



NIUMINCO GROUP LIMITED

ABN 44 009 163 919

2012 ANNUAL REPORT

Niuminco Group Limited
Corporate directory
30 June 2012

DIRECTORS:	Mr Andrew Davis (Chairman) Mr Tracey Lake (Managing Director) Mr David Fuller Prof Ian Plimer Mr Terence Willsteed
SECRETARY:	Mr Mark Ohlsson
REGISTERED AND PRINCIPAL OFFICE:	Level 8, 139 Macquarie Street Sydney NSW 2000 Telephone: (02) 8231 7048 Facsimile: (02) 9241 5818
SHARE REGISTRAR:	Security Transfer Registrars Pty Ltd Suite 1, 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333
HOME EXCHANGE:	Australian Securities Exchange (Perth) Limited ASX Code: NIU
AUDITORS:	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney NSW 2000
BANKERS:	National Australia Bank Cnr Florence & Hunter Street Hornsby NSW 2077
SOLICITORS:	M+K Lawyers Level 21, 20 Bond Street Sydney NSW 2000

Niuminco Group Limited

Letter from the Chairman

30 June 2012

Dear Shareholders,

The last year has been one of considerable progress for Niuminco Group Limited.

The Company issued a supplementary prospectus dated the 12th July 2011, which subsequently closed on the 29th July 2011. Following the successful prospectus raising, the Company finalised the acquisition of the whole of the issued capital of Niuminco Limited and changed its name to Niuminco Group Limited and, having met all of the Company's obligations under the Australian Stock Exchange listing rules, the Company's shares were re-listed on the ASX on the 30th August 2011.

Niuminco Limited, which is now a wholly owned subsidiary of the Group, had an operating, but loss making, gold mining operation at Edie Creek in the Bulolo gold mining area of Papua New Guinea, along with three prospective exploration licences at May River, Bolobip and Kubuna also in New Guinea.

The mine at Edie Creek was placed on care and maintenance, and on the 23 May 2011 the Group entered into a series of joint venture agreements with Mincor Resources N.L. (Mincor) to fund exploration both at Edie Creek and the three other prospective areas. Mincor is a successful ASX listed mining company with nickel mining interests in the Kalgoorlie area of Western Australia. Under the joint venture agreements, Mincor has agreed to sole fund up to \$15,000,000 on exploration on the areas at Edie Creek to earn up to 51% interest in the area and up to \$5,000,000 on each of the exploration areas at May River, Bolobip and Kubuna in each case to earn up to a 72% interest.

Mincor, as operator, has during the last year carried out exploration activities on all of these exploration areas.

At May River, Mincor carried out an airborne survey which comprised both a versatile time domain electromagnetic system VTEM and a Z-Axis Tipper Electromagnetic system ZTEM. The survey was successfully completed and two zones of interest at North and South May River were outlined. Mincor is presently reviewing the material to determine the next stage of exploration.

At Bolobip, Mincor has outlined a target of a mineralised porphyry system with a central gold and copper core and it is anticipated that this will be drilled during the 2013 financial year.

At Kubuna, limited exploration has been carried out and the data obtained is under review.

At Edie Creek, Mincor, after considerable field work, has outlined a number of prospects for proving up reserves and outlining new reserves and a drilling programme is currently underway.

Mincor and your Company have an excellent working relationship and Mincor has spent \$5,533,091 during the financial year on exploration on the Group's projects.

Under the agreements with Mincor, the Group is obligated to maintain the mining areas at Edie Creek in good standing. This has involved a significant number of personnel and very considerable expense covering, in particular, community affairs and security.

The Directors would like to place on record their appreciation of the efforts of the staff at Edie Creek and in particular the services of Mr John Leahy as General Manager in Papua New Guinea.

The Group has a loss for the financial year of \$5,082,781 which includes the \$2,906,814 cost of the acquisition of Niuminco Limited and relisting costs.

Every effort is being made to contain costs in Papua New Guinea whilst meeting our obligations under the joint venture agreements and this effort will continue in the current financial year.

Niuminco Group Limited
Letter from the Chairman (continued)
30 June 2012

On the 10th August, 2012 the Company announced a one for two renounceable issue of shares at 2.8 cents a share. This issue has now been completed raising \$2,628,563, being \$1,702,362 cash and \$926,201 in debt conversion.

Your Company has a number of significant prospective gold/silver projects and copper/gold projects in Papua New Guinea, and our partner Mincor is expending considerable effort and resources in order to develop their potential.

Your Directors look forward to further significant progress in the coming year.

Yours sincerely

A handwritten signature in cursive script that reads "Andrew Davis".

A.A. Davis
Non-Executive Chairman

11th September 2012

Niuminco Group Limited

Corporate governance statement

30 June 2012

Niuminco Group Limited is committed to best practice corporate governance, and has reviewed all its practices in line with ASX Corporate Governance Council's principles of good corporate governance and best practice recommendations.

Under ASX Listing Rule 4.10.3, listed companies must disclose the extent to which they have followed the ASX Principles, and if any of the recommendations have not been followed then the Company must explain why not.

The Company is considered a 'micro-cap' listing, and accordingly some of the principles and recommendations are unable to be achieved in a cost effective or practical manner, having regard to the resources available. These issues are still considered important in our corporate governance system, and alternate but less formal policies exist to ensure integrity in these areas. The Council recognises that the same efficiencies experienced by larger entities may not be appropriate for smaller companies by adopting certain principles or recommendations.

Notwithstanding this, the board has made every effort to address each principle and effect suitable policies or strategies where possible. Corporate governance information, policies and charters are publicly available on the Company's web site.

Detailed below are comments made in relation to the Company's policies for each ASX Corporate Governance Council principle.

Principle 1 – Lay solid foundations for management and oversight

Niuminco Group Limited supports a clear segregation of duties between management and the Board of Directors.

The board is responsible for the general overseeing of the Company, including strategic and corporate planning, risk management, financial reporting, and setting policy framework. The board has a formal charter detailing its functions, structure and responsibilities.

The Board is responsible for setting the strategic direction of the Company, establishing goals for management and monitoring the achievement of those goals. The Managing Director is currently responsible for the day to day management of the Company.

To ensure a clear understanding of directors' corporate expectations, the Company has issued formal letters of appointment for both executive and non-executive directors, fully describing each person's role and duties.

The Company currently does not have any senior executives in addition to the board members. Therefore the Company does not undertake performance assessments of senior executives.

Principle 2 – Structure the board to add value

The procedures for election and retirement of the Directors are governed by the Company's Constitution, the Corporations Act and the Listing Rules.

The number of Directors must not be less than 3 nor more than such number as the Directors determine. There is no requirement for any shareholding qualification. A minimum of half of the number of Directors should be independent non-executive directors. Currently, there is a majority of independent non-executive directors.

Given the Company's background, the nature and size of its business and the current stage of its development, the Board believes a board of this size is both appropriate and acceptable. It is considered that the Directors possess a broad range of skills, qualifications and industry experience encompassing the current and proposed activities of the Company. The details of the Directors, their experience, qualifications and term of office are set out in the Directors' Report.

Niuminco Group Limited
Corporate governance statement (continued)
30 June 2012

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to supervise adequately the Company's affairs determined within the limitations imposed by the Company's constitution and as circumstances demand. The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Under the Company's constitution the tenure of Directors (other than the managing director) is subject to reappointment by Shareholders not later than the 3rd anniversary following his or her last appointment. A managing director may be appointed for any period and on any terms the Board thinks fit and, subject to the terms of any agreement entered into, the Board may revoke any such appointment.

The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. As the Group's activities develop in size, nature and scope, the implementation of a formal corporate governance committee will be given further consideration.

Directors are required to take into consideration any conflicts when accepting appointment to other boards.

The board currently consists of the following directors, whose experience and expertise are detailed below:

- Mr A Davis	Non-Executive Chairman	Non-independent
- Mr T Lake	Managing Director	Non-independent
- Mr D Fuller	Non-Executive Director	Independent
- Mr T Willsted	Non-Executive Director	Independent
- Prof I Plimer	Non-Executive Director	Independent

Andrew Davis – Non-Executive Chairman

Mr Davis is Non- Executive Chairman of the Company. Mr Davis qualified as a lawyer. He has been involved in motor vehicle trading, quarrying, outdoor advertising, publishing and oil and gas exploration.

Tracey Lake – Managing Director

Mr Lake B.Comm (Major – Accounting & Finance) has held the position of Chief Executive Officer in both private and public companies, and has over 35 years business experience in a number of industries.

David Fuller – Non-Executive Director

Mr Fuller is Chairman of the Nepean Group and Managing Director of Nepean Engineering, based in Narellan, New South Wales and founded in 1974. The turnover of Nepean Engineering has grown to over \$400 million and the Nepean Group employs over 1,350 people and has operations in 7 countries.

Mr Fuller has been a significant investor in a number of Papua New Guinea companies, including Pacific Capital Ltd and Papua Petroleum Ltd. Mr Fuller has extensive experience with engineering businesses that provide machinery and plant to the mining industry.

Niuminco Group Limited
Corporate governance statement (continued)
30 June 2012

Professor Ian Plimer – Non-Executive Director

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 (Ivanhoe Australia Ltd [ASX:IVA, TSX: IVA; 7th Nov. 2007-present]; Silver City Minerals Ltd [ASX:SCI; 21st Feb. 2011-present]; Kefi Minerals Ltd (AIM:KEFI); Nov. 2006-present) and unlisted companies (Hancock Prospecting companies [Roy Hill Holdings, Hope Downs, Queensland Coal] and TNT Mines Ltd). He was on the Boards of CBH Resources Ltd (1998-2010) and Ormil Energy Ltd (2010-2012).

Terence Willsteed – Non-Executive Director

Mr Willsteed B.E (Mining) (Hons), is a Fellow of the Australasian Institute of Mining and Metallurgy and has, since 1973, been the Principal of consulting mining engineers, Terence Willsteed & Associates. His forty year career in the mining industry has included senior management, operational and engineering positions with Zinc Corporation Ltd, Mt Isa Mines Ltd and Consolidated Goldfields Australia Ltd.

In his consulting experience, Mr Willsteed has been involved in the assessment and development of a wide range of mineral, coal and oil shale projects, and has participated in the management of developing and operating mineral projects both in Australia and internationally.

Mr Willsteed is a director of International Ferro Metals Limited, South American Ferro Metals Limited, Vantage Gold Limited, Nickel Mines Limited, Timpetra Resources Limited, Takordi Gold Limited and Goldsearch Limited.

In accordance with recommendation 2.1 of the ASX Corporate Governance Council the Company has a majority of independent directors.

Mr Fuller is a substantial shareholder in the Company however he is considered independent by the Board as he does not have a management role in the activities of the Company.

The Board is satisfied it has measures to ensure sufficient independent judgement is achieved, including the following:

- Directors are able to seek independent professional advice in the furtherance of their duties as directors at the Company's expense, subject to the Chairman's prior approval
- Where Directors have a conflict of interest in relation to a matter of business, they must abstain from voting on the issue.

Mr Davis as Non-Executive Chairman of the Company is not an independent Chairman accordingly the Company does not meet the ASX Corporate Governance Council Recommendation 2.2.

During the year Mr Davis resigned from the capacity of Managing Director and accordingly the Company now meets the ASX Corporate Governance Council recommendation 2.3 namely, that the roles of chair and chief executive should not be exercised by the same person.

The Board will review the composition of the Board and management of the Company as it goes forward as a listed entity.

Niuminco Group Limited
Corporate governance statement (continued)
30 June 2012

Principle 3 – Promote ethical and responsible decision-making

The Board has established a code of conduct to promote a continual ethical and responsible decision making process for directors and key executives. The code embraces the values of integrity, accountability and equality and to enhance the performance and reputation of the Company.

Whilst the Board has not implemented a formal diversity policy due to the size of the Company it believes that the promotion of diversity in senior management and within the Company generally is good practice.

The Board has not set measurable objectives for achieving gender diversity at this time. The Company has no employees and no women members of the Board. As the Company increases in size the Board will review its practices and implement formal diversity policies as appropriate to its activities.

