



**NIUMINCO GROUP LIMITED
And Controlled Entities**

ABN 44 009 163 919

**REPORT FOR THE HALF-YEAR
ENDED
31 DECEMBER 2018**

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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 2018.

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
- John Nethery – Non-Executive Director
- Lawrence Chartres – Non-Executive Director

PRINCIPAL ACTIVITIES

Niuminco Group Limited, through its subsidiaries, holds prospective exploration areas and mining leases in Papua New Guinea, including an exploration licence at May River and mining leases at Edie Creek.

OPERATING RESULTS

For the half-year ended 31 December 2018 the consolidated loss of the Group after income tax amounted to \$388,009 (2017: \$803,980). This included non-cash expenses of depreciation of \$76,241 and impairment of investments of \$45,894, sales revenue from gold and silver sales for the period of \$236,868 (2017: \$128,861) and other income of \$440,803.

REVIEW OF OPERATIONS

Exploration & evaluation

May River & Bolobip Exploration Licences

During the half-year renewal applications for extensions of term for a further 2 years for each of the May River and Bolobip exploration licenses (EL 1441 and EL 1438 respectively), were refused. The exploration costs associated with these licenses were written off in the 30 June 2018 financial report.

Exploration planning was carried out at the Company's new May River exploration licence, EL 2527, which adjoins PanAust Ltd's Freida River tenements.

Edie Creek Mine

Mining and Production

Production for the period 1 July to 31 December 2018 was 4,395.9g (141.3 ounces) of gold and 3,788.6g (121.8 ounces) of silver for total sales of AUD\$236,868 (PGK572,699).

A record half-yearly total of 3,086 wet tonnes of material was processed at an average grade of 1.42 grams per processed tonne of ore.

Corporate

During the half-year the Group raised \$641,477 net proceeds through a rights issue and share placements.

DIRECTORS' REPORT

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 \$642,647 through capital raisings, and after share issue transaction costs, generating net proceeds of \$641,477. The Group has incurred a net loss before tax of \$388,009 (including a non-cash depreciation of \$76,241) and total net operating cash outflows of \$478,642 for the half-year ended 31 December 2018 and, as of that date the Group's current liabilities exceeded its current assets by \$2,909,921.

Current liabilities at balance sheet date include Directors and Director's related balances amounting to \$294,000. The Directors have confirmed that the repayment of these amounts in cash will not be called upon while the Group continues to suffer operating losses and does not generate sufficient cash. The current liability balance amounting to \$2,984,809 represents trade creditors, interest bearing loans and payroll tax liabilities, the majority of which at balance sheet date were not within their normal credit terms. During the half-year, the Group did not meet its planned production target at Edie Creek mine of 3 ounces of gold 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 are in advanced negotiations with a potential joint-venture partner to participate in the exploration and development of the Company's Edie Creek tenements. Alternatively, the Directors remain confident 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 can be achieved within the next 12 months. This approximates production at a rate of 2 to 2.5 ounces of gold per day. This level of production is higher than that which has been consistently achieved over the past two years.
- In assisting to achieve the production rate of up to 2.5 ounces of gold per day, we note that the ore processing capacity has been significantly increased to up to 55 tpd in a single 11-hour shift, and the purchase of additional mining equipment has increased the mining capability and efficiency, as well as allowing faster access to sourcing higher grade vein material from deeper in the known vein systems.
- 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 and/or further capital raisings and/or payments from joint venture partners enable all creditors to return to normal payment terms.
- As noted above, the Directors have confirmed that the repayment of the Directors and Director's related balances amounting to \$294,000 will not be called upon in cash while the Group continues to suffer operating losses and does not generate sufficient cash, and will be converted to equity in any proposed capital raising.

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

DIRECTORS' REPORT

- Raising additional equity or debt. The Group has a successful track record over many years of raising new capital and/or loans 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 (or partially 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 half-year financial statements at 31 December 2018.

