



NIUMINCO GROUP LIMITED
And Controlled Entities
ABN 44 009 163 919

2018 ANNUAL REPORT

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Niuminco Group Limited
Corporate directory
30 June 2018

DIRECTORS:	Mr Tracey Lake (Managing Director) Prof Ian Plimer (Chairman) Mr John Nethery (appointed 9 March 2018) Mr Lawrence Chartres (appointed 9 March 2018) Mr Mark Ohlsson (resigned 2 February 2018) Mr Neill Arthur (appointed 18 January, resigned 8 March 2018)
SECRETARY:	Mr Tracey Lake
REGISTERED AND PRINCIPAL OFFICE:	Suite 50, 14 Narabang Way Belrose, NSW 2085 Telephone: (02) 9450 0828 Facsimile: (02) 9450 0877
SHARE REGISTRAR:	Security Transfer Australia Pty Ltd PO Box 52 Collins Street West VIC 8007 Telephone: 1300 992 916
HOME EXCHANGE:	Australian Securities Exchange (Sydney) Limited ASX Code: NIU The company's shares are also listed on the Port Moresby Stock Exchange Ltd (POMSoX Code:NIU)
AUDITORS:	BDO East Coast Partnership Level 11, 1 Margaret Street Sydney NSW 2000
BANKERS:	National Australia Bank Cnr Florence & Hunter Street Hornsby NSW 2077
WEBSITE ADDRESS:	www.niuminco.com.au

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

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

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

The financial statements were authorised for issue by the directors on 6 October 2018. The directors have the power to amend and reissue the financial statements.

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

Niuminco Group Limited

Directors' Report

30 June 2018

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Niuminco Group Limited (referred to hereafter as the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2018.

DIRECTORS

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

Mr Tracey Lake – Managing Director

Appointed 1 May 2012

Mr Lake holds a Bachelor of Commerce degree (Major – Accounting & Finance) from the University of NSW. He has held the position of Chief Executive Officer and been a principal shareholder in both private and public companies, and has over 40 years' business experience in a number of industries.

Professor Ian Plimer – Chairman

Appointed 9 May 2011, appointed Chairman 26 November 2015

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

Professor Plimer's main geological interests are in ore deposits in base metal deposits (particularly in Broken Hill) and epithermal precious metals. He serves on the Boards of listed companies Silver City Minerals Ltd [ASX: SCI; 21st Feb. 2011-present]; Kefi Minerals Ltd (AIM: KEFI); (Nov. 2006-present); Lakes Oil NL [ASX: LKO], (27th January 2013 – present), Sun Resources NL (23th September 2014 –May 2016) and unlisted companies Hancock Prospecting companies [Roy Hill Holdings Pty Ltd, Hope Downs Iron Ore Pty Ltd, Queensland Coal Investments Pty Ltd] and TNT Mines Ltd. He was on the Boards of CBH Resources Ltd (1998-2010), Ormil Energy Ltd (2010-2012) and Inova Resources Ltd (2007-2013).

Mr John Nethery -- Non-Executive Director

Appointed 9 March 2018

Mr John Nethery (BSc., Dip. Ed., FAusIMM (CP), FAIG, FSEG, MGSA) who has acted as an independent geological consultant to the Niuminco Group since 2012, is a highly regarded geologist with over 50 year's world-wide experience, and who has had an association with Papua New Guinea since the 1970's.

Mr Nethery was a founding Director of Queensland Gold and Minerals Limited and General Manager Minerals of AOG Minerals Limited.

Mr Lawrence Chartres – Non-Executive Director

Appointed 9 March 2018

Mr Lawrence Chartres (B Comm.), who qualified as a Chartered Accountant in 1978, has held positions as a Senior professional accountant in a top-tier accounting firm, including four years full time in Papua New Guinea, and as a Company Secretary and Director in listed public and private companies over the past 40 years. Mr Chartres speaks fluent Pidgin English, and brings extensive commercial experience to the Company.

Mr Neill Arthur – Non-Executive Director

Appointed 18 January 2018 - Resigned 8 March 2018.

Chairman of Arthur Management Services Pty Ltd and non-executive director of Australian Metals Group Limited. Mr Arthur is a former Managing Director of Aulron Energy Limited, an ASX S&P 200, UK and German listed public company involved in gold, iron ore (in South Australia), base metals and coal exploration, power and mining development projects

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in Australia, EU, North America and Asia. Mr Arthur has been Chairman and/or a director of listed and unlisted public companies in Australia and overseas with over four decades of experience, and was a Director of The Australasian Institute of Mining and Metallurgy from 2004 to 2010.

Mr Mark Ohlsson – Executive Director

Appointed 13 February 2017 – Resigned 2 February 2018

Mark Ohlsson has been involved in business management and the venture capital industry for more than 35 years. His particular expertise is in assessing venture capital and business proposals, all aspects of contractual negotiations together with finance and management reporting requirements. His experience spans a wide range of industries and activities which includes a number of appointments as Company Secretary of ASX listed companies. He is a Fellow of CPA Australia and a Registered Tax Agent.

Directorships of other listed companies during the past 3 years

Name	Company	Commenced	Ceased
Prof I Plimer	Kefi Minerals plc	November 2006	November 2017
	Silver City Minerals Ltd	21 February 2011	November 2017
	Lakes Oil NL	27 January 2013	-
	Sun Resources NL	23 September 2013	May 2016

Directors' interest in shares and options

At the date of this report, the interests of the directors in the shares and options of Niuminco Group Limited are:

Name	Number of fully paid ordinary shares	Number of options over ordinary shares
Mr T Lake		--
Indirect – Goward Pty Ltd	395,082,514	
Direct	732,844	
Mr I Plimer		--
Indirect – Inkex Pty Ltd	113,234,123	
Direct	1,944,445	
Mr J Nethery		--
Indirect – Nedex Pty Ltd	1,044,045	
Direct	--	
Mr L Chartres		--
Indirect	--	
Direct	--	

COMPANY SECRETARY

At the end of the financial year, Mr Tracey Lake held the position of Company Secretary. Mr Ohlsson was appointed Company Secretary on 9 May 2011 and resigned on 29 June 2018.

PRINCIPAL ACTIVITIES

Niuminco Group Limited, through its subsidiaries, holds prospective exploration areas and mining leases in Papua New Guinea. These include an exploration licence at May River and mining leases at Edie Creek. During the year the Group also held exploration licences in PNG and listed its formerly controlled entity, TNT Mines Limited (TNT), on the Australian Securities Exchange, in which it has retained a 1.3% shareholding.

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OPERATING RESULTS

For the financial year ending 30 June 2018, the consolidated loss of the Group after income tax amounted to \$3,341,340 (2017: \$3,483,708) which includes non-cash expenses of depreciation of \$94,693, impairment of plant of \$48,178 and write-off of exploration licences of \$1,513,234, on gold and silver sales of \$219,221 (2017: \$695,143) and other cash revenue of \$6,001 (2017: \$7,940).

DIVIDENDS PAID OR RECOMMENDED

The Directors have not recommended a final dividend for the 2018 financial year (2017: \$nil).

CORPORATE GOVERNANCE

The Company's Corporate Governance Report can be found at www.niuminco.com.au

REVIEW OF OPERATIONS

Exploration & evaluation

Edie Creek

Geological field work was carried out in a number of areas within the mining leases including the Surmans, Enterprise-Karuka, Ingopae and main Edie Lode vein systems.

May River & Bolobip

Planning and preparation was undertaken for the May River and Bolobip exploration drilling programs. This included finalizing the May River and Bolobip drill-hole plans, airstrip runway works, camp repair works, transportation of a drilling rig and equipment to Kiunga, and the purchase of drilling consumables and ancillary equipment.

A new exploration licence, EL 2527, was granted at May River, and subsequent to year-end renewal applications for EL 1441 at May River and EL 1438 at Bolobip, were refused. EL 2527 at May River includes the exciting Iku Hill prospect.

Edie Creek Mine

Mining and Production

Production for the period 1 July 2017 to 30 June 2018 was 4291.4 grams (137.9 ounces) of gold and 3851.6 grams (123.8 ounces) of silver for total net sales of AUD\$219,221.

A total of 625.3 wet tonnes of ore was processed at an average grade of 6.9 grams per processed tonne of ore.

In what was a difficult year for operations, both the grade and quantity of ore mined and processed was negatively impacted by a number of factors. These factors, which have been outlined in detail in each of the 2017-18 year's Quarterly Activities Reports, included major power problems (rectified in March this year), significant damage to the then only bulldozer and major mechanical mobile mining equipment problems for extended periods during the year.

On the positive side, significant additions to, and major upgrading of, the mine's processing plant and mining fleet undertaken during the year has resulted in significant increases in the Company's mining and processing capacity, as evidenced by the volumes in the past two months. This increased mining and processing capacity is now delivering daily processing through-put capacity in the targeted range of 40-60 tonnes per day in a single 11-hour shift.