The Company has also developed and communicated a formal policy to officers and employees for trading in the Company's shares, to complement the existing statutory restrictions such as the Corporations Act 'insider trading' provisions.

Directors must advise the Company of any dealings in the Company's shares, and the Company is required to advise the ASX of these transactions within 5 business days.

Principle 4 – Safeguard integrity in financial reporting

The Managing Director has stated in writing to the board that the financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The Company has an audit committee, which comprises

Mr A Davis

Mr T Lake

Mr T Willstead

Mr M Ohlsson

The primary functions of the audit committee are:

- (a) ensuring appropriate Group accounting policies and procedures are defined, adopted and maintained;
- (b) ensuring that Group operating and management reporting procedures, and the system of internal control, are of a sufficiently high standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business;
- (c) reviewing the Group Financial Statements and approval;
- (d) reviewing the scope of work including approval of strategic and annual audit plans and effectiveness of the external audit functions across the Group;
- (e) monitoring the proper operation of issues raised;
- (f) ensuring that appropriate processes are in place to ensure compliance with all legal requirements affecting the Group;
- (g) ensuring that all internal and industry codes of conduct and standards of corporate behaviour are being complied with;
- (h) responsible for making recommendations to the Board of Directors on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), monitoring of effectiveness, and independence of the external auditors.
- (i) actioning any other business processes or functions which may be referred to it by the Board of Directors.

Niuminco Group Limited
Corporate governance statement (continued)
30 June 2012

The Board of Directors as a whole is responsible for nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory review. External audit engagement partners will be rotated every 5 years.

Principle 5 – Make timely and balanced disclosure

Niuminco Group Limited is committed to ASX continuous disclosure provisions, and to ensuring that all relevant information concerning the Company is made available to investors on an equal and timely basis.

The Company has incorporated a policy on continuous disclosure into its code of conduct document, which has been promoted to all officers and employees.

Principle 6 – Respect the rights of shareholders

The Company promotes active and informed shareholding, and welcomes questions from shareholders at any time. At the Company's annual AGM, shareholders are given every opportunity to participate at question time, and may submit written questions to the board or auditors prior to the meeting.

The external auditor is required to attend the AGM and is available to answer any shareholder questions regarding the conduct of the audit, and the preparation and content of the auditor's report.

Principle 7 – Recognise and manage risk

The board is responsible for overseeing and assessing the effectiveness of the risk management policy.

The managing director (or equivalent) is responsible for implementing the policy and regularly reporting to the board. Risk management areas may be delegated to other executive directors who must keep the Chairman informed on issues for which they have become responsible.

The Board considers risk management on an ongoing basis.

The managing director has stated to the board in writing that the statement given in accordance with best practice recommendation 7.3 (the integrity of financial statements) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting.

Principle 8 – Remunerate fairly and responsibly

The board has decided at this time not to establish a separate remuneration committee due to the current size of the entity and its operations. The board will review the requirement of a committee as the scale of operations and structure increase. Therefore the board will be responsible for determining and reviewing compensation arrangements for the directors themselves, the Managing Director and the other executives.

The Company has prepared a formal charter which sets out the role and responsibilities of the board and has established a remuneration policy. Both the charter and remuneration policy are publicly available via the Company's website.

Non-executive directors are remunerated by way of fees, which is clearly distinguished from the remuneration for executive directors. The Group does not have any schemes for retirement benefits. In view of the contribution of the non-executive directors and advancing the interest in the Company, the Board considers that non-executives directors 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.

Niuminco Group Limited

Directors' report

30 June 2012

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 2012.

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.

Andrew Davis – Executive Chairman

Appointed 9 May 2011, resigned 30 April 2012

Andrew Davis - Non-Executive Chairman

Appointed 1 May 2012

Mr Davis retired as Executive Chairman and Managing Director of the Company on 30 April 2012 and took up the position of Non-Executive Chairman on 1 May 2012. Mr Davis qualified as a lawyer. He has been involved in motor vehicle trading, quarrying, outdoor advertising, publishing and oil and gas exploration.

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 in both private and public companies and has over 35 years business experience in a number of industries.

David Fuller – Non-Executive Director

Appointed 9 May 2011

Mr Fuller is Chairman of the Nepean Group and Managing Director of Nepean Engineering, based in Narellan, New South Wales and founded in 1974. The turnover of Nepean Engineering has grown to over \$400 million and the Nepean Group employs over 1,350 people and has operations in 7 countries.

Mr Fuller has been a significant investor in a number of Papua New Guinea companies, including Pacific Capital Ltd and Papua Petroleum Ltd. Mr Fuller has extensive experience with engineering businesses that provide machinery and plant to the mining industry

Professor Ian Plimer – Non-Executive Director

Appointed 9 May 2011

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 (Ivanhoe Australia Ltd [ASX:IVA, TSX: IVA; 7th Nov. 2007-present]; Silver City Minerals Ltd [ASX:SCI; 21st Feb. 2011-present]; Kefi

Niuminco Group Limited
Directors' report (continued)
30 June 2012

Minerals Ltd (AIM:KEFI); Nov. 2006-present) and unlisted companies (Hancock Prospecting companies [Roy Hill Holdings, Hope Downs, Queensland Coal] and TNT Mines Ltd). He was on the Boards of CBH Resources Ltd (1998-2010) and Ormil Energy Ltd (2010-2012).

Terence Willsteed – Non-Executive Director

Appointed 9 May 2011

Mr Willsteed who holds a Bachelor of Engineering (Mining) Honours degree, is a Fellow of the Australasian Institute of Mining and Metallurgy and has, since 1973, been the Principal of consulting mining engineers, Terence Willsteed & Associates. His forty year career in the mining industry has included senior management, operational and engineering positions with Zinc Corporation Ltd, Mt Isa Mines Ltd and Consolidated Goldfields Australia Ltd.

In his consulting practice, Mr Willsteed has been involved in the assessment and development of a wide range of mineral, coal and oil shale projects, and has participated in the management of developing and operating mineral projects both in Australia and internationally.

Mr Willsteed is a director of International Ferro Metals Limited, South American Ferro Metals Limited, Vantage Gold Limited, Nickel Mines Limited, Timpetra Resources Limited, Takordi Gold Limited and Goldsearch Limited.

Gavin Rezos – Non-Executive Director

Appointed 10 November 2008 – Resigned 30 August 2011

Mr Rezos is a former Investment Banking Director of HSBC having held regional positions in London, Dubai and Sydney. Mr Rezos has extensive international investment banking experience in a range of industries as well as in cross border merger and acquisitions, corporate finance and banking. He was an adviser to the Dubai Financial Market, Oman Stock Exchange and Bahrain Stock Exchange. Mr Rezos is Chairman of Alexium International Group Limited an ASX and Frankfurt listed nanotechnology company focusing on reactive surface coatings.

Mr Rezos was previously a non-executive director of Amity Oil Limited (now Antares Energy Ltd), an ASX top 100 resources company, pSivida Inc, a NASDAQ and ASX listed biotechnology company and is currently a non-executive director of Iluka Resources Ltd, an ASX top 50 company.

Mr Rezos was appointed Executive Chairman of the Company on 10 November 2008 and acted in that role until Mr Davis' appointment on 9 May 2011. Mr Rezos resigned as a Director of the Company on 30 August 2011 following the successful re-quotations of the Company.

Arthur L. Jones OBE – Executive Director

Appointed 9 May 2011 - Resigned 9 December 2011

Mr Jones has spent more than 35 years in Papua New Guinea developing and operating export related commodity businesses. During that time he has accumulated an extensive knowledge of the people and their local culture and experience in dealing with landowners and government departments.

Mr Jones was founding secretary of the Papua New Guinea Coffee Exporters Council and has promoted Papua New Guinea businesses internationally which resulted in him being awarded an Order of the British Empire in 1993 in recognition of his services to Papua New Guinea agriculture.

Mr Jones was a founding director of New Guinea Energy Ltd and director of Papua Petroleum Ltd.

Niuminco Group Limited
Directors' report (continued)
For the year ended 30 June 2012

Directorships of other listed companies during the past 3 years

Name	Company	Commenced	Ceased
Mr A Davis	Ormil Energy Limited	21 December 2009	22 November 2011
Mr T Willsted	International Ferro Metals	12 October 2005	-
	South American Ferro Metals Ltd	11 November 2010	-
	Vantage Gold Limited	October 2010	-
	Timpetra Resources Limited	24 August 2010	-
	Takordi Gold Limited	July 2011	-
	Goldsearch Limited	20 July 2004	-
Prof I Plimer	Ormil Energy Limited	9 February 2010	22 November 2011
	Ivanhoe Australia Limited	7 November 2007	-
	Kefi Minerals plc	November 2006	-
	Silver City Minerals Ltd	21 February 2011	-
Mr G Rezos	Iluka Resources Ltd	20 June 2006	-
	Alexium International Group Limited	29 January 2010	-

Interests in the shares and options of the Company

As 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 D Fuller (indirect)	86,912,427	15,638,625
Mr A Davis (indirect)	4,002,826	^--
Mr I Plimer	--	2,500,000
Mr T Willsted	1,500,000	2,500,000

^{^^}The above table does not include the shares and options granted to Mr T. Lake (1,333,334 and 6,000,000 respectively) which are subject to approval by the shareholders at the next Annual General Meeting of the Company.

[^] Mr Davis' options lapsed on 31 July, 2012 being three months after the date of his resignation as Managing Director.

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

Mark Ohlsson – FCPA. Mr Ohlsson was appointed Company Secretary on 9 May 2011.

PRINCIPAL ACTIVITIES

Niuminco Group Limited through its subsidiaries holds prospective exploration areas in Papua New Guinea which are subject to joint venture agreements with Mincor Resources NL under which Mincor Resources NL will acquire interests in the area after spending agreed sums on exploration. These include mining leases at Edie Creek.

Niuminco Group Limited

Directors' report (continued)

For the year ended 30 June 2012

OPERATING RESULTS

For the financial year ending 30 June 2012 the consolidated loss of the Group after income tax amounted to \$5,082,781 (2011: Loss of \$5,940,794).

DIVIDENDS PAID OR RECOMMENDED

The Directors have not recommended a final dividend for the 2012 financial year.

REVIEW OF OPERATIONS

On 23rd May 2011, the Company, Niuminco Ltd and its subsidiaries entered into a series of joint venture and other agreements with Mincor Resources N.L. (Mincor) a successful ASX listed miner with nickel mining interests in the Kalgoorlie area of Western Australia.

Under the agreements Mincor agreed to sole-fund up to \$15,000,000 on exploration on the areas at Edie Creek, to acquire up to a 51% interest in the area, and up to \$5,000,000 on each of the exploration areas at May River, Bolobip and Kubuna in each case to earn up to a 72% interest.

Mincor also entered into a put option agreement whereby they agreed, if required to do so, to invest \$5,000,000 in the Capital Raising under the Prospectus.

A Supplementary Prospectus was issued on the 12th July 2011 extending the date of closing of the Prospectus to 29th July 2011.

To raise the minimum subscription the Company exercised the Mincor put option resulting in Mincor holding 13.48% of the issued capital of the Company. The issue was closed on 29th July 2011 when the minimum subscription was received and the ASX spread requirements were met.

On 10th August 2011, the Company finalised the purchase of the issued capital of Niuminco Ltd and completed a number of other arrangements which accompanied the acquisition, and the ASX re-listed the Company's shares on 30th August 2011.

Over the last year a considerable amount of exploration work has been undertaken by Mincor on the Company's areas at Edie Creek, May River, Bolobip and Kubuna in Papua New Guinea.

The vast amount of geological investigation which has been carried out has confirmed the exciting potential of the areas at Edie Creek, May River and Bolobip.

At May River, Mincor completed an airborne survey comprising both a versatile time-domain electromagnetic system (VTEM) and the new state of art Z Axis Tipper Electromagnetic system (ZTEM). The survey identified significant geophysical targets including copper /gold prospects in the south of the Exploration Licence area and high grade copper prospects in the north and target definition work will continue on these highly prospective targets.

The exploration highlighted the prospectivity of Bolobip, which has a large well-defined and clearly delineated 1km diameter copper-gold anomaly associated with rock-types similar in age and geological setting to that seen at the Ok Tedi mine. Drilling is planned for later in this current financial year.

