



Niuminco Group Limited

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8 May 2018

Ms Violetta Codreanu
Adviser, Listings
Australian Stock Exchange

By email violetta.codreanu@asx.com.au

Dear Ms Codreanu,

Appendix 5B Query

We refer to your letter dated 4 May, 2018 regarding the Company's Appendix 5B announcement for the period ended 31 March, 2018 and respond to your questions, in the same order, as follows:

1. Does NIU expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

The Company advises that it may have negative operating cash flows until such time as the installation, commissioning and testing of its new processing plant and circuit at its Edie Creek Mine is completed, and larger, more consistent volumes and/or higher grades of ore are able to be processed.

As advised in the March Quarterly Activities Report modification works to and testing of this plant is continuing, and as announced to the market on 8 May, 2018 the installation of a new, larger vibrating feeder has now been completed. This will result in an anticipated significant increase in processing throughput, with an expected resultant increase in gold/silver production and sales in coming months.

Additionally the Company is expecting to take delivery of two further second-hand D85 Komatsu bulldozers and a 40 tonne articulated tip-truck in the near future which will significantly increase the mining capacity at the Edie Creek Mine.

Both current and future cash flows are dependent on the quantity and grade of ore able to be mined and processed at the Company's Edie Creek Mine. As previously advised, in the June 2016 Quarter Niuminco's Edie Creek mine achieved sales of \$526,000 on volumes of only 13 tonnes per day. Since then the Company has been

progressively increasing its mining and processing capacity, notwithstanding disruptions to production as a result of plant and equipment breakdowns and power supply issues as disclosed in recent Quarterly reports.

The estimated exploration, staff costs and administration expenditures for the current quarter can again be curtailed, and therefore substantially reduced if necessary or required.

The Board will continue to monitor cash flows and capital requirements to ensure that the Company remains positioned to achieve its business objectives.

2. Has NIU taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company is currently, and plans to continue, to mine and process material in increasing quantities, to produce increased gold and silver sales from its Edie Creek Mine during the current quarter.

We further note that the Company has been able to raise capital in the past (including a recent placement of shares to raise \$113,000 announced on 24 April, 2018), as required to support its activities and is confident that it has the ability to raise working capital if required or necessary.

3. Does NIU expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

The Company expects to be able to continue its operations and meet its business objectives. As a result of the steps outlined above, the Board expects production, and therefore revenue and cash flow, to increase during the current, and in future quarters.

The Company has been able to raise capital in the past as required to support its activities and is confident that it has the ability to raise further working capital if required or deemed necessary.

4. Please provide any other information that NIU considers may be relevant to ASX forming an opinion on whether NIU is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

In relation to Listing Rule 12.2, the adequacy of the Company's financial position is dependent on the performance of the mining operations at Edie Creek, the success of its exploration activities, the success of future fund raising activities and/or the success of any full or partial sales of any of its assets, as well as the ability to enter into co-operative arrangements with third parties to participate in the Company's projects.

As stated above, the Company expects increasing income from its Edie Creek mining operations over coming months, and as noted above and demonstrated over previous years and again very recently, the Company is confident that it has the ability to raise additional capital if necessary or required.

5. Please confirm that NIU is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market

The Company confirms that it is in compliance with the ASX Listing Rules, in particular Listing Rule 3.1 and there is no information that should be given to the ASX about the Company's financial condition in accordance with that Rule that has not already been released to the market.

6. Please confirm that NIU's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of NIU with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms that its responses to the questions above have been authorised and approved by the Board of the Company.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'M T Ohlsson', written in dark ink.

M T Ohlsson
Company Secretary