



## PROSPECTUS

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### PACIFIC NIUGINI LIMITED

**ACN 003 207 467**

For a non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.05 per Share with one (1) attaching option for every two (2) shares issued with an exercise price of \$0.06 per share (**Entitlement Offer**), and an offer of any entitlements issue shortfall (**Shortfall**) (the **Offers**).

The Offers will raise approximately \$4,905,674 (assuming maximum subscription based on the total number of Shares on issue as at the date of this Prospectus and assuming no Options are exercised, or Performance Rights or Convertible Notes convert, prior to the Record Date).

### LEAD MANAGER

**GMP Securities Australia Pty Limited**

### IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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## 1. CHAIRMAN'S LETTER

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Dear Shareholders

### Entitlement Issue Offer

This Prospectus outlines the details of a pro-rata non-renounceable entitlement offer to Shareholders of Pacific Niugini Ltd (**Company**) on the basis of one (1) Share for every four (4) Shares held by those shareholders registered at the Record Date at an issue price of \$0.05 per Share to raise approximately \$4,905,674 (before costs of the issue). The Offer includes one attaching two year option for every two (2) shares subscribed for, with an exercise price of \$0.06.

Proceeds of the Entitlement Offer and Shortfall Offer will be applied to development activity at the Nicolson's Gold Mine and enhance the Company's balance sheet as we move towards first gold production. See section 7.1 for details of the intended use of proceeds raised from the entitlement offer (which assumes maximum subscription).

This Prospectus and personalised Entitlement and Acceptance Form should be read carefully and in their entirety before deciding whether or not to participate in the Offer. In particular Eligible Shareholders should consider the key risk factors outlined in this Prospectus. Eligible Shareholders can, in addition to their Entitlement, also apply for Shortfall Securities regardless of the size of their present holding and other investors can apply for Shortfall Securities after the Closing Date.

On behalf of your Board, I invite you to consider this investment opportunity to participate in the Company's growth and exciting transition from developer to producer, with first gold production at the Nicolson's Gold Mine anticipated in late 2015.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Cook', is positioned above the printed name.

Peter Cook

## 2. CORPORATE DIRECTORY

<b>Directors</b> Peter Gerard Cook (Non-Executive Chairman) Paul Mathew Cmrlec (Managing Director) David Miringtoro Osikore (Non-Executive Director)	<b>Lead Manager</b> GMP Securities Australia Pty Limited Level 9, 190 St Georges terrace PERTH WA 6000
<b>Company Secretary</b> David Walter Okeby	<b>Solicitors</b> Bennett + Co Ground Floor, BGC Centre 28 The Esplanade Perth WA 6000
<b>Registered Office</b> Level 3 18-32 Parliament Place WEST PERTH, WA, AUSTRALIA, 6005 <b>Telephone</b> + 61 (8) 9215 6005 <b>Facsimile</b> +61 (8) 9220 5757	<b>Share Registry</b> Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace PERTH WA 6000  Telephone (within Australia) 1300 850 505 Phone (outside Australia) +61 3 9415 4000
<b>Email</b> admin@niugini.com.au <b>Website</b> <a href="http://www.niugini.com.au">www.niugini.com.au</a> <b>ASX Code</b> PNR	<b>Auditor*</b> Somes Cooke Level 2, 35 Outram Street WEST PERTH WA 6872 Telephone +61 8 9426 4500 Facsimile +61 8 9481 5645

\* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

### **3. IMPORTANT NOTES**

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This Prospectus is dated 14 July 2015 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been given to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### **3.1 Risk factors**

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors investors should be aware of are set out in section 5 and a detailed overview of risk factors is set out in section 9 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

#### **3.2 Forward-looking statements**

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in

this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 9 of this Prospectus.

### **3.3 Foreign Shareholders**

The Entitlements Issue Offer to which this Prospectus relates is only available to Shareholders with registered addresses in Australia and New Zealand. This Prospectus does not constitute an invitation or offer to persons with registered addresses outside Australia and New Zealand.

### **3.4 Rounding**

Fractional entitlements will be rounded up to the nearest whole number. All references to numbers of Securities to be issued pursuant to this Prospectus are expressed subject to rounding.