At our high-grade Edie Creek gold and silver prospect, a soil sampling program and a magnetic survey were completed with drill targets defined and a drilling programme is currently underway.

The Company's areas at Kubuna are not presently the subject of further work and the area is under review.

Niuminco Group Limited

Directors' report (continued)

For the year ended 30 June 2012

GOING CONCERN

The directors have prepared the financial statements on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss before tax of \$7,318,025 during the year ended 30 June 2012 and, as of that date the consolidated entity's current liabilities exceeded its current assets by \$1,810,105.

Since balance date the Company has raised \$2,628,563 under the offer document dated 10th August 2012 which closed on 5th September 2012. This offer raised cash of \$1,701,362 and included the conversion of \$926,201 of current payables at 30 June 2012 to equity. An additional \$186,515 of current payables at 30 June 2012 will be converted to equity and a further \$304,500 share placement will be completed subject to shareholder approval at the Annual General Meeting to be held on 26th October 2012.

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

The continuing viability of the Group and its ability to continue as a going concern and to meet its commitments as and when they fall due is also dependent upon the Group being successful in:

- raising additional equity or debt including the drawdown of the \$1,400,000 with Mincor to fund the Edie Creek operating costs; and
- curtailing materially, if necessary, the Group's ongoing operating costs to suit available resources and the timing of anticipated equity or debt raisings.

The directors believe that the Group will be successful in managing the above matters. In particular, the directors believe that the Mincor \$1,400,000 facility, which although currently not unconditional, will be available for drawn down by the Group as and when required by the Group. The facility will become unconditional once the joint ventures are legally formed and the final approvals for the registration of the transfer of the initial 1% of the tenements to Mincor have occurred. The directors expect that this process will be completed in the near future.

The directors also expect that the Group will be successful in obtaining the required approval at the Annual General Meeting on 26th October 2012 to ratify the additional share placement and remaining debt conversion from the rights issue that was completed on the 5th September 2012. Should that not be the case, the directors believe that the Group will be able to manage any funding impact so that the going concern position of the Group is not compromised.

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 financial report at 30 June 2012. 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.

Niuminco Group Limited

Directors' report (continued)

For the year ended 30 June 2012

AFTER BALANCE DATE EVENTS

On 10th August 2012, the Group announced a renounceable, pro-rata, partially committed rights issue at an issue price of \$0.028 for each new ordinary share on the basis of one new share for every two shares held with the rights issue to raise up to \$2,628,563 with a maximum of 93,877,254 shares to be issued. The issue closed on 5th September 2012 and between take up by subscribers and placement of shortfall, 93,877,254 shares have been issued.

On 27th August 2012, Mincor and the Group entered into a loan agreement, whereby Mincor agreed to provide a \$1,400,000 loan facility at the 90 day bank bill rate plus 7.5% to fund the Edie Creek operating costs. The loan may be drawn at any time on 5 days' notice and the facility is repayable in full 12 months from the first drawdown date.

No other matter or circumstance has arisen since 30 June 2012 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

In the short-term the Company will work with its joint venture partner, Mincor, to develop exploration targets which have significant exploration potential, including the May River tenement, which is situated adjacent to Xstrata's Frieda River project and its Bolobip Copper/gold porphyry tenement, which is situated within close proximity to the Ok Tedi Copper mine. The Company will also continue to maintain the mining leases at Edie Creek and assist with exploration activities.

UNISSUED SHARES UNDER OPTION

Unissued ordinary shares of Niuminco Group Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
10 December 2008 (unlisted)	31 December 2012	\$0.40	1,500,002
10 December 2008 (unlisted)	31 December 2012	\$0.60	1,500,000
10 December 2008 (unlisted)	31 December 2012	\$1.00	2,000,000
1 December 2009 (unlisted)	31 December 2012	\$0.40	250,000
22 December 2008 (listed)	31 December 2012	\$0.60	3,506,412
10 August 2011 (listed)	30 September 2012	\$0.20	29,998,000
10 August 2011 (unlisted)	30 September 2013	\$0.20	21,150,000
10 August 2011 (unlisted)	30 September 2012	\$0.20	16,000,000
30 November 2011(unlisted)	30 September 2013	\$0.30	5,000,000
Total			80,904,414

The above table does not include the options granted to Mr T. Lake (6,000,000 in total) which are subject to approval by the shareholders at the next Annual General Meeting of the Company.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any other entities.

During the year 2,000 options were exercised raising \$400.

Niuminco Group Limited
Directors' report (continued)
For the year ended 30 June 2012

REMUNERATION REPORT (AUDITED)

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

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 also gives consideration to comparable information from industry sectors and other publicly listed companies.

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's current policy is to remunerate executive directors at or below market rates in the interests of cost savings to the Group during this transitional period. The Board determines these 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.

Niuminco Group Limited

Directors' report (continued)

For the year ended 30 June 2012

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 per annum in total for all non-executive directors as approved by shareholders on 6th November 2009. The board will be recommending to shareholders that the Non-executive remuneration limit is increased to \$250,000 per annum in total at the upcoming annual general meeting.

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.

Risk Policy

The Board does not have a policy in place in relation to limiting exposure in relation to securities held.

Niuminco Group Limited
Directors' report (continued)
For the year ended 30 June 2012

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

Key management personnel

- Andrew Davis	Chairman – Non-Executive	appointed 9 May 2011
- Tracey Lake	Managing Director	appointed 1 May 2012
- David Fuller	Director – Non Executive	appointed 9 May 2011
- Terence Willsteed	Director – Non Executive	appointed 9 May 2011
- Ian Plimer	Director – Non Executive	appointed 9 May 2011
- Arthur Jones	Director – Executive	appointed 9 May 2011
		resigned 9 December 2011
- Gavin John Rezos	Director – Non-Executive	appointed 10 November 2008
		resigned 30 August 2011

Details of remuneration for the year ended 30 June 2012 and 30 June 2011

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

2012	Short Term Benefits Salary, fees & commissions \$	Post Employ- ment Benefits Superannuation contributions \$	Termination benefits \$	Share Based Payments Options \$	Total \$
Executives					
A Davis	266,000	--	100,000	39,749	405,749
T Lake	245,000	--	--	29,223	274,223
A Jones	--	--	--	--	--
Non executives					
D Fuller	36,000	--	--	--	36,000
I Plimer	36,000	--	--	11,673	47,673
T Willsteed	36,000	--	--	11,673	47,673
G Rezos	6,115	--	--	42,538	48,653
	625,115	--	100,000	134,856	859,971

There were no other executives of the Company which require disclosure. Mr Davis is entitled to a termination payment of \$100,000, in respect of his resignation as Managing Director of the Company, this will be paid in instalments of \$4,000 per month for 25 months. The first of these payments was made in May 2012.

Mr Lake received \$115,000 for consultancy fees prior to his appointment as Managing Director, at this stage he had no formal contract with the Company and was paid an amount as agreed from time to time by the board. On 1st May 2012, Mr Lake was appointed to the position of Managing Director and entered into an agreement with the Company through his related company, Goward Pty Ltd. This agreement provides for a sign on bonus of \$80,000 which will be paid by the issue of 1,333,334 ordinary shares at \$0.06 per share, if approved by the shareholders at the next Annual General Meeting, otherwise in cash; the grant of 6,000,000 options exercisable at 10 cents per share on or before 30th April 2014 or the date that is 3 months after the termination date of the agreement; and \$25,000 fees per month.

Niuminco Group Limited
Directors' report (continued)
For the year ended 30 June 2012

2011	Short Term Benefits Salary, fees & commissions \$	Post Employ- ment Benefits Superannuation contributions \$	Termination benefits \$	Share Based Payments Options \$	Total \$
Executives					
A Davis	42,740	--	--	104,190	146,930
A Jones	5,129	--	--	--	5,129
G Rezos > (1)	49,312	--	--	--	49,312
N. Donovan ^ (1)	20,591	--	--	--	20,591
Non executives					
D Fuller	5,129	--	--	--	5,129
I Plimer	5,129	--	--	45,380	50,509
T Willstead	5,129	--	--	45,380	50,509
W Witham (1)	11,500	--	--	--	11,500
	144,659	--	--	194,950	339,609

(1) As approved by the shareholders at the General Meeting on 9 May 2011, 33,333,333 ordinary pre-consolidation shares were issued during the period to G Rezos, N Donovan and W Witham in payment of outstanding directors fees for the current and previous financial year.

^ N Donovan also received company secretarial and financial accounting fees indirectly through Blackwood Pty Ltd. An amount of \$33,188 was paid to Blackwood Pty Ltd during the financial year.

> G Rezos also received consulting fees indirectly through Viaticus Capital Pty Ltd in the amount of \$71,366 and of \$6,000 through Albion Capital Partners for company secretarial services.

There were no other executives of the Company which require disclosure.

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 Andrew Davis as Chairman provides his services in this position under a consultancy agreement with Alan Davis Pty Limited. This agreement provides for a monthly payment of \$8,000 and has an expiry date of 30 June 2014 with 6 months' notice of early termination. Mr Davis will also receive a termination payment in respect of his resignation as the Managing Director of the Company of \$100,000 payable in 25 monthly instalments. The first of these instalments was paid in May 2012.

Niuminco Group Limited
Directors' report (continued)
For the year ended 30 June 2012

Mr Tracey Lake as Managing Director provides his services in this position under a consultancy agreement with Goward Pty Limited. The agreement provides for a monthly payment of \$25,000 and has an expiry date of 30 April 2014 with 6 months' notice of early termination. The agreement also provides for a sign on bonus of \$80,000 which will be paid by the issue of 1,333,334 shares at \$0.06, subject to the approval of the shareholders at the next annual general meeting or otherwise in cash, and 6,000,000 options exercisable at 10 cents per share on or before 30th April 2014 or the date that is 3 months after the termination date of the agreement. The issue of the options is subject to the approval of the shareholders.

Share-based compensation

Subject to approval by shareholders at the next Annual General Meeting of the Company 26th October 2012, Mr Tracey Lake will be issued 1,333,334 ordinary shares at \$0.06 in payment of an \$80,000 sign on bonus plus 6,000,000 options under his consultancy agreement with the Company. Subsequent to year end, Mr Lake advanced \$304,500 to the Company which will be repaid by a placement of 10,875,000 ordinary shares at \$0.028 per share subject to shareholders' approval at the next Annual General Meeting. The terms and conditions of the options that have been allocated to Mr Lake are as follows.

Grant Date	Vesting and exercise date	Expiry date	Exercise price
01/05/12	No vesting conditions	30/04/14	\$0.10

Details of options over ordinary shares in the Company provided as remuneration to each director of Niuminco Group Limited and each of the key management personnel of the parent entity are set out below. When exercisable, each option is convertible into one ordinary share of Niuminco Group Limited.

Name	Number options granted during year	Value of options at grant date	Number of options vested during the year	Number of options lapsed during year	Value at lapse date
A Davis [^]	5,000,000	\$0.0288	5,000,000	--	--
T Lake ^{^^}	6,000,000	\$0.0146	--	--	--
I Plimer	2,500,000	\$0.0228	2,500,000	--	--
T Willstead	2,500,000	\$0.0228	2,500,000	--	--

[^] Mr Davis' options lapsed on 31 July, 2012 being three months after the date of his resignation as Managing Director.

^{^^} These options will vest immediately after the approval by shareholders at the Annual General Meeting of the Company.

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
Andrew Davis	10	10
Tracey Lake	2	2
David Fuller	9	10
Arthur Jones	5	5
Ian Plimer	7	10
Terence Willstead	9	10
Gavin Rezos	2	2

Niuminco Group Limited
Directors' report (continued)
For the year ended 30 June 2012

INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial year the Company has paid or agreed to pay insurance premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

ENVIRONMENTAL

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth of Australia or of a State or Territory.

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 Group will work with its joint venture partner Mincor to ensure compliance with the Papua New Guinea environmental codes.

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.

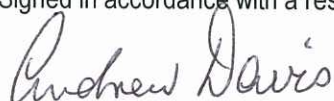
NON-AUDIT SERVICES

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 2012 has been received and can be found on page 22.

