

PACIFIC NIUGINI LIMITED

**ABN 30 003 207 467
AND CONTROLLED ENTITIES**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2014**

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

TABLE OF CONTENTS

REVIEW OF OPERATIONS	2
DIRECTORS' REPORT	12
AUDITORS' INDEPENDENCE DECLARATION	22
FINANCIAL STATEMENTS	
Consolidated statement of comprehensive income	23
Consolidated statement of financial position	24
Consolidated statement of changes in equity	25
Consolidated statement of cash flows	26
Notes to the consolidated Financial Statements	27
DIRECTORS' DECLARATION	53
INDEPENDENT AUDIT REPORT TO THE MEMBERS	54
CORPORATE GOVERNANCE STATEMENT	56
JORC 2012 TABLE 1 DECLARATION	61

C O R P O R A T E D I R E C T O R Y

Directors

Mr Peter COOK
(Non-Executive Chairman)
Mr Paul CMRLEC
(Managing Director)
Mr Sam AKOITAI
(Non Executive Director)
Mr David OSIKORE
(Executive Director)

Company Secretary and CFO

Mr Dennis LOVELL

Registered Office

Suite 14, 46 Douglas Street
Milton QLD 4064
Telephone: +61 (0) 7 3367 3996
Facsimile: +61 (0) 7 3368 2998

Principal Place of Business

Suite 14, 46 Douglas Street
Milton QLD 4064
Telephone: +61 (0) 7 3367 3996
Facsimile: +61 (0) 7 3368 2998

Bankers

Westpac Banking Corporation
109 St Georges Terrace
Perth WA 6000

Country of Incorporation

Australia

Auditors

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Level 10, 12 Creek Street
Brisbane QLD 4000
Telephone: +61 (0) 7 3237 5999
Facsimile: +61 (0) 7 3221 9227

Share Registry

Computershare Investor Services Pty Ltd
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West End QLD 4101
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Home Exchange

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Level 5
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123 Eagle Street
Brisbane QLD 4000

Website

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ASX Code: PNR

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

REVIEW OF OPERATIONS

CORPORATE

Share Issues

There were a number of changes to the capital structure of the company during the year.

As a result of the acquisition of the Halls Creek Project, Pacific Niugini issued Bulletin Resources Ltd with 17.68 million ordinary fully paid shares in April 2014 (a book value at that time of \$1.3 million).

Subsequent to the acquisition of the Halls Creek Project, Pacific Niugini completed a private placement in May 2014 of 45 million shares @ 5.2 cents per share, raising \$2.34 million before costs. A 2% management fee, and 3% placement fee was Paid to Merchant Capital Markets.

Options/Performance Rights

A number of options (employee, and other) and performance rights expired or were cancelled during the year, and none were exercised.

Following the activity detailed above, the summarised company capital structure as at June 30 2104 is:

Shares on issue	313,963,139
Options-Shareholder	Nil (16,450,100 exercisable at 20 cents expired 30 June 2014)
Options-Employee incentive	2,650,000 (3,050,000 expired/cancelled on 23 June 2014)
Performance Rights	2,000,000 (3,350,000 expired/cancelled on 23 June 2014)
Options-Converted during the year	Nil
Performance Rights- Converted during the year	Nil

Liquidity

Cash on hand at 30 June 2014 was \$2,594,876 (2013: \$5,087,853).

The Company has no borrowings and current liabilities of \$328,115 (2013:\$535,871) representing normal trade creditors and other payables.

OPERATIONS

Pacific Niugini has reacted to the resources downturn by shifting its focus during the past year from a grass-roots level explorer and aspiring large-scale alluvial miner to an acquirer of projects with potential for near term production and self-sustaining revenue generation. Works during the year were initially centred on the evaluation of the Caldera Project in Mexico, and exploration in Papua New Guinea ("PNG"). In April 2014, Pacific Niugini entered into an agreement to acquire a major interest in the Halls Creek Gold Project. The Halls Creek project is a transcending acquisition which delivers Pacific Niugini an opportunity to leverage the company's core strength in Western Australian underground gold mining, and bringing this project to production is currently the primary focus of the company. Pacific Niugini has rationalised its activities in PNG to the more advanced prospects and in particular its Garaina Project where a third party is funding works to earn an interest.

Pacific Niugini holds its interests in each country in separate wholly owned subsidiaries. The Halls Creek Project is held by Halls Creek Mining Pty Ltd, the PNG interests are held in Pacific Niugini Minerals (PNG) Ltd, and Mexican projects are held in Sonora Australia Mining SA. de CV. While Sonora Australia Mining SA de CV remains an incorporated company in Mexico, all project interests in that country have now been divested or relinquished.

Halls Creek, Western Australia Halls Creek Mining Pty Ltd



Halls Creek Project location

The Halls Creek Project includes the Lamboo (or Nicolson's) Prospects, (35km South West of Halls Creek) and the Golden Crown Project located east of Halls Creek in the Kimberley Region of Western Australia. Pacific Niugini has acquired a 49% interest and is increasing its ownership to 80% and the parties are operating under an unincorporated joint venture with Pacific Niugini as the sole manager.

Pacific Niugini had specialist mining and resource consultants, Optiro Limited ("Optiro") complete Mineral Resource estimates at its Lamboo Project. Optiro concluded an indicated and inferred resource of 1.45 Mt @ 5.6g/t for 260,000 ounces (See ASX release 20/5/2014) existed at the project.

In addition to the Nicolson's area, gold mineralisation and mineral resource estimates have previously been defined at the nearby Golden Crown project.

The Lamboo project area has been sporadically explored over the years. Prospecting has shown significant potential in the immediate area, which remains sparsely explored with minimal drill testing of targets outside of the existing resources (beneath

and immediately adjacent to the existing open pit). Pacific Niugini's exploration strategy is to develop and extend the current resource base immediately beneath and down plunge of the existing open pit as a first priority before moving onto nearby targets.

Pacific Niugini is currently increasing its ownership to 80% (from 49%) and the parties are operating under an unincorporated joint venture with Pacific Niugini as the sole manager. Pacific Niugini will earn 80% of the project as follows:

1. A mandatory requirement for Pacific Niugini to earn an additional 16% (to a total of 65% ownership) by sole funding expenditure of \$1.2 million in the first 12 months of the Joint Venture;
2. An option for Pacific Niugini to earn an additional 15% (to a total of 80% ownership) by sole funding expenditure of \$2.4 million (inclusive of the initial \$1.2 million) in the first 24 months of the Joint Venture.

Pacific Niugini is required to maintain the tenements in good standing until a minimum of \$4 million has been spent, or four years has elapsed from commencement of the agreement, whichever comes first. Following the initial \$4 million expenditure, the vendor is required to elect whether it will contribute its 20% interest.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

If the vendor does not elect to maintain its interest, Pacific Niugini will acquire the remaining 20% by either paying \$2million in cash or shares, or by granting the vendor a 1% Net Smelter Royalty to a maximum value of \$4 million.

While remote from Perth, the Nicolsons mine, at the Lamboo Project is well located, only 8km from the Great Northern Highway, a fully sealed transport corridor connecting Perth and Darwin. The mine is only 45km from the Town of Halls Creek, where extensive services, and a fully sealed airstrip is available for use.

Since taking operational management of the project in May 2014, Pacific Niugini has advanced its project production strategy by completing and submitting project approval documentation to the Department of Mines and Petroleum, commencing diamond drilling subsequent to the end of the reporting period, and engaging a number of specialist personnel and contractors that are assisting in the evaluation and cost estimation of options to re-start mining and processing operations at the site.



Drilling underway at Halls Creek

Project planning is well advanced at the time of reporting, and a revised operating plan and cost estimate is nearing completion. A high grade, narrow vein underground mining operation is contemplated, with ore to be processed by the existing but refurbished onsite processing plant.

Initial planning indicates that an operation initially producing 100,000 to 150,000 tonnes per annum at a grade of 6g/t to 8g/t for 20,000 to 30,000 ounces per annum is likely. The company believes that there is substantial scope to increase production from the operation beyond these levels as the resource is developed and fully understood. Subject to successful assessment and financing, it is the company's intention to develop the mine during the ensuing year.



Core logging at Halls Creek

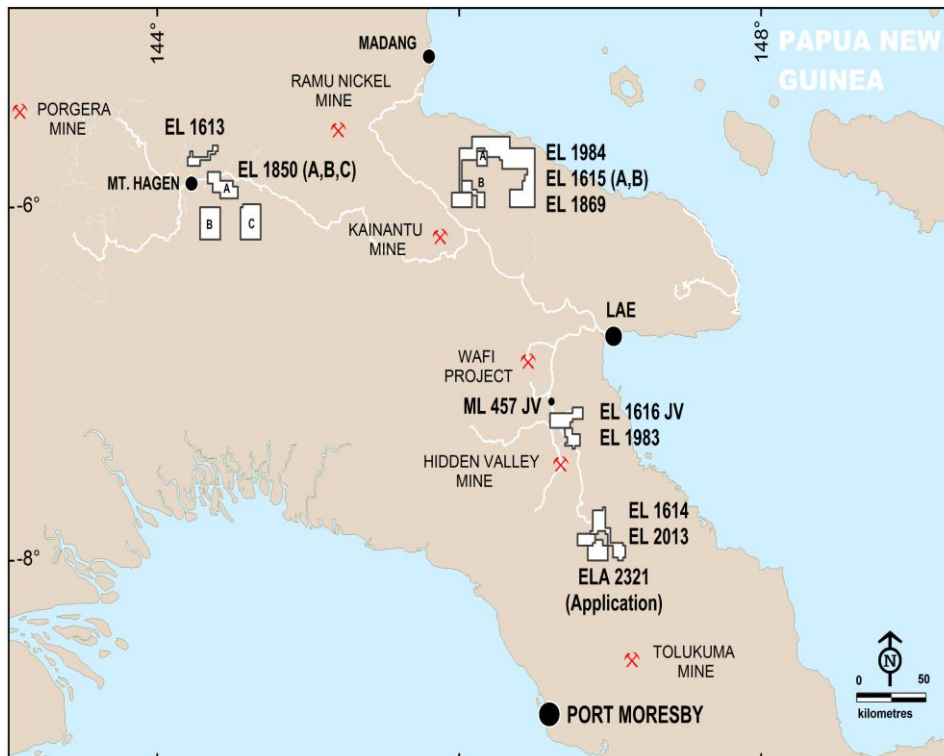
PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Papua New Guinea (PNG) Pacific Niugini Minerals (PNG) Ltd

The company continues to hold extensive exploration, and alluvial gold projects in PNG. In PNG, the company operates with a solely Melanesian team of specialist geological staff with extensive experience. Pacific Niugini Minerals (PNG) Ltd is headed by geologist, Mr David Osikore who is also a Director of Pacific Niugini Limited.

Due to the very difficult capital markets and dwindling investor risk-appetite for exploration, the grass roots exploration activities in Papua New Guinea have been scaled back in favour of the company transition to gold producer with its Lamboo Project. The Company has completed a strategic review of assets in the country, relinquishing a number of less prospective tenement areas, and temporarily curtailing new exploration on early stage projects.



Current PNG tenure following rationalisation

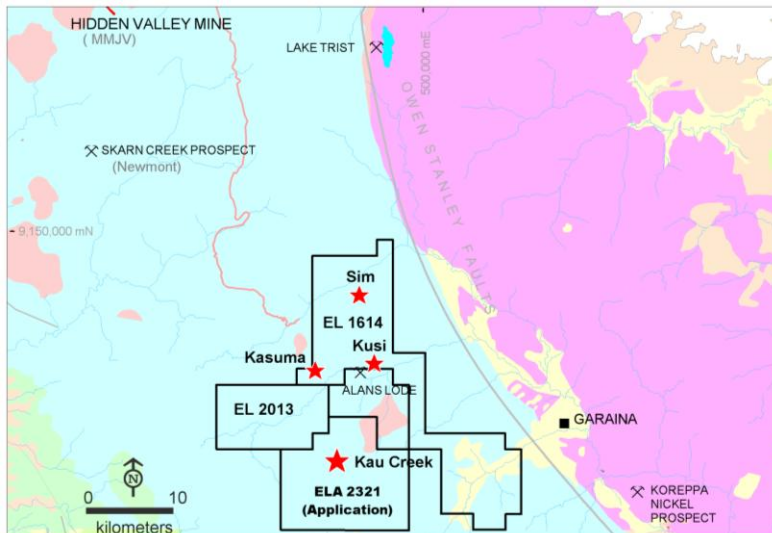
The strategic review has confirmed a number of exciting copper-gold targets remain to be evaluated and the company believes that its highly prospective tenure continues to represent an outstanding basis for discovery of world class copper and gold systems in a largely un-explored terrain. It is seeking joint venture partners to fund ongoing works in early stage areas.

The Garaina Project, located in the Morobe Province is considered to be the company's most advanced and mostly prospective exploration project. Working with the company's Garaina JV partner, MGL Limited, the company has achieved outstanding exploration results during the year and believes that the region has strong potential for a major copper-gold porphyry discovery. A new tenement application (ELA 2321) was lodged over the highly prospective Kau Creek, which is located immediately south of the Garaina Project. The Kau Creek Gold prospect was discovered by CRAE in the early 1980s with high grade gold, silver and base metals reported. In light of recently acquired, regional magnetic survey data collected by the PNG Government, Pacific Niugini believes there is potential for the areas under ELA 2321 for discovery of economic epithermal gold and porphyry copper-gold systems, complementing the Garaina Project.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Garaina Project - EL1614 and EL2013 – Morobe Province (100%, farming-out up to 70% to MGL Limited)



The Garaina Project is located 150km southeast of the Hidden Valley Mine and Wau Town, in the Morobe Province. The tenement area covers the suture zone between the Owen Stanley Metamorphic thrust to the west and the Papuan Ultramafic to the east. Most of the EL is underlain by the Owen Stanley metamorphic complex, which is common to the majority of the known major mineral deposits in PNG. Pacific Niugini discovered significant surface mineralisation at the Kusi Prospect in January 2011 and since that time has completed extensive exploration programs. Field investigations have identified mineralisation and alteration signatures

similar to those seen at the Kusi Prospect as far north as the Sim Prospect, and as far west as the Kasuma Prospect. Pacific Niugini advised the ASX of a farm out and joint venture agreement with MGL Limited (MGL), relating to Garaina on the 3rd of April 2013. The agreement was designed to ensure the rapid drill testing of the Kusi prospect at Garaina, while enabling Pacific Niugini to focus capital expenditure on near term production potential projects.

