



NIUMINCO GROUP LIMITED
And Controlled Entities

ABN 44 009 163 919

**REPORT FOR THE HALF-YEAR
ENDED
31 DECEMBER 2019**

TABLE OF CONTENTS

DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	5
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME	6
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
CONSOLIDATED STATEMENT OF CASH FLOWS.....	9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	10
DIRECTORS' DECLARATION	17
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS.....	18

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Niuminco Group Limited ("the Company") and the entities it controlled (together, "the Group"), at the end of, or during the half-year ended 31 December 2019.

DIRECTORS

The following people were Directors of the Company during the half-year and up to the date of this report unless otherwise stated:

- Ian Plimer – Independent Chairman
- Tracey Lake – Managing Director
- John Nethery – Non-Executive Director
- Lawrence Chartres – Non-Executive Director

PRINCIPAL ACTIVITIES

Niuminco Group Limited, through its subsidiaries, holds prospective exploration areas and mining leases in Papua New Guinea, including an exploration licence at May River and mining leases at Edie Creek.

OPERATING RESULTS

For the half-year ended 31 December 2019 the consolidated loss of the Group after income tax amounted to \$656,414 (2018: \$388,009). This included non-cash expenses of depreciation of \$34,690, sales revenue from gold and silver sales for the period of \$50,132 (2018: \$236,868) and other income of \$24,632.

REVIEW OF OPERATIONS

Exploration & evaluation

May River & Bolobip Exploration Licences

Exploration planning was carried out at the Company's May River exploration licence EL 2527, which adjoins PanAust Ltd's Freida River tenements.

Edie Creek Mine

Mining and Production

Limited mining and processing was carried out during the half-year.

Production for the period 1 July to 31 December 2019 was 730.2g (23.4ounces) of gold and 402.7g (112.9ounces) of silver for total sales, including equipment hire, of AUD\$74,763 (PGK174,072).

A total of 96.7wet tonnes of material was processed at an average grade of 7.55 grams per processed tonne of ore.

Corporate

During the half-year the Group raised \$429,005 cash through the issue of convertible notes and borrowings.

The Company was unable to reach agreement on any revised, alternative commercial transactions after the proposed corporate transaction referred to in earlier ASX releases was not able to be completed. Drawdowns under this facility, subject to adjustments, totalled approximately \$238,000 at 31 December 2019.

DIRECTORS' REPORT

As a result of the proposed possible corporate transaction and a proposed alternative commercial transaction not having been completed by 31 October 2019, this funding facility terminated at that date.

On 28 October 2019 the Company entered into a \$250,000 convertible note and loan agreement with another (different) corporate entity. The 12 month loan will attract interest at the rate 12% pa, with interest to be capitalised and the holder having the right to convert to ordinary shares at the lower price of \$0.001 per share or 10% less than the 5-day VWAP prior to conversion. The funds were drawn down on 29 October 2019 and were used for general working capital purposes.

On 17 December 2019 the Company entered into an additional loan agreement with the same lender for an amount of \$120,000. That loan is for a period of 12 months and attracts interest at the rate of 15% per annum, which will be capitalized for the period of the loan. The funds were drawn down on 19 December 2019 and used for general working capital purposes.

Over the period the Company provided all requested information to the independent expert appointed to undertake a corporate governance review and to prepare a report at the request of ASX as announced on 20 September 2019 (ASX:NIU Release : "Appointment of Independent Governance Expert"). That report was received by the Company on 28 February 2020 and after review by ASX, the recommendations of that report were released to the market on 6 March 2020.

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.

During the half-year, the Group raised \$429,005 through issuing convertible notes and borrowings. The Group has incurred a net loss before tax of \$656,414 (including a non-cash depreciation of \$34,690) and total net operating cash outflows of \$436,944 for the half-year ended 31 December 2019 and, as of that date the Group's liabilities exceeded its assets by \$1,570,907.

