



**NIUMINCO GROUP LIMITED  
And Controlled Entities**

**ABN 44 009 163 919**

**INTERIM REPORT FOR THE HALF YEAR  
ENDED  
31 DECEMBER 2013**

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## 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 2013.

### DIRECTORS

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

- Terence Willstead - Chairman
- Tracey Lake – Managing Director
- Ian Plimer – Independent Non-Executive Director

### 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 half year ended 31 December 2013 the consolidated profit of the group after income tax amounted to \$135,666 (2012: Loss of \$829,249).

### REVIEW OF OPERATIONS

#### *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 past two years Mincor has spent more than \$6,400,000 on valuable exploration on these tenements.

#### *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 for a further two years through to September 2015.

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.

#### *Edie Creek*

The Board investigated options for the recommended Stage 2 Drilling Program of 10 holes to 200m each, but carried out no drilling during the half year. Subject to further capital raising and general market conditions, the Company will consider drilling these 10 holes prior to June 2014. Contingent upon successful Stage 2 results

## DIRECTORS' REPORT

and 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 continues to review all options for the Edie Creek Mining Leases, whilst further reducing the cost of operations. Preliminary investigations and costings of more efficient processing plant and equipment for lower grade bulk tonnage ore bodies are continuing.

Additional excess plant and equipment was disposed of, and costs were cut further during the half year.

### *Corporate*

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.

TNT Mines Limited holds a suite of six exploration areas in northern Tasmania, prospective for tin, tungsten, magnetite and fluor spar. 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 Resources. An interim report has been received with a final report due in March.

### **GOING CONCERN**

The condensed consolidated interim 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 operating losses of \$1,430,536 (total loss excluding the non-cash gain on acquisition of TNT Mines Limited of \$1,566,202) and total net cash outflows of \$367,692 for the six months ended 31 December 2013 and, as of that date the Group's current liabilities exceeded its current assets by \$1,051,400.

During the year, the Group raised \$1,246,795 through capital raisings. The amount of cash received was reduced by converting outstanding related party loans and other payables totalling \$213,201 to equity, and further reduced by capital raising costs paid of \$96,078.

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;
- raising additional equity or debt;
- considering options that might include the sale of assets, or entering into a new farm-in agreement with another party;
- curtailing materially, if necessary, the Group's ongoing operating costs to suit available resources and the timing of anticipated equity or debt raisings.

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 interim condensed consolidated report at 31 December 2013.

## DIRECTORS' REPORT

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.

The attached interim report for the half-year ended 31 December 2013 contains an independent auditor's report which includes an emphasis of matter paragraph in regard to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

### AUDITOR'S 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 2013.

Signed in accordance with a Resolution of the Board 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 14<sup>th</sup> day of March 2014

## AUDITOR'S INDEPENDENCE DECLARATION



### Auditor's Independence Declaration

As lead auditor for the review of Niuminco Group Limited for the half-year ended 31 December 2013, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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', is written over a light grey signature line.

