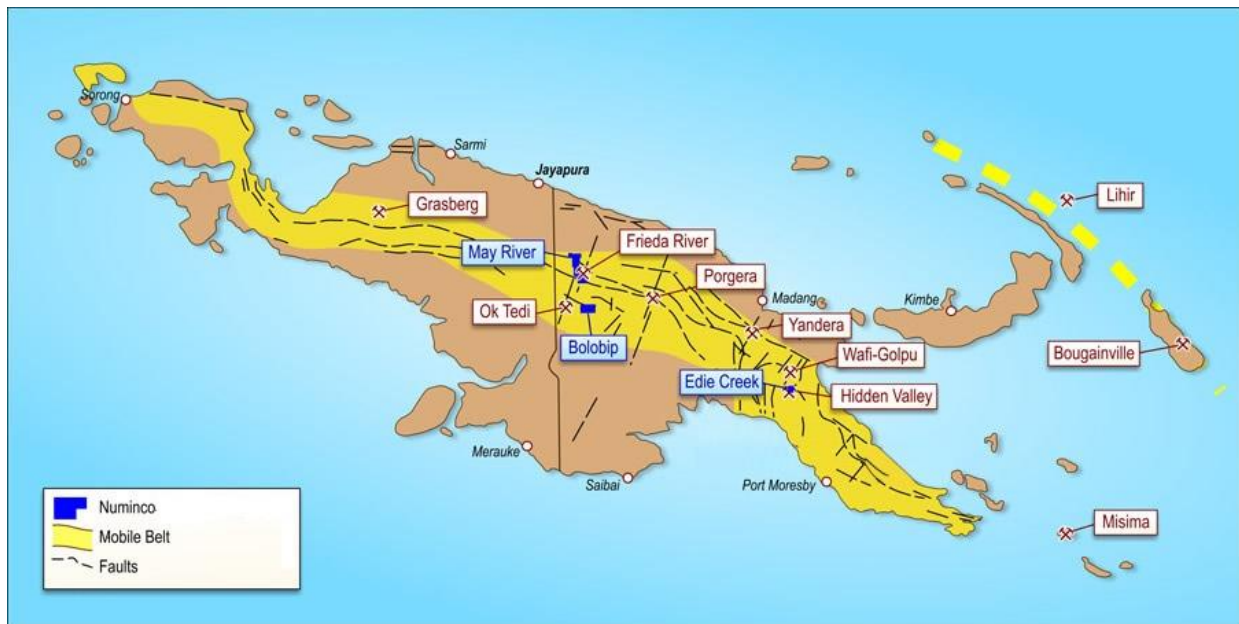




Niuminco Group Limited

DECEMBER 2017 QUARTERLY ACTIVITIES REPORT

Niuminco Group Limited's objective is to establish a substantial resource base in Papua New Guinea and Australia whilst developing its Edie Creek Mine into a successful and profitable mining operation.



HIGHLIGHTS

- **Niuminco repaid \$775,000 from TNT Mines Ltd IPO and listing**, whilst retaining a 1.3% shareholding valued at \$95,000.
- **Successful Warden's Hearings** held in December 2017 for May River (EL 1441) and Bolobip (EL 1438) exploration licence renewals.
- **Drill-rig arrived in Kiunga (Western Province)** for 3-hole, 1000m drill program at Bolobip and camp upgrades undertaken. Second drill-rig prepared for dispatch to May River with camp and airstrip works undertaken at Hotmin camp site.
- **Testing of, and modifications to, the new processing equipment and circuit continued** at Edie Creek, including upgrading of the ISP concentrator plant.
- **A second-hand 440 kVA generator** was secured following advice of prohibitive costs for power authority to repair/replace the power lines from Wau.
- **Delivery taken of first Komatsu D85 bulldozer** from Hidden Valley mine.
- **\$229,000 net cash and \$510,000 (debt to equity) raised from rights issue** and shortfall placement.

PAPUA NEW GUINEA PROPERTIES

Edie Creek Mine

Mining and Production Update



With the plant testing and modification work continuing and electrical upgrading work required, only very limited mining and processing operations were carried out again during the December quarter. The two amalgam barrels were used to process this very small tonnage, high grade material mined.

A total of only 62 wet tonnes of ore was processed at an average grade of 15.1 grams per processed tonne of ore. Production for the period 1 October to 31 December, 2017 was 935g (30.1ounces) of gold and 788.2g (25.3ounces) of silver for total sales of AUD\$48,585 (PGK119,033).

The purchase of a larger vibrating feeder and/or larger bin vibrators has been delayed pending further testing of a variety of ore materials from different sources within the leases, and following longer run periods once the electrical upgrades are complete and new generator operational.

Mains power remained out (now for 17 consecutive months) and in light of correspondence from the PNG Power Authority combined with the need for both greater and more reliable back-up power, a second-hand 440 kVA Cummins

generator was sourced, and the purchase settled subsequent to quarter-end.

External electrical consultants carried out an audit and review of current and required electrical infrastructure during the Quarter, resulting in upgrading of cabling and components being undertaken. Installation of the generator and electrical upgrading works are continuing at present, and a new, experienced mine electrician commenced employment in November.

The upgraded control components were installed into the Gekko ISP concentrator plant, but following the failure of one PLC, a new PLC was then purchased and has now been installed and successfully tested.

Major parts for all mining plant were purchased and repairs were carried out, with some work continuing. A new heavy-machinery mechanic was also employed and delivery was taken of the first of three, second-hand Komatsu D85 bulldozers from Hidden Valley mine. A further payment was also made on the new 6 tonne excavator.

