



NIUMINCO GROUP LIMITED

ABN 44 009 163 919

**INTERIM REPORT FOR THE HALF YEAR
ENDED
31 DECEMBER 2012**

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TABLE OF CONTENTS

DIRECTORS' REPORT.....	2
AUDITOR'S INDEPENDENCE DECLARATION	4
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	9
DIRECTORS' DECLARATION.....	15
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS	16

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DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Niuminco Group Limited ("the Company") and the entities it controlled (together, "the Group"), at the end of, or during the half-year ended 31 December 2012.

DIRECTORS

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

- Andrew Davis
- Tracey Lake
- David Fuller
- Ian Plimer
- Terence Willsteed

PRINCIPAL ACTIVITIES

Niuminco Group Limited, through its subsidiaries, holds prospective exploration areas and mining leases in Papua New Guinea which are subject to joint venture agreements with Mincor Resources NL and Mincor PNG Ltd (collectively "Mincor") under which Mincor will acquire interests in the areas after spending agreed sums on exploration and other geological works. These include exploration licences at May River and Bolobip, and mining leases at Edie Creek.

OPERATING RESULTS

For the half year ended 31 December 2012 the consolidated loss of the group after income tax amounted to \$829,249 (2011: Loss of \$4,167,639). The going concern position of the group is discussed in Note 1(b) of this report.

REVIEW OF OPERATIONS

On 5th September, 2012 the Company raised \$2,628,563 from a one for two rights issue, which included \$1,702,362 in cash and \$926,201 conversion of debt. An additional \$491,015 of liabilities were extinguished by the issue of shares after approval at the AGM on 26th October, 2012.

On 19th November, 2012 a placement of 3,720,000 shares to Mincor Resources NL raised cash of \$104,160. Under the original joint venture agreements, Mincor has the right to maintain its percentage shareholding in the Company at 13.43%.

Further geological work has been undertaken by our joint venture partner Mincor over the past six months and this has been detailed in the September and December Quarterly Activities Reports.

At Edie Creek Mincor has conducted a drilling program and extensive sampling, the current round of which has been completed, with a technical review of this project due to be finished by the end of March 2013. To date, 12 drill holes have been drilled for a total of approximately 2,700m.

In addition, during the December quarter Niuminco employed John Nethery, a well regarded epithermal gold consultant, to review the potential of the Edie Creek leases. His report identified a number of bodies as having substantial economic potential as bulk tonnage deposits, and further investigation of these is currently being undertaken.

DIRECTORS' REPORT

At Bolobip, where Mincor has identified a target of a large mineralised copper/gold porphyry system, camp establishment is underway to be followed by field programs and an IP survey, with a view to defining targets for subsequent drilling in the September quarter.

At May River camp and airfield maintenance, social mapping and community affairs work will continue for the remainder of this financial year.

Subsequent to the half year end, it was agreed with Mincor to terminate the Kubuna farmin and joint venture agreement and to relinquish the Kubuna exploration licence EL1440. On 13th February 2013, the Kubuna joint venture agreement with Mincor was terminated and the Kubuna exploration licence EL1440 was relinquished. This will result in a write off of approximately \$90,000 of capitalised exploration costs.

On 20th February 2013, the Company was advised verbally by the Ministry of Mining in PNG that the joint venture agreements and instruments of transfer to Mincor had been formally approved and signed and the Company is awaiting written confirmation of the registration of the agreements and transfers. Once registration occurs, the monies due from Mincor will be set off against the loans from Mincor, thereby eliminating the other current asset and other current liability described in note 2 to the financial statements. At 31st January 2013, the amount spent by Mincor under the joint venture agreements totalled \$9,439,145, to earn interests in Edie Creek, Bolobip, and May River of 1%, 18%, and 36% respectively.

AUDITOR'S DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2012.

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



A A DAVIS
CHAIRMAN

Dated this 14th day of March 2013



Auditor's Independence Declaration

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

This declaration is in respect of Niuminco Group Limited during the period.

A handwritten signature in black ink, appearing to read 'Brett Entwistle', is written over the printed name.