Brett Entwistle  
Partner  
PricewaterhouseCoopers

Sydney  
14 March 2014

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 31 December 2013

	NOTE	31/12/13 \$	31/12/12 \$
<b>REVENUE</b>			
Interest received		2,059	14,514
Net proceeds on sale of fixed assets		136,447	--
Equipment hire		35,870	--
		<u>174,376</u>	<u>14,514</u>
Other income:			
Foreign exchange gain		23,530	--
Gain on re-finance of lease liabilities		91,682	--
Gain on acquisition of TNT Mines Limited	2	1,566,202	--
		<u>1,855,790</u>	<u>--</u>
<b>EXPENSES</b>			
Depreciation & amortisation expense		(69,392)	(130,561)
Finance costs		(15,181)	(70,050)
Foreign exchange loss		--	(2,326)
Impairment of fixed assets		(36,390)	--
Impairment of exploration		(240,000)	--
Mining & exploration site costs		(599,431)	(3,392)
Other expenses from ordinary activities		(183,801)	(74,155)
Professional services fees		(309,244)	(475,773)
Share based payment expense		(10,500)	(58,446)
TNT Mines Limited acquisition costs		(262,451)	--
Travel & accommodation		(14,766)	(29,060)
<b>Profit/(Loss) for the half-year before tax</b>		<b>114,635</b>	<b>(829,249)</b>
Income tax benefit	5	21,031	--
<b>Profit/(Loss) for the half year</b>		<b>135,666</b>	<b>(829,249)</b>
<i>Profit/(Loss) for the half year is attributable to:</i>			
Owners of Niuminco Group Ltd		161,174	(829,249)
Non-controlling interests		(25,508)	--
<i>Other comprehensive income/(loss)</i>			
<i>Items that may be reclassified to profit or loss</i>			
Changes in foreign currency translation reserve		(798,900)	(421,266)
<b>Total comprehensive income for the half year</b>		<b>(663,234)</b>	<b>(1,250,515)</b>
<i>Total comprehensive income for the half year is attributable to:</i>			
Owners of Niuminco Group Ltd		(637,726)	(1,250,515)
Non-controlling interests		(25,508)	--
		<u>(663,234)</u>	<u>(1,250,515)</u>
<b>Profit/(Loss) per share attributable to the ordinary equity holders of the company</b>		<b>Cents</b>	<b>Cents</b>
Basic profit/(loss) per share		0.0002	(0.004)
Diluted profit/(loss) per share		0.0002	(0.004)

*This consolidated statement of comprehensive income should be read in conjunction with the accompanying notes*

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	NOTE	31/12/13 \$	30/06/13 \$
<b>CURRENT ASSETS</b>			
Cash & cash equivalents		145,382	559,551
Trade & other receivables		136,916	89,561
Prepayments		12,939	35,180
Other current asset	3	--	10,027,778
<b>Total Current Assets</b>		<b>295,237</b>	<b>10,712,070</b>
<b>NON-CURRENT ASSETS</b>			
Exploration & evaluation expenditure	5	14,303,621	11,856,787
Plant, property & equipment	6	1,333,937	1,573,269
Investment in associate		--	153,359
Other non-current assets		24,113	29,168
<b>Total Non-Current Assets</b>		<b>15,661,671</b>	<b>13,612,583</b>
<b>TOTAL ASSETS</b>		<b>15,956,908</b>	<b>24,324,653</b>
<b>CURRENT LIABILITIES</b>			
Trade & other payables		1,300,896	1,417,635
Borrowings		45,741	335,573
Other current liability	3	--	10,027,778
<b>Total Current Liabilities</b>		<b>1,346,637</b>	<b>11,780,986</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		110,057	65,819
Deferred tax liability	5	383,703	--
<b>Total Non-Current Liabilities</b>		<b>493,760</b>	<b>65,819</b>
<b>TOTAL LIABILITIES</b>		<b>1,840,397</b>	<b>11,846,805</b>
<b>NET ASSETS</b>		<b>14,116,511</b>	<b>12,477,848</b>
<b>EQUITY</b>			
Contributed equity	7	41,597,646	40,129,300
Share based payment reserve	8	3,055,802	3,055,802
Foreign currency translation reserve		2,286,043	3,084,943
Accumulated losses		(33,631,022)	(33,792,197)
Capital & reserves attributable to owners of Niuminco Group Limited		13,308,469	12,477,848
Non-controlling interests	2	808,042	--
<b>TOTAL EQUITY</b>		<b>14,116,511</b>	<b>12,477,848</b>