#### 4. TIMETABLE

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Lodgement of Prospectus with the ASIC	Tuesday, 14 July 2015
Lodgement of Prospectus and Appendix 3B with ASX	Tuesday, 14 July 2015
Notice sent to Optionholders	Wednesday, 15 July 2015
Notice sent to Shareholders	Thursday, 16 July 2015
Ex date	Friday, 17 July 2015
Record Date for determining Entitlements	Tuesday, 21 July 2015
Prospectus sent out to Shareholders & Company announces this has been completed	Friday, 24 July 2015
Last day Company can extend Closing Date	Tuesday, 4 August 2015
Closing Date*	Friday, 7 August 2015
Securities quoted on a deferred settlement basis*	Monday, 10 August 2015
ASX notified of under subscriptions	Wednesday, 12 August 2015
Issue date/Securities entered into Shareholders' security holdings*	Friday, 14 August 2015
Official Quotation of Securities issued under the Offer*	Friday, 14 August 2015
Dispatch of holding statements*	Monday, 17 August 2015

\* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

## 5. KEY INVESTMENT HIGHLIGHTS AND INVESTMENT RISKS

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### 5.1 Key Investment Highlights

- Pacific Niugini has re-developed the Nicolsons Gold Mine and CIP processing plant near Halls Creek in Western Australia. The mine has all required approvals and infrastructure in place and underground mining operations are underway.
- The Nicolsons Gold Mine is one of few new gold mine developments underway in Australia, with first gold production expected in August 2015 and full production expected before the end of 2015. An initial 4 year mine production plan is in place with exploration planned to seek to increase the current gold resource.
- Production plant with 150,000 tonne per annum name plate capacity, and option for expansion to approximately 200,000 tonnes per annum.
- Diamond drilling during 2014 produced very high grade intercepts including **1.2m @ 103.0 g/t, 3m @ 20.4g/t and 3.4m @ 13.2 g/t and 2.0m @ 43.4 g/t** (ref ASX releases 16/9/2015 and 23/9/2015), demonstrating potential for very high grade zones resulting in the potential for increased production. Mineralisation occurs over a strike length of approximately 700m and is open at depth and along strike.
- The Nicolsons resource is only drilled to approximately 300m below surface, with high grade results at the base of drilling. Drilling results show the resource to be open along strike and at depth, and Pacific Niugini intends to undertake exploration drilling from underground platforms to seek to extend the resource and life of the mine.
- Additional JORC resources defined within 2km of Nicolsons at Wagtail and Rowdies deposits provide potential for additional mine feed.<sup>1</sup> A pipeline of exploration projects exist within current mining and exploration tenements with a number of immediate drilling targets.
- Pacific Niugini has retained 100% ownership of the exciting Garaina exploration project in Papua New Guinea, following termination of a joint venture arrangement with MGL Limited. The Garaina project has potential for discovery of large gold and copper-gold deposits with extensive geophysical, geochemical, and drilling data supporting the possible existence of a significant mineralised system. Pacific Niugini considers the project to hold considerable potential future value, and has entered into confidentiality agreements with several international and Australian companies with respect to potential joint venture arrangements to progress the project's development.

<sup>1</sup> See Halls Creek Gold Project resource update released to ASX on 20/5/2014 and JORC tables released to ASX on 27/7/2014 with Quarterly Report for June 2014 quarter, incorporated by reference in this Prospectus pursuant to s712 of the Corporations Act (see section 10.3).

### 5.2 Key Investment Risks

- Mining at the Nicolsons Gold Mine is by underground methods which carry a number of risks which could affect the production or gold bearing ores. In particular, geotechnical risks could impact the overall mine plan, and zones of poor ground conditions have been encountered during the initial development of the mine. The existing processing plant has been extensively



refurbished during the mine construction, but is yet to be fully tested and commissioned, and unforeseen operational issues could arise.

- The development of Nicolson's Gold Mine has been funded through a gold pre-payment facility with the Commonwealth Bank of Australia (CBA). The facility contains banking covenants which are common in similar financing packages, but could result in the Company being in breach of its agreements with CBA if production and revenue requirements are not met. CBA holds first ranking security over the project.
- Gold resources and reserves are based on exploration data and modelling, and rely on the judgement of the qualified person producing the estimates. There is no guarantee that the estimated resources and reserves will be realised through mining.
- Exploration is speculative in nature, and there is no guarantee that additional exploration expenditure will result in expansion of existing known resources on the Company's projects.
- Operations in Papua New Guinea hold a number of additional risks compared with operations in Australia. Section 9 expands on Papua New Guinea risks. There is no guarantee that the Company will secure a new joint venture partner at Garaina in order to progress the project without substantial additional expenditure by the Company.

