NIUMINCO GROUP LIMITED
And Controlled Entities

ABN 44 009 163 919

INTERIM REPORT FOR THE HALF YEAR ENDED
31 DECEMBER 2017

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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 2017.

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 (appointed 9 March 2018)
- Lawrence Chartres – Non-Executive Director (appointed 9 March 2018)
- Neill Arthur – Independent Non-Executive Director (appointed 18 January 2018 – resigned 8 March 2018)
- Mark Ohlsson – Executive Director (resigned 2 February 2018)

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.

OPERATING RESULTS

For the half year ended 31 December 2017 the consolidated loss of the group after income tax amounted to $803,980 (2016: $1,011,283). Total revenues including sales revenue from gold and silver sales for the period was $128,861 (2016: $316,135).

REVIEW OF OPERATIONS

Exploration & evaluation

May River & Bolobip Exploration Licences

During the half-year renewal applications for extensions of term for a further 2 years were lodged for each of the May River and Bolobip exploration licences (EL 1441 and EL 1438 respectively), and final preparation and geological work for the exploration drilling programs was carried out.

The initial 2 drill-hole locations at Skiraisa in the South May River area were finalized (see Figures 1 to 3 below).

DIRECTORS' REPORT

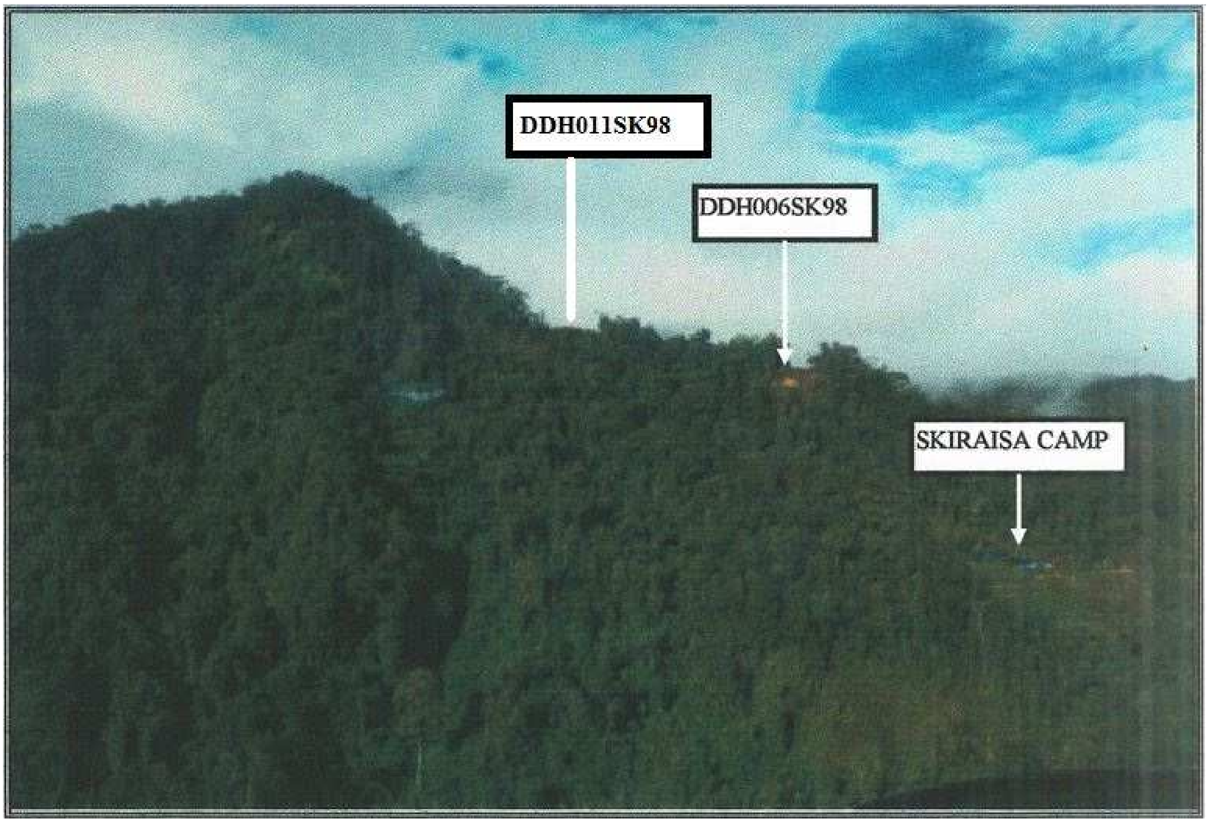


Figure 1: View of the central most prospective part of Skiraisa Diatreme looking south.