Brett Entwistle
Partner
PricewaterhouseCoopers

Sydney
14 March 2013

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the half year ended 31 December 2012

	NOTE	31/12/12 \$	RESTATED 31/12/11 \$
REVENUE			
Interest received		14,514	75,261
		<u>14,514</u>	<u>75,261</u>
Other income – foreign exchange gain		--	62,662
EXPENSES			
Depreciation & amortisation expense		(130,561)	(237,630)
Employee benefit expense		--	(50,436)
Finance costs		(70,050)	(75)
Foreign exchange loss		(2,326)	--
Cost of listing		--	(2,906,814)
Mining & exploration site costs		(3,392)	(664)
Other expenses from ordinary activities		(74,155)	(272,505)
Professional services fees		(475,773)	(1,350,809)
Share based payment expense		(58,446)	(318,662)
Travel & accommodation		(29,060)	(11,343)
Loss for the half-year before tax		<u>(829,249)</u>	<u>(5,011,015)</u>
Income tax benefit		--	-
Loss for the year attributable to members of Niuminco Group Ltd		(829,249)	(5,011,015)
Other comprehensive income/(loss)			
Changes in foreign currency translation reserve		(421,266)	1,022,020
Total comprehensive income attributable to members of Niuminco Group Limited		<u>(1,250,515)</u>	<u>(3,988,995)</u>
Loss per share attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(0.004)	(2.7)
Diluted loss per share		(0.004)	(2.7)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2012

	NOTE	31/12/12 \$	RESTATED 30/06/12 \$
CURRENT ASSETS			
Cash & cash equivalents		1,134,688	694,314
Trade & other receivables		321,203	187,333
Prepayments		19,337	41,538
Other current assets	2	8,858,918	5,533,091
Total Current Assets		<u>10,334,146</u>	<u>6,456,276</u>
NON-CURRENT ASSETS			
Exploration & evaluation expenditure	3	12,458,446	12,123,990
Plant, property & equipment		2,150,527	2,318,697
Total Non-Current Assets		<u>14,608,973</u>	<u>14,442,687</u>
TOTAL ASSETS		<u>24,943,119</u>	<u>20,898,963</u>
CURRENT LIABILITIES			
Trade & other payables		1,242,230	2,469,120
Borrowings		135,809	264,170
Other current liability	2	8,858,918	5,533,091
Total Current Liabilities		<u>10,236,957</u>	<u>8,266,381</u>
NON-CURRENT LIABILITIES			
Borrowings		386,803	395,103
Total Non-Current Liabilities		<u>386,803</u>	<u>395,103</u>
TOTAL LIABILITIES		<u>10,623,760</u>	<u>8,661,484</u>
NET ASSETS		<u>14,319,359</u>	<u>12,237,479</u>
EQUITY			
Contributed equity	4	38,699,015	35,425,066
Share based payment reserve	5	3,055,802	2,997,356
Foreign currency translation reserve		2,559,158	2,980,424
Accumulated losses		(29,994,616)	(29,165,367)
TOTAL EQUITY		<u>14,319,359</u>	<u>12,237,479</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December 2012

RESTATED	Attributable to members of Niuminco Group Limited				
	Contributed Equity \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2011	21,259,660	2,237,587	978,785	(21,847,342)	2,628,690
Loss for the half-year	--	--	--	(5,011,015)	(4,167,639)
Other comprehensive income for the half-year	--	--	1,022,020	--	178,644
Total comprehensive income for the half-year	--	--	2,000,805	(5,011,015)	(3,988,895)
Transactions with owners in their capacity as owners					
Contribution of equity, net of transaction costs	14,219,988	--	--	--	14,219,988
Options exercised	400	--	--	--	400
Share based payments	--	730,546	--	--	730,546
Balance at 31 December 2011	35,480,048	2,968,133	2,000,805	(26,858,357)	13,590,629