MGL is a privately owned company lead by general manager, Dr Mark Lindsay. Dr Lindsay has considerable expertise in exploration for copper-gold porphyry systems, and most recently led exploration efforts for Newmont Mining Corporation's PNG operations.

Under the terms of the farm-out agreement:

1. MGL must spend \$6 million on exploration in the first two years of the agreement to earn 50.1% of the project.
2. A minimum of \$3,000,000 and 2,500 metres of diamond drilling are required to be completed before MGL can withdraw from the Farm-in. Further, MGL is required to pay PNR any shortfall in expenditure in the event that MGL wish to exit early.
3. Once MGL has earned 50.1% interest, PNR can elect to contribute to maintain its 49.9% interest and a Joint Venture will be formed.
4. PNR can elect to further dilute to a 30% interest. If this occurs MGL must carry the next \$15m of exploration expenditure over a further 3-year period to earn a further 19.9% interest (70% total interest).
5. Once MGL has earned a 70% interest a Joint Venture will be formed.

To date, MGL has completed drilling and other project works to the value of approximately \$3 million dollars. A further \$3 million must be spent on the project by MGL by April 2015 in order to gain any interest in the project. At the present time, Pacific Niugini retains 100% ownership of the project.



Drilling at Garaina funded by MGL and managed by Pacific Niugini

The initial drilling program funded by MGL yielded outstanding success with all holes drilled to date (KSDD004 – KSDD 008) returning highly encouraging results, with significant zones of Au-Cu-Mo mineralization. Mineralisation is noted in quartz-monzodiorite porphyry, with intensely potassic altered wall rocks, porphyry dykes, skarn and structurally controlled phyllic alteration zones. Significant drilling results returned from the drilling campaign completed during the year included:

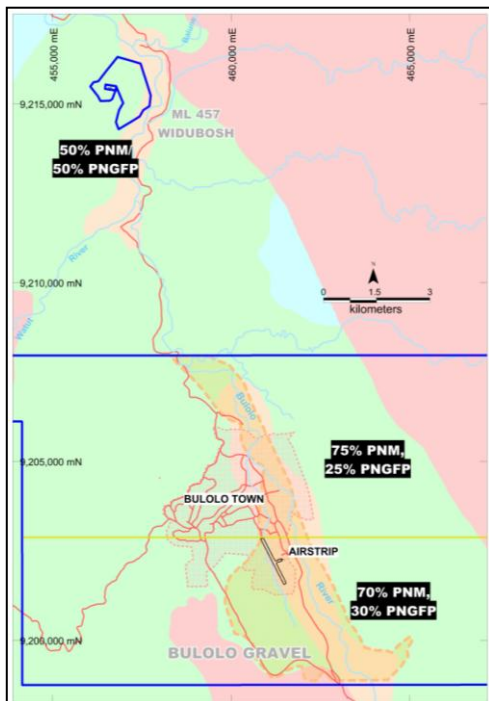
1. KSDD004: 20m @ 2.89 g/t (with 2.0m of core loss) from 107m, including 11m @ 4.72 g/t (with 1.4m of core loss) from 114m (previously reported);
2. KSDD007: 35m @ 3.04 g/t from 136m, including 4m @ 18.75g/t from 160m, and including 11m @ 8.24 g/t from 160m. These high-grade intercepts sit within an overall broad alteration zone of 106m @ 1.32g/t from 109m.
3. KSDD006: 17m @ 0.22g/t Au, 1383 ppm Cu, 43ppm Mo, and 1913 ppm Zn from 163.6m;
4. KSDD006: 10m @ 0.14 g/t Au, 1218 ppm Cu, 70 ppm Mo, and 805ppm Zn from 189m, including 4.65m of core loss;
5. KSDD006: 61m @ 306ppm Mo from 202m, including 1.7m of core loss.

Full details of drilling completed are contained in December 2013 and March 2014 quarterly reports provided to the ASX.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Bulolo Gold Project – Morobe Province EL1616 and ML457



EL1616 covers the vast bulk of historic gold production from within the Morobe Province. This gold production has come from gold dredging of the Bulolo Gravel Flats between 1934 and 1965, although significantly interrupted during World War II. EL1616 contains the best of the historically productive Bulolo gravel flats.

Famous as the birthplace of Placer Dome (now Barrick), one of the world's foremost gold miners and the most successful in PNG, the recorded production from gravel dredging is documented from historic records at approximately 200 Million Cubic metres at a recovered grade of 0.32 g/m3 gold, for the production of over 2.15 million ounces.

In October 2011, Pacific Niugini and PNG Forest Products "PNGFP" reached agreement to merge their respective gold interests, and progress the project under a joint venture arrangement. PNGFP is currently the key economic and operational entity in Bulolo with substantial agriculture, timber processing, and retail operations in the area with approximately 1200 people employed. PNGFP also bring substantial access to services to the mining projects through supply of hydro-electricity from the nearby Baiune Power Station (owned by PNGFP), expertise and ability in construction and operation of mine camps and facilities, and extensive industrial workshop facilities and personnel in operation at Bulolo.

Under the terms of the Joint venture, PNGFP have participating interests of 30% over areas south of the Bulolo town area (primarily covered by pastoral licenses owned by PNGFP), and a 25% participating interest in other areas of EL1616.

Pacific Niugini has a 50% interest in ML457 (Widubosh), which was previously 100% held by PNGFP for many years.

Following extensive work campaigns during 2011, 2012 and 2013, the company concluded that ML457, Widubosh was to be the initial focus for gold production. Works since that time have been concentrated on working with the Mineral Resource Authority to validate the historical mining lease ML457 by having it re-granted under the current mining act.

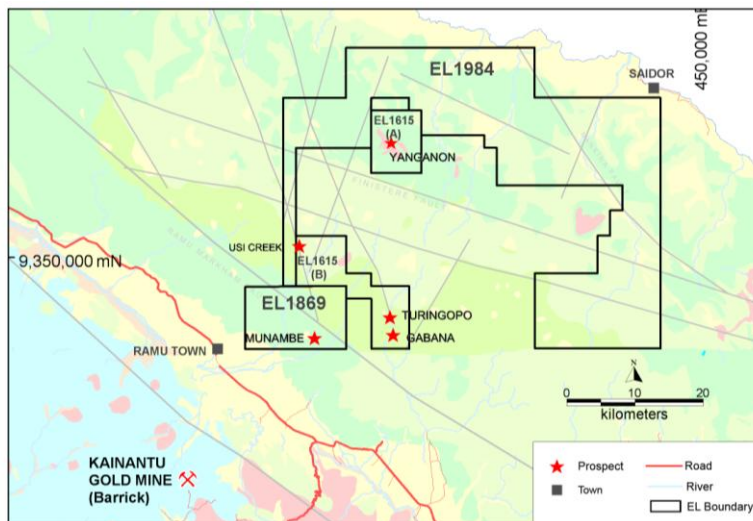
A Proposal for Development to the Mineral Resources Authority (MRA) in November 2012 and after a long and protracted process, conditional approval for development was achieved in early 2014. Given the company's focus on alternative projects during the protracted approvals process and commitment to the Halls Creek Project, Pacific Niugini is currently assessing whether it has the financial capacity to start the project at this time. The Halls Creek project will remain the priority for development, and the company may seek partners to develop the PNG alluvial projects, or may seek to divest the asset.

EL1983 – Wandumi (100% Pacific Niugini)

EL 1983 – Wandumi, was granted by the PNG Government on 30th, December, 2012 for an initial period of two years. The tenement covers an area of 99 square km and lies within the Wau Valley, in the Morobe Province.

The tenement has a large area (10km x 3km) of gravel deposits with a history of alluvial gold mining. The Placer Development Company mined only a small area of the gravel during the 1950s. It is understood that mining ceased due to a deep water table and the associated difficulty with keeping dredges afloat. Gravel, colluvium, and lode mining continues on a small scale in the area.

Pacific Niugini has completed high level reviews of the tenement and believe that it provides excellent potential for delineation of alluvial gold deposits. The company has not yet undertaken bulk sampling programs within the tenement area, and the company is considering potential partnering or divestment as part of the Bulolo Gold Project.

Gusap Project – EL1615, EL1869, EL1984 – Madang Province (100%)

The Gusap Project is located in the Madang Province covering 1,409 square kilometres of prospective ground over the Finisterre Ranges. The tenement is underlain by a thrust sequence of indurated argillites, volcanic and limestone later intruded by intrusive of dioritic, granodiorite, microdiorite, gabbro, dolerite and tonalite differentiates. The sequence is overlain unconformably to the north by Pliocene limestone. A number of major regional, deeply sheeted structures, trending northwest, and dipping east; dominate the structural framework of the Finisterre Ranges.

The tenement area is considered to be highly prospective for the discovery of

large porphyry copper gold, epithermal gold, and skarn deposits.

During the past three years, the company has identified highly encouraging prospects at Munambe, Turingopo, Yanganon and Gabana.

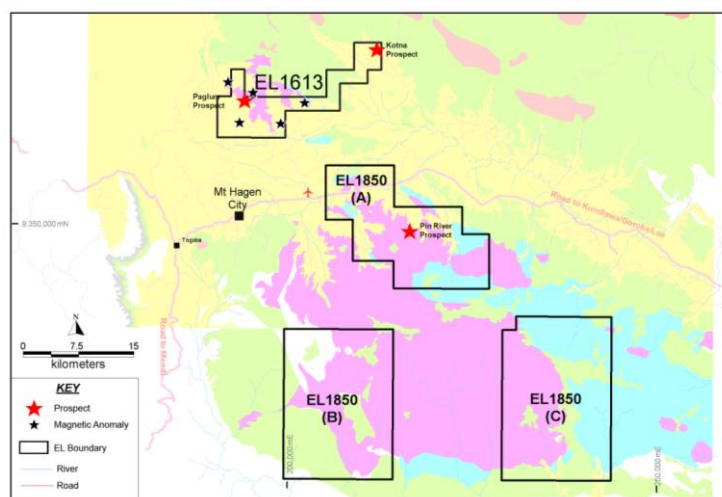
During the year, Pacific Niugini appointed expert geophysical and geological consulting personnel to review the detailed heli-magnetic data collected during 2012, and to ground truth prospects in the area. The reviews concluded that the Munumbe Prospect has excellent potential for definition of a blind porphyry at the Munumbe Prospect supported by both geophysical and geochemical data, and for VMS style mineralisation at Turingopo and Gabana. The geophysical data review also revealed a potential porphyry target to the east of the tenement package in an area which is yet to be accessed in the field.

In light of the company's focus on the Halls Creek Project, the company is seeking partners to further progress the project.

EL 1613 and EL1850 –Hagen Project (100%) – Western Highlands Province

The Hagen Project is located immediately to the northeast of Mt Hagen City in the Western Highlands Province, Papua New Guinea. The Project is comprised of two contiguous tenements, EL1613 and EL1850, covering a total of 628 square kilometres within the mineralised corridor of the Bismarck Fault Zone.

This Bismarck Fault Zone displays widespread copper, gold, and molybdenum occurrences, including Yandera copper molybdenum (127MT Cu equivalent), Simbai gold deposits and Pacific Niugini discovered copper prospects at Kotna and Paglum in EL1613.



The project is considered to have significant potential to host porphyry copper – gold and epithermal gold + base metal deposits.

The same consultants appointed to assess the Gusap Project also reviewed the available Hagen Project data. Geophysical data reviews identified five potential porphyry targets. The targets warrant further exploration, and have potential to host significant mineralized deposits.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

In light of the company's focus on the Halls Creek Project, the company is seeking partners to further progress the project.

Mexico

Sonora Australia Mining S.A de C.V.

Pacific Niugini reached agreement on terms to enable it to acquire an interest in the Caldera Project in Sonora, Mexico during November 2012.



Pacific Niugini rapidly established bulk sampling operations at the project, and completed an extensive sampling campaign between March and October 2013. The project was the company's primary focus for the first half of the year, however sampling failed to replicate previously reported grades at the project, and Pacific Niugini elected to withdraw from the project.

Prior to demobilising from the country, Pacific Niugini undertook short sampling campaigns on other projects presented to the company, and also assessed other hard rock projects. While all projects returned gold values, none showed volumes and grades considered to be attractive for development by the company.

While the region continues to be considered as being highly prospective, projects for near term production were not identified, and Pacific Niugini withdrew from Mexico completely in the December quarter of 2013.



Bulk sampling in Mexico

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Mineral Resources and Reserves

Halls Creek Tenements

Pacific Niugini currently holds 49% of the Halls Creek Project, and is earning up to an 80% interest through project expenditure as outlined in the Operations Report. The total mineral resource for the Halls Creek Project is set out below.

Deposit	Tonnes	Grade (g/t)	Gold ounces
Nicolson's			
Indicated	739,000	6.1	144,000
Inferred	388,000	5.6	70,000
Total	1,127,000	5.9	214,000
Wagtail/Wagtail North			
Indicated	236,000	4.6	35,000
Inferred	17,000	3.4	2,000
Total	253,000	4.5	37,000
Rowdies			
Indicated	52,000	4.4	7,000
Inferred	13,000	4.7	2,000
Total	65,000	4.5	9,000
Total Resources	1,445,000	5.6	260,000

Notes:

1. Pacific Niugini currently holds a 49% interest in the Halls Creek Project, and as such has an equitable interest in 49% of the Mineral Resource.
2. JORC 2012 Table 1 declarations are contained in a separate section of this report (see index).
3. Pacific Niugini has not yet defined a Mineral Reserve for the Halls Creek Project.

Papua New Guinea

The company's exploration assets in Papua New Guinea are greenfields in nature, and are not adequately advanced for calculation of mineral resources or reserves in accordance with the JORC (2012) code.

While the company has completed extensive testing of its alluvial projects in PNG, it has not attempted to generate resources or reserves in compliance with the JORC code at the projects, and does not intend to due to difficulties in dealing with alluvial deposits under the code.

Papua New Guinea Tenements – Mineral Reporting

The information in this report that relates to exploration, mineral resources or ore reserves is based on information compiled by Mr. David Osikore (B.Sc. Geol) MAusIMM who is a full time employee of Pacific Niugini Limited. Mr. Osikore has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as described by the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Osikore consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Halls Creek Tenements – Mineral Reporting

The information in this report that relates to Mineral Resources is based on information compiled by Mr Ian Glacken, who is a full-time employee of Optiro. Mr Glacken has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as described by the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)". Mr Glacken consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entity for the financial year ended 30 June 2014.

