Niuminco Group Limited

JUNE 2024 QUARTERLY ACTIVITIES REPORT

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



HIGHLIGHTS

- Sampling and alluvial stockpile processing undertaken at the Sellheim Gold/Copper Project in North Queensland, Australia.
- Continuation of the JORC 2012 Resource drilling program and sampling undertaken at the Edie Creek Mine in PNG.
- Drilling quote accepted for the JORC 2012 Resource drilling program at the Ophir Gold Project in New Zealand.

EDIE CREEK MINE

Mining and Production

During the June Quarter the Company focused mainly on its drilling program with some very limited sampling and processing works carried out.

This sampling and processing resulted in only 1.0 tonnes of wet material being processed at a recovered gold grade of 2.7g/t, producing 2.7grams (0.1 ounces) of gold and 2.7grams (0.1 ounces) of silver for sales of PGK702 (AUD$272).

Further repairs on the Company's mobile mining fleet were undertaken during the quarter. This is part of an ongoing program to repair and upgrade all the existing mobile mining fleet.

Edie Creek Exploration

Drill pad preparation and major access road remedial works were carried out for the first 12-hole stage of the planned 62 shallow hole diamond drilling program and the drill rig arrived in Lae late in March after a number of months delay in shipping.

Extensive access road remedial works were required as a result of very heavy rainfall during the quarter and with these works now completed the rig and drillers will arrive on site in coming days.

This drilling program aims to achieve two objectives:

- 1. It will form part of the mine grade control program and assist in prioritising the mining of higher-grade vein material as feed for the processing circuit; and,
- 2. Delineating an initial JORC 2012 Inferred Resource.



The "Koesi Vein" – a 7m wide quartz vein in the Karuka stock-work area.

MAY RIVER EXPLORATION – EL 2527

This tenement, EL 2527, holds the highly prospective Iku Hill anomalies and base camp area at Hotmin.

On 21 September 2021 the Company announced that it had been advised by the Mineral Resources Authority (MRA) that the Minister for Mining had not consented to the application for an extension of its PNG subsidiary's May River exploration licence EL 2527.

So as to preserve the licence and protect its interest, the Company lodged an Application for Leave to apply to the National Court of Papua New Guinea for a Judicial Review of the decision of the Minister and an order to quash the Minister's decision, and associated orders.

The Application for Leave was granted on 14 December 2021 by the presiding Judge, Kandakasi DCJ. The judge also granted a stay over the Minister's decision and restrained any dealings with tenement EL 2527 until the substantive matter is determined.

The Company is currently waiting for the matter to return to court for a final hearing following a further direction's hearing**.** The Company will advise shareholders on progress.

OPHIR GOLD PROJECT – NEW ZEALAND

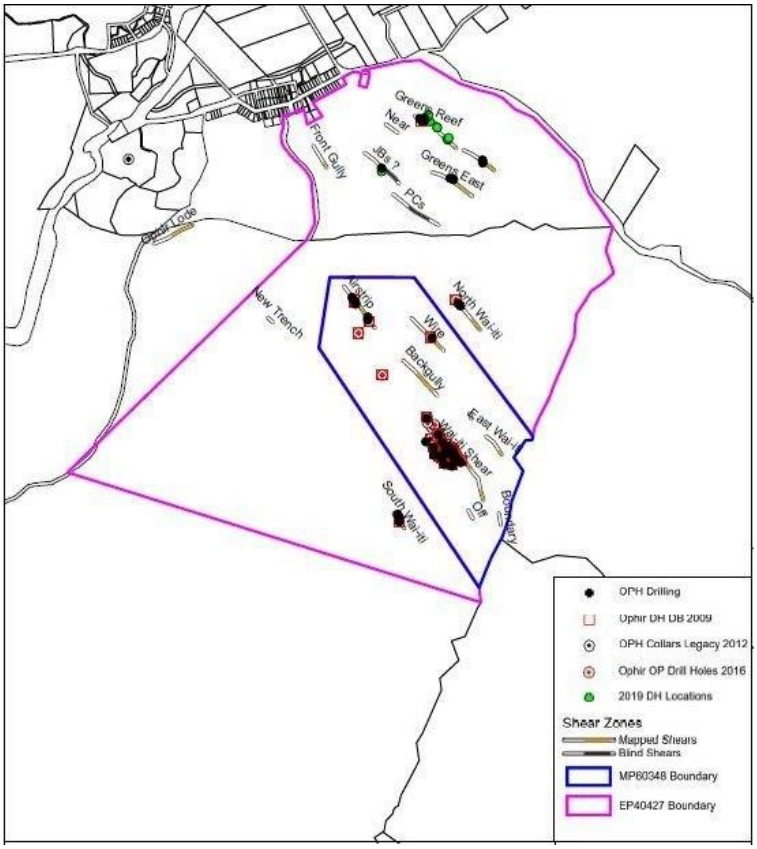
On 6 June 2022 the Company announced that it had entered into an agreement with Ophir Gold Limited to purchase its 10-year mining permit MP 60348 and 5-year exploration permit EP 60640 granted under the *Crown Minerals Act 1991* in the Central Otago Goldfields area on the South Island of New Zealand.

