



# Niuminco Group Limited

## QUARTERLY ACTIVITIES REPORT SEPTEMBER QUARTER 2016

### HIGHLIGHTS AND SIGNIFICANT EVENTS

- High grade gold and silver intercept results from the first four holes of the drilling program at the Enterprise vein system at Edie Creek, including 1.0m at 13.4g/t from 32m depth, 1.0m at 8.98g/t from 38m and 3.0m at 4.61g/t weighted average from 38m on the fourth hole (EDD 022)
- Edie Creek production for the Quarter was 4915.5 grams (158.1 ounces) of gold and 4578.7grams ( 147.2 ounces) of silver for sales of AUD\$270,229 (PGK649,362).
- Highest quarterly volume of ore processed since commencement of processing in 2014. 1275 tonnes of wet ore processed at an average rate of 14.0 tonnes/day, with the average grade dropping in the second half of the quarter to an average grade of 4.0 g/t.
- Opening in September of a Share Purchase Plan and “Top Up Placement” facility underwritten by Patersons Securities Limited for \$750,000, which after the quarter end raised \$900,000 after issue costs.
- Production in the second half of the quarter was negatively impacted by wet weather and equipment problems. Niuminco is now funded to order critical new infrastructure to significantly increase throughput and consistency of operations.
- The Company is now funded to drill three (3) holes at Bolobip to 1000m this quarter, targeting a large-scale copper/gold porphyry target.

# PAPUA NEW GUINEA PROPERTIES

## Edie Creek Mine Mining and production Update

**Production for the period 1 July to 30 September, 2016 was 4915.5 g (158.1 ounces) of gold and 4578.7 g (147.2 ounces) of silver for total sales of AUD\$270,229 (PGK649,362).**

A total of 1275 wet tonnes of ore was processed at an average grade of 4.0 grams per processed tonne of ore. Despite these continuing higher processing levels, averaging approximately 14.0 tonnes per day during the Quarter, the relatively low average ore grades, particularly in the second half of the Quarter, resulted in sales of \$270,229. In fact, 85% of production occurred in the first 7 weeks of the quarter.

After a continuation of the prior month's mining and processing of high grade ore during the first half of the Quarter, the second half saw a cessation of mining ore from the high grade Surmans vein system as further development work was required and commenced. Additionally in this second half period, both the grade and quantity of ore mined and processed was negatively impacted by a number of factors including extremely wet weather, lengthy downtime for repairs on all three items of mining plant, continuous loss of mains power for the past 9 weeks, a 10 day downtime of the concentrator plant and the processing of very low grade, "easy to access" ore during the month of September as a result of the wet weather.

As outlined in the previous Quarterly report, to achieve consistent, increased mining and processing throughput of 40 to 60 tonnes per day, a number of items of mining plant and processing equipment have been sourced and/or ordered with delivery of the excavator and tip truck expected this week.

At current gold prices and exchange rates the current operating cost break-even production level at Edie Creek is approximately 2490 grams (80 ounces) of gold per month.

### DRILLING AT EDIE CREEK





Five (5) cored drill holes EDD019, 020, 021, 022 and 022A have been completed on the Enterprise vein system drilling program at the Edie Creek mine. This very shallow drilling program is designed to define a JORC resource in the near surface highly oxidised outcropping quartz vein system and to define potential sources of high grade material to feed an upgraded wet gravity concentrating plant at the rate of 40 to 60 tonnes per day. To date every hole has intersected gold bearing vein material but also backfilled mine openings which occur adjacent to each of these intersections. Formal records of the mine development contained no evidence of these shallow underground mine workings, which are inferred to have been developed soon after cessation of World War II. Drill hole EDD022 penetrated a backfilled mine opening from 39m to 40m adjacent to and between two of the high grade vein intersections listed below.

The 4 holes completed to date, for which assay results have been received, have produced very promising results.

Assay results on the four completed drill holes EDD019, EDD020, EDD021, EDD022 are as follows:

**Each of the holes contained a higher grade vein section conforming to the predicted west- dipping vein model:**

- **EDD 019 intersected 5.4m at weighted average of 2.97g/t gold and 94g/t silver from 8m depth, including:**
  - 2m at 6.89g/t gold and 195g/t silver from 10m.
- **EDD 020 intersected 9m at weighted average of 1.07g/t gold and 62g/t silver from 12m, including:**
  - 1m at 4.06g/t gold and 21g/t silver from 13m.
- **EDD 021 intersected 3.4m at weighted average of 2.03g/t gold and 143g/t silver from 35m, including**
  - 2.1m at 3.04g/t gold and 167g/t silver from 35m.
- **EDD 022 intersected 1.0m at 13.4g/t gold from 32m and 3.0m at weighted average of 4.61/t gold from 38m, including**
  - 1.0m at 8.98g/t gold from 38m. Silver results are awaited.



