NIUMINCO GROUP LIMITED
And Controlled Entities

ABN 44 009 163 919

INTERIM REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2016

TABLE OF CONTENTS

DIRECTORS' REPORT 2

AUDITOR'S INDEPENDENCE DECLARATION 6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 9

CONSOLIDATED STATEMENT OF CASH FLOWS 10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 11

DIRECTORS' DECLARATION 17

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS 18

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 2016.

DIRECTORS

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

- Ian Plimer – Independent Chairman
- Tracey Lake – Managing Director
- Neill Arthur – Independent Non-Executive Director (resigned 14 February 2017)
- Matthew Roberts – Independent Non-Executive Director (resigned 14 February 2017)
- Mark Ohlsson – Executive Director (appointed 13 February 2017)

PRINCIPAL ACTIVITIES

Niuminco Group Limited, through its subsidiaries, holds prospective exploration areas and mining leases in Papua New Guinea. These include exploration licences at May River and Bolobip, and mining leases at Edie Creek. The Group also has a controlling 72.54% interest in TNT Mines Limited (TNT), a tin and tungsten exploration company with "brown-field" assets in Tasmania.

OPERATING RESULTS

For the half year ended 31 December 2016 the consolidated loss of the group after income tax amounted to $1,011,283 (2015: $1,137,198) including non-cash items of depreciation and amortisation $38,057 (2015: $53,687). Total revenues including sales revenue from gold and silver sales for the period was $321,392 (2015: $398,189).

REVIEW OF OPERATIONS

Exploration & evaluation

May River & Bolobip

A drilling plan was finalised and preparations commenced for a minimum 3 holes (1000 metres) at Bolobip with drilling scheduled for the current half year. Planning for a minimum 3 hole drill program at May River was also advanced, and is planned to follow the Bolobip program.

Edie Creek Mine

Mining and Production
Production for the period 1 July to 31 December, 2016 was 5,817.4g (187.1 ounces) of gold and 5,356.7g (172.2 ounces) of silver for total sales of AUD$316,135.

A total of 2,306 wet tonnes of ore was processed at an average grade of 2.5 grams per processed tonne of ore.

At the Surmans vein system significant further development work was undertaken to give future access to higher grade ore.

However, during the period both the grade and quantity of ore mined and processed was negatively impacted by a number of factors. These included lengthy downtime on all three major mining plant items, downtime on the concentrator plant for repairs plus installation and testing of the new cyclone, continuous loss of mains power from mid-August to the present, the ongoing development work at Surmans and Karuka, extremely wet weather and the processing of lower grade ore.

DIRECTORS' REPORT

To assist in achieving consistently higher future mining and processing levels in the order of 40 to 60 tonnes per day, a number of critical items of mining plant and processing equipment were purchased during the half year, with delivery taken of a new tip truck and two vibrating feeders. Delivery of the other items, including a roller crusher, 5 tph ball mill and centrifugal concentrator are scheduled over the coming weeks.

At current gold prices and exchange rates the current operating cost break-even production level at Edie Creek is approximately 2,580 grams (83 ounces) of gold per month.

Drilling

The 6 holes diamond core drilling program at the Enterprise vein system at Edie Creek was completed during the half year, confirming a further potential source of high grade material to feed an upgraded processing circuit.

Assay results on the six completed drill holes EDD019, EDD020, EDD021, EDD022, EDD022a (not sampled) and EDD023 were as follows and each of the holes contained a higher grade vein section conforming to the predicted west- dipping vein model:

- EDD 019 intersected 5.4m @ 2.97g/t Au and 94g/t Ag from 8m depth, including:
  2m @ 6.89g/t Au and 195g/t Ag from 10m.
- EDD 022 intersected 1.0m @ 13.4g/t Au and 473g/t Ag from 32m and 3.0m @ 4.61g/t Au and 100.3g/t Ag from 38m, including:
  1.0m @ 8.98g/t Au and 88.5g/t Ag from 38m.
- EDD 020 intersected 9m @ 1.07g/t Au and 62g/t Ag from 12m, including:
  1m @ 4.06g/t Au and 21g/t Ag from 13m.
- EDD 021 intersected 3.4m @ 2.03g/t Au and 143g/t Ag from 35m, including
  2.1m @ 3.04g/t gold and 167g/t Ag from 35m.
- EDD 023 intersected 4.4m @ 1.66g/t Au from 43.4m and 0.30m @ 6.07g/t Au from 53.5m (a footwall remnant), including:
  1.4m @ 3.2g/t Au from 43.4m.