At current gold prices and exchange rates the current operating cost break-even production level at Edie Creek is approximately 2,500 grams (78 ounces) of gold per month.

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Corporate

\$644,552 cash was raised during the year through a partially underwritten rights issue in November 2017 and share placements during the second half of the financial year. In addition, a total of \$516,000 debt was converted to equity during the year at \$0.002 per share, raising a total of \$1,160,552 for the year.

In November 2017 TNT Mines Limited was listed on the ASX. Niuminco Group Limited was repaid loans of \$775,000 from the float proceeds and retained a 1.3% shareholding valued at \$79,669.

The attached financial report for the year ended 30 June 2018 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.

GOING CONCERN

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

During the year, the Group raised \$644,552 cash and \$516,000 in debt converted to equity through capital raisings generating total proceeds of \$1,160,552. In addition the Group floated TNT Mines Limited which resulted in Niuminco being repaid loans of \$775,000 whilst retaining a shareholding valued at \$79,669. The Group has incurred a net loss before tax of \$3,341,340 (including non-cash items of depreciation of \$94,693 and write-off of exploration licences of \$1,513,234) and total net operating cash outflows of \$866,246 for the year ended 30 June 2018 and, as of that date the Group's liabilities exceeded its assets by \$442,443.

Subsequent to 30 June the Group has raised \$537,000 through a rights issue and share placements, of which \$333,000 was cash and \$204,000 debt converted to equity

Current liabilities at balance sheet date include Directors and Director's related balances amounting to \$275,755. The Directors converted \$177,000 of these debts to equity in a rights issue in July 2018 and have confirmed that the repayment of any outstanding amounts in cash will not be called upon while the Group continues to suffer operating losses and does not generate sufficient cash. The remaining current liability balance amounting to \$2,540,162 represents trade creditors and payroll liabilities the majority of which at balance sheet date were not within their normal credit terms. These current liabilities have been reduced subsequent to year end from the capital raisings.

During the year, the Group did not meet its planned production targets at Edie Creek mine of 3 to 5 ounces per day for the reasons outlined in the Quarterly Activities Reports and Review of Operations.

Consistent with the nature of the Group's activities and its ongoing investment of funds into mining and exploration projects, additional funds are likely to be required to continue to support the operational efforts of the group.

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

At the date of this report, the Directors are of the opinion that there are reasonable grounds to expect that the Group's operational and financial performance will continue to improve and will be able to continue as a going concern. It is noted that \$537,000 has been received since 30 June, 2018 from a rights issue and share placements, and production and sales volumes at Edie Creek have increased significantly since 1 August, 2018. As such the financial report is prepared on a going concern basis. In arriving at this conclusion, the Directors considered that:

- The Directors have implemented a plan to ensure that the production targets at Edie Creek can be achieved including making additional investment. The plan anticipates positive cash flows from Edie Creek mine through gold and silver sales. This level of production is significantly higher than achieved in the year ending 30 June, 2018.

Niuminco Group Limited

Directors' Report

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- The Directors believe that a consistent production rate is now capable of being achieved as a result of the upgrades to both the processing plant and mining fleet completed over the past 12 months at Edie Creek.
- 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 enables creditors to return to normal payment terms.
- As noted above, the Directors have confirmed that the repayment of the Directors and Director's related balances amounting to \$275,755 at 30 June, 2018 (but subsequently reduced to \$99,000) 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, or additional funds are required, 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 further reducing the amounts to be paid to Directors for the next financial year's fees and temporarily reducing the exploration spend.
- The sales of assets, or entering into farm-in agreements with another party. While it is not their preferred option the Directors believe that, should it be necessary, that certain assets could be sold 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 30 June 2018.

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.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

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Directors' Report

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AFTER BALANCE DATE EVENTS

In July 2018 the Company completed a partially underwritten non-renounceable rights issue which raised a total of \$309,937, of which \$133,116 was in cash and \$176,821 of debt converted to equity.

On 9 August, 2018 the Company placed 8,855,152 shares which converted \$17,000 of debt to equity and 355,152 shares for \$710 cash.

On 2 September, 2018 the Company was notified that the applications which had been lodged in September, 2017 for extensions of terms for a further two years for May River (EL 1441) and Bolobip (EL 1438) exploration licences, had been refused. As a result of this the carrying value of these assets has been written-off in these accounts as at 30 June, 2018.

On 6 September 2018 the Company placed 80,000,000 shares to raise \$100,000 cash, and placed 5,000,000 shares to convert \$10,000 of debt to equity.

On 2 October 2018 the Company placed 50,000,000 shares to raise \$100,000 cash.

No other matter or circumstance has arisen since 30 June 2018 which significantly affected or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group intends to advance its exploration program at May River in coming months. The Group also intends to continue to increase the mining and gold/silver production at the Edie Creek mining leases and continue the drilling programs at Edie Creek. The Group plans to maintain the recently achieved increases in mining and processing volumes at the current capacity of 40-60 tonnes per day.

To assist in achieving this, the acquisition of an additional excavator, a second cyclone, new pumps, a 30tonne articulated truck and some other mobile mining equipment is planned.

MINERAL RESOURCE & ORE RESOURCE GOVERNANCE

Resources and Reserves are estimated by suitably qualified personnel in accordance with the requirements of the JORC Code, industry standard techniques and internal guidelines. There is a focus on quality assurance and quality control protocols covering all aspects of the work process.

All Resource estimates and supporting documentation are reviewed by external consultants, the Company's Competent Person and internal management and where changes occur a suitable review is carried out.

The objective of the process is to promote the maximum conversion of identified mineralisation into JORC compliant Mineral Resources.

Niuminco Group Limited Directors' Report 30 June 2018

Schedule of Tenements as at 30 June, 2018

Permit Type	Permit Number	Location	Held Via	Beneficial %	Agreement Type
NIUMINCO GROUP LIMITED – PAPUA NEW GUINEA ASSETS					
Exploration licence	EL 1438*	Bolobip	Niuminco (ND) Limited	100	
Exploration licence	EL 2527	May River	Niuminco (ND) Limited	100	
Exploration licence	EL 1441*	May River	Niuminco (ND) Limited	100	
Mining lease	ML 144	Edie Creek	Niuminco Edie Creek Limited Niuminco EC Ltd	83 17	
Mining lease	ML 380	Edie Creek	Niuminco Edie Creek Limited Niuminco EC Ltd	83 17	
Mining lease	ML 384-392	Edie Creek	Niuminco Edie Creek Limited Niuminco EC Ltd	83 17	
Mining lease	ML 402-410	Edie Creek	Niuminco Edie Creek Limited Niuminco EC Ltd	83 17	
Mining lease	ML 444-446	Edie Creek	Niuminco Edie Creek Limited Niuminco EC Ltd	83 17	
Mining lease	ML 462	Edie Creek	Niuminco Edie Creek Limited Niuminco EC Ltd	83 17	

*Subsequent to year-end on 28 August, 2018 consent for renewal of these ELs was refused.

UNISSUED SHARES UNDER OPTION

Niuminco Group Limited has 20,000,000 unlisted and 160,000,000 ASX listed share options, exercisable at \$0.007 per share on or before January, 2019, on issue at the date of this report.

REMUNERATION REPORT (AUDITED)

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

Niuminco Group Limited

Directors' Report

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

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

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

Remuneration policy

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

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

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

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

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

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

Executives

- The adoption of a balance between fixed and incentive salary linking rewards with Company and executive performance but only when the industry and shareholder returns are at a more consistent and higher level.
- Consideration of relativities with other similar sized businesses.
- Reflect the nature of the business and the role expected of the individual.
- Consider both the Group and the individual's legal obligations.
- Consider whether the Group and the individual meets expected and budgeted targets.
- Consider whether equity-based performance benefits are appropriate.
- Executives are paid according to market and experience.

Non-Executives

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

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Performance-based remuneration

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

Incentive Plans

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

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

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

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

Key management personnel

- Tracey Lake	Managing Director	Appointed 1 May 2012
- Ian Plimer	Director – Non Executive	Appointed 9 May 2011
-John Nethery	Director -- Non Executive	Appointed 9 March 2018
-Lawrence Chartres	Director – Non Executive	Appointed 9 March 2018
- Mark Ohlsson	Director - Executive	Resigned 2 February 2018
	Secretary	Resigned 29 June 2018
-Neill Arthur	Director – Non Executive	Appointed 18 January 2018 Resigned 8 March 2018

Details of remuneration for the year ended 30 June 2018 and 30 June 2017

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

2018	Short Term Benefits Salary, fees & commissions \$	Post-Employment Benefits Superannuation contributions \$	Termination benefits \$	Share Based Payments Options \$	Total \$
Executive					
T Lake*	250,000	--	--	--	250,000
M Ohlsson**	--	--	--	--	--
Non executives					
I Plimer***	30,000	--	--	--	30,000
J Nethery	8,000	--	--	--	8,000
L Chartres	8,000	--	--	--	8,000
N Arthur	--	--	--	--	--
	296,000	--	--	--	296,000

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* During the year, Goward Pty Ltd (a company related to Tracey Lake) accrued fees of \$250,000 per annum and converted \$300,000 of accrued fees and loans to equity at \$0.002 per share.