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



A. A. Davis
Chairman

Dated this 11th day of September 2012



Auditor's Independence Declaration

As lead auditor for the audit of Niuminco Group Limited for the year ended, 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) 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.

A handwritten signature in blue ink, appearing to read 'B Entwistle', is written over a light blue horizontal line.

Brett Entwistle
Partner
PricewaterhouseCoopers

11 September 2012

Niuminco Group Limited

Annual Financial Report

30 June 2012

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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
Level 8, 139 Macquarie Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report on pages 10 to 21, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 11th September 2012. 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
Consolidated statement of comprehensive income
For the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue from continuing operations	3	--	3,218,852
Other income	4	399,919	60,719
		399,919	3,279,571
Expenses			
Employee benefits expense		(50,436)	(2,187,397)
Depreciation & amortisation expense	12	(434,429)	(964,209)
Professional services fees		(1,893,426)	(1,288,521)
Mining & exploration site costs		(21,435)	(2,140,190)
Travel & accommodation		(31,333)	(314,816)
Loss on disposal & write-off of fixed assets	5	(1,204,603)	(862,087)
Exploration write-off	11	(255,457)	--
Option expense	16	(347,885)	--
Other expenses from ordinary activities		(446,236)	(881,770)
Cost of listing	23	(2,906,814)	--
Finance costs		(125,890)	(581,375)
Net loss before tax		(7,318,025)	(5,940,794)
Income tax benefit	6	2,235,244	--
Net loss for the year attributable to members of Niuminco Group Limited		(5,082,781)	(5,940,794)
Other comprehensive income/(loss)			
Changes in foreign currency translation reserve		(233,605)	(456,020)
Total comprehensive income attributable to members of Niuminco Group Limited		(5,316,386)	(6,396,814)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the Niuminco Group Limited			
Basic loss per share	27	3	2
Diluted loss per share	27	3	2

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 2012

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	8	694,314	112,294
Trade and other receivables	9	187,333	140,046
Prepayments	10	41,538	22,000
Other current asset	7	5,533,091	--
Total Current Assets		6,456,276	274,340
NON CURRENT ASSETS			
Exploration & evaluation expenditure	11	12,123,990	8,053,717
Property, plant & equipment	12	2,318,697	3,627,955
Total Non-Current Assets		14,442,687	11,681,672
TOTAL ASSETS		20,898,963	11,956,012
CURRENT LIABILITIES			
Bank overdraft	8	--	643,668
Interest bearing loans & borrowings	13	264,170	1,048,136
Trade & other payables	14	2,469,120	3,275,140
Convertible notes	15	--	3,703,781
Other current liability	7	5,533,091	--
Total Current Liabilities		8,266,381	8,670,725
NON-CURRENT LIABILITIES			
Interest bearing loans & borrowings	13	395,103	656,597
Total Non-Current Liabilities		395,103	656,597
TOTAL LIABILITIES		8,661,484	9,327,322
NET ASSETS		12,237,479	2,628,690
EQUITY			
Contributed equity	16	35,425,066	21,259,660
Share based payment reserve	17	2,997,356	2,237,587
Foreign currency translation reserve	17	745,180	978,785
Accumulated losses	17	(26,930,123)	(21,847,342)
TOTAL EQUITY		12,237,479	2,628,690

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 2012

	Attributable to members of Niuminco Group Limited				
	Contributed equity \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2010	19,540,813	2,074,253	1,434,805	(15,906,548)	7,143,323
Loss for the year	--	--	--	(5,940,794)	(5,940,794)
Other comprehensive income for the year	--	--	(456,020)	--	(456,020)
Total comprehensive income for the year	--	--	(456,020)	(5,940,794)	(6,396,814)
Transactions with owners in their capacity as owners					
Issued capital, net of transaction costs	1,718,847	--	--	--	1,718,847
Options exercised	--	--	--	--	--
Share-based payments	--	163,334	--	--	163,334
Balance at 30 June 2011	21,259,660	2,237,587	978,785	(21,847,342)	2,628,690
Loss for the year	--	--	--	(5,082,781)	(5,082,781)
Other comprehensive income for the year	--	--	(233,605)	--	(233,605)
Total comprehensive income for the year	--	--	(233,605)	(5,082,781)	(5,316,386)
Transactions with owners in their capacity as owners					
Issued capital, net of transaction costs	14,165,006	--	--	--	14,165,006
Options exercised	400	--	--	--	400
Share-based payments	--	759,769	--	--	759,769
Balance at 30 June 2012	35,425,066	2,997,356	745,180	(26,930,123)	12,237,479

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

Niuminco Group Limited
Consolidated statement of cash flows
30 June 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		--	3,218,852
Payments to suppliers & employees (inclusive of GST)		(3,384,984)	(6,986,635)
Interest received		98,364	2,158
Interest paid		(116,268)	(498,875)
Net cash used in operating activities	26	(3,402,888)	(4,264,500)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		233,099	947,050
Payment for property, plant & equipment		(7,820)	(651,101)
Payment for exploration & evaluation expenditure		(2,353,981)	(1,808,425)
Net cash used in investing activities		(2,128,701)	(1,512,476)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of issue of shares		8,296,619	1,882,183
Payment of share issue costs		(896,367)	--
Cash acquired on acquisition		15,581	--
Proceeds from convertible loans		--	3,621,281
Advances from related parties		900,000	648,422
Repayments to related parties		(31,919)	--
Repayment of shareholders loans		(246,933)	--
Advances to JV partner		(5,533,091)	--
Loan from JV partner		5,533,091	--
Repayment of borrowings/finance lease		(1,293,312)	(820,553)
Net cash provided by/(used in) financing activities		6,743,669	5,331,333
Net increase/(decrease) in cash & cash equivalents		1,212,081	(445,643)
Cash & cash equivalents at the beginning of the period		(531,374)	(105,663)
Effect of exchange rate changes		13,607	19,932
Cash at end of year	8	694,314	(531,374)

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 2012

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Niuminco Group Limited

Notes to the consolidated financial statements (continued)

30 June 2012

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 2012.

The financial statements were authorised for issue by the directors on 12th September 2012. The directors have the power to amend and reissue the financial statements.

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

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 the Niuminco Group Limited group 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

iv. Reverse acquisition

Niuminco Group Limited is listed on the Australian Securities Exchange. Niuminco Group Limited completed the legal acquisition of Niuminco Ltd on 10th August 2011.

Niuminco Ltd was deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer. Accordingly, the consolidated financial statements of Niuminco Group Limited have been prepared as a continuation of the financial statements of Niuminco Ltd. Niuminco Ltd (as the deemed acquirer) has accounted for the acquisition of Niuminco Group Limited from 10th August 2011. The comparative information presented in the consolidated financial statements is that of Niuminco Ltd.

The impact of the reverse acquisition on each of the primary statements is as follows:

Consolidated statement of comprehensive income:

- The statement for the year to 30 June 2012 comprises 12 months of Niuminco Ltd and 11 months of Niuminco Group Limited.
- The statement for the year to 30 June 2011 comprises 12 months of Niuminco Ltd.

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Consolidated statement of financial position:

- The consolidated statement of financial position at 30 June 2012 represents both Niuminco Ltd and Niuminco Group Limited as at that date.
- The consolidated statement of financial position at 30 June 2011 represents Niuminco Ltd as at that date.

Statement of changes in equity

- The consolidated statement of changes in equity for the year ended 30 June 2012 comprises Niuminco Ltd's equity balance at 1st July 2011, its loss for the year, and transactions with equity holders for 12 months. It also comprises Niuminco Group Limited's transactions with equity holders in the past 11 months and the equity balances of Niuminco Ltd and Niuminco Group Limited at 30 June 2012.
- The consolidated statement of changes in equity for the year ended 30 June 2011 comprises 12 months of Niuminco Ltd's changes in equity.

Statement of cash flows

- The consolidated cash flow statement for the year ended 30 June 2012 comprises the cash balance of Niuminco Ltd at 1st July 2011, the cash transactions for the 12 months (12 months for Niuminco Ltd and 11 months for Niuminco Group Limited) and the cash balance of Niuminco Ltd and Niuminco Group Limited at 30 June 2012.
- The consolidated cash flow statement for the year ended 30 June 2011 comprises 12 months of Niuminco Ltd's cash transactions.

b. Going concern

The directors have prepared the financial statements on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss before tax of \$7,318,025 during the year ended 30 June 2012 and, as of that date the consolidated entity's current liabilities exceeded its current assets by \$1,810,105.

Since balance date the Company has raised \$2,628,563 under the offer document dated 10th August 2012 which closed on 5th September 2012. This offer raised cash of \$1,701,362 and included the conversion of \$926,201 of current payables at 30 June 2012 to equity. An additional \$186,515 of current payables at 30 June 2012 will be converted to equity and a further \$304,500 share placement will be completed subject to shareholder approval at the Annual General Meeting to be held on 26th October 2012.

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

The continuing viability of the Group and its ability to continue as a going concern and to meet its commitments as and when they fall due is also dependent upon the Group being successful in:

- raising additional equity or debt including the drawdown of the \$1,400,000 with Mincor to fund the Edie Creek operating costs; and
- curtailing materially, if necessary, the Group's ongoing operating costs to suit available resources and the timing of anticipated equity or debt raisings.

The directors believe that the Group will be successful in managing the above matters. In particular, the directors believe that the Mincor \$1,400,000 facility, which although currently not unconditional, will be available for drawn down by the Group as and when required by the Group. The facility will become unconditional once the joint ventures are legally formed and the final approvals for the registration of the transfer of the initial 1% of the tenements to Mincor have occurred. The directors are expecting that this process will be completed in the near future.

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The directors also expect that the Group will be successful in obtaining the required approval at the Annual General Meeting on 26th October 2012 to ratify the additional share placement and remaining debt conversion from the rights issue that was completed on the 5th September 2012. Should that not be the case, the directors believe that the Group will be able to manage any funding impact so that the going concern position of the Group is not compromised.

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 financial report at 30 June 2012. 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 2012 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 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.

The acquisition method of accounting is used to account for business combinations by the Group.

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.

A list of the Group subsidiaries is presented in note 24 to the financial statements.

d. Foreign currency translation

i. 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.

ii. 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.

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

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.

iii. 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:

- 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

e. Revenue recognition

i. Interest income

Interest revenue is brought to account when earned, taking into account the effective yield on the financial asset.

f. Income Tax

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.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

g. Exploration and evaluation costs

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

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

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.

h. Impairment of assets

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 loss 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

i. Property, plant and equipment

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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Notes to the consolidated financial statements (continued)
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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 or, in the case of certain leased plant and equipment, the shorter lease term as follows:

- Buildings	20 years
- Furniture, fittings & equipment	3-7 years
- Mining equipment and vehicles	3-10 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

j. Employee Benefits

i. Short-term obligations

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.

ii. Share-based payment

Share-based compensation benefits are provided to employees via the Niuminco Group Limited Share Plan and Employee Share Option. Information relating to this plan is set out in note 28. No options were issued under this plan during the year to 30 June 2012.

The fair value of options granted under the Niuminco Group Limited Share Plan and Employee Share Option is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

k. 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.

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I. Cash and cash equivalents

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.

m. Investment and other financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 0) in the statement of financial position.

Recognition and derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method. Details on how the fair value of financial instruments is determined are disclosed in note 30.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

i. Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

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If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

n. Trade and other payables

These amounts 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 usually paid within 30 days of recognition. Trade and other payables 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.

o. 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.

p. Issued capital

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.

i. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

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ii. 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.

q. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless the amount of GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis, except for the GST component of cash flow arising from investing or financing activities, which are recoverable from, or payable to the taxation authority, are presented as operating cashflows.

r. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) (effective for annual reporting periods beginning on or after 1 January 2013*).

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013* but is available for early adoption. When adopted, the standard is not expected to have a material impact on the Group financial statements as the Group does not hold any financial assets at fair value through profit and loss or classified as available-for-sale and does not hold any held-to-maturity investment at reporting date.

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There will also be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated as at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

* In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.

(ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013)

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. While the Group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

The Group's investment in the joint venture with Mincor Resources NL will be classified as a joint venture under the new rules.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. The Group is still assessing the impact of these amendments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The Group is still assessing the impact of these amendments.