Current liabilities at balance sheet date include Directors and Director's related balances amounting to \$642,118. The Directors have confirmed that the repayment of these amounts in cash will not be called upon while the Group continues to suffer operating losses and does not generate sufficient cash. The current liability balance amounting to \$4,048,305 represents trade creditors, directors loans, interest and non-interest bearing loans, convertible notes and payroll tax liabilities, the majority of which at balance sheet date were not within their normal credit terms. During the half-year, the Group did not meet its planned production target at Edie Creek mine of 2.5 ounces of gold per day, for the reasons outlined in the Company's Quarterly Reports and other ASX announcements.

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.

At the date of this report, the Directors are of the opinion that there are reasonable grounds to expect that the Group's operational and financial performance will improve and will be able to continue as a going concern. As such the financial report is prepared on a going concern basis. In arriving at this conclusion, the Directors considered that:

- The Directors remain confident that the new production target of 1.5 to 2 ounces of gold per day at Edie Creek can be achieved. The plan anticipates that positive cash flows from Edie Creek mine through gold and silver sales can be achieved within the next 12 months. This approximates production at a rate of 1.25 to 1.5 ounces of gold per day at current gold prices and operating cost levels – we note that costs have

DIRECTORS' REPORT

been significantly reduced over the past 9 months. This level of production is higher than that which has been consistently achieved over the past two years.

- In assisting to achieve the production rate of up to 2 ounces of gold per day, we note that the ore processing capacity has been increased up to 55 tpd in a single 11-hour shift, and the purchase of additional mining equipment has increased the mining capability and efficiency, as well as allowing faster access to sourcing higher grade vein material from deeper in the known vein systems.
- The Group has been successful in the past in managing the balances that are owed to creditors by either deferring payments or negotiating a plan in order to spread repayment to accommodate the Group's cash flow requirements. The Directors believe that the Group will be able to continue to do so until the production from Edie Creek and/or further capital raisings and/or payments from joint venture partners enable all creditors to return to normal payment terms.
- As noted above, the Directors have confirmed that the repayment of the Directors and Director's related balances amounting to \$642,118 will not be called upon in cash while the Group continues to suffer operating losses and does not generate sufficient cash, and may be converted to equity in any proposed capital raising.

In conjunction with the above plan, the Directors are also pursuing other strategies including:

- Raising additional equity or debt. The Group has a successful track record over many years of raising new capital and/or loans from both existing shareholders and strategic investors, and is currently conducting discussions with potential investors.
- Curtailing materially the Group's ongoing costs. This could include reducing the amounts to be paid to Directors for the next financial year' fees and temporarily reducing the exploration spend.
- The sales of assets or, entering into farm-in agreements with another party. While it is not their preferred option the Directors believe that, should it be necessary, that certain assets could be sold (or partially sold) to realise the funds to enable the Group to continue as a going concern.

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 half-year financial statements at 31 December 2019.

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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 for the half-year ended 31 December 2019.

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



TRACEY J LAKE
MANAGING DIRECTOR

Dated this 22nd day of April, 2020

NIUMINCO GROUP LIMITED

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF *THE CORPORATIONS ACT 2001*

As lead auditor for the review Niuminco Group Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review: and
- No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in relation to Niuminco Group Limited and the entities it controlled during the period.