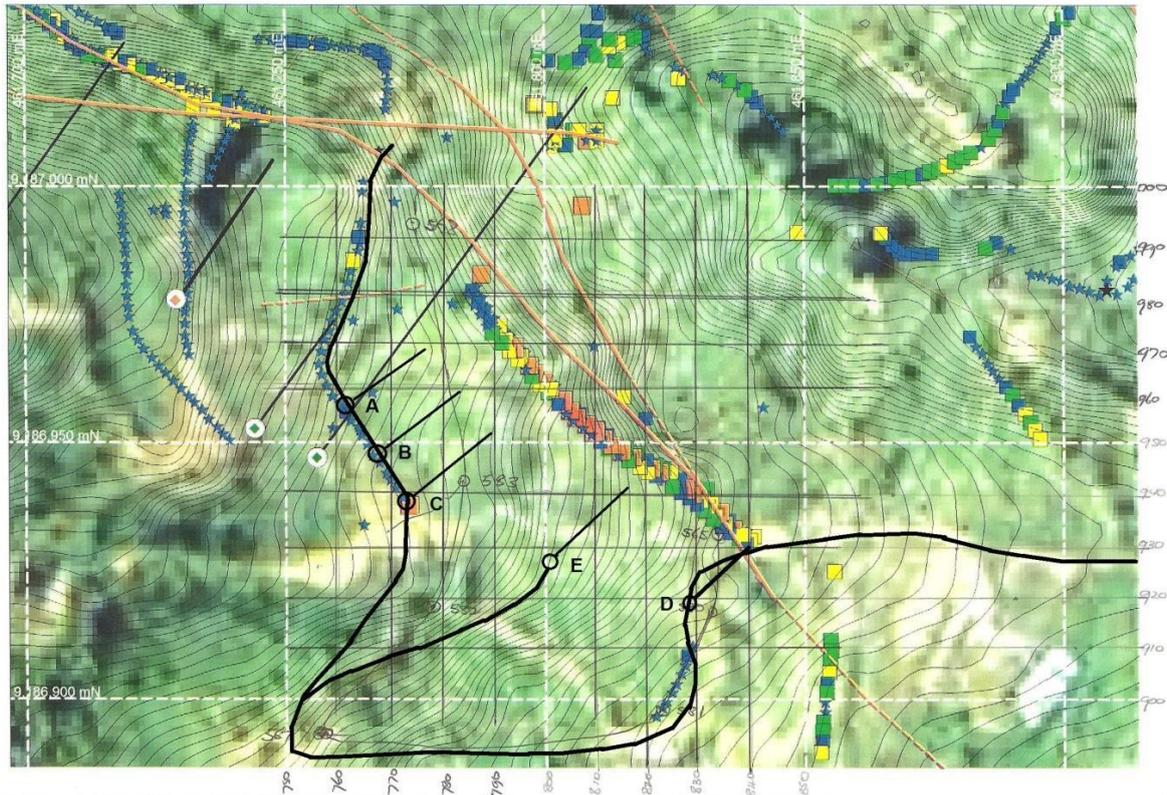
Picture of partially leached oxidized Quartz mangano-carbonate limonite vein in hole EDD 021 from 35m to 37.10m depth interval.

The program has been expanded and now comprises drilling a total of approximately 600 metres in fourteen (14) angled diamond core drill holes spread over six (6) drill platforms utilizing one of Niuminco's drill rigs and crew. All coring is triple-tubed in HQ size rods to enhance recovery.

All 5 holes were drilled, as expected, in highly oxidised rock with a stockwork of numerous narrow veinlets of mineralised quartz, iron oxide and manganese oxide. Complete core was slabbed in half with one half bagged at generally one metre intervals and submitted for assay by Fire Assay to Intertek Laboratories in Lae.