The drill site for the first two holes is the site of the previous Highlands Gold Ltd hole 011SK98 (see Figure 1 above, and Figures 2 and 3 below).

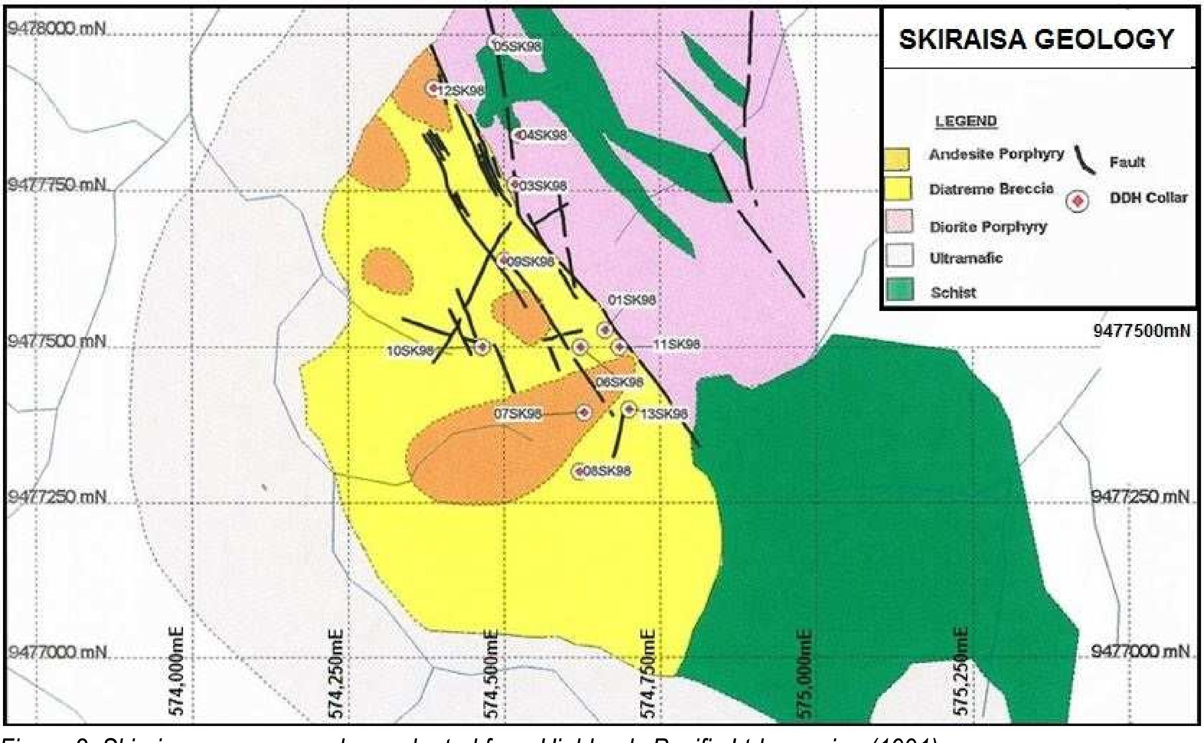


Figure 2: Skiraisa summary geology adapted from Highlands Pacific Ltd mapping (1991)

