



# Niuminco Group Limited

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ABN 44 009 163 919*

31 August 2018

Ms Violetta Codreanu  
Adviser, Listings  
Australian Stock Exchange

By email [violetta.codreanu@asx.com.au](mailto: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



28 August 2018

**Mr Tracey Lake**

Managing Director and Company Secretary  
Niuminco Group Limited  
50 Narabang Way  
Belrose NSW 2085

By email: [tlake@niuminco.com.au](mailto:tlake@niuminco.com.au)

Dear Mr Lake

**Niuminco Group Limited ("NIU"): Query Letter**

ASX Limited ("ASX") refers to:

- A. The Notice of Application for Winding Up Order dated 27 October 2017 lodged against NIU (the "First Notice").
- B. NIU's announcement entitled 'Settlement of Legal Claim Against Subsidiary' lodged and released on the ASX Market Announcements Platform ("MAP") on 23 July 2018 disclosing that on 5 July 2018, a "Winding-Up Application" claim was lodged against a subsidiary of NIU by a former employee for an amount of \$21,672.78, and NIU had agreed to settle the claim in full with payment on 24 July 2018 (the "Second Notice").
- C. NIU's half yearly report for the period ended 31 December 2017 lodged and released on MAP on 16 March 2018 which disclosed that NIU was in arrears on the payment of its Chattel mortgages and, as a result, the balance of the liability amounting to \$390,306 remains outstanding.
- D. NIU's Appendix 5B quarterly report for the period ended 30 June 2018 lodged and released on MAP on 31 July 2018 (the "Appendix 5B") which reported:
  - a. negative net operating cash flows for the quarter of \$162,000;
  - b. cash at the end of the quarter of \$2,000; and
  - c. estimated cash outflows for the next quarter of \$350,000.

Having regard to the above, ASX asks NIU to respond separately to each of the following questions and requests for information.

In relation to items A and B above:

1. When did NIU first become aware of the First Notice?
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 or value of its securities?
3. If the answer to question 2 is "yes", please explain why NIU did not announce receipt of the First Notice at the time it had been received.
4. If the answer to question 2 is "no", please advise the basis for that view.

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

In relation to item C above:

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

In relation to item D above:

It is possible to conclude, based on the information in the Appendix 5B that if NIU were to continue to expend cash at the rate indicated by the Appendix 5B, NIU may not have sufficient cash to continue funding its operations. In view of that:

9. Does NIU expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
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?
11. Does NIU expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
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.
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.

### **When and where to send your response**

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **9.00am AEST on Friday, 31 August 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in NIU's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, NIU's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to NIU's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

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It should be noted that NIU's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

**Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in NIU's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

*[Sent electronically without signature]*

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**Violetta Codreanu**  
Senior Adviser, Listings Compliance (Sydney)