## 6. DETAILS OF THE OFFER

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### 6.1 The Entitlement Issue Offer

The Entitlement Issue Offer is being made as a non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by Shareholders registered at the Record Date at an issue price of \$0.05 per Share with one (1) attaching Option for every two (2) Shares subscribed for with an exercise price of \$0.06 per share and an expiry date two years after the date of issue. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus (and assuming no Options are exercised, or Performance Rights or Convertible Notes converted, prior to the Record Date), a maximum of 98,113,481 Shares and 49,056,741 Options will be issued pursuant to this Offer to raise up to approximately \$4,905,674.

As at the date of this Prospectus the Company has 6,650,000 Options on issue. Existing holders of Options must exercise their Options prior to the Record Date in order to participate in the Entitlement Issue Offer. Please refer to section 7.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 8 for further information regarding the rights and liabilities attaching to the Shares and the attaching Options.

The Entitlement Issue Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

The purpose of the Offers and the intended use of funds raised are set out in section 7.1 of this Prospectus.

### 6.2 Acceptance

Eligible Shareholders may participate in the Entitlement Issue Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form and attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
  - (ii) if paying by BPAY®, make a BPAY® payment in respect of your full Entitlement by following the instructions on the Entitlement and Acceptance Form (refer to section 6.4 for further details); or
- (b) if you wish to accept your **full** Entitlement and apply for additional Shares from the Shortfall:
  - (i) fill in the number of Shortfall Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form and attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency for the appropriate application monies (at \$0.05 per Share); or
  - (ii) if paying by BPAY®, make a BPAY® payment in respect of both your Entitlement and the additional number of Shortfall Shares that

you wish to take up by following the instructions on the Entitlement and Acceptance Form (refer to section 6.4 for further details); or

- (c) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.05 per Share); or
  - (ii) if paying by BPAY®, make a BPAY® payment in respect of the portion of your Entitlement that you wish to take up by following the instructions on the Entitlement and Acceptance Form (refer to section 6.4 for further details); or
- (d) if you do not wish to accept your Entitlement, you are not obliged to do anything.

The Entitlement Issue Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

### 6.3 Payment by cheque/bank draft

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed “Not Negotiable” and made payable to “Pacific Niugini Ltd — Subscription Account” and lodged and received, at any time after the issue of this Prospectus and on or before 5:00pm (WST) on the Closing Date, at the Share Registry (by post) at:

By Post                      Pacific Niugini Ltd  
C/- Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne Victoria 3001

### 6.4 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 3.00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Shares will be refunded. No interest will be paid on any application monies received or refunded.

## **6.5 Minimum subscription**

There is no minimum subscription under the Offers.

## **6.6 Underwriting**

Peter Cook, the Company's Chairman, and entities associated with Mr Cook have partially underwritten the Offers in the amount of \$400,000 (inclusive of their Entitlement). Further details in relation to the underwriting are set out in section 10.5.

## **6.7 Shortfall Offer**

The Directors reserve the right to issue the Shortfall at their discretion.

Any Entitlement not taken up pursuant to the Entitlement Issue Offer will form part of the Shortfall Offer.

Eligible Shareholders may apply for additional Shares under the Shortfall Offer by completing the prescribed area on the Entitlement and Acceptance Form designated to the Shortfall and by paying the appropriate Application Monies or by paying additional monies by BPAY® in accordance with the instructions set out in the Entitlement and Acceptance Form.

Additionally, other investors who are not currently Shareholders who wish to participate in the Shortfall may apply for Shortfall Securities using the Shortfall Application Form by following the instructions set out on the Shortfall Application Form and paying the appropriate Application Monies.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months following the Closing Date. All Securities issued under the Shortfall Offer shall be issued on the same terms as Securities being offered under the Entitlement Issue Offer (including the issue price).