DIRECTORS' REPORT

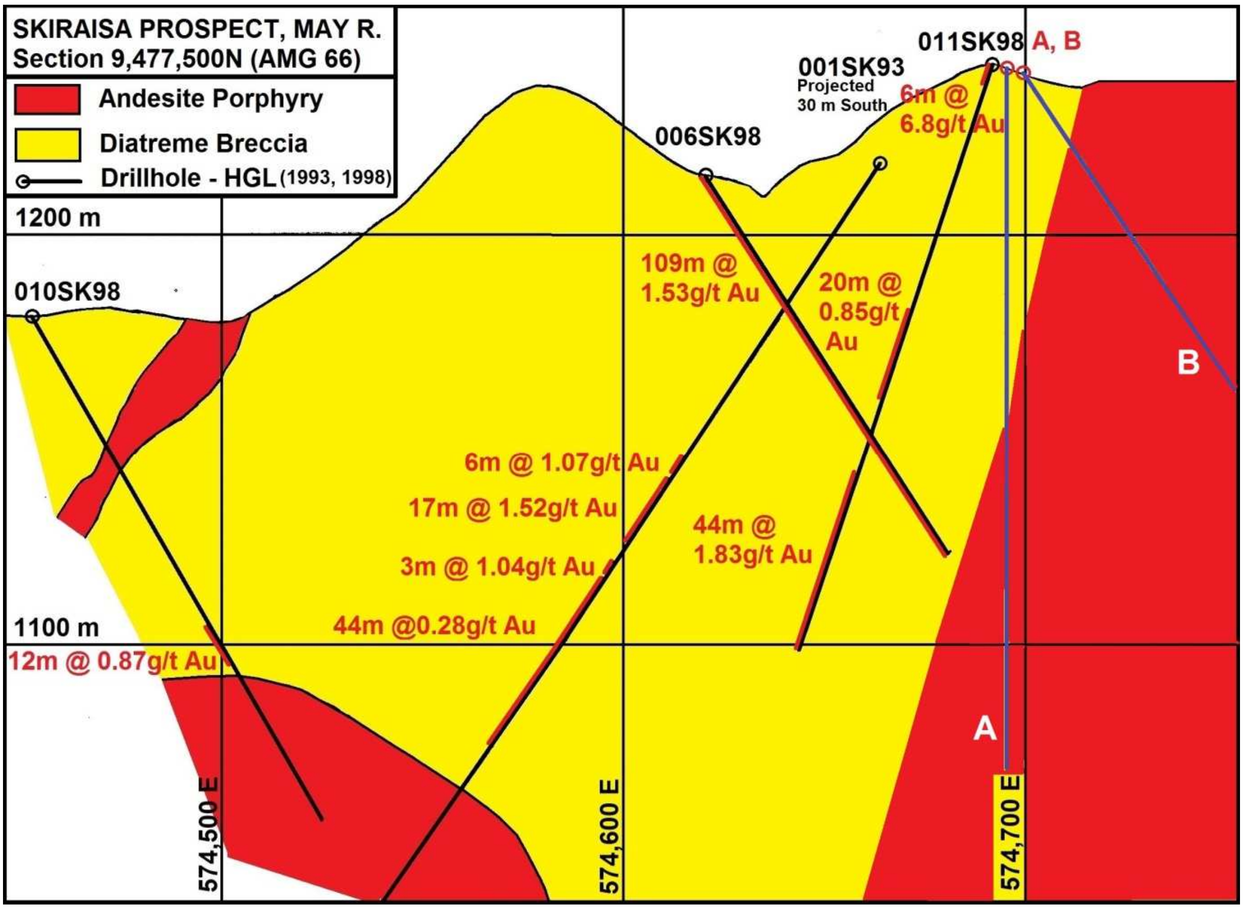


Figure 3: Section with DDHs 001SK93, 006SK98, 011SK98, 010SK98 and proposed drill-holes A and B.

As both 011SK98, and the adjacent hole 006SK98, terminated in potentially economic gold mineralization, and showed increasing gold grades with depth, the first hole (site A) is proposed to be vertical and to penetrate beyond the depth of these two previous holes to at least 200m. The second hole (site B) is intended to penetrate the diatreme breccia-porphyry contact and extend to a depth of at least 200m.

In order to focus our exploration activities on our major exploration licences, three smaller, periphery licences, EL 2363, EL 2364 and EL 2365, were surrendered during the half-year.

A successful Wardens Hearing was held on 11 October, 2017 for a new licence, ELA 2527, which adjoins our May River tenement. This tenement lies to the north and east of EL 1441 and adjoins PanAust/Highlands Pacific Ltd's Freida River tenements.

On 5 December, 2017 successful Warden's Hearings were held for each of the May River and Bolobip exploration licence renewals (EL 1441 and EL 1438 respectively).

DIRECTORS' REPORT

The photo below shows (from left) Niuminco's Brian Koster and Senior Geologist Lewis Koesi with local village camp workers and villagers, along with the Mineral Resources Authority Warden at Hotmin village on the banks of May River for the 11 October hearing.

Niuminco team, local villagers and MRA Warden at Hotmin village, May River on 11 October,2017

DIRECTORS' REPORT

The picture below is of the local Hotmin villagers waiting upon our arrival for the May River (EL 1441) Warden's Hearing in December. The foreground is part of the airstrip which has been cleared and maintained as an initial part of the drilling program.

One of the Company's LongYear 38 drill rigs arrived in Kiunga (Western Province) in late December following shipment from Lae and is now awaiting completion of the current drill camp upgrade work before being readied for helicopter lifting to the Bolobip drill site.

A second company LongYear 38 drill rig was also prepared for dispatch and is presently in Lae awaiting shipment to Wewak and then by road to Pagwei, a port on the Sepik River before river passage to the mouth of the May River.