The tenements adjoin Santana Minerals Limited's Bendigo-Ophir project which has a recently announced 2.9 million-ounce Au JORC Inferred Resource and are approximately 75 kilometres from the 10 million-ounce, world class Macraes Gold Mine.

On 19 December 2022 the Company received approval from New Zealand Petroleum and Minerals for the transfer and change of operator applications for both the mining permit and the exploration permit.

The project comprises a granted Mining Permit (MP) over c.134 ha in Central Otago for a 10-year period from 31 March 2021 and an Exploration Permit (EP) over c.234 ha for a 5-year period commencing 15 July 2021. The project is approx.30 km from the town of Alexandra in the heart of the Central Otago Goldfields in the South Island.

Historic mining was undertaken within the MP and EP areas in the late 19th century (from 1885). Recorded production totaled 2,150 tonnes at an average grade of 9.2g/t Au for 638 ounces Au.



OPHIR GOLD PROJECT - New Zealand

- **MP60348 / EP60640**
  - 15 known gold –bearing shear zones
  - Wai-ihi in MP 60348
  - EP 60640 6 sq km

The principal target within the MP is a brittle shear zone-hosted (orogenic) gold deposit (the WSZ deposit) that cross cuts Otago Schist bedrock. Several quartz veins or shear hosted satellite deposits also crop out within both the MP and EP areas in a c.2.5 km wide corridor of mineralised structures. The WSZ varies up to 10.0m in width with an estimated strike length of c.3.0 km.

Recent modelling has determined an in-ground resource of 128,000t @ 1.6g/t Au giving 6,600 ounces Au. Based on a preliminary pit design of approx. 300m length and 30-40m depth, a mineable resource (non-JORC) has been defined as 78,000t @ 1.8g/t Au giving 4,500 ounces Au. The mineable resource is only part of the modelled resource, with the deposit open along strike in both directions as well as down dip. Within the MP area a global resource of 17,000 ounces Au has been estimated and 35,000 ounces Au for the EP area.

Power services and water are located at the boundary and the Company has access to mining equipment with suitable labour and mining skills available in the area.

An access agreement was signed in the June 2023 Quarter with the landowner on whose property the tenements are located which will allow the drilling of the planned 6 DDH holes to be progressed.

OPHIR GOLD PROJECT - New Zealand

- **Wai-ihi and Greens require twinned drill holes to upgrade to JORC Resource.**
- **Multiple gold-bearing shears, like Macraes, open down dip & along strike**
- **Amenable to gravity or gravity– flotation concentration**



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During the September Quarter 2023 approval was received for a change to work program for MP 60348 which effectively pushed back the program by approximately 18 months, with a pilot mining plant proposed to commence operating in this current quarter.

Planning for the exploration and development works continued during the June 2024 Quarter with a drilling quote accepted and drilling scheduled to commence in August.

CHILLAGOE MINING LEASES 20513, 20515 and 20516

Previous traversing, remote sensing and GSQ airborne geophysical data has confirmed that Sonya Hills has similar geological and surface geochemical parameters as Harpers, immediately to the north (Figure 2), **and similar to the other substantial gold bearing systems in the district, Red Dome and Mungana.**

During the 2022 calendar year Mr. Nethery carried out further reviews of historical geological data and planned the first drill-hole (Figure1) following the receipt of promising assay results from the 24 rock-chip samples sent to ALS Laboratories, Townsville which confirmed the presence of gold and copper.
The planned drill hole is to be drilled to a depth of approximately 400 metres and scheduled for commencement early in this quarter following the end of the wet season.