*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 2013

	Attributable to owners of Niuminco Group Limited						
	Contributed Equity \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$	Non- Controlling Interests \$	Total Equity \$
<b>Balance at 1 July 2012</b>	35,425,066	2,997,356	2,980,424	(29,165,367)	12,237,479	--	12,237,479
Loss for the half-year	--	--	--	(829,249)	(829,249)	--	(829,249)
Other comprehensive income for the half-year	--	--	(421,266)	--	(421,266)	--	(421,266)
Total comprehensive income for the half-year	--	--	(421,266)	(829,249)	(1,250,515)	--	(1,250,515)
<b>Transactions with owners in their capacity as owners</b>							
Contribution of equity, net of transaction costs	3,273,949	--	--	--	3,273,949	--	3,273,949
Share based payments	--	58,446	--	--	58,446	--	58,446
<b>Balance at 31 December 2012</b>	38,699,015	3,055,802	2,559,158	(29,994,616)	14,319,359	--	14,319,359
<b>Balance at 1 July 2013</b>	40,129,300	3,055,802	3,084,943	(33,792,197)	12,477,848	--	12,477,848
Profit for the half-year	--	--	--	161,174	161,174	(25,508)	135,666
Other comprehensive income for the half-year	--	--	(798,900)	--	(798,900)	--	(798,900)
Total comprehensive income for the half-year	--	--	(798,900)	117,356	(637,726)	(25,508)	(663,234)
<b>Transactions with owners in their capacity as owners</b>							
Contribution of equity, net of transaction costs	1,150,717	--	--	--	1,150,717	--	1,150,717
Contribution of equity to acquire TNT Mines Limited	460,488	--	--	--	460,488	--	460,488
Non-controlling interests on acquisition of subsidiary	--	--	--	--	--	833,550	833,550
Acquisition of treasury shares on acquisition of subsidiary	(153,359)	--	--	--	(153,359)	--	(153,359)
Share based payments	10,500	--	--	--	10,500	--	10,500
<b>Balance at 31 December 2013</b>	41,597,646	3,055,802	2,286,043	(33,631,021)	13,308,469	808,042	14,116,511

*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 2013

		31/12/13 \$	31/12/12 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>		
Receipts from customers (inclusive of GST)		39,622	--
Payments to suppliers & employees (inclusive of GST)		(488,473)	(733,066)
Payment for exploration & evaluation expenditure		(599,431)	--
Transaction costs relating to acquisition of subsidiary	2	(262,451)	--
		(1,310,733)	(733,066)
Interest received		2,059	14,514
Interest paid		(13,803)	--
		(1,322,477)	(718,552)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash acquired on acquisition of subsidiary	2	30,132	--
Proceeds from sale of property, plant & equipment		210,329	--
Payment for property, plant & equipment		(56,392)	(11,447)
Payment for exploration & evaluation expenditure		(51,695)	(692,845)
		132,374	(704,292)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares net of issue costs		937,517	2,037,233
Advances made to JV partner		--	(3,325,826)
Proceeds from loan from JV partner		--	3,325,826
Repayments by staff		2,657	--
Proceeds from interest bearing loans		56,392	--
Repayment of interest bearing loans		(174,155)	(122,401)
		822,411	1,914,832
<b>Net cash inflow from financing activities</b>		822,411	1,914,832
Net increase in cash & cash equivalents		(367,692)	491,988
Cash & cash equivalents at the beginning of the period		559,551	694,314
Effect of exchange rate changes		(46,477)	(51,614)
		145,382	1,134,688
<b>Cash &amp; cash equivalents at end of period</b>		145,382	1,134,688

*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 condensed consolidated interim financial report is for Niuminco Group Limited (“the Company”) and its controlled entities (together “the Group”), in respect of the interim half-year reporting period ended 31 December 2013, and has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim 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 2013 and any public announcements made by Niuminco Group Limited during the interim 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 interim reporting period.

#### (a) 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.

During the half 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 condensed consolidated interim 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 operating losses of \$1,430,536 (total loss excluding the non-cash gain on acquisition of TNT Mines Limited of \$1,566,202) and total net cash outflows of \$367,692 for the six months ended 31 December 2013 and, as of that date the Group’s current liabilities exceeded its current assets by \$1,051,400.

During the year, the Group raised \$1,246,795 through capital raisings. The amount of cash received was reduced by converting outstanding related party loans and other payables totalling \$213,201 to equity, and further reduced by capital raising costs paid of \$69,078.

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:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 interim condensed consolidated report at 31 December 2013.

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. 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
	635,754
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	3,035,506
Less: Non-controlling interests	(833,550)
Less: Gain on purchase	(1,566,202)
Net assets acquired:	635,754

#### *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.

#### *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 \$262,451 are included in other expenses in the statement of comprehensive income, and in investing cash flows in the statement of cash flows.