However, despite using HQ drill rods and appropriate drilling techniques, the fractured ground and cavernous veins resulted in the Enterprise drilling yielding less than 50% core recovery of the oxidised veins and an inferred large gold loss.

Therefore, given the repeated confirmation of the vein grade and its continuity, and the nature of the ground, Niuminco's geological team of Professor Ian Plimer, John Nethery and Lewis Koesi agreed that it would not be possible to obtain a JORC resource for this system. However, it will be added as a potential source of high grade material for feeding the upgraded processing circuit.

The Enterprise vein has a strike length of at least 500 metres, a true width of 1.0m to 1.5 m and being continuous to, and open at, a depth of 60 metres

Additionally, the first drill-hole (EDD 024) of the planned 10 hole drilling program of the potential bulk-tonnage Karuka -Enterprise stock-work and diatreme zone was also completed. This target has a strong gold anomaly defined by 1,366 continuous chip samples of weathered rock outcrop in trenches over a cumulative length of 2,732m, which averaged 0.53g/t Au.

Coring was triple-tubed in HQ size rods and drilling muds and polymers were used to enhance core recovery. EDD 024 had shown initial encouraging results using the standard Fire Assay method of 0.55g/t Au for the first 48m assayed from surface. The recognition of coarse gold in on-site panning prompted the re-assay of this section of core samples using the Screen Fire Assay method, which is specifically designed to more accurately assay for coarse free gold.

The Screen Fire Assay results confirmed the presence of coarse gold by showing a threefold increase in weighted average grade to 1.72g/t Au for the first 48m re-assayed and the assays displayed consistent and anomalously high gold values throughout the section.

DIRECTORS' REPORT

TNT Mines

During the half year a drilling program was commenced at EL 27/2004 at Rossarden-Royal George, and this EL was renewed for a further one year period to 26 November, 2017.

The first hole, LDD 001 was completed at a depth of 193 metres and the second hole, LDD 002 was at a depth of 126m at the end of the half year, and was completed at a depth of 190.1 metres. A sheeted quartz vein system with visible cassiterite and wolframite was intersected in hole LDD 001.

Corporate

$980,730 was raised during the half year through a security purchase plan, with $960,730 in cash and $20,000 conversion of debt to equity.

GOING CONCERN

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

During the half-year, the Group raised $960,730 through capital raisings generating net proceeds of $872,198. The Group has incurred a net loss before tax of $1,011,283 (including a non-cash depreciation of $38,057) and total net operating cash outflows of $747,066 for the half-year ended 31 December 2016 and, as of that date the Group's current liabilities exceeded its current assets by $3,238,224.

Current liabilities at balance sheet date include Directors and Director's related balances amounting to $376,900. The Directors have confirmed that the repayment of these amounts in cash (less amounts converted to equity subsequent to the half year end) will not be called upon while the Group continues to suffer operating losses and does not generate sufficient cash. At balance date, the Group was in arrears on the payment of the Chattel mortgages, and as a result, the balance of the liability amounting to $471,493 is classified as a current liability. In the absence of these arrears, an amount of $284,289 would have been classified as a non-current liability. The remaining current liability balance amounting to $2,899,430 represents convertible notes payable, trade creditors and payroll liabilities the majority of which at balance sheet date were not within their normal credit terms. During the half-year, the Group has not been able to meet its planned production targets at Edie Creek mine of 3 to 5 ounces per day averaging 1.0 ounce per day.