** M Ohlsson received no remuneration in his capacity as director, but accrued fees of \$36,000 per annum for his services as Company Secretary. During the year Danbury Capital Corporation Pty Ltd (a company related to Mark Ohlsson) and Mark Ohlsson converted \$80,000 of accrued fees and loans to equity at \$0.002 per share.

*** During the year, Inkex Pty Ltd, (a company related to Ian Plimer) and Ian Plimer converted \$90,000 of accrued fees and loans to equity at \$0.002 per share. Ian Plimer accrued fees of \$30,000 per annum during the year.

Details of remuneration for the year ended 30 June 2018 and 30 June 2017 (continued)

2017	Short Term Benefits Salary, fees & commissions \$	Post-Employment Benefits Superannuation contributions \$	Termination benefits \$	Share Based Payments Options \$	Total \$
Executive					
T Lake	270,000	--	--	--	270,000
M Ohlsson*	--	--	--	--	--
Non executives					
I Plimer**	36,000	--	--	--	36,000
M Roberts***	29,167	--	--	--	29,167
N Arthur***	29,167	--	--	--	29,167
A Drummond****	--	--	--	--	--
	364,334	--	--	--	364,334

* M Ohlsson received no remuneration in his capacity as director, but accrues fees of \$36,000 per annum for his services as Company Secretary.

** During the year, Inkex Pty Ltd, (a company related to Ian Plimer) converted \$70,000 of fees accrued to equity at \$0.0056 per share.

*** M Roberts and N Arthur resigned as directors on 14 February 2017.

**** A Drummond resigned as director of TNT Mines Limited on 29 June 2017 and received no remuneration during 2017.

Interests in the shares and options of the Company

i. Options provided as remuneration and shares issued on exercise of such options
There are no options outstanding to key management personnel.

ii. Option holdings

No options over ordinary shares in the Company were held by or issued to directors of Niuminco Group Limited and other key management personnel of the Group, including their personally related parties during 2018 or the prior year.

iii. Shareholdings

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

Niuminco Group Limited
Directors' Report
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2018	Balance at start of the year	Received as remuneration	Issued on conversion of debt to equity***	Shares purchased or sold	Other Change	Balance at end of the year
I Plimer	50,178,572	--	45,000,000		--	95,178,572
T Lake	175,815,362	--	150,000,000	--	--	325,815,362
N Arthur*	--	--	--	--	--	--
M Ohlsson**	3,838,157	--	40,000,000	(38,499,265)	--	5,338,892
	<u>229,832,091</u>	<u>--</u>	<u>235,000,000</u>	<u>(38,499,265)</u>	<u>--</u>	<u>426,332,826</u>

* N Arthur was appointed a director on 18 January 2018 and resigned as a director on 8 March 2018

** M Ohlsson resigned as a director on 2 February 2018

*** Refer to table on Page 11 for basis of conversion

Employment contracts of directors and senior executives

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

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

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

Mr Tracey Lake as Managing Director provides his services in this position under a consultancy agreement with Goward Pty Limited. His agreement was varied on 1 July, 2015 to a monthly payment of \$25,000 with an expiry date of 30 June, 2018 with 9 months' notice of early termination. Tracey Lake voluntarily reduced his monthly fees to \$16,667 for a 12 month period from 1 January to 31 December, 2018. Professor Ian Plimer voluntarily reduced his monthly fees to \$2000 for a 12 month period from 1 January to 31 December, 2018.

Transactions with related parties

On 22 November 2017, pursuant to rights issue Mark Ohlsson and Danbury Capital Corporation Pty Ltd, a related entity to Mark Ohlsson, took up 40,000,000 shares at \$0.002 per share in the rights issue to convert \$80,000 of debt to equity.

The total fees paid, or payable, to Mark Ohlsson for his services as Company Secretary during the year is \$36,000. Refer to note 14e below for the balance of fees payable to Mark Ohlsson at 30 June 2018.

On 22 November 2017 pursuant to a rights issue, 45,000,000 shares were issued to Ian Plimer and Inkex Pty Limited, a related entity of Ian Plimer at \$0.002 per share to convert \$90,000 of debt to equity.

Niuminco Group Limited

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30 June 2018

During the year Ian Plimer advanced \$49,800 to the Company, these advances are on a short term basis, are unsecured and no interest is payable. Refer note 14f. for loans outstanding at year end.

The total fees paid, or payable, to Ian Plimer for his services as Chairman during the year is \$30,000. Refer to note 14e below for the balance of fees payable to Ian Plimer at 30 June 2018.

On 22 November 2017, pursuant to a rights issue, 150,000,000 shares were issued to Tracey Lake and Goward Pty Limited, a related entity of Tracey Lake at \$0.002 per share to convert \$300,000 of accrued fees and loans to equity.

The total fees paid, or payable, to Tracey Lake for his services as Director during the year is \$250,000. Refer to notes 14e and 14f below for the balance of fees and loans payable to Tracey Lake/ Goward Pty Ltd at 30 June 2018.

At 30 June 2018 a balance of \$1,133 was outstanding to Fiona Russell a related party of Tracey Lake, for book-keeping services. This amount has been repaid subsequent to year end.

During the year the Company repaid a Redeemable Convertible Note facility with Goward Pty Ltd, a company related to Tracey Lake, for a principal amount of \$50,000, by Goward converting the Note to equity pursuant to a rights issue. This forms part of the \$300,000 referred to above.

The total fees paid, or payable, to Neill Arthur for his services as Director during the year was nil. Refer to note 14e below for the balance of fees (nil) payable to Neill Arthur at 30 June 2018

Outstanding balances arising from sales/purchases of goods and services

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

	2018	2017
	\$	\$
<i>Related to Mr Lake</i>		
Goward Pty Ltd	146,812	203,127
Tracey J Lake	--	780
Fiona Russell	1,133	19,734
<i>Related to Mr Arthur*</i>		
Arthur Management Services	--	64,167
<i>Related to Prof Plimer</i>		
The Plimer Trust	--	24,000
Ian Plimer	18,000	5,686
<i>Related to Mr Ohlsson</i>		
Ohlsson & Johnson Pty Ltd	23,825	64,997
<i>Related to Mr Nethery</i>		
Nedex Pty Ltd	8,000	--
Mr Chartres	8,000	--
	205,770	416,924

* Neill Arthur was appointed a director on 18 January, 2018 and resigned as a director on 8 March 2018.

Niuminco Group Limited

Directors' Report

30 June 2018

Loans from related parties

	2018 \$	2017 \$
<i>Related to Mr Lake</i>		
Goward Pty Ltd	31,630	63,630
<i>Related to Mr Arthur</i>		
Australian Metals Group Limited	--	232,856
<i>Related to Prof Plimer</i>		
Inkex Pty Ltd	38,355	32,000
<i>Related to Mr Ohlsson</i>		
Mark Ohlsson	--	6,360
	69,985	334,846

Key management personnel compensation

	2018 \$	2017 \$
Short-term employee benefits	296,000	364,334
	296,000	364,334

This is the end of the Audited Remuneration Report

MEETINGS OF DIRECTORS

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

	Number attended	Number eligible to attend
Tracey Lake	5	5
Ian Plimer	5	5
Neil Arthur	1	1
Mark Ohlsson	3	3

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

	Number attended	Number eligible to attend
Ian Plimer	0	1

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

INDEMNITY AND INSURANCE OF DIRECTORS

The Company has not, during or since the financial year, indemnified or agreed to indemnify the directors of the Company or any related entity against a liability incurred by the directors.

ENVIRONMENTAL

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

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

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Niuminco Group Limited

Directors' Report

30 June 2018

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

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

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

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under s307C of the Corporations Act 2001 for the year ended 30 June 2018 has been received and can be found on page 15.