	Attributable to members of Niuminco Group Limited				
	Contributed Equity \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2012	35,425,066	2,997,356	2,980,424	(29,165,367)	12,237,479
Loss for the half-year	--	--	--	(829,249)	(829,249)
Other comprehensive income for the half-year	--	--	(421,266)	--	(421,266)
Total comprehensive income for the half-year	--	--	(421,266)	(829,249)	(1,250,515)
Transactions with owners in their capacity as owners					
Contribution of equity, net of transaction costs	3,273,949	--	--	--	3,273,949
Options exercised	--	--	--	--	--
Share based payments	--	58,446	--	--	58,446
Balance at 31 December 2012	38,699,015	3,055,802	2,559,158	(29,994,616)	14,319,359

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2012

	31/12/12 \$	31/12/11 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	--	--
Payments to suppliers & employees (inclusive of GST)	(733,066)	(2,634,559)
	<u>(733,066)</u>	<u>(2,634,559)</u>
Interest received	14,514	75,261
Interest paid	--	(75)
	<u>--</u>	<u>(75)</u>
Net cash outflow from operating activities	<u>(718,552)</u>	<u>(2,559,373)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant & equipment	(11,447)	(6,297)
Payment for exploration & evaluation expenditure	(692,845)	(1,265,510)
Interest paid	--	(181,486)
	<u>--</u>	<u>(181,486)</u>
Net cash outflow from investing activities	<u>(704,292)</u>	<u>(1,453,293)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares net of issue costs	2,037,233	7,455,634
Cash acquired on acquisition of Niuminco Ltd	--	15,581
Advances made to JV partner	(3,325,826)	(3,592,150)
Proceeds from loan from JV partner	3,325,826	3,592,150
Repayment of loans from related parties	--	(241,812)
Repayment of interest bearing loans	(122,401)	(727,353)
	<u>(122,401)</u>	<u>(727,353)</u>
Net cash inflow from financing activities	<u>1,914,832</u>	<u>6,502,050</u>
Net increase in cash & cash equivalents	491,988	2,489,384
Cash & cash equivalents at the beginning of the period	694,314	(531,374)
Effect of exchange rate changes	(51,614)	(57,194)
	<u>(51,614)</u>	<u>(57,194)</u>
Cash & cash equivalents at end of period	<u>1,134,688</u>	<u>1,900,816</u>

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE HALF YEAR FINANCIAL REPORT

This condensed consolidated interim financial report is for Niuminco Group Limited ("the Company") and its controlled entities (together "the Group"), in respect of the interim half-year reporting period ended 31 December 2012, and has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Niuminco Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) Business combination

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

Consolidated Statement of Comprehensive Income:

- The statement for the half year to 31st December 2012 comprises 6 months of Niuminco Ltd and Niuminco Group Limited.
- The statement for the half year to 31st December 2011 comprises 6 months of Niuminco Ltd and 5 months of Niuminco Group Limited.

Statement of Changes in Equity

- The consolidated statement of changes in equity for the half year ended 31st December 2012 comprises Niuminco Group Limited's equity balance at 1st July 2012, its loss for the year, and transactions with equity holders for 6 months.
- The consolidated statement of changes in equity for the half year ended 31st December 2011 comprises Niuminco Ltd's equity balance at 1st July 2011, its loss for the year, and transactions with equity holders for 6 months. It also comprises Niuminco Group Limited's transactions with equity holders for the 5 months post acquisition and the equity balances of Niuminco Ltd and Niuminco Group Limited at 31st December 2011.

Cash Flow Statement

- The consolidated cash flow statement for the half year ended 31st December 2012 comprises the cash balances of Niuminco Ltd and Niuminco Group Limited at 1st July 2012, the cash transactions for the 6 months and the cash balance of Niuminco Ltd and Niuminco Group Limited at 31st December 2012.
- The consolidated cash flow statement for the half year ended 31st December 2011 comprises the cash balance of Niuminco Ltd at 1st July 2011, the cash transactions for the 6 months (6 months for Niuminco Ltd and 5 months for Niuminco Group Limited) and the cash balance of Niuminco Ltd and Niuminco Group Limited at 31st December 2011.