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

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

At the date of this report, the Directors are of the opinion that there are reasonable grounds to expect that the Group's operational and financial performance will improve and will be able to continue as a going concern. As such the financial report is prepared on a going concern basis. In arriving at this conclusion, the Directors considered that:

- The Directors have designed a plan to ensure that the production targets at Edie Creek can be achieved including making additional investments at the mine. The plan anticipates that positive cash flows from Edie Creek mine through gold and silver sales in the order of $250,000 to $300,000 per month will be achieved consistently. This approximates production at a rate of 5 to 6 ounces per day. This level of production is significantly higher than what has been consistently achieved to date.

DIRECTORS' REPORT

GOING CONCERN (CONTINUED)

- To achieve the production rate of 5 to 6 ounces per day, the scaling up of the production at Edie Creek includes increasing the ore processing capacity with the installation of a 5 tonne per hour ball mill, a roller crusher and centrifugal concentrator, and also includes the purchase of additional mining equipment which has been partly financed by external borrowings for an amount of approximately $120,000. Some of these assets are currently in Lae awaiting transport to site. Management are expecting the plant to be installed by the end of April 2017 with production increasing to full capacity by June/July 2017.
- The Group has been successful in the past in managing the balances that are owed to creditors by either deferring payments or negotiating a plan in order to spread repayment to accommodate the Group's cash flow requirements. The Directors believe that the Group will be able to continue to do so until the production from Edie Creek enables all creditors to return to normal payment terms. The Directors note that a portion of the proceeds from the underwritten $600,000 (gross) Capital Raising in January 2017 (over $400,000) was directed to the repayment of the overdue balances.
- As noted above, the Directors have confirmed that the repayment of the Directors and Director's related balances amounting to $376,900 (less amounts converted to equity) will not be called upon in cash while the Group continues to suffer operating losses and does not generate sufficient cash.

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

- Raising additional equity or debt. The Group has a successful track record over many years of raising new capital from both existing shareholders and strategic investors.
- Curtailing materially, if necessary, the Group's ongoing costs. This could include reducing the amounts to be paid to Directors for the next financial year' fees and temporarily reducing the exploration spend.
- The sales of assets, or entering into farm-in agreements with another party. While it is not their preferred option the Directors believe that, should it be necessary, that certain assets could be sold to realise the funds to enable the Group to continue as a going concern.

The Directors believe that the Group will be successful in managing the above matters and accordingly, they have prepared the financial report on a going concern basis. At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the consolidated interim financial statements at 31 December 2016.

Accordingly no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

AUDITOR'S DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6 for the half-year ended 31 December 2016.

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

TRACEY J LAKE
MANAGING DIRECTOR

Dated this 15th day of March, 2017

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

As lead auditor for the review of Niuminco Group Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

Gareth Few

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 15 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2016

	NOTE	December 2016 $	December 2015 $
REVENUE			
Gold and silver sales		316,135	397,939
Interest received		240	250
Other income		5,017	--
		321,392	398,189
EXPENSES			
Depreciation and amortisation expense	4	(38,057)	(53,687)
Foreign exchange loss		--	(1,541)
Finance costs		(46,340)	(44,997)
Impairment of exploration	3	--	(318,856)
Mining and exploration site costs (Edie Creek)	2	(845,087)	(658,641)
Exploration expensed		(36,998)	(44,489)
Other expenses from ordinary activities	2	(125,495)	(193,819)
Professional services fees		(222,499)	(207,778)
Travel and accommodation		(18,199)	(11,579)
Loss for the half-year before tax		**(1,011,283)**	**(1,137,198)**
Income tax benefit		--	--
Loss for the half year		**(1,011,283)**	**(1,137,198)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in foreign currency translation reserve		30,080	15,374
Total comprehensive income for the half year		**(981,203)**	**(1,121,824)**
Loss for the half year is attributable to:			
Owners of Niuminco Group Ltd		(988,701)	(1,021,734)
Non-controlling interests		(22,582)	(115,464)
		(1,011,283)	**(1,137,198)**
Total comprehensive income for the half year is attributable to:			
Owners of Niuminco Group Ltd		(958,621)	(1,006,360)
Non-controlling interests		(22,582)	(115,464)
		(981,203)	**(1,121,824)**
Loss per share attributable to the ordinary equity holders of the company		**Cents**	**Cents**
Basic loss per share		(0.06)	(0.07)
Diluted loss per share		(0.06)	(0.07)

This consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	NOTE	December 2016 $	June 2016 $
CURRENT ASSETS			
Cash and cash equivalents		38,272	124,661
Trade and other receivables		94,427	59,558
Total Current Assets		**132,699**	**184,219**
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	3	5,158,903	4,961,307
Plant, property and equipment	4	697,344	654,599
Other non-current assets		6,428	7,304
Total Non-Current Assets		**5,862,675**	**5,623,210**
TOTAL ASSETS		**5,995,374**	**5,807,429**
CURRENT LIABILITIES			
Trade and other payables		2,566,323	2,306,567
Interest bearing loans and borrowings		804,600	787,406
Total Current Liabilities		**3,370,923**	**3,093,973**
NET ASSETS		**2,624,451**	**2,713,456**
EQUITY			
Contributed equity	5	44,601,060	43,708,862
Share based payment reserve	6	3,055,802	3,055,802
Foreign currency translation reserve	6	1,842,400	1,812,320
Accumulated losses		(47,082,581)	(46,093,880)
Capital and reserves attributable to owners of Niuminco Group Limited		2,416,681	2,483,104
Non-controlling interests		207,770	230,352
TOTAL EQUITY		**2,624,451**	**2,713,456**

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 2016

	Attributable to owners of Niuminco Group Limited						
	Contributed Equity $	**Share Based Payment Reserve $**	**Foreign Currency Translation Reserve $**	**Accumulated Losses $**	**Total $**	**Non-Controlling Interests $**	**Total Equity $**
Balance at 1 July 2015	42,526,850	3,055,802	1,843,795	(44,560,382)	2,866,065	373,639	3,239,704
Loss for the half-year	--	--	--	(1,021,734)	(1,021,734)	(115,464)	(1,137,198)
Other comprehensive income for the half-year	--	--	15,374	--	15,374	--	15,374
Total comprehensive income for the half-year	--	--	15,374	(1,021,734)	(1,006,360)	(115,464)	(1,121,824)
Transactions with owners in their capacity as owners							
Contribution of equity, net of transaction costs	1,139,332	--	--	--	1,139,332	--	1,139,332
Balance at 31 December 2015	43,666,182	3,055,802	1,859,169	(45,582,116)	2,999,037	258,175	3,257,212
Balance at 1 July 2016	**43,708,862**	**3,055,802**	**1,812,320**	**(46,093,880)**	**2,483,104**	**230,352**	**2,713,456**
Loss for the half-year	**--**	**--**	**--**	**(988,701)**	**(988,701)**	**(22,582)**	**(1,011,283)**
Other comprehensive income for the half-year	**--**	**--**	**30,080**	**--**	**30,080**	**--**	**30,080**
Total comprehensive income for the half-year	**--**	**--**	**30,080**	**(988,701)**	**(958,621)**	**(22,582)**	**(981,203)**
Transactions with owners in their capacity as owners							
Contribution of equity, net of transaction costs	**892,198**	**--**	**--**	**--**	**892,198**	**--**	**892,198**
Balance at 31 December 2016	**44,601,060**	**3,055,802**	**1,842,400**	**(47,082,581)**	**2,416,681**	**207,770**	**2,624,451**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the half-year ended 31 December 2016