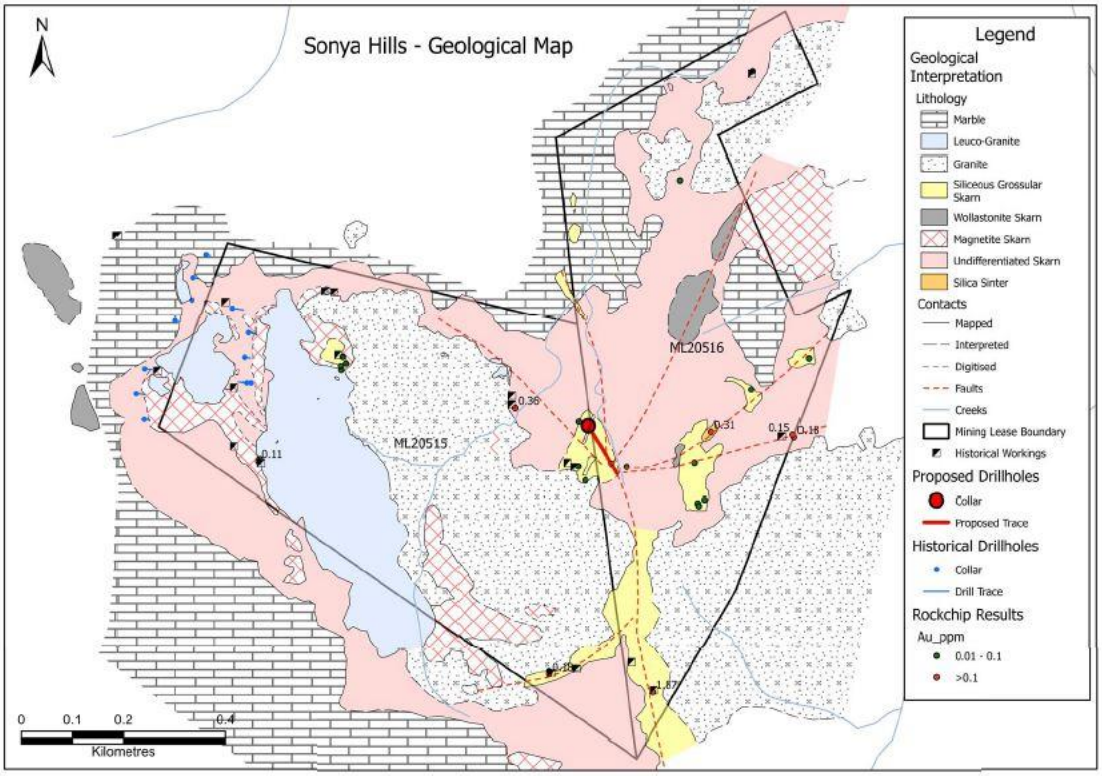

Figure 1: Detailed mapping confirms model & initial drillhole planned

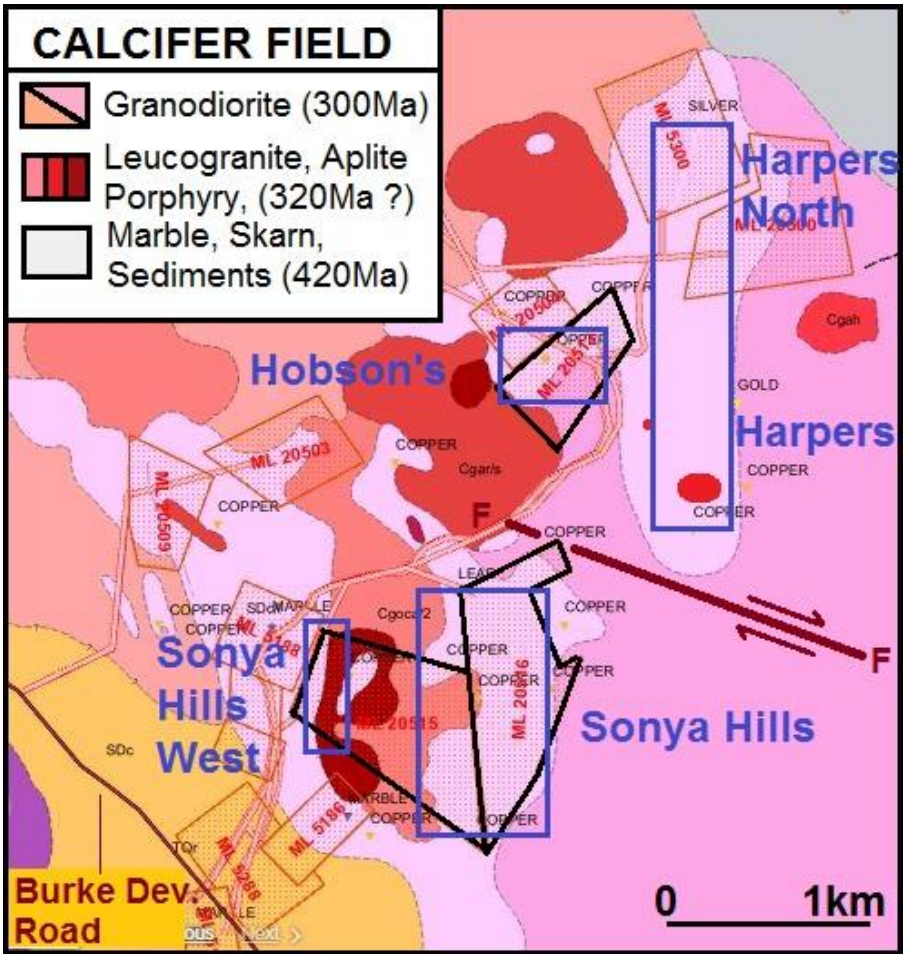

Figure 2: AFM MLs 20513, 20515 & 20516 (black outline), Target areas approximate Boundaries (blue outline), Dextral fault (dark brown), most other MLs are for marble, 1km from Burke Development Road 10km from Chillago

SELLHEIM COPPER/GOLD PROJECT – NORTH QLD, AUSTRALIA

The Sellheim Project, where approximately AUD$5.0 million has been spent on exploration geophysics, geochemical sampling and drilling over the past decade, is a large, highly prospective copper/gold porphyry-breccia-skarn target. The project, which extends over some 4 square kilometres, comprises 3 Mining Leases (MLs 10269,10270, 10328) and 2 Exploration Permits (EPMs 15778 and 27548) and is located 200 kilometres south-west of Townsville in North Queensland, Australia.



Two well established camps, mobile earthmoving plant and equipment and a wet gravity concentrating plant are located on the largest mining lease and are included in the assets to be acquired.

In respect of the geological setting, several magmatic phases are evident and an intermediate shallow thrust structure adds to the complexity. A line of smaller breccia pipes extends from the main target in an arcuate trend for some 6 kilometres to the west and southwest, including the free-gold-bearing Tourmalina area, a proposed high-priority drill target.