(b) Going Concern

During the half year, the Group raised \$3,223,738 through capital raisings. The amount of cash received was reduced by converting outstanding related party loans and other payables totalling \$1,112,716 to equity, and further reduced by capital raising costs paid of \$73,789.

The Group has experienced operating losses of \$829,849 during the half year ended 31 December 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. On 19th February 2013, the Group announced a one for three rights issue

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

to raise a minimum of \$1,250,000 up to the sum of \$3,057,928. The offer opened on 28th February 2013 and closes on 15th March 2013. 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 dependent upon the Group being successful in:

- Successfully completing the rights issue discussed above, including placing directly the shortfall of funds up to a maximum of \$3,057,928.
- Raising additional debt or equity including the drawdown of the \$1,400,000 facility 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 debt or equity raisings.

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

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

Following a review of the tax treatment applied to the loan between Niuminco Limited and Niuminco PNG Branch, comparative amounts at 30 June 2012 and 31 December 2011 have been revised. There is no net effect on equity or total comprehensive income.

In the 30 June 2012 and 31 December 2011 comparatives, the deferred tax impact of the potential gain or loss to arise on the repayment of the loan was recognised. It has been confirmed that this repayment will not give rise to a taxable event within Papua New Guinea and therefore the recognition of the associated deferred tax is not necessary. At 30 June 2012 and 31 December 2011, this change resulted in a decrease in income tax benefit of \$2,235,244 and \$843,476 respectively with corresponding entries to other comprehensive income. No adjustment was required at 30 June 2011. As a result of this restatement, the basic and diluted loss per share for the six month period ended 31 December 2011 was increased by 0.2 cents.

2. OTHER CURRENT ASSET & OTHER CURRENT LIABILITY

	31/12/12	30/06/12
	\$	\$
Other current asset	8,858,918	5,533,091
Other current liability	(8,858,918)	(5,533,091)

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 are repayable on the date when the joint ventures are formed. 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.

The Mining Advisory Council of PNG approved the joint venture agreements on 16th December 2012, and on 20th February 2013, the Company was advised verbally by the Ministry of Mining in PNG that the joint venture agreements and instruments of transfer to Mincor had been formally approved and signed and the Company is awaiting written confirmation of the registration of the agreements and transfers. Once registration occurs, the monies due from Mincor will be set off against the loans from Mincor, thereby eliminating this other current asset and other current liability.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Expenditure by project on behalf of Mincor to 31 December 2012

Project	Amount Spent \$	% interest earned
Edie Creek	4,122,880	1%
Bolobip	1,431,560	18%
Kubuna	261,445	1%
May River	3,043,033	36%
Total expenditure to 31 December 2012	8,858,918	

3. EXPLORATION AND EVALUATION EXPENDITURE

	31/12/12	30/06/12
	\$	\$
Opening balance	12,123,990	8,053,717
Expenditure incurred during the period	692,845	2,822,834
Foreign currency translation	(358,389)	1,502,896
Less impairment	--	(255,457)
Closing balance net of impairment	12,458,446	12,123,990

(a) Summary of accounting policy

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.

4. CONTRIBUTED EQUITY

(a) Share capital

	31/12/12	31/12/12	30/06/12	30/06/12
	Shares	\$	Shares	\$
Ordinary shares fully paid	305,792,770	38,699,015	187,754,508	35,425,066
Total contributed equity	305,792,770	38,699,015	187,754,508	35,425,066

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Movements in ordinary share capital

Date	Details	Shares	\$
01-Jul-12	Balance at beginning of period	187,754,508	35,425,066
05-Sep-12	Issue of shares under prospectus dated 13 August 2012 in exchange for cash	60,798,647	1,702,362
07-Sep-12	Conversion of debt to equity under prospectus dated 13 August 2012	33,078,607	926,201
29-Oct-12	Shares issued as remuneration for services approved at AGM	2,904,762	124,000
29-Oct-12	Conversion of debt to equity approved at AGM	17,536,246	491,015
19-Nov-12	Issue of shares under agreement with Mincor in exchange for cash	3,720,000	104,160
			38,772,804
	Less transaction costs arising on share issues		(73,789)
		305,792,770	38,699,015