	NOTE	December 2016 $	December 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from gold and silver sales		316,135	397,939
Payments to suppliers and employees (inclusive of GST)		(226,628)	(250,491)
Costs of sales of gold and silver		(775,410)	(658,641)
Other income received		5,017	--
Exploration costs paid		(36,998)	(44,489)
Interest received		240	250
Interest paid		(29,422)	(36,319)
Net cash used in operating activities		(747,066)	(591,751)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment	4	(64,629)	(83,920)
Payment for exploration and evaluation expenditure	3	(163,285)	(191,717)
Net cash provided used in investing activities		(227,914)	(275,637)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of issue of shares		960,730	994,997
Advances from related party loans		13,000	--
Payment of share issue costs		(88,532)	(71,314)
Repayments by staff		1,003	676
Advances from chattel mortgages		51,704	508,923
Repayment of chattel mortgages		(60,716)	(547,388)
Net cash inflow from financing activities		877,189	885,894
Net (decrease) / increase in cash and cash equivalents		(97,791)	18,506
Cash and cash equivalents at the beginning of the period		124,661	13,150
Effect of exchange rate changes		11,402	(256)
Cash and cash equivalents at end of period		**38,272**	**31,400**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE HALF YEAR FINANCIAL REPORT

This 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 2016, 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 2016 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) Going Concern

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

During the half-year, the Group raised $960,730 through capital raisings generating net proceeds of $872,198. The Group has incurred a net loss before tax of $1,011,283 (including a non-cash depreciation of $38,057) and total net operating cash outflows of $747,066 for the half-year ended 31 December 2016 and, as of that date the Group's current liabilities exceeded its current assets by $3,238,224.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE HALF YEAR FINANCIAL REPORT

(a) Going Concern (continued)

- To achieve the production rate of 5 to 6 ounces per day, the scaling up of the production at Edie Creek includes increasing the ore processing capacity with the installation of a 5 tonne per hour ball mill, a roller crusher and centrifugal concentrator, and also includes the purchase of additional mining equipment which has been partly financed by external borrowings for an amount of approximately $120,000. Some of these assets are currently in Lae awaiting transport to site. Management are expecting the plant to be installed by the end of April 2017 with production increasing to full capacity by June/July 2017.
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- Curtailing materially, if necessary, the Group's ongoing costs. This could include reducing the amounts to be paid to Directors for the next financial year' fees and temporarily reducing the exploration spend.
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Accordingly no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

2. COST OF SALES OF GOLD AND SILVER

	December 2016 $	December 2015 $
Other expenses from ordinary activities (related to COGS)	68,479	163,580
Mining and exploration site costs	845,087	658,641
	913,566	822,221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. EXPLORATION AND EVALUATION EXPENDITURE

	December 2016 $	June 2016 $
Opening balance	4,961,307	5,146,230
Expenditure incurred during the period	163,286	275,684
Foreign currency translation	34,310	(142,205)
Less impairment	--	(318,402)
Closing balance net of impairment	**5,158,903**	4,961,307

4. PROPERTY, PLANT & EQUIPMENT

NON-CURRENT	Mining equipment & vehicles $
At 30 June 2016	
Cost or fair value	1,004,357
Accumulated depreciation	(349,758)
Net book amount	654,599
Half Year ended 31 December 2016	
Opening net book amount	654,599
Exchange differences	16,173
Additions	64,629
Disposals	--
Depreciation	(38,057)
Closing net book amount	**697,344**

5. CONTRIBUTED EQUITY

(a) Share capital

	December 2016 Shares	December 2016 $	June 2016 Shares	June 2016 $
Ordinary shares fully paid	1,650,703,297	44,601,060	1,475,556,749	43,708,862
Total contributed equity	**1,650,703,297**	**44,601,060**	1,475,556,749	43,708,862

(b) Movements in ordinary share capital

Date	Details	Shares	$
01.07.16	Balance at beginning of period	1,475,556,749	43,708,862
14.10.16	Security purchase plan for cash	147,946,548	828,500
21.10.16	Top up placement for cash	23,628,571	132,230
21.10.16	Conversion of debt to equity under AGM resolution	3,571,429	20,000
		1,650,703,297	44,689,592
	Less: transaction costs arising on share issues		(88,532)
31.12.16	Balance at end of period	**1,650,703,297**	**44,601,060**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. CONTRIBUTED EQUITY (CONTINUED)

(c) Share options issued

On 19 December, 20,000,000 options were issued to investors who participated in the equity raising during the half year.