#### *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 \$92,889 for the period 1<sup>st</sup> November to 31<sup>st</sup> December.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. OTHER CURRENT ASSET & OTHER CURRENT LIABILITY

	31/12/13	30/06/13
	\$	\$
Other current asset	--	10,027,778
Other current liability	--	(10,027,778)
	--	--

The joint venture agreements with Mincor were formed on 19<sup>th</sup> 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<sup>nd</sup> 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.

### 4. EXPLORATION AND EVALUATION EXPENDITURE

	31/12/13	30/06/13
	\$	\$
Opening balance	11,856,787	12,123,990
TNT Mines Limited exploration expenditure at fair value on acquisition	3,350,304	--
Expenditure incurred during the period	51,695	657,393
Foreign currency translation	(715,165)	(90,665)
Less impairment	(240,000)	(833,931)
<b>Closing balance net of impairment</b>	<b>14,303,621</b>	<b>11,856,787</b>

#### (a) Summary of accounting policy

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 activities are expected to be recouped through successful development and exploitation of the area of interest, or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating 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 AASB6 *Exploration for and Evaluation of Mineral Resources* and the Group's impairment policy.

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.

During the half year all expenditure incurred on the Group's Edie Creek project has been expensed and the Group has spent and capitalised \$51,695 of exploration costs on the May River and Bolobip projects, and the TNT Mines Tasmanian projects.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. INCOME TAX

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

	<b>31/12/13</b>	<b>30/06/13</b>
Current tax	(49,881)	--
Deferred tax	28,850	--
	<b>(21,031)</b>	<b>--</b>

#### (b) Numerical reconciliation of income tax (expense)/benefit to prima facie tax payable

Profit/(Loss) from continuing operations	114,635	(4,626,830)
Tax at the Australian tax rate of 30%	(34,390)	(1,388,049)
Difference in overseas tax rates	5,042	(100,402)
Taxable losses not recognised	(511,100)	1,470,917
Permanent differences	676,812	17,534
Income tax benefit of TNT Mines prior to acquisition not recognised	(74,188)	--
Previously unrecognized PNG losses used to reduce PNG current tax expense	(41,145)	--
Income tax (expense)/benefit	<b>21,031</b>	<b>--</b>

#### (c) Deferred Tax Assets

Tax losses	627,731	--
	627,731	--
Offset against deferred tax liabilities	(627,731)	--
Net deferred tax assets	<b>--</b>	<b>--</b>

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

#### (d) Deferred Tax Liabilities

Other provisions and accruals	(1,050)	--
TNT capitalised exploration & evaluation costs	(1,010,384)	--
	(1,011,434)	--
Offset against deferred tax assets	627,731	--
Net deferred tax liabilities	<b>383,703</b>	<b>--</b>

#### (e) Unused Tax Losses

Unused tax losses relating to the Australian entities for which no deferred tax asset has been recognised	7,519,643	6,863,959
Potential tax benefit at 30%	<b>2,255,893</b>	<b>2,059,188</b>
Unused tax losses relating to the PNG entities for which no deferred tax asset has been recognised	19,526,338	21,219,417
Potential tax benefit at up to 40%	<b>7,335,591</b>	<b>8,057,104</b>

Tax returns for the PNG entities are not yet complete, and the amounts are 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 utilised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. PROPERTY, PLANT & EQUIPMENT

NON-CURRENT	Buildings \$	Furniture & fittings \$	Mining equipment & vehicles \$	Total \$
<b>At 30 June 2013</b>				
Cost or fair value	905,173	407,869	2,699,169	4,012,211
Accumulated depreciation	(192,888)	(247,467)	(1,998,587)	(2,438,942)
<b>Net book amount</b>	<b>712,285</b>	<b>160,402</b>	<b>700,582</b>	<b>1,573,269</b>
Half Year ended 31 December 2013				
Opening net book amount	712,285	160,402	700,582	1,573,269
Exchange differences	(57,695)	(13,733)	(57,457)	(128,885)
Additions	--	--	56,392	56,392
Acquired on acquisition of TNT Mines	--	--	12,826	12,826
Disposals	--	--	(73,883)	(73,883)
Impaired <sup>^</sup>	--	(36,390)	--	(36,390)
Depreciation	(16,080)	(15,575)	(37,737)	(69,392)
<b>Closing net book amount</b>	<b>638,510</b>	<b>94,704</b>	<b>600,723</b>	<b>1,333,937</b>