(c) Share options issued to equity holders

	Grant Date	Expiry date	Exer- cise price	Opening balance	Granted during the period	Exer- cised during the period	Expired during the period	Closing balance	Vested and exercisable at end of period
Half year ended 31 Dec 2012				Number	Number	Number	Number	Number	Number
Listed	22/12/2008	31/12/2012	\$0.60	3,506,412	--	--	(3,506,412)	--	--
Listed	10/08/2011	30/09/2012	\$0.20	29,998,000	--	--	(29,998,000)	--	--
Unlisted	10/11/2008	31/12/2012	\$0.40	1,750,002	--	--	(1,750,002)	--	--
Unlisted	10/11/2008	31/12/2012	\$0.60	1,500,000	--	--	(1,500,000)	--	--
Unlisted	10/11/2008	31/12/2012	\$1.00	2,000,000	--	--	(2,000,000)	--	--
Unlisted	10/08/2011	30/09/2012	\$0.20	16,000,000	--	--	(16,000,000)	--	--
Unlisted	10/08/2011	30/09/2013	\$0.20	21,150,000	--	--	--	21,150,000	21,150,000
Unlisted	09/05/2011	30/09/2013	\$0.30	10,000,000	--	--	(5,000,000) [^]	5,000,000	5,000,000
Unlisted	01/05/2012	30/04/2014	\$0.10	6,000,000	--	--	--	6,000,000	6,000,000
				91,904,414	--	--	--	32,150,000	32,150,000
	Weighted average exercise price		\$0.25		--	--	--	\$0.20	\$0.20

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

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SHARE-BASED PAYMENTS

(a) Movement in share based payment reserve

	31/12/12	30/06/12
Opening balance	2,997,356	2,237,587
Replacement of awards as part of Niuminco Transaction	--	213,017
Revaluation of options issued to directors in prior period	--	63,095
Options issued as remuneration for services	58,446	71,761
Options issued to convertible notes holders upon conversion	--	411,896
Closing balance	3,055,802	2,997,356

(b) Shares

Half year ended 31 December 2012	Number	2012 Fair value per share	2012 Total fair value \$
Remuneration for services [^]	1,333,334	\$0.06	80,000
Remuneration for services ^{^^}	1,571,428	\$0.028	44,000
Conversion of debt to equity ^{^^^}	50,614,853	\$0.028	1,417,216

[^] Shares issued to Goward Pty Ltd (a related entity of Mr Tracey Lake) as remuneration for services.

^{^^} 785,714 shares issued to Danbury Capital Corporation Pty Ltd (a related entity of Mr Mark Ohlsson) as remuneration for services.

785,714 shares issued to a third party consultant as remuneration for services.

^{^^^} 26,785,715 shares issued to Victoria Park Investments Pty Ltd (a related entity of Mr David Fuller) to extinguish a \$750,000 loan facility.

5,357,143 shares issued to Alan Davis Pty Ltd (a related entity of Mr Andrew Davis) to extinguish a \$150,000 loan facility.

10,875,000 shares issued to Goward Pty Ltd to extinguish a \$304,500 loan facility.

5,597,000 shares issued to Nepean Engineering & Innovation Pty Ltd (a related entity of Mr David Fuller) in payment of an outstanding amount of \$156,716.

1,999,995 shares issued in settlement of all claims by Arthur Jones, Core Management Limited and Firewall Logistics Limited (a former director and his related entities).

(c) Employee options

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

	Grant Date	Expiry date	Exer-cise price	Opening balance	Granted during the period	Exer-cised during the period	Expired during the period	Closing balance	Vested and exercisable at end of period
Half year ended 31 Dec 2011				Number	Number	Number	Number	Number	Number
Unlisted	10/11/2008	31/12/2012	\$0.40	600,000	--	--	(600,000)	--	--
Unlisted	10/11/2008	31/12/2012	\$0.60	200,000	--	--	(200,000)	--	--
Unlisted	10/11/2008	31/12/2012	\$1.00	500,000	--	--	(500,000)	--	--
Unlisted	9/05/2011	30/09/2013	\$0.30	10,000,000	--	--	(5,000,000)	5,000,000	5,000,000
Unlisted	10/08/2011	30/09/2012	\$0.20	1,000,000	--	--	(1,000,000)	--	--
Unlisted	01/05/2012	30/04/2014	\$0.10	6,000,000	--	--	--	6,000,000	6,000,000
				18,300,000	--	--	--	11,000,000	11,000,000
Weighted average exercise price			\$0.26		--	--	--	\$0.19	\$0.19