DIRECTORS

The names of the directors in office and at any time during or since the end of the year are as follows. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Mr Peter Cook BSc Applied Geol, MSc (Min Econ), MAusIMM
(Appointed 31 August 2009)

Mr Cook is a Geologist and a Mineral Economist. He has considerable experience in the fields of exploration and project and corporate management of mining companies.

He is currently the Chief Executive Officer and Executive Director of Metals X Ltd (ASX:MLX) and a non-executive director of Aziana Ltd (ASX:AZK) and Mongolian Resources Corporation Ltd (ASX:MUB).

In the past decade he has been the Managing Director of Hill 50 Ltd, Chief Executive Officer of Harmony Gold Australia Pty Ltd, Managing Director of Abelle Ltd, Chairman of Metals X Ltd and Chairman of Aragon Resources Ltd and Director of Westgold Resources Ltd.

Mr Cook is the non-executive Chairman of Pacific Niugini Limited.

Mr David Osikore BSc, MAusIMM
(Appointed 31 August 2009)

Mr Osikore BSc is a Geologist and has extensive exploration experience working for groups such as Bougainville Copper Limited, Placer Dome, Ingold (a subsidiary of INCO) and Renison Goldfields. In recent times he has been a Senior Geologist with Aurora Gold Limited, the Exploration Manager for Abelle Ltd responsible for their Wafi and Hidden Valley Projects and he was appointed the PNG Exploration Manager for Harmony Gold after their take-over of Abelle Ltd. David has considerable experience in dealing with all levels of PNG business, government, landowner communities and government agencies.

Mr Osikore has not held any other public company directorships in the past three years.

Mr Osikore is the Managing Director of the wholly owned PNG subsidiary, Pacific Niugini Minerals (PNG) Limited and is an executive director of Pacific Niugini Limited.

Mr Paul Cmrlec BEng (Mining), Honours

(Appointed as non-executive director 1 June 2010 and as Managing Director 4 April 2011)

Mr Cmrlec holds a Bachelor of Mining Engineering degree from the University of South Australia. He has extensive experience in feasibility studies, project development and operations. He has held a number of operational and planning roles at several Western Australian gold mines. He was previously the Group Underground Mining Engineer for Harmony Gold Australia and the Group Mining Engineer for Metals X Limited.

In addition to operational mining roles, Mr Cmrlec's experience includes the general management of major feasibility studies for the Wafi Copper-Gold deposit in Papua New Guinea, and the Wingellina Nickel-Cobalt deposit in the Central Musgraves region of Western Australia. Direct liaison and negotiation with Traditional Landowners, their representatives, and government stakeholders has been a key component of these roles.

Mr Cmrlec is the Managing Director of Pacific Niugini Limited.

He is also a non-executive director of Metals X Limited (ASX:MLX) and was also a non-executive director of Westgold Resources Limited until his resignation on 1 June 2011.

Mr Sam Akoitai

(Appointed 23 May 2011)

Mr Akoitai was a member of the national parliament of PNG from 1997 until mid 2007, serving firstly as Minister for Bougainville Affairs from 1997 until 2000 and subsequently as Minister for Mining from 2002 until 2007. Mr Akoitai was responsible for establishment of PNG's Mineral Resources Authority, the statutory authority that now regulates the mining industry in that country, and has held numerous roles within the PNG resources industry.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

DIRECTORS' REPORT (cont)

Mr Akoitai is also a non-executive director of Marengo Mining (PNG) Limited the PNG operating subsidiary of Marengo Mining Limited (ASX & POMSoX Code: MGO) and a non-executive director of Woodlark Mining Ltd the PNG operating subsidiary of Kula Gold Ltd (ASX Code: KGD).

Mr Akoitai is a non-executive director of Pacific Niugini Limited.

COMPANY SECRETARY AND CFO

Mr Dennis Lovell CA

Mr Lovell is a Chartered Accountant with extensive experience in corporate financial management in a range of industries including mineral exploration, mining, manufacturing and wholesale and retail operations in Australia and overseas. He has consulted to a number of ASX listing and capital raising projects and has acted as company secretary and financial director to a number of public listed companies.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year consisted of:

- Exploration for minerals in Papua New Guinea and Mexico.
- Acquisition of the Halls Creek project in Western Australia.

OPERATING RESULTS

The consolidated loss for the financial year after providing for income tax amounted to \$12,519,248 (2013: loss of \$2,696,695).

DIVIDENDS PAID OR RECOMMENDED

The directors recommend that no dividend be paid for the year ended 30 June 2014, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

REVIEW OF OPERATIONS

A full review of the operations of the consolidated entity during the year ended 30 June 2014 is included in this report.

FINANCIAL POSITION

The consolidated entity had cash resources of \$2.6 million at 30 June 2014 (2013: \$5.1 mil) and has no borrowings.

A summary of the financial results is as follows:

	2014	2013
	\$000's	\$000's
Company administration and operating costs		
Income revenue	(282)	(442)
Administration costs	2,045	2,726
Income tax benefit	(171)	(275)
Net company administration and operating costs	1,592	2,019
Non-recurring exploration write off and other impairment costs		
Exploration write off costs	7,577	644
Income tax benefit	(742)	-
Investment fair value changes	(3)	34
Property plant & equipment impairment	4,095	-
Total non-recurring costs	10,927	678
Net loss for the year	12,519	2,697
Net consolidated balance sheet assets at 30 June	13,276	23,493

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

DIRECTORS' REPORT (cont)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year other than as disclosed in this report or the consolidated financial statements.

AFTER BALANCE DATE EVENTS

There is no other matter or circumstance that has arisen since the end of the financial year to the date of this report, which has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Business strategies and prospects for future financial years have been included in the review of operations.

ENVIRONMENTAL ISSUES

The consolidated entity's operations are subject to significant environmental regulations under the laws of Australia, Papua New Guinea and Mexico.

In Australia these issues are dealt with by the Managing Director of the Company.

In PNG these issues are dealt with by the Managing Director of Pacific Niugini Minerals (PNG) Ltd, the operating entity in PNG.

In Mexico these issues are dealt with by the directors of Sonora Australia Mining S.A. de C.V., the operating entity in Mexico.

The consolidated entity is not aware of any matter that requires disclosure with respect to any significant environmental regulation in respect of its activities.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director and other key management personnel of Pacific Niugini Limited.

(A) Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of the Company has been designed to align director and other key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives via the issue of options and performance rights. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

During the year ended 30 June 2014, the economic entity did not have a separately established nomination or remuneration committee. Considering the size of the economic entity, the number of directors and the economic entity's stage of its development, the Board are of the view that these functions can be efficiently performed with full Board participation.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board. The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

DIRECTORS' REPORT (cont)**Structure**

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No advice was obtained during the reporting period. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and currently stands at \$250,000 pa. Fees for non-executive directors are not linked to the performance of the economic entity. The Directors are not required to hold any shares in the Company under the Constitution of the Company, however to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Managing Director and Executive Remuneration Structure

Based on the current stage in the Company's development, its size, structure and strategies, the Board considers that the key performance indicator in assessing the performance of Executives and their contribution towards increasing shareholder value is share price performance over the review period. At present, remuneration is not impacted solely by the Company's share price performance but also other factors such as project identification and acquisition, exploration progress and results.

Individual and Company operating targets associated with traditional financial and non-financial measures are difficult to set given the small number of executives and the need to be flexible and multi-tasked, as the Company responds to a continually changing business environment. Consequently, a formal process of defining Key Performance Indicators (KPI's) and setting targets against the KPI's has not been adopted at the present time.

Remuneration consists of the following key elements:

Fixed remuneration; and

Variable remuneration Long term incentives (LTI).

The proportion of fixed remuneration and variable remuneration is established for each executive by the Board.

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration industry and external advice. No external advice was obtained during the reporting period. Executives receive their fixed remuneration in cash.

Executive directors and other senior executives can be employed by the Company on a consultancy basis, on board approval, with remuneration and terms stipulated in individual consultancy agreements.

Variable Remuneration – Long Term Incentive (LTI)

The objective of the LTI plan is to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTI granted is, in turn, dependent on the seniority of the Executive and the responsibilities the Executive assumes in the Company and this is granted at the discretion of the Board.

LTI grants to Executives are delivered in the form of share options and performance rights. These options and rights are issued on terms determined by the Board at the time of issue. They are issued to align the Executives interests with that of the shareholders. The Company does have a formal employee Long Term Incentive Plan.

During the current and previous financial years the group has generated losses from its exploration and evaluation activities. Given the nature of the group's activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current or previous financial periods. The details of market year-end share price movements are as follows:

Year End	Share Price
30 June 2014	\$0.07
30 June 2013	\$0.10
30 June 2012	\$0.235
30 June 2011	\$0.38
30 June 2010	\$0.18

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

DIRECTORS' REPORT (cont)

(B) Remuneration of Directors and other Key Management Personnel

Details of the remuneration of directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) are set out in the following tables.

The key management personnel of the Company and the Group include the directors and the following executive officers who have or did have authority and responsibility for planning, directing and controlling the activities of the entity:

- Dennis Lovell - Company Secretary and Chief Financial Officer

Remuneration of Directors and other Key Management Personnel

2014	Cash Salary & Fees	Short Term Cash Bonus	Non-Cash Benefits	Consultancy Agreement	Post Employment Superannuation Contribution	Share-Based Payments Options/Performance Rights	Total	% Performance Related
Directors	\$	\$	\$	\$	\$	\$	\$	
Peter Cook	40,000	-	-	-	3,600	-	43,600	-
David Osikore	152,466	-	-	-	12,807	-	165,273	-
Paul Cmrlec	-	-	-	291,400	-	(44,415)*	246,985	-
Sam Akoitai	39,600	-	-	-	-	-	39,600	-
Total	232,066	-	-	291,400	16,407	(44,415)	495,458	-
Other Key Management Personnel								
Dennis Lovell	-	-	-	165,802	-	-	165,802	-
Total	-	-	-	165,802	-	-	165,802	-

* This amount included a credit of \$114,471 relating to performance rights granted in 2011 which expired, unvested, during the year.

2013	Cash Salary & Fees	Short Term Cash Bonus	Non-Cash Benefits	Consultancy Agreement	Post Employment Superannuation Contribution	Share-Based Payments Options/Performance Rights	Total	% Performance Related
Directors	\$	\$	\$	\$	\$	\$	\$	
Peter Cook	58,333	-	-	13,400	5,250	-	76,983	-
David Osikore	207,061	-	-	-	17,393	-	224,454	-
Paul Cmrlec	-	-	-	313,000	-	-	313,000	-
Sam Akoitai	39,600	-	-	8,000	-	-	47,600	-
Total	304,994	-	-	334,400	22,643	-	662,037	-
Other Key Management Personnel								
Dennis Lovell	-	-	-	155,048	-	35,085	190,133	18%
Total	-	-	-	155,048	-	35,085	190,133	-

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

DIRECTORS' REPORT (cont)

(C) Compensation options/rights – Granted and vested during the year

During the 2014 financial year the following was granted as equity compensation benefits to key management personnel.

2014	Granted Number	Grant Date	Terms and Conditions of Each Grant			
			Value per Option/Right at Grant Date	Exercise Price	Vesting Date	Expiry Date
			\$	\$		
Directors and key management personnel						
P Cmrlec-Options	2,000,000	22.11.2013	0.028	0.09	22.11.2013	21.11.2016
P Cmrlec-Rights	1,500,000	22.11.2013	0.071	0.0	*	21.11.2016
P Cmrlec-Rights	500,000	22.11.2013	0.0	0.0	*	21.11.2016

* Vesting Subject to performance hurdles - see F below

(D) Values of Options and Performance Rights Granted as Part of Remuneration

2014	Value of options/rights granted during the year	Value of options/rights exercised during the year	Value of options/rights lapsed during the year
Directors and key management personnel			
P Cmrlec-options total	55,792	-	-
P Cmrlec-performance rights total	106,500	-	-

There were no alterations to terms and conditions of options or rights granted as remuneration since their grant date.

- (a) The value of options and performance rights granted in the 2014 year was determined by an independent valuer using the Black-Scholes pricing model that takes into account the share price at grant date, exercise price, expected volatility, option/rights life, expected dividends, the risk-free rate, and the fact that the options/rights are not tradeable.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

DIRECTORS' REPORT (cont)

(E) Security Holdings of Directors and Key Management Personnel

(i) Option and performance right holdings

The numbers of options and performance rights over ordinary shares in the company held during the financial year by directors and other key management personnel, including their personally related parties, are set out below.

2014	Balance at start of year or on appointment	Granted during the year as Compensation	Expired during the year	Exercised during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Peter Cook	5,000,000	-	5,000,000	-	-	-
David Osikore	1,500,000	-	1,500,000	-	-	-
Sam Akoitai	-	-	-	-	-	-
Paul Cmrlec	4,200,000	4,000,000	4,200,000	-	4,000,000*	2,000,000
Dennis Lovell	2,200,100	-	1,700,100	-	500,000	500,000
	12,900,100	4,000,000	12,400,100	-	4,500,000	2,500,000

* Comprises 2,000,000 options and 2,000,000 performance rights-see (C) and (D) above for grant and value details and see (F) below for details of performance right hurdles.

All options are vested and exercisable at the end of the year. The performance rights have not vested at the end of the year. The value of the options and rights at the date they expired was nil.

(ii) Share holdings

The numbers of shares in the company held during the financial year by each director and other key management personnel of the Company, including their personally related parties, are set out below. No shares were granted as remuneration. No shares were issued on the exercise of remuneration options (2013: nil).

2014	Balance at start of year	Acquired during the year	Other changes during the year	Balance at the end of the year
Peter Cook	15,065,656	-	-	15,065,656
David Osikore	6,120,000	-	-	6,120,000
Sam Akoitai	-	-	-	-
Paul Cmrlec	557,929	-	-	557,929
Dennis Lovell	3,700,200	-	-	3,700,200
Total	25,443,785	-	-	25,443,785

(F) Employment Contracts of Directors and Senior Executives

Mr Paul Cmrlec, Managing Director and CEO

Mr Cmrlec was appointed as Managing Director on 4th April 2011.

With effect from 1 April 2014 a renewed three year contract was entered into between Berrimil Services Pty Ltd (a company associated with Mr Cmrlec) and Pacific Niugini Ltd (PNR).