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



Tracey Lake

Managing Director

Dated this 6th day of October, 2018

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

As lead auditor of Niuminco Group Limited for the year ended 30 June 2018, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



Gareth Few
Partner

BDO East Coast Partnership

Sydney, 06 October 2018

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Niuminco Group Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2018

Revenue	Note	2018 \$	2017 \$
Net proceeds of gold & silver sales	2	219,221	695,143
Net gain on sale of fixed assets		6,001	7,484
Finance income		--	456
Other income:			
Reversal of Derivative on Convertible Notes		57,117	--
Foreign Currency Gain		1,680	--
Write off creditors		--	60,034
Refunds		--	5,011
		284,019	768,128
Expenses			
Direct mining costs	3	(1,144,423)	(1,552,519)
Depreciation & amortisation expense	8	(94,693)	(81,300)
Finance costs		(82,510)	(91,860)
Impairment of investment in TNT Mines Ltd		--	(317,677)
Deemed loss on disposal of TNT Mines Ltd		--	(1,232,250)
Impairment/write-off of exploration costs	7	(1,513,234)	(5,725)
Impairment of plant & equipment	8	(48,178)	--
Exploration costs		(22,674)	(53,283)
Other expenses from ordinary activities		(203,779)	(439,856)
Professional services fees		(484,110)	(443,837)
Travel & accommodation		(31,758)	(33,529)
Net loss before tax		(3,341,340)	(3,483,708)
Income tax benefit	4	--	--
Net loss for the year		(3,341,340)	(3,483,708)
<i>Other comprehensive income/(loss)</i>			
<i>Items that may be re-classified to profit or loss</i>			
Changes in foreign currency translation reserve	14	816,024	311,319
Changes in financial asset reserve		16,742	--
Total comprehensive income for the year		(2,508,576)	(3,172,389)
<i>Loss for the year is attributable to:</i>			
Owners of Niuminco Group Limited		(3,341,340)	(3,444,020)
Non-controlling interests		--	(39,688)
<i>Total comprehensive income for the year is attributable to:</i>			
Owners of Niuminco Group Limited		(2,508,574)	(3,132,701)
Non-controlling interests		--	(39,688)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the Niuminco Group Limited			
Basic loss per share	22	0.16	0.21
Diluted loss per share	22	0.16	0.21

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

Niuminco Group Limited
Consolidated statement of financial position
As at 30 June 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	5	4,670	1,146
Trade and other receivables	6	54,019	50,333
Total Current Assets		<u>58,689</u>	<u>51,479</u>
NON-CURRENT ASSETS			
Exploration & evaluation expenditure	7	2,192,695	3,351,783
Property, plant & equipment	8	730,052	657,230
Assets held for sale – TNT Mines Ltd	9	--	691,159
Other non-current assets	10	79,669	--
Total Non-Current Assets		<u>3,002,416</u>	<u>4,700,172</u>
TOTAL ASSETS		<u>3,061,105</u>	<u>4,751,651</u>
CURRENT LIABILITIES			
Interest bearing loans & borrowings	11	226,238	754,631
Trade & other payables	12	2,815,917	2,453,818
Liabilities held for sale – TNT Mines Ltd		--	421,044
Total Current Liabilities		<u>3,042,155</u>	<u>3,629,493</u>
NON-CURRENT LIABILITIES			
Interest bearing loans & borrowings	11	237,236	--
Other payables	12	224,157	--
		<u>461,393</u>	<u>--</u>
TOTAL LIABILITIES		<u>3,503,548</u>	<u>3,629,493</u>
NET ASSETS		<u>(442,443)</u>	<u>1,122,158</u>
EQUITY			
Contributed equity	13	46,424,590	45,289,953
Share based payment reserve	14	3,055,802	3,055,802
Foreign currency translation reserve	14	2,939,663	2,123,639
Other reserve	14	16,742	--
Accumulated losses	14	(52,879,240)	(49,537,900)
Capital & reserves attributable to owners of Niuminco Group Limited		(442,443)	931,494
Non-controlling interests		--	190,664
TOTAL EQUITY		<u>(442,443)</u>	<u>1,122,158</u>

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

Niuminco Group Limited
Consolidated statement of changes in equity
For the year ended 30 June 2018

	Attributable to members of Niuminco Group Limited						Non-controlling interests	Total Equity
	Contributed equity	Share based payment reserve	Foreign currency translation reserve	Other reserves	Accumulated Losses	Total		
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2016	43,708,862	3,055,802	1,812,320	--	(46,093,880)	2,483,104	230,352	2,713,456
Loss for the year	--	--	--	--	(3,444,020)	(3,444,020)	(39,688)	(3,483,708)
Other comprehensive income for the year	--	--	311,319	--	--	311,319	--	311,319
Total comprehensive income for the year	--	--	311,319	--	(3,444,020)	(3,132,701)	(39,688)	(3,172,389)
Transactions with owners in their capacity as owners								
Issued capital, net of transaction costs	1,581,091	--	--	--	--	1,581,091	--	1,581,091
Balance at 30 June 2017	45,289,953	3,055,802	2,123,639	--	(49,537,900)	931,494	190,664	1,122,158
Loss for the year	--	--	--	--	(3,341,340)	(3,341,340)	--	(3,341,340)
Other comprehensive income for the year	--	--	816,024	16,742	--	832,766	--	832,766
Total comprehensive income for the year	--	--	816,024	16,742	(3,341,340)	(2,508,574)	--	(2,508,576)
Transactions with owners in their capacity as owners								
Issued capital, net of transaction costs	1,134,637	--	--	--	--	1,134,637	--	1,134,637
Disposal of non-controlling interest	--	--	--	--	--	--	(190,664)	(190,664)
Balance at 30 June 2018	46,424,590	3,055,802	2,939,663	16,742	(52,879,240)	(442,443)	--	(442,443)

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

Niuminco Group Limited
Consolidated statement of cash flows
30 June 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from gold & silver sales		219,221	695,143
Other receipts – bond refunds		--	5,011
Payments to suppliers & employees (inclusive of GST)		(317,001)	(243,567)
Costs of sales of gold and silver		(827,427)	(1,552,519)
Interest received		--	456
Interest paid		(82,510)	(59,448)
Net cash used in operating activities	21(b)	<u>(866,246)</u>	<u>(1,154,924)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant & equipment		6,001	14,616
Payment for property, plant & equipment		(206,041)	(110,176)
Payment for exploration & evaluation expenditure		(154,302)	(285,180)
Net cash used in investing activities		<u>(354,342)</u>	<u>(380,740)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of issue of shares	13	644,552	1,560,820
Payment of share issue costs		(25,915)	(169,729)
Proceeds of convertible notes		--	150,000
Repayment of convertible notes		(291,486)	--
Repayment by TNT Mines Ltd		775,000	--
Advances from related parties		49,800	33,360
Repayments to related parties		(34,972)	--
Advances to staff		(14,534)	--
Repayments by staff		--	7,168
Advances from chattel mortgages		123,959	51,650
Repayment of chattel mortgages		--	(130,132)
Net cash provided by financing activities		<u>1,226,404</u>	<u>1,503,137</u>
Net (decrease)/increase in cash & cash equivalents		<u>5,816</u>	<u>(32,527)</u>
Cash & cash equivalents at the beginning of the year		87,894	124,661
Cash disposed with TNT		(86,748)	--
Effect of exchange rate changes		(2,292)	(4,240)
Cash & cash equivalents at the end of the year	5, 21(a)	<u>4,670</u>	<u>87,894</u>

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

Niuminco Group Limited
Notes to the consolidated financial statements
30 June 2018

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Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2018

This annual report is for Niuminco Group Limited (“the Company”) and its controlled entities (together “the Group”) in respect of the full year reporting period ended 30 June 2018.

The financial statements were authorised for issue by the directors on 6 October 2018. The directors have the power to amend and reissue the financial statements.

This year’s financial report is re-ordered and re-written to aid improvement in communication. The flow of information is grouped as follows:

- Critical accounting judgements, estimates and assumptions – Note 1;
- Key financial performance of the Group – Notes 2 to 12;
- Additional information and disclosures required by Accounting Standards – Notes 13 to 25

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if:

- The amount is significant because of its size or nature;
- It is important for understanding the results of the Group or changes in the Group’s business; and
- It relates to an aspect of the Group’s operations that is important to its future operations.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

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

i. Compliance with IFRS

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

ii. Historical cost convention

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

iii. Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. In particular, information about significant areas of estimation, uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include the following:

Estimated impairment of property, plant and equipment

The Group’s assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy stated in note 8 of the financial statements. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Capitalised exploration and evaluation expenditure

Certain exploration and evaluation expenditure is capitalised where it is considered likely that the expenditure will be recovered by future exploitation or sale, or where activities have not reached a stage which permits a reasonable

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2018

assessment of the existence of commercially recoverable reserves. This process necessarily requires management to make certain estimates and assumptions as to future events and circumstances, including estimates and assumptions regarding future commodity prices and level of demand for those commodities and cost of production, which will affect whether economically viable extraction operations can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy it is concluded unlikely that the expenditure will be recovered by future exploitation or sale, the relevant amount capitalised is written off in the statement of comprehensive income. Further information is provided in note 7 of the financial statements.

b. Going concern

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

During the year, the Group raised \$644,552 cash and \$516,000 in debt converted to equity through capital raisings generating total net proceeds of \$1,160,552. In addition the Group floated TNT Mines Limited which resulted in Niuminco being repaid loans of \$775,000 whilst retaining a shareholding valued at \$79,669. The Group has incurred a net loss before tax of \$3,341,340 (including non-cash items of depreciation of \$94,693, impairment of assets \$48,178 and write-off of exploration licences of \$1,513,234) and total net operating cash outflows of \$866,246 for the year ended 30 June 2018 and, as of that date the Group's liabilities exceeded its assets by \$442,443.