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

### 7. CONTRIBUTED EQUITY

#### (a) Share capital

	31/12/13 Shares	31/12/13 \$	30/06/13 Shares	30/06/13 \$
Ordinary shares fully paid	554,100,093	41,597,646	369,937,654	40,129,300
Treasury shares	21,908,250	--	--	--
<b>Total contributed equity</b>	<b>576,008,343</b>	<b>41,597,646</b>	<b>369,937,654</b>	<b>40,129,300</b>

In the last financial year, the Group acquired 19.9% of the ordinary share capital of TNT Mines Limited by issuing 21,908,250 ordinary shares in the Group. Upon the acquisition of TNT Mines Limited, the Group acquired back the 21,908,250 shares and these will be sold within a 12 month period.

#### (b) Movements in ordinary share capital

Date	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 <sup>th</sup> July 2013 for cash	58,389,833	583,898
13-Aug-13	Conversion of debt to equity under offer document dated 9 <sup>th</sup> July 2013	5,787,203	57,872
31-Aug-13	Issue of shares under offer document dated 9 <sup>th</sup> July 2013 for cash	1,000,000	10,000
7-Nov-13	Shares issued in TNT Mines Ltd takeover	57,561,056	460,488
7-Nov-13	Shares issued to TNT Mines Ltd in prior period, reacquired as treasury shares	--	(153,359)
6-Dec-13	Issue of shares under offer document dated 13 <sup>th</sup> November 2013 for cash	23,899,000	167,293
6-Dec-13	Conversion of debt to equity under offer document dated 13 <sup>th</sup> November 2013	4,906,770	34,347
20-Dec-13	Issue of shares under offer document dated 13 <sup>th</sup> November 2013 for cash	38,914,328	272,403
20-Dec-13	Conversion of debt to equity under offer document dated 13 <sup>th</sup> November 2013	4,714,285	33,000
24-Dec-13	Conversion of debt to equity approved at AGM	8,798,214	87,982
24-Dec-13	Issue of shares to PNG staff	2,100,000	10,500
		576,008,343	41,693,724
	Less transaction costs arising on share issues		(96,078)
		576,008,343	41,597,646

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (c) Share options issued to equity holders

	Grant Date	Expiry date	Exercise price	Opening balance	Granted during the period	Exercised during the period	Expired during the period	Closing balance	Vested and exercisable at end of period
Half year ended 31 Dec 2013				Number	Number	Number	Number	Number	Number
Unlisted	10/08/2011	30/09/2013	\$0.20	21,150,000	--	--	(21,150,000)	--	--
Unlisted	09/05/2011	30/09/2013	\$0.30	5,000,000	--	--	(5,000,000)	--	--
Unlisted	01/05/2012	30/04/2014	\$0.10	6,000,000	--	--	--	6,000,000	6,000,000
				32,150,000	--	--	(26,150,000)	6,000,000	6,000,000
Weighted average exercise price			\$0.20		--	--	--	\$0.10	\$0.10

### (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.

## 8. SHARE-BASED PAYMENTS

### (f) Movement in share based payment reserve

	31/12/13	30/06/13
Opening balance	3,055,802	2,997,356
Options issued as remuneration for services	--	58,446
<b>Closing balance</b>	<b>3,055,802</b>	<b>3,055,802</b>

### (g) Shares

Shares issued for other than cash during the half year are set out in the table below:

Half year ended 31 December 2013	Number	2013 Fair value per share	2013 Total fair value \$
Conversion of debt to equity	14,585,417	\$0.01	145,854
Conversion of debt to equity	9,621,055	\$0.007	67,347
Consideration for purchase of TNT Mines Ltd shares	57,561,056	\$0.008	460,488
Staff shares issued	2,100,000	\$0.005	10,500
	<b>83,867,528</b>		<b>684,189</b>

The number of shares in the Company held during the half 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:

	Balance at start of half year	Received as remuneration	Issued on conversion of debt to equity	Shares purchased or sold	Balance at end of the half year
T Willsted	2,000,000	--	2,085,714	500,000	4,585,714
I Plimer	--	--	5,257,143	615,000	5,872,143
T Lake	13,541,667	--	10,045,759	--	23,587,426
A Drummond <sup>^</sup>	--	--	2,817,857	--	2,817,857
	<b>15,541,667</b>	<b>--</b>	<b>20,206,473</b>	<b>1,115,000</b>	<b>36,863,140</b>

<sup>^</sup> Mr Andrew Drummond is a director of TNT Mines Limited. He received his shares in the Company in payment of \$19,725 of director's fees outstanding to him by TNT.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (h) Employee options

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

	Grant Date	Expiry date	Exer-cise price	Opening balance	Exer-cised during the period	Expired during the period	Closing balance	Vested and exercisable at end of period
<b>Half year ended 31 Dec 2013</b>				<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Unlisted	01/05/2012	30/04/2014	\$0.10	6,000,000	--	--	6,000,000	6,000,000
				6,000,000	--	--	6,000,000	6,000,000
Weighted average exercise price				\$0.26	--	--	\$0.10	\$0.10

### (i) Option issued for payment of goods and services

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

	Grant Date	Expiry date	Exer-cise price	Opening balance	Exer-cised during the period	Expired during the period	Balance at end of period	Vested and exercisable at end of period
<b>Half year ended 31 Dec 2013</b>				<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Unlisted	10/08/2011	30/09/2013	\$0.20	26,150,000	--	(26,150,000)	--	--
				26,150,000	--	(26,150,000)	--	--
Weighted average exercise price				\$0.20	--	\$0.20	--	--

## 9. SEGMENT INFORMATION

The company has one reportable operating segment being mineral exploration and mining operations in Papua New Guinea and Tasmania.

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The consolidated entity does not have any operating segments with discrete financial information. The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

## 10. COMMITMENTS AND CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

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

## 11. EVENTS SUBSEQUENT TO REPORTING DATE

In February 2014, the Group re-commenced pilot scale mining, ore processing operations and gold/silver production at Edie Creek.

On 27<sup>th</sup> February 2014, the Group acquired an additional exploration licence, EL1365, which adjoins to the north and west an exploration licence held by Morobe Mining Joint Venture (MMJV), which in turn surrounds the existing Edie Creek mining leases, and to the south MMJV's Hidden Valley gold and silver mine. The consideration for the 143 sq km licence is a 3% net smelter return royalty payable on any production from the tenement, and the acquisition is conditional upon approval of the transfer by the Mineral Resources Authority and the Minister for Mining in PNG.

Other than the circumstances disclosed above, no other events have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations of the consolidated entity, the results of these operations, or the state of affairs of the consolidated entity in future financial years.

## DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 15 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 31 December 2013 and of its performance for the 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.

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 14<sup>th</sup> day of March 2014



## **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 financial report of Niuminco Group Limited (the Company), which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Niuminco Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled from time to time during the half-year.

### ***Directors' responsibility for the half-year financial report***

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 half-year financial report based on our review. We conducted our review in accordance with Australian 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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.

### ***Independence***

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

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*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:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Material uncertainty regarding continuation as a going concern*

Without qualifying our conclusion, we draw attention to Note 1 (a) in the financial report which indicates that the consolidated entity has experienced operating losses and negative operating cash flows during the period ended on 31 December 2013. As a result the consolidated entity is dependent upon being successful in generating positive cash flows from its mining operations at Eddie Creek and being 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 out in Note 1 (a), 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.

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

PricewaterhouseCoopers

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

Brett Entwistle  
Partner

Sydney  
14 March 2014