The Directors, reserve the right to determine the allocation of the Shortfall at their absolute discretion. As such there is no guarantee that subscribers will receive any additional Securities applied for under the Shortfall. The Directors reserve the right to issue to an Applicant a lesser number of Shortfall Securities than the number for which the Applicant applies, or to reject an Application, or to not proceed with placing the Shortfall. In that event, Application Monies will be refunded by the Company (without interest) in accordance with the provisions of the Corporations Act.

## **6.8 Lead Manager**

GMP Securities Australia Pty Limited (GMP Securities) has been appointed to act as Lead Manager to the Offers. Details of the fees payable to GMP Securities are set out in section 9.5.

## **6.9 Brokerage and Commission**

No brokerage or duty will be payable by Shareholders who take up their Entitlements or Shortfall.

## **6.10 ASX listing**

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant

to this Prospectus before the expiration of three (3) months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all Application Monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

#### **6.11 Issue**

Securities issued pursuant to the Entitlement Issue Offer will be issued in accordance with the ASX Listing Rules and the timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer may be issued on a progressive basis.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account.

Holding statements for Securities issued under the Entitlement Issue Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

#### **6.12 Overseas shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than New Zealand) having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

#### **6.13 Enquiries**

Any questions concerning the Offer should be directed to David Okeby, Company Secretary, on +61 (8) 9215 6005 or by email to [admin@niugini.com.au](mailto:admin@niugini.com.au).

## 7. PURPOSE AND EFFECT OF THE OFFERS

### 7.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$4,905,674 (assuming maximum subscription based on the total number of Shares on issue as at the date of this Prospectus and no Options are exercised, or Performance Rights or Convertible Notes convert, prior to the Record Date).

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1	Nicolsons mine development, in-mine exploration and mine working capital	3,000,000	61.2%
2	Halls Creek regional exploration	1,000,000	20.4%
3	Garaina (PNG) project development	250,000	5.1%
4	Expenses of the Offers	\$340,000	6.9%
5	Working capital and corporate costs	\$315,674	6.4%
	<b>Total</b>	<b>\$4,905,674</b>	<b>100%</b>

Notes:

1. Refer to section 10.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis. The Company's current cash resources and additional capital proposed to be raised by the Offer are sufficient to meet its current stated objectives.

The Company does not seek to raise a minimum amount under the Offers.

In the event that the Entitlement Issue Offer is not fully subscribed (and the Shortfall Offer is also not fully subscribed), the Company shall apply the proceeds of the Offers first towards the estimated expenses of the Offers, then towards the development of the Nicolsons Gold Mine with the balance (if any) applied towards general working capital. The Board reserves the rights to alter the priority in which funds raised are applied.

In the event that insufficient funds are raised to meet the expenses of the Offer, the Company intends to use its existing working capital to meet the expenses of the Offers.

### 7.2 Effect of the Offers

The principal effect of the Offers, assuming all Entitlements are accepted and no Options are exercised or Performance Rights or Convertible Notes convert prior to the Record Date, will be to:

- (a) increase the cash reserves by \$4,565,674 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 392,453,924 as at the date of this Prospectus to 490,567,405 Shares and Options on issue from 6,650,000 as at the date of this Prospectus to 55,706,740 Options (assuming no Options are exercised, or Performance Rights or Convertible Notes convert, prior to the Record Date).

### 7.3 Pro-forma statement of financial position

The audit reviewed statement of financial position as at 31 December 2014, the unaudited statement of financial position as at 31 May 2015 and the pro forma statement of financial position as at 31 May 2015 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma statement of financial position has been prepared assuming all Entitlements are accepted, no Options are exercised and no Performance Rights or Convertible Notes convert prior to the Record Date and including expenses of the Offer. It has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to financial statements.

	<b>AUDIT REVIEWED 31 December 2014</b>	<b>UNAUDITED 31 May 2015</b>	<b>PRO-FORMA 31 May 2015</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents <sup>1, 2</sup>	791,901	7,913,026	15,778,700
Trade and other receivables	195,263	645,760	645,760
Financial assets at fair value through profit or loss	17,308	17,308	17,308
Inventories	-	140,805	140,805
Other assets	17,218	108,906	108,906
<b>TOTAL CURRENT ASSETS</b>	<b>1,021,690</b>	<b>8,825,805</b>	<b>16,691,474</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2,059,467	7,116,225	7,116,225
Exploration and evaluation assets	9,989,967	10,284,789	10,284,789
Mine properties and development costs	528,157	2,615,153	2,615,153
<b>TOTAL NON-CURRENT ASSETS</b>	<b>12,577,591</b>	<b>20,016,167</b>	<b>20,016,167</b>