Daniel Dalla

Director

Rothsay Audit & Assurance Pty Ltd

Sydney, 22 April 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2019

	NOTE	December 2019 \$	December 2018 \$
REVENUE			
Gold and silver sales		50,132	236,868
Other income		24,632	440,803
		74,764	677,671
EXPENSES			
Depreciation, Impairment and amortisation expense	4	(34,690)	(76,241)
Finance costs		(22,840)	(31,977)
Mining and exploration site costs (Edie Creek)	2	(250,046)	(593,078)
Exploration expensed		(5,569)	(48,620)
Other expenses from ordinary activities	2	(105,247)	(87,203)
Professional services fees		(300,890)	(163,073)
Travel and accommodation		(11,896)	(19,593)
Impairment of investment		--	(45,894)
Loss for the half-year before tax		(656,414)	(388,009)
Income tax benefit		--	--
Loss for the half-year		(656,414)	(388,009)
<i>Other comprehensive income</i>			
<i>Items that may be reclassified to profit or loss</i>			
Changes in foreign currency translation reserve		(35,003)	46,526
Total comprehensive income for the half-year		(691,417)	(341,483)
<i>Loss for the half-year is attributable to:</i>			
Owners of Niuminco Group Ltd		(656,414)	(388,009)
		(656,414)	(388,009)
<i>Total comprehensive income for the half-year is attributable to:</i>			
Owners of Niuminco Group Ltd		(691,417)	(341,483)
		(691,417)	(341,483)
Loss per share attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(0.02)	(0.01)
Diluted loss per share		(0.02)	(0.01)

This consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	NOTE	December 2019 \$	June 2019 \$
CURRENT ASSETS			
Cash and cash equivalents		9,009	207
Trade and other receivables		82,579	54,985
Total Current Assets		91,588	55,192
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	3	2,227,095	2,239,173
Plant, property and equipment	4	555,285	637,723
Other non-current assets		–	33,775
Total Non-Current Assets		2,782,379	2,910,671
TOTAL ASSETS		2,873,967	2,965,863
CURRENT LIABILITIES			
Trade and other payables		3,057,627	3,077,800
Interest bearing loans and borrowings	8	990,678	608,080
Total Current Liabilities		4,048,305	3,685,880
NON-CURRENT LIABILITIES			
Interest Bearing loans & borrowings	8	346,299	108,909
Trade & other payables		50,270	50,563
Total Non-Current Liabilities		396,569	159,472
TOTAL LIABILITIES		4,444,874	3,845,352
NET ASSETS		(1,570,907)	(879,849)
EQUITY			
Contributed equity	5	47,106,015	47,106,082
Share based payment reserve	6	3,055,802	3,055,802
Foreign currency translation & other reserve	6	2,934,541	2,969,477
Accumulated losses		(54,667,265)	(54,010,850)
TOTAL EQUITY		(1,570,907)	(879,489)

This consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December 2019

	Contributed Equity \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Other reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2018	46,424,590	3,055,802	2,939,663	16,742	(52,879,240)	(442,443)
Loss for the half-year	--	--	--	--	(388,008)	(388,008)
Other comprehensive income for the half-year	--	--	46,526	--	--	46,526
Total comprehensive income for the half-year	--	--	46,526	--	(388,008)	(341,483)
Transactions with owners in their capacity as owners						
Contribution of equity, net of costs	641,477	--	--	--	--	641,477
Balance at 31 December 2018	47,066,067	3,055,802	2,986,189	16,742	(53,267,248)	(142,449)
Balance at 1 July 2019	47,106,082	3,055,802	2,952,735	16,742	(54,010,850)	(879,489)
Loss for the half-year	--	--	--	--	(656,414)	(656,414)
Other comprehensive income for the half-year	--	--	(35,003)	--	--	(35,003)
Total comprehensive income for the half-year	--	--	(35,003)	--	(656,414)	(691,417)
Transactions with owners in their capacity as owners						
Contribution of equity, net of costs	--	--	--	--	--	--
Balance at 31 December 2019	47,106,082	3,055,802	2,917,732	16,742	(54,667,265)	(1,570,907)

This consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2019

	December 2019 \$	December 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from gold and silver sales	50,132	236,868
Payments to suppliers and employees (incl. of GST)	(449,625)	(660,887)
Other income received	24,732	25,974
Exploration costs paid	(5,569)	(48,620)
Interest paid	(22,840)	(31,977)
Net cash used in operating activities	(403,170)	(478,642)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash provided by investing activities	--	--
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	429,005	--
Proceeds of issue of shares	--	438,826
Advances from related party loans	2,400	47,826
Repayments of related party loans	--	(3,370)
Payment of share issue costs	--	(1,170)
Repayment of chattel mortgages	(19,433)	(3,586)
Net cash inflow from financing activities	411,972	478,526
Net (decrease) / increase in cash and cash equivalents	8,802	(116)
Cash and cash equivalents at the beginning of the period	207	4,670
Effect of exchange rate changes	--	(5,194)
Cash and cash equivalents at end of period	9,009	(640)

This consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This consolidated half-year financial report is for Niuminco Group Limited (“the Company”) and its controlled entities (together “the Group”), in respect of the half-year reporting period ended 31 December 2019, and has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Niuminco Group Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period.

(a) 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.

During the half-year, the Group raised \$429,005 through issuing convertible notes and borrowings. The Group has incurred a net loss before tax of \$656,414 (including a non-cash depreciation of \$34,690) and total net operating cash outflows of \$436,944 for the half-year ended 31 December 2019 and, as of that date the Group’s liabilities exceeded its assets by \$1,570,907.

Current liabilities at balance sheet date include Directors and Director’s related balances amounting to \$642,118. The Directors have confirmed that the repayment of these amounts in cash will not be called upon while the Group continues to suffer operating losses and does not generate sufficient cash. The current liability balance amounting to \$4,048,305 represents trade creditors, directors loans, interest and non-interest bearing loans, convertible notes and payroll tax liabilities, the majority of which at balance sheet date were not within their normal credit terms. During the half-year, the Group did not meet its planned production target at Edie Creek mine of 2.5 ounces of gold per day, for the reasons outlined in the Company’s Quarterly Reports and other ASX announcements.

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.

At the date of this report, the Directors are of the opinion that there are reasonable grounds to expect that the Group’s operational and financial performance will improve and will be able to continue as a going concern. As such the financial report is prepared on a going concern basis. In arriving at this conclusion, the Directors considered that:

- The Directors remain confident that the new production target of 1.5 to 2 ounces of gold per day at Edie Creek can be achieved. The plan anticipates that positive cash flows from Edie Creek mine through gold and silver sales can be achieved within the next 12 months. This approximates production at a rate of 1.25 to 1.5 ounces of gold per day at current gold prices and operating cost levels – we note that costs have been significantly reduced over the past 9 months. This level of production is higher than that which has been consistently achieved over the past two years.
- In assisting to achieve the production rate of up to 2 ounces of gold per day, we note that the ore processing capacity has been increased up to 55 tpd in a single 11-hour shift, and the purchase of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

additional mining equipment has increased the mining capability and efficiency, as well as allowing faster access to sourcing higher grade vein material from deeper in the known vein systems.

- The Group has been successful in the past in managing the balances that are owed to creditors by either deferring payments or negotiating a plan in order to spread repayment to accommodate the Group's cash flow requirements. The Directors believe that the Group will be able to continue to do so until the production from Edie Creek and/or further capital raisings and/or payments from joint venture partners enable all creditors to return to normal payment terms.
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In conjunction with the above plan, the Directors are also pursuing other strategies including:

- Raising additional equity or debt. The Group has a successful track record over many years of raising new capital and/or loans from both existing shareholders and strategic investors, and is currently conducting discussions with potential investors.
- Curtailing materially the Group's ongoing costs. This could include reducing the amounts to be paid to Directors for the next financial year' fees and temporarily reducing the exploration spend.
- The sales of assets or, entering into farm-in agreements with another party. While it is not their preferred option the Directors believe that, should it be necessary, that certain assets could be sold (or partially sold) to realise the funds to enable the Group to continue as a going concern.

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 half-year financial statements at 31 December 2019.

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.