Past lessees of the MLs, extending back to the mid-1920s, developed small copper workings and recovered considerable gold from the surface eluvial veneer over an area of several square kilometres.

During the quarter Niuminco carried out sampling and alluvial stock processing, processing 2,320 tonnes of ore to produce 713 grams of gold at 0.307 g/t resulting in sales of AUD$67,735 (PGK173,679). In future quarters we will try to extend, and

hopefully mine, the eluvial source.

CORPORATE

The Company's 2020 Half Yearly Review has been completed and signed off by the auditors with the 2021 Annual Report awaiting audit completion and sign-off. . The Company expects that the 2021, 2022 and 2023 Half Yearly Reports and the 2022, 2023 and 2024 Annual Reports will now be finalized in the September and December 2024 quarters, with their respective Annual General Meetings (AGMs) then proposed to follow.

During the quarter the Company had approaches from a number of groups and companies who expressed interest in the Edie Creek Mine project. Discussions are continuing with one group of investors and the Company will provide further market updates if, and when, a definitive agreement is reached.

Following completion and lodging of the outstanding accounts and subsequent holding of the respective AGMs, the board proposes to have the Company's shares resume trading on the PNGX.

The board is also considering subsequent listings in both Australia and New Zealand in late 2024.



Authorised for release by Tracey Lake, Managing Director, on behalf of the Board of Niuminco Group Limited.