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 INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 for the half-year ended 31 December 2018.

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



TRACEY J LAKE
MANAGING DIRECTOR

Dated this 10th day of February, 2020

NIUMINCO GROUP LIMITED
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

As lead auditor for the review of Niuminco Group Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in relation to Niuminco Group Limited and the entities it controlled during the period.



Daniel Dalla

Director

Rothsay Audit & Assurance Pty Ltd

Sydney, 10 February 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2018

	NOTE	December 2018 \$	December 2017 \$
REVENUE			
Gold and silver sales		236,868	128,861
Other income		440,803	5,950
		677,671	134,811
EXPENSES			
Depreciation, Impairment and amortisation expense	4	(76,241)	(36,346)
Finance costs		(31,977)	(88,237)
Mining and exploration site costs (Edie Creek)	2	(593,078)	(502,490)
Exploration expensed		(48,620)	(11,436)
Other expenses from ordinary activities	2	(87,203)	(51,813)
Professional services fees		(163,073)	(268,073)
Travel and accommodation		(19,593)	(37,513)
Impairment of investment		(45,894)	--
Fair value gain on derivatives		--	57,117
Loss for the half-year before tax		(388,009)	(803,980)
Income tax benefit		--	--
Loss for the half-year		(388,009)	(803,980)
<i>Other comprehensive income</i>			
<i>Items that may be reclassified to profit or loss</i>			
Changes in foreign currency translation reserve		46,526	624,123
Unrealised gain on financial asset		--	34,423
Total comprehensive income for the half-year		(341,483)	(145,434)
<i>Loss for the half-year is attributable to:</i>			
Owners of Niuminco Group Ltd		(388,009)	(803,980)
Non-controlling interests		--	--
		(388,009)	(803,980)
<i>Total comprehensive income for the half-year is attributable to:</i>			
Owners of Niuminco Group Ltd		(341,483)	(145,434)
Non-controlling interests		--	--
		(341,483)	(145,434)
Loss per share attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(0.01)	(0.04)
Diluted loss per share		(0.01)	(0.04)

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 2018

	NOTE	December 2018 \$	June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		(640)	4,670
Trade and other receivables		75,528	54,019
Total Current Assets		74,888	58,689
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	3	2,236,448	2,192,695
Plant, property and equipment	4	666,283	730,052
Other non-current assets		33,775	79,669
Total Non-Current Assets		2,936,506	3,002,416
TOTAL ASSETS		3,011,394	3,061,105
CURRENT LIABILITIES			
Trade and other payables		2,570,864	2,815,917
Interest bearing loans and borrowings		413,945	226,238
Total Current Liabilities		2,984,809	3,042,155
NON-CURRENT LIABILITIES			
Interest Bearing loans & borrowings		82,234	237,236
Trade & other payables		86,800	224,157
Total Non-Current Liabilities		169,034	461,393
TOTAL LIABILITIES		3,153,843	3,503,548
NET ASSETS		(142,450)	(442,443)
EQUITY			
Contributed equity	5	47,066,067	46,424,590
Share based payment reserve	6	3,055,802	3,055,802
Foreign currency translation & other reserve	6	3,002,931	2,956,405
Accumulated losses		(53,267,250)	(52,879,240)
TOTAL EQUITY		(142,450)	(442,443)