2. COST OF SALES OF GOLD AND SILVER

	December 2019	December 2018
	\$	\$
Other expenses from ordinary activities (related to COGS)	105,247	87,203
Mining and exploration site costs	250,046	593,078
	355,293	680,281

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. EXPLORATION AND EVALUATION EXPENDITURE

	December 2019 \$	June 2019 \$
Opening balance	2,239,173	2,192,695
Expenditure incurred during the period	--	--
Foreign currency translation	(12,078)	46,478
Less impairment	--	--
Closing balance net of impairment	2,227,095	2,239,173

4. PROPERTY, PLANT & EQUIPMENT

NON-CURRENT	Mining equipment & vehicles \$
At 30 June 2019	
Cost	1,298,594
Accumulated depreciation	(660,871)
Net book amount	637,723
Half-year ended 31 December 2019	
Opening net book amount	637,723
Exchange differences	(15,663)
Disposals	(32,085)
Depreciation	(34,690)
Closing net book amount	555,285

5. CONTRIBUTED EQUITY

(a) Share capital

	December 2019 Shares	December 2019 \$	June 2019 Shares	June 2019 \$
Ordinary shares fully paid	2,800,160,070	47,106,082	2,800,160,070	47,106,082
Total contributed equity	2,800,160,070	47,106,082	2,800,160,070	47,106,082

(b) Movements in ordinary share capital

There were no share issues during the period.

(c) Share options issued

At reporting date there were NIL options issued or outstanding (30 June 2019: NIL).

No options over ordinary shares in the Company have been provided in the current or the prior period as remuneration to the directors and the key management personnel (current and previous) of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

No options over ordinary shares in the Company have been issued in the current or the prior period for payment of goods and services.

(d) 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.

6. RESERVES

(a) Movement in share based payment reserve

	December 2019 \$	December 2018 \$
Opening balance	3,055,802	3,055,802
Closing balance	3,055,802	3,055,802

(b) Movement in foreign currency translation reserve

	December 2019 \$	December 2018 \$
Opening balance	2,952,735	2,939,663
Currency translation differences arising during the period	(35,003)	46,526
Closing balance	2,917,732	2,986,189

7. SEGMENT INFORMATION

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

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

a. Segment results

The segment information provided to the Board for the reportable segments for the half-year ended 31 December 2019 is as follows:

December 2019	Mining – PNG \$	Exploration – PNG \$	Total \$
Segment revenue	74,764	--	74,764
Depreciation	34,690	-	34,690
Exploration expenditure expensed	-	5,569	5,569
Mining production & site costs	250,046	-	250,046
Capitalised exploration	-	-	-
Total segment assets	3,527,918	-	3,527,918
Total segment liabilities	19,476,812	-	19,476,812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 2018	Mining – PNG \$	Exploration – PNG \$	Total \$
Segment revenue	651,697	--	651,697
Depreciation	76,241	--	76,241
Exploration expenditure expensed	--	48,620	48,620
Mining production & site costs	593,078	--	593,078
Capitalised exploration	--	--	--
Total segment assets	3,845,480	--	3,845,480
Total segment liabilities	19,006,519	--	19,006,519

b. Reconciliations

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

	December 2019 \$	December 2018 \$
Total segment revenue	74,764	651,697
Other income received	--	25,974
Total revenue	<u>74,764</u>	<u>677,671</u>

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

	December 2019 \$	December 2018 \$
Total segment assets	3,527,918	3,845,480
Current cash & receivables of parent entity	17,988	85,330
Intersegment eliminations	(671,939)	(919,416)
Total assets as per statement of financial position	<u>2,873,967</u>	<u>3,011,394</u>

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

	December 2019 \$	December 2018 \$
Total segment liabilities	19,476,812	19,006,519
Intersegment eliminations	(16,772,998)	(16,436,004)
Liabilities of parent entity	1,741,060	583,328
Total liabilities as per statement of financial position	<u>4,444,874</u>	<u>3,153,843</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INTEREST BEARING LOANS AND BORROWINGS

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.