<b>TOTAL ASSETS</b>	<b>13,599,281</b>	<b>28,841,972</b>	<b>36,707,646</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	324,165	2,821,504	2,821,504
Provisions	42,003	73,057	73,057
Unearned income	-	2,676,363	2,676,363
<b>TOTAL CURRENT LIABILITIES</b>	<b>366,168</b>	<b>5,570,924</b>	<b>5,570,924</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	280,511	280,511	280,511
Provisions	18,537	18,968	18,968
Interest bearing loans and borrowings <sup>2</sup>	-	-	3,300,000
Unearned income	-	6,523,637	6,523,637
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>299,048</b>	<b>6,823,116</b>	<b>10,123,116</b>
<b>TOTAL LIABILITIES</b>	<b>665,216</b>	<b>12,394,040</b>	<b>15,694,040</b>
<b>NET ASSETS</b>	<b>12,934,065</b>	<b>16,447,932</b>	<b>21,013,606</b>
<b>EQUITY</b>			
Contributed equity <sup>3</sup>	136,030,386	139,851,807	144,417,481
Reserves	3,309,629	3,550,827	3,550,827
Accumulated losses	(126,405,947)	(126,954,702)	(126,954,702)
<b>TOTAL EQUITY</b>	<b>12,934,065</b>	<b>16,447,932</b>	<b>21,013,606</b>

#### Pro forma Adjustment Notes

- <sup>1</sup> Entitlement issue proceeds of \$4,905,674 less estimated expenses of the Offers being \$340,000 assuming maximum subscription and no Options are exercised, or Performance Rights or Convertible Notes converted, prior to the Record Date.
- <sup>2</sup> Convertible debt facility proceeds of \$3,300,000.
- <sup>3</sup> Entitlement issue of 98,113,481 fully paid ordinary shares issued at \$0.05 for a total of \$4,905,674 less issue costs of \$340,000.

## 7.4 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming all Entitlements are accepted and no Options or Performance Rights or Convertible Notes are exercised or convert prior to the Record Date and assuming the Lead Manager's fees are paid in cash, is set out below.



## Shares

	Number
Shares currently on issue	392,453,924
Shares offered pursuant to the Offers	98,113,481
<b>Total Shares on issue after completion of the Offers</b>	<b>490,567,405</b>

## Options

	Number
Unlisted Options exercisable at \$0.17 each on or before 7 March 2016 on issue	150,000
Unlisted Options exercisable at \$0.185 each on or before 30 May 2016 on issue	500,000
Unlisted Options exercisable at \$0.9 each on or before 21 November 2016 on issue	2,000,000
Unlisted Options exercisable at \$0.10 each on or before 30 June 2015 on issue	4,000,000
Options offered under the Offers	49,056,740
<b>Total Options on issue upon completion of the Offers</b>	<b>55,706,740</b>

## Performance Rights

	Number
Performance Rights expiring 21 November 2016 on issue	2,000,000
Performance Rights expiring 30 January 2017 on issue	2,500,000
<b>Total performance rights on issue after completion of the Offers</b>	<b>4,500,000</b>

## Convertible Notes

	Number
Convertible Notes with face value of \$1,000 each convertible at \$0.06 on or before 31 December 2017 <sup>1</sup>	3,300

<sup>1</sup> In the event of conversion of the Convertible Notes the holders are also entitled to 1 Option exercisable at \$0.06 per Share for every 2 Shares issued, or in the event the Convertible Notes are converted in the first 12 months after their issue, 1 Option for every 1 Share issued. Any Options issued to holders of Convertible Notes on conversion will have an expiry date of 2 years from their date of issue.

## **8. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

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### **8.1 Shares**

The following is a summary of the more significant rights and liabilities attached to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

#### **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one (1) vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one (1) vote for each Share held.

#### **Dividend rights**

Subject to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. The Directors may set aside any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the Company's profits may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and that provides for any dividend which the Directors may declare from time to time payable on shares which are participating shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

## **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the Company's property, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of shareholders.

