

MANAGING DIRECTOR'S ADDRESS - 2018 ANNUAL GENERAL MEETING

NIUMINCO BEGINS TO REAP BENEFITS FROM SIGNIFICANT MINING AND PROCESSING UPGRADES AT EDIE CREEK

During the past, difficult 18 month period, following the loss of mains power to the Edie Creek Mine in late 2016, the Company undertook expansion and upgrading of its mobile mining fleet and its milling and processing circuit, which is now realizing significant increases in mining and processing volumes.

Edie Creek Mine

To overcome the loss of mains power to the mine site, a second-hand 440 kVA Cummins generator was purchased and installed in March 2018 providing a greater and more reliable power supply going forward. The existing, smaller 270 kVA generator is now being utilized as a reliable, back-up power supply.



440kVA Cummins Genset installed during the year

During this period the Company also successfully upgraded the milling and processing circuit by commissioning a new 5tph ball mill, a new, larger vibrating feeder, modifying the ball mill feed hopper, installing two bin vibrators on the hopper, replacing the conveyor belt with a feed shoot, upgrading the Inline Spinner concentrator plant and installing a new cyclone.

These modifications have largely overcome the problems associated with feeding the sticky, clay material to the mill and have resulted in the targeted 40-60 tonnes per day throughput being achieved in a single 11 hour shift, with the mill now able to process 5 tonnes per hour.

Additionally, two of the three second-hand Komatsu D85 bulldozers acquired from the adjacent Hidden Valley mine and the restored Komatsu D65 were put into operation. This, along with the acquisition of a new 6 tonne JCB excavator and a second-hand Kawasaki wheel-loader, has added significant capacity to the mining operations and greatly increased operational efficiency.



Operator Ben Tameno, loading the mill feed hopper with the new JCB excavator

As a result of these planned equipment modifications and acquisitions, mining and processing volumes have increased significantly, with a **quarterly record 1442 tonnes** of wet material processed in the September quarter at **an overall average grade of 1.7g/t**, producing **2,465.9g (79.3ounces) of gold and 2,092.6g (67.3 ounces) of silver**.

This included;

- **90.2 tonnes of high grade vein material** processed through the barrels at an **average grade of 23.7 g/t** to produce **2137.5 g (68.7ounces) of gold**.
- 2,137.5 tonnes of low grade and/or waste material processed through the ball mill at an average grade of 0.24 g/t to produce 328.4g (10.6ounces) of gold.

The ball mill was only run on 42 days during this quarter and used to test the vein and waste material from the Alpha West, Surmans and Ingopae areas, enhancing our knowledge of the mineralisation of these vein systems.

At current gold prices and exchange rates the break-even production level at Edie Creek remains at approximately 2,350 grams (76 ounces) of gold per month. Therefore, with the capacity to process 40-50 tonnes per day on a consistent basis, the material to be mined will have a targeted minimum average grade of 1.5 to