CHATTEL MORTGAGES AND BORROWINGS

	December 2019 \$	December 2018 \$
CURRENT		
Chattel mortgage liability	376,728	608,080
AMD Resources - loan	238,000	--
Sydney Metro Fund – convertible note	255,260	--
Sydney Metro Fund – loan	120,690	--
	990,678	608,080
NON-CURRENT		
Chattel mortgage liability	346,299	--
AMD Resources - loan	--	108,909
	346,299	108,909

The outstanding chattel mortgage liabilities are secured over certain items of plant and equipment of the Group.

The AMD resources loan is secured over the assets and undertakings of Niuminco Edie Creek Ltd and Niuminco EC Ltd, bears no interest and is repayable at a date to be confirmed and agreed.

The convertible note is exercisable 12 months from issue date at the strike price, being the lower of \$0.001 per share or at a 10% discount to the VWAP of the previous 5 days trading on the ASX. The note bears interest which is capitalised at the rate of 12% per annum and is payable upon conversion, or at the expiry of the loan/note term on 28 October 2020.

The Sydney Metro Fund loan is secured over the assets and undertakings of Niuminco (ND) Ltd, attracts interest at the rate of 15% per annum which is capitalised and is repayable on 28 October 2020.

9. COMMITMENTS AND CONTINGENT LIABILITIES

Other than as disclosed through this half-year financial report, the Group does not have any commitments and contingent liabilities.

There is no contingent liability for termination benefits under service agreements with directors or senior executives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. EVENTS SUBSEQUENT TO REPORTING DATE

The Company continued pilot mining and processing during January, February and March 2020 producing 2350.4g (75.6 ounces) of gold and 1982.8g (63.8 ounces) of silver for sales of AUD\$199,310 (PGK440,475) over the three month period.

On 16 January 2020 the Company received a GST refund of \$15,678 and on 8 April 2020 the Company received a GST refund of \$14,551.

On 20 January 2020 the Company announced a change of Share Registrar

On 28 January 2020 the Company announced a change of Auditors.

On 11 February 2020 the Company released the 31 December 2018 Half Yearly Report.

On 20 February 2020 the Company released the 2019 Annual Report, the Niuminco Corporate Governance Statement and an Appendix 4G.

On 6 March 2020 the Company released the recommendations of the report of the independent governance expert (NIU ASX Release: "Review and Recommendations of Independent Governance Expert").

On 1 April 2020 the Company released a "COVID-19 and Company Update" to the ASX.

On 3 April 2020 one of the Company's subsidiaries lodged an "Application for Extension of Term of a Tenement" in respect of its May River exploration Licence, EL 2527.

No other matter or circumstance has arisen since 31 December 2019 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 periods.

DIRECTOR'S DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', 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 31 December 2019 and of its performance for the financial half-year ended on that date, and
- (b) there are reasonable grounds to believe that Niuminco Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of directors,

A handwritten signature in blue ink, appearing to read 'T. J. Lake', is written over a light yellow rectangular background.

TRACEY J LAKE
MANAGING DIRECTOR

Dated this 22nd day of April, 2020

NIUMINCO GROUP LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Niuminco Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of Niuminco Group Limited, which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising summary of significant accounting policies and other explanatory information, and the directors' declaration comprising Niuminco Group Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Niuminco Group Limited are responsible for the preparation of the consolidated half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Niuminco Group Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



NIUMINCO GROUP LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Niuminco Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the financial report, which indicates that the Company incurred a net loss of \$656,414 for the half-year ended 31 December 2019 and, as of that date, the Company's total liabilities exceeded its total assets by \$1,570,907. As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, which is not an audit we have not become aware of any matter that makes us believe that the half-year financial report of Niuminco Group Limited is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Rothsay Audit & Assurance Pty Ltd.

A handwritten signature in dark ink, appearing to read 'Dalla', written in a cursive style.

Daniel Dalla
Director

Sydney, 22 April 2020