Subsequent to 30 June the Group has raised \$537,000 through a rights issue and share placements, of which \$333,000 was cash and \$204,000 debt converted to equity

Current liabilities at balance sheet date include Directors and Director's related balances amounting to \$275,755. The Directors converted \$177,000 of these debts to equity in a rights issue in July 2018 and have confirmed that the repayment of any outstanding amounts in cash will not be called upon while the Group continues to suffer operating losses and does not generate sufficient cash. The remaining current liability balance amounting to \$2,540,162 represents trade creditors and payroll liabilities the majority of which at balance sheet date were not within their normal credit terms. These current liabilities have been reduced subsequent to year end from the capital raisings.

During the year, the Group did not meet its planned production targets at Edie Creek mine of 3 to 5 ounces per day for the reasons outlined in the Quarterly Activities Reports and Review of Operations.

Consistent with the nature of the Group's activities and its ongoing investment of funds into mining and exploration projects, additional funds are likely to be required to continue to support the operational efforts of the group.

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

At the date of this report, the Directors are of the opinion that there are reasonable grounds to expect that the Group's operational and financial performance will continue to improve and will be able to continue as a going concern. It is noted that \$537,000 has been received since 30 June, 2018 from a rights issue and share placements, and production and sales volumes at Edie Creek have increased significantly since 1 August, 2018. As such the financial report is prepared on a going concern basis. In arriving at this conclusion, the Directors considered that:

- The Directors have implemented a plan to ensure that the production targets at Edie Creek can be achieved including making additional investment. The plan anticipates positive cash flows from Edie Creek mine through gold and silver sales. This level of production is significantly higher than achieved in the year ending 30 June, 2018.
- The Directors believe that a consistent production rate is now capable of being achieved as a result of the upgrades to both the processing plant and mining fleet completed over the past 12 months at Edie Creek.
- 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

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2018

flow requirements. The Directors believe that the Group will be able to continue to do so until the increased production from Edie Creek enables creditors to return to normal payment terms.

- As noted above, the Directors have confirmed that the repayment of the Directors and Director's related balances amounting to \$275,755 at 30 June 2018 (but subsequently reduced to \$99,000) 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, or additional funds are required, 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 further reducing the amounts to be paid to Directors for the next financial year's fees and temporarily reducing the exploration spend.
- The sales of assets, or entering into farm-in agreements with another party. While it is not their preferred option the Directors believe that, should it be necessary, that certain assets could be sold 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 financial statements at 30 June 2018.

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.

c. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Niuminco Group Limited ('Company' or 'parent entity') at 30 June 2018 and the results of all subsidiaries for the year then ended. Niuminco Group Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 19.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2018

2. GOLD & SILVER SALES

	2018	2017
	\$	\$
Gross sales	228,355	721,552
Commissions paid on sales	(9,134)	(26,409)
Net sales proceeds	<u>219,221</u>	<u>695,143</u>

Gold and silver revenue

Mining and production by the group at Edie Creek resulted in gold & silver revenues in the financial year. The revenues have been generated prior to the finalisation of technical feasibility evaluation process, and are not representative of the area of interest reaching a stage of development.

The revenues have not been generated in order to develop the area of interest to the condition necessary for it to be capable of operating in a manner intended by management. As a result, recognising revenues (and the costs of producing the saleable material) directly in the income statement is deemed to be the appropriate accounting treatment.

Revenue is recognised when gold and silver is delivered. Delivery occurs when the products have been shipped to the specified location upon completion of the refinery process. The sale transaction is completed upon delivery to a third party and an adjustment is made for final assayed outturn amounts. Revenues are recorded net of commissions paid and the transportation and refinery costs are expensed as cost of sales when incurred.

3. DIRECT MINING COSTS

	2018	2017
	\$	\$
PNG administration costs	125,460	101,732
Building & equipment maintenance	93,092	129,642
Other mine site costs including wages	925,871	1,321,145
	<u>1,144,423</u>	<u>1,552,519</u>

4. INCOME TAX EXPENSE

a) Income tax expense

	2018	2017
	\$	\$
Deferred tax	--	--
	<u>--</u>	<u>--</u>

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

	2018	2017
	\$	\$
Loss from continuing operations	(3,341,340)	(3,483,708)
Tax at the Australian tax rate of 27.5% (2017 – 27.5%)	(918,869)	(958,020)
Difference in overseas tax rates	(39,895)	(36,404)
Taxable losses not recognized or deductible	958,764	994,424
Income tax expense	<u>--</u>	<u>--</u>

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2018

c) Unused tax losses

	2018	2017
	\$	\$
Unused tax losses relating to the Australian entities for which no deferred tax asset has been recognised	13,002,325	12,377,580
Potential tax benefit at 27.5% (2017: 30%)	3,575,639	3,403,835
Unused tax losses relating to the PNG entities for which no deferred tax asset has been recognised	24,636,782	22,029,925
Potential tax benefit at up to 40%	9,854,713	8,175,049

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

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

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

5. CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash at bank and in hand	4,670	1,146
	4,670	1,146

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

a. Risk exposure

The Group's exposure to interest rate risk is discussed in note 24. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

6. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
CURRENT		
GST receivables	18,236	13,172
Staff advances	14,534	--
Deposits paid	21,249	37,161
	54,019	50,333

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7. EXPLORATION AND EVALUATION EXPENDITURE

NON-CURRENT	2018	2017
	\$	\$
Costs carried forward in respect of areas of interest in the exploration and evaluation phase		
Opening balance	3,351,783	4,961,307
Expenditure incurred during the year		338,045
Acquisition of 17% of Edie Creek mining leases	150,000	--
Foreign currency translation	204,326	(136,068)
Less: reclassified as assets held for sale	--	(1,752,910)
Less: impairment	(1,513,234)	(5,725)
	<u>2,192,695</u>	<u>3,351,783</u>

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 indirect costs having a specific nexus with a particular area of interest.

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

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

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

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

The Group has not yet completed the technical feasibility evaluation process over the areas of interest, and therefore, considers the classification of the capitalised exploration and evaluation costs appropriate. While revenues have been generated by Edie Creek, they are not representative of the mine reaching a stage of development, nor have they been generated in order to develop the area of interest to the condition necessary for it to be capable of operating in a manner intended by management.

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

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Impairment of exploration expenditure

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

Subsequent to year end the Company was advised that its May river tenement EL 1441 and Bolobip tenement EL 1438 had been refused renewal and accordingly have been written-off as at 30 June, 2018.

8. PROPERTY, PLANT & EQUIPMENT

NON-CURRENT	Mining equipment & vehicles
	\$
Year ended 30 June 2017	
Opening net book amount	654,599
Exchange differences	(18,760)
Additions	110,175
Disposals	(7,484)
Depreciation	(81,300)
Closing net book amount	657,230
At 30 June 2017	
Cost or fair value	1,080,138
Accumulated depreciation	(422,908)
Net book amount	657,230
Year ended 30 June 2018	
Opening net book amount	657,230
Exchange differences	9,652
Additions	206,041
Impairment	(48,178)
Depreciation	(94,693)
Closing net book amount	730,052
At 30 June 2018	
Cost or fair value	1,247,653
Accumulated depreciation	(517,601)
Net book amount	730,052

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

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

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Depreciation on all assets is calculated using the diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives of between 3 to 10 years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

The Group's assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment provision is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

9. ASSETS HELD FOR SALE

NON-CURRENT	2018	2017
	\$	\$
Assets held for sale	--	691,159
	--	691,159

d. Reconciliation of the non-current assets held for sale at the beginning and end of the financial years set out below:

	2018	2017
	\$	\$
Opening balance at 1 July	691,159	--
Disposed during year	(691,159)	-
Deemed loss on disposal	-	(1,232,250)
Reclassification from cash and cash equivalents	-	86,748
Reclassification from trade and other receivables	-	31,101
Reclassification from exploration & evaluation expenditure	-	1,752,910
	-	691,159

e. Reconciliation of the non-current liabilities held for sale at the beginning and end of the financial years set out below:

	2018	2017
	\$	\$
Opening balance at 1 July	421,044	--
Disposed during year	(421,044)	-
Reclassification from interest bearing loans & borrowings	-	(150,000)
Reclassification from trade & other payables	-	(271,044)
	-	421,044

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

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10. FINANCIAL ASSETS

	2018	2017
	\$	\$
Investment in TNT Mines Limited	79,669	--
Total financial assets	79,669	--

The investment in TNT Mines Limited is measure 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.

11. INTEREST BEARING LOANS AND BORROWINGS

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

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

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

CHATTEL MORTGAGES

	2018	2017
	\$	\$
CURRENT		
Chattel mortgage liability	226,238	406,028
NON-CURRENT		
Chattel mortgage liability	237,236	--
	463,474	406,028

The average effective interest rate during the year was 14.2%. The outstanding liability is secured over the assets.

The Group has financed the purchase of plant and equipment in PNG by chattel mortgages. The chattel mortgages are capitalised at the loan inception at the fair value of the mortgaged property. The corresponding mortgage obligations, net of finance charges, are included in other short term or long term payables.

Each mortgage payment is allocated between the liability and the finance cost. The finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment mortgaged are depreciated over the assets' useful lives.

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CONVERTIBLE NOTES

	2018	2017
	\$	\$
CURRENT		
Convertible notes liability at amortised cost	348,663	291,486
Repaid during year	(348,663)	--
Derivative on convertible note at fair value	--	57,117
TNT Mines Limited convertible notes	--	150,000
Reclassified to liabilities held for sale	--	(150,000)
	<u> </u>	<u> </u>
	--	348,663

In November 2017 the Company repaid the Convertible Notes held by Australian Metals Group Limited and Goward Pty Ltd plus all accrued interest. The TNT Mines Limited Convertible Notes were disposed of with the float of that company.

In reference to the 2017 year, the Company had borrowed \$200,000 under a Redeemable Convertible Note facility from Australian Metals Group Limited, a related entity of Matthew Roberts and Neill Arthur. The Company had also entered into a Redeemable Convertible Note facility with Goward Pty Ltd, a company related to Tracey Lake, on identical terms for a principal amount of \$50,000.

Under the terms of the Note interest was payable at 12.5% per annum. The Noteholder may after 60 days' notice require the Company to redeem the note Total Outstanding (principal and including accumulated interest) for cash. Otherwise, after a period of 24 months past the Issue Date, or if not exercised each subsequent annual anniversary of the Issue Date, the Noteholder may call upon the Company to redeem the Total Outstanding Note for cash on or before the Repayment Date or apply for its conversion into ordinary shares in the Company. The Noteholder may upon delivery of a conversion notice require repayment of the Total Outstanding balance within 7 days of receipt of the Conversion Notice rather than accepting issued shares. The conversion or strike price will be the lower of \$0.002 per share or the volume weighted average selling price recorded at the close of ASX trading on the 5 trading days prior to and including the date of the conversion notice. The Notes have been issued on normal arms-length commercial terms and the conversion to shares will be subject to shareholder approval.

On issuance of the convertible notes, it was determined that the notes were a financial liability and the conversion options within these notes represent an embedded derivative. The embedded derivative has been recognised at fair value upon inception and at each subsequent reporting period. The derivative was reversed upon repayment of the notes resulting in a gain of \$57,117.

12. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
CURRENT		
Payroll liabilities	1,570,204	1,163,363
Accrued expenses	81,531	183,809
Trade creditors	1,094,198	1,334,330
Loans from related parties	69,984	43,360
Add: liabilities recognised to assets held for sale	--	150,000
	<u> </u>	<u> </u>
	2,815,917	2,874,862
NON-CURRENT		
Morobe Consolidated Goldfields Ltd ^	74,156	--
Mincor Resources NL*	150,000	--
	<u> </u>	<u> </u>
	224,156	--

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^ Niuminco Edie Creek Limited has entered into a sale and purchase agreement to acquire three pieces of mobile mining equipment on a deferred settlement basis. The equipment has been delivered and is included in the plant & machinery assets of the company.

*The Group has executed an agreement to purchase the remaining 17% interest in the Edie Creek mining leases held by their former JV partner, Mincor PNG Limited. The purchase price is \$150,000, payable two years from the completion date in cash or shares, to be determined by the Group.

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

13. CONTRIBUTED EQUITY

d. Share capital

	30/06/18 Shares	30/06/18 \$	30/06/17 Shares	30/06/17 \$
Ordinary shares fully paid	2,411,336,860	46,424,590	1,831,060,440	45,289,953
Total contributed equity	2,411,336,860	46,424,590	1,831,060,440	45,289,953

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

e. Movements in ordinary share capital

2017	Details	Shares	\$
01.07.16	Balance at beginning of period	1,475,556,749	43,708,862
14.10.16	Security purchase plan for cash	147,946,548	828,500
21.10.16	Top up placement for cash	23,628,571	132,320
21.10.16	Conversion of debt to equity under AGM resolution	3,571,429	20,000
20.01.17 [^]	Conversion of debt to equity under AGM resolution	30,357,143	170,000
20.01.17 [^]	Share placement	150,000,000	600,000
			45,459,682
	Less transaction costs arising on share issues		(169,729)
30-Jun-17	Balance	1,831,060,440	45,289,953

2018	Details	Shares	\$
01.07.17	Balance at beginning of period	1,831,060,440	45,289,953
22.11.17	Rights issue under an offer document dated November 2017	120,213,436	240,427
22.11.17 [^]	Rights issue debt to equity conversion	255,000,000	510,000
01.12.17	Placement for cash	12,062,984	24,125
09.01.18	Placement for cash	5,000,000	10,000
17.01.18	Placement for cash	50,000,000	100,000
22.03.18	Placement for cash	50,000,000	100,000
23.04.18	Placement for cash	56,500,000	113,000
28.05.18	Placement for cash(\$40,000) and debt to equity(\$6000)	23,000,000	46,000
11.06.18	Placement for cash	8,500,000	17,000
		2,411,316,860	46,450,505
	Less transaction costs arising on share issues		(25,915)
30-Jun-18	Balance		46,424,590

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^These items were non-cash operating and investing activities, 2018 \$516,000 (2017 \$190,000)

f. 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.

g. Share options issued

At reporting date there were 180,000,000 options issued outstanding (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	31/01/19	\$0.007	20,000,000	20,000,000
Listed options	19/01/17	31/01/19	\$0.007	160,000,000	160,000,000
<i>Weighted average exercise price</i>				<i>\$0.007</i>	<i>\$0.007</i>

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.

h. Capital management

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

14. OTHER RESERVES AND ACCUMULATED LOSSES

	Note	2018 \$	2017 \$
a. Other reserves			
Share based payments	22	3,055,802	3,055,802
Foreign currency translation		2,939,663	2,123,639
Other		16,742	
		6,012,207	5,179,441
<i>i. Movements:</i>			
<u>Share based payments</u>			
Opening balance		3,055,802	3,055,802
Closing balance		3,055,802	3,055,802

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<u>Foreign currency translation</u>		
Opening balance	2,123,639	1,812,320
Currency translation differences arising during the year	816,024	311,319
Closing balance	2,939,663	2,123,639

b. Accumulated losses

Movements in accumulated losses were as follows:

	2018	2017
	\$	\$
Opening balance	(49,537,900)	(46,093,880)
Net loss for the year	(3,341,340)	(3,444,020)
Closing balance	(52,879,240)	(49,537,900)

c. Nature and purpose of other reserves

i. Share-based payments

The share-based payments reserve is used to recognise:

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

ii. Foreign currency translation

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

iii. Functional and presentation currency

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

iv. Transactions and balances

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

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

v. Group companies

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

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

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

15. RELATED PARTY TRANSACTIONS

a. Parent entity

The parent entity within the Group is Niuminco Group Limited.

b. Subsidiaries

Interests in subsidiaries are set out in note 18.

c. Key management personnel

Disclosures relating to key management personnel are set out in this note and the remuneration report on pages 9 to 13.

d. Transactions with related parties

On 22 November 2017, pursuant to rights issue Mark Ohlsson and Danbury Capital Corporation Pty Ltd, a related entity to Mark Ohlsson, took up 40,000,000 shares at \$0.002 per share in the rights issue to convert \$80,000 of debt to equity.

The total fees paid, or payable, to Mark Ohlsson for his services as Company Secretary during the year is \$36,000,. Refer to note 14e below for the balance of fees payable to Mark Ohlsson at 30 June 2018.

On 22 November 2017 pursuant to a rights issue, 45,000,000 shares were issued to Ian Plimer and Inkex Pty Limited, a related entity of Ian Plimer at \$0.002 per share to convert \$90,000 of debt to equity.

During the year Ian Plimer advanced \$49,800 to the Company, these advances are on a short term basis, are unsecured and no interest is payable. Refer note 14f. for loans outstanding at year end.

The total fees paid, or payable, to Ian Plimer for his services as Chairman during the year is \$30,000. Refer to note 14e below for the balance of fees payable to Ian Plimer at 30 June 2018.

On 22 November 2017, pursuant to a rights issue, 150,000,000 shares were issued to Tracey Lake and Goward Pty Limited, a related entity of Tracey Lake at \$0.002 per share to convert \$300,000 of accrued fees and loans to equity.

The total fees paid, or payable, to Tracey Lake for his services as Director during the year is \$250,000. Refer to notes 14e and 14f below for the balance of fees and loans payable to Tracey Lake/ Goward Pty Ltd at 30 June 2018.

At 30 June 2018 a balance of \$1,133 was outstanding to Fiona Russell a related party of Tracey Lake, for book-keeping services. This amount has been repaid subsequent to year end.

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During the year the Company repaid a Redeemable Convertible Note facility with Goward Pty Ltd, a company related to Tracey Lake, for a principal amount of \$50,000, by Goward converting the Note to equity pursuant to a rights issue. This forms part of the \$300,000 referred to above.

The total fees paid, or payable, to Neill Arthur for his services as Director during the year was nil. Refer to note 14e below for the balance of fees (nil) payable to Neill Arthur at 30 June 2018

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

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

	2018 \$	2017 \$
<i>Related to Mr Lake</i>		
Goward Pty Ltd	146,812	203,127
Tracey J Lake	--	780
Fiona Russell	1,133	19,734
<i>Related to Mr Arthur*</i>		
Arthur Management Services	--	64,167
<i>Related to Prof Plimer</i>		
The Plimer Trust	--	24,000
Ian Plimer	18,000	5,686
<i>Related to Mr Ohlsson</i>		
Ohlsson & Johnson Pty Ltd	23,825	64,997
<i>Related to Mr Nethery</i>		
Nedex Pty Ltd	8,000	--
Mr Chartres	8,000	--
	205,770	416,924

* Neill Arthur was appointed a director on 18 January, 2018 and resigned as a director on 8 March 2018.

f. Loans from related parties

	2018 \$	2017 \$
<i>Related to Mr Lake</i>		
Goward Pty Ltd	31,630	63,630
<i>Related to Mr Arthur</i>		
Australian Metals Group Limited	--	232,856
<i>Related to Prof Plimer</i>		
Inkex Pty Ltd	38,355	32,000
<i>Related to Mr Ohlsson</i>		
Mark Ohlsson	--	6,360
	69,985	334,846

g. Key management personnel compensation

	2018 \$	2017 \$
Short-term employee benefits	296,000	364,334
	296,000	364,334

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Detailed remuneration disclosures are provided in the remuneration report on pages 9 to 13.

16. AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:

	2018	2017
	\$	\$
BDO East Coast Partnership		
Audit or review of financial statements	75,000	64,000
BDO PNG		
Audit or review of financial statements	10,000	10,380
	<u>85,000</u>	<u>74,380</u>

Remuneration of the auditor of TNT Mines Ltd
(an unrelated entity of BDO):

	2018	2017
	\$	\$
Bentleys		
Audit or review of financial statements	--	11,000
	<u>--</u>	<u>11,000</u>

16. COMMITMENTS

(a) Chattel mortgage commitments

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

	2018	2017
	\$	\$
Within 1 year	198,017	248,620
Between 1 and 5 years [^]	198,017	216,489
Total future mortgage payments	<u>396,034</u>	<u>465,109</u>
Less: future finance charges	<u>(67,440)</u>	<u>(59,081)</u>
Chattel mortgage liability	<u>463,474</u>	<u>406,028</u>
Represented by:		
Current chattel mortgage liability	236,238	406,028
Non-current chattel mortgage liability	237,236	--
Chattel mortgage liability	<u>463,474</u>	<u>406,028</u>

(b) Exploration commitments

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

	2018	2017
	\$	\$
within one year	42,000	600,000
later than one year but not later than five years	42,000	640,000
	<u>84,000</u>	<u>1,240,000</u>

17. CONTINGENCIES

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

PNG Tenements

(a) Edie Creek

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

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18. SEGMENT REPORTING

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

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

a. Segment results

The segment information provided to the Board for the reportable segments for the year ended 30 June 2018 is as follows:

2018	Edie Creek – PNG \$	Bolobip, May River and Laloki – PNG \$	Exploration – Tasmania* \$	Total \$
Total segment revenue	219,221	--	--	219,221
Depreciation & impairment of plant & equipment	142,871			142,871
Impairment of exploration assets		1,513,234	--	1,513,234
Exploration expensed in the year	22,675	--	--	22,482
Total segment assets	3,772,159	2,411,615	--	6,183,774
Total segment liabilities	18,513,365	2,335,105	--	20,848,470

* TNT Mines Limited and its subsidiaries was disposed of during the year

2017	Edie Creek– PNG \$	Bolobip, May River and Laloki – PNG \$	Exploration – Tasmania \$	Total \$
Total segment revenue	702,627	--	--	702,627
Depreciation	81,300	--	--	81,300
Impairment of exploration assets	--	5,725	--	5,725
Total segment assets	3,359,511	1,424,182	1,870,759	6,654,452
Total segment liabilities	17,112,464	2,217,259	421,044	19,750,766

b. Reconciliations

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

	2018 \$	2017 \$
Total segment revenue	219,221	702,627
Other income	64,798	60,034
Total revenue	<u>284,019</u>	<u>762,661</u>

All gold sales transactions are with Italtrezi South Pacific Ltd which operates as a buyer and exporter of gold and silver based in Port Moresby.

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Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2018

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

	2018 \$	2017 \$
Total segment assets	6,183,774	6,654,452
Intersegment eliminations	(3,130,919)	(1,917,865)
Current cash & receivables of parent entity	8,250	15,064
Total assets as per statement of financial position	<u>3,061,105</u>	<u>4,751,651</u>

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

	2018 \$	2017 \$
Total segment liabilities	20,848,470	19,750,766
Intersegment eliminations	(17,917,100)	(17,226,874)
Current liabilities of parent entity	572,178	1,105,651
Total liabilities as per statement of financial position	<u>3,503,548</u>	<u>3,629,493</u>

19. SUBSIDIARIES

Significant investments in subsidiaries

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

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

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

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

Name of entity	Country of incorporation	Class of shares	Equity holding %	
			2018	2017
Niuminco Pty Limited	Australia	Ordinary	100	100
Niuminco Exploration (PNG) Pty Ltd	Australia	Ordinary	100	100
TNT Mines Limited	Australia	Ordinary	-	72.1

Niuminco Pty Ltd has two wholly owned subsidiaries:

Name of entity	Country of incorporation	Class of shares	Equity holding %	
			2018	2017
Niuminco Edie Creek Limited	Papua New Guinea	Ordinary	100	100
Niuminco Laloki Limited	Papua New Guinea	Ordinary	100	100

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

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2018

Name of entity	Country of incorporation	Class of shares	Equity holding %	
			2018	2017
Niuminco ND Limited	Papua New Guinea	Ordinary	100	100

Niuminco Edie Creek Ltd has one wholly owned subsidiary:

Name of entity	Country of incorporation	Class of shares	Equity holding %	
			2018	2017
Niuminco EC Limited	Papua New Guinea	Ordinary	100	--

20. CASH FLOW INFORMATION

a. Cash held by the following entities:

		2018	2017
		\$	\$
Niuminco Group Limited	5	4,670	1,146
TNT Mines Ltd	9	--	86,748
		4,670	87,894

b. Reconciliation of operating loss to cash flows used in operating activities

	2018	2017
	\$	\$
Loss for the year	(3,341,342)	(3,483,708)
<i>Non-cash flows items</i>		
Debt to equity conversion	516,000	190,000
Depreciation	94,693	81,300
Deemed loss on disposal of TNT Mines Limited	--	1,232,250
Impairment of investment in TNT Mines Limited	--	317,677
Impairment of plant & equipment	48,178	
Impairment of capitalised exploration and mining leases	1,513,234	5,725
Gain on elimination of embedded derivative	(57,117)	--
Loss of control TNT Mines Ltd	(183,367)	--
Write back creditors	--	(60,034)
Interest on convertible notes	--	31,250
Exchange differences in carrying value of Edie Creek	(37,415)	
Net exchange differences	(1,680)	--
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade & term receivables	(3,686)	(37,972)
Increase in trade payables and accruals	586,256	568,588
Net cash outflow from operating activities	(866,246)	(1,154,924)

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Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2018

21. LOSS PER SHARE

	2018 cents	2017 cents
a. Basic loss per share		
Total basic loss per share attributable to the ordinary equity holders of the Company	0.16	0.21
b. Diluted loss per share		
Total diluted loss per share attributable to the ordinary equity holders of the Company	0.16	0.21
c. Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating basic and diluted loss per share	2,109,687,654	1,679,920,474

i. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

The diluted loss per share is the same as the basic loss per share is the same as the basic loss per share as the consolidated entity is in a loss position

The Company's potential ordinary shares, being its options granted and convertible notes issued, are not considered dilutive as the conversion of these options and notes would result in a decrease in net loss per share.

22. SHARE-BASED PAYMENTS

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

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

There were no shares issued during the year under a share based payment arrangement.

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2018

b. Employee options

Share-based compensation benefits may be provided to employees via the Niuminco Group Limited Share Plan and Employee Share Option. No options were issued under this plan during the year to 30 June 2017 and there were no employee options outstanding at the end of the year.

c. Other share based payments options

There were no share based payments options issued during the year or outstanding at the end of the year.

d. Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period in share based payment expense but relating to directors' remuneration is \$nil (2017: \$nil).

23. PARENT ENTITY INFORMATION

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

	2018 \$	2017 \$
Current assets	8,250	15,064
Non-current assets	94,869	854,669
Total assets	103,119	869,733
Current liabilities	572,178	1,105,601
Non-current liabilities	--	--
Total liabilities	572,178	1,105,601
Contributed equity	45,569,348	44,434,710
Share based payments	1,048,165	1,048,165
Retained earnings	(47,086,572)	(45,718,743)
Total equity	(469,059)	(235,868)
Loss for the year	(507,009)	(816,870)
Other comprehensive income net of tax for the year	--	--
Total comprehensive income net of tax for the year	(507,009)	(816,870)

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

24. RISK MANAGEMENT

a. Financial risk management policies

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

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

i. Financial risk exposures and management

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

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Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2018

Liquidity risk

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

Financial instrument composition and maturity analysis

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

	Less than 6 months		6–12 months		12–24 months	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Trade creditors	1,093,997	1,225,025	--	--	224,156	--
Borrowings	301,922	406,028	--	--	231,737	--
Convertible Notes	--	291,486	--	--	--	--
Accruals	1,651,735	1,285,910	--	--	--	--
Liabilities held for sale	--	421,044	--	--	--	--
Total	3,047,654	3,629,493	--	--	455,893	--

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

Cash & cash equivalents: 0 % (2017: 0%)

Borrowings: 14.2% (2017: 14.2%)

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

Credit risk

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

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

	2018	2017
	\$	\$
Cash at bank	4,670	1,146
	<u>4,670</u>	<u>1,146</u>

Interest rate risk

The Group has chattel mortgage liabilities with fixed interest rates of 14% and 15% that are not sensitive to changes in interest rates. The Group's fixed rate borrowings are carried at amortised cost and they are therefore not subject to interest rate risk as defined in AASB 7, since the carrying amount will not fluctuate because of a change in market interest rates.

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Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2018

Foreign exchange risk

The Group is not exposed to foreign exchange risk from the PNG Kina as the PNG entities' functional currency is the PNG Kina. The PNG Kina denominated chattel mortgages are expected to be repaid with receipts from PNG Kina sales.

b. Financial instruments

i. Fair Values

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

25. EVENTS OCCURRING AFTER BALANCE DATE

In July 2018 the Company completed a partially underwritten non-renounceable rights issue which raised a total of \$309,937, of which \$133,116 was in cash and \$176,821 of debt converted to equity.

On 9 August, 2018 the Company placed 8,500,000 shares which converted \$17,000 of debt to equity and 355,152 shares for \$710 cash.

On 2 September, 2018 the Company was notified that the applications which had been lodged in September, 2017 for extensions of terms for a further two years for May River (EL 1441) and Bolobip (EL 1438) exploration licences, had been refused. As a result of this the carrying value of these assets has been written-off in these accounts as at 30 June, 2018.

On 6 September 2018 the Company placed 80,000,000 shares to raise \$100,000 cash, and placed 5,000,000 shares to convert \$10,000 of debt to equity.

On 2 October 2018 the Company placed 50,000,000 shares to raise \$100,000 cash.

No other matter or circumstance has arisen since 30 June 2018 which significantly affected or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Niuminco Group Limited
Directors' declaration
30 June 2018

In the directors' opinion:

- (a) the financial statements and notes set out on pages 19 to 43 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

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

A handwritten signature in blue ink on a light yellow background. The signature is cursive and appears to read 'T. Lake'.

Tracey Lake
Managing Director

Dated 6 October, 2018

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INDEPENDENT AUDITOR'S REPORT

To the members of Niuminco Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Niuminco Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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Material uncertainty related to going concern

We draw attention to Note 1 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 opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of Exploration and Evaluation Expenditures

Key audit matter	How the matter was addressed in our audit
<p>At 30 June 2018 the carrying value of capitalised Exploration and Evaluation expenditures was \$2,192,695 (2017: \$3,351,783) as disclosed in Note 7. The Group accounting policy with respect to Exploration and Evaluation expenditures is disclosed in Note 1.</p> <p>The carrying value of Exploration and Evaluation expenditures represents a significant asset of the Group and judgement is applied in considering whether facts and circumstances indicate that the exploration expenditures should be tested for impairment. As a result, the asset was required to be assessed for impairment indicators in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.</p>	<p>We have critically evaluated management's assessment of each trigger per AASB 6 Exploration and Evaluation of Mineral Resources, and performed audit procedures including but not limited to:</p> <ul style="list-style-type: none"> • Obtained from management a schedule of areas of interest held by the Group and assessed as to whether the Group had rights to tenure over the relevant exploration assets by obtaining supporting documentation such as tenement agreements; • Assessed as to whether the additional exploration and evaluation expenditures capitalised during the year are recognised in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources; • Held discussions with management with respect to the status of ongoing exploration programmes in the respective areas of interest; • Considered whether any such area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considered whether the licences held at 30 June 2018 are in good standing and funding is

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	<p>available to meet the remainder of the commitments under the licence term by reviewing cash flow forecasts and ensure adequate expenditure is planned to meet the commitments under the license term; and</p> <ul style="list-style-type: none"> • Considered whether there are any other facts or circumstances that existed to indicate impairment testing was required. <p>We have also assessed the adequacy of the related disclosures in Note 7 to the financial statements.</p>
--	--

Completeness of Creditors

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As at 30 June 2018 the carrying value of current and non-current Trade and Other Payables totalled \$3,040,073 as shown in Note 12.</p> <p>The completeness of the liabilities is an audit risk and as such required additional auditor attention.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Circularising key creditors; • Verifying post balance date payments; • Performing analytical reviews on the trade payables listing and verifying its accuracy; • Verifying agreements to defer payment where available; and • Verifying a sample of accruals. <p>We have also assessed the adequacy of related disclosures in Note 12 to the financial statements.</p>

Other information

The directors are responsible for the other information. The other information comprises the information contained in Chairman's report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf



This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report



We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Niuminco Group Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

Gareth Few
Partner

Sydney, 06 October 2018

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DISTRIBUTION OF MEMBERS AND THEIR HOLDINGS AT 21 SEPTEMBER 2018

Name of 20 largest ordinary shareholders	Number of ordinary fully paid shares held	% held of issued ordinary capital
--	---	-----------------------------------

GOWARD PTY LTD *	395,082,514	14.85%
AUSTRALIAN METALS GROUP LTD *	177,500,000	6.67%
INKEX PTY LTD	113,234,123	4.26%
ALLOWSIDE PTY LTD	78,913,975	2.97%
KURRABA INVESTMENTS PTY LTD	76,700,000	2.88%
MR ALBAN HORST HASSLINGER	62,000,000	2.33%
MR WILLIAM SEYMOUR WARD	45,010,000	1.69%
VICTORIA PARK INVESTMENTS PTY LTD	37,362,723	1.40%
MR STEPHEN JOHN RYAN	33,617,877	1.26%
DR LEON EUGENE PRETORIUS	30,046,895	1.13%
MR ADAM RAWSON	30,000,000	1.13%
ACN 122561746 PTY LTD	30,000,000	1.13%
MULTIPACK PTY LIMITED	30,000,000	1.13%
MR JARRYD WARD	29,750,000	1.12%
RUSSELL EQUITY PTY LTD	26,184,450	0.98%
MR LINDSAY GEORGE DUDFIELD	25,006,482	0.94%
MR STEVEN CHARLES MITTER	25,000,000	0.94%
FLEXI PLAN PTY LTD	23,333,334	0.88%
MR CONSTANDINOS KYRKOU	20,462,150	0.77%
DR JOSEPH LEATHOM RUSSELL	20,000,000	0.75%

MARKETABLE PARCEL

At 21 September 2018, 3,197 shareholders held less than a marketable parcel.

VOTING RIGHTS – ORDINARY SHARES

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

SUBSTANTIAL SHAREHOLDERS

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

STOCK EXCHANGE LISTING

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

DISTRIBUTION OF SHAREHOLDERS

Spread of holdings

Holding	No. of holders
1 – 1,000	716
1,000 – 5,000	1,037
5,001 – 10,000	499
10,001 – 100,000	790
100,001 and above	1,005
Total	4,047