Under the contract Berrimil provides the services of Mr Cmrlec as Managing Director of PNR for a daily consulting fee based on an hourly rate of \$200 and capped to a maximum daily amount of \$1,600 per day. The fee is all inclusive, with no additional on-costs to be charged by Berrimil.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

DIRECTORS' REPORT (cont)

Mr Cmrlec's remuneration package includes the following incentives:-

- (a) Two million options to acquire fully paid ordinary shares in PNR at an exercise price of \$0.09 expiring 21 November 2016.
- (b) Two million performance rights to be allotted fully paid ordinary shares in PNR with the following terms and performance hurdles:
 - 500,000 shares when PNR records its first continuous and commercially viable gold production.
 - 500,000 shares when PNR surpasses 50,000 oz of gold production or an equivalent production of another metal or commodity in value.
 - 500,000 shares when PNR surpasses 100,000 oz of gold production or equivalent production of another metal or commodity in value.
 - 500,000 shares if and when the market capitalisation of PNR surpasses AU\$150 million for a minimum period of 20 continuous ASX trading days.

The options and performance rights were issued under the terms of the Pacific Niugini Ltd's Long Term Incentive Plan and were approved by shareholders at a meeting held on 22 November 2013. The performance rights were issued on 22 November 2013 and expire on 21 November 2016. To exercise the performance rights, it is a requirement that Mr Cmrlec remains a consultant of the company until the vesting conditions are met. The above performance hurdles were chosen to align Mr Cmrlec's remuneration with the generation of shareholder wealth.

Mr David Osikore, Managing Director PNG and Executive Director

Mr D Osikore has an ongoing service agreement with Pacific Niugini Minerals (PNG) Ltd. The current remuneration is PNG Kina 340,000 per annum which equates to AU\$ 152,466 at current exchange rates and is paid partly in PNG and partly in Australia, plus superannuation. Termination is three month's notice by either party. With effect from 1 June 2013 Mr Osikore voluntarily reduced his salary package from PNG K 400,000 to 340,000 per annum.

Mr Peter Cook, Non-Executive Chairman

Mr Cook has no formal agreement between himself and the Company. He was paid a fixed non-executive directors' fee of \$40,000 per annum plus superannuation and a consulting fee for any additional time spent on Company business over and above the normal hours covered by the fixed directors' fee. With effect from 1 June 2013 Mr Cook voluntarily reduced his fixed directors' fee from \$60,000 to \$40,000 per annum.

Mr Sam Akoitai, Non-Executive Director

Mr Akoitai has no formal agreement between himself and the Company. He is paid a non-executive directors' fee of \$40,000 per annum and a consulting fee for any additional time spent on Company business over and above the normal hours covered by the fixed directors' fee.

Mr Dennis Lovell, CFO and Company Secretary

Mr Lovell has no formal agreement between himself and the Company. His remuneration is by way of fees paid to Lovell & Co Pty Ltd (a company associated with D Lovell) for services provided to the Company invoiced on an hourly basis.

(G) Other Transactions with Directors and Key Management Personnel

There were no other transactions with Directors and Key Management Personnel.

THIS IS THE END OF THE AUDITED REMUNERATION REPORT

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

DIRECTORS' REPORT (cont)

MEETINGS OF DIRECTORS

During the financial year details of meetings of directors held and attendances by each director (while a director of the Company) during the year were as follows:

Director	Board Meetings	
	Attended	Held
P Cook	3	3
D Osikore	3	3
P Cmrlec	3	3
S Akoitai	3	3

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year the Company has paid premiums to insure the Directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Company. The company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company. Under the terms and conditions of the insurance contract the premium paid cannot be disclosed.

OPTIONS

At the date of this report, the unissued ordinary shares of the Company under option or performance rights are as follows:

Date of options/rights granted	Expiry Date	Exercise Price	Number of unlisted Options	Number of unlisted Performance Rights
22/11/2013	21/11/2016	\$0.09	2,000,000	
22/11/2013	21/11/2016	Nil		2,000,000
08/03/2013	07/03/2016	\$0.17	150,000	
31/05/2013	30/05/2016	\$0.185	500,000	
			2,650,000	2,000,000

There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital or bonus issues offered or made to shareholders during the currency of the options. However, the Company will send a notice to each option holder at least 20 business days before the record date, and this will give option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

There were no ordinary shares of the company issued during or since the end of the financial year as a result of the exercise of options granted.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of Corporate Governance. The Company's corporate governance statement is contained in the Corporate Governance section of the Report.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

DIRECTORS' REPORT (cont)

NON-AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the APES 110 Code of Ethics for Professional Accountants.

The following fees for non-audit services were paid/payable to related entities of the external auditors BDO Audit Pty Ltd during the year ended 30 June 2014:

BDO (QLD) Pty Ltd	\$29,238
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The auditor's independence declaration for the year ended 30 June 2014 is on the following page and the declaration forms part of this directors' report.

Signed in accordance with a resolution of the Board of Directors.



Paul Cmrlec
Managing Director
Dated 30 September 2014

DECLARATION OF INDEPENDENCE BY ANTHONY WHYTE TO THE DIRECTORS OF PACIFIC NIUGINI LIMITED

As lead auditor of Pacific Niugini Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pacific Niugini Limited and the entities it controlled during the period.



BDO Audit Pty Ltd

A J Whyte
Director

Brisbane, 30 September 2014

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	Group 2013
		\$	\$
Continuing Operations			
Revenue	4(a)	281,798	441,688
Depreciation		(182,730)	(323,424)
Director and Employee benefits expense		(452,183)	(705,144)
Exploration and evaluation assets written off		(7,577,142)	(643,393)
Plant and equipment impairment		(4,094,941)	-
Other expenses	5	(1,407,646)	(1,741,296)
Profit/(Loss) from continuing operations before income tax		(13,432,844)	(2,971,569)
Income tax (expense) benefit	6	913,596	274,874
Profit/(Loss) for the year after income tax		(12,519,248)	(2,696,695)
Other comprehensive income			
-Items that may be reclassified to profit or loss			
Exchange differences on the translation of foreign operations		(1,163,992)	801,339
Other comprehensive income for the year net of tax		(1,163,992)	801,339
Total comprehensive income for the year		(13,683,240)	(1,895,356)
Earnings per Share for profit/(loss) for the year			
Basic profit/(loss) per share (cents per share)	9	(4.9)	(1.1)
Diluted profit/(loss) per share (cents per share)	9	(4.9)	(1.1)

The accompanying notes form part of these financial statements.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 \$	Group 2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	2,594,876	5,087,853
Trade and other receivables	11	175,146	214,155
Financial assets at fair value through profit or loss	12	69,842	75,781
TOTAL CURRENT ASSETS		2,839,864	5,377,789
NON-CURRENT ASSETS			
Property, plant and equipment	14	2,073,197	4,786,859
Exploration and evaluation assets	15	8,971,230	14,918,481
TOTAL NON-CURRENT ASSETS		11,044,427	19,705,340
TOTAL ASSETS		13,884,291	25,083,129
CURRENT LIABILITIES			
Trade and other payables	16	254,371	440,347
Provisions	17	73,745	95,524
TOTAL CURRENT LIABILITIES		328,116	535,871
NON-CURRENT LIABILITIES			
Deferred tax liability	18	280,511	1,053,802
TOTAL NON-CURRENT LIABILITIES		280,511	1,053,802
TOTAL LIABILITIES		608,627	1,589,673
NET ASSETS		13,275,664	23,493,456
EQUITY			
Issued capital	19	136,030,386	132,507,386
Reserves	20	2,921,426	4,142,970
Accumulated losses		(125,676,148)	(113,156,900)
TOTAL EQUITY		13,275,664	23,493,456

The accompanying notes form part of these financial statements.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Share Based Payment Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2012	132,430,886	(110,460,205)	1,803,625	90,532	1,580,240	25,445,078
Profit (Loss) for the year	-	(2,696,695)	-	-	-	(2,696,695)
Exchange differences on translation of foreign operations	-	-	-	801,339	-	801,339
Total comprehensive income for the year	-	(2,696,695)	-	801,339	-	(1,895,356)
Transactions with owners in their capacity as owners:						
Shares issued during the year	-	-	-	-	-	-
Transfer from reserves	76,500	-	(76,500)	-	-	-
Share based payments	-	-	-	-	(56,266)	(56,266)
Balance at 30 June 2013	132,507,386	(113,156,900)	1,727,125	891,871	1,523,974	23,493,456
Balance at 1 July 2013	132,507,386	(113,156,900)	1,727,125	891,871	1,523,974	23,493,456
Profit (Loss) for the year	-	(12,519,248)	-	-	-	(12,519,248)
Exchange differences on translation of foreign operations	-	-	-	(1,163,992)	-	(1,163,992)
Total comprehensive income for the year	-	(12,519,248)	-	(1,163,992)	-	(13,683,240)
Transactions with owners in their capacity as owners:						
Shares issued during the year	3,640,000	-	-	-	-	3,640,000
Share issue costs	(117,000)	-	-	-	-	(117,000)
Transfer from reserves	-	-	-	-	-	-
Share based payments	-	-	-	-	(57,552)	(57,552)
Balance at 30 June 2014	136,030,386	(125,676,148)	1,727,125	(272,121)	1,466,422	13,275,664

The accompanying notes form part of these financial statements

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Group 2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts in the course of operations		184,133	136,312
Payments to suppliers and employees		(1,944,788)	(2,327,639)
Interest received		118,815	402,910
Income tax rebate		171,047	274,874
Net cash provided by/ (used in) operating activities	23	(1,470,793)	(1,513,543)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,992,019)	(1,375,539)
Proceeds from disposal of property, plant and equipment		202,896	-
Proceeds from disposal of investments		9,304	-
Payments for exploration and evaluation assets		(1,459,086)	(2,756,512)
Net cash (used in)/ provided by investing activities		(3,238,905)	(4,132,051)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	19	2,340,000	-
Costs of share issue		(117,000)	-
Net cash provided by financing activities		2,223,000	-
Net (decrease)/ increase in cash and cash equivalents held		(2,486,698)	(5,645,594)
Effect of exchange rate changes on cash and cash equivalents		(6,279)	15,720
Cash and cash equivalents at beginning of financial year		5,087,853	10,717,727
Cash and cash equivalents at end of financial year	10	2,594,876	5,087,853

The accompanying notes form part of these financial statements.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Reporting Entity

Pacific Niugini Limited (the "Company") is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as "the Group").

Financial information for Pacific Niugini Ltd as an individual entity is included in note 26.

Note 2: Basis of Preparation

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASB's) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures the financial report also complies with IFRSs and interpretations adopted by the International Accounting Standards Board. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements were approved by the Board of Directors on 30 September 2014.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss which are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency. The functional currency of the Group's Papua New Guinea subsidiary is the PNG Kina and the Mexican subsidiary is MXN Pesos.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

Note 15 – recoverable amount of exploration assets

Note 24 – share based payments

(e) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Company has not generated revenues from operations. As such, the Company's ability to continue to adopt the going concern assumption will depend upon a number of matters including successful future capital raisings of necessary funding, entering into a joint venture or farm-in agreement with respect to its tenements, the realisation of its available for sale assets and the successful exploration and exploitation of the Company's tenements. In the absence of these matters being successful, there exists a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 2: Basis of Preparation (cont)

(f) Tax consolidation

Pacific Niugini Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group has formed an income tax consolidated group. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

The financial report comprises financial statements for the consolidated entity consisting of the Company and its subsidiaries. The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements, unless otherwise stated and have been applied consistently across the Group.

Note 3: Significant Accounting Policies

(a) Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2014 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are entities controlled by the Company. The Company has control over an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. They are de-consolidated from the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries are consistent with the parent.

(iii) Investment in Associate

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounting investees). The consolidated financial statements include the Group's share of the results of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iv) Joint Arrangements

Joint arrangements are arrangements in which one or more parties have joint control. Joint arrangements are classified as either joint operations or joint ventures.

Joint Operations

Joint arrangements are classified as joint operations where the parties to the joint arrangements have rights to the assets and obligations for the liabilities, rather than to the net assets, of the joint arrangements. The Group has recognised its direct right to, as well as its share of jointly held, assets, liabilities, revenues and expenses of joint operations which have been included in the financial statements under the appropriate headings.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 3: Significant Accounting Policies (cont)

(a) Principles of Consolidation (cont)

Joint Ventures

Interests in joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method of accounting, the group's share of profits or losses of joint ventures are recognised in consolidated profit or loss and the group's share of the movements in other comprehensive income of joint ventures are recognised in consolidated other comprehensive income. The cumulative movements are adjusted against the carrying amount of the investment.

When the group's share of post-acquisition losses in a joint venture exceeds its interest in the joint venture (including any long term interests that form part of the group's net investment in the joint venture), the group does not recognise further losses unless it has obligations to, or has made payments, on behalf of the associate.

(b) Business combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred.

Where the group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

Contingent consideration is classified as equity or financial liabilities. Amounts classified as financial liabilities are subsequently remeasured to fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the group's controlling shareholder's consolidated financial statements.

(c) Financial Assets

Recognition

The group recognises receivables on the date that they originate. All other financial assets are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 3: Significant Accounting Policies (cont)

(c) Financial Assets (cont)

The group derecognises a financial asset when the contractual cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows such that substantially all the risks and rewards of ownership of the financial asset are transferred.

The group has the following financial assets:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those that are intended to be sold in the near term.

Financial assets at fair value through profit or loss are measured initially at fair value. They are measured subsequently at fair value with movements in fair value being recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(d) Foreign Currency Transactions and Balances

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Pacific Niugini Ltd's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies have been converted at rates of exchange ruling on the date of those transactions. At balance date, amounts receivable and payable in foreign currencies are translated at rates of exchange current at that date. Realised and unrealised gains and losses are brought to account in determining the profit or loss for the financial year.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- Income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue Recognition

Revenue from the sale of goods and disposal of other assets is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership. Revenue is measured at the fair value of the consideration received or receivable.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 3: Significant Accounting Policies (cont)
(e) Revenue Recognition (cont)

Interest income is recognised on a time proportion basis using the effective interest method.

(f) Income Tax

Income tax expense comprises current and deferred tax. Current tax for the period is the expected tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and unused tax losses.

Deferred tax is recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates, which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure deferred tax. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income and directly in equity are also recognised in other comprehensive income and directly in equity respectively.

(g) Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and Cash Equivalents

For statement of cash flow purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 3: Significant Accounting Policies (cont)

(i) Fair Value Estimation (cont)

Financial instruments traded in active markets

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

Financial instruments not traded in active markets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

(j) Property, Plant and Equipment

Recognition and measurement

Each class of property, plant and equipment is stated at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

Depreciation is calculated using the straight line method to allocate the assets cost, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment:	3-10 years
Motor vehicles	5 years
Leasehold improvements	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

(k) Mineral Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest in accordance with AASB 6: Exploration and Evaluation Expenditure. These costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 3: Significant Accounting Policies (cont)

(l) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(n) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefits assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss.