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 2018

Attributable to owners of Niuminco Group Limited

	Contributed Equity \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Other reserves \$	Accumulated Losses \$	Total \$	Non- Controlling Interests \$	Total Equity \$
Balance at 1 July 2017	45,289,953	3,055,802	2,133,639	--	(49,537,000)	931,494	190,664	1,122,158
Loss for the half-year	--	--	--	--	(803,980)	(803,980)	--	(803,980)
Other comprehensive income for the half-year	--	--	624,123	34,423	--	658,546	--	658,546
Total comprehensive income for the half-year	--	--	624,123	34,423	(803,980)	(145,434)	--	(145,434)
Transactions with owners in their capacity as owners								
Contribution of equity, net of costs	770,547	--	--	--	--	770,547	--	770,547
Disposal of Non-controlling Interest	--	--	--	--	--	--	(190,664)	--
Balance at 31 December 2017	46,060,500	3,055,802	2,757,762	34,423	(50,340,980)	1,556,607	--	1,556,607
Balance at 1 July 2018	46,424,590	3,055,802	2,939,663	16,742	(52,879,240)	(442,443)	--	(442,443)
Loss for the half-year	--	--	--	--	(388,008)	(388,008)	--	(388,008)
Other comprehensive income for the half-year	--	--	46,526	--	--	46,526	--	46,526
Total comprehensive income for the half-year	--	--	46,526	--	(388,008)	(341,483)	--	(341,483)
Transactions with owners in their capacity as owners								
Contribution of equity, net of transaction costs	641,477	--	--	--	--	641,477	--	641,477
Disposal of non-controlling interest	--	--	--	--	--	--	--	--
Balance at 31 December 2018	47,066,067	3,055,802	2,986,189	16,742	(53,267,248)	(142,449)	--	(142,449)

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 2018

	NOTE	December 2018 \$	December 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from gold and silver sales		236,868	128,861
Payments to suppliers and employees (incl. of GST)		(660,887)	(905,244)
Other income received		25,974	5,950
Exploration costs paid		(48,620)	(11,436)
Interest paid		(31,977)	--
Net cash used in operating activities		(478,642)	(781,869)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment	4	--	(23,766)
Net cash provided used in investing activities		--	(23,766)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of issue of shares		438,826	264,553
Advances from related party loans		47,826	775,000
Repayments of related party loans		(3,370)	(241,349)
Payment of share issue costs		(1,170)	(4,006)
Repayment of chattel mortgages		(3,586)	(75,931)
Net cash inflow from financing activities		478,526	718,267
Net (decrease) / increase in cash and cash equivalents		(116)	(87,368)
Cash and cash equivalents at the beginning of the period		4,670	87,894
Effect of exchange rate changes		(5,194)	--
Cash and cash equivalents at end of period		(640)	526

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 half-year financial report is for Niuminco Group Limited (“the Company”) and its controlled entities (together “the Group”), in respect of the half-year reporting period ended 31 December 2018, and has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year 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 2018 and any public announcements made by Niuminco Group Limited during the half-year 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 half-year 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 \$642,647 through capital raisings, and after share issue transaction costs, generating net proceeds of \$641,477. The Group has incurred a net loss before tax of \$388,009 (including a non-cash depreciation of \$76,241) and total net operating cash outflows of \$478,642 for the half-year ended 31 December 2018 and, as of that date the Group’s current liabilities exceeded its current assets by \$2,909,921.

Current liabilities at balance sheet date include Directors and Director’s related balances amounting to \$294,000. The Directors have confirmed that the repayment of these amounts in cash will not be called upon while the Group continues to suffer operating losses and does not generate sufficient cash. The current liability balance amounting to \$2,984,809 represents trade creditors, interest bearing loans and payroll tax liabilities, the majority of which at balance sheet date were not within their normal credit terms. During the half-year, the Group did not meet its planned production target at Edie Creek mine of 3 ounces of gold 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:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- In assisting to achieve the production rate of up to 2.5 ounces of gold per day, we note that the ore processing capacity has been significantly increased to up to 55 tpd in a single 11-hour shift, and the purchase of additional mining equipment has increased the mining capability and efficiency, as well as allowing faster access to sourcing higher grade vein material from deeper in the known vein systems.
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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 2018	December 2017
	\$	\$
Other expenses from ordinary activities (related to COGS)	87,203	51,813
Mining and exploration site costs	593,078	502,490
	680,281	554,303

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. EXPLORATION AND EVALUATION EXPENDITURE