The Group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

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AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group does not use fair value measurements extensively. It is therefore unlikely that the new rules will have a significant impact on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iv) AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective 1 July 2012)

In September 2011, the AASB made an amendment to AASB 101 Presentation of Financial Statements which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Group intends to adopt the new standard from 1 July 2012.

(v) AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The Corporations Act requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

s. Parent entity financial information

The financial information for the parent entity, Niuminco Group Limited, disclosed in note 29 has been prepared on the same basis as the consolidated financial statements, except as set out below.

i. Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Niuminco Group Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

a. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Niuminco Group Limited
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i. Share-based payment transactions

The cost of share-based payments to employees and third parties is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes options valuation model, taking into account the terms and conditions upon which the options were granted. Note 28 details the assumptions that have been used in determining the fair value of the options that have been granted.

ii. 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 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, in particular, 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.

Carried forward exploration and evaluation expenditures are disclosed in note 11.

iii. 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 1.h. 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.

During the period management sold part of the plant and equipment at Edie Creek and decided to dismantle, sell and write off the remaining plant as it believes it will not be required for future operations (refer to note 11).

iv. Business combination

A business combination is a transaction in which an acquirer obtains controls of one or more subsidiaries. The acquirer is the entity that obtains control of the other combining entities or businesses. In some situations a reverse acquisition could occur when the acquirer is the entity whose equity instruments have been acquired and the issuing entity is the acquiree. This might be the case when a private entity arranges to have itself "acquired" by a publicly listed entity and as a result of that transaction the shareholders of the private entity obtain a majority of the shareholding of the publicly listed entity.

During the year Niuminco Group Limited acquired Niuminco Ltd (refer note 23 Business combination) and it has been determined that the acquirer in that transaction was Niuminco Ltd. In forming that conclusion management considered the following factors:

- (a) the relative voting rights in the Company after the business combination
- (c) the composition of the governing body of the Company
- (d) the composition of the senior management of the Company
- (e) the terms of exchange of equity interests

In considering the transaction, management also determined that the Company did not meet the definition of a business as defined in AASB 3 *Business Combinations*. In forming that conclusion management reviewed and assessed the level of inputs and processes that were in place in Niuminco Group Limited prior to the acquisition and that were acquired by the Group.

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Notes to the consolidated financial statements (continued)
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3. REVENUE

	2012	2011
	\$	\$
Gold sales	--	3,168,468
Silver sales	--	50,384
	<u>--</u>	<u>3,218,852</u>

4. OTHER INCOME

Profit on sale of fixed assets	--	12,502
Sale of scrap	--	1,108
Equipment hire	--	1,447
Finance income	98,364	2,158
GST refund	--	39,126
Write back creditor	287,176	--
Other income	14,379	4,378
	<u>399,919</u>	<u>60,719</u>

On 29th June 2012 the Group executed a settlement deed with Arthur Jones. The deed provides that all monies due to Arthur Jones and his associated companies Core Management Ltd and Firewall Logistics Ltd will be settled by the issue of 2,000,000 ordinary shares. Subsequent to year end, these shares were issued at \$.028 per share which resulted in \$287,186 being written back.

5. EXPENSES

	2012	2011
	\$	\$
Loss on sale of fixed assets	472,212	--
Impairment of assets	732,391	862,087
	<u>1,204,603</u>	<u>862,087</u>

At balance date, the directors reviewed the plant, property and equipment of the PNG operations and as a result the recoverable amount was written down by \$732,391.

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

6. INCOME TAX BENEFIT

a) Income tax benefit

	2012	2011
	\$	\$
Current tax	--	--
Deferred tax	2,235,244	--
	<u>2,235,244</u>	<u>--</u>

Deferred income tax included in income tax comprises:

Increase in deferred tax assets	2,235,244	--
Increase in deferred tax liabilities	--	--
	<u>2,235,244</u>	<u>--</u>

Loans between Niuminco Group Limited, Niuminco Limited (Australian companies) and the Niuminco Limited branch in PNG are denominated in AUD dollars. The functional currency of the branch is the Kina whereas the functional currency of Niuminco Group Limited and Niuminco Limited is the Australian dollar. The revaluation of the loans in the books of the PNG branch gives rise to unrealized exchange gains which in turn give rise to a deferred tax liability. Simultaneously, the branch has tax losses that have been recognized on the balance sheet to the extent of the deferred tax liability for the unrealized exchange gain so that no net deferred tax liability is presented on the balance sheet.

On consolidation, the unrealized exchange gain, as well as the tax impact of this item, are directly recognized in equity in the foreign currency translation reserve on the basis that the loans between Niuminco Group Limited and the PNG branch of Niuminco Limited, and between Niuminco Limited and its branch, are considered to form part of the long term investments that the companies have in the PNG branch.

b) Deferred tax

	2012	2011
	\$	\$
Deferred tax assets:		
Tax losses	2,235,244	--
Set-off of deferred tax liabilities	(2,235,244)	--
	<u>--</u>	<u>--</u>
Deferred tax liabilities:		
Unrealised foreign exchange gain	2,235,244	--
Set-off of deferred tax assets	(2,235,244)	--
	<u>--</u>	<u>--</u>

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

c) Unused tax losses

	2012	2011
	\$	\$
Unused tax losses relating to the Australian entities for which no deferred tax asset has been recognised	5,803,095	3,085,103
Potential tax benefit at 30%	1,740,929	925,531
Unused tax losses relating to the PNG entities for which no deferred tax asset has been recognised	12,968,381	10,970,520
Potential tax benefit at 48%	5,904,700	5,009,656

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

Loss from continuing operations	(7,318,025)	(5,940,794)
Tax at the Australian tax rate of 30% (2011 – 30%)	(2,195,408)	(1,782,238)
Difference in overseas tax rates	(270,290)	--
Taxable losses not recognized	1,371,654	1,782,238
Permanent differences	1,094,044	--
Tax losses recognised to offset deferred tax liability for temporary differences	2,235,244	--
Income tax benefit	2,235,244	--

7. OTHER CURRENT ASSET & OTHER CURRENT LIABILITY

On the 23rd May 2011, the Group entered into a series of joint venture and other agreements with Mincor Resources N.L. (Mincor) an ASX listed miner with nickel mining interests in the Kalgoorlie area of Western Australia.

Under the agreements Mincor agreed to sole-fund up to \$15,000,000 on exploration on the areas at Edie Creek to acquire up to a 51% interest in the area and up to \$5,000,000 on each of the exploration areas at May River, Bolobip and Kubuna in each case to earn up to a 72% interest.

At this time, the condition precedents to the joint venture agreements remain unsatisfied and as such the joint ventures to be constituted under these arrangements have not yet been formed.

For exploration works at the different areas to commence, the Group has agreed with Mincor to incur expenditure prior to formation of joint ventures and has agreed that Mincor will reimburse the Group in respect of such expenditure. As a result of these arrangements, exploration work commenced on the 8th August 2011 for Kubuna, May River and Bolobip and the 15th November 2011 for Edie Creek.

Mincor will only reimburse the Group for this expenditure after establishment of the joint ventures. No amount is billable if the joint ventures are not formed. Any amounts reimbursed by Mincor to the Group will count towards joint ventures expenditure and be deemed to have been incurred by Mincor during the earning period for the relevant area of interest. At the same time the Group entered into loan agreements with Mincor whereby Mincor agreed to advance monies to the Group to fund the exploration work above.

These loan amounts will be repayable on the date when the joint ventures are formed provided that if the joint venture agreements are terminated by Mincor because the conditions precedent to the joint ventures agreements are not satisfied by the end date under the terms of the agreements, then the loan amounts will not be repayable by the Group.

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
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Under the loan agreements, Mincor has a right to set off any amount due by the Group for these loans against any amount which is due for payment by Mincor to the Group in respect of the exploration work which has been completed by the Group on Mincor's behalf.

Expenditure by project on behalf of Mincor to 30 June 2012

Project	Amount Spent \$	% interest earned
Edie Creek	1,285,004	1%
Bolobip	1,201,600	1%
Kubuna	243,311	1%
May River	2,803,176	36%
Total expenditure to 30 June 2012	5,533,091	

8. CASH AND CASH EQUIVALENTS

	2012 \$	2011 \$
Cash at bank	694,314	112,294
	694,314	112,294

a. Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Balance as above	694,314	112,294
Bank overdraft	--	(643,668)
	694,314	(531,374)

The bank overdraft was paid out in full on 26th March 2012 and the Group no longer has an overdraft facility

b. Risk exposure

The Group's exposure to interest rate risk is discussed in note 30. 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.

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

9. TRADE AND OTHER RECEIVABLES

	2012	2011
	\$	\$
CURRENT		
GST receivables	56,271	53,984
Staff advances	11,993	--
Deposits held	39,475	21,781
Other debtors	79,594	64,281
	187,333	140,046

10. OTHER ASSETS

CURRENT		
Prepayments	41,538	22,000
	41,538	22,000

Prepayments represent insurance premiums paid in advance.

11. EXPLORATION AND EVALUATION EXPENDITURE

NON-CURRENT

Costs carried forward in respect of areas of interest in the exploration and evaluation phase

Opening balance	8,053,717	6,624,776
Expenditure incurred during the year (a)	2,822,834	1,808,425
Foreign currency translation	1,502,896	(379,484)
Less write-off (b)	(255,457)	--
	12,123,990	8,053,717

Exploration assets are carried forward in accordance with the accounting policy set out in Note 1.g.

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.

(a) Expenditure during the year relates to expenditure capitalised on exploration of mining tenements at Edie Creek and exploration licences at May River, Bolobip and Kubuna.

(b) Impairment relates to expenditure capitalised on three non-prospective exploration licences which have been allowed to lapse.

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
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12. PROPERTY, PLANT & EQUIPMENT

NON-CURRENT	Buildings \$	Furniture & fittings \$	Mining equipment & vehicles \$	Total \$
At 1 July 2010				
Cost or fair value	785,337	210,748	6,453,212	7,449,297
Accumulated depreciation	(69,129)	(78,359)	(1,064,821)	(1,212,309)
Net book amount	716,208	132,389	5,388,391	6,236,988
Year ended 30 June 2011				
Opening net book amount	716,208	132,389	5,388,391	6,236,988
Exchange differences	(47,217)	(5,809)	(446,264)	(499,290)
Additions	20,882	112,215	518,004	651,101
Disposals	--	--	(1,796,635)	(1,796,635)
Depreciation & impairment	(32,536)	(46,491)	(885,182)	(964,209)
Closing net book amount	657,337	192,304	2,778,314	3,627,955
At 30 June 2011				
Cost or fair value	755,920	314,061	4,037,874	5,107,855
Accumulated depreciation	(98,583)	(121,757)	(1,259,560)	(1,479,900)
Net book amount	657,337	192,304	2,778,314	3,627,955
Year ended 30 June 2012				
Opening net book amount	657,337	192,304	2,778,314	3,627,955
Exchange differences	124,331	33,625	397,098	555,054
Additions	--	7,820	--	7,820
Disposals	--	--	(705,312)	(705,312)
Written-off	--	(6,924)	(725,467)	(732,391)
Depreciation	(36,900)	(54,644)	(342,885)	(434,429)
Closing net book amount	744,768	172,181	1,401,748	2,318,697
At 30 June 2012				
Cost or fair value	901,540	375,973	3,218,266	4,495,779
Accumulated depreciation	(156,772)	(203,792)	(1,816,518)	(2,177,082)
Net book amount	744,768	172,181	1,401,748	2,318,697

13. INTEREST BEARING LOANS AND BORROWINGS

	2012 \$	2011 \$
CURRENT		
Finance lease liability (a)	264,170	1,048,136
	264,170	1,048,136
NON-CURRENT		
Finance lease liability (a)	395,103	656,597
	395,103	656,597

(a) Financial leases are for plant & equipment in PNG and the average effective interest rate during the year was 16%. The outstanding liability is secured over the assets.