Non-current assets (or disposal groups) are presented separately from other assets or liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 3: Significant Accounting Policies (cont)

(p) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

(ii) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay when the liabilities are settled, including related on-costs, such as workers compensation insurance and payroll tax.

(iii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

(q) Share-based payment transactions

The fair value of employee share options and performance rights is measured using an options pricing model. Measurement inputs include share price on a measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 3: Significant Accounting Policies (cont)

(r) New Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2013:

Reference	Title	Application date of standard	Application date for the Company
AASB 10	Consolidated Financial Statements	1 January 2013	1 July 2013
AASB 11	Joint Arrangements	1 January 2013	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	1 January 2013	1 July 2013
AASB 13	Fair Value Measurements	1 January 2013	1 July 2013
AASB 2011-8	Amendments to Australian Accounting Standards arising from AASB 13	1 July 2013	1 July 2013
AASB 119	Employee Benefits (September 2011)	1 July 2013	1 July 2013
AASB 2011-10	Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)	1 July 2013	1 July 2013
AASB 127	Separate Financial Statements (Revised)	1 July 2013	1 July 2013
AASB 128	Investments in Associates and Joint Ventures (Reissued)	1 July 2013	1 July 2013
AASB 2011-7	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	1 July 2013	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 July 2013	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	1 July 2013	1 July 2013
AASB 2012-10	Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments	1 July 2013	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement	1 July 2013	1 July 2013

The adoption of the above standards and interpretations did not have any material impact on the current or any prior period and is not likely to materially affect future periods.

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ending 30 June 2014. None of these is expected to have a significant effect on the financial statements.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 4: Revenue and Income

	Note	Group	
		2014	2013
		\$	\$
(a) Revenue from continuing operations			
Interest		95,688	321,899
Other revenue		186,110	119,789
		<u>281,798</u>	<u>441,688</u>

Note 5: Other Expenses

Loss before income tax includes the following specific expenses:

Other Expenses (net of expenses from discontinued operations)

Rental expense on operating leases	112,192	129,735
Professional and consultants fees	742,412	910,115
Fair value changes in financial assets at fair value through profit or loss	(12,865)	34,310
Loss on sale of non-current assets	11,017	16,103
Insurances	151,788	123,241
Travel	60,887	148,337
Legal	75,237	21,373
Other administration expenses	266,978	358,082
	<u>1,407,646</u>	<u>1,741,296</u>

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 6: Income Tax

	Group	
	2014 \$	2013 \$
(a) Income Tax Expense		
Current tax	(1,186,916)	(924,631)
Deferred tax	(2,096,125)	16,281
Withholding tax paid		-
Tax loss not recognised	2,143,841	1,242,208
(Under)/over provision for prior years	396,661	(333,858)
Research and development rebate	(171,047)	(274,874)
	<u>(913,596)</u>	<u>(274,874)</u>
(b) The prima facie tax on profit/(loss) before income tax is reconciled to the income tax as follows:	<u>(12,690,295)</u>	<u>(2,971,569)</u>
Prime facie tax payable on profit/(loss) before income tax at 30% (2013: 30%)	(3,807,089)	(891,471)
Tax effect of:		
- Other permanent differences	541,030	-
- share based payment	(17,265)	(16,879)
Research and development rebate	(171,047)	(274,874)
Tax loss not recognised	2,143,841	1,242,208
(Under)/over provision from prior years	396,661	(333,858)
Income tax expense / (benefit)	<u>(913,596)</u>	<u>(274,874)</u>
Deferred Tax Asset		
Unused tax losses and other temporary differences not brought to account:		
-temporary differences	3,782,288	1,404,864
-tax losses:		
- Domestic/foreign operating losses	7,494,040	6,753,062
- capital losses	773,038	546,900
	<u>12,049,366</u>	<u>8,704,826</u>
Deferred Tax Liability		
The balance comprises temporary differences attributable to:		
Exploration and evaluation assets	700,511	1,053,802
Total deferred tax liabilities	<u>700,511</u>	<u>1,053,802</u>

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 7: Key Management Personnel

	Group	
	2014	2013
	\$	\$
Short-term employee benefits	689,268	794,442
Post-employment benefits	16,407	22,643
Share-based payments	(44,415)	35,085
	<u>661,260</u>	<u>852,170</u>

See the Remuneration Report section of the Directors Report for details of Directors and Key Management Personnel security holdings.

Note 8: Auditors' Remuneration

	Group	
	2014	2013
	\$	\$
Audit services:		
Amounts paid or payable for audit or review of the financial statements for the company or any entity in the Group.		
- BDO Audit Pty Ltd	55,410	52,972
- Sinton Spence Chartered Accountants (PNG)	12,269	27,500
	<u>67,679</u>	<u>80,472</u>
Taxation services:		
Amounts paid or payable for taxation services performed for the company or any entity in the Group.		
- BDO (QLD) Pty Ltd	29,238	36,045
- Sinton Spence Chartered Accountants (PNG)	6,499	1,975
	<u>35,737</u>	<u>38,020</u>

Note 9: Earnings per Share

	Group	
	2014	2013
	\$	\$
(a) Basic earnings per share		
From continuing operations (cents per share)	(4.9)	(1.1)
From discontinued operations (cents per share)	-	-
Total basic earnings per share	<u>(4.9)</u>	<u>(1.1)</u>
(b) Reconciliation of earnings used in calculating earnings per share		
Basic and diluted		
Profit/(Loss) from continued operations	(12,519,248)	(2,696,695)
Profit/(Loss) from discontinued operations	-	-
Profit/(Loss) for the year	<u>(12,519,248)</u>	<u>(2,696,695)</u>
(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	258,166,739	251,248,667

At 30 June 2014 2,650,000 options (2013: 21,150,100) and 2,000,000 performance rights (2013: 3,550,000) were outstanding which could potentially dilute basic earnings per share in the future. Because there is a loss from continuing operations, these would have an antidilutive effect and therefore diluted earnings per share is the same as basic earnings per share.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 10: Cash and Cash Equivalents

	Group	
	2014 \$	2013 \$
Cash at bank and on hand	2,594,876	5,087,853
	<u>2,594,876</u>	<u>5,087,853</u>

Note 11: Trade and Other Receivables

CURRENT

	Group	
	2014 \$	2013 \$
Other Receivables	175,146	214,155
Allowance for doubtful debts	-	-
	<u>175,146</u>	<u>214,155</u>

All loans that are past due have been impaired.

	Group	
	2014 \$	2013 \$
Movement in allowance for doubtful debts:		
Balance at 1 July	-	(1,823,000)
Decrease (Increase) in Provision for doubtful receivables		
Receivables written off during the year	-	1,823,000
Balance at 30 June	<u>-</u>	<u>-</u>

Note 12: Financial Assets at fair value through profit or loss

	Group	
	2014 \$	2013 \$
Financial assets as at 30 June at fair value (current)	<u>69,842</u>	<u>75,781</u>

The financial assets at fair value are held for trading and comprise only equity investments quoted on ASX and have been valued at market prices ruling on the 30 June 2014.

Note 13: Controlled Entities

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)	
Parent Entity		2014	2013
Pacific Niugini Limited	Australia		
Subsidiaries and Associates of Pacific Niugini Ltd			
Pacific Niugini Minerals Pty Ltd	Australia	100	100
Pacific Niugini Minerals (PNG) Ltd	PNG	100	100
Chrome Holdings SA Pty Ltd	Australia	100	100
Pacific Niugini Minerals (Bulolo) Ltd	PNG	100	100
Sonora Australia Mining SA DE CV	Mexico	100	100
Halls Creek Mining Pty Ltd (i)	Australia	100	-

(i) Entity was incorporated by the group during the year

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 14: Plant and Equipment

	Group	
	2014	2013
	\$	\$
(a) At cost		
Plant and equipment	1,992,245	980,330
Accumulated depreciation	(498,432)	(499,651)
Total plant and equipment	1,493,813	480,679
Motor vehicles	254,015	342,340
Accumulated depreciation	(174,631)	(182,404)
Total motor vehicles	79,384	159,936
Leasehold improvements	1,816	1,816
Accumulated depreciation	(1,816)	(1,816)
Total leasehold improvements	-	-
Capital work in progress-plant and equipment	500,000	4,146,244
Total cost	2,748,076	5,470,730
Total accumulated depreciation	(674,879)	(683,871)
Total net book value	2,073,197	4,786,859
(b) Reconciliation	2014	2013
Plant and equipment	\$	\$
As at 1 July	480,679	888,894
Exchange difference	(48,893)	51,989
Additions	1,400,000	2,669
Disposals	(211,379)	(204,858)
Depreciation expense	(126,594)	(258,015)
Net carrying value	1,493,813	480,679
Motor vehicles		
As at 1 July	159,936	203,608
Exchange difference	(16,495)	21,532
Additions	7,500	-
Disposals	(15,421)	-
Depreciation expense	(56,136)	(65,207)
Net carrying value	79,384	159,936
Leasehold improvements		
As at 1 July	-	202
Additions	-	-
Disposals	-	-
Depreciation expense	-	(202)
Net carrying value	-	-
Capital work in progress-plant and equipment		
As at 1 July	4,146,244	2,778,192
Additions	448,697	1,368,052
Impairment	(4,094,941)	-
Net carrying value	500,000	4,146,244

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 14: Plant and Equipment (Cont)

Total Reconciliation Summary

As at 1 July	4,786,859	3,870,896
Exchange difference	(65,388)	73,524
Additions	1,856,197	1,370,721
Disposals	(226,800)	(204,858)
Impairment	(4,094,941)	-
Depreciation expense	(182,730)	(323,424)
Net carrying value	2,073,197	4,786,859

The impairment amount above relates mainly to the alluvial gold processing plant under construction for the Company's alluvial gold projects. As the immediate future Company focus has moved to its Halls Creek gold mine project, the alluvial plant construction has ceased and the plant is in storage with opportunities to sell the plant being investigated. The impaired carrying value is regarded as its fair value less costs to sell and is based on estimated re-sale values for similar used plant components.

During the period the Group acquired a 49% interest in the Halls Creek Project. The Groups interest in the plant and exploration and evaluation assets acquired has been accounted for as an asset acquisition.

Note 15: Exploration and Evaluation Assets

	Group	
	2014	2013
	\$	\$
Capitalised exploration and evaluation assets:		
Carrying amount in respect of areas of interest in exploration and evaluation phase	8,971,230	14,918,481

Reconciliation of the carrying amounts of exploration and evaluation assets:

	Group	
	2014	2013
	\$	\$
Carrying amount at beginning of year	14,918,481	12,357,921
Exchange difference	(1,108,694)	694,854
Additions	2,738,585	2,674,642
Exploration cost write off	(7,577,142)	(808,936)
Carrying amount at end of year	8,971,230	14,918,481

Exploration tenements in PNG are issued by the Mineral Resources Authority (MRA) for a two year term and subsequent renewals are issued for a two year renewal period commencing from the expiry date of the previous grant.

At the date of these financial statements the two year renewal process in respect of EL's 1613, 1614, 1615 and 1616 for their fourth renewal term expiring on 6 July 2016 was in progress and EL's 1869, 2013 and 1850 are in the process of their second term renewal. The company is of the view that the renewal of these tenements will take place in the normal course of business and that the tenements are all in good standing with the MRA.

During the 2013-14 financial year four Exploration Licences EL1589, EL1827, EL1828 and EL1852 were relinquished.

Recovery of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

During the year, tenements which were or are to be relinquished or for which no substantial expenditure is planned, have been fully written off.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 16: Trade and Other Payables

	Group	
	2014	2013
Unsecured liabilities	\$	\$
Trade payables	143,572	357,561
Sundry payables and accrued expenses	110,798	82,786
	<u>254,370</u>	<u>440,347</u>

Note 17: Provisions

	Group	
	2014	2013
Current	\$	\$
Employee benefits	73,745	95,524

Note 18: Deferred tax liability

	Group	
	2014	2013
NON-CURRENT	\$	\$
Deferred tax liability arising on the remaining fair value adjustment of the PNG exploration and evaluation assets acquired in 2009.	280,511	1,053,802

Note 19: Issued Capital

(a) Issued and paid up capital

	Group	
	2014	2013
	\$	\$
313,963,139 (2013: 251,284,667) fully paid ordinary shares	136,030,386	132,507,386

(i) The company's shares have no par value and there is no limit to the amount of authorised capital.

(b) Movement in shares on issue

	2014		2013	
	Number of shares	\$	Number of shares	\$
Beginning of the year	251,284,667	132,507,386	251,284,667	132,430,886
Transfer from option reserve	-	-	-	76,500
Issued during the year				
• Issue for asset acquisition (i)	17,678,472	1,300,000	-	-
• Placement (ii)	45,000,000	2,340,000	-	-
• Less transaction costs (ii)	-	(117,000)	-	-
End of the year	<u>313,963,139</u>	<u>136,030,386</u>	<u>251,284,667</u>	<u>132,507,386</u>

(i) In April 2014 the Company issued 17,678,472 fully paid shares as part of the consideration for the acquisition by the Company's wholly owned subsidiary of an interest in the Halls Creek gold project.

(ii) In June 2014 the Company completed a capital raising placement to sophisticated and private section 708 exempt investors of 45 million shares at an issue price of 5.2 cents per share. Costs of the placement amounted to \$117,000.

(iii) Terms and conditions:

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 19: Issued Capital (cont)

(c) Options and Performance Rights outstanding

At balance date there were unissued ordinary shares of the company under option and performance rights as follows:

	2014 Number	2013 Number
Unlisted 30 June 2014 options at an exercise price of \$0.20 each	-	16,450,100
Unlisted 21 December 2013 employee options at an exercise price of \$0.47 each	-	1,000,000
Unlisted 23 June 2014 director options at an exercise price of \$0.38 each	-	2,000,000
Unlisted 23 June 2014 director performance rights – nil exercise price	-	2,000,000
Unlisted 30 November 2014 employee options at an exercise price of \$0.48 each	-	750,000
Unlisted 30 November 2013 employee performance rights – nil exercise price	-	200,000
Unlisted 07 March 2016 employee options at an exercise price of \$0.17 each	150,000	300,000
Unlisted 30 May 2016 employee options at an exercise price of \$0.185 each	500,000	650,000
Unlisted 30 May 2016 employee performance rights – nil exercise price	-	1,350,000
Unlisted 21 November 2016 director options at an exercise price of \$0.09 each	2,000,000	-
Unlisted 21 November 2016 director performance rights – nil exercise price	2,000,000	-
	<u>4,650,000</u>	<u>24,700,100</u>

Note 20: Reserves

	Group	
	2014	2013
	\$	\$
Option Reserve	1,727,125	1,727,125
Share Based Payments Reserve	1,466,422	1,523,974
Foreign currency translation reserve	(272,121)	891,871
	<u>2,921,426</u>	<u>4,142,970</u>

(a) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign subsidiaries.

