



Niuminco Group Limited

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31 August 2018

Ms Violetta Codreanu
Adviser, Listings
Australian Stock Exchange

By email violetta.codreanu@asx.com.au

Dear Ms Codreanu,

ASX Query Letter including Appendix 5B Query

We refer to your letter dated 28 August, 2018 regarding a number of matters including the Company's Appendix 5B announcement for the period ended 30 June, 2018 and respond to your questions, in the same order, as follows:

1. When did NIU first become aware of the First Notice.

On or about 1 November, 2017.

2. Does NIU consider the First Notice, taking into account the quantum of the claim and NIU's cash position at the time the First notice was received, to be information that a reasonable person would expect to have a material effect on the price of its securities?

No.

3. If the answer to question 2 is "yes", please explain why Niuminco did not announce receipt of the First Notice at the time it was received.

N/A

4. If the answer to question 2 is "no", please advise the basis for that view.

The Company took legal advice on its requirement to disclose, and that advice was that the Company was not required to, given the Company's then current and expected future cash position. At 31 October, 2017 the Company had over \$775,000 in its bank account following repayment of loans on completion of the TNT Mines Limited float.

5. Does NIU consider the Second Notice, taking into account the quantum of the claim and NIU's cash position at the time the Second Notice was received, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

6. If the answer to question 5 is “yes”, please explain why NIU did not announce receipt of the Second Notice at the time it had been received.

N/A

7. If the answer to question 5 is “no”, please advise the basis for that view.

That view is based on the previous legal advice.

8. Is the amount relating to the Chattel Mortgages still outstanding? If so, when is this likely to be repaid?

No, the amount outstanding at 31 December, 2017 and then currently due, has been reduced to approximately \$380,000 and is now repayable in full by May, 2020 with quarterly principal reductions and interest payments.

9. Does NIU expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

The Company advises that it may have negative operating cash flows if its mining and processing operations at its Edie Creek Mine do not consistently process approximately 40-50 tonnes per day of material at a grade of 1.5-2.0 grams per tonne, to produce 75 – 80g of gold per day or 75-80 ounces of gold per month.

However, as advised in the June 2018 Quarterly Activities Report the installation of a new, larger vibrating feeder has been completed. This, along with the recent delivery and commissioning of two Komatsu D85 bulldozers, a 6 tonne excavator and a loader has resulted in greatly increased mining and processing volumes as previously foreshadowed. This was announced to the market on 29 August, 2018. Gold and silver production and sales have consequently increased, and are expected to increase further in coming months with increasing material grades and volumes, resulting in positive cash flows.

Both current and future cash flows are dependent on the quantity and grade of material able to be mined and processed at the Company's Edie Creek Mine. As previously advised, in the June 2016 Quarter Niuminco's Edie Creek mine achieved sales of \$526,000 on volumes of only 13 tonnes per day. Since then the Company has significantly increased its mining and processing capacity to a current 55 tonnes per day, notwithstanding disruptions to production as a result of plant and equipment breakdowns, and power supply issues as disclosed in past Quarterly reports.

The estimated exploration, staff costs and administration expenditures for the current quarter can again be curtailed, and therefore reduced if necessary or required.

The Board will continue to monitor cash flows and capital requirements to ensure that the Company remains positioned to achieve its business objectives.

10. Has NIU taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company is currently, and plans to continue, to mine and process material in increasing quantities and grade, to produce increased gold and silver sales from its Edie Creek Mine during the current quarter.

We further note that the Company has been able to raise capital in the past (including a recent rights issue and placements to raise over \$326,000), as required to support its activities and is confident that it has the ability to raise working capital if required or necessary. It also is continuing discussions with potential joint venture partners/investors.

11. Does NIU expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

The Company expects to be able to continue its operations and meet its business objectives. As a result of the steps outlined above, the Board expects production, and therefore revenue and cash flow, to increase during the current, and in future quarters from the Company's mining operations.

The Company has been able to raise capital in the past as required to support its activities and is confident that it has the ability to raise further working capital, and/or sell part or all of its assets, or introduce joint venture partners to its projects, if required or deemed necessary.

12. Please confirm that NIU is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market

The Company confirms that it is in compliance with the ASX Listing Rules, in particular Listing Rule 3.1 and there is no information that should be given to the ASX about the Company's financial condition in accordance with that Rule that has not already been released to the market.

13. Please confirm that NIU's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of NIU with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms that its responses to the questions above have been authorised and approved by the Board of the Company.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tracey Lake', is written over a light yellow rectangular background.

Mr Tracey Lake
Managing Director