Edie Creek Mine

Mining and Production

As a result of the plant installation, testing and modification work and ongoing power problems necessitating electrical upgrading work, only very limited mining and processing operations were carried out during the December half-year. The two amalgam barrels were used to process the very small tonnage, high grade material mined.

DIRECTORS' REPORT

Production for the period 1 July to 31 December, 2017 was 2550.3g (82 ounces) of gold and 2282g (73.3 ounces) of silver for total sales of AUD$128,861 (PGK324,845).

A total of only 156.7 wet tonnes of ore was processed at an average grade of 16.2 grams per processed tonne of ore.

Mains power remained out (now for 18 consecutive months) and in light of correspondence from the PNG Power Authority, combined with the need for both greater and more reliable back-up power, a second-hand 440 kVA Cummins generator was sourced, with the purchase settled subsequent to the half-year end.

External electrical consultants carried out an audit and review of the electrical infrastructure during the half. This resulted in the upgrading of cabling and components being undertaken, with installation of the generator and electrical upgrading works to the processing plant and gold room completed subsequent to the end of the half-year. Additionally, a new, experienced mine electrician commenced employment in November.

Upgraded control components were installed into the Gekko ISP concentrator plant, but following the failure of one PLC, a new PLC was then purchased, installed and successfully tested.

Major parts for all mining plant were purchased and repairs to each item of plant carried out. A new heavy-machinery mechanic was also employed and delivery was taken of the first of three, second-hand Komatsu D85 bulldozers from Hidden Valley mine. A further payment was also made on the new 6 tonne excavator.

In mid-November, the existing Komatsu D65 bulldozer became bogged in Edie Creek, and despite being recovered, the engine suffered significant damage. Some replacement parts have been sourced from old, retired equipment on site, and an insurance claim is currently being processed, with an expectation that the dozer may now be able to be brought back into service reasonably inexpensively.

With the completion of the power upgrade and plant repairs referred to above, we move forward into the second half of the year with increased and more reliable processing capacity which will greatly assist us in meeting our increased mining and processing targets of 40 to 60 tonnes per day.

DIRECTORS' REPORT

Testing and modifications continued on the newly installed mechanical ball mill feeding plant

Corporate

On 4 August 2017 Niuminco Group Limited and two of its subsidiary companies finalised the agreement with Mincor Resources NL to acquire (on a two-year deferred settlement basis) the ordinary shares of its PNG subsidiary, Mincor PNG Ltd (renamed Niuminco EC Ltd) for $150,000. This company owns 17% of the Edie Creek mining leases, thereby giving Niuminco 100% ownership of these assets.

On 31 October 2017, following the closing of its $5.5million IPO in September, TNT Mines Limited ("TNT") repaid Niuminco a loan balance of $775,000. Niuminco retains a 1.3% shareholding in TNT Mines Limited, currently valued at $97,350, which is escrowed for a period of 24 months from the TNT listing date of 3 November 2017.

A one for three, partially underwritten rights issue was concluded in November raising net cash of $236,422 (and a further $510,000 through debt converted to equity) to assist in providing funds to upgrade the Company's mining equipment, accelerate the PNG exploration drilling programs, redeem convertible/redeemable notes, repay creditors/payables and replenish working capital.

At the Annual General Meeting on 28 November 2017 the sitting non-executive Board members, Chairman Professor Ian Plimer and director Mr. Mark Ohlsson, were re-elected and, as a result of a second, consecutive vote against the Remuneration Report, a "spill" resolution was put and passed. A further General Meeting was necessarily called and held on 18 January 2018, at which the two sitting non-executive directors were again re-elected along with one of the three nominees, Mr. Neill Arthur.

DIRECTORS' REPORT

GOING CONCERN

The 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.

During the year, the Group raised $774,552 through capital raisings generating net cash proceeds of $264,552. The Group has incurred a net loss before tax of $803,980 (including non-cash depreciation of $36,346), and total net operating cash outflows of $781,869 for the period ended 31 December 2017 and, as of that date the Group's current liabilities exceeded its current assets by $2,449,010.

Current liabilities at balance sheet date include Directors and Director's related balances amounting to $86,569. 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. At balance date, the Group was in arrears on the payment of the Chattel mortgages, and as a result, the balance of the liability amounting to $390,306 is classified as a current liability. During the year, the Group has not been able to meet its planned production targets at Edie Creek mine of 3 to 5 ounces per day averaging 0.49 ounce per day.