(b) Option Reserve

The option reserve records items recognised as expenses on valuation of share options issued to third parties.

(c) Share Based Payment Reserve

The share based payment reserve records items recognised as expenses on valuation of the options issued to directors and employees.

Note 21: Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets at balance date.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 22: Segment Reporting

(a) Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO and the rest of the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Operating segments are determined on the basis of financial information reported to the Board which is at the consolidated entity level. Accordingly, the consolidated entity is treated as one operating segment.

Therefore, management identifies the Group as having only one reportable segment. The financial results from this reportable segment are equivalent to the financial statements of the consolidated entity as a whole

(b) Entity-wide disclosures

The Group's geographical information is as follows:

		Australia	Papua New Guinea	Mexico
		\$	\$	\$
Non-current assets	2014	3,302,831	7,741,595	-
Non-current assets	2013	4,150,628	14,898,417	656,295

The Group recently acquired an interest in a gold mining project located near Halls Creek in W.A. and also operates in mineral exploration located in Australia and Papua New Guinea. Testing of a potential gold production project in Mexico was completed during the past financial year but following analysis of the results, a decision was taken to abandon the project. The Group's headquarters office is located in Australia.

The Group does not have any products/services that it derives material revenue from except interest.

Note 23: Cash Flow Information

	2014	Group	2013
	\$		\$
(a) Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax			
Profit/(Loss) after income tax	(12,519,248)		(2,696,695)
Depreciation	182,730		323,424
Share based payments	(57,552)		(56,263)
Loss (Gain) on disposals of non-current assets	11,017		16,103
Exploration write off	6,834,593		643,393
Plant and equipment impairment	4,094,941		-
Unrealised exchange difference	-		42,591
Fair value change in financial assets	(3,365)		34,310
Changes in operating assets and liabilities, net of the effects of purchase and disposal subsidiaries			
Increase/(decrease) in payables	(30,601)		1,225
Increase/(decrease) in provisions	(13,271)		6,112
(Increase)/decrease in other operating assets	(7,789)		(9,054)
(Increase)/decrease in receivables	37,752		181,311
Net cash provided by/(used in) operating activities	<u>(1,470,793)</u>		<u>(1,513,543)</u>
(b) Non-cash investing activities			
Acquisition of plant and equipment by means of share issue - see Note 19 (b)	<u>(1,300,000)</u>		-

There were no non-cash investing activities during the previous financial year.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 24: Share-based Payments

	2014	2013
	\$	\$
Share-based payment expenses recognised during the financial year		
Equity settled options/rights issued to directors*	70,056	56,615
Equity settled options/rights issued to employees/consultants	80,576	128,585
Equity settled options/rights expired/did not vest	(208,184)	(241,466)
	<u>(57,552)</u>	<u>(56,266)</u>

The weighted average remaining contractual life of share options and performance rights outstanding at the end of the financial year was 2.32 years (2013: 1.48 years)

Details of Share-based payments made during the 2014 financial year:

- (a) On 22 November 2013 two million options to acquire fully paid ordinary shares in PNR at an exercise price of \$0.09 expiring 21 November 2016 were issued to Paul Cmrlec, Managing Director.
- (c) On 22 November 2013 two million performance rights to be allotted fully paid ordinary shares in PNR were issued to Paul Cmrlec with the following performance hurdles:
 - 500,000 shares when PNR records its first continuous and commercially viable gold production.
 - 500,000 shares when PNR surpasses 50,000 oz of gold production or an equivalent production of another metal or commodity in value.
 - 500,000 shares when PNR surpasses 100,000 oz of gold production or equivalent production of another metal or commodity in value.
 - 500,000 shares if and when the market capitalisation of PNR surpasses AU\$150 million for a minimum period of 20 continuous ASX trading days.

Details of Share-based payments made during the 2013 financial year:

- (a) On 8th March 2013 300,000 share options were issued to an employee and a consultant in terms of the Company long term incentive plan with an exercise price of \$0.17 each, an expiry date of 7 March 2016 and vesting immediately upon issue.
- (b) On 31st May 2013 650,000 share options were issued to consultants in terms of the Company long term incentive plan with an exercise price of \$0.185 each, an expiry date of 30 May 2016 and vesting immediately upon issue.
- (c) On 31st May 2013 1,350,000 performance rights were issued to three consultants. The exercise price was nil and the expiry date was 30 May 2016. The rights were issued subject to a number of performance hurdles which are set out in the table below.

* No options or performance rights were granted to directors during the year ended 30 June 2013. During that year an expense was recognised for performance rights granted during previous reporting periods and are being expensed over the period they are expected to vest.

Fair Value of Options and Rights Granted

The weighted average fair value of options and rights granted during the year was 3.2 cents (2013: 11.0 cents). The fair value at grant date was determined by an independent valuer using an option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option or right life, expected dividends, the risk free rate, and the fact that the options and rights are not tradeable. The pricing model and inputs used for the options and rights granted during the year ended 30 June 2014 are set out in the table below:

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 24: Share-based Payments (cont)

Details	Director Options	Director Performance Rights
2014 Financial year		
Number of options/rights	2,000,000	2,000,000
Pricing model used to calculate fair value	Black-Scholes and Binomial model	Black-Scholes and Binomial model
Consideration	nil	nil
Option/Performance Right life	3 years	3 year
Exercise price	\$0.09	nil
Grant date	22-11-2013	22-11-2013
Vesting date	22-11-2013	See note (ii) below
Expiry date	21-11-2016	21-11-2016
Share price at grant date	\$0.071	\$0.071
Fair value of options/rights granted	2.8 cents	0.1 cents - 7.1 cents
Expected volatility %	66.25%	66.25%
Expected dividend yield %	nil	nil
Risk free rate %	3.06%	3.06%

- (i) Volatility has been determined based on Pacific Niugini's share price over the 12 months immediately preceding the options/rights issue. Due to the company's historical share price movements, and the relative percentage of each movement against the share price, it is expected that this volatility will not change significantly over the life of the options and therefore the volatility as set out above has been used as the expected future share price volatility over the life of the options.

(ii)

No. Rights	Performance hurdle type	Vesting date	Vesting probability*
500,000	when PNR records its first continuous and commercially viable gold production.	30-06-2015	100%
500,000	when PNR surpasses 50,000 oz of gold production or an equivalent production of another metal or commodity in value.	21-11-2016	100%
500,000	when PNR surpasses 100,000 oz of gold production or equivalent production of another metal or commodity in value.	N/A	0%
500,000	if and when the market capitalisation of PNR surpasses AU\$150 million for a minimum period of 20 continuous ASX trading days.	N/A	0%

*This is the probability applied to determine the number of performance rights to be included in the measurement of their issue over the expected vesting period.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 24: Share-based Payments (cont)

Details	Employee/Consultant	Consultant Options	Consultant Performance
2013 Financial year	Options		Rights
Number of options/rights	300,000	650,000	1,350,000
Pricing model used to calculate fair value	Black-Scholes and Binomial model	Black-Scholes and Binomial model	Black-Scholes and Binomial model
Consideration	nil	nil	nil
Option/Performance Right life	3 years	3 years	3 year
Exercise price	\$0.17	\$0.185	nil
Grant date	08-03-2013	31-05-2013	31-05-2013
Vesting date	08-03-2013	31-05-2013	See note (ii) below
Expiry date	07-03-2016	30-05-2016	30-05-2016
Share price at grant date	\$0.145	\$0.145	\$0.145
Fair value of options/rights granted	7.5 cents	7.0 cents	14.5 cents
Expected volatility %	83.92%	82.23%	82.23%
Expected dividend yield %	nil	nil	nil
Risk free rate %	2.91%	2.6%	2.6%

- (iii) Volatility has been determined based on Pacific Niugini's share price over the 12 months immediately preceding the options issue. Due to the company's historical share price movements, and the relative percentage of each movement against the share price, it is expected that this volatility will not change significantly over the life of the options and therefore the volatility as set out above has been used as the expected future share price volatility over the life of the options.

(iv)

No. Rights	Performance hurdle type	Vesting date	Vesting probability*
450,000	when PNR achieves its first 5,000 ounces of gold production from the Caldera Gold Project in Mexico.	30-04-2014	100%
450,000	when PNR achieves capital payback in Mexico as defined in the Mexican joint venture agreement, being the point that the profit share between PNR and MGP transitions from 85/15% to 75/25%.	31-07-2014	100%
450,000	when PNR achieves the subsequent 50,000 ounces of gold production following capital payback in Mexico, being the point that the profit share between PNR and MGP transitions from 75/25% to 60/40% in terms of the Mexican joint venture agreement.	31-05-2015	100%

*This is the probability applied to determine the number of performance rights to be included in the measurement of their issue over the expected vesting period.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 24: Share-based Payments (cont)

Summary of share-based payment options/rights issued

The following table illustrates the number and weighted average exercise prices (WAEP) of share-based payment options and rights issued during the financial year.

	2014 Number	2014 WAEP \$	2013 Number	2013 WAEP \$
Outstanding at the beginning of the year	8,250,000	0.213	7,450,000	0.24
Expired during the year	(5,200,000)	0.38	(1,450,000)	0.135
Granted during the year	4,000,000	0.045	2,300,000	0.074
Forfeited during the year	(2,400,000)	0.394	(50,000)	0.48
Exercised during the year	-	-	-	-
Outstanding at the end of the year	4,650,000	0.064	8,250,000	0.213
Exercisable at the end of the year	2,650,000	0.11	4,700,000	0.38

Note 25: Subsequent Events

There are no matters or circumstances that have arisen since the end of the financial year to the date of this report, which have significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years

Note 26: Parent Entity Information

The following information relates to the parent entity, Pacific Niugini Ltd. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2014 \$	2013 \$
Current Assets	2,689,034	4,814,320
Non-current assets	29,077,499	28,378,199
Total assets	31,766,533	33,192,519
Current liabilities	119,712	276,623
Non-current liabilities	11,150,705	11,150,705
Total liabilities	11,270,417	11,427,328
Net Assets	20,496,116	21,765,191
Issued capital	136,030,387	132,507,386
Accumulated losses	(118,727,818)	(113,993,294)
Option reserve	1,727,125	1,727,125
Share-based payments reserve	1,466,422	1,523,974
Total equity	20,496,116	21,765,191
Profit (Loss) for the year	(4,734,524)	(699,571)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(4,734,524)	(699,571)

The company had no commitments, guarantees or contingent liabilities as at 30 June 2014 and 2013.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 27: Financial Risk Management

Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and cash held at financial institutions.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Group Carrying amount	
	Note	2014	2013
		\$	\$
Cash and cash equivalents	10	2,594,876	5,087,853
Trade and other receivables	11	175,147	214,155

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. All cash is held with Westpac and ANZ banks.

Trade and other receivables

As the Group operates primarily in exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 27: Financial Risk Management (cont)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The following are the contractual maturities of financial liabilities:

**Group
30 June 2014**

	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years
	\$	\$	\$			
Trade and other payables – Note 16	(254,370)	(254,370)	(254,370)	-	-	-

**Group
30 June 2013**

	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years
	\$	\$	\$			
Trade and other payables – Note 16	(440,347)	(440,347)	(440,347)	-	-	-

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's net income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on purchases and payables that are denominated in a currency other than the respective functional currencies of Group entities. The currency in which transactions primarily are denominated is the Papua New Guinea Kina and Mexican Pesos.

The Group has not entered into any derivative financial instruments to hedge such transactions other than:

Based on the Group's operations in Papua New Guinea (PNG) during the financial year, had the Australian Dollar weakened/strengthened by 10% against the PNG Kina with all other variables held constant, the Group's pre-tax operating loss in PNG would have been approximately \$396,000 higher/lower.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 27: Financial Risk Management (cont)

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value or future cash flows will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures. The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short term deposits with reputable financial institutions at interest rates maturing over 90-180 day rolling periods or less.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Weighted Average Interest Rate	Carrying Amount \$	Weighted Average Interest Rate	Carrying Amount \$
Consolidated	2014		2013	
Cash and cash equivalents	3.75-3.5%	2,594,876	5.5-3.75%	5,087,853
		<u>2,594,876</u>		<u>5,087,853</u>

Sensitivity analysis

The Board has estimated that given market conditions a change of 100 basis points in interest rates is appropriate to assess the Group's sensitivity to variable rate instruments. A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

Group

	Profit/Equity	
	100bp increase	100bp decrease
30 June 2014	\$	\$
Variable rate instruments	25,950	(25,950)
30 June 2013		
Variable rate instruments	50,878	(50,878)

Equity Price Risk

Equity price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Group is exposed to equity price risk arising from its financial assets at fair value through profit or loss. With respect to the equity price risk arising from these financial assets, the maximum exposure is equal to the carrying amount of the financial assets at fair value through profit or loss which at reporting date is \$69,842 (2013- \$75,781).

Based on the equity investments held at the end of the financial year, had the Australian Securities Exchange strengthened/weakened by 10% with all other variables held constant, the Group's pre-tax profit and equity would have been \$7,000 higher/lower (2013: \$7,600)

Commodity Price Risk

The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to no commodity price risk.

Fair values

The carrying amounts of financial assets and liabilities approximate fair value. The basis for determining fair values is disclosed in note 12.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 27: Financial Risk Management (cont)

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration, evaluation and development activities. The Group monitors capital on the basis of the gearing ratio, however there are no external borrowings as at reporting date.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Capital comprises equity as disclosed in the statement of financial position.

Note 28: Capital and other commitments

(a) Operating lease commitments

	Group	
	2014 \$	2013 \$
Future operating lease rentals of office space not provided for in the financial statements and payable:		
- not later than one year	12,830	38,115
- later than one year but not later than five years	-	12,830
	<u>12,830</u>	<u>50,945</u>

(b) Exploration commitments

	Group	
In order to maintain current rights of tenure to exploration permits, the consolidated entity has certain obligations to expend minimum amounts of money. The following exploration expenditure requirements have not been provided for in the financial report and are payable:		
- not later than one year	529,172	558,700
- later than one year but not later than five years	868,572	211,600
	<u>1,397,744</u>	<u>770,300</u>

(c) Other commitments

There is mandatory requirement for Pacific Niugini to earn an additional 16% (to a total of 65% ownership) of the Halls Creek Project by sole funding expenditure of \$1.2 million in the first 12 months of the Joint Venture:

- not later than one year	<u>1,200,000</u>	-
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Note 29: Related Parties

(a) Ultimate Parent.