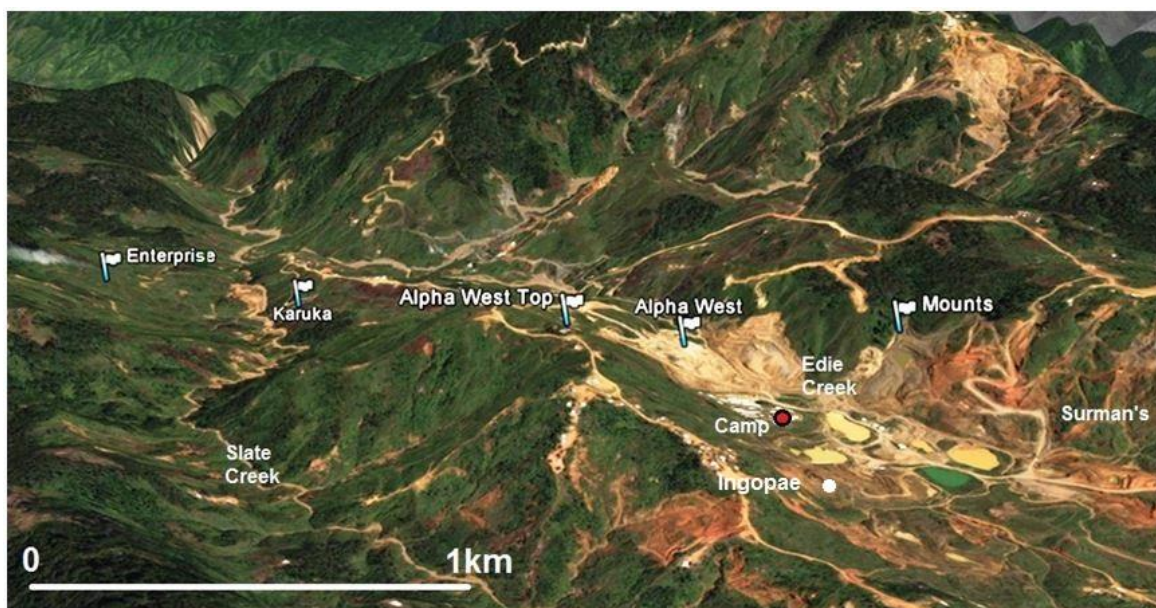
2g/t.



Material being mined from Alpha West (main Edie Lode) during the year

Six known vein systems ready to be developed and mined

Extensive survey works were undertaken during the past year, allowing finalization of an upgraded mine plan for most of the main, known vein systems within the mining leases including Karuka, Alpha West (main Edie lode), Alpha East, Mounts, Surmans and Ingopae. This will in turn allow the mining of all these vein systems in the near future.



Panoramic view of the Edie Creek Goldfield with Ingopae Pit location at bottom right.



Kawasaki loader at Edie Creek

Mining and development work was undertaken mainly at the Alpha West (main Edie Lode), Surmans and Ingopae areas during the past year.

The Company is planning on further expanding its Edie Creek mining operations and capacity through the acquisition of additional mobile mining equipment including :

- a third large excavator,
- a 30t articulated tip truck,
- a fuel and services truck,
- another loader.

These are currently the subject of negotiations for acquisition in the near future.

Recent Edie Creek Exploration Points to Increased gold and silver

A significant 7m wide quartz limonite sulphide vein structure (including 2m puggy clay shear on the hanging wall) was discovered in the Enterprise-Karuka stock-work area (pictured below). This vein is thought to be the south-bounding structure of the Karuka stock-work zone which is estimated to be approximately 300m wide. The samples returned highly promising fire assay results of **4.11g/t gold and 125g/t silver over 2.3 metres.**



Newly discovered 7m wide quartz vein in the Karuka stock-work area.

Additionally, rock samples from the Enterprise area with visible copper minerals were collected with the sample assay results showing elevated copper levels.

May River Exploration – Exciting Iku Hill prospect

During the year the Company's exploration planning work commenced on EL 2527 at May River. This tenement holds the highly prospective Iku Hill anomalies and base camp area at Hotmin.

One of the Company's LongYear 38 drill rigs which is in Kiunga (Western Province) and was awaiting helicopter lifting to the Bolobip drill site, may now be deployed to EL 2527 at May River, pending the result of discussions with the new Bolobip tenement holder.

Future Developments

The Company raised AUD\$948,062 from rights issues and share placements over the 12 month period 1 December 2017 to 30 November 2018.

At the Edie Creek Mine management continues to focus on maintaining the increased processing plant throughput of 40-50 tonnes per day, upgrading the mining equipment fleet and expanding the current exploration work in the Karuka-Enterprise area, as the Company moves to cash flow-positive mining operations.

At May River, exploration groundwork will continue on the exciting Iku Hill prospect within EL 2527, and the Company is looking at a number of other exploration opportunities.



Komatsu HM400 40t articulated tip truck upon arrival at Edie Creek Mine

Despite setbacks over the past 12 months, significant progress has been made and we look forward to further progress in expanding Niuminco's mining and exploration operations over the ensuing 12 month period.

Tracey Lake
Managing Director

30 November, 2018