## **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

## **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of, or failure to observe the provisions of, a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

## **Future increase in capital**

The issue of any new Shares is under the Directors' control. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

## **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by special resolution passed at a separate meeting of the holders of the shares of that class.

## **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at a general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## **8.2 Options**

The terms and conditions of the Options offered pursuant to this Prospectus are set out below.

### **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

### **Exercise Price**

The amount payable upon exercise of each Option will be \$0.06 (**Exercise Price**).

### **Expiry Date**

Each Option will expire at 5:00 pm (WST) two years after their issue date (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

### **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

### **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

### **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

### **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

### **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

### **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

### **Reconstruction of capital**

If at any time the issued capital of the Company is reorganised or reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation or reconstruction.

**Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

**Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## **9. RISK FACTORS**

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### **9.1 Introduction**

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **9.2 Investment Specific Risks**

#### **(a) Stock market fluctuations and economic conditions**

The Shares to be issued under this Prospectus will be quoted on the ASX. The price of Securities may rise or fall and there is no guarantee in respect of profitability, dividends, return of capital, or the price at which the Securities may trade on the ASX.

The value of the Securities will be determined by the stock market and will be subject to a range of factors beyond the control of the Company, and the Directors and officers of the Company. Such factors include, but are not limited to:

- (a) the demand for and availability of Shares;
- (b) movements in domestic interest rates;
- (c) exchange rates;
- (d) general and domestic economic activity; and
- (e) fluctuations in the Australian and international stock markets.

Returns from an investment from the Securities may also depend on general stock market conditions as well as the performance of the Company. There can be no guarantee that there will be an active market in the Securities.

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals which underpin the projected growth of the Company's target markets or its cost structure and profitability. Adverse changes in such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending and employment rates, amongst others, are out of the control of the Company and may result in material adverse impacts on the business or its operating results.

**(b) Dilution risk**

Upon completion of the Offers (assuming the Offers are fully subscribed) and no Options are exercised, and no Performance Rights or Convertible Notes convert, prior to the Record Date) the number of Shares in the Company will increase from 392,453,924 currently on issue to 490,567,405 and current Shareholders that do not participate in the Offer would have their holdings diluted by approximately 20%. In the event any Options are exercised (including Options issued pursuant to this Prospectus or on conversion of Convertible Notes) or any Performance Rights or Convertible Notes convert current Shareholders will be further diluted.

**(c) Liquidity of Securities**

There may be relatively few potential buyers or sellers of the Securities on the ASX at any time. This may increase the volatility of the price of the Securities. It may also affect the prevailing market price at which Shareholders are able to sell their Securities. This may result in a market price being received which is less than the price that Shareholders paid to acquire their Securities.

**(d) Taxation**

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of subscribing for Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

**9.3 Company Specific Risks**

**(a) Operations in Halls Creek**

The Company is currently developing its 80% owned Nicolsons Gold Mine near Halls Creek. The 20% owner of the project is Bulletin Resources Limited (**Bulletin**). The Company and Bulletin are operating as an unincorporated joint venture.

As of the date of this Prospectus, the Company owns 80% of the Nicolsons Gold Mine and both companies are contributing to development of the project in accordance with their equitable share. There is no guarantee that Bulletin will be able to continue funding their 20% share of the project.

To date the mine development has been funded using a gold pre-payment facility provided by the Commonwealth Bank of Australia (CBA). CBA holds various security rights over the project, the 100% owned operating subsidiary (Halls Creek Mining Pty Ltd), Pacific Niugini Limited and Bulletin Resources Limited. The Halls Creek Mining and Bulletin pre-payment facilities are separate and do not prejudice the rights of each other.

**(b) Development activity at Nicolsons Gold Mine**

The decline development at Nicolsons Gold Mine has traversed random and un-anticipated zones of poor quality, partially oxidized ground which

has resulted in slower than anticipated progress and additional cost to support. Based on current planning, and assuming that anticipated ground conditions are encountered, the Company expects to intersect first ore shortly and intends and intends to commence processing ore on a campaign basis in August 2015. Full production is expected to be achieved in late 2015.

This delay in accessing the first ore levels is likely to impact expected revenue from gold sales during the early months of operation. If the Company continues to experience difficult ground conditions, the Company may experience further delays and may require additional funding prior to self funding operations.