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30 June 2012

14. TRADE AND OTHER PAYABLES

	2012	2011
	\$	\$
CURRENT		
Payroll liabilities	879,660	--
Sundry creditors and accruals	367,435	1,230,537
Trade creditors (a)	322,025	1,033,753
Directors loans (b)	900,000	1,010,850
	<u>2,469,120</u>	<u>3,275,140</u>

(a) Subsequent to year end, \$156,716 outstanding to Nepean Engineering & Innovation Pty Ltd, an associated company of David Fuller, has been settled by the issue of 5,597,000 ordinary shares.

(b) Directors loans

- The loan outstanding to A Davis of \$481,919 at 30 June 2011 was settled by the issue of 2,250,000 shares at \$0.20 and the remainder in cash (see note 16.b). The completion of the share issue by Niuminco Group Limited under the Supplementary Prospectus issued by DSF International Holdings Limited included the issue of 2,250,000 shares at \$0.20 to A Davis to extinguish \$450,000 of debt, with the balance of \$31,919 settled in cash.
- The loan outstanding to Paradise Minerals Limited, a company owned by A Jones and D Fuller of \$219,943 at 30 June 2011 was settled in cash on 1st September 2011.
- Subsequent to year end, all claims by Arthur Jones, Core Management Limited and Firewall Logistics Limited, companies in which A Jones has an interest, have been settled by the issue of 2,000,000 ordinary shares.
- Subsequent to year end, \$664,406 of the \$750,000 outstanding to Victoria Park Investments Pty Ltd, an associated company of David Fuller, has been extinguished by the issue of 23,728,786 ordinary shares. The balance owing of \$85,594 will be converted to equity at \$0.028 per share subject to approval by shareholders at the next Annual General Meeting.
- Subsequent to year end, \$49,079 of the \$150,000 outstanding to Alan Davis Pty Ltd, an associated company of Andrew Davis, has been extinguished by the issue of 1,752,826 ordinary shares. The balance of \$100,921 will be converted to equity at \$0.028 per share subject to approval by shareholders at the next Annual General Meeting (see note 25).

15. CONVERTIBLE NOTES

	2012	2011
	\$	\$
Convertible notes	--	3,703,781
	<u>Cash received</u>	<u>Conversion value</u>
	\$	\$
Nepean Engineering Pty Limited*	1,671,281	1,671,281
Mantle Superannuation Fund	1,500,000	1,560,000
Harcode Pty Ltd	450,000	472,500
	<u>3,621,281</u>	<u>3,703,781</u>

*This convertible note was issued to Mr David Fuller with respect to a debt owed to Nepean Engineering Pty Limited, a company owned and controlled by Mr David Fuller, to settle amounts owing to Nepean Engineering Pty Limited.

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On 10 August, 2011 the whole of the issued capital of the Company was acquired by Niuminco Group Limited. The completion of the share issue by Niuminco Group Limited under the Supplementary Prospectus issued by DSF International Holdings Limited had the effect of converting \$3,703,781 of debt owed to Mantle Superannuation Fund, Harcode Pty Ltd and Nepean Engineering Pty Limited into an intercompany loan owed to Niuminco Group Limited. These debts have been extinguished by Niuminco Group Limited through the issue of shares (see note 16.b) and options (see note 28.c) in Niuminco Group Limited.

As part of these agreements and in consideration for Mantle Superannuation Fund and Harcode Pty Ltd entering into these agreements, Niuminco Group Limited also issued 5,000,000 options and 1,150,000 options respectively, exercisable at \$0.20 per share on or before 30 September 2013 (see note 28.c).

16. CONTRIBUTED EQUITY

a. Share capital

	30/06/12 Shares	30/06/12 \$	30/06/11 Shares	30/06/11 \$
Ordinary shares fully paid	187,754,508	35,425,066	271,345,443	21,259,660
Total contributed equity	187,754,508	35,425,066	271,345,443	21,259,660

b. Movements in ordinary share capital

Date	Details	Shares	\$
01-Jul-11	Balance at beginning of period	271,345,443	21,259,660
10-Aug-11	Elimination of existing Niuminco shares at acquisition date	(271,345,443)	--
10-Aug-11	Existing Niuminco Group Limited shares at acquisition date	12,104,330	--
10-Aug-11	Niuminco Group Limited shares issued upon acquisition (see note 23)	108,538,178	2,523,257
10-Aug-11	Issue of share under prospectus closed on 29 July 2011 in exchange for cash	41,481,095	8,296,219
10-Aug-11	Conversion of convertible notes to equity under prospectus closed on 29 July 2011 (see note 15)	18,518,905	3,703,781
10-Aug-11	Shares issued as remuneration for services (see Note 28.a)	2,500,000	500,000
30-Aug-11	Shares issued as consideration for cancellation of options in Niuminco Ltd	2,360,000	--
31-Aug-11	Exercise of options	2,000	400
06-Dec-11	Share placement (see note 21.d)	2,250,000	450,000
		187,754,508	36,733,317
	Less transaction costs arising on share issues		(1,308,251)
30-Jun-12	Balance	187,754,508	35,425,066

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Notes to the consolidated financial statements (continued)
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c. 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.

d. Share options issued

At reporting date there were 85,904,414 options issued outstanding (2011: 8,756,414). This number does not include options granted to Mr T. Lake (6,000,000 unlisted options in total) which are subject to approval by shareholders at the Next Annual General Meeting of the Company.

Options issued to equity holders are summarised in the table below. Note 28 details the share based payment options issued and outstanding at reporting date.

Type of options	Grant date	Expiry date	Exer-cise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
			\$	Number	Number	Number	Number	Number	Number
30 June 2012									
Listed	22/12/08	31/12/12	0.60	3,506,412	--	--	--	3,506,412	3,506,412
Listed	10/08/11	30/09/12	0.20	--	30,000,000	(2,000)	--	29,998,000	29,998,000
Unlisted	10/12/08	31/12/12	0.40	1,500,002	--	--	--	1,500,002	1,500,002
Unlisted	10/12/08	31/12/12	0.60	1,500,000	--	--	--	1,500,000	1,500,000
Unlisted	10/12/08	31/12/12	1.00	2,000,000	--	--	--	2,000,000	2,000,000
Unlisted	01/12/09	31/12/12	0.40	250,000	--	--	--	250,000	250,000
Unlisted	10/08/11	30/09/12	0.20	--	16,000,000	--	--	16,000,000	16,000,000
Unlisted	10/08/11	30/09/13	0.20	--	21,150,000	--	--	21,150,000	21,150,000
Unlisted	09/05/11	30/09/13	0.30	--	5,000,000	--	--	5,000,000	5,000,000
Unlisted	09/05/11	30/09/14	0.30	--	5,000,000	--	--	5,000,000	5,000,000
Total				8,756,414	77,150,000	(2,000)	--	85,904,414	85,904,414
Weighted average exercise price (\$)				0.65	0.21	0.20	--	0.26	0.26

Type of options	Grant date	Expiry date	Exer-cise price	Balance at start of the year	1 for 20 consoli-dation	Exercised during the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
			\$	Number	Number	Number	Number	Number	Number
30 June 2011									
Listed	22/12/08	31/12/12	0.60	70,127,433	(66,621,021)	--	--	3,506,412	3,506,412
Unlisted	10/12/08	31/12/12	0.40	17,000,040	(16,150,038)	--	--	1,500,002	1,500,002
Unlisted	10/12/08	31/12/12	0.60	30,000,000	(28,500,000)	--	--	1,500,000	1,500,000
Unlisted	10/12/08	31/12/12	1.00	30,000,000	(28,000,000)	--	--	2,000,000	2,000,000
Unlisted	01/12/09	31/12/12	0.40	5,000,000	(4,750,000)	--	--	250,000	250,000
Total				152,127,473	(144,021,059)	--	--	8,756,414	8,756,414
Weighted average exercise price (\$)				0.03	--	--	--	0.65	0.65

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Notes to the consolidated financial statements (continued)
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e. Rights Issue

On 10th August 2012 the Company invited its shareholders to subscribe to a rights issue of 93,877,254 ordinary shares at an issue price of \$0.028 per share on the basis of 1 share for every 2 fully paid ordinary shares held, with such shares to be issued on, and rank for dividends after, 7th September 2012. Refer to note 25 for further details.

f. 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.

The Group incurred a net loss of \$5,082,781 during the year ended 30 June 2012. However, since balance date the Group has raised \$2,628,563 through a pro-rata rights issue which closed on 5th September 2012 (see note 25) and, along with the Mincor loan facility, the Group will have sufficient funds to continue as a going concern (see note 1.b).

17. OTHER RESERVES AND ACCUMULATED LOSSES

	Note	2012 \$	2011 \$
a. Other reserves			
Share based payments	28	2,997,356	2,237,587
Foreign currency translation		753,015	978,785
		3,750,371	3,216,372
<i>i. Movements:</i>			
<u>Share based payments</u>			
Opening balance		2,237,587	2,074,253
Replacement of awards as part of the Niuminco Transactions		213,017	--
Revaluation of options issued to directors in prior period and approved in this financial year		63,095	
Options issued as remuneration for services for directors current year		71,761	163,334
Options issued to convertible notes holders upon entering into the notes		411,896	--
Closing balance		2,997,356	2,237,587

The share-based payments reserve is used to recognise the grant date fair value of options issued but not exercised

Foreign currency translation

Opening balance	978,785	1,434,805
Currency translation differences arising during the year	(233,605)	(456,020)
Closing balance	745,180	978,785

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

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Notes to the consolidated financial statements (continued)
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b. Accumulated losses

Movements in accumulated losses were as follows:

	2012	2011
	\$	\$
Opening balance	(21,847,342)	(15,906,548)
Net loss for the year	(5,082,781)	(5,940,794)
Closing balance	(26,930,123)	(21,847,342)

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 in note 1.d and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

18. KEY MANAGEMENT PERSONNEL DISCLOSURES

a. Key management personnel compensation

	2012	2011
	\$	\$
Short-term employee benefits	625,115	144,659
Termination benefits	100,000	--
Share-based payments	134,856	194,950
	859,971	339,609

Mr A. Davis is entitled to \$100,000 termination payment in respect of his resignation as Managing Director of the Company. He will receive \$4,000 in 25 month consecutive instalments. The first instalment was paid in May 2012.

Detailed remuneration disclosures are provided in the remuneration report on pages 15 to 19.

b. Equity instruments disclosures relating to key management personnel

i. Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on pages 15 to 19.

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Notes to the consolidated financial statements (continued)
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ii. Option holdings

The number of options over ordinary 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.

2012 [^]	Balance at start of the year	Granted as remuneration	Exercised during the year	Other changes	Balance at end of the year	Vested and exercisable
Name	Number	Number	Number	Number	Number	Number
A. Davis ^{^^}	--	5,000,000	--	--	5,000,000	5,000,000
D Fuller ^{^^^}	--	--	--	15,638,625	15,638,625	15,638,625
I. Plimer	--	2,500,000	--	--	2,500,000	2,500,000
T Willsteed	--	2,500,000	--	--	2,500,000	2,500,000
Total	--	10,000,000	--	15,638,625	25,683,625	25,683,625

[^] The above table does not include options granted to T. Lake, (6,000,000 in total) which are subject to approval by shareholders at the next Annual General Meeting of the Company.

^{^^} Mr Davis' options lapsed on 31st July 2012 being three months after his resignation as Managing Director.

^{^^^} Options issued as part of the acquisition of Niuminco Limited by Niuminco Group Limited.

2011	Balance at start of the year	Granted as remuneration ^{^^}	Exercised during the year	Other changes [^]	Balance at end of the year	Vested and exercisable
Name	Number	Number	Number	Number	Number	Number
W Witham	4,000,000	--	--	(4,000,000)	--	--
N Donovan	4,000,000	--	--	(4,000,000)	--	--
Total	8,000,000	--	--	(8,000,000)	--	--

[^] Other changes reflect the fact that W. Witham and N. Donovan are no longer directors at the end of the financial year. Options issued to W. Witham and N. Donovan have lapsed following their resignation as directors of the Company.

^{^^} The above table does not include options granted to A. Davis, I. Plimer and T Willsteed (10,000,000 in total) which were subject to approval by shareholders at the next Annual General Meeting of the Company at the end of the financial year.

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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.