The completed initial five drill holes EDD 019, EDD 020, EDD 021, EDD 022 and EDD 022A had the following parameters:

Sit	Hole_ID	WGS84 E	WGS84 N	Azimuth	Inclination
A	EDD019	461,841	9,186,911	045°	-45°
A	EDD020	461,841	9,186,911	045°	-60°
B	EDD021	461,796	9,186,926	045°	-45°
B	EDD022	461,796	9,186,926	045°	-45°
B	EDD022A	461,794	9,186,925	045°	-60°



Enterprise Block EP\_1a : Initial Drill Sites – 1 more site is planned between E and D.

## Bolobip and May River Exploration Licences

Planning for the upcoming exploration programs continued during the Quarter for both the highly prospective May River and Bolobip exploration licences (EL1441 and EL1438 respectively), including finalizing parameters for the planned three (3) DD holes for up to 1000 metres at Bolobip.

## TNT MINES LIMITED

Niuminco Group Limited owns 72.54% of and manages, TNT Mines Limited (TNT). TNT holds a suite of advanced exploration areas in northern Tasmania prospective for tin and tungsten.

During the Quarter planning was undertaken and agreement reached for an up to 10 hole drilling program at EL 27/2004 (the “Aberfoyle-Rossarden-Royal George” tenement).

On site preparation activities have commenced at that tenement, with a rig due on site on 6 November.

The Board notes that the tin price has moved upwards to around US\$19,500 (AUD\$25,600) in recent weeks.

## CORPORATE

An underwritten Share Purchase Plan with a "Top Up Placement" facility was announced on 16 September and opened on 21 September, 2016.

This offer, which was underwritten by Patersons Securities Limited for \$750,000, closed subsequent to the quarter-end, raising \$900,000 after issue costs.

Cash-on-hand at 30 September, 2016 was AUD\$258,861.

The Board and Management are continuing to advance and, where ever possible, accelerate the Group's Papua New Guinea and TNT Mines Limited projects.

To this end, a further resource drilling program is underway on TNT Mines' Aberfoyle tenement in Tasmania whilst in PNG management continues to be firmly focused on increasing the quantity of ore mined and processed, and the gold/silver recovered at Edie Creek as well as rapidly advancing the highly prospective Bolobip and May River projects.

To assist in this the Company plans to finalise its current expanded resource drilling program at Edie Creek, and then commence drilling its targets at Bolobip, during the current quarter.



Mark Ohlsson  
Company Secretary  
31 October, 2016

The information in this report that relates to exploration results is based on Information reviewed by Ian Plimer (BSc [Hons], PhD) who is a Fellow of the Australasian Institute of Mining and Metallurgy. Professor Plimer is a director of Niuminco Group Limited and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. He consents to the inclusion in the report of the matters based on this information in the form and context in which it appears

## SCHEDULE OF TENEMENTS

Permit Type	Permit Number	Location	Held Via	Beneficial %	Agreement Type
<b>NIUMINCO GROUP LIMITED – PAPUA NEW GUINEA ASSETS</b>					
Exploration licence	EL 1438	Bolobip	Niuminco (ND) Limited	100	
Exploration licence appl'n	ELA 2363	Hotmin	Niuminco (ND) Limited	100	
Exploration licence	EL 2365	Ama	Niuminco (ND) Limited	100	
Exploration licence appl'n	ELA 2364	Wameimin	Niuminco (ND) Limited	100	
Exploration licence	EL 2362	Fagobip	Niuminco (ND) Limited	100	
Exploration licence	EL 1441	May River	Niuminco (ND) Limited	100	
Mining lease	ML 144	Edie Creek	Niuminco Edie Creek Limited	83	Joint venture
Mining lease	ML 380	Edie Creek	Niuminco Edie Creek Limited	83	Joint venture
Mining lease	ML 384-392	Edie Creek	Niuminco Edie Creek Limited	83	Joint venture
Mining lease	ML 402-410	Edie Creek	Niuminco Edie Creek Limited	83	Joint venture
Mining lease	ML 444-446	Edie Creek	Niuminco Edie Creek Limited	83	Joint venture
Mining lease	ML 462	Edie Creek	Niuminco Edie Creek Limited	83	Joint venture
<b>TNT MINES LIMITED – TASMANIAN ASSETS*</b>					
Exploration licence	EL27/2004	Aberfoyle Storeys Creek Royal George	TNT Mines Limited	100	
Retention licence	RL2/2009	Great Pyramid	TNT Mines Limited	100	

\* Niuminco Group Limited has a 72.54% interest in TNT Mines Limited.