31 July 2024

The information in this report that relates to exploration/mining and production 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 is an employee of Nedex Pty Ltd which is a shareholder in the Company and is a Director of the Company and 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". Mr. Nethery consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.
Niuminco confirms that it is not aware of any new information or data that materially affects the information included in all PNGX announcements referenced in this release, and that all material assumptions and technical parameters underpinning the estimates in these announcements continue to apply and have not materially changed

SCHEDULE OF TENEMENTS

Permit Type	Permit Number	Location	Held Via	Beneficial %	Agreement Type
PAPUA NEW GUINEA ASSETS					
Exploration Licence	EL 2527 - expired April 2020	May River	Niuminco (ND) Limited	100	
Exploration Licence	EL 2527 Renewal refused. Appeal lodged	May River	Niuminco (ND) Limited	100	
Mining lease	ML 511	Edie Creek	Niuminco Edie Creek Limited Niuminco EC Ltd	83 17	
AUSTRALIAN ASSETS					
Mining lease – transfer pending	ML 20513	Chillagoe, Qld	Niuminco Group Limited	90	
Mining lease – transfer pending	ML 20515	Chillagoe, Qld	Niuminco Group Limited	90	
Mining lease – transfer pending	ML 20516	Chillagoe, Qld	Niuminco Group Limited	90	
Mining lease – transfer pending	ML 10269	Sellheim, Qld	Niuminco Group Limited	100	
Mining lease – transfer pending	ML 10270	Sellheim, Qld	Niuminco Group Limited	100	
Mining lease – transfer pending	ML10328	Sellheim, Qld	Niuminco Group Limited	100	
Exploration Permit – transfer pending	EPM 15778	Sellheim, Qld	Niuminco Group Limited	100	
Exploration Permit – transfer pending	EPM 27548	Sellheim, Qld	Niuminco Group Limited	100	

NEW ZEALAND ASSETS					
Mining Permit	MP 60348	Ophir, Otago	Niuminco New Zealand Ltd	100	
Exploration Permit	EP 60640	Ophir, Otago	Niuminco New Zealand Ltd	100	

JORC Code, 2012 Edition – Table 1 report to accompany the June 2024 Quarterly Activities Report on exploration/mining and production results.

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• This is reporting a mining exercise. Only qualitative sampling by panning of small amounts of mined vein material and low grade/waste material adjoining the vein was done to establish the presence of free gold before mining, separation of waste and transporting of both vein material and/or waste to the production plant for separate processing. • The vein was exposed by removing overburden and adjoining waste material with the use of an excavator and/or a bulldozer. • The vein material was predominantly mined by hand or occasionally by using the small, 6-tonne excavator, loaded into tubs, or the bucket of the loader, then transported to the gold room for processing through the barrels or the bedan bowl. • The low grade/ waste material adjoining the vein was stockpiled, panned and if showing some visible gold, trucked to the ROM pad for loading into the ball mill feed hopper, and processing through the ball mill.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling was done.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No core sample recovery, as no drilling was done.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• No core samples logged, as no drilling was done. • The weight of material processed through each of the ball mill and the barrels (or rod mills) is calculated by recording the number of hopper loads processed through the ball mill and the number of barrels processed each day.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled*	• No drill core, as no drilling was done. • The vein material and low grade/waste material were separated during the mining operation as described above and delivered separately to the gold room/processing plant. • The vein material was taken to the gold room for processing through the barrels, where the quantity and weight of material processed and wet amalgam produced is recorded after each barrel or bowl is processed, then tallied on a daily basis • The low grade/waste material was delivered to the ball mill ROM pad, loaded into the feed hopper and then processed through the ball mill and Inline Spinner concentrators before then being amalgamated in the bedan bowl. The quantity and weight of material processed and wet amalgam produced from the ball mill is recorded daily, along with the number of hours that the mill ran. • The recording of each barrel or bowl processed, the daily ball mill volumes and weight and wet amalgam produced is supervised, overseen and checked by the Company's Metallurgist and Processing Manager and/or the Assistant Processing Manager and/or the Mine Manager.
Quality of assay data and	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF*	• Gold and silver are recovered using mercury amalgamation. • Mercury is added directly into to the barrels (small rod mills) with the vein material and water. The vein material is then milled/processed for 1 to 2 hours, washed out of the barrels by hosing and then the residual amalgamated material has the mercury squeezed out of it. The wet amalgam is then weighed and stored in a safe before being retorted. The retorted material/dore is weighed, stored and then delivered to the Company's gold buyer