In mid-November, the existing Komatsu D65 bulldozer became bogged in Edie Creek, and despite being recovered, the engine suffered irreparable damage.

A decision on a replacement engine will be made in due course, with the purchase of the second D85 from Hidden Valley being a more suitable and cost-effective priority option, which will now be advanced.



Testing and modifications are continuing on the newly installed mechanical ball mill feeding plant

Despite these further setbacks, with the recent repairs, modifications and upgrades to the mining fleet, power supply and processing plant, the mine is now nearing readiness

for increased production. Management and the Edie Creek workforce remain focussed on achieving the realistic production rate targets of 40 to 60 tonnes per day, in a single 11 hour shift, in the immediate future.

BOLOBIP AND MAY RIVER EXPLORATION LICENCES

On 5 December, 2017 successful Warden's Hearings were held for each of the May River and Bolobip exploration licence renewals (EL 1441 and EL 1438 respectively).

The picture below is of the local Hotmin villagers waiting upon our arrival for the May River (EL 1441) Warden's Hearing in December. The foreground is part of the airstrip which has been cleared and maintained as an initial part of the drilling program.



One of the Company's LongYear 38 drill rigs arrived in Kiunga (Western Province) in late December following shipment from Lae and is now awaiting completion of the current drill camp upgrade work before being readied for helicopter lifting to the Bolobip drill site.

A second company LongYear 38 drill rig was also prepared for dispatch during the quarter and is presently awaiting shipment to Hotmin via Lae, Wewak and then by road to Pagwei, a port on the Sepik River before river passage to the mouth of the

May River. Camp work is continuing at Hotmin in readiness for the rig and drill crew.

As reported in the previous September Quarterly Report a small periphery licence, EL 2365 was also surrendered during the quarter.

CORPORATE

On 31 October, 2017, following the closing of its \$5.5million IPO in September, TNT Mines Limited ("TNT") repaid Niuminco a loan balance of \$775,000. Niuminco retains a 1.3% shareholding in TNT Mines Limited, currently valued at \$95,000, which is escrowed for a period of 24 months from the TNT listing date of 3 November, 2017.

As foreshadowed in the previous September Quarterly Activities Report, a one for three, partially underwritten rights issue was concluded in November raising net cash of \$219,000 (and a further \$510,000 through debt converted to equity) to assist in providing funds to upgrade the Company's mining equipment, accelerate the PNG exploration drilling programs, redeem convertible/redeemable notes, repay creditors/payables and replenish working capital.

At the Annual General Meeting on 28 November, 2017 the sitting non-executive Board members, Chairman Professor Ian Plimer and director Mr Mark Ohlsson, were re-elected and, as a result of a second, consecutive vote against the Remuneration Report, a "spill" resolution was put and passed. A further General Meeting was necessarily called, and was held subsequent to the quarter-end on 18 January, 2018, at which the two sitting non-executive directors were again re-elected along with one of the three nominees, Mr Neill Arthur.

The directors are currently holding discussions in respect of the future composition of the Board and will update shareholders as soon as practicable.

In PNG management continues to focus on completing the electrical and generator upgrade works, increasing the processing plant throughput and maintaining and upgrading mining equipment at Edie Creek, as well as advancing the highly prospective Bolobip and May River projects.

The Board will continue to explore opportunities to maximize returns to share-holders, and to this end management is currently in discussions with a multi-national mining company with the intention of entering into a Confidentiality Agreement ("CA") in respect of its Edie Creek mining leases.

The Board will update shareholders and the market with further releases as appropriate.



Mark Ohlsson
Company Secretary
31 January, 2018

The information in this report that relates to exploration results is based on Information reviewed by John Nethery (BSc Dip Ed.) who is a Fellow of the Australasian Institute of Mining and Metallurgy (Chartered Professional) and a Fellow of the Australian Institute of Geoscientists. Mr Nethery 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
NIUMINCO GROUP LIMITED – PAPUA NEW GUINEA ASSETS					
Exploration licence	EL 1438	Bolobip	Niuminco (ND) Limited	100	
Exploration licence	EL 2365	Ama	Niuminco (ND) Limited	100	Surrendered during aqr
Exploration licence	EL 1441	May River	Niuminco (ND) Limited	100	
Mining lease	ML 144	Edie Creek	Niuminco Edie Creek Limited Niuminco EC Ltd	83 17	
Mining lease	ML 380	Edie Creek	Niuminco Edie Creek Limited Niuminco EC Ltd	83 17	
Mining lease	ML 384-392	Edie Creek	Niuminco Edie Creek Limited Niuminco EC Ltd	83 17	
Mining lease	ML 402-410	Edie Creek	Niuminco Edie Creek Limited Niuminco EC Ltd	83 17	
Mining lease	ML 444-446	Edie Creek	Niuminco Edie Creek Limited Niuminco EC Ltd	83 17	
Mining lease	ML 462	Edie Creek	Niuminco Edie Creek Limited Niuminco EC Ltd	83 17	
TNT MINES LIMITED – TASMANIAN ASSETS*					
Exploration licence	EL27/2004	Aberfoyle Storeys Creek Royal George	TNT Mines Limited	100	
Retention licence	RL2/2009	Great Pyramid	TNT Mines Limited	100	

*During the Quarter TNT Mines Limited was floated on the ASX and Niuminco Group Limited's shareholding was reduced to a 1.3% interest. Therefore, Niuminco no longer has a controlling interest, and will remove these tenements from the register in the next Quarterly Report.