	December 2018 \$	June 2018 \$
Opening balance	2,192,695	3,351,783
Expenditure incurred during the period	--	150,000
Foreign currency translation	43,753	204,146
Less impairment	--	(1,513,234)
Closing balance net of impairment	2,236,448	2,192,695

4. PROPERTY, PLANT & EQUIPMENT

NON-CURRENT	Mining equipment & vehicles \$
At 30 June 2018	
Cost	1,247,653
Accumulated depreciation	(517,601)
Net book amount	730,052
Half-year ended 31 December 2018	
Opening net book amount	730,052
Additions	16,271
Disposals	(3,799)
Depreciation	(76,241)
Closing net book amount	666,283

The chattel mortgages are secured over mining equipment and vehicles with a net book value of \$264,660.

5. CONTRIBUTED EQUITY

(a) Share capital

	December 2018 Shares	December 2018 \$	June 2018 Shares	June 2018 \$
Ordinary shares fully paid	2,780,160,070	47,066,067	2,411,336,860	46,424,590
Total contributed equity	2,780,160,070	47,066,067	2,411,336,860	46,424,590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. CONTRIBUTED EQUITY (CONTINUED)

(b) Movements in ordinary share capital

Date	Details	Shares	\$
01.07.18	Balance at beginning of period	2,411,336,860	46,424,590
24.07.18	Rights issue for cash	66,558,000	133,116
24.07.18	Rights issue – conversion of debt to equity	88,410,058	176,821
08.08.18	Share Placement for cash	355,152	710
09.08.18	Share Placement – conversion of debt to equity	8,500,000	17,000
06.09.18	Share Placement for cash	80,000,000	100,000
06.09.18	Share Placement – conversion of debt to equity	5,000,000	10,000
02.10.18	Share Placement for cash	50,000,000	100,000
09.11.18	Share Placement for cash	70,000,000	105,000
		2,780,160,070	47,067,237
	Less: transaction costs arising on share issues	--	(1,170)
31.12.18	Balance at end of period	2,780,160,070	47,066,067

(c) Share options issued

At the reporting date there were 180,000,000 options issued outstanding (June 2018: 180,000,000).

	Grant Date	Expiry Date	Exercise Price	Granted during the Period	Vested and exercisable at the end of the Period
Unlisted options	19/12/16	31/01/19	\$0.007	-	20,000,000
Listed options	19/01/17	31/01/19	\$0.007	-	160,000,000
<i>Weighted average exercise price</i>					<i>\$0.007</i>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. RESERVES

(a) Movement in share based payment reserve

	December 2018	December 2017
	\$	\$
Opening balance	3,055,802	3,055,802
Closing balance	3,055,802	3,055,802

(b) Movement in foreign currency translation reserve

	December 2018	December 2017
	\$	\$
Opening balance	2,939,663	2,123,639
Currency translation differences arising during the period	46,526	624,123
Closing balance	2,986,189	2,747,762

7. SEGMENT INFORMATION

The Board of Directors has identified two reportable operating segments being mineral exploration in Papua New Guinea 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.

a. Segment results

The segment information provided to the Board for the reportable segments for the half-year ended 31 December 2018 is as follows:

December 2018	Mining – PNG	Exploration – PNG	Total
	\$	\$	\$
Segment revenue	677,671	-	677,671
Depreciation	76,241	-	76,241
Exploration expenditure expensed	-	48,620	48,620
Mining production & site costs	593,078	-	593,078
Capitalised exploration	-	-	-
Total segment assets	3,845,480	-	3,845,480
Total segment liabilities	19,006,519	-	19,006,519

December 2017	Mining – PNG	Exploration – PNG	Total
	\$	\$	\$
Segment revenue	134,811	--	134,811
Depreciation	36,346	--	36,346
Exploration expenditure expensed	11,436	--	11,436
Mining production & site costs	502,490	--	502,490
Capitalised exploration	--	--	-
Total segment assets	5,266,432	1,319,250	6,585,681
Total segment liabilities	2,346,355	2,259,448	4,605,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. SEGMENT INFORMATION (CONTINUED)

b. Reconciliations

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

	December 2018	December 2017
	\$	\$
Total segment revenue	651,697	134,811
Other income received	25,974	-
Total revenue	<u>677,671</u>	<u>134,811</u>