Consistent with the nature of the Group's activities and its ongoing investment of funds into exploration projects, additional funds are likely to be required to continue to support the ongoing operations 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 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 have designed a plan to ensure that the production targets at Edie Creek can be achieved including making additional investments at the mine. The plan anticipates that positive cash flows from Edie Creek mine through gold and silver sales in the order of $250,000 to $300,000 per month will be achieved consistently. This approximates production at a rate of 5 to 6 ounces per day. This level of production is significantly higher than what has been consistently achieved to date. In order to achieve the production rate in the cash flow forecast, the plant needs to be running near capacity.
- 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 increased production from Edie Creek and additional capital raising planned for the period can be achieved, upon finalising access agreements to Edie Creek for third party surveys, drilling and receipt of equipment to allow the increased production to proceed as forecast.
- As noted above, the Directors have confirmed that the repayment of the Directors and Director's related balances amounting to $86,569 will not be called upon in cash while the Group continues to suffer operating losses and does not generate sufficient cash.

If the Directors are unsuccessful in achieving the above plan, alternative measures would be pursued which would include:

- Raising additional equity or debt. The Group has a successful track record over many years of raising new capital from both existing shareholders and strategic investors.
- Curtailing materially, if necessary, 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 sale 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 to realise the funds to enable the Group to continue as a going concern.

DIRECTORS' REPORT

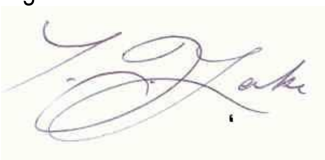
The Directors believe that the Group will be successful in managing the above matters and accordingly, they have prepared the financial report on a going concern basis. At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the interim financial statements at 31 December 2017.

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 DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11 for the half-year ended 31 December 2017.

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



TRACEY J LAKE
MANAGING DIRECTOR

Dated this 16th day of March, 2018

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Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF NIUMINCO GROUP LIMITED

As lead auditor for the review of Niuminco Group Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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.

Gareth Few

Gareth Few

Partner

BDO East Coast Partnership

Sydney, 16 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2017

	NOTE	December 2017 $	December 2016 $
REVENUE			
Gold and silver sales		128,861	316,135
Interest received		--	240
Other income		5,950	5,017
		134,811	321,392
EXPENSES			
Depreciation expense	4	(36,346)	(38,057)
Finance costs		(88,237)	(46,340)
Mining and exploration site costs (Edie Creek)	2	(502,490)	(845,087)
Exploration expensed		(11,436)	(36,998)
Other expenses from ordinary activities		(51,813)	(125,495)
Professional services fees		(268,073)	(222,499)
Travel and accommodation		(37,513)	(18,199)
Fair value gain on derivatives		57,117	--
Loss for the half-year before tax		**(803,980)**	**(1,011,283)**
Income tax benefit		--	--
Loss for the half year		**(803,980)**	**(1,011,283)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in foreign currency translation reserve		624,123	30,080
Unrealised gain on financial assets		34,423	--
Total comprehensive income for the half year		**(145,434)**	**(981,203)**
Loss for the half year is attributable to:			
Owners of Niuminco Group Ltd		(803,980)	(988,701)
Non-controlling interests		--	(22,582)
		(803,980)	**(1,011,283)**
Total comprehensive income for the half year is attributable to:			
Owners of Niuminco Group Ltd		(145,434)	(958,621)
Non-controlling interests		--	(22,582)
		(145,434)	**(981,203)**
Loss per share attributable to the ordinary equity holders of the company		**Cents**	**Cents**
Basic loss per share		(0.04)	(0.06)
Diluted loss per share		(0.04)	(0.06)

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 2017

	NOTE	December 2017 $	June 2017 $
CURRENT ASSETS			
Cash and cash equivalents		526	1,146
Assets held for sale – TNT Mines Ltd		--	691,159
Trade and other receivables		152,598	50,333
Total Current Assets		**153,124**	**742,638**
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	3	3,381,539	3,351,783
Property, plant and equipment	4	676,728	657,230
Financial assets	8	97,350	-
Total Non-Current Assets		**4,155,617**	**4,009,013**
TOTAL ASSETS		**4,308,741**	**4,751,651**
CURRENT LIABILITIES			
Trade and other payables		2,211,828	2,453,818
Interest bearing loans and borrowings		390,306	754,631
Liabilities held for sale – TNT Mines Ltd		--	421,044
Total Current Liabilities		**2,602,134**	**3,629,493**
NON-CURRENT LIABILTIES			
Other liabilities	9	150,000	--
Total Non-Current Liabilities		**150,000**	**--**
TOTAL LIABILTIES		**2,752,134**	**3,629,493**
NET ASSETS		**1,556,607**	**1,122,158**
EQUITY			
Contributed equity	5	46,060,500	45,289,953
Share based payment reserve	6	3,055,802	3,055,802
Foreign currency translation reserve	6	2,747,762	2,123,639
Other reserves		34,423	--
Accumulated losses		(50,341,880)	(49,537,900)
Capital and reserves attributable to owners of Niuminco Group Limited		1,556,607	931,494
Non-controlling interests		--	190,664
TOTAL EQUITY		**1,556,607**	**1,122,158**

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 2017

	Attributable to owners of Niuminco Group Limited							
	Contributed Equity $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Other reserves $	Accumulated Losses $	Total $	Non-Controlling Interests $	Total Equity $
Balance at 1 July 2016								
Loss for the half-year	43,708,862	3,055,802	1,812,320	--	(46,093,880)	2,483,104	230,352	2,713,456
Other comprehensive income for the half-year	--	--	--	--	(988,701)	(988,701)	(22,582)	(1,011,283)
Total comprehensive income for the half-year	--	--	30,080	--	--	30,080	--	30,080
Transactions with owners in their capacity as owners	--	--	30,080	--	(988,701)	(958,621)	(22,582)	(981,203)
Contribution of equity, net of transaction costs	892,198	--	--	--	--	892,198	--	892,198
Balance at 31 December 2016	44,601,060	3,055,802	1,842,400	--	(47,082,581)	2,416,681	207,770	2,624,451
Balance at 1 July 2017	**45,289,953**	**3,055,802**	**2,123,639**	**--**	**(49,537,900)**	**931,494**	**190,664**	**1,122,158**
Loss for the half-year	--	--	--	--	(803,980)	(803,980)	--	(803,980)
Other comprehensive income for the half-year	--	--	624,123	34,423	--	658,546	--	658,546
Total comprehensive income for the half-year	--	--	624,123	34,423	(803,980)	(145,434)	--	(145,434)
Transactions with owners in their capacity as owners								
Contribution of equity, net of transaction costs	770,547	--	--	--	--	770,547	--	770,547
Disposal of non-controlling interest	--	--	--	--	--	--	(190,664)	(190,664)
Balance at 31 December 2017	**46,060,500**	**3,055,802**	**2,747,762**	**34,423**	**(50,341,880)**	**1,556,607**	**--**	**1,556,607**

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 2017

	NOTE	December 2017 $	December 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from gold and silver sales		128,861	316,135
Payments to suppliers and employees (inclusive of GST)		(905,244)	(1,002,038)
Other income received		5,950	5,017
Exploration costs paid		(11,436)	(36,998)
Interest received		-	240
Interest paid		-	(29,422)
Net cash used in operating activities		(781,869)	(747,066)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(23,766)	(64,629)
Payment for exploration and evaluation expenditure		-	(163,285)
Net cash provided used in investing activities		(23,766)	(227,914)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of issue of shares		264,553	960,730
Advances from related party loans		775,000	13,000
Repayments of related party loans		(241,349)	--
Payment of share issue costs		(4,006)	(88,532)
Repayments by staff		--	1,003
Advances from chattel mortgages		--	51,704
Repayment of chattel mortgages		(75,931)	(60,716)
Net cash inflow from financing activities		718,267	877,189
Net decrease increase in cash and cash equivalents		(87,368)	(97,791)
Cash and cash equivalents at the beginning of the period		87,894	124,661
Effect of exchange rate changes		--	11,402
Cash and cash equivalents at end of period		**526**	**38,272**

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 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 2017, 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 2017 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, other than the following accounting policy which has been added in.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at Fair Value Through Profit or Loss
- Held-To-Maturity investments; or
- Available-For-Sale financial assets

All financial assets except for those at Fair Value Through Profit or Loss are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

The Group's financial liabilities include borrowings, trade and other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at financial assets at Fair Value Through Profit or Loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.
All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Going Concern

The 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.

During the year, the Group raised $774,552 through capital raisings generating net cash proceeds of $264,552. The Group has incurred a net loss before tax of $803,980 (including non-cash depreciation of $36,346), and total net operating cash outflows of $781,869 for the period ended 31 December 2017 and, as of that date the Group's current liabilities exceeded its current assets by $2,449,010.

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Consistent with the nature of the Group's activities and its ongoing investment of funds into exploration projects, additional funds are likely to be required to continue to support the ongoing operations 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 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 have designed a plan to ensure that the production targets at Edie Creek can be achieved including making additional investments at the mine. The plan anticipates that positive cash flows from Edie Creek mine through gold and silver sales in the order of $250,000 to $300,000 per month will be achieved consistently. This approximates production at a rate of 5 to 6 ounces per day. This level of production is significantly higher than what has been consistently achieved to date. In order to achieve the production rate in the cash flow forecast, the plant needs to be running near capacity.
- 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 increased production from Edie Creek and additional capital raising planned for the period can be achieved upon finalising access agreements to Edie Creek for third party surveys, drilling and receipt of equipment to allow the increased production to proceed as forecast.
- As noted above, the Directors have confirmed that the repayment of the Directors and Director's related balances amounting to $86,569 will not be called upon in cash while the Group continues to suffer operating losses and does not generate sufficient cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE HALF YEAR FINANCIAL REPORT

(a) Going Concern (continued)

If the Directors are unsuccessful in achieving the above plan, alternative measures would be pursued which would include:

- Raising additional equity or debt. The Group has a successful track record over many years of raising new capital from both existing shareholders and strategic investors.
- Curtailing materially, if necessary, 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 sale 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 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 interim financial statements at 31 December 2017.

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 2017 $	December 2016 $
Other expenses from ordinary activities (related to COGS)	51,813	68,479
Mining and exploration site costs	502,490	845,087
	554,303	**913,566**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. EXPLORATION AND EVALUATION EXPENDITURE

	December 2017 $	June 2017 $
Opening balance	3,351,783	4,961,307
Expenditure incurred during the period	150,000	285,180
Foreign currency translation	(104,638)	(136,069)
Less: reversal of costs previously capitalised	(15,606)	--
Less: reclassified as assets held for sale net of impairment	--	(520,660)
Less impairment	--	(1,237,975)
Closing balance net of impairment	**3,381,539**	3,351,783

4. PROPERTY, PLANT & EQUIPMENT

NON-CURRENT	**Mining equipment & vehicles $**
At 30 June 2017	
Cost or fair value	1,080,138
Accumulated depreciation	(422,908)
Net book amount	657,230
Half Year ended 31 December 2017	
Opening net book amount	657,230
Exchange differences	34,078
Additions	23,766
Disposals	--
Depreciation	(36,346)
Closing net book amount	**676,728**

The chattel mortgages are secured over mining equipment and vehicles with a net book value of $264,660.

5. CONTRIBUTED EQUITY

(a) Share capital

	December 2017 Shares	December 2017 $	June 2017 Shares	June 2017 $
Ordinary shares fully paid	2,218,336,860	46,060,500	1,831,060,440	45,289,963
Total contributed equity	**2,218,336,860**	**46,060,500**	1,831,060,440	45,289,963

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. CONTRIBUTED EQUITY (CONTINUED)

(b) Movements in ordinary share capital

Date	Details	Shares	$
01.07.17	Balance at beginning of period	1,831,060,440	45,289,953
22.11.17	Rights issue for cash	120,213,646	240,427
22.11.17	Rights issue – conversion of debt to equity	254,999,790	510,000
05.12.17	Shortfall placement for cash	12,062,984	24,125
		2,218,336,860	46,064,505
	Less: transaction costs arising on share issues		(4,005)
31.12.17	Balance at end of period	**2,218,336,860**	**46,060,500**

(c) Share options issued

At the reporting date there were 180,000,000 options issued outstanding (June 2017: 180,000,000).

	Grant Date	Expiry Date	Exercise Price	Granted during the Period	Vested and exercisable at the end of the Period
Unlisted options	19/12/16	18/12/18	$0.007	20,000,000	20,000,000
Listed options	19/01/17	31/01/19	$0.007	160,000,000	160,000,000
Weighted average exercise price				*$0.007*	*$0.007*

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.

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 2017 $	December 2016 $
Opening balance	3,055,802	3,055,802
Closing balance	**3,055,802**	3,055,802

(b) Movement in foreign currency translation reserve

	December 2017 $	December 2016 $
Opening balance	2,123,639	1,812,320
Currency translation differences arising during the period	624,123	30,080
Closing balance	**2,747,762**	**1,842,400**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. SEGMENT INFORMATION

The Board of Directors has identified three 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 2017 is as follows:

December 2017	Mining – PNG $	Exploration – PNG $	Exploration – Tasmania $	Total $
Segment revenue	134,811	-	-	134,811
Depreciation	36,346		-	36,346
Exploration expenditure expensed	11,436		-	11,436
Mining production & site costs	502,490		-	502,490
Capitalised exploration	-	-	-	-
Total segment assets	5,266,432	1,319,250	-	6,585,681
Total segment liabilities	2,346,355	2,259,448	-	4,605,803

December 2016	Mining – PNG $	Exploration – PNG $	Exploration – Tasmania $	Total $
Segment revenue	316,135	--	240	316,375
Depreciation	38,057	--	--	38,057
Exploration expenditure written off	36,998	--	--	36,998
Mining production & site costs	845,087	--	--	845,087
Capitalised exploration	--	94,000	69,285	163,285
Total segment assets	3,497,420	1,449,403	1,746,720	6,693,543
Total segment liabilities	16,753,839	2,192,090	1,012,001	19,957,930

b. Reconciliations

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

	December 2017 $	December 2016 $
Total segment revenue	134,811	316,375
Other income received	-	5,017
Total revenue	134,811	321,392

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. SEGMENT INFORMATION (CONTINUED)

b. Reconciliations (continued)

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

	December 2017 $	December 2016 $
Total segment assets	6,585,681	6,693,543
Current cash & receivables of parent entity	19,647	14,925
Intersegment eliminations	(2,296,587)	(713,094)
Total assets as per statement of financial position	4,308,741	5,995,374

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

	December 2017 $	December 2016 $
Total segment liabilities	4,605,803	19,957,930
Intersegment eliminations	(2,296,587)	(17,703,337)
Current liabilities of parent entity	442,918	1,116,330
Total liabilities as per statement of financial position	2,752,134	3,370,923

8. FINANCIAL ASSETS

	December 2017 $	June 2017 $
Investment in TNT Mines Limited	97,350	--
Total financial assets	**97,350**	**--**

The investment in TNT Mines Limited is measured at fair value through profit and loss. This is a Level 1 financial instrument as it has been valued using quoted prices in active markets for identical assets or liabilities.

9. OTHER NON-CURRENT LIABILITIES

	December 2017 $	June 2017 $
Other liabilities	150,000	--
Total other liabilities	**150,000**	**--**

As referred to in the directors' report, the Group executed an agreement to purchase the remaining 17% interest in the Edie Creek mining leases held by their former Joint Venture partner, Mincor PNG Limited. The purchase price was $150,000, payable two years from the completion date in cash or shares, to be determined by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. COMMITMENTS AND CONTINGENT LIABILTIES

(a) Chattel mortgage commitments

The minimum repayments under chattel mortgage arrangements are set out in the following table.

	December 2017 $	June 2017 $
Within 1 year	390,306	248,620
Between 1 and 5 years^	--	216,489
Total future mortgage payments	390,306	465,109
Less: future finance charges	--	(59,081)
Chattel mortgage liability	390,306	406,028
Represented by:		
Current chattel mortgage liability	390,306	406,028
Non-current chattel mortgage liability	--	--
Chattel mortgage liability	390,306	406,028

^As at 31 December 2017, the Group did not have an unconditional right to defer settlement of the chattel mortgages resulting in the balance being classified as current.

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

11. EVENTS SUBSEQUENT TO REPORTING DATE

On 10 January, 2018 the Company issued 5,000,000 fully-paid ordinary shares at $0.002 each to raise $10,000.

On 17 January, 2018 the Company issued 50,000,000 fully-paid ordinary shares at $0.002 each to raise $100,000.

On 18 January, 2018 a General Meeting was held. At this meeting Professor Ian Plimer and Mr. Mark Ohlsson were re-elected as Directors of the Company, and Mr. Neill Arthur was elected as a Director.

In January, settlement of the purchase of a second-hand Cummins 440kVA generator was completed.

On 2 February, 2018 Mr. Mark Ohlsson resigned as a Director.

In February the Cummins generator was delivered to Edie Creek, with installation completed in March along with completion of the upgrading of the power distribution line to the gold room.

On 8 March, 2018 Mr. Neill Arthur resigned as a Director.

On 9 March, 2018 Mr. John Nethery and Mr. Lawrence Chartres were appointed Directors of the Company.

No other matter or circumstance has arisen since 31 December, 2017 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 16 to 23 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 2017 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,

TRACEY J LAKE
MANAGING DIRECTOR

Dated this 16th day of March, 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Niuminco Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Niuminco Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1(a) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 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 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 2017 and its financial 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 the Group, 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*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO
Gareth Few

Gareth Few
Partner

Sydney, 16 March 2018