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

No options over ordinary shares in the Company have been provided in the current or the prior period as remuneration to the directors and the key management personnel (current and previous) of the Company.

No options over ordinary shares in the Company have been issued in the current or the prior period for payment of goods and services.

(d) Ordinary shares

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

6. RESERVES

(a) Movement in share based payment reserve

	December 2016 $	December 2015 $
Opening balance	3,055,802	3,055,802
Closing balance	**3,055,802**	3,055,802

(b) Movement in foreign currency translation reserve

	December 2016 $	December 2015 $
Opening balance	1,812,320	1,843,795
Currency translation differences arising during the period	30,080	15,374
Closing balance	**1,842,400**	1,859,169

7. SEGMENT INFORMATION

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. SEGMENT INFORMATION (CONTINUED)

a. Segment results

The segment information provided to the Board for the reportable segments for the half year ended 31 December 2016 is as follows:

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

December 2015	Mining – PNG $	Exploration – PNG $	Exploration – Tasmania $	Total $
Segment revenue	397,939	--	250	398,189
Depreciation	53,687	--	--	53,687
Exploration expenditure written off	9,970	--	308,886	318,856
Mining production & site costs	822,221	--	--	822,221
Total segment assets	3,369,659	1,321,993	1,672,829	6,364,481
Total segment liabilities	15,851,009	2,047,580	754,555	18,653,144

b. Reconciliations

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

	December 2016 $	December 2015 $
Total segment revenue	316,375	398,189
Other income received	5,017	--
Total revenue	321,392	398,189

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

	December 2016 $	December 2015 $
Total segment assets	6,693,543	6,364,481
Current cash & receivables of parent entity	14,925	35,897
Intersegment eliminations	(713,094)	(568,586)
Total assets as per statement of financial position	5,995,374	5,831,792

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. SEGMENT INFORMATION (CONTINUED)

b. Reconciliations (continued)

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

	December 2016 $	December 2015 $
Total segment liabilities	19,957,930	18,653,143
Intersegment eliminations	(17,703,337)	(16,422,534)
Current liabilities of parent entity	1,116,330	343,973
Total liabilities as per statement of financial position	3,370,923	2,574,582

8. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Chattel mortgage commitments

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

	December 2016 $	June 2016 $
Within 1 year	226,070	210,900
Between 1 and 5 years^	341,013	369,282
Total future mortgage payments	567,083	580,182
Less: future finance charges	(95,590)	(110,129)
Chattel mortgage liability	471,493	470,053
Represented by:		
Current chattel mortgage liability	471,493	470,053
Non-current chattel mortgage liability	--	--
Chattel mortgage liability	471,493	470,053

^As at 31 December 2016, the Group did not have an unconditional right to defer settlement of the chattel mortgages resulting in the balance being classified as current.

In November 2016, the Group entered into a further chattel mortgage for $51,704 to fund mining equipment purchase in PNG.

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

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 20 January, 2017 the Company issued 30,357,143 shares at $0.0056 as a result of resolutions passed at the Annual General meeting on 30 November, 2016.

On 20 January, 2017 the Company completed a share placement of 150,000,000 at $0.004 to raise $600,000 before issue costs.

No other matter or circumstance has arisen since 31 December, 2016 which significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future periods.

DIRECTOR'S DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 7 to 16 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half year ended on that date, and

(b) there are reasonable grounds to believe that Niuminco Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of directors,

TRACEY J LAKE
MANAGING DIRECTOR

Dated this 15th day of March, 2017

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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 of Niuminco Group Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Niuminco Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Niuminco Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Niuminco Group Limited is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

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

Emphasis of matter – Material uncertainty relating to going concern

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

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 15 March 2017