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

	December 2018	December 2017
	\$	\$
Total segment assets	3,845,480	6,585,681
Current cash & receivables of parent entity	85,330	19,647
Intersegment eliminations	(919,416)	(2,296,587)
Total assets as per statement of financial position	<u>3,011,394</u>	<u>4,308,741</u>

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

	December 2018	December 2017
	\$	\$
Total segment liabilities	19,006,519	4,605,803
Intersegment eliminations	(16,436,004)	(2,296,587)
Current liabilities of parent entity	583,328	442,918
Total liabilities as per statement of financial position	<u>3,153,843</u>	<u>2,752,134</u>

8. COMMITMENTS AND CONTINGENT LIABILITIES

Other than as disclosed through this half-year financial report, the Group does not have any commitments and contingent liabilities.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 13 February, 2019 the Company announced that a proposed non-renounceable pro-rata rights issue would not be proceeding.

On 21 February, 2019 the Company's shares were suspended from quotation by ASX Limited, pending enquiries by ASX.

On 28 May, 2019 the Company announced that it had entered into a \$500,000 "Deed of Advance" with an unrelated company, and reached an advanced stage of negotiations on a possible corporate transaction, subject to due diligence and regulatory approvals.

On 1 July, 2019 ASX released its Query Letter of 21 February, 2019 and the Company's response to that letter.

On 20 September, 2019 at the request of ASX, the Company appointed an independent expert to review and recommend changes to the Company's practices, policies, procedures and resources for complying with its listing obligations. The Company is currently awaiting the expert's report.

On 28 October, 2019 the Company entered into a \$250,000 convertible note and loan facility with an unrelated third party corporate entity. Interest at a rate of 12%pa will be capitalised for 12 months and the loan may be converted to ordinary shares at the lower of \$0.001 or at a 10% discount to the 5-day VWAP prior to conversion.

On 31 October, 2019 the \$500,000 facility under a "Deed of Advance" ended as a result of neither the proposed possible corporate or alternative commercial transaction being completed by this date. Negotiations are continuing on the repayment of \$233,000 (subject to adjustments) advanced under this facility.

On 17 December, 2019 the Company entered into a \$120,000 loan facility with the same third party corporate entity referred to above (28 October, 2019). Interest at a rate of 15%pa will be capitalised for 12 months, at which time the loan and any capitalised interest is repayable.

No other matter or circumstance has arisen since 31 December, 2018 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 6 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 2018 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,

A handwritten signature in blue ink, appearing to read 'T. J. Lake', is written over a light yellow rectangular background.

TRACEY J LAKE
MANAGING DIRECTOR

Dated this 10th day of February, 2020

NIUMINCO GROUP LIMITED

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 consolidated financial report of Niuminco Group Limited, which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising summary of significant accounting policies and other explanatory information, and the directors' declaration comprising Niuminco Group Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Emphasis of Matter - Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 1(a) in the financial report, which indicates that the Group incurred a consolidated operating loss after income tax of \$388,009 for the half-year ended 31 December 2018 and net cash outflows from operations were \$478,642. 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

Directors' Responsibility for the Half-Year Financial Report

The directors of Niuminco Group Limited are responsible for the preparation of the consolidated 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 consolidated 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 Group's financial position as at 31 December 2018 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.



NIUMINCO GROUP LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

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:

- giving a true and fair view of the Group's financial position as at 31 December 2018 and of 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*.

Rothsay Audit & Assurance Pty Ltd.

A handwritten signature in dark ink, appearing to read 'Dalla', located below the company name.

Daniel Dalla
Director

Sydney, 10 February 2020