000 warrants. The diluted loss per share is the same as the basic loss per share for the three months ended October 31, 2020 and 2019, as the inclusion of any potential shares would have had an antidilutive effect due to our loss from operations.

Recently adopted accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses, and also issued subsequent amendments to the initial guidance, ASU 2018-19, ASU 2019-04, ASU 2019-05, and ASU 2019-11 (collectively, Topic 326), to introduce a new impairment model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses (CECL). Under Topic 326, an entity is required to estimate CECL on available-for-sale (AFS) debt securities only when the fair value is below the amortized cost of the asset and is no longer based on an impairment being “other-than-temporary”. Topic 326 also requires the impairment calculation on an individual security level and requires an entity use present value of cash flows when estimating the CECL. The credit-related losses are required to be recognized through earnings and non-credit related losses are reported in other comprehensive income. In April 2019, the FASB further clarified the scope of Topic 326 and addressed issues related to accrued interest receivable balances, recoveries, variable interest rates and prepayment. The new guidance will require modified retrospective application to all outstanding instruments, with a cumulative effect adjustment recorded to opening retained earnings as of the beginning of the first period in which the guidance becomes effective. The amendments in this Update for the Company are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted in any interim period after the issuance of this of this Update. The Company is evaluating the impact of the adoption of the new standard on its financial statement and disclosures.

In August 2018, the FASB issued ASU 2018-13 to improve the effectiveness of disclosures about fair value measurements required under ASC 820. The ASU modifies the disclosure objective paragraphs of ASC 820 to eliminate (1) “at a minimum” from the phrase “an entity shall disclose at a minimum” and (2) other similar “open ended” disclosure requirements to promote the appropriate exercise of discretion by entities. The disclosure objective added in ASC 820-10-50-1C states: The objective of the disclosure requirements in this Subtopic is to provide users of financial statements with information about assets and liabilities measured at fair value in the statement of financial position or disclosed in the notes to financial statements: a) the valuation techniques and inputs that a reporting entity uses to arrive at its measures of fair value, including judgments and assumptions that the entity makes, b) the uncertainty in the fair value measurements as of the reporting date, and c) how changes in fair value measurements affect an entity’s performance and cash flows. The new ASU is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. There was no material impact as a result of the adoption of this standard.

NOTE 3 - GOING CONCERN

The accompanying 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, 2020, the Company has an accumulated deficit of $3,039,290. 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.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company plan to operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the company, to date, the Company has experienced a decline in revenue due to the decreasing price of oil.

NOTE 4 - OIL AND GAS PROPERTIES

Active Projects:

The Company currently has one active lease. We hold a 24% 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 #1 well is currently producing 2.8 barrels of oil and 16 MCF of gas per day. The Company received no revenue during the quarter ended October 31, 2020.

The Richey #1 well was plugged on January 3, 2018. As of July 31, 2019, management determined that the $50,000 asset carried on the balance sheet was impaired resulting in a loss on impairment of $21,200 lowering the value of the investment in the Richey lease to $28,800. No additional impairment was recognized in the fiscal year 2020.

NOTE 5 – MINERAL RIGHTS AND PROPERTIES

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

On September 22, 2017 the Company entered into a Letter of Intent with Pemer Bacalar SAPI DE CV to examine the opportunity of acquiring ownership in approximately 80 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. This was followed up with a Memorandum of Understanding (“MOU”) on November 16, 2017 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 Pemer Bacalar to acquire 51% of the Property. These conditions included obtaining an independent appraisal of the Property and develop a business plan in conjunction with a Joint Venture Operating Agreement. On June 11, 2019 a new agreement was entered into regarding this property to incorporate certain requirements including, but not limited to, finalizing the acquisition of additional acreage and obtaining permits as well as formalize a plan to conduct feasibility studies, etc. On March 13, 2018 a payment of $20,266 was paid toward the architectural drawings prepared by Callikson. No additional funds have been provided to this project since the signing of the MOU on June 11, 2019.

NOTE 6 – WINNEMUCCA MOUNTAIN PROPERTY

As previously announced, on September 14, 2012, we entered into an option agreement with AHL Holdings Ltd., and Golden Sands Exploration Inc. (“Optionors”), 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 (“Property”). This property currently is comprised of 138 unpatented mining claims covering approximately 2,700 acres.

On July 23, 2018, the Company entered into a New Option Agreement with the Optioners. 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 terms of the July 31, 2018 agreement. The second payment of $25,000 per the terms of the agreement was not paid when it became due on August 31, 2018 causing the Company to default on the terms of the July 23, 2018 agreement.

On March 25, 2019 the Company entered into a New Option Agreement with the Optionors. As stated in the New Option Agreement the Company has agreed to certain terms and conditions to have the right to earn an 80% interest in the Property, these terms include cash payments, issuance of common shares of the Company and work commitments.

The Company’s firm commitments per the March 25, 2019 option agreement total $381,770 of which cash payments total $181,770 and a firm work commitment of $200,000. These cash payments include payments for rentals payable to BLM and also for the staking of new claims adjoining the existing claims. The work commitment is to be conducted prior to December 31, 2020. As of October 31, 2020 and July 31, 2020, the Company has accounted for $309,069 and $334,000, respectively, in its accrued liabilities (Note 7).

The Company has received notice, effective October 27, 2020, that its Option Agreement to earn an interest in the Winnemucca Mountain Gold Property has been terminated for being in default of certain terms and conditions of the Agreement. Management is in discussions with the principals of the Winnemucca property to resolve any outstanding obligations.

NOTE 7 - ACCRUED LIABILITIES

The Company has partnered with others whereby they provide all or a portion of the working capital for either well work to be completed on existing properties or towards the acquisition of new properties. As of October 31, 2020 and July 31, 2020, the Company has unused funds it has received of $23,175 and $23,175, respectively.

Accrued liabilities are as follows:

	October 31, 2020	July 31, 2020
General accrual	$ 2,466	$ 2,444
Interest	$ 66,576	$ 62,597
Distributions and royalty	$ 15,416	$ 15,416
Advances for well work	$ 23,175	$ 23,175
Winnemucca Property	$ 309,069	$ 334,000
	$ 416,702	$ 437,632

NOTE 8 - 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, 2020, there is $85,000 and $51,752 of principal and accrued interest, respectively, due on this loan. As of July 31, 2020, there was $85,000 and $50,038 of principal and accrued interest, respectively, due on this loan. This note is currently in default.

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, 2020 and July 31, 2020, there is $4,635 and $4,257, respectively, of accrued interest due on this loan. This note is currently in default.

NOTE 9 – LOANS PAYABLE

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, 2020, there is $15,000 and $3,750 of principal and accrued interest, respectively, due on this loan. As of July 31, 2019, there is $15,000 and $1,875 of principal and accrued interest, respectively, due on this loan. This loan is currently in default.

On June 11, 2020, a third party loaned the Company $14,000. On September 9, 2020, the Company repaid $5,000 on this loan. The loan is unsecured, non-interest bearing and due on demand.

As of October 31 , 2020, the Company owed $5,000 to a third party. The loan is unsecured, non-interest bearing and due on demand.

During the year ended July 31, 2020, a third party loaned the Company $15,000. The loan is unsecured, bears interest at 8% per annum and matures on September 1, 2021. As of October 31, 2020, there is $1,325 of interest accrued on this note.

During the year ended July 31, 2020, a third party loaned the Company $60,000. The loan is unsecured, bears interest at 8% per annum and matures on September 1, 2021. As of October 31, 2020, there is $5,116 of interest accrued on this note.

NOTE 10 - COMMON STOCK

On June 4, 2020, the Company filed a Certificate of Amendment to its Articles of Incorporation in which it increased its authorized capital stock to 250,000,000 shares of common stock, par value $0.001 and 50,000,000 shares of preferred stock, par value $0.001.

During the three months ended October 31, 2020, the Company sold 1,000,200 shares of common stock at $0.03 per share for total cash proceeds of $80,000. As of October 31, 2020, 1,666,667 shares, for a total of $50,000, had not yet been issued and have been credited to common stock to be issued.

NOTE 11 - WARRANTS

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contract Term
Exercisable at July 31, 2019	2,365,000	$ 0.15	$ .65
Granted	-	-	-
Expired	(1,865,000)	0.15	-
Exercised	-	-	-
Exercisable at July 31 , 2020	500,000	0.15	.27
Granted	-	-	-
Expired	(500,000)	0.15	-
Exercised	-	-	-
Exercisable at October 31 , 2020	-	$ -	-

NOTE 12 - RELATED PARTY TRANSACTIONS

For the three months ended October 31, 2020 and 2019, total payments of $15,000 and $15,000, respectively, were made to Noel Schaefer, a Director of the Company, for consulting services. As of October 31, 2020, and July 31, 2020 there is $27,500 and $27,500 credited to accounts payable.

As of October 31, 2020 and July 31, 2020, there is $2,200 and $2,200, respectively, credited to accounts payable for amounts due to Rachel Boulds, CFO, for consulting services.

On September 25, 2018, the Company executed a loan agreement with the wife of the CEO for $6,800. The loan was to be repaid by December 15, 2018, with an additional $680 to cover interest and fees. On October 10, 2018, the Company executed another loan agreement for $15,000. The loan was to be repaid by December 15, 2018, with an additional $1,500 to cover interest and fees. As of October 31, 2020, the Company owes $23,210 on this loan. This loan is in default.

Victor Miranda, a Director of the Company is also President and owner of Labrador Capital SAPI DE CV ("Labrador"), a major shareholder of the Company owning 8.8% of its issued and outstanding shares. The Company has entered into a Memorandum of Understanding with Labrador to jointly pursue developing real estate projects in Mexico. As of the date of this report no projects have been identified to jointly pursue. In the event of a decision to go forward with Labrador, Victor Miranda will abstain from voting to avoid any conflict of interest.

NOTE 13 - 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 statements were available to be issued, and has determined that no material subsequent events exist.

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.

Current Business

Refer to NOTE 4 and NOTE 5 for property information.

Results of Operations

Results of Operations for the Three Months Ended October 31, 2020 and 2019

Revenue
Revenues of oil and gas for the three months ended October 31, 2020 and 2019 were $0 and $1,231, respectively, a decrease of $1,231. Revenues are earned primarily from the J.E. Richey Lease from the sale of oil and gas and are recorded net of any distributions paid. The decrease in revenue is due to lower production as well as lower oil and gas prices.

Officer compensation
Officer compensation was $6,600 and $0 for the three months ended October 31, 2020 and 2019, respectively. We began to incur monthly compensation expense for our new CFO in April 2020 and no compensation has been accrued or paid to the CEO in either period.

Consulting
Consulting fees were $500 and $0 for the three months ended October 31, 2020 and 2019, respectively. When needed the Company hires experts in the mining, oil and gas industries to assist with its current projects.

Consulting – related party
Consulting – related party services were $15,000 and $15,000 for the three months ended October 31, 2020 and 2019, respectively. Fees at $5,000 per month are paid to Noel Schaefer, Director, but are billed as consulting fees.

Professional fees
Professional fees were $33,500 and $17,660 for the three months ended October 31, 2020 and 2019, respectively, an increase of $15,840 or 89.6%. Professional fees generally consist of legal, audit and accounting expense. The increase can primarily be attributed to an increase in audit fees billed during the period.

Mineral property expenditures
Mineral property expenditures were $1,000 and $15,133 for the three months ended October 31, 2020 and 2019, respectively, a decrease of $14,133 or 93%. The decrease in in the current period can be attributed to a decrease in expenditures while the Company pursues additional funding.

General and administrative
General and administrative expense was $4,621 and $5,114 for the three months ended October 31, 2020 and 2019, respectively, a decrease of $493 or 10%. The decrease can be attributed to a decrease in travel and office expense.

Interest expense
During the three months ended October 31, 2020 and 2019 we had interest expense of $3,979 and $2,891, respectively, an increase of $1,088 or 38%. The increase is due to newly acquired loans in the later part of fiscal year 2020.

Other income
During the three months ended October 31, 2020, we had other income of $25,000, that was received as a onetime payment pursuant to the terms of a joint venture agreement the we entered into.

Net Loss
For the three months ended October 31, 2020, we had a net loss of $40,200 as compared to a net loss of $54,567 for the three months ended October 31, 2019.

Liquidity and Financial Condition

Operating Activities
Cash used by operating activities was $60,899 for the three months ended October 31, 2020. Cash used for operating activities was $62,191 for the three months ended October 31, 2019.

Financing Activities
Net cash provided by financing activities was $75,000 for the three months ended October 31, 2020. We received $80,000 from the sale of our common stock, which was offset by a $5,000 repayment on one of our loans payable. Net cash provided by financing activities was $95,010 for the three months ended October 31, 2019. In the prior period we received $10 from a related party, $75,000 from other loans and sold common stock from cash proceeds of $20,000.

We had the following loans outstanding as of October 31, 2020:

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, 2020, there is $85,000 and $51,752 of principal and accrued interest, respectively, due on this loan. As of July 31, 2020, there was $85,000 and $50,038 of principal and accrued interest, respectively, due on this loan. This note is currently in default.

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, 2020 and July 31, 2020, there is $4,635 and $4,257, respectively, of accrued interest due on this loan. This note is currently in default.

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, 2020, there is $15,000 and $3,750 of principal and accrued interest, respectively, due on this loan. As of July 31, 2019, there is $15,000 and $1,875 of principal and accrued interest, respectively, due on this loan. This loan is currently in default.

On June 11, 2020, a third party loaned the Company $14,000. On September 9, 2020, the Company repaid $5,000 on this loan. The loan is unsecured, non-interest bearing and due on demand.

As of October 31, 2020, the Company owed $5,000 to a third party. The loan is unsecured, non-interest bearing and due on demand.

During the year ended July 31, 2020, a third party loaned the Company $15,000. The loan is unsecured, bears interest at 8% per annum and matures on September 1, 2021. As of October 31, 2020, there is $1,325 of interest accrued on this note.

During the year ended July 31, 2020, a third party loaned the Company $60,000. The loan is unsecured, bears interest at 8% per annum and matures on September 1, 2021. As of October 31, 2020, there is $5,116 of interest accrued on this note.

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

Refer to Note 2 of our financial statements contained elsewhere in this Form 10-Q for a summary of our critical accounting policies and recently adopting and issued accounting standards.

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 October 29, 2020.

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

During the three months ended October 31, 2020, the Company sold 1,000,200 shares of common stock at $0.03 per share for total cash proceeds of $80,000.

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
31.1*	Section 302 Certification under Sarbanes-Oxley Act of 2002.
31.2*	Section 302 Certification under Sarbanes-Oxley Act of 2002.
32.1*	Section 906 Certification under Sarbanes-Oxley Act of 2002.
(101)**	Interactive Data File
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 14, 2020

/s/ *Ivan Webb*
Ivan Webb
Chief Executive Officer

/s/ *Noel Schaefer*
Noel Schaefer
Chief Operating Officer and Director

/s/ *Rachel Boulds*
Rachel Boulds
Chief Financial Officer

/s/ *Victor Miranda*
Victor Miranda
Director

EXHIBIT 31.1

Certification of Chief Financial Officer Pursuant to

Section 302 of the Sarbanes-Oxley Act of 2002-Rule 13a-14(a)/15d –14(a)

I, Rachel Boulds, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended October 31, 2020 for Northern Minerals & Exploration Ltd. (the “registrant”);

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 officer 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 annual report is being prepared;

   b) Designed such internal controls 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 officer 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 and material weaknesses in the design or operation of internal controls 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.

/s/ *Rachel Boulds*

Rachel Boulds
Chief Financial Officer

Date: December 14, 2020

EXHIBIT 31.2

Certification of Chief Executive Officer Pursuant to

Section 302 of the Sarbanes-Oxley Act of 2002-Rule 13a-14(a)/15d –14(a)

I, Ivan Webb, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended October 31, 2020 for Northern Minerals & Exploration Ltd. (the “registrant”);

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 officer 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 annual report is being prepared;

    b) Designed such internal controls 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 officer 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 and material weaknesses in the design or operation of internal controls 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.

/s/ *Ivan Webb*

Ivan Webb
Chief Executive Officer

Date: December 14, 2020

EXHIBIT 32.1

Certification of Periodic Financial Reports
Pursuant to 18 U.S.C. Section 1350
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned hereby certify that they are the duly appointed and acting Chief Executive Officer and Chief Financial Officer of Northern Minerals & Exploration Ltd., and hereby further certify as follows:

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934.

2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

In witness whereof, the undersigned have executed and delivered this certificate as of the date set forth opposite their signatures below.

Date: December 14, 2020

/s/ *Ivan Webb*
Ivan Webb
Chief Executive Officer

Date: December 14, 2020

/s/ *Rachel Boulds*
Rachel Boulds
Chief Financial Officer