The group ultimate parent company is Pacific Niugini Ltd.

(b) Key Management Personnel.

Disclosures relating to key management personnel are set out in the remuneration report in the directors report.

(c) Transactions with related parties.

There were no other transactions with related parties.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001* and :
 - (i) comply with Accounting Standards and the *Corporations Regulations 2001* and:
 - (ii) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated entity.
- (b) the consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (d) the remuneration disclosures set out in the Directors' Report as part of the audited Remuneration Report) for the year ended 30 June 2014 comply with section 300A of the *Corporations Act 2001*.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr P Cmrlec
Managing Director

Dated this 30 September 2014

INDEPENDENT AUDITOR'S REPORT

To the members of Pacific Niugini Limited

Report on the Financial Report

We have audited the accompanying financial report of Pacific Niugini Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Pacific Niugini Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Pacific Niugini Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 19 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Pacific Niugini Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO



A J Whyte

Director

Brisbane, 30 September 2014

CORPORATE GOVERNANCE STATEMENT
Current at 30 June 2014 and approved by the board

All ASX listed entities are required to disclose against the recommendations and disclosure obligations contained in the revised ASX Corporate Governance Council Corporate Governance Principles and Recommendations in the annual report and in initial public offer documents. The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the second edition of the Corporate Governance Principles and Recommendations ("Recommendations") as published by the ASX Corporate Governance Council. Copies of the Company's corporate governance policies are set out in the "Corporate Governance Policies" available on the Company's website at www.niugini.com.au. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be given further consideration. In view of the size of the Company and the nature of its activities, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. The Company reports the following departures from the ASX Principles and Recommendations:

RECOMMENDATION PRINCIPAL 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: A majority of the board should be independent directors.

Explanation for Departure: The Board comprises four directors, one of which is independent. The remaining directors are not independent because two are employed in an executive capacity and the Chairman, whilst a non-executive, holds a substantial interest in the Company. The Board considers that the merits of appointing additional directors in order to achieve majority independent status are outweighed by the Board's wish to maintain a relatively small board with relevant experience, which the Board believes is adequate having regard to the operations of the Company.

Recommendation 2.2: The Chairman should be an independent director.

Notification of Departure: The Chair is not Independent.

The Chairman, Mr Cook does not meet the requirement for Independence (as set out in the recommendations) due to his substantial shareholding in the Company.

Mr Cook's experience and knowledge of the industry in which the Company operates make his contribution to the Board such that it is appropriate for him to remain as Chairman of the Board.

Given the size of the industry in which it operates, the current Board structure is considered to best serve the Company in meeting its objectives, given its small capitalization, limited resources and existing operations. The composition of the Board will be reviewed on an annual basis to ensure that the board has the appropriate mix of expertise and experience.

Recommendation 2.4: The Company should establish a nomination committee consisting of a majority of independent directors.

Notification of Departure: There is no separate nomination committee.

Due to the size and nature of the Company, the full Board considers the matters and issues that would fall to the nomination committee. The Company has adopted a Nomination Charter setting out the Board processes to raise issues that would otherwise be considered by the nomination committee. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee.

CORPORATE GOVERNANCE STATEMENT (Cont)

The Board intends to reconsider the requirement for and benefits of a separate nomination committee as the Company's operations grow and evolve.

RECOMMENDATION PRINCIPAL 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Recommendation 3.3: Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Recommendation 3.4: Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Notification of Departure: Disclosures are not made with regard to Recommendations 3.3 and 3.4 above.

Due to the size and nature of the Company's business and given that the majority of operations and employment takes place in PNG, the Board considers that at this stage no benefits would be gained by making such disclosures.

The Board intends to reconsider the requirement for and benefits of these disclosures as the Company's operations grow and evolve.

RECOMMENDATION PRINCIPAL 4: SAFEGUARD INTEGRITY AND FINANCIAL REPORTING

Recommendation 4.1: The Company should establish an audit committee.

Recommendation 4.2: The audit committee should be structured so that it consists of non-executive directors who are a majority of independent directors.

Notification of Departure: There is no separate audit committee.

Due to the size and nature of the Company, the Board has not established an audit committee rather the full Board forms the audit committee. The Company has adopted an Audit Charter setting out the Board processes that would otherwise be considered by the audit committee. The Board considers that it is sufficient for the Board to assume the responsibilities that are ordinarily assigned to an audit committee.

The Board intends to reconsider the requirement for and benefits of a separate audit committee as the Company's operations grow and evolve.

RECOMMENDATION PRINCIPAL 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The Company should establish a remuneration committee.

Recommendation 8.2: The remuneration committee should be structured so that it consists of non-executive directors who are a majority of independent directors.

Notification of Departure: There is no separate remuneration committee.

Due to the size and nature of the Company, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate that it set aside time at Board meetings to address matters that would normally fall to the remuneration committee. The Company has adopted a Remuneration Charter setting out the Board processes that would otherwise be considered by the remuneration committee.

In addition all matters of remuneration will continue to be determined in accordance with the Corporations Act requirements, especially in relation to related party transactions.

CORPORATE GOVERNANCE STATEMENT (Cont)

That is, no Director will participate in deliberations regarding their own remuneration or related issues.

Recommendation 8.3: The structure of non-executive directors' remuneration from that of executive director and senior management remuneration should be clearly distinguished.

Notification of Departure: Guidelines for non-executive director remuneration state that non-executive directors should not normally participate in schemes designed for the remuneration of executives and non-executive directors should not receive options or bonus payments. The Company's non-executive directors are eligible to participate in the Company's long term incentive plan. The Board considers that this is a necessary motivation to attract the highest calibre candidates to the Board at this stage in the Company's operations. The Company currently has two non-executive directors, neither of who participate in any company incentive or remuneration scheme.

The table below summarises the Company's compliance with the ASX Corporate Governance Council's Principles and Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1	Lay solid foundations for management and oversight		
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Board Charter	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	Board Charter, Board Performance Evaluation Policy, Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	Board Charter Remuneration Report	Yes
Principle 2	Structure the Board to add value		
2.1	A majority of the Board should be independent directors.	Board Charter	No
2.2	The chair should be an independent director.	Board Charter	No
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Board Charter	Yes
2.4	The Board should establish a nomination committee.	Nomination charter	No
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	Board Performance Evaluation Policy	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.		Yes
Principle 3	Promote ethical and responsible decision-making		
3.1	Establish a code of conduct and disclose the code or a summary as to:	Directors and executive officers code of conduct Employee code of conduct	Yes
	<ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity; 		
	<ul style="list-style-type: none"> the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and 		
	<ul style="list-style-type: none"> the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 		

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Principle 3	Promote ethical and responsible decision-making (cont)		
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to access annually both the objectives and progress in achieving them.	Diversity Policy	Yes
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Diversity Policy	No
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Diversity Policy	No
3.5	Provide the information indicated in the Guide to reporting on principle 3.	Codes of conduct	Yes
Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 4	Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	Audit charter	Yes
4.2	The audit committee should be structured so that it:		No
	• consists only of non-executive directors;		
	• consists of a majority of independent directors;		
	• is chaired by an independent chair, who is not chair of the Board; and		
	• has at least three members.		
4.3	The audit committee should have a formal charter	Audit charter	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	Audit charter	Yes
Principle 5	Make timely and balanced disclosure		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	ASX Disclosure policy Shareholder communication policy	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	ASX Disclosure policy Shareholder communication policy	Yes
Principle 6	Respect the rights of shareholders		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	ASX Disclosure policy Shareholder communication policy	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	ASX Disclosure policy Shareholder communication policy	Yes
Principle 7	Recognise and manage risk		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Risk management policy Audit charter	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Risk management policy Audit charter	Yes

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Principle 7	Recognise and manage risk (cont)		
7.3	The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Risk management policy Audit charter	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	Risk management policy Audit charter	Yes
Principle 8	Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee.	Remuneration charter	No
8.2	The remuneration committee should be structured so that it:		
	<ul style="list-style-type: none"> consists of a majority of independent directors is chaired by an independent chair has at least three members 		
8.3	Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives.	Remuneration charter Remuneration Report	Yes
8.4	Provide the information indicated in the Guide to reporting on principle 8.	Remuneration charter	Yes

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

JORC 2012 Table 1 declaration

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (e.g. 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.</i>	The Nicolson's deposit has been sampled predominantly by RC and minor historical RAB about the Nicolson's open pit area. The Wagtails and Rowdies deposits were sampled mainly by RC with follow-up aircore. Holes were sampled on 1 m increments, or 3 m increments above the known mineralisation. Anomalous intercepts from the 3 m increments were re-split into 3 1 m increments.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Measures taken to ensure sample representivity include the presence of a geologist at the rig whilst drilling, cleaning of the splitter at the end of every 3 m drill string, confirmation that drill depths match the accompanying sample interval with the drilling crew and the use of duplicate and lab/blank standards in the drilling programme.
	<i>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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.</i>	RC and aircore drilling was used to obtain 1 m samples from which 2 - 3 kg was crushed and sub-split to yield 250 for pulverisation and then a 40 g aliquot for fire assay. Upper portions of deeper holes were composited to 3m sample intervals and sub-split to 1 m intervals for further assay if an anomalous composite assay result was returned. For later drilling programmes all intervals were assayed.
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.</i>	RC drilling was completed with several rigs. All RC rigs used face sampling hammers with bit size of 140 – 146mm. Historical holes used a 130 mm bit size). Aircore drilling was completed by the RC rig with an aircore bit assembly. RAB drilling (20 holes only in the Nicolson's pit area) is historical and details are unknown. HQ triple tube Diamond drilling was conducted for geotechnical and metallurgical data and does not form part of the resource estimate. Diamond holes were oriented using a Reflex orientation tool. Diamond holes were geologically and geotechnically logged.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	All holes were logged at the rig by a geologist. Recovery and sample quality were visually observed and recorded. Recovery for older (pre Bulletin) holes is unknown.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples</i>	All drilling was completed within rig capabilities. Rigs used auxiliary air boosters when appropriate to maintain sample quality and representivity. Where aircore drilling could not provide sufficient penetration an RC drilling set-up was used.
	<i>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.</i>	There is no known relationship between recovery and grade. Diamond drilling of oxide and transitional material noted high core loss in mineralised zones. No core loss was noted in fresh material.
Logging	<i>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.</i>	Geological logging parameters include: depth from, depth to, condition, weathering, oxidation, lithology, texture, colour, alteration style, alteration intensity, alteration mineralogy, sulphide content and composition, quartz content, veining, and general comments. Geotechnical logging of diamond holes included the recording of recovery, RQD, structure type, dip, dip direction, alpha and beta

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Criteria	JORC Code explanation	Commentary
		angles, shape, roughness and fill material of fractures
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	All drill chips were logged on 1 m increments, the minimum sample size. A subset of all chip samples is kept on site for reference. Diamond drilling was logged to geological boundaries. Core was photographed wet and dry. All mineralised core intervals were consumed in geotechnical and metallurgical testing.
	<i>The total length and percentage of the relevant intersections logged.</i>	All drilling has been logged apart from diamond drill pre-collars.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Core samples were consumed in entirety for geotechnical and metallurgical purposes and not used for geological grade estimation.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	RC drill chip samples were collected with either a three-tier, rotary or stationary cone splitter depending on the drill rig used. Aircore drill samples were subset using a 3 tier riffle splitter. Most (> 95%) of samples are recorded as being dry.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	All RC and aircore sample splitting was to 12.5 % of original sample size or 2 – 3 kg, typical of standard industry practice. Samples greater than 3 kg were split on site before submission to the laboratory.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	The cyclone and splitter were cleaned every rod string and more frequently when requested by the geologist. In the case of spear sampling for re-splitting purposes, several spears through the entirety of the drill spoil bag were taken in a systematic manner to minimise bias.
	<i>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.</i>	Duplicate samples were taken every 20 m from a second cut of the splitter in the case of a cone splitter, or from a reject split in the case of a riffle splitter. Certified standards were inserted into the sample batch at a rate of 1 in 20 throughout all drilling programmes.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Gold at Hall's Creek is fine- to medium-grained and a sample size of 2 – 3 kg is considered appropriate.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	The Bureau Veritas lab in Perth has ISO-9001 and ISO14001 certification. Gold assays are determined using fire assay with 40g charge and AAS finish. Other elements were assayed using acid digest with ICP-MS finish. The methods used approach total mineral consumption and are typical of industry standard practice.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	No geophysical logging of drilling was performed. This is not relevant to the style of mineralisation under exploration.
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established</i>	Lab standards, blanks and repeats are included as part of the QAQC system. In addition the laboratory had its own internal QAQC comprising standards, blanks and duplicates. Sample preparation checks of pulverising at the laboratory include tests to check that the standards of 90% passing 75 micron is being achieved. Follow-up re-assaying is performed by the laboratory upon company request following review of assay data. Acceptable bias and precision is noted in results given the nature of the deposit and the level of classification. Early drilling shows a pronounced negative bias with several of the external certified standards.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Significant intersections are noted in logging and checked with assay results by company personnel. Some significant intersections have been resampled and assayed to validate results. Diamond drilling confirms the width of the mineralised intersections.
	<i>The use of twinned holes.</i>	Twin holes are limited to a few diamond holes for geotechnical and metallurgical purposes. Detailed assaying of the twin intervals was not completed as the core was consumed for geotechnical and metallurgical purposes
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	All primary data is logged on paper and later entered into the database. Data is visually checked for errors before being sent to an external database manager for further validation and uploaded into an offsite database. Hard copies of original drill logs are kept both onsite and in the Perth office.
	<i>Discuss any adjustment to assay data.</i>	No adjustments have been made to assay data.
Location of data points	<i>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.</i>	Drilling is surveyed using DGPS with accuracy of $\pm 0.3\text{m}$. Downhole surveys are conducted during drilling using single shot cameras at 10 m then every 30 m thereafter. Later drilling was downhole surveyed using a Reflex survey tool. Mine workings (open pits) were surveyed by external surveyors using RTK survey equipment. A subset of historical holes was surveyed to validate collar coordinates.
	<i>Specification of the grid system used.</i>	The project lies in MGA 94, zone 52. Local coordinates are derived by conversion: $\text{GDA94_EAST} = \text{NIC_EAST} * 0.9983364 + \text{NIC_NORTH} * 0.05607807 + 315269.176$ $\text{GDA94_NORTH} = \text{NIC_EAST} * (-0.05607807) + \text{NIC_NORTH} * 0.9983364 + 7944798.421$ $\text{GDA94_RL} = \text{NIC_RL} + 101.799$
	<i>Quality and adequacy of topographic control.</i>	Topographic control uses DGPS collar pickups and external survey RTK data and is considered adequate for use.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Drill hole spacing at Nicolson's is generally between 10 m by 10 m and 30 m x 30 m in the upper areas of the deposits and extends to 50 m x 50 m at depths greater than 200 m. The drill spacing at Wagtail and Rowdies is generally 20 m x 20 m with some areas of 10 m x 20 m infill.
	<i>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.</i>	The Competent Person is of the view that the drill spacing, geological interpretation and grade continuity of the data supports the resource categories assigned.
	<i>Whether sample compositing has been applied.</i>	Sample compositing to 3 m occurred in holes above predicted mineralised zones. Composite samples were re-assayed in their 1 m increments if initial assay results were anomalous.
Orientation of data in relation to geological structure	<p><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></p> <p><i>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.</i></p>	Drilling is predominantly at 270° to local grid at a dip of -60° . Local structures strike north-south on the local grid and dip at 60°E . No bias of sampling is believed to exist through the drilling orientation.
Sample security	<i>The measures taken to ensure sample security</i>	The chain of custody is managed by Bulletin employees. Samples are stored on site and delivered in bulk bags to the lab in Perth. Samples are tracked during shipping.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Criteria	JORC Code explanation	Commentary
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data</i>	A review of the resource was carried out by an independent consultancy firm as part of the reserve estimate. No significant issues were noted.