Criteria	JORC Code explanation	Commentary
laboratory tests	*instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The quantity of mercury used in each barrel is also recorded. The material that has been washed from the barrels is captured/stored in a concrete drain and sump and then reprocessed through using the same processing operation. This is known as 'regrinding" and the wet amalgam produced is again recorded, weighed and stored, before retorting and delivery. • Concentrate from the ball mill and spinners is placed in the bedan bowl, mercury and water are added and after grinding the residual amalgamated material treated the same way as the barrel material
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The wet amalgam produced is recorded separately for each barrel processed and reprocessed (reground), and for each bedan bowl of ball mill concentrate or other vein material processed, and these are tallied and recorded on a daily basis. • The total amount of wet and retorted amalgam is then recorded when a delivery and sale is to be made and the gold buyer smelts the retorted dore, and reports the quantity of gold and silver produced form that delivery batch • This data is from the buyer's laboratory which can be audited if required
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Mine extraction site is recorded by DGPS
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• As these are mining production results, the distribution of, and area from which the vein material is recovered is not accurately recorded, but as the material and amalgam produced is recorded from separate batches, and on individual days, grade variations can be calculated but are reported as an "average" over certain periods.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• These are the results of on-going mining operations; no drilling programs are currently underway in this area.

Criteria	JORC Code explanation	Commentary
Sample security	• *The measures taken to ensure sample security.*	• Chain of custody is managed by Niuminco. Material is supervised from mining through production to sale of production.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been carried out at this stage but are always available to be undertaken.

Section 2 Reporting of Exploration/Mining Production Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The results reported relate to mining carried out within Mining Lease, ML 511 known as the Edie Creek Mine.. The Lease is issued under the Authority of the PNG Mining Act (1992). • Niuminco holds a 100% interest in ML511. • The tenements are in good standing and no known impediments exist.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Gold lodes were originally discovered in the area by individual prospectors in the mid 1920's. Mining has been conducted at Edie lode for almost 90 years and approximately 75,000 oz has been produced. • Renison Goldfields Consolidated drilled 2 diamond holes in 1988 and conducted surface geochemical sampling. The sampling protocols employed are similar to those currently used by Niuminco, are of standard industry practice employing geochemical analysis of sawn half core, and are deemed appropriate for epithermal gold mineralisation. ANALABS laboratories were used for Au analyses. Method GG334; 30g sample, aqua regia digest, carbon rod. • Niuminco are unable to verify the integrity of the sampling and assay protocols of a 12 hole program carried out by Edie Creek Mining in JV with Wayburn Resources in 1997. Until the results can be verified, the results will be deemed as a geochemical indicator guide to mineralisation. • Sampling of core from the Niuminco 2010-2011 drill program followed identical sampling protocols as those currently used. Samples were dispatched to ALS Townsville for analysis. Assay method for Au assays was screen fire assay on all of the oversize fraction and two samples each of 30g of the undersize fraction. Other elements by ICP. • Mincor carried out drilling, geochemistry and geophysics on the ML's during a JV with Niuminco from 2011 - 2013. The drilling and geochemical program followed identical sampling protocols to those of Niuminco in its 2010-2011 and current campaign. Intertek Lae completed the analytical work.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Mineralisation at Edie Creek is classified as low sulphidation epithermal gold-silver-quartz-carbonate mineralisation in an island arc setting.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all*	• No drilling was done

Criteria	JORC Code explanation	Commentary
	drill holes: ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No reporting of metal equivalents is used. • The gold and silver figures recorded are the actual gold and silver produced and sold on any given day and are provided by the Company's gold buyer following their smelting and assaying of the delivered dore. • The average grade of the gold reported for, or over, a certain period/number of days is calculated by dividing the quantity of gold produced and sold for that period by the respective weights of the vein material and waste material processed in that same period. The proportional split between the gold produced from the vein material and the low grade/waste material is calculated by using the same direct proportion of wet amalgam produced from each material over that period.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The geometry of the mineralized material is incompletely known and determination of that is partly the reason for the shallow mining extraction .

Criteria	JORC Code explanation	Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to previous reports. This update does not require sections.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Broad surface geochemical exploration results are reported as being anomalous or not. Subdivision into specific class intervals will be tabled. Reporting of continuous significant surface assays, and assays to 50m below the surface, use no Au cut-off. No top cut has been applied.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	•
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large- scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Niuminco will carry out a scout drilling program over known veins, and gold anomalous rock/channel chip samples within the Edie Creek leases that are determined by excavation to be of adequate size and grade to warrant such a program .