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(d) Option issued for payment of goods and services

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

	Grant Date	Expiry date	Exercise price	Opening balance	Granted during the period	Exercised during the period	Expired during the period	Balance at end of period	Vested and exercisable at end of period
Half year ended 31 Dec 2012				Number	Number	Number	Number	Number	Number
Unlisted	1/12/2009	31/12/2012	\$0.40	250,000	--	--	(250,000)		--
Unlisted	10/08/2011	30/09/2013	\$0.20	6,150,000	--	--	--	6,150,000	6,150,000
Unlisted	10/08/2011	30/09/2012	\$0.20	1,000,000	--	--	(1,000,000)	1,000,000	--
				7,150,000	--	--	--	6,150,000	6,150,000
								0	
Weighted average exercise price				\$0.21	--	--	--	\$0.20	\$0.20

6. SEGMENT INFORMATION

The company has one reportable operating segment being gold exploration and mining operations.

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

7. COMMITMENTS AND CONTINGENT LIABILITIES

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

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

8. EVENTS SUBSEQUENT TO REPORTING DATE

The Company opened a one for three renounceable rights issue on 28th February 2013. The offer closes on 15th March 2013 and will raise a minimum of \$1,250,000 up to the sum of \$3,057,928. It is also noted that the directors have up to 3 months after the Closing Date to place any shortfall.

On 13th February 2013, the Kubuna joint venture agreement with Mincor was terminated and the Kubuna exploration licence EL1440 was relinquished. This will result in a write off of approximately \$90,000 of capitalised exploration costs.

On 20th February 2013, the Company was advised verbally by the Ministry of Mining in PNG that the joint venture agreements and instruments of transfer to Mincor had been formally approved and signed and the Company is awaiting written confirmation of the registration of the agreements and transfers. Once registration occurs, the monies due from Mincor will be set off against the loans from Mincor, thereby eliminating the other current asset and other current liability described in note 2 to the financial statements. At 31st January 2013, the amount spent by Mincor under the joint venture agreements totalled \$9,439,145, to earn interests in Edie Creek, Bolobip, and May River of 1%, 18%, and 36% respectively.

On 25th February 2013, Mincor advised that they had completed the current round of drilling at Edie Creek and that they would carry out a detailed technical review of the project which they expect to finish by the end of March 2013.

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

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date, and
- (b) there are reasonable grounds to believe that Niuminco Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



A A DAVIS
CHAIRMAN

Dated this 14th day of March 2013

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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report, being a special purpose financial report, of Niuminco Group Limited (the company), which comprises of the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-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 half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the accounting policies as described in Note 1 to the financial statements and have determined that the accounting policies in Note 1, which form part of the financial report, are appropriate to meet the needs of the members. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the accounting policies as described in Note 1 to the financial report. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Niuminco Group Limited does not present fairly in all material respects, the consolidated entity's financial position as at 31 December 2012 and its performance for

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the half-year ended on that date in accordance with the accounting policies as described in Note 1 to the financial report.

Material uncertainty regarding continuation as a going concern

Without qualifying our conclusion, we draw attention to Note 1(b) in the financial report which indicates that the consolidated entity has experienced operating losses and negative operating cash flows during the period ended on 31 December 2012 and, as of that date, the continuing viability of the consolidated entity and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent upon the consolidated entity being successful in raising additional funds. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.

A handwritten signature in black ink, appearing to read 'Brett Entwistle', written over the printed name.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Brett Entwistle', written over the printed name.

Brett Entwistle
Partner

Sydney
14 March 2013

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