**(c) Finance Package with Commonwealth Bank of Australia**

The Company has a gold pre-pay facility with the CBA of an amount of 6,560 ounces of gold. The facility includes certain covenants including that the Company must maintain a minimum level of cash. Based on project development plans at the Nicolsons Gold Mine, and risk of future delays, there is the risk that the Company may breach covenants of the facility, in the absence of any further equity funding. If there is a breach of covenants, there is a risk that CBA will exercise its right to require repayment of the facility and enforce its security.

**(d) Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

**(e) Exploration success**

The continuing future profitability of the Company and the value of its securities are directly related to the results of exploration. The exploration tenements held by the Company are at various stages of exploration and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The Company's future exploration activities may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the Company's control.

The Company's success will also depend upon the Company having access to sufficient development capital, being able to maintain title to its



tenements and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful, this could lead to diminution in the value of the Company's tenements, a reduction in the cash reserves of the Company and possible relinquishment of tenements.

The Company's exploration costs are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may be materially different to these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

**(f) Resource estimates**

Any resource estimates that have been released by the Company now or will be released in the future will be expressions of judgement based on knowledge, experience and industry practice. Estimates which are valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretation, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

**(g) Gold operating and development risks**

The Company's ability to achieve any production, development, operating cost and capital expenditure estimates in a timely basis cannot be assured. The business of gold mining involves many risks and may be impacted by factors including ore tonnes, yield, input prices (some of which are unpredictable and beyond the Company's control), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, change in the regulatory environment and other unforeseen contingencies.

Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous chemicals), variation in geotechnical conditions, industrial accidents and occupational and health hazards. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or operator of a mine. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities in an area for which it was not responsible.

The risks outlined above also mean that there can be no assurances as to the ongoing mining operations of the company in relation to any of the Company's projects or which the Company may acquire in the future.

**(h) Gold price volatility**

If the Company achieves exploration success leading to gold production, the Company's financial performance will be sensitive to the spot gold price. The gold price is affected by numerous factors and events that are beyond the Company's control. These factors and events include general economic activity, world demand, forward selling activity, gold reserve

movements at central banks, cost of production by the gold producers and other matters such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar) as well as general global economic conditions and political trends.

If the gold price should fall below or remain below the Company's costs of production for any sustained period due to these or other factors and events, the Company's exploration and production could be delayed or even abandoned. A delay in exploration or production or the abandonment of one or more of the Company's projects may require the Company to write-down any gold reserves and may have a material adverse effect on the Company's production, earnings and financial position.

**(i) Infrastructure and transport**

As outlined above, the Company is not currently in production. If production does commence, the Company's ability to achieve production targets, receive goods and services and export products may be restricted by access to power networks, roads and other infrastructure.

**(j) Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the Company's strategic management depends substantially on its senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

**(k) Acquisition risk**

The Company's objectives include the pursuit of new projects in the resources sector, by way of acquisition or investment. The Directors will use their expertise and experience in the resources sector to assess the value of potential projects that have characteristics that are likely to provide returns to Shareholders. There can be no guarantee that any new project acquisition or investment will eventuate from these pursuits, or that any acquisitions will result in a return for Shareholders.

**(l) Operations in Papua New Guinea**

Some of the Company's projects are located in Papua New Guinea and the Company is subject to the risks associated with operating in that country, including various levels of political, economic, social and other risks and uncertainties.

These risks and uncertainties include but are not limited to the risk of civil unrest, terrorism, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits or contracts, illegal mining, changes in taxation policies, changing political conditions, currency inflation, currency controls and governmental regulations that favour or require minimum levels of ownership by Papua New Guinean residents.

Changes, if any, in mining or investment policies, or shifts in political attitude, in Papua New Guinea may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use claims of local people, water use and mine safety.

The Papua New Guinean government retains the right to take a 30% contributing ownership stake in mining projects in the country under the provisions of the Mining Act (1992).

Local land groups in Papua New Guinea are recognised as the owners of the land, and land use agreements are required prior to commencement of mining. Negotiation of such agreements can be both time consuming and expensive.

Failure by the company to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The Company's operations in Papua New Guinea may also be adversely affected by laws and policies of Australia affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with its operations in Papua New Guinea, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Australