



**NIUMINCO GROUP LIMITED**  
**And Controlled Entities**  
ABN 44 009 163 919

**2014 ANNUAL REPORT**

## Bolobip Project



**Niuminco Group Limited**  
**Corporate directory**  
**30 June 2014**

<b>DIRECTORS:</b>	Mr Tracey Lake (Managing Director) Mr Terence Willsteed (Chairman) Prof Ian Plimer
<b>SECRETARY:</b>	Mr Mark Ohlsson
<b>REGISTERED AND PRINCIPAL OFFICE:</b>	Suite 50, 14 Narabang Way Belrose, NSW 2085 Telephone: (02) 9450 0828 Facsimile: (02) 9450 0877
<b>SHARE REGISTRAR:</b>	Security Transfer Registrars Pty Ltd Suite 1, 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333
<b>HOME EXCHANGE:</b>	Australian Securities Exchange (Perth) Limited ASX Code: NIU  The company's shares are also listed on the Port Moresby Stock Exchange Ltd (POMSoX Code: NIU)
<b>AUDITORS:</b>	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney NSW 2000
<b>BANKERS:</b>	National Australia Bank Cnr Florence & Hunter Street Hornsby NSW 2077
<b>SOLICITORS:</b>	M+K Lawyers Level 21, 20 Bond Street Sydney NSW 2000
<b>WEBSITE ADDRESS:</b>	<a href="http://www.niuminco.com.au">www.niuminco.com.au</a>

# Niuminco Group Limited

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Niuminco Group Limited and its subsidiaries. The financial statements are presented in Australian currency.

Niuminco Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Niuminco Group Limited  
Suite 50, 14 Narabang Way  
Belrose NSW 2085

The financial statements were authorised for issue by the directors on 29 September 2014. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available in the Investor Relations section on our website: <http://www.niuminco.com.au/>

# Niuminco Group Limited

## Corporate governance statement

### 30 June 2014

#### CORPORATE GOVERNANCE STATEMENT

Niuminco Group Limited is committed to best practice corporate governance, and has reviewed all its practices in line with ASX Corporate Governance Council's principles of good corporate governance and best practice recommendations.

Under ASX Listing Rule 4.10.3, listed companies must disclose the extent to which they have followed the ASX Principles, and if any of the recommendations have not been followed then the Company must explain why not.

The Company is considered a 'micro-cap' listing, and accordingly some of the principles and recommendations are unable to be achieved in a cost effective or practical manner, having regard to the resources available. These issues are still considered important in our corporate governance system, and alternate but less formal policies exist to ensure integrity in these areas. The Council recognises that the same efficiencies experienced by larger entities may not be appropriate for smaller companies by adopting certain principles or recommendations.

Notwithstanding this, the board has made every effort to address each principle and effect suitable policies or strategies where possible.

Detailed below are comments made in relation to the Company's policies for each ASX Corporate Governance Council principle.

#### **Principle 1 – Lay solid foundations for management and oversight**

Niuminco Group Limited supports a clear segregation of duties between management and the Board of Directors.

The board is responsible for the general overseeing of the Company, including strategic and corporate planning, risk management, financial reporting, and setting policy framework. The board has a formal charter detailing its functions, structure and responsibilities.

The Board is responsible for setting the strategic direction of the Company, establishing goals for management and monitoring the achievement of those goals. The Managing Director is currently responsible for the day to day management of the Company.

To ensure a clear understanding of directors' corporate expectations, the Company has issued formal letters of appointment for both executive and non-executive directors, fully describing each person's role and duties.

The Company currently does not have any senior executives in addition to the board members. Therefore the Company does not undertake performance assessments of senior executives.

#### **Principle 2 – Structure the board to add value**

The procedures for election and retirement of the Directors are governed by the Company's Constitution, the Corporations Act and the Listing Rules.

The number of Directors must be not less than 3 nor more than such number as the Directors determine. There is no requirement for any shareholding qualification. A minimum of half of the number of Directors should be independent non-executive directors. Currently, there is a majority of independent non-executive directors.

Given the Company's background, the nature and size of its business and the current stage of its development, the Board believes a board of this size is both appropriate and acceptable. It is considered that the Directors possess a broad range of skills, qualifications and industry experience encompassing the current and proposed activities of the Company. The details of the Directors, their experience, qualifications and term of office are set out in the Directors' Report.

**Niuminco Group Limited**  
**Corporate governance statement (continued)**  
**30 June 2014**

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to supervise adequately the Company's affairs determined within the limitations imposed by the Company's constitution and as circumstances demand. The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Under the Company's constitution the tenure of Directors (other than the managing director) is subject to reappointment by Shareholders not later than the 3rd anniversary following his or her last appointment. A Managing Director may be appointed for any period and on any terms the Board thinks fit and, subject to the terms of any agreement entered into, the Board may revoke any such appointment.

The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. As the Group's activities develop in size, nature and scope, the implementation of a formal corporate governance committee will be given further consideration.

Directors are required to take into consideration any conflicts when accepting appointment to other boards.

The board currently consists of the following directors, whose experience and expertise are detailed below:

- Mr T Lake	Managing Director	Non-independent
- Mr T Willstead	Chairman	Independent
- Prof I Plimer	Non-Executive Director	Independent

Tracey Lake – Managing Director

Mr Lake B.Comm (Major – Accounting & Finance) has held the position of Chief Executive Officer and been a principal shareholder in both private and public companies, and has over 35 years business experience in a number of industries.

Terence Willstead – Chairman

Mr Willstead B.E (Mining) (Hons), is a Fellow of the Australasian Institute of Mining and Metallurgy and has, since 1973, been the Principal of consulting mining engineers, Terence Willstead & Associates. His forty year career in the mining industry has included senior management, operational and engineering positions with Zinc Corporation Ltd, Mt Isa Mines Ltd and Consolidated Goldfields Australia Ltd.

In his consulting experience, Mr Willstead has been involved in the assessment and development of a wide range of mineral, coal and oil shale projects, and has participated in the management of developing and operating mineral projects both in Australia and internationally.

Mr Willstead is a director of International Ferro Metals Limited, South American Ferro Metals Limited, Vantage Gold Limited, Nickel Mines Limited, Takordi Gold Limited and Goldsearch Limited.

# Niuminco Group Limited

## Corporate governance statement (continued)

### 30 June 2014

#### Professor Ian Plimer – Non-Executive Director

Professor Ian Plimer BSc [Hons], PhD, FGS, FTSE, FAusIMM, is Emeritus Professor at The University of Melbourne where he was Professor and Head (1991-2005). He was Professor of Geology (University of Newcastle 1985-1991) and Professor of Mining Geology (University of Adelaide 2005-2012). He has been awarded the prestigious Leopold von Buch Medal for Science, the Centenary Medal, the Eureka Prize (twice) and is a Fellow of the Academy of Technological Sciences and Engineering, a Fellow of the Geological Society of London and a Fellow of the Australasian Institute of Mining and Metallurgy.

Professor Plimer's main geological interests are in ore deposits in base metal deposits (particularly in Broken Hill) and epithermal precious metals. He serves on the Boards of listed companies Silver City Minerals Ltd [ASX:SCI; 21st Feb. 2011-present]; Kefi Minerals Ltd (AIM:KEFI); (Nov. 2006-present); Lakes Oil NL [ASX:LKO], (27th January 2013 – present), Sun Resources NL (23th September 2014 – present) and unlisted companies Hancock Prospecting companies [Roy Hill Holdings Pty Ltd, Hope Downs Iron Ore Pty Ltd, Queensland Coal Investments Pty Ltd] and TNT Mines Ltd. He was on the Boards of CBH Resources Ltd (1998-2010), Ormil Energy Ltd (2010-2012) and Inova Resources Ltd (2007-2013).

In accordance with recommendation 2.1 of the ASX Corporate Governance Council the Company has a majority of independent directors.

The Board is satisfied it has measures to ensure sufficient independent judgement is achieved, including the following:

- Directors are able to seek independent professional advice in the furtherance of their duties as directors at the Company's expense, subject to the Chairman's prior approval
- Where Directors have a conflict of interest in relation to a matter of business, they must abstain from voting on the issue.

The Company meets the ASX Corporate Governance Council recommendations 2.2 and 2.3 namely, that the roles of chair and chief executive should not be exercised by the same person and that the Chairman should be independent.

The Board will review the composition of the Board and management of the Company as it goes forward as a listed entity.

#### **Principle 3 – Promote ethical and responsible decision-making**

The Board has established a code of conduct to promote a continual ethical and responsible decision making process for directors and key executives. The code embraces the values of integrity, accountability and equality and to enhance the performance and reputation of the Company.

Whilst the Board has not implemented a formal diversity policy due to the size of the Company it believes that the promotion of diversity in senior management and within the Company generally is good practice.

The Board has not set measurable objectives for achieving gender diversity at this time. The Company has no employees and no women members of the Board. As the Company increases in size the Board will review its practices and implement formal diversity policies as appropriate to its activities.

The Company has also developed and communicated a formal policy to officers and employees for trading in the Company's shares, to complement the existing statutory restrictions such as the Corporations Act 'insider trading' provisions.

Directors must advise the Company of any dealings in the Company's shares, and the Company is required to advise the ASX of these transactions within 5 business days.

**Niuminco Group Limited**  
**Corporate governance statement (continued)**  
**30 June 2014**

**Principle 4 – Safeguard integrity in financial reporting**

The Managing Director has stated in writing to the board that the financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The Company has an Audit Committee, which comprises  
Mr T Lake  
Mr T Willstead  
Mr M Ohlsson as secretary

The primary functions of the Audit Committee are:

- (a) ensuring appropriate Group accounting policies and procedures are defined, adopted and maintained;
- (b) ensuring that Group operating and management reporting procedures, and the system of internal control, are of a sufficiently high standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business;
- (c) reviewing the Group Financial Statements and approval;
- (d) reviewing the scope of work including approval of strategic and annual audit plans and effectiveness of the external audit functions across the Group;
- (e) monitoring the proper operation of issues raised;
- (f) ensuring that appropriate processes are in place to ensure compliance with all legal requirements affecting the Group;
- (g) ensuring that all internal and industry codes of conduct and standards of corporate behaviour are being complied with;
- (h) responsible for making recommendations to the Board of Directors on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), monitoring of effectiveness, and independence of the external auditors.
- (i) actioning any other business processes or functions which may be referred to it by the Board of Directors.

The Board of Directors as a whole is responsible for nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory review. External audit engagement partners will be rotated every 5 years.

**Principle 5 – Make timely and balanced disclosure**

Niuminco Group Limited is committed to ASX continuous disclosure provisions, and to ensuring that all relevant information concerning the Company is made available to investors on an equal and timely basis.

The Company has incorporated a policy on continuous disclosure into its code of conduct document, which has been promoted to all officers and employees.

**Principle 6 – Respect the rights of shareholders**

The Company promotes active and informed shareholding, and welcomes questions from shareholders at any time. At the Company's annual AGM, shareholders are given every opportunity to participate at question time, and may submit written questions to the board or auditors prior to the meeting.

The external auditor is required to attend the AGM and is available to answer any shareholder questions regarding the conduct of the audit, and the preparation and content of the auditor's report.



**Niuminco Group Limited**  
**Corporate governance statement (continued)**  
**30 June 2014**

**Principle 7 – Recognise and manage risk**

The board is responsible for overseeing and assessing the effectiveness of the risk management policy.

The Managing Director (or equivalent) is responsible for implementing the policy and regularly reporting to the board. Risk management areas may be delegated to other executive directors who must keep the Chairman informed on issues for which they have become responsible.

The Board considers risk management on an ongoing basis.

The Managing Director has stated to the board in writing that the statement given in accordance with best practice recommendation 7.3 (the integrity of financial statements) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting.

**Principle 8 – Remunerate fairly and responsibly**

The board has decided at this time not to establish a separate remuneration committee due to the current size of the entity and its operations. The board will review the requirement of a committee as the scale of operations and structure increase. Therefore the board will be responsible for determining and reviewing compensation arrangements for the directors themselves, the Managing Director and the other executives.

The Company has prepared a formal charter which sets out the role and responsibilities of the board and has established a remuneration policy.

Non-executive directors are remunerated by way of fees, which is clearly distinguished from the remuneration for executive directors. The Group does not have any schemes for retirement benefits. In view of the contribution of the non-executive directors and advancing the interest in the Company, the Board considers that non-executives directors may continue to be rewarded with options. It is not considered that this will significantly affect their independence in light of their experience and reputation.

# Niuminco Group Limited

## Directors' report (continued)

### For the year ended 30 June 2014

#### DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Niuminco Group Limited (referred to hereafter as the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2014.

#### DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

##### ***Tracey Lake – Managing Director***

Appointed 1 May 2012

Mr Lake holds a Bachelor of Commerce degree (Major – Accounting & Finance) from the University of NSW. He has held the position of Chief Executive Officer and been a principal shareholder in both private and public companies, and has over 35 years business experience in a number of industries.

##### ***Terence Willsteed –Chairman***

Appointed Non-Executive Director 9 May 2011, appointed Non-Executive Chairman 1 August 2013

Mr Willsteed who holds a Bachelor of Engineering (Mining) Honours degree, is a Fellow of the Australasian Institute of Mining and Metallurgy and has, since 1973, been the Principal of consulting mining engineers, Terence Willsteed & Associates. His forty year career in the mining industry has included senior management, operational and engineering positions with Zinc Corporation Ltd, Mt Isa Mines Ltd and Consolidated Goldfields Australia Ltd.

In his consulting practice, Mr Willsteed has been involved in the assessment and development of a wide range of mineral, coal and oil shale projects, and has participated in the management of developing and operating mineral projects both in Australia and internationally.

Mr Willsteed is a director of International Ferro Metals Limited, South American Ferro Metals Limited, Vantage Gold Limited, Nickel Mines Limited, Takordi Gold Limited and Goldsearch Limited.

##### ***Professor Ian Plimer – Non-Executive Director***

Appointed 9 May 2011

Professor Ian Plimer BSc [Hons], PhD, FGS, FTSE, FAusIMM, is Emeritus Professor at The University of Melbourne where he was Professor and Head (1991-2005). He was Professor of Geology (University of Newcastle 1985-1991) and Professor of Mining Geology (University of Adelaide 2005-2012). He has been awarded the prestigious Leopold von Buch Medal for Science, the Centenary Medal, the Eureka Prize (twice) and is a Fellow of the Academy of Technological Sciences and Engineering, a Fellow of the Geological Society of London and a Fellow of the Australasian Institute of Mining and Metallurgy.

Professor Plimer's main geological interests are in ore deposits in base metal deposits (particularly in Broken Hill) and epithermal precious metals. He serves on the Boards of listed companies Silver City Minerals Ltd [ASX:SCI; 21st Feb. 2011-present]; Kefi Minerals Ltd (AIM:KEFI); (Nov. 2006-present); Lakes Oil NL [ASX:LKO], (27th January 2013 – present), Sun Resources NL (23th September 2014 – present) and unlisted companies Hancock Prospecting companies [Roy Hill Holdings Pty Ltd, Hope Downs Iron Ore Pty Ltd, Queensland Coal Investments Pty Ltd] and TNT Mines Ltd. He was on the Boards of CBH Resources Ltd (1998-2010), Ormil Energy Ltd (2010-2012) and Inova Resources Ltd (2007-2013).

**Niuminco Group Limited**  
**Directors' report (continued)**  
**For the year ended 30 June 2014**

**Directorships of other listed companies during the past 3 years**

Name	Company	Commenced	Ceased
Mr T Willstead	International Ferro Metals Limited	12 October 2005	-
	South American Ferro Metals Ltd	11 November 2010	-
	Vantage Gold Limited	October 2010	-
	Timpetra Resources Limited	24 August 2010	19 October 2012
	Takordi Gold Limited	July 2011	-
	Goldsearch Limited	20 July 2004	-
Prof I Plimer	Ormil Energy Limited	9 February 2010	22 November 2011
	Inova Resources Limited	7 November 2007	7 August 2013
	Kefi Minerals plc	November 2006	-
	Silver City Minerals Ltd	21 February 2011	-
	Lakes Oil NL	27 January 2013	-
	Sun Resources NL	23 September 2013	-

**COMPANY SECRETARY**

At the end of the financial year, Mark Ohlsson – FCPA, held the position of Company Secretary. Mr Ohlsson was appointed Company Secretary on 9 May 2011.

**PRINCIPAL ACTIVITIES**

Niuminco Group Limited, through its subsidiaries, holds prospective exploration areas and mining leases in Papua New Guinea. These include exploration licences at May River and Bolobip, and mining leases at Edie Creek. The Group has also acquired a controlling interest in TNT Mines Limited (TNT), a tin, tungsten, fluorspar and magnetite exploration company with assets in Tasmania.

**OPERATING RESULTS**

For the financial year ending 30 June 2014, the consolidated loss of the Group after income tax amounted to \$7,124,224 (2013: Loss of \$4,626,830). The loss in the year was impacted by the Group impairing \$6,794,037 of capitalised exploration on the Edie Creek project at year end.

**DIVIDENDS PAID OR RECOMMENDED**

The Directors have not recommended a final dividend for the 2014 financial year (2013: \$nil).

**REVIEW OF OPERATIONS**

*Corporate – TNT Mines Limited*

On 7<sup>th</sup> November 2013, Niuminco closed its takeover bid for TNT having acquired an additional 52.64% of the company by issuing 57,561,056 shares in the Group for a value of \$460,488 to 3,392 former TNT shareholders. Niuminco now holds 72.54% of the issued capital of TNT.

*Exploration & evaluation*

In October 2013, an agreement was reached with Mincor to terminate the May River and Bolobip joint ventures, and Mincor transferred its 36% holding in each of the tenements back to Niuminco in return for a 5% net smelter return royalty from any future production or sales on the current tenements. Over the prior two years Mincor spent more than \$6,400,000 on valuable exploration on these tenements.

# **Niuminco Group Limited**

## **Directors' report (continued)**

### **For the year ended 30 June 2014**

#### *May River & Bolobip*

Camp maintenance and community affairs work was carried out in the tenements and Warden's Hearings were successfully held at both May River and Bolobip for renewal of the Exploration Licences through to September 2015. Renewal was granted in March 2014.

The Company commissioned Mr John Nethery to undertake a review of all historical geological work, and to prepare reports and recommendations on the prospectivity and "next steps" on these tenements.

Mr Nethery's reports confirmed the significant potential of the tenements.

He has recommended the drilling of the three target drill holes at Bolobip to a depth of 300m to 350m each, and further field examination of the South May River anomalies and structures, where "the range of alteration, mineralisation and geological settings is very similar to the Frieda River deposits". An assessment of the remote sensing and geological surveys lends encouragement to the concept that the South May River anomalies share the same structural geological setting as the Frieda River deposits.

#### *Eddie Creek*

The Board investigated options for the recommended Stage 2 Drilling Program of 10 holes to 200m each, and although no drilling was carried out during the year, 2 drill rigs (one diamond core and one reverse circulation) were acquired during the year ready for drilling to commence in financial year 2015. Contingent upon successful Stage 2 results and the then general market conditions, the Stage 3 Drilling Program may follow with the aim of establishing a JORC resource as soon as practicable.

The Board continued to review all options for the Eddie Creek Mining Leases whilst further reducing the cost of operations. In February 2014, following an extension to mining lease ML 144 through to September 2022, a decision was made to recommence bulk sampling, pilot scale mining and gold/silver production. Production for the period 16 February to 30 June, 2014 was 132.2 ounces of gold and 110 ounces of silver for total sales of \$193,635. Production for the same period averaged 1 ounce per day (30 ounces per month) but has increased to a current rate of approximately 95g or 3 ounces per day, equating to 2,800g or 90 ounces per month following the acquisition of a second excavator and the reconditioning and commissioning of a third gold barrel in early August.

Investigations and costings of more efficient processing plant and equipment for both current operations and for future lower grade bulk tonnage ore bodies are continuing.

Additional excess plant and equipment was disposed of during the year.

#### *TNT Tenements*

TNT Mines Limited holds a suite of six exploration areas in northern Tasmania, prospective for tin, tungsten, magnetite and fluorspar. Four of these areas are classified as "Advanced Exploration Areas" and a report was commissioned to complete 3D modelling and compile extensive historical data across the four sites, with the aim of upgrading the exploration targets/historical estimates to JORC 2012 Inferred Mineral Resources.

This work was completed on TNT's 100% owned Great Pyramid and Royal George tin deposits, resulting in the announcement of Inferred Mineral Resources for the Great Pyramid and Royal George tin deposits in March and April 2014 respectively.

Great Pyramid is one of the unmined prospects within TNT's Aberfoyle Tin and Tungsten project. The project consists of the old workings and unmined mineralisation at the Aberfoyle, Storey's Creek and Lutwyche mines, as well as the largely unmined prospects at Royal George and Great Pyramid.

The Great Pyramid deposit Inferred Mineral Resource has been estimated at 1,300,000t at 0.3% tin for 3,900t of contained tin using a 0.2% tin cut-off, or 5,200,000t at 0.2% tin for 10,400t of contained tin using a 0.1% tin cut-off.

# **Niuminco Group Limited**

## **Directors' report (continued)**

### **For the year ended 30 June 2014**

The limited drilling at depth into Great Pyramid has identified a number of zones of higher grade mineralisation (compared to the overall resource grade), which will be targeted by follow up drilling. In addition to the depth potential, the deposit remains open along strike south eastwards of the north block and north westwards of the Brock's block.

Royal George is also one of the largely unmined prospects within TNT's Aberfoyle Tin and Tungsten project.

The Royal George tin deposit Inferred Mineral Resource has been estimated at 800,000t at 0.33% tin for 2640t of contained tin using a 0.2% cut-off.

#### **GOING CONCERN**

The consolidated financial statements of the Group have been prepared on a going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has incurred a net loss before tax of \$7,179,160 (including a non-cash gain on acquisition of TNT Mines Limited of \$1,566,202, and exploration asset impairment expense of \$6,794,037) and total net cash outflows of \$479,392 for the year ended 30 June 2014 and, as of that date the Group's current liabilities exceeded its current assets by \$1,676,904.

During the year, the Group raised \$1,468,239 through capital raisings. The amount of cash received was reduced by converting outstanding related party loans and other payables totalling \$305,136 to equity, and further reduced by capital raising costs paid of \$142,445.

However, consistent with the nature of the Group's activities and its ongoing investment of funds into exploration projects, additional funds will be required to continue to support the exploration efforts of the Group.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of the business and at the amounts stated in the financial report.

The continuing viability of the Group and its ability to continue as a going concern and to meet its commitments as and when they fall due is also dependent upon the Group being successful in:

- generating positive cash flow from gold and silver production at Edie Creek mine at a rate of 3 to 3.5oz per day;
- raising additional equity or debt;
- curtailing materially, if necessary, the Group's ongoing operating costs to suit available resources and the timing of anticipated equity or debt raisings;
- considering options that might include the sale of assets, or entering into a new farm-in agreement with another party.

The Directors believe that the Group will be successful in managing the above matters and accordingly, they have prepared the financial report on a going concern basis. At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the consolidated financial statements at 30 June 2014.

Accordingly no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

# **Niuminco Group Limited**

## **Directors' report (continued)**

### **For the year ended 30 June 2014**

#### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

In the opinion of the directors, there were no matters that significantly affected the state of affairs of the Company or Group during the financial year, other than those referred to in the review of operations.

#### **AFTER BALANCE DATE EVENTS**

On 30<sup>th</sup> July 2014 the Group placed 62,500,000 ordinary shares at \$0.004 per share to raise \$250,000. In addition, a further 8,400,000 ordinary shares were placed at \$0.005 per share to extinguish \$42,000 of debt.

The Group has also agreed to place a further 7,953,428 ordinary shares at \$0.005 per share to a company associated with Ian Plimer, subject to shareholder approval. Cash consideration of \$39,767 for this transaction has already been received.

At Edie Creek in August 2014, both the quantity of ore processed and gold/silver produced (and sold) increased significantly as a result of the introduction of additional mining plant and processing equipment. Gold production has increased since 1 August to a current production rate of approximately 95g or 3 ounces per day, equating to 2,800g or 90 ounces per month. This compares to the June Quarter average of 31.3g or 1 ounce per day for a monthly average of 939 g or 30.2 ounces. In addition a fourth, second-hand gold barrel was acquired in August and this will be commissioned in October, 2014.

On 26 August 2014, TNT Mines Limited completed the drilling of a 145 m deep diamond drill hole on its Oonah EL 63/2004 exploration licence near Zeehan in north-western Tasmania in conjunction with its joint venture partner Clancy Exploration Ltd. Preliminary non-definitive scanning of the core by a portable XRF instrument has indicated only weak levels of mineralisation. The more mineralised intervals will be sampled, independently assayed and reported on in due course.

No other matter or circumstance has arisen since 30 June 2014 which significantly affected or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

#### **FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

In PNG the Group intends to advance its exploration activities at May River and Bolobip including ground geophysics surveys, geochemical sampling and drill testing. The Group also intends to continue its pilot mining and gold/silver production at the Edie Creek mining leases and complete the Stage 2 drilling program of 10 holes (up to 200m deep each) on the Enterprise area of Edie Creek. It is anticipated that gold production (and sales) will increase by up to 33.3% with the commissioning of the fourth gold barrel, which will be accommodated within the current single day shift and at the same staffing levels.. This exploration work in PNG will be subject to the Edie Creek operations generating sufficient cash surplus and/or the Company's ability to source other suitable funding.

In Tasmania, through the Group's 72.54% owned TNT Mines Ltd, Niuminco plans to manage a focused exploration program comprising a 10 to 15 diamond drill hole drilling program (to 150 m depth) on each of the Lutwyche and Great Pyramid deposits within the Aberfoyle Tin and Tungsten Project.

The aim of this program is to obtain an Inferred Mineral Resource for the Lutwyche deposit, and to increase both the grade and size of the current Great Pyramid deposit Inferred Mineral Resource. Thirteen drill targets (to a maximum depth of 125 m) have already been planned for the Lutwyche deposit, whilst 10 to 15 targets are currently being finalised for the Great Pyramid deposit.

In addition, through further modelling, compilation and analysis of historical data, an update of the Moina deposit 2004 Inferred Mineral Resource to a 2012 Inferred Mineral Resource is planned.

# Niuminco Group Limited

## Directors' report (continued)

### For the year ended 30 June 2014

#### UNISSUED SHARES UNDER OPTION

There are no unissued ordinary shares of Niuminco Group Limited under option at the date of this report.

#### REMUNERATION REPORT (AUDITED)

This remuneration report sets out remuneration information for Niuminco Group Limited's non-executive directors, executive directors, and key management personnel.

#### *Principles used to determine the nature and amount of remuneration - Charter*

The Directors of Niuminco Group Limited have adopted the following charter:

- To establish a set of remuneration levels and packages that is fair and designed to encourage and enhance individual performance and resultant corporate success.
- To motivate executives and senior management with a focus on long term benefits to the individuals and therefore the Group and its shareholders.
- To review performance of executive directors and senior management based on the Company's operational results, market penetration and profit and loss performance.

#### *Remuneration policy*

The remuneration policy has been designed to provide a fixed remuneration to directors commensurate with their obligations, commitment, experience and performance. The Board believes the policy to be appropriate and effective in its ability to retain a high standard of executive staff and directors as well as create incentives in the interests of the Group.

The Board's policy for determining the nature and amount of remuneration for directors is set out in this policy. Consistent with the Board charter the remuneration policy was approved by the Board after considering:

- The history of the Group's management arrangements;
- The remuneration of past executives;
- The current financial position of the Group;
- The remuneration of industry peers;
- The interests of shareholders;
- The short, medium and long-term future of the industry.

The Board, taking into account the above factors will review remuneration annually. The Board may exercise some discretion in relation to approving incentives and bonuses. During the current year no incentives have been paid to key management personnel.

The Board determines executive directors' payments and reviews the remuneration based on best commercial practice. Independent external advice on the packages may be obtained at the discretion of the Board. As the remuneration is fixed at this time it is not linked to Group performance at this stage. No elements of remuneration are performance based. There is no relationship between the performance of the Group and remuneration over the past five years.

A summary of the general principles adopted by the Board is as follows:

#### Executives

- The adoption of a balance between fixed and incentive salary linking rewards with Company and executive performance but only when the industry and shareholder returns are at a more consistent and higher level.
- Consideration of relativities with other similar sized businesses.
- Reflect the nature of the business and the role expected of the individual.

# Niuminco Group Limited

## Directors' report (continued)

### For the year ended 30 June 2014

- Consider both the Group and the individual's legal obligations.
- Consider whether the Group and the individual meets expected and budgeted targets.
- Consider whether equity-based performance benefits are appropriate.
- Executives are paid according to market and experience.

#### Non-Executives

- Non-executive remuneration is to be clearly distinguished from executive salary and packages. The Non-executive remuneration limit is \$150,000 cash per annum in total for all non-executive directors as approved by shareholders on 6th November 2009.

#### *Performance-based remuneration*

Currently no component of the key management personnel's remuneration is at risk. It is expected that going forward remuneration packages of executive directors will include remuneration at risk based on Group and individual performance.

#### *Incentive Plans*

A Share Plan and Employee Share Option Plan (ESOP) have been approved by shareholders. The object of both plans will be to assist in the recruitment, reward, retention and motivation of employees and officers of the Group.

Other incentive plans including partly paid shares, share purchase loans or other schemes may be utilised to provide longer-term incentives and rewards to executives and directors. Shareholder approval will be obtained in each case as required by law.

In view of the contribution of the non-executive directors and advancing the interest in the Group, the Group considers that the non-executives may continue to be rewarded with options. It is not considered that this will significantly affect their independence in light of their experience and reputation.

#### ***Risk Policy***

The Board does not have a policy in place in relation to limiting exposure in relation to securities held.

#### ***Names and positions held of Group and parent entity key management personnel in office at any time during the financial year***

##### Key management personnel

- Tracey Lake	Managing Director	appointed 1 May 2012
- Terence Willstead	Chairman – Non Executive	appointed 9 May 2011
- Ian Plimer	Director – Non Executive	appointed 9 May 2011
- Andrew Drummond*	Director – Non Executive (TNT Mines Limited)	appointed 2006

Andrew Drummond is a non-executive director of TNT Mines Limited and for the purposes of this report is a key management person from 1 November 2013 onwards, the date on which Niuminco Group Limited acquired a controlling interest in TNT Mines Limited.



**Niuminco Group Limited**  
**Directors' report (continued)**  
**For the year ended 30 June 2014**

*Details of remuneration for the year ended 30 June 2014 and 30 June 2013*

The remuneration for each director of the consolidated entity during the year was as follows:

2014	Short Term Benefits Salary, fees & commissions \$	Post Employment Benefits Superannuation contributions \$	Termination benefits \$	Share Based Payments Options \$	Total \$
<b>Executive</b>					
T Lake*	266,667	--	--	--	266,667
<b>Non executives</b>					
I Plimer**	36,000	--	--	--	36,000
T Willsted***	36,000	--	--	--	36,000
A Drummond****	24,000	--	--	--	24,000
	<b>362,667</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>362,667</b>

\* During the year Tracey Lake converted \$130,064 of fees accrued to equity at prices ranging from \$0.01 to \$0.005 per share.

\*\* During the year Ian Plimer converted \$50,000 of fees accrued to equity at prices ranging from \$0.01 to \$0.007 per share.

\*\*\* During the year Terry Willsted converted \$24,586 of fees accrued to equity at prices ranging from \$0.01 to \$0.005 per share.

\*\*\*\* Andrew Drummond's fees are for the period following the acquisition of TNT from 1 November 2013 to 30 June 2014. During the year, Andrew Drummond converted \$29,287 of fees accrued to equity at prices ranging from \$0.005 to \$0.007 per share.

2013	Short Term Benefits Salary, fees & commissions \$	Post Employment Benefits Superannuation contributions \$	Termination benefits \$	Share Based Payments Options \$	Total \$
<b>Executive</b>					
T Lake^^	300,000	--	--	58,446^^	358,446
<b>Non executives</b>					
A Davis^	50,000	--	--	--	50,000
D Fuller	34,900	--	--	--	34,900
I Plimer	36,000	--	--	--	36,000
T Willsted	36,000	--	--	--	36,000
	<b>456,900</b>	<b>--</b>	<b>--</b>	<b>58,446</b>	<b>515,346</b>

^ \$8,000 of the remuneration paid to Mr Andrew Davis was in respect of consultancy services provided to the Company.

^^ Options to Mr Tracey Lake were granted on 1<sup>st</sup> May 2012 subject to approval by shareholders. This approval was granted at the Annual General Meeting of the Company held on 26<sup>th</sup> October 2012. On 7<sup>th</sup> August 2013, T Lake took up his rights in the rights issue under the prospectus dated 9<sup>th</sup> July 2013, and converted \$8,303 of fees accrued to 8,303,000 ordinary shares.

# Niuminco Group Limited

## Directors' report (continued)

### For the year ended 30 June 2014

#### *Interests in the shares and options of the Company*

At the end of the financial year, the interests of the directors in the shares and options of Niuminco Group Limited are:

Name	Number of fully paid ordinary shares	Number of options over ordinary shares
Mr T Lake (indirect)	50,904,912	--
Mr I Plimer (direct & indirect)	7,671,572	--
Mr T Willsteed (indirect)	6,420,001	--
Mr A Drummond (indirect)	8,726,882	--

*i. Options provided as remuneration and shares issued on exercise of such options*

There are no options outstanding to key management personnel.

*ii. Option holdings*

The number of options over ordinary shares in the Company held during the financial year by each director of Niuminco Group Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2014 Name	Balance at start of the year Number	Granted as remuneration Number	Exercised during the year Number	Other changes Number	Balance at end of the year Number	Vested and exercisable Number
I. Plimer*	2,500,000	--	--	(2,500,000)	--	--
T Willsteed*	2,500,000	--	--	(2,500,000)	--	--
T Lake**	6,000,000	--	--	(6,000,000)	--	--
<b>Total</b>	<b>11,000,000</b>	<b>--</b>	<b>--</b>	<b>(11,000,000)</b>	<b>--</b>	<b>--</b>

\* Expired on 30 September 2013

\*\* Expired on 30 April 2014

2013 Name	Balance at start of the year Number	Granted as remuneration Number	Exercised during the year Number	Other changes Number	Balance at end of the year Number	Vested and exercisable Number
A. Davis <sup>^</sup>	5,000,000	--	--	(5,000,000)	--	--
D Fuller <sup>^^</sup>	15,638,625	--	--	(15,638,625)	--	--
I. Plimer	2,500,000	--	--	--	2,500,000	2,500,000
T Willsteed	2,500,000	--	--	--	2,500,000	2,500,000
T Lake <sup>^^^</sup>	6,000,000	--	--	--	6,000,000	6,000,000
<b>Total</b>	<b>31,638,625</b>	<b>--</b>	<b>--</b>	<b>(20,638,625)</b>	<b>11,000,000</b>	<b>11,000,000</b>

<sup>^</sup> A Davis' options lapsed on 31 July 2012 being three months after his resignation as Managing Director.

<sup>^^</sup> Options issued as part of the acquisition of Niuminco Limited by Niuminco Group Limited. The other changes reflect the fact that D Fuller was no longer a Director at the end of the financial year.

<sup>^^^</sup> Options to T Lake were granted on 1 May 2012 subject to approval by shareholders. This approval was granted at the Annual General Meeting of the Company held on 26 October 2012

## Niuminco Group Limited Directors' report (continued) For the year ended 30 June 2014

### iii. Shareholdings

The number of shares in the Company held during the financial year by each director of Niuminco Group Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2014	Balance at start of the year	Received as remuneration	Issued on conversion of debt to equity	Shares purchased or sold	Other Change <sup>^</sup>	Balance at end of the year
T Willsted	2,000,000	--	3,002,858	1,417,143	--	6,420,001
I Plimer	--	--	5,257,143	2,414,429	--	7,671,572
T Lake	13,541,667	--	19,363,245	18,000,000	--	50,904,912
A Drummond	4,256,625	--	4,470,257	--	--	8,726,882
	<b>19,798,292</b>	<b>--</b>	<b>32,093,503</b>	<b>21,831,572</b>	<b>--</b>	<b>73,723,367</b>

2013	Balance at start of the year	Received as remuneration	Issued on conversion of debt to equity	Shares purchased or sold	Other Change <sup>^</sup>	Balance at end of the year
D Fuller	57,586,650	--	32,382,706	29,989,785	(119,959,141)	--
T Willsted	1,000,000	--	--	1,000,000	--	2,000,000
A Davis	2,250,000	--	5,357,143	--	(7,607,143)	--
T Lake	--	1,333,333	12,208,334	--	--	13,541,667
	<b>60,836,650</b>	<b>1,333,333</b>	<b>49,948,183</b>	<b>30,989,785</b>	<b>(127,566,284)</b>	<b>15,541,667</b>

<sup>^</sup> Other changes reflect the fact that D Fuller and A Davis are no longer directors at the end of the financial year.

### **Employment contracts of directors and senior executives**

On appointment to the Board, all directors enter into an agreement with the Company in the form of a letter of appointment. The letter summarises the board policies & terms and the director's duties and responsibilities. The contracts require directors to satisfy all legal duties imposed by the Corporations Act and the general law and to assist the board in fulfilling its functions. The directors are required to notify the Company of all other directorships held by the director and if directors intend to accept any subsequent directorships they must first discuss this with the Chairman.

The appointment and term of a director is made in accordance with the Company's constitution. The agreements provide for an indefinite period of appointment subject to reappointment requirements at annual general meetings under the terms of the constitution. The employment may be terminated pursuant to the Corporations Act and the Company's Constitution, in certain prescribed circumstances (such as bankruptcy, conviction of an offence, unsound mind). The director may resign by notice in writing at any time.

Directors are not automatically entitled to any termination or retirement benefits, other than those to be provided to all employees under normal legislative requirements; however termination benefits may be agreed on an individual basis by the board.

Mr Tracey Lake as Managing Director provides his services in this position under a consultancy agreement with Goward Pty Limited. The original agreement provided for a monthly payment of \$25,000 with an expiry date of 30 April 2014 with 6 months' notice of early termination. This agreement was varied by agreement of the board in February 2014, and Goward Pty Ltd now receives a monthly payment of \$16,667. The original agreement also provided for a sign on bonus of \$80,000 which was paid by the issue of 1,333,333 shares at \$0.06, and 6,000,000 options exercisable at 10 cents per share on or before 30<sup>th</sup> April 2014. The options have now lapsed.

**This is the end of the Audited Remuneration Report**

# Niuminco Group Limited

## Directors' report (continued)

### For the year ended 30 June 2014

#### MEETINGS OF DIRECTORS

The number of directors' meetings held and number of meetings attended by each of the directors of the Company during the financial year were as follows:

	Number attended	Number eligible to attend
Tracey Lake	7	7
Ian Plimer	6	7
Terence Willsted	7	7

The number of audit committee meetings held and number of meetings attended by each of the directors of the Company during the financial year were as follows:

	Number attended	Number eligible to attend
Tracey Lake	2	2
Terence Willsted	2	2

#### INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial year the Company has paid or agreed to pay insurance premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

#### ENVIRONMENTAL

In Australia, the Group is subject to significant environmental regulation with respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, as far as it is aware is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of Australian environmental legislation for the year under review.

In Papua New Guinea the Department of Environment and Conservation administers a Code of Practice for Mining, which stipulates the environmental responsibilities of mining projects in PNG. The Environment Act 2000 and the regulations made under that Act provide the administrative mechanism for environmental impact assessment and evaluation of activities regulating impacts on the receiving environment through an established environment approval and permitting system. The Environment Act 2000 requirements include environmental permits, registration of intention to carry out preparatory work and environment impact assessment. The directors of the Group are not aware of any breach of PNG environmental legislation for the year under review.

#### PROCEEDINGS ON BEHALF OF COMPANY

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

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

#### NON-AUDIT SERVICES

The auditors of the Company have not provided any non-audit services during the year.

**Niuminco Group Limited**  
**Directors' report (continued)**  
**For the year ended 30 June 2014**

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration under s307C of the Corporations Act 2001 for the year ended 30 June 2014 has been received and can be found on page 20.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read "A. V. W. Sutherland". The signature is written in a cursive style with a large initial "A".

Chairman

Dated this 29 September 2014

**Niuminco Group Limited**  
**Auditor's independence declaration**  
**30 June 2014**



**Auditor's Independence Declaration**

As lead auditor for the audit of Niuminco Group Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Niuminco Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Brett Entwistle', written in a cursive style.

Brett Entwistle  
Partner  
PricewaterhouseCoopers

29 September 2014

**Niuminco Group Limited**  
**Consolidated statement of comprehensive income**  
**For the year ended 30 June 2014**

<b>Revenue</b>	<b>Note</b>	<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
Net proceeds of gold & silver sales	3	193,635	--
Net gain on sale of fixed assets		141,930	--
Equipment hire		38,613	--
Finance income		2,178	23,168
Other income:			
Foreign exchange gain		256	--
Gain on re-finance of lease liabilities		88,627	--
Gain on acquisition of TNT Mines Limited	5	1,566,202	--
		<u>2,031,441</u>	<u>23,168</u>
<b>Expenses</b>			
Costs of sales of gold and silver	4	(422,376)	--
Depreciation & amortisation expense	12	(137,247)	(261,861)
Finance costs		(32,148)	(88,175)
Impairment and of fixed assets	12	(37,041)	(501,634)
Impairment of exploration costs	11	(6,794,037)	(833,931)
Loss on sale of fixed assets		--	(11,310)
Mining & exploration site costs		(652,192)	(1,789,484)
Option expense - directors	16	--	(58,446)
Other expenses from ordinary activities		(326,096)	(282,317)
Professional services fees		(502,057)	(773,405)
Share based payment expense - staff		(10,500)	--
TNT acquisition costs		(268,451)	--
Travel & accommodation		(28,456)	(49,435)
<b>Net loss before tax</b>		<u>(7,179,160)</u>	<u>(4,626,830)</u>
Income tax benefit	6	54,936	--
<b>Net loss for the year</b>		<u>(7,124,224)</u>	<u>(4,626,830)</u>
<i>Loss for the year is attributable to:</i>			
Owners of Niuminco Group Limited		(7,083,009)	(4,626,830)
Non-controlling interests		(41,215)	--
<i>Other comprehensive income/(loss)</i>			
<i>Items that may be re-classified to profit or loss</i>			
Changes in foreign currency translation reserve		(1,263,810)	104,519
<b>Total comprehensive income for the year</b>		<u>(8,388,034)</u>	<u>(4,522,311)</u>

		<b>Cents</b>	<b>Cents</b>
<b>Loss per share for loss attributable to the ordinary equity holders of the Niuminco Group Limited</b>			
Basic loss per share	26	1.4	2.3
Diluted loss per share	26	1.4	2.3

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Niuminco Group Limited**  
**Consolidated statement of financial position**  
**As at 30 June 2014**

	Note	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	4,721	559,551
Trade and other receivables	9	89,799	89,561
Prepayments	10	--	35,180
Other current asset	7	--	10,027,778
<b>Total Current Assets</b>		<b>94,520</b>	<b>10,712,070</b>
<b>NON CURRENT ASSETS</b>			
Exploration & evaluation expenditure	11	7,485,553	11,856,787
Property, plant & equipment	12	1,276,886	1,573,269
Investment in associate	23	--	153,359
Other non-current assets	9	22,795	29,168
<b>Total Non-Current Assets</b>		<b>8,785,234</b>	<b>13,612,583</b>
<b>TOTAL ASSETS</b>		<b>8,879,754</b>	<b>24,324,653</b>
<b>CURRENT LIABILITIES</b>			
Interest bearing loans & borrowings	13	131,583	335,573
Trade & other payables	14	1,639,841	1,417,635
Other current liability	7	--	10,027,778
<b>Total Current Liabilities</b>		<b>1,771,424</b>	<b>11,780,986</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans & borrowings	13	70,793	65,819
Deferred tax liability		349,799	--
<b>Total Non-Current Liabilities</b>		<b>420,592</b>	<b>65,819</b>
<b>TOTAL LIABILITIES</b>		<b>2,192,016</b>	<b>11,846,805</b>
<b>NET ASSETS</b>		<b>6,687,738</b>	<b>12,477,848</b>
<b>EQUITY</b>			
Contributed equity	15	41,893,674	40,129,300
Share based payment reserve	16	3,055,802	3,055,802
Foreign currency translation reserve	16	1,821,133	3,084,943
Accumulated losses	16	(40,875,206)	(33,792,197)
Capital & reserves attributable to owners of Niuminco Group Limited		5,895,403	12,477,848
Non-controlling interests		792,335	--
<b>TOTAL EQUITY</b>		<b>6,687,738</b>	<b>12,477,848</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*



**Niuminco Group Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2014**

	Attributable to members of Niuminco Group Limited					Non-controlling interests	Total Equity
	Contributed equity	Share based payment reserve	Foreign currency translation reserve	Accumulated Losses	Total		
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 30 June 2012</b>	35,425,066	2,997,356	2,980,424	(29,165,367)	12,237,479	--	12,237,479
Loss for the year	--	--	--	(4,626,830)	(4,626,830)	--	(4,626,830)
Other comprehensive income for the year	--	--	104,519	--	104,519	--	104,519
<b>Total comprehensive income for the year</b>	--	--	104,519	(4,626,830)	(4,522,311)	--	(4,522,311)
<b>Transactions with owners in their capacity as owners</b>							
Issued capital, net of transaction costs	4,704,234	--	--	--	4,704,234	--	4,704,234
Share-based payments	--	58,446	--	--	58,446	--	58,446
<b>Balance at 30 June 2013</b>	40,129,300	3,055,802	3,084,943	(33,792,197)	12,477,848	--	12,477,848
Loss for the year	--	--	--	(7,083,009)	(7,083,009)	(41,215)	(7,124,224)
Other comprehensive income for the year	--	--	(1,263,810)	--	(1,263,810)	--	(1,263,810)
<b>Total comprehensive income for the year</b>	--	--	(1,263,810)	(7,083,009)	(8,346,819)	(41,215)	(8,388,034)
<b>Transactions with owners in their capacity as owners</b>							
Issued capital, net of transaction costs	1,315,294	--	--	--	1,315,294	--	1,315,294
Contribution of equity to acquire TNT Mines Limited	460,488	--	--	--	460,488	--	460,488
Acquisition of treasury shares on acquisition of subsidiary	(153,358)	--	--	--	(153,358)	--	(153,358)
Disposal of treasury shares	131,450	--	--	--	131,450	--	131,450
Non-controlling interests on acquisition of subsidiary	--	--	--	--	--	833,550	833,550
Share-based payments	10,500	--	--	--	10,500	--	10,500
<b>Balance at 30 June 2014</b>	<b>41,893,674</b>	<b>3,055,802</b>	<b>1,821,133</b>	<b>(40,875,206)</b>	<b>5,895,403</b>	<b>792,335</b>	<b>6,687,738</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

**Niuminco Group Limited**  
**Consolidated statement of cash flows**  
**30 June 2014**

	Note	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		232,248	--
Payments to suppliers & employees (inclusive of GST)		(631,364)	(622,755)
Costs of sales of gold and silver		(422,376)	--
Payment for mining & exploration site costs		(652,192)	(1,789,484)
Interest received		2,176	23,168
Interest paid		(25,044)	(88,175)
<b>Net cash used in operating activities</b>	25	<b>(1,496,552)</b>	<b>(2,477,246)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant & equipment		237,548	18,835
Payment for property, plant & equipment		--	(60,489)
Payment for exploration & evaluation expenditure		(236,284)	(657,393)
Sale of treasury stock		131,450	--
<b>Net cash provided by/(used in) investing activities</b>		<b>132,714</b>	<b>(699,047)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of issue of shares		1,163,104	3,073,621
Payment of share issue costs		(142,445)	(63,962)
Cash acquired on acquisition		30,132	--
Advances from related parties		--	304,500
Advances to joint venture partner		--	(4,494,687)
Loan from joint venture partner		--	4,494,687
Advances to staff		--	(32,491)
Repayments by staff		3,264	4,391
Advances from finance leases		127,000	--
Repayment of finance leases		(296,609)	(252,705)
<b>Net cash provided by financing activities</b>		<b>884,446</b>	<b>3,033,354</b>
<b>Net decrease in cash &amp; cash equivalents</b>		<b>(479,392)</b>	<b>(142,939)</b>
Cash & cash equivalents at the beginning of the year		559,551	694,314
Effect of exchange rate changes		(75,438)	8,176
<b>Cash &amp; cash equivalents at the end of the year</b>	8	<b>4,721</b>	<b>559,551</b>

For details of non-cash operating and investing activities by the Group refer to notes 15 and 23

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

**Niuminco Group Limited**  
**Notes to the consolidated financial statements**  
**30 June 2014**

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# Niuminco Group Limited

## Notes to the consolidated financial statements (continued)

### 30 June 2014

This annual report is for Niuminco Group Limited (“the Company”) and its controlled entities (together “the Group”) in respect of the full year reporting period ended 30 June 2014.

The financial statements were authorised for issue by the directors on 29 September 2014. The directors have the power to amend and reissue the financial statements.

Niuminco Group Limited is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Niuminco Group Limited is a for-profit entity for the purpose of preparing the financial statements.

##### *i. Compliance with IFRS*

The consolidated financial statements of the Niuminco Group Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

##### *ii. Historical cost convention*

These financial statements have been prepared under the historical cost convention.

##### *iii. Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

##### *iv. Business combination*

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Costs directly attributable to the acquisition are expensed.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

During the year, the Group completed a takeover bid for TNT Mines Limited. The bid closed on 7<sup>th</sup> November 2013, with Niuminco having acquired 72.54% of the issued capital of TNT Mines Limited (including the 19.9% already held). The accounts of TNT Mines have been consolidated into the accounts of Niuminco Group with the non-controlling interests presented within equity in the consolidated statement of financial position. The comparable figures are those of Niuminco Group Limited only.

**b. Going concern**

The consolidated financial statements of the Group have been prepared on a going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has incurred a net loss before tax of \$7,179,160 (including a non-cash gain on acquisition of TNT Mines Limited of \$1,566,202, and exploration asset impairment expense of \$6,794,037) and total net cash outflows of \$479,392 for the year ended 30 June 2014 and, as of that date the Group's current liabilities exceeded its current assets by \$1,676,904.

During the year, the Group raised \$1,468,239 through capital raisings. The amount of cash received was reduced by converting outstanding related party loans and other payables totalling \$305,136 to equity, and further reduced by capital raising costs paid of \$142,445.

However, consistent with the nature of the Group's activities and its ongoing investment of funds into exploration projects, additional funds will be required to continue to support the exploration efforts of the Group.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of the business and at the amounts stated in the financial report.

The continuing viability of the Group and its ability to continue as a going concern and to meet its commitments as and when they fall due is also dependent upon the Group being successful in:

- generating positive cash flow from gold and silver production at Edie Creek mine at a rate of 3 to 3.5oz per day;
- raising additional equity or debt;
- curtailing materially, if necessary, the Group's ongoing operating costs to suit available resources and the timing of anticipated equity or debt raisings;
- considering options that might include the sale of assets, or entering into a new farm-in agreement with another party.

The Directors believe that the Group will be successful in managing the above matters and accordingly, they have prepared the financial report on a going concern basis. At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the consolidated financial statements at 30 June 2014.

Accordingly no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

**c. Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Niuminco Group Limited ('Company' or 'parent entity') at 30 June 2014 and the results of all subsidiaries for the year then ended. Niuminco Group Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Niuminco Group Limited.

A list of the Group subsidiaries is presented in note 22 to the financial statements.

**d. Foreign currency translation**

*i. Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Niuminco Group Limited's functional and presentation currency.

*ii. Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

*iii. Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

**e. Revenue recognition**

*i. Sales revenue*

Revenue is measured at the fair value of the consideration received or receivable.

*ii. Interest income*

Interest revenue is brought to account when earned, taking into account the effective yield on the financial asset.

All revenue is stated net of any goods and services tax (GST).

**f. Income Tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**g. Exploration and evaluation costs**

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises direct costs and depreciation and does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration expenditure is written off when it fails to meet at least one of the conditions outlined above or an area of interest is abandoned. The carrying value of exploration and evaluation assets is assessed in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* and the Group's impairment policy (note 1 h).

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

**h. Impairment of assets**

The Group's assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment provision is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In respect of exploration and evaluation assets, some impairment indicators that the Group considers include, whether any of its right to explore has lapsed or is expected to lapse and is not expected to be renewed, the plans and budget that the Group has regarding future substantive expenditure, the results of its exploration activities and whether such results are not positive or are sufficient to demonstrate that a future successful development of an asset is unlikely.

**i. Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation and any impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.



**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

Depreciation on all assets is calculated using the diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased plant and equipment, the shorter lease term as follows:

- Buildings	20 years
- Furniture, fittings & equipment	3-7 years
- Mining equipment and vehicles	3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

**j. Employee Benefits**

*i. Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All short-term employee benefit obligations are presented as payables.

*ii. Share-based payment*

Share-based compensation benefits are provided to employees via the Niuminco Group Limited Share Plan and Employee Share Option. Information relating to this plan is set out in note 27. No options were issued under this plan during the year to 30 June 2014.

The fair value of options granted under the Niuminco Group Limited Share Plan and Employee Share Option is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

**k. Share-based payments**

Equity instruments (shares and options) issued for the payments of goods and services other than employee services are recognised when the instruments are issued. The fair value of equity instruments granted is recognised in the statement of comprehensive income or directly in the statement of financial position depending on the nature of the share-based payment. The total amount to be recognised is determined by reference to the fair value of the equity instruments granted.

**l. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

risk of changes in value, and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

**m. Investment and other financial assets**

***Classification***

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

*i. Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 9) in the statement of financial position.

***Recognition and de-recognition***

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

***Measurement***

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method. Details on how the fair value of financial instruments is determined are disclosed in note 31.

***Impairment***

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

*i. Assets carried at amortised cost*

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

**n. Investments in associates**

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

The group's share of its associates' post acquisition profits or losses is recognised in profit and loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other long term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

**o. Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**p. Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**q. Leases**

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 13). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term or long term payables.

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

**r. Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

*i. Dividends*

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

*ii. Earnings per share*

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**s. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, unless the amount of GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis, except for the GST component of cash flow arising from investing or financing activities, which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

**t. New accounting standards and interpretations**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135– Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

The Group does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**u. Parent entity financial information**

The financial information for the parent entity, Niuminco Group Limited, disclosed in note 28 has been prepared on the same basis as the consolidated financial statements, except as set out below.

*ii. Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Niuminco Group Limited less any impairment. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

**2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

**a. Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

*i. Share-based payment transactions*

The cost of share-based payments to employees and third parties is measured by reference to the fair value of the equity instruments at the date at which they are granted.

*ii. Capitalised exploration and evaluation expenditure*

Certain exploration and evaluation expenditure is capitalised where it is considered likely that the expenditure will be recovered by future exploitation or sale, or where activities have not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves. This process necessarily requires management to make certain estimates and assumptions as to future events and circumstances, including estimates and assumptions regarding future commodity prices and level of demand for those commodities and cost of production, which will affect whether economically viable extraction operations can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy it is concluded unlikely that the expenditure will be recovered by future exploitation or sale, the relevant amount capitalised is written off in the statement of comprehensive income. Further information is provided in note 11 of the financial statements.

During the year the Group impaired \$6,794,037 of expenditure on the Edie Creek project. In determining the recoverable amount of the Edie Creek project, reference has been made to a report produced by Mining One at the instruction of TNT Mines Limited prior to the Niuminco takeover bid. In that report, Mining One applied a Modified Kilburn Geoscience Rating method to the Edie Creek Project, and calculated values in the range of \$510,000 to \$3,200,000 for the project. This method calculates values by reference to the combination of the basic acquisition cost, off property mineralisation, and on-property factors such as actual mineralisation and anomalism within the mining leases. Directors have chosen the high end of the valuation range for the following reasons:

- Since the date of the Mining One report, the Edie Creek mining leases have been renewed until 2021 and 2022.
- It is estimated that the replacement cost of the mining infrastructure at Edie Creek would far exceed the highest range Mining One valuation.
- Gold production and sales at Edie Creek have been ramped up over recent months to a current level of approximately 90 ounces per month at the date of this report and gold production is forecast to increase to higher levels in coming months.
- It is also believed that the interpretation regarding the results of the Mincor exploration work, which has been a factor for the allocation of low factors in the valuation process, is not necessarily adequate, higher factors could have been allocated. This is supported by the assessment performed by John Nethery, an independent geologist employed by the Group.
- The appraised value and the joint venture valuation methods (Mining One has not used these methods of valuation as it believed that the exploration completed by Mincor has not increased the value of the mining leases) would have resulted in higher values.
- It is management's plan to continue exploration at Edie Creek. Plans to further explore Edie Creek are in place, including the recent purchase of 2 drill rigs which should allow Niuminco to significantly reduce the costs of exploration efforts.
- 

*iii. Estimated impairment of property, plant and equipment*

The Group's assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy stated in note 1.h. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

*iv. Business combination*

A business combination is a transaction in which an acquirer obtains controls of one or more subsidiaries. The acquirer is the entity that obtains control of the other combining entities or businesses. In some situations a reverse acquisition could occur when the acquirer is the entity whose equity instruments have been acquired and the issuing entity is the acquiree. This might be the case when a private entity arranges to have itself "acquired" by a publicly

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

listed entity and as a result of that transaction the shareholders of the private entity obtain a majority of the shareholding of the publicly listed entity.

**3. GOLD & SILVER SALES**

	2014	2013
	\$	\$
Gross sales	201,703	--
Commissions paid on sales	(8,068)	--
Net sales proceeds	<u>193,635</u>	<u>--</u>

**4. COST OF SALES OF GOLD & SILVER**

	2014	2013
	\$	\$
PNG administration costs	123,513	--
Finance costs	9,514	--
Building & equipment maintenance	18,805	--
Other mine site costs including wages	270,544	--
	<u>422,376</u>	<u>--</u>

**5. BUSINESS COMBINATION**

On 7<sup>th</sup> November 2013, the group acquired an additional 52.64% of the issued capital of TNT Mines Limited, a company with tin, tungsten, fluorspar and magnetite exploration assets in Tasmania. Prior to 7<sup>th</sup> November 2013, the group owned shares in TNT representing 19.9% of the issued share capital. The acquisition has diversified the group's exploration assets both by geographical area and mineral type.

	\$
Purchase consideration	460,488
Acquisition date fair value of previously held interest	175,266
	<u>635,754</u>
Preliminary fair value of assets & liabilities recognised:	
Cash	30,132
Trade receivables	81,025
Exploration	3,350,304
Plant & equipment	12,826
Investment in Niuminco	175,266
Trade payables	(169,312)
Loan from Niuminco	(40,000)
Deferred tax liability	(404,735)
Net identifiable assets acquired	<u>3,035,506</u>
Less: Non-controlling interests	(833,550)
Less: Gain on purchase	(1,566,202)
Net assets acquired:	<u>635,754</u>

*Equity interests issued as purchase consideration*

The interest in TNT Mines Limited was acquired by issuing one Niuminco share for every TNT share held. A total of 57,561,056 shares were issued. The fair value of the instruments issued was \$0.008 per share for a total consideration of \$460,488.

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*Non-controlling interests*

In accordance with the accounting policy set out in note 1 (a), the group elected to recognise the non-controlling interests under the proportionate share method, being 27.46% of the fair value identifiable net assets of TNT at acquisition date.

*Acquisition related costs*

Acquisition related costs of \$268,451 are included in other expenses in the statement of comprehensive income.

*Re-measurement of previously held equity interest to its acquisition date fair value*

The group recognised a gain of \$21,908 as a result of measuring at fair value its 19.9% equity interest in TNT held prior to acquisition date. This gain has been included in other income.

*Revenue and profit contribution*

The acquired business contributed a net loss to the group of \$150,091 for the period 1 November to 30 June.

**6. INCOME TAX EXPENSE/(BENEFIT)**

**a) Income tax expense/(benefit)**

	2014	2013
	\$	\$
Current tax	--	--
Deferred tax	(54,936)	--
	<u>(54,936)</u>	<u>--</u>

**b) Numerical reconciliation of income tax expense to prima facie tax payable**

	2014	2013
	\$	\$
Loss from continuing operations	(7,179,160)	(4,626,830)
Tax at the Australian tax rate of 30% (2013 – 30%)	(2,153,748)	(1,388,049)
Difference in overseas tax rates	4,937	(100,402)
Income not taxable	(519,106)	--
Taxable losses not recognized	420,852	1,470,917
Permanent differences	2,115,653	17,534
Movement in unrecognized temporary differences	76,476	--
Income tax benefit	<u>(54,936)</u>	<u>--</u>

**c) Deferred tax assets**

	2014	2013
	\$	\$
Tax losses	684,754	--
	684,754	--
Offset against deferred tax liabilities	(684,754)	--
Net deferred tax assets	<u>--</u>	<u>--</u>

The deferred tax assets above relate to deferred tax assets of TNT Mines Limited assumed by the group upon acquisition of the company.



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**d) Deferred tax liabilities**

	2014 \$	2013 \$
Capitalised exploration and evaluation costs	(1,032,753)	--
Provisions and accruals	(1,800)	--
	(1,034,553)	--
Offset against deferred tax assets	684,754	--
Net deferred tax liabilities	<b>(349,799)</b>	--

**e) Unused tax losses**

	2014 \$	2013 \$
Unused tax losses relating to the Australian entities for which no deferred tax asset has been recognised	7,726,910	6,863,959
Potential tax benefit at 30%	<b>2,318,073</b>	2,059,188
Unused tax losses relating to the PNG entities for which no deferred tax asset has been recognised	19,578,586	21,219,417
Potential tax benefit at up to 40%	<b>7,360,705</b>	8,057,104

Tax returns for the PNG entities are not yet complete. The amounts are therefore subject to finalisation of the tax returns for those entities.

The unused tax losses are not recognised as deferred tax assets due to the uncertainty about whether a future profit will be generated against which the unused tax losses can be utilized.

**7. OTHER CURRENT ASSET & OTHER CURRENT LIABILITY**

	2014 \$	2013 \$
Other current asset	--	10,027,778
Other current liability	--	(10,027,778)
	--	--

The joint venture agreements with Mincor were formed on 19 March 2013. The Group issued invoices to Mincor for the reimbursement of monies spent on exploration work and the monies due from Mincor were set off against the loans from Mincor, thereby eliminating this other current asset and other current liability.

On 22 October 2013, an agreement was reached with Mincor for the termination of the Bolobip and May River joint ventures. The 36% interest in each area earned by Mincor was transferred back to Niuminco in return for a 5% net smelter royalty on all products extracted or sold from the tenements.

**8. CASH AND CASH EQUIVALENTS**

	2014 \$	2013 \$
Cash at bank	4,721	559,551
	<b>4,721</b>	<b>559,551</b>

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
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**a. Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2014 \$	2013 \$
Balance as above	4,721	559,551
	<u>4,721</u>	<u>559,551</u>

**b. Risk exposure**

The Group's exposure to interest rate risk is discussed in note 29. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

**9. TRADE AND OTHER RECEIVABLES**

	2014 \$	2013 \$
<b>CURRENT</b>		
GST receivables	52,769	68,377
Staff advances	2,756	425
Deposits paid	34,274	16,604
Other debtors	--	4,155
	<u>89,799</u>	<u>89,561</u>
<b>NON-CURRENT</b>		
Staff advances	22,795	29,168
	<u>22,795</u>	<u>29,168</u>

Staff advances are cash advances on salaries lent to staff in Papua New Guinea, which are repaid by regular deductions from the employees' fortnightly pay.

**10. PREPAYMENTS**

	2014 \$	2013 \$
<b>CURRENT</b>		
Prepaid insurance	--	35,180
	<u>--</u>	<u>35,180</u>

**11. EXPLORATION AND EVALUATION EXPENDITURE**

	2014 \$	2013 \$
<b>NON-CURRENT</b>		
Costs carried forward in respect of areas of interest in the exploration and evaluation phase		
Opening balance	11,856,787	12,123,990
Expenditure incurred during the year (a)	236,284	657,393
TNT Mines Limited exploration at fair value at acquisition	3,350,304	--
Foreign currency translation	(1,163,785)	(90,665)
Less impairment (b)	(6,794,037)	(833,931)
	<u>7,485,553</u>	<u>11,856,787</u>

Exploration assets are carried forward in accordance with the accounting policy set out in note 1.g and are assessed for impairment in accordance with note 1.h.

**Niuminco Group Limited**  
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(a) Expenditure during the year relates to expenditure capitalised on exploration at Bolobip, May River and Laloki in PNG and on the Tasmanian tenements.

(b) The impairment charge relates to the write down of the carrying value of the Edie Creek project in accordance with accounting policy 1.h. The Group also decided to expense additional expenditure incurred during the year and as a result of this, an amount of \$652,192 has been expensed in the income statement.

In determining the recoverable amount of the Edie Creek project, reference has been made to a report produced by Mining One at the instruction of TNT Mines Limited prior to the Niuminco takeover bid. In that report, Mining One applied a Modified Kilburn Geoscience Rating method to the Edie Creek Project, and calculated values in the range of \$510,000 to \$3,200,000 for the project. This method calculates values by reference to the combination of the basic acquisition cost, off property mineralisation, and on-property factors such as actual mineralisation and anomalism within the mining leases. Directors have chosen the high end of the valuation range for the following reasons:

- Since the date of the Mining One report, the Edie Creek mining leases have been renewed until 2021 and 2022.
- It is estimated that the replacement cost of the mining infrastructure at Edie Creek would far exceed the highest range Mining One valuation.
- Gold production and sales at Edie Creek have been ramped up over recent months to a current level of approximately 90 ounces per month at the date of this report and gold production is forecast to increase to higher levels in coming months.
- It is also believed that the interpretation regarding the results of the Mincor exploration work, which has been a factor for the allocation of low factors in the valuation process, is not necessarily adequate, higher factors could have been allocated. This is supported by the assessment performed by John Nethery, an independent geologist employed by the Group.
- The appraised value and the joint venture valuation methods (Mining One has not used these methods of valuation as it believed that the exploration completed by Mincor has not increased the value of the mining lease) would have resulted in higher values.
- It is management's plan to continue exploration at Edie Creek. Plans to further explore Edie Creek are in place, including the recent purchase of 2 drill rigs which should allow Niuminco to significantly reduce the costs of exploration efforts.

The ultimate recoupment of the book value of exploration assets relating to areas of interest in the exploration and evaluation phase is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest and the Group's ability to continue to meet its financial obligations to maintain the areas of interest.

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**12. PROPERTY, PLANT & EQUIPMENT**

<b>NON-CURRENT</b>	<b>Buildings</b>	<b>Furniture &amp; fittings</b>	<b>Mining equipment &amp; vehicles</b>	<b>Total</b>
	\$	\$	\$	\$
<b>At 30 June 2012</b>				
Cost or fair value	901,540	375,973	3,218,266	4,495,779
Accumulated depreciation	(156,772)	(203,792)	(1,816,518)	(2,177,082)
<b>Net book amount</b>	<b>744,768</b>	<b>172,181</b>	<b>1,401,748</b>	<b>2,318,697</b>
<b>Year ended 30 June 2013</b>				
Opening net book amount	744,768	172,181	1,401,748	2,318,697
Exchange differences	3,633	693	(16,602)	(12,276)
Additions	--	31,203	29,286	60,489
Disposals	--	--	(30,146)	(30,146)
Impaired <sup>^</sup>	--	--	(501,634)	(501,634)
Depreciation	(36,116)	(43,675)	(182,070)	(261,861)
<b>Closing net book amount</b>	<b>712,285</b>	<b>160,402</b>	<b>700,582</b>	<b>1,573,269</b>
<b>At 30 June 2013</b>				
Cost or fair value	905,173	407,869	2,699,170	4,012,212
Accumulated depreciation	(192,888)	(247,467)	(1,998,588)	(2,438,943)
<b>Net book amount</b>	<b>712,285</b>	<b>160,402</b>	<b>700,582</b>	<b>1,573,269</b>
<b>Year ended 30 June 2014</b>				
Opening net book amount	<b>712,285</b>	<b>160,402</b>	<b>700,582</b>	<b>1,573,269</b>
Exchange differences	<b>(74,630)</b>	<b>(18,113)</b>	<b>(73,560)</b>	<b>(166,303)</b>
Additions	--	--	<b>127,000</b>	<b>127,000</b>
Equipment acquired with TNT	--	--	<b>12,827</b>	<b>12,827</b>
Disposals	--	--	<b>(95,619)</b>	<b>(95,619)</b>
Impaired <sup>^</sup>	--	<b>(35,177)</b>	<b>(1,864)</b>	<b>(37,041)</b>
Depreciation	<b>(31,089)</b>	<b>(27,416)</b>	<b>(78,742)</b>	<b>(137,247)</b>
<b>Closing net book amount</b>	<b>606,566</b>	<b>79,696</b>	<b>590,624</b>	<b>1,276,886</b>
<b>At 30 June 2014</b>				
Cost or fair value	<b>813,571</b>	<b>330,624</b>	<b>2,479,729</b>	<b>3,623,924</b>
Accumulated depreciation	<b>(207,005)</b>	<b>(250,928)</b>	<b>(1,889,105)</b>	<b>(2,347,038)</b>
<b>Net book amount</b>	<b>606,566</b>	<b>79,696</b>	<b>590,624</b>	<b>1,276,886</b>

<sup>^</sup> The impairment relates to plant & equipment re-stated to its realisable value.

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**13. INTEREST BEARING LOANS AND BORROWINGS**

	2014	2013
	\$	\$
<b>CURRENT</b>		
Finance lease liability (a)	131,583	335,573
	<u>131,583</u>	<u>335,573</u>
<b>NON-CURRENT</b>		
Finance lease liability (a)	70,793	65,819
	<u>70,793</u>	<u>65,819</u>

(a) Finance leases are for plant & equipment in PNG. The average effective interest rate during the year was 14.8%. The outstanding liability is secured over the assets.

**14. TRADE AND OTHER PAYABLES**

	2014	2013
	\$	\$
<b>CURRENT</b>		
Payroll liabilities	715,495	793,162
Accrued expenses	127,951	149,203
Trade creditors	721,604	475,270
Advance on gold sales	18,737	--
Other payables	56,054	--
	<u>1,639,841</u>	<u>1,417,635</u>

**15. CONTRIBUTED EQUITY**

**a. Share capital**

	30/06/14	30/06/14	30/06/13	30/06/13
	Shares	\$	Shares	\$
Ordinary shares fully paid	617,997,080	41,915,582	369,937,654	40,129,300
<b>Total contributed equity</b>	<u>617,997,080</u>	<u>41,915,582</u>	<u>369,937,654</u>	<u>40,129,300</u>

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**b. Movements in ordinary share capital**

2013	Details	Shares	\$
01-Jul-12	Balance at beginning of period	187,754,508	35,425,066
05-Sep-12	Issue of shares under prospectus dated 13 August 2012 in exchange for cash	60,798,647	1,702,362
07-Sep-12	Conversion of debt to equity under prospectus dated 13 August 2012 <sup>^</sup>	33,078,607	926,201
29-Oct-12	Shares issued as remuneration for services approved at AGM <sup>^</sup>	2,904,762	124,000
29-Oct-12	Shares issued as repayment of loan <sup>^</sup>	10,875,000	304,500
29-Oct-12	Conversion of debt to equity approved at AGM <sup>^</sup>	6,661,246	186,515
19-Nov-12	Issue of shares under agreement with Mincor in exchange for cash	3,720,000	104,160
15-Mar-13	Issue of shares under prospectus dated 28 February 2013 in exchange for cash	42,236,634	1,267,099
19-Jun-13	Issue of shares for 19.9% interest in TNT Mines Ltd <sup>^</sup>	21,908,250	153,359
			40,193,262
	Less transaction costs arising on share issues		(63,962)
30-Jun-13	Balance	369,937,654	40,129,300
2014	Details	Shares	\$
01-Jul-13	Balance at beginning of period	369,937,654	40,129,300
13-Aug-13	Issue of shares under offer document dated 9 July 2013 for cash	58,389,833	583,898
13-Aug-13	Conversion of debt to equity under offer document dated 9 July 2013 <sup>^</sup>	5,787,203	57,872
31-Aug-13	Issue of shares under offer document dated 9 July 2013 for cash	1,000,000	10,000
7-Nov-13	Shares issued in TNT Mines Ltd takeover <sup>^</sup>	57,561,056	460,488
7-Nov-13	Shares issued to TNT Mines Ltd in prior period, reacquired as treasury shares <sup>^</sup>	--	(153,359)
6-Dec-13	Issue of shares under offer document dated 13 November 2013 for cash	23,899,000	167,293
6-Dec-13	Conversion of debt to equity under offer document dated 13 November 2013 <sup>^</sup>	4,906,770	34,347
20-Dec-13	Issue of shares under offer document dated 13 November 2013 for cash	38,914,328	272,403
20-Dec-13	Conversion of debt to equity under offer document dated 13 November 2013 <sup>^</sup>	4,714,285	33,000
24-Dec-13	Conversion of debt to equity approved at AGM <sup>^</sup>	8,598,214	87,982
24-Dec-13	Issue of shares to PNG staff <sup>^</sup>	2,100,000	10,500
31-Mar-14	Sale of treasury shares	--	131,450
23-Jun-14	Issue of shares under off document dated 27 May 2014 for cash	25,901,778	129,509
23-Jun-14	Conversion of debt to equity under offer document dated 27 May 2014 <sup>^</sup>	16,286,959	81,435
			42,036,118
	Less transaction costs arising on share issues		(142,445)
<b>30-Jun-14</b>	<b>Balance</b>	<b>617,997,080</b>	<b>41,893,673</b>

<sup>^</sup>These items were non-cash operating and investing activities, 2014 \$612,265 (2013 \$1,694,575)

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**c. Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

**d. Share options issued**

At reporting date there were no options issued outstanding (2013: 32,150,000).

Options issued to equity holders are summarised in the table below. Note 29 details the share based payment options issued and outstanding at reporting date.

Type of options	Grant date	Expiry date	Exer-cise price	Balance at start of the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
			\$	Number	Number	Number	Number
<b>30 June 2014</b>							
Unlisted	09/05/11	30/09/13	0.30	5,000,000	(5,000,000)	--	--
Unlisted	10/08/11	30/09/13	0.20	21,150,000	(21,150,000)	--	--
Unlisted <sup>^</sup>	01/05/12	30/04/14	0.10	6,000,000	(6,000,000)	--	--
<b>Total</b>				<b>32,150,000</b>	<b>(32,150,000)</b>	<b>--</b>	<b>--</b>
Weighted average exercise price (\$)			0.20	0.20			

Type of options	Grant date	Expiry date	Exer-cise price	Balance at start of the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
			\$	Number	Number	Number	Number
<b>30 June 2013</b>							
Listed	22/12/08	31/12/12	0.60	3,506,412	(3,506,412)	--	--
Listed	10/08/11	30/09/12	0.20	29,998,000	(29,998,000)	--	--
Unlisted	10/12/08	31/12/12	0.40	1,500,002	(1,500,002)	--	--
Unlisted	10/12/08	31/12/12	0.60	1,500,000	(1,500,000)	--	--
Unlisted	10/12/08	31/12/12	1.00	2,000,000	(2,000,000)	--	--
Unlisted	01/12/09	31/12/12	0.40	250,000	(250,000)	--	--
Unlisted	09/05/11	30/09/13	0.30	5,000,000	--	5,000,000	5,000,000
Unlisted	09/05/11	30/03/14	0.30	5,000,000	(5,000,000)	--	--
Unlisted	10/08/11	30/09/12	0.20	16,000,000	(16,000,000)	--	--
Unlisted	10/08/11	30/09/13	0.20	21,150,000	--	21,150,000	21,150,000
Unlisted <sup>^</sup>	01/05/12	30/04/14	0.10	6,000,000	--	6,000,000	6,000,000
<b>Total</b>				<b>91,904,414</b>	<b>(59,754,414)</b>	<b>32,150,000</b>	<b>32,150,000</b>
Weighted average exercise price (\$)			0.26	0.27	0.20	0.20	

<sup>^</sup> Options granted to T Lake were granted on 1<sup>st</sup> May 2012 and were approved by shareholders at the Annual General Meeting on 26<sup>th</sup> October 2012

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**e. Capital management**

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group. As the equity market is constantly changing management may issue new shares to provide for future exploration and development activity.

The Group incurred a net loss before tax of \$7,179,160 during the year ended 30 June 2014. Since balance date the Group has raised \$250,000 through a share placement of 62,500,000 ordinary shares at \$0.004, and received a director's loan of \$39,767. This loan is interest free and will be converted to ordinary shares at \$0.005 per share subject to shareholder approval at the AGM. In addition, a further 8,400,000 of ordinary shares were placed at \$0.005 per share to extinguish \$42,000 of debt. Refer note 1.b regarding going concern.

**16. OTHER RESERVES AND ACCUMULATED LOSSES**

	Note	2014 \$	2013 \$
<b>a. Other reserves</b>			
Share based payments	27	3,055,802	3,055,802
Foreign currency translation		1,821,133	3,084,943
		<u>4,876,935</u>	<u>6,140,745</u>
<i>i. Movements:</i>			
<u>Share based payments</u>			
Opening balance		3,055,802	2,997,356
Options issued as remuneration for services for directors		--	58,446
<b>Closing balance</b>		<u>3,055,802</u>	<u>3,055,802</u>

The share-based payments reserve is used to recognise the grant date fair value of options issued but not exercised.

<u>Foreign currency translation</u>			
Opening balance		3,084,943	2,980,424
Currency translation differences arising during the year		(1,263,810)	104,519
<b>Closing balance</b>		<u>1,821,133</u>	<u>3,084,943</u>

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

**b. Accumulated losses**

Movements in accumulated losses were as follows:

	2014 \$	2013 \$
Opening balance	(33,792,197)	(29,165,367)
Net loss for the year	(7,124,224)	(4,626,830)
<b>Closing balance</b>	<u>(40,916,421)</u>	<u>(33,792,197)</u>



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**c. Nature and purpose of other reserves**

*i. Share-based payments*

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised;
- the grant date fair value of shares issued to employees; and
- the grant date fair value of shares issued to third parties in exchange for goods and services.

*ii. Foreign currency translation*

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1.d and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

**17. RELATED PARTY TRANSACTIONS**

**a. Parent entity**

The parent entity within the Group is Niuminco Group Limited.

**b. Subsidiaries**

Interests in subsidiaries are set out in note 22.

**c. Key management personnel**

Disclosures relating to key management personnel are set out in this note and the remuneration report on pages 13 to 17.

**d. Transactions with related parties**

On 1 April 2014, Tracey Lake acquired 18,000,000 NIU shares from TNT Mines Limited at \$0.006 per share for a total cash consideration of \$108,000.

On 24 March 2014, Niuminco Group Limited entered into a lease with Tracey Lake for the rent of office premises at Belrose, NSW for a monthly rent of \$1,500.

A total of \$45,400 was paid or is payable to Fiona Russell, a related party of Tracey Lake, for bookkeeping services during the year.

**e. Outstanding balances arising from sales/purchases of goods and services**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Patermat Pty Ltd	14,414	5,000
Goward Pty Ltd	--	8,303
Tracey J Lake	3,748	--
Alan Davis Pty Ltd	--	40,000
Nepean Engineering Pty Ltd	--	16,900
The Plimer Trust	18,000	15,000
Andrew Drummond	14,099	--
Fiona Russell	4,134	3,840
	<b>54,395</b>	<b>89,043</b>

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**f. Loans to/from related parties**

	2014	2013
	\$	\$
Loans to Niuminco Group Limited		
Beginning of the year	--	900,000
Nepean Engineering Pty Ltd <sup>^</sup>	--	(750,000)
Alan Davis Pty Ltd <sup>^^</sup>	--	(150,000)
<b>End of year</b>	<b>--</b>	<b>--</b>

<sup>^</sup> Nepean Engineering Pty Limited provided a \$750,000 loan facility to the Company which was drawn in full on 30 April 2012. On 7 September 2012, \$664,406 of the \$750,000 was repaid by the issue of 23,728,786 ordinary shares to Victoria Park Investments Pty Ltd, a related entity of Nepean Engineering Pty Ltd. The balance of \$85,594 was converted to 3,056,929 ordinary shares at \$0.028 per share on 29 October 2012 after approval by shareholders at the Annual General Meeting.

<sup>^^</sup> Alan Davis Pty Limited provided a \$150,000 loan facility to the Company which was drawn in full on 30 April 2012. On 7 September 2012, \$49,079 of the \$150,000 was repaid by the issue of 1,752,826 ordinary shares. The balance of \$100,921 was converted to 3,604,317 ordinary shares at \$0.028 per share on 29 October 2012 after approval by shareholders at the Annual General Meeting.

Subsequent to year end, Inkex Pty Ltd, a related entity of Mr I Plimer, provided a loan of \$39,767. This loan will be converted to ordinary shares at \$0.005 per share if approved by shareholders at the AGM.

**g. Key management personnel compensation**

	2014	2013
	\$	\$
Short-term employee benefits	362,667	456,900
Share-based payments	--	58,446
	<b>362,667</b>	<b>515,346</b>

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 17.

**18. AUDITOR'S REMUNERATION**

Remuneration of the auditor of the parent entity for:

	2014	2013
	\$	\$
PricewaterhouseCoopers		
Audit or review of financial statements	93,000	89,000
	<b>93,000</b>	<b>89,000</b>

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

**19. COMMITMENTS**

**(a) Lease commitments**

The minimum lease payments under finance lease arrangements are set out in the following table.

	2014	2013
	\$	\$
Within 1 year	148,690	382,628
Between 1 and 5 years	87,084	68,123
Total future lease payments	<u>235,774</u>	<u>450,751</u>
Less: future finance charges	<u>(33,398)</u>	<u>(49,359)</u>
Lease liability	<u>202,376</u>	<u>401,392</u>
Represented by:		
Current lease liability	131,583	335,573
Non-current lease liability	<u>70,793</u>	<u>65,819</u>
Lease liability	<u><u>202,376</u></u>	<u><u>401,392</u></u>

**(b) Exploration commitments**

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	2014	2013
	\$	\$
within one year	500,000	--
later than one year but not later than five years	137,500	--
later than five years	--	--
	<u>637,500</u>	<u>--</u>

**20. CONTINGENCIES**

In relation to tenement acquisition agreements entered into by the Group, the following additional cash may be paid or shares issued dependent on future events:

**PNG Tenements**

**(a) Edie Creek**

ML144 – production royalty payable to Barrick (Niugini) Limited of PGK10 per ounce for the first 20,000 ounces and PGK7.5 per ounce in excess of 20,000 ounces produced.

EL1365 – 3% net smelter royalty in favour of Newmont Capital and Triple Plate Junction.

**(b) May River and Bolobip**

5% net smelter royalty payable to Mincor Resources NL.

**Tasmanian Tenements**

**(a) Tasmanian Tin and Tungsten Agreement**

- \$1,000,000 (or \$1,100,000 of shares in TNT Mines Limited) upon commencement of mining operations, along with a 2.5% net smelter royalty.
- (b) Moina Project Option Agreement**
- On exercise of option, \$1,250,000 of shares in TNT Mines Limited at a 10% discount to market at the time the option is exercised.
  - 200,000 shares in TNT Mines Limited or \$40,000 in cash annually for each year the option is unexercised.
  - \$250,000 payable to Rio Tinto Exploration Pty Ltd and Anglo Australia Metals Pty Ltd if Moina goes into production.

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

(c) Minemakers Royalty Deed

- Upon commencement of mining 1.5% net smelter royalty capped at \$5,000,000 on any TNT Mines Ltd tenement.

**21. SEGMENT REPORTING**

The Board of Directors has identified three reportable operating segments being mineral exploration in Papua New Guinea and Tasmania, and mining operations in Papua New Guinea.

The Board determined the operating segments based on the reports that are used to make strategic decisions.

In 2013, there were no mining operations in Papua New Guinea nor exploration tenements held in Tasmania and the Board reviewed internal management reports consistent with the statement of comprehensive income, statement of financial position and statement of cash flows.

**a. Segment results**

The segment information provided to the Board for the reportable segments for the year ended 30 June 2014 is as follows:

2014	Mining – PNG \$	Exploration – PNG \$	Exploration – Tasmania \$	Total \$
Total segment revenue	454,214	--	8,632	462,846
Depreciation	136,829	--	418	137,247
Impairment of mining leases	6,794,037	--	--	6,794,037
Impairment of fixed assets	37,041	--	--	37,041
Movement in valuation of investment	--	--	21,908	21,908
Total segment assets	4,555,668	843,055	3,471,358	8,870,081
Total segment liabilities	14,492,979	1,588,706	607,850	16,689,535

**b. Reconciliations**

Segment revenue reconciles to total revenue in the statement of financial performance as follows:

	2014 \$
Total segment revenue	462,846
Management fees received by parent entity	32,952
Interest revenue of parent entity	2,137
Foreign exchange gains	256
Total revenue	498,191

Reportable segments' assets are reconciled to total assets as follows:

	2014 \$
Total segment assets	8,870,081
Current cash & receivables of parent entity	9,673
Total assets as per statement of financial position	8,879,754

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

Reportable segments' liabilities are reconciled to total liabilities as follows:

	<b>2014</b>
	<b>\$</b>
Total segment liabilities	16,689,535
Intersegment eliminations	(14,869,740)
Current liabilities of parent entity	372,221
Total assets as per statement of financial position	<u>2,192,016</u>

**22. SUBSIDIARIES**

**a. Significant investments in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(c).

Name of entity	Country of incorporation	Class of shares	Equity holding %	
			2014	2013
Niuminco Pty Limited	Australia	Ordinary	100	100
Niuminco Exploration (PNG) Pty Ltd	Australia	Ordinary	100	--
TNT Mines Limited	Australia	Ordinary	72.54	19.9

Niuminco Pty Ltd has two wholly owned subsidiaries:

Name of entity	Country of incorporation	Class of shares	Equity holding %	
			2014	2013
Niuminco Edie Creek Limited	Papua New Guinea	Ordinary	100	100
Niuminco Laloki Limited	Papua New Guinea	Ordinary	100	100

Niuminco Exploration (PNG) Pty Ltd has one wholly owned subsidiary:

Name of entity	Country of incorporation	Class of shares	Equity holding %	
			2014	2013
Niuminco ND Limited	Papua New Guinea	Ordinary	100	100

**23. INVESTMENT IN ASSOCIATE**

**a. Movements in carrying amounts**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Carrying amount at the beginning of the financial year	153,358	--
Movement in investment in TNT Mines Limited	(153,358)	153,358
<b>Closing balance</b>	<u>--</u>	<u>153,358</u>

On 7 November 2013, the group acquired an additional 52.64% of the issued capital of TNT Mines Limited, a company with tin, tungsten, fluorspar and magnetite exploration assets in Tasmania. Prior to 7 November 2013, the group owned shares in TNT representing 19.9% of the issued share capital. As a result of the acquisition of the additional 52.64%, the Group has control of TNT Mines Limited, the company is now a subsidiary of the Group, and the investment in TNT Mines Limited is eliminated on consolidation. See note 5.

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

**24. INTERESTS IN JOINT VENTURES**

In October 2013, an agreement was reached with Mincor to terminate the May River and Bolobip joint ventures, and Mincor transferred its 36% holding in each of the tenements back to Niuminco in return for a 5% net smelter return royalty from any future production or sales on the current tenements. Over the prior two years Mincor spent more than \$6,400,000 on valuable exploration on these tenements.

In the prior year, Mincor had earned a 17% interest in the Edie Creek project and elected to cease any further spending on exploration for this project. The percentage interest that Mincor holds in this project will be diluted as the Group spends money on joint venture expenditure. Mincor's interest in the Edie Creek project at the date of this report remains at 17%.

**25. RECONCILIATION OF OPERATING LOSS TO CASH FLOWS USED IN OPERATING ACTIVITIES**

	2014 \$	2013 \$
Loss for the year	(7,124,224)	(4,626,830)
<i>Non-cash flows items</i>		
Share based payment	10,500	58,446
Debt to equity conversion	278,650	--
Depreciation	137,247	261,861
Impairment of property, plant and equipment	37,041	501,634
Net loss on disposal of property, plant and equipment	--	11,310
Impairment of capitalised exploration	6,794,037	833,931
Gain on re-finance of lease liabilities	(88,627)	--
Gain on acquisition of TNT Mines Limited	(1,566,202)	--
Property, plant and equipment sold	95,619	--
Net exchange differences	372	2,372
<i>Changes in assets and liabilities</i>		
Decrease/(increase) in trade & term receivables	(185,304)	95,486
Decrease/(increase) in prepayments	31,886	6,475
Increase/(decrease) in deferred tax liabilities	(54,936)	--
Increase/(decrease) in trade payables and accruals	137,389	378,069
<b>Net cash outflow from operating activities</b>	<b>(1,496,552)</b>	<b>(2,477,246)</b>

**26. LOSS PER SHARE**

	2014 cents	2013 cents
<b>a. Basic loss per share</b>		
Total basic loss per share attributable to the ordinary equity holders of the Company	1.4	2.3
<b>b. Diluted loss per share</b>		
Total diluted loss per share attributable to the ordinary equity holders of the Company	1.4	2.3

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

**c. Weighted average number of shares used as the denominator**

	2014 No.	2013 No.
Weighted average number of shares used as the denominator in calculating basic and diluted loss per share	<b>510,532,023</b>	203,811,525

The dilutive loss per share is the same as the basic loss per share as there are no outstanding options.

**27. SHARE-BASED PAYMENTS**

**a. Shares issued under a share based payment arrangement during the year**

Shares issued during the year were as follows:

	Number	Fair value per share	Total fair value
<b>2014</b>			
Shares issued to PNG staff	2,100,000	\$0.005	10,500
	2,100,000		10,500
<b>2013</b>			
Shares issued as remuneration for services	1,333,333	\$0.06	80,000
	1,333,333		80,000

**b. Employee options**

Details of options over ordinary shares in the Company provided as remuneration to the directors and key management personnel (current and previous) of the Company are set out below. When exercisable, each option is convertible into one ordinary share in Niuminco Group Limited.

	Type of options	Grant date	Expiry date	Exer- cise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
				\$	Number	Number	Number	Number	Number	Number
<b>30 June 2014</b>										
	Unlisted	09/05/11	30/09/13	0.30	5,000,000	--	--	(5,000,000)	--	--
	Unlisted	01/05/12	30/04/14	0.10	6,000,000	--	--	(6,000,000)	--	--
	<b>Total</b>				<b>11,000,000</b>	<b>--</b>	<b>--</b>	<b>(11,000,000)</b>	<b>--</b>	<b>--</b>
	Weighted average exercise price (\$)				0.20	--	--	0.20		

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

Type of options	Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
30 June 2013			\$	Number	Number	Number	Number	Number	Number
Unlisted	10/11/08	31/12/12	0.40	600,000	--	--	(600,000)	--	--
Unlisted	10/11/08	31/12/12	0.60	200,000	--	--	(200,000)	--	--
Unlisted	10/11/08	31/12/12	1.00	500,000	--	--	(500,000)	--	--
Unlisted	09/05/11	30/03/14	0.30	^5,000,000	--	--	(5,000,000)	--	--
Unlisted	09/05/11	30/09/13	0.30	5,000,000	--	--	--	5,000,000	5,000,000
Unlisted	10/08/11	30/09/12	0.20	1,000,000	--	--	(1,000,000)	--	--
Unlisted	01/05/12	30/04/14	0.10	6,000,000	--	--	--	6,000,000	6,000,000
<b>Total</b>				18,300,000	--	--	(7,300,000)	11,000,000	11,000,000
Weighted average exercise price (\$)				0.26	--	--	0.35	0.19	0.19

^ The options issued to Mr A Davis lapsed three months after he resigned as Managing Director of the Company.

The weighted average remaining contractual life of share options outstanding at the end of the period was 0 years (2013: 0.568 years).

**c. Other share based payments options**

Details of options over ordinary shares in the Company issued for payment of goods and services are set out below. When exercisable, each option is convertible into one ordinary share of Niuminco Group Limited.

Type of options	Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
30 June 2014			\$	Number	Number	Number	Number	Number	Number
Unlisted	10/08/11	30/09/13	0.20	6,150,000	--	--	(6,150,000)	--	--
<b>Total</b>				6,150,000	--	--	(6,150,000)	--	--
Weighted average exercise price (\$)				0.20	--	--	0.20	--	--

Type of options	Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
30 June 2013			\$	Number	Number	Number	Number	Number	Number
Unlisted	01/12/09	31/12/12	0.40	250,000	--	--	(250,000)	--	--
Unlisted	10/08/11	30/09/13	0.20	6,150,000	--	--	--	6,150,000	6,150,000
<b>Total</b>				6,400,000	--	--	(250,000)	6,150,000	6,150,000
Weighted average exercise price (\$)				0.21	--	--	0.40	0.20	0.20

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.25 years (2013: 1.09 years).



**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
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**d. Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the period in share based payment expense but relating to directors' remuneration is \$nil (2013: \$58,446).

**28. PARENT ENTITY INFORMATION**

The following information is for the legal parent entity Niuminco Group Limited

	2014	2013
	\$	\$
Current assets	9,674	549,448
Non-current assets	539,978	13,747,427
<b>Total assets</b>	<b>549,652</b>	<b>14,296,875</b>
Current liabilities	372,221	183,728
Non-current liabilities	--	--
<b>Total liabilities</b>	<b>372,221</b>	<b>183,728</b>
Contributed equity	41,038,431	39,252,149
Share based payments	1,048,165	1,048,165
Retained earnings	(41,909,165)	(26,187,167)
<b>Total equity</b>	<b>177,431</b>	<b>14,113,147</b>
Loss for the year	(15,721,998)	(22,611,391)
Other comprehensive income net of tax for the year	--	--
<b>Total comprehensive income net of tax for the year</b>	<b>(15,721,998)</b>	<b>(22,611,391)</b>

The contributed equity of the parent differs to the contributed equity of the consolidated entity due to prior year accounting treatment arising on the reverse acquisition of Niuminco Pty Limited.

As indicated in Note 1b, the directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The prior year loss of \$22,611,391 in the parent reflects the impairment of the Group's investment in Niuminco Pty Limited. The current year loss of \$15,721,998 includes \$14,632,047 of intercompany loans which have been impaired.

Since balance date the Group has raised \$250,000 through a share placement of 62,500,000 ordinary shares at \$0.004 per share, and has converted a further \$42,000 of debt to equity at \$0.005 per share. A company associated with Ian Plimer has provided a loan of \$39,767 which will be converted to ordinary shares at \$0.005 per share, subject to shareholder approval at the AGM and the Group will have sufficient funds to continue as a going concern (see note 1.b).

**29. FINANCIAL RISK MANAGEMENT**

**a. Financial risk management policies**

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

*i. Financial risk exposures and management*

The main risk the Group is exposed to through its financial instruments is liquidity risk.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and making regular provision for outgoings. The Board reviews the cash forecasts of the Group on a regular basis to ensure that sufficient funds are available to meet the obligations of the Group as and when they fall due.

Financial instrument composition and maturity analysis

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months		6–12 months		12–24 months	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Trade creditors	807,031	475,270	--	--	--	--
Borrowings	74,345	191,314	74,345	191,314	87,084	68,123
Accruals	475,062	471,182	357,748	471,183	--	--
<b>Total</b>	<b>1,356,438</b>	<b>1,137,766</b>	<b>432,093</b>	<b>662,497</b>	<b>87,084</b>	<b>68,123</b>

The weighted average effective interest rate of financial instruments held at balance date was:

Cash & cash equivalents: 3.5 % (2013: 3.50%)

Borrowings: 14.8% (2013: 16%)

Credit risk

Credit risk is managed on a Group basis. It arises from cash and cash equivalents and deposits with banks and financial institutions, including outstanding receivables and committed transactions.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2014	2013
	\$	\$
Cash at bank	4,721	559,551
	<b>4,721</b>	<b>559,551</b>

Interest rate risk

Sensitivity to changes in interest rates is normally only relevant to financial assets or financial liabilities bearing floating interest rates. However, sensitivity will also be relevant to fixed rate financial assets and financial liabilities which are remeasured to fair value.

The Group has finance lease liabilities with fixed interest rates of 14% and 16%, and cash at the bank with interest rates varying between 0% and 3.50%.

Sensitivity

At 30 June 2014, if interest rates had increased / decreased by 1% from the year end variable rates with all other variables held constant, post tax loss and equity for the Group would have been \$622 higher/\$622 lower (2013: changes of 1% \$6,619 higher/\$6,619 lower).

**Niuminco Group Limited**  
**Notes to the consolidated financial statements (continued)**  
**30 June 2014**

The 1% (2012: 1%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical RBA movements over the last year.

Price risk and foreign exchange risk

The Group is not exposed to any material commodity price risk. The Group is not exposed to foreign exchange risk from the PNG Kina as the PNG entities' functional currency is the PNG Kina.

Sensitivity

At 30 June 2014, if foreign exchange rates had increased / decreased by 1% from the year end variable rates with all other variables held constant, post-tax loss and equity for the Group would have been \$77,643 higher/ \$79,121 lower (2013: changes of 1% would have been \$35,998 higher/ \$36,358 lower).

The 1% (2013: 1%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical movements over the last year.

	30-Jun-14 PGK	30-Jun-13 PGK
Cash	1,622	29,894
Trade receivables	--	122,374
Interest bearing loans	(410,148)	(401,392)
Trade and other payables	(2,515,341)	(1,079,003)

**b. Financial instruments**

*i. Fair Values*

The carrying values of all of the Group's financial instruments approximate their net fair value due to their short term nature.

**30. EVENTS OCCURRING AFTER BALANCE DATE**

On 30<sup>th</sup> July 2014 the Group placed 62,500,000 ordinary shares at \$0.004 per share to raise \$250,000. In addition, a further 8,400,000 of ordinary shares were placed at \$0.005 per share to extinguish \$42,000 of debt.

The Group has also agreed to place a further 7,953,428 ordinary shares at \$0.005 per share to a company associated with Ian Plimer, subject to shareholder approval. Cash consideration of \$39,767 for this transaction has already been received.

At Edie Creek in August 2014, both the quantity of ore processed and gold/silver produced (and sold) increased significantly as a result of the introduction of additional mining plant and processing equipment. Gold production has increased since 1 August to a rate of approximately 95g or 3 ounces per day, equating to 2,800g or 90 ounces per month. This compares to the June Quarter average of 31.3g or 1 ounce per day for a monthly average of 939 g or 30.2 ounces.

On 26 August 2014, TNT Mines Limited completed the drilling of a 145 m deep diamond drill hole on its Oonah EL 63/2004 exploration licence near Zeehan in north-western Tasmania in conjunction with its joint venture partner Clancy Exploration Ltd. Preliminary non-definitive scanning of the core by a portable XRF instrument has indicated only weak levels of mineralisation. The more mineralised intervals will be sampled, independently assayed and reported on in due course.

No other matter or circumstance has arisen since 30 June 2014 which significantly affected or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Niuminco Group Limited**  
**Directors' declaration**  
**30 June 2014**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 19 to 57 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Managing Director required by section 295A of the *Corporations Act 2001*.

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



Chairman

Dated this 29 day of September 2014



## **Independent auditor's report to the members of Niuminco Group Limited**

### ***Report on the financial report***

We have audited the accompanying financial report of Niuminco Group Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Niuminco Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### ***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

***PricewaterhouseCoopers, ABN 52 780 433 757***

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*Auditor's opinion*

In our opinion:

- (a) the financial report of Niuminco Group Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

***Material uncertainty regarding continuation as a going concern***

Without qualifying our opinion, we draw attention to Note 1(b) of the financial report which indicates that the consolidated entity has experienced operating losses and negative cash flows during the year ended on 30 June 2014. As a result the consolidated entity is dependent upon being successful in generating positive cash flows from its mining operations at Eddie Creek and successful in raising additional funds to support the corporate activity of the Group and its planned exploration efforts. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.

***Report on the Remuneration Report***

We have audited the remuneration report included in pages 13 to 17 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's opinion*

In our opinion, the remuneration report of Niuminco Group Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

  
PricewaterhouseCoopers  


Brett Entwistle  
Partner

Sydney  
29 September 2014

# Niuminco Group Limited

## Additional information

### 30 June 2014

#### DISTRIBUTION OF MEMBERS AND THEIR HOLDINGS AT 25 SEPTEMBER 2014

Name of 20 largest ordinary shareholders	Number of ordinary fully paid shares held	% held of issued ordinary capital
Victoria Park Investments Pty Ltd*	130,033,051	18.87%
Kurraba Investments Pty Ltd*	76,700,000	11.13%
Goward Pty Ltd*	50,904,912	7.39%
Mincor Resources NL*	42,886,667	6.22%
Pretorius Leon Eugene	21,368,323	3.10%
Michael Holdings Pty Ltd	20,001,296	2.90%
Harcode Pty Ltd	15,842,263	2.30%
Minemakers Limited	15,619,524	2.27%
Mantle Godfrey N & JD	15,600,000	2.26%
Nepean Engineering S/F Pty Ltd*	12,534,608	1.82%
Alan Davis Pty Ltd	11,607,143	1.68%
Drummond Andrew J & S M	8,726,882	1.27%
Wolin Investments Pty Ltd*	7,381,268	1.07%
Firewall Logistics Ltd	7,200,000	1.04%
McConaghy Craig D & H E	7,053,286	1.02%
Inkex Pty Ltd	7,046,572	1.02%
Patermat Pty Ltd	6,420,001	0.93%
Warman Investments Pty Ltd	5,714,286	0.83%
Escalara Corporation Pty Ltd	5,204,000	0.76%
Western Livestock Limited	4,671,428	0.68%

#### MARKETABLE PARCEL

At 25 September 2014, 3,753 shareholders held less than a marketable parcel.

#### SUBSTANTIAL SHAREHOLDERS

Shares held by substantial shareholders listed in the Company's register at 25 September 2014 are indicated by \* above.

#### VOTING RIGHTS – ORDINARY SHARES

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

#### STOCK EXCHANGE LISTING

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Ltd.

#### DISTRIBUTION OF SHAREHOLDERS

##### Spread of holdings

Holding	No. of Holders
1 - 1,000 shares	786
1,001 - 5,000 shares	1,200
5,001 - 10,000 shares	557
10,001 - 100,000 shares	946
100,001 and over	402
<b>Total on register</b>	<b>3,891</b>



## May River Project