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<i>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.</i>	Tenements containing Resources and Reserves are 100% held by Bulletin. They are: M80/343, M80/355, M80/359, M80/362, M80/503 and M80/471. The tenements lie on a pastoral lease with access and mining agreements and predate native title claims.
	<i>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</i>	The tenements are in good standing and no known impediments exist.
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	The deposits were discovered by prospectors in the early 1990s. After an 8,500 m RC program, Precious Metals Australia mined 23 kt at an estimated 7.7g/t Au from Nicolson's Pit in 1995/96 before ceasing the operation. Rewah mined the Wagtail and Rowdy pits (5 koz at 2.7g/t Au) in 2002/3 before Terra Gold Mines (TGM) acquired the project, carried out 12,000 m of RC drilling and produced a 100 koz resource estimate. GBS Gold acquired TGM and drilled 4,000 m before being placed in administration. Review of available reports show work to follow acceptable to standard industry practices.
<i>Geology</i>	<i>Deposit type, geological setting and style of mineralisation</i>	<p>Gold mineralization in the Nicolson's Find area is structurally controlled within the 400 m wide NNE trending dextral strike slip Nicolson's Find Shear Zone (NFSZ) and is hosted within folded and metamorphosed turbiditic greywackes, felsic volcanics, mafic volcanics and laminated siltstones and mudstones. This zone forms part of a regional NE-trending strike slip fault system developed across the Halls Creek Orogen (HCO).</p> <p>The NFSZ comprises a NNE-trending anastomosing system of brittle-ductile shears, characterised by a predominantly dextral sense of movement. The principal shear structures trend NNE to N-S and are linked by NW, and to a lesser extent, by NE shears. Individual shears extend up to 500m along strike and overprint the earlier folding and penetrative cleavage of the HCO.</p> <p>The overall geometry of the system is characterized by right step-overs and bends/jogs in the shear traces, reflecting refraction of the shears about the granite contact. Within this system, the NW-striking shears are interpreted as compressional structures and the NE-striking shears formed within extensional windows.</p> <p>Mineralization is primarily focussed along NNE trending anastomosing systems of NNE-SSW, NW-SE and NE-SW oriented shears and splays. The NNE shears dip moderately to the east, while the NW set dips moderately to steeply to the NE. Both sets display variations in dip, with flattening and steepening which result in a complex pattern of shear intersections..</p> <p>Mineralisation is strongly correlated with discontinuous quartz veining and with Fe-Si-K alteration halos developed in the wall rocks to the veins. The NE shears are associated with</p>

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Criteria	JORC Code explanation	Commentary
		<p>broad zones of silicification and thicker quartz veining (typically white, massive quartz with less fracturing and brecciation); however, these are typically poorly mineralized. The NW-trending shears are mineralized, with the lodes most likely related to high fluid pressures with over-pressuring and failure leading to vein formation. Although the NE structures formed within the same shear system, the quartz veining is of a different generation to the mineralized veins. Individual shears within the system display an increase in strain towards their centres and comprise an anastomosing shear fabric reminiscent of the pattern on a larger scale. (Adapted from Robertson(2003))</p>
Drill hole Information	<p>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</p> <ul style="list-style-type: none"> o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o hole length <p>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.</p>	<p>Table 1 and Figures 1 - 3 summarise all drilling used in the resource estimation. Drillholes used in the Nicolson's Resource estimate included 242 RC and 20 RAB holes for a total of 1,338m within the resource wireframes. Rowdies drilling included 36 RC and 2 aircore holes (AC) for a total of 241 m of intersection within the resource wireframes. Wagtail North comprised 84 RC and 6 AC holes for 553 m of intersection with the resource wireframes. Wagtail South comprised 23 RC and 20 AC holes for 203 m of intersection within the resource wireframes.</p>
Data aggregation methods	<p>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</p>	<p>Drill results as reported are composited intersections within the interpreted mineralisation wireframes which form the basis of the resource. Intercepts are composited from 1 m sample increments and no weighting other than length is applied. The Lower cut-off grade is a nominal 0.5g/t Au with a minimum 2m downhole length above 200 mRL and a nominal 1.0g/t Au with a 1 m minimum downhole length below 200 mRL. Top cuts for Nicolson's lodes were 40 g/t and 45g/t Au for different domains dependent upon the lode grade distribution. Rowdies, Wagtail North and Wagtail South had top cuts of 20g/t, 45g/t and 50g/t Au respectively.</p>
	<p>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.</p>	<p>All sample intervals within the interpreted wireframe shells were used in the grade estimation.</p>
	<p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<p>No metal equivalent values are used.</p>
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down hole lengths are reported, there should be a</p>	<p>Drilling is predominantly at 270° to local grid at a dip of -60°. Local structures strike 0° to the local grid and dip at 60°E (i.e. having a 60° intersection angle to lode structures). Deeper holes have some drillhole deviation which decreases or increases the intersection angle, but not to a significant extent. Downhole lengths are reported and true widths are approximately 60 – 90% of down-hole length.</p>

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Criteria	JORC Code explanation	Commentary
	<i>clear statement to this effect (e.g. 'down hole length, true width not known').</i>	
<i>Diagrams</i>	<i>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.</i>	See Figures 1 – 3.
<i>Balanced reporting</i>	<i>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.</i>	All drillhole intercepts comprising the resource are reported in Table 1.
<i>Other substantive exploration data</i>	<i>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.</i>	Groundwater is largely confined to fault structures, typical of fracture rock systems with low yields and able to be controlled with air pressure while drilling. Metallurgical and geotechnical work studies have been completed as part of feasibility studies in support of ore reserves with no significant issues noted. No significant deleterious substances have been noted.
<i>Further work</i>	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Lateral step outs and infill diamond drilling are potential further work programs which have been planned at Nicolson's Find and nearby deposits.

Section 3: Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Commentary
<i>Database integrity</i>	<i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i>	Data input has been governed by lookup tables and programmed import of assay data from lab into database. The database has been checked against the original assay certificates and survey records for completeness and accuracy.
	<i>Data validation procedures used.</i>	Data was validated by the geologist after input. Data validation checks were carried out by an external database manager in liaison with Bulletin personnel. The database was further validated by external resource consultants prior to resource modelling.
<i>Site visits</i>	<i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> <i>If no site visits have been undertaken indicate why this is the case.</i>	The Competent Person has visited site and has confirmed drilling and mining locations; drill programmes were devised from this visit.
<i>Geological interpretation</i>	<i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i>	Confidence in the geological interpretation is generally proportional to the drill density. Surface mapping confirms some of the orientation data for the main mineralised structures.
	<i>Nature of the data used and of any assumptions made.</i>	Data used for the geological interpretation includes surface and trench mapping and drill logging data.
	<i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i>	An alternative interpretation (steeper lodes) of deeper portions of the deposit was modelled and provides no material change to the resource estimate. In general the interpretation of the mineralised structures is clear.
	<i>The use of geology in guiding and controlling Mineral Resource estimation.</i>	Geological interpretation of the data was used as a basis for the lodes which were then

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Criteria	JORC Code explanation	Commentary
		constrained by cut-off grades.
	<i>The factors affecting continuity both of grade and geology.</i>	Geology and grade continuity is constrained by quartz veining within the NFSZ and by parallel structures for the other prospects.
Dimensions	<i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i>	Refer to Figures 1 - 3
Estimation and modelling techniques	<i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i>	Separate block models were generated for Nicolson's, Rowdies and Wagtail North and South. Individual mineralised structures were domained separately. Models contain grade estimates and attributes for blocks within each domain only. Ordinary Kriging (OK) using Surpac software was used to generate the resource estimates. Variography of gold grades from drilling data provides a maximum grade continuity of 50 m down plane plunge, 20 m perpendicular to plunge and 5 m across plunge for Nicolson's Find; 90 m down plunge, 55 m perpendicular to plunge and 5 m across plunge for Nicolson's South and 20.5m down plunge, 14.5 m perpendicular to plunge and 12, across plane for Wagtail South. Rowdies and Wagtail North have a strike-dip control on mineralisation. Rowdies grade continuity was 60 m down-dip, 50 m along strike and 4 m across the plane. Wagtail North parameters were 50 m along strike, 30 m down-dip and 4 m across the plane.
	<i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i>	A number of resource estimates by Bulletin's consultants, Optiro have been generated with previous resource estimates reconciled to later upgrades. Reconciliation of the Nicolson's open pit resource model with mine records provides a difference of -6% in tonnes, +15% in grade and +9% in gold metal compared to the resource model; however, the open pit area is only a small proportion of the current resource extents. Production figures from Rowdies and Wagtails are low in confidence and have not reconciled to the resource model.
	<i>The assumptions made regarding recovery of by-products.</i>	By products are not included in the resource estimate.
	<i>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</i>	No deleterious elements exist or have been estimated.
	<i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i>	Models were interpolated with a block model cell size of 10 mN x 5 mE x 5 mRL, with sub-celling for volume representation only to 0.3 m. Estimation used 4 passes at Nicolson's and 3 passes elsewhere. At Nicolson's Find, the 1 st pass used a search radius of 50 m with a minimum of 8 and maximum of 32 samples. Nicolson's South estimation used a 90m radius for the 1 st pass with a minimum of 4 and maximum of 12 samples. The search radius was increased by 1.5 for second pass and the minimum number of samples was decreased to 4 for the 3 rd pass. The search radius was increased by a factor of 3 and the minimum number of samples decreased to 1 for the 4 th pass at Nicolson's.
	<i>Any assumptions behind modelling of selective mining units.</i>	The size of the blocks was determined by Kriging Neighbourhood Analysis in conjunction with the assumption of a relatively selective mining approach for both open pit and underground operations.
	<i>Any assumptions about correlation</i>	Only gold has been estimated.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Criteria	JORC Code explanation	Commentary
	<i>between variables.</i>	
	<i>Description of how the geological interpretation was used to control the resource estimates.</i>	Geological interpretation constrained initial resource wireframes; these were oriented along trends of grade continuity and were constrained further by cut-off grades.
	<i>Discussion of basis for using or not using grade cutting or capping.</i>	Grade distribution statistics were used to generate top cuts, along with the analysis of distribution graphs and disintegration analysis.
	<i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i>	Models were validated visually and by statistical comparison to input data both on a whole-of-domain and on a sectional basis using continuity or swathe plots.
Moisture	<i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content</i>	Tonnage was estimated on a dry basis.
Cut-off parameters	<i>The basis of the adopted cut-off grade(s) or quality parameters applied</i>	Cut-off grades for reporting were based on notional mining cut-off grades for open pit (0.6 g/t Au) and underground operations (3 g/t Au).
Mining factors or assumptions	<i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i>	An optimised pit shell was used to constrain material described as open pit with material outside this shell assigned to a potential underground operation. The minimum downhole intersection width of 2m for material above 200m and 1 m below 200m is considered to represent minimum mining widths for selective open pit and underground operations respectively.
Metallurgical factors or assumptions	<i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i>	Metallurgical testwork has shown acceptable (> 95%) gold recovery using CIP technology. No factors from the metallurgy have been applied to the estimates.
Environmental factors or assumptions	<i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i>	The deposits are on granted mining leases with existing mining disturbance and infrastructure present.
Bulk density	<i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and</i>	Bulk density measurements of ore were calculated from drill core using the water displacement method and data from historical mining. Pit data provided 29 samples and drilling provided 91 samples.

PACIFIC NIUGINI LIMITED AND CONTROLLED ENTITIES

ABN 30 003 207 467

Criteria	JORC Code explanation	Commentary
	<p>representativeness of the samples.</p> <p>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.</p> <p>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</p>	<p>Bulk density estimates used were: Oxide All: 2.0 t/m³ Transitional All: 2.4t/m³ Fresh Rowdies and Wagtails: 2.7t/m³ Fresh Nicolson's: 2.9t/m³</p>
Classification	The basis for the classification of the Mineral Resources into varying confidence categories.	Indicated material is defined where geology and grade continuity was evident and supported by drill spacing of less than 30 m by 30 m with at least 2 intercepts in the quartz lode. Inferred material is defined where lodes are supported by less than 3 holes and drill spacing was greater than 30m x 30m.
	Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	Input data is considered sufficiently comprehensive for the level of confidence assigned to the resource estimate by the Competent Person.
	Whether the result appropriately reflects the Competent Person's view of the deposit.	The estimate appropriately reflects the view of the Competent Person.
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates	An audit of the estimate was carried out by an independent consultant. No significant issues were noted.
Discussion of relative accuracy/ confidence	Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.	The relative accuracy of the Mineral resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code.
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	The statement reflects local estimates at the block size.
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	The resource model produced a 9% oz Au undercall against recorded production for the Nicolson's Find pit. This amount is considered to be within acceptable limits for the classification of the resource. Moreover, the open pit mining represents a small fraction of the existing resource area.