



Niuminco Group Limited

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ABN 44 009 163 919

8 May 2018

Ms Violetta Codreanu
Adviser, Listings
Australian Stock Exchange

By email violetta.codreanu@asx.com.au

Dear Ms Codreanu,

Appendix 5B Query

We refer to your letter dated 4 May, 2018 regarding the Company's Appendix 5B announcement for the period ended 31 March, 2018 and respond to your questions, in the same order, as follows:

1. 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 until such time as the installation, commissioning and testing of its new processing plant and circuit at its Edie Creek Mine is completed, and larger, more consistent volumes and/or higher grades of ore are able to be processed.

As advised in the March Quarterly Activities Report modification works to and testing of this plant is continuing, and as announced to the market on 8 May, 2018 the installation of a new, larger vibrating feeder has now been completed. This will result in an anticipated significant increase in processing throughput, with an expected resultant increase in gold/silver production and sales in coming months.

Additionally the Company is expecting to take delivery of two further second-hand D85 Komatsu bulldozers and a 40 tonne articulated tip-truck in the near future which will significantly increase the mining capacity at the Edie Creek Mine.

Both current and future cash flows are dependent on the quantity and grade of ore 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 been

progressively increasing its mining and processing capacity, notwithstanding disruptions to production as a result of plant and equipment breakdowns and power supply issues as disclosed in recent Quarterly reports.

The estimated exploration, staff costs and administration expenditures for the current quarter can again be curtailed, and therefore substantially 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.

2. 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, 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 placement of shares to raise \$113,000 announced on 24 April, 2018), as required to support its activities and is confident that it has the ability to raise working capital if required or necessary.

3. 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.

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 if required or deemed necessary.

4. Please provide any other information that NIU considers may be relevant to ASX forming an opinion on whether NIU is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

In relation to Listing Rule 12.2, the adequacy of the Company's financial position is dependent on the performance of the mining operations at Edie Creek, the success of its exploration activities, the success of future fund raising activities and/or the success of any full or partial sales of any of its assets, as well as the ability to enter into co-operative arrangements with third parties to participate in the Company's projects.

As stated above, the Company expects increasing income from its Edie Creek mining operations over coming months, and as noted above and demonstrated over previous years and again very recently, the Company is confident that it has the ability to raise additional capital if necessary or required.

5. 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.

6. 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 dark ink, appearing to read 'M T Ohlsson', written in a cursive style.

M T Ohlsson
Company Secretary



4 May 2018

Mr Mark Ohlsson
Company Secretary
Niuminco Group Limited
50 Narabang Way
Belrose NSW 2085

By email: ohlsson@bigpond.net.au

Dear Mr Ohlsson

Niuminco Group Limited ("NIU"): Appendix 5B Query

I refer to NIU's Appendix 5B quarterly report for the period ended 31 March 2018 lodged on the ASX Market Announcements Platform on 30 April 2018 (the "Appendix 5B").

ASX notes that NIU has reported:

- negative net operating cash flows for the quarter of \$231,000;
- cash at the end of the quarter of \$1,000; and
- estimated cash outflows for the next quarter of \$350,000.

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, ASX asks NIU to respond separately to each of the following questions and requests for information:

1. Does NIU expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. 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?
3. Does NIU expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that NIU considers may be relevant to ASX forming an opinion on whether NIU is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. 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.
6. 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 **9:30am AEST on Wednesday, 9 May 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 email. 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*.

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]

Violetta Codreanu

Senior Adviser, Listings Compliance (Sydney)