2012	Balance at start of the year	Received as remuneration ^^	Other Change^	Shares purchased or sold	Balance at end of the year
G Rezos	2,336,667	--	(2,336,667)	--	--
D Fuller	--	--	57,586,650	--	57,586,650
T Willsted	--	--	--	1,000,000	1,000,000
A Davis	--	--	2,250,000	--	2,250,000
	2,336,667	--	57,499,983	1,000,000	60,836,650

^ Other changes reflect the fact that G. Rezos is no longer a director at the end of the financial year and that A Davis received 2,250,000 in repayment of a \$450,000 loan to the Company.

^^ The above table does not include shares granted to T. Lake, (1,333,334 in total) which are subject to approval by shareholders at the next Annual General Meeting of the Company at the end of the financial year.

2011	Balance at start of the year	Received as remuneration	Other Change^	1 for 20 consolidation	Shares purchased or sold	Balance at end of the year
G Rezos	19,000,000	21,066,667	6,666,667	(44,396,667)	--	2,336,667
W Witham	1,000,000	6,133,333	(7,133,333)	--	--	--
N Donovan	1,500,000	6,133,333	(7,633,333)	--	--	--
	21,500,000	33,333,333	(8,099,999)	(44,396,667)	--	2,336,667

^ Other changes reflect the fact that W. Witham and N. Donovan are no longer directors at the end of the financial year. Option change for G. Rezos relates to the issue of shares for settlement of a loan amounting to \$50,000 owed to Viaticus Capital Pty Ltd (refer to note 28).

c. Loans

For loans with key management personnel and their related entities during the period refer to Note 21.

19. AUDITOR'S REMUNERATION

Remuneration of the auditor of the parent entity for:

	2012 \$	2011 \$
PricewaterhouseCoopers		
Audit or review of financial statements	93,500	74,590
	93,500	74,590

Niuminco Group Limited
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20. CONTINGENCIES

The minimum lease payments under finance lease arrangements are set out in the following table.

	2012 \$	2011 \$
Within 1 year	350,838	1,262,337
Between 1 and 5 years	438,549	582,189
Total future lease payments	789,387	1,844,466
Less: future finance charges	(130,113)	(139,732)
Lease liability	<u>659,274</u>	<u>1,704,733</u>
Represented by:		
Current lease liability	264,171	1,048,136
Non-current lease liability	395,103	656,597
Lease liability	<u>659,274</u>	<u>1,704,733</u>

21. 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 24.

c. Key management personnel

Disclosures relating to key management personnel are set out in note 18.

d. Transactions with related parties

- (a) The loan outstanding at 30th June 2011 of \$219,943 to Paradise Minerals Limited, a company owned by A Jones and D Fuller, was settled in cash on 1st September 2011.
- (b) Alan Davis Pty Limited, a company owned and controlled by Mr. Andrew Davis, received 2,250,000 ordinary shares at \$0.20 per share in Niuminco Group Limited and \$31,919 in cash in settlement of a loan of \$481,919 to Niuminco Limited (see note 14).
- (c) A convertible note held by Nepean Engineering Pty Limited, a company which Mr. David Fuller and his family own and control, has been extinguished for an amount of \$1,671,281 by the issue of shares and options in Niuminco Group Limited (see notes 14 and 15).
- (d) Fiona Russell, a related party of Mr T Lake, received fees totalling \$24,840 for bookkeeping services during the year.

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

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:

	2012	2011
	\$	\$
Nepean Engineering & Innovation Pty Ltd	156,716	156,716
	156,716	156,716

On 5th September 2012, the amount outstanding to Nepean Engineering & Innovation Pty Ltd, an associated company of David Fuller, was settled by the issue of 5,597,000 ordinary shares.

f. Loans to/from related parties

Loans to Niuminco Group Limited

Beginning of the year	--	--
Nepean Engineering Pty Ltd [^]	750,000	--
Alan Davis Pty Ltd ^{^^}	150,000	--
End of year	900,000	--

[^] Nepean Engineering Pty Limited provided a \$750,000 loan facility to the Company which was drawn in full on 30 April 2012. On 5th September 2012, \$664,406 of the \$750,000 has been repaid by the issue of 23,728,786 ordinary shares to Victoria Park Investments Pty Ltd, a related entity of Nepean Engineering Pty Ltd. The balance of \$85,594 will be converted to equity at \$0.028 per share subject to approval by shareholders at the Annual General Meeting on 26th October 2012.

^{^^} Alan Davis Pty Limited provided a \$150,000 loan facility to the Company which was drawn in full on 30 April 2012. On 5th September 2012, \$49,079 of the \$150,000 has been repaid by the issue of 1,752,826 ordinary shares. The balance of \$100,921 will be converted to equity at \$0.028 per share subject to approval by shareholders at the Annual General Meeting on 26th October 2012.

On 4th September 2012, Goward Pty Ltd, a company associated with Mr T Lake, lent the Company \$304,500. This loan will be converted to 10,875,000 ordinary shares subject to shareholder approval at the Annual General Meeting on 26th October 2012.

g. Terms and conditions

The loans from Nepean Engineering Pty Limited, Victoria Park Investments Pty Limited and Alan Davis Pty Limited are interest free if repaid by the due date of 1 July 2014. If not, interest accrues on the loan from the date of drawdown to the date of repayment at the rate of 10% per annum. The average interest rate on related party loans during the year was Nil (2011: Nil).

As indicated above, the loans from Nepean Engineering Pty Limited and Alan Davis Pty Limited were partly converted to equity subsequent to 30 June 2012 and subject to shareholder approval at the Annual General Meeting on 26th October 2012, outstanding balances will be converted to equity at \$0.028 per share.

Subject to shareholder approval at the Annual General Meeting on 26th October 2012, the loan from Goward Pty Ltd will also be converted to equity at \$0.028 per share. The loan provided is interest free except if shareholder approval for conversion is not obtained by 30 November 2012, otherwise the loan will bear an interest rate of 7% per annum

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

22. SEGMENT REPORTING

The consolidated entity does not have any operating segments with discrete financial information. During the year the Group operated only in Papua New Guinea. The Board of Directors (who is also assuming the role of the chief decision maker) reviews internal management reports that are consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

23. BUSINESS COMBINATION

On 10th August 2011, Niuminco Group Limited (a non-operating public shell corporation) acquired 100% of the voting shares of Niuminco Ltd (a private operating entity), a mineral exploration company with assets in Papua New Guinea.

The purchase was satisfied by the issue of 108,538,178 shares with a fair value of \$0.20 each to the vendors of Niuminco Ltd.

The acquisition of Niuminco Ltd was not considered a business combination because Niuminco Group Limited (the accounting acquiree) does not meet the definition of a business under AASB 3 Business Combinations. Instead, this transaction was considered to be a capital transaction of Niuminco Group Limited (the legal acquirer) and is equivalent to the issuance of shares by Niuminco Limited for the net assets of Niuminco Group Limited, accompanied by a recapitalisation of the new combined entity.

Although this is not a business combination under AASB 3, the accounting result is similar to reverse acquisition accounting since the previous shareholders of Niuminco Ltd, through their newly acquired Niuminco Group Limited's shares, control the new combined entity. As a consequence, the reverse acquisition accounting principles were applied, but they did not result in the recognition of goodwill as Niuminco Group Limited (the accounting acquiree) is not a business. Instead the deemed fair value of the shares issued by Niuminco Ltd (the consideration for the acquisition of the public shell company) was recognised as an expense in the income statement in accordance with the requirements of AASB 2 *Share-based payments*.

As the motive of this transaction was for Niuminco Ltd to obtain the listing status of Niuminco Group Limited, this expense in effect represents a cost of listing for the continuing entity and has therefore been presented as such on the face of the statement of comprehensive income.

Purchase consideration

Deemed fair value of shares issued (\$)	2,523,257
Total purchase consideration (\$)	<u>2,523,257</u>

The assets and liability recognised as a result of the acquisition are as follows:

	<u>Fair value</u>
Cash and cash equivalent	15,581
Trade and other receivables	30,195
Trade and other payables	<u>(429,333)</u>
Net deficiency assumed as a result of the transaction	<u>(383,557)</u>
Cost of listing	<u>(2,906,814)</u>

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

24. SUBSIDIARIES

a. Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(b).

<u>Name of entity</u>	<u>Country of incorporation</u>	<u>Class of shares</u>	<u>Equity holding</u>	
			<u>2012</u>	<u>2011</u>
Niuminco Ltd	Australia	Ordinary	100	-

Niuminco Ltd has three wholly owned subsidiaries:

<u>Name of entity</u>	<u>Country of incorporation</u>	<u>Class of shares</u>	<u>Equity holding</u>	
			<u>2012</u>	<u>2011</u>
Niuminco Edie Creek Limited	Papua New Guinea	Ordinary	100	100
Niuminco Laloki Limited	Papua New Guinea	Ordinary	100	100
Niuminco ND Limited	Papua New Guinea	Ordinary	100	100

25. EVENTS OCCURRING AFTER BALANCE DATE

On 10th August 2012, the Group announced a renounceable, pro-rata, partially committed rights issue at an issue price of \$0.028 for each new ordinary share on the basis of one new share for every two shares held with the rights issue to raise up to \$2,628,563 with a maximum of 93,877,254 shares to be issued. The issue closed on 5th September 2012 and between take up by subscribers and placement of shortfall, 93,877,254 shares have been issued.

On 27th August 2012, Mincor and the Group entered into a loan agreement, whereby Mincor agreed to provide a \$1,400,000 loan facility at the 90 day bank bill rate plus 7.5% to fund the Edie Creek operating costs. The loan may be drawn at any time on 5 days' notice and the facility is repayable 12 months from the first drawdown date.

On 4th September 2012, Goward Pty Ltd, a company associated with Mr T Lake, lent the Company \$304,500. This loan will be converted to 10,875,000 ordinary shares subject to shareholder approval at the Annual General Meeting on 26th October 2012.

No other matter or circumstance has arisen since 30 June 2012 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
Notes to the consolidated financial statements (continued)
30 June 2012

26. RECONCILIATION OF OPERATING LOSS TO CASH FLOWS USED IN OPERATING ACTIVITIES

	2012	2011
	\$	\$
Loss for the year	(5,082,781)	(5,940,794)
<i>Non-cash flows items</i>		
Operating liabilities settled in shares		--
Share based payment	347,885	--
Debt to equity conversion	500,000	--
Depreciation	434,429	964,209
Interest received/accrued	--	(2,158)
Interest paid/accrued	--	82,500
Write off property, plant and equipment	987,848	--
Net loss on disposal of property, plant and equipment	472,212	849,585
Cost of acquisition of Niuminco Ltd	2,906,814	--
Taxation benefit	(2,235,244)	--
Write back creditors	(287,176)	--
Net exchange differences	(15,345)	178,089
GST adjustments	--	23,280
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade & term receivables	(29,036)	(63,394)
(Increase)/decrease in prepayments	(10,455)	108,649
Increase/(decrease) in trade payables and accruals	(1,392,039)	(466,624)
Net cash inflow/(outflow) from operating activities	(3,402,888)	(4,266,658)

27. LOSS PER SHARE

	2012	2011
	cents	cents
a. Basic loss per share		
Total basic loss per share attributable to the ordinary equity holders of the Company	3	2
b. Diluted loss per share		
Total diluted loss per share attributable to the ordinary equity holders of the Company	3	2
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	172,879,865	271,345,443

The dilutive 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, are not considered dilutive as the conversion of these options would result in a decrease in net loss per share.

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

28. SHARE-BASED PAYMENTS

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

Shares issued during the year were as follows:

2012	Number	Fair value per Share	Total fair value
Shares issued as remuneration for services	2,500,000	\$0.20	500,000
2011	Number	Fair value per Share	Total fair value
Shares issued in payment of accrued directors' fees (\$250,000) and conversion of a loan from Viaticus Capital Pty Ltd (\$50,000) (pre-consolidation shares)	40,000,000	0.75 cents	\$300,000

b. Employee options

Details of options over ordinary shares in the Company provided as remuneration to the directors and key management personnel (current and previous) of the Company are set out below. When exercisable, each option is convertible into one ordinary share in Niuminco Group Limited.

Type of options	Grant date	Expiry date	Exer- cise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Vested and exercisable	
								Balance at end of the year	at end of the year
				\$	Number	Number	Number	Number	Number
30 June 2012									
Unlisted	10/11/08	31/12/12	0.40	600,000	--	--	--	600,000	600,000
Unlisted	10/11/08	31/12/12	0.60	200,000	--	--	--	200,000	200,000
Unlisted	10/11/08	31/12/12	1.00	500,000	--	--	--	500,000	500,000
Unlisted	09/05/11	30/03/14	0.30	5,000,000	--	--	--	5,000,000	5,000,000
Unlisted	09/05/11	30/09/13	0.30	5,000,000	--	--	--	5,000,000	5,000,000
Unlisted	10/08/11	30/09/12	0.20	--	1,000,000	--	--	1,000,000	1,000,000
Unlisted	01/05/12	30/04/14	0.10	--	(*) 6,000,000	--	--	6,000,000	6,000,000
Total				11,300,000	7,000,000	--	--	18,300,000	18,300,000
Weighted average exercise price (\$)				0.34	0.10	--	--	0.26	0.26

(*) The issue of these options is subject to approval by the shareholders at the next Annual General Meeting of the Company.

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

Type of options	Grant date	Expiry date	Exercise price	Balance at start of the year	1 for 20 consolidation	Granted during the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
			\$	Number	Number	Number	Number	Number	Number
30 June 2011									
Unlisted	10/11/08	31/12/12	0.40	12,000,000	(11,400,000)	--	--	600,000	600,000
Unlisted	10/11/08	31/12/12	0.60	4,000,000	(3,800,000)	--	--	200,000	200,000
Unlisted	10/11/08	31/12/12	1.00	10,000,000	(9,500,000)	--	--	500,000	500,000
Unlisted	09/05/11	30/03/14	0.30	--	--	[^] 5,000,000	--	5,000,000	5,000,000
Unlisted	09/05/11	30/09/13	0.30	--	--	5,000,000	--	5,000,000	5,000,000
Total				26,000,000	(24,700,000)	10,000,000	--	11,300,000	11,300,000
Weighted average exercise price (\$)				0.03	--	0.30	--	0.34	0.34

[^] The options issued to Mr. A Davis lapsed three months after he resigned as Managing Director of the Company.

No options expired and no options were exercised during the periods covered by the above tables. The weighted average remaining contractual life of share options outstanding at the end of the period was 1.54 years (2011: 1.91 years).

c. Other share based payments options

Details of options over ordinary shares in the Company issued for payment of goods and services are set out below. When exercisable, each option is convertible into one ordinary share of Niuminco Group Limited.

Type of options	Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
			\$	Number	Number	Number	Number	Number	Number
30 June 2012									
Unlisted	01/12/09	31/12/12	0.40	250,000	--	--	--	250,000	250,000
Unlisted	10/08/11	30/09/13	0.20	--	6,150,000	--	--	6,150,000	6,150,000
Total				250,000	6,150,000	--	--	6,400,000	6,400,000
Weighted average exercise price (\$)				0.40	0.20	--	--	0.21	0.21

Type of options	Grant date	Expiry date	Exercise price	Balance at start of the year	1 for 20 consolidation	Granted during the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
			\$	Number	Number	Number	Number	Number	Number
30 June 2011									
Unlisted	01/12/09	31/12/12	0.40	5,000,000	(4,750,000)	--	--	250,000	250,000
Total				5,000,000	(4,750,000)	--	--	250,000	250,000
Weighted average exercise price (\$)				0.02	--	--	--	0.40	0.40

No options expired and no options were exercised during the periods covered by the above tables.

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.09 years (2011: 1.51 years).

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

d. Fair value of options granted

The assessed fair values of the options were determined using a Black-Scholes option pricing model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The inputs to the model used were:

	Managing Director's option	Directors' options	Directors' options
Grant date	01/05/12	10/08/11	10/08/11
Expiry date	30/04/14	30/09/13	30/09/12
Dividend yield (%)	--	--	--
Expected volatility (%)	80.00	80.00	75.00
Risk free interest rate (%)	3.81	3.81	3.81
Expected life (years)	2.00	2.15	1.15
Underlying share price (\$)	0.06	0.16	0.16
Option exercise price (\$)	0.10	0.20	0.20
Value of option (\$)	0.02	0.07	0.04

The expected price volatility is based on analysis of volatility of a group of peer companies (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The options were granted for no consideration and vested immediately.

e. 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 \$134,856 (2011: \$194,950).

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

29. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Niuminco Group Limited, at 30 June 2012. The Comparative figures for 2011 are for the legal parent entity, Niuminco Group Limited (formerly DSF International Holdings Limited), whereas comparative 2011 figures elsewhere in this report are for Niuminco Limited.

	2012	2011
	\$	\$
Current assets	531,252	358,710
Non-current assets	32,640,207	69,522
Total assets	33,171,459	428,232
Current liabilities [^]	1,209,601	635,895
Non-current liabilities	--	181,654
Total liabilities	1,209,601	817,549
Contributed equity	34,547,915	1,198,130
Share based payments	989,719	229,950
Retained earnings	(3,575,776)	(710,934)
Total equity	31,961,858	717,146
Loss for the year	(1,870,511)	(1,106,464)
Other comprehensive income net of tax for the year	--	--
Total comprehensive income net of tax for the year	(1,870,511)	(389,318)

The current liabilities include a \$750,000 loan facility from Nepean Engineering Pty Ltd and a \$150,000 loan facility from Alan Davis Pty Ltd. Subsequent to year end, \$664,406 of the \$750,000 facility has been repaid by the issue of 23,728,786 ordinary shares to Victoria Park Investments Pty Ltd, a related entity of Nepean Engineering Pty Ltd with the balance of \$85,594 to be converted to equity at \$0.028 per share subject to approval by shareholders at the next Annual General Meeting and \$49,079 of the \$150,000 facility has been repaid by the issue of 1,752,826 ordinary shares with the balance of \$100,921 to be converted to equity at \$0.028 per share subject to approval by shareholders at the next Annual General Meeting.

As indicated in Note 1b, the directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss of \$5,082,781 during the year ended 30 June 2012. However, since balance date the Group has raised \$2,628,563 through a pro-rata rights issue which closed on 5th September 2012 (see note 25) and, with the Mincor loan facility, the Group will have sufficient funds to continue as a going concern (see note 1.b).

30. FINANCIAL RISK MANAGEMENT

a. Financial risk management policies

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

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

i. Financial risk exposures and management

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

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

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	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Trade creditors	322,025	1,033,753	--	--	--	--
Borrowings	132,085	524,068	132,085	524,068	395,103	656,597
Directors' loans	900,000	701,862	--	308,988	--	--
Accruals	421,854	1,230,537	781,242	--	44,000	--
Total	1,775,964	3,490,220	913,327	833,056	439,103	656,597

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

Cash & cash equivalents 3.50 % (2011: Nil)

Borrowings 16% (2011: 12.24%)

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:

	2012	2011
	\$	\$
Cash at bank	694,314	(531,374)
	694,314	(531,374)

Interest rate risk

Sensitivity to changes in interest rates is normally only relevant to financial assets or financial liabilities bearing floating interest rates. However, sensitivity will also be relevant to fixed rate financial assets and financial liabilities which are remeasured to fair value.

The Group has finance lease liabilities with a fixed interest rate of 16%, and cash at the bank with interest rates varying between 0% and 3.50%.

Sensitivity

At 30 June 2012, if interest rates had increased / decreased by 1% from the year end variable rates with all other variables held constant, post tax loss and equity for the Group would have been \$6,943 higher/\$6,943 lower (2011: changes of 1% \$5,314 higher/\$5,314 lower).

Niuminco Group Limited
Notes to the consolidated financial statements (continued)
30 June 2012

The 1% (2011: 1%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical RBA movements over the last year.

Price risk and foreign exchange risk

The Group is not exposed to any material commodity price risk. The Group operates internationally and is exposed to foreign exchange risk from the PNG Kina. The foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

Sensitivity

At 30 June 2012, if foreign exchange rates had increased / decreased by 1% from the year end variable rates with all other variables held constant, post tax loss and equity for the Group would have been \$14,370 higher/ \$14,661 lower (2011: changes of 1% \$41,537 higher/\$42,367 lower).

The 1% (2011: 1%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical movements over the last year.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	30-Jun-12	30-Jun-11
	PGK	PGK
Cash	77,593	(638,997)
Trade receivables	305,825	62,476
Interest bearing loans	(659,273)	(1,704,733)
Trade payables	(1,175,554)	(1,914,014)

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.

Niuminco Group Limited
Directors' declaration
30 June 2012

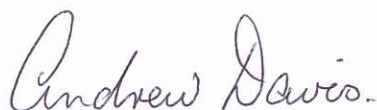
In the directors' opinion:

- (a) the financial statements and notes set out on pages 23 to 64 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 2012 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. A. Davis
Chairman

Dated this 11th day of September 2012



Independent auditor's report to the members of Niuminco Group Limited

Report on the financial report

We have audited the accompanying financial report of Niuminco Group Limited (the company), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Niuminco Group Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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



Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Niuminco Group Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1

Report on the Remuneration Report

We have audited the remuneration report included in pages 16 to 20 of the directors' report for the year ended 30 June 2012. 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.

Auditor's opinion

In our opinion, the remuneration report of Niuminco Group Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'B Entwistle', written over a faint, larger version of the signature.

Brett Entwistle
Partner

Sydney
11 September 2012

Niuminco Group Limited
Additional information
30 June 2012

DISTRIBUTION OF MEMBERS AND THEIR HOLDINGS AT 10TH SEPTEMBER 2012

Name of 20 largest ordinary shareholders	Number of ordinary fully paid shares held	% held of issued ordinary capital
Victoria Park Investments Pty Ltd*	66,996,551	23.79
Mincor Resources NL*	37,500,000	13.32
Michael Holdings Pty Ltd*	16,601,296	5.89
G N & J D Mantle*	15,600,000	5.54
Nepean Engineering Superannuation Fund P/L*	12,534,608	4.45
Kurraba Investments Pty Ltd	10,839,286	3.85
Harcod Pty Lt	9,505,357	3.38
Wolin Investments Pty Ltd*	7,381,268	2.62
Aymon Pacific Pty Ltd	6,055,001	2.15
C D & H E McConaghy	6,019,953	2.14
Warman Investments Pty Ltd	5,714,286	2.03
Escalara Corporation Pty Ltd	5,204,000	1.85
Western Livestock Ltd	4,671,428	1.66
Alan Davis Pty Ltd	4,002,826	1.42
Melanesian Resources Ltd	3,592,828	1.28
Afro Pacific Capital Pty Ltd	3,346,940	1.19
Trevor Neale	3,160,000	1.12
Loetitia Henriette Tibi	2,769,251	0.98
Dalrae Pty Ltd	2,448,872	0.87
Veldt Investments Ltd	2,380,952	0.85

MARKETABLE PARCEL

At 10 September, 2012, 529 shareholders held less than a marketable parcel.

SUBSTANTIAL SHAREHOLDERS

Shares held by substantial shareholders listed in the Company's register at 10 September, 2012 are indicated by * above.

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.

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.

DISTRIBUTION OF SHAREHOLDERS

Spread of holdings

Holding	No. of Holders	Securities	% of capital
1 - 1,000 shares	212	84,576	0.03
1,001 - 5,000 shares	79	192,839	0.07
5,001 - 10,000 shares	158	1,545,309	0.55
10,001 - 100,000 shares	220	6,985,306	2.48
100,001 and over	120	5,008,119	96.87
Total on register	789	281,631,761	100.00

Niuminco Group Limited
Independent auditor's report to the members (continued)
30 June 2012

Analysis by location

Location	No. of Holders	Securities	% of capital
Overseas	38	40,994,142	14.56
Australia:			
ACT	3	100,000	0.04
NSW	278	138,521,744	49.19
VIC	65	5,567,804	1.98
QLD	76	36,559,584	12.98
SA	19	149,503	0.05
WA	283	58,395,131	20.73
TAS	4	886	0.00
NT	4	15,513	0.01
Address unknown	19	1,327,454	0.47
Total on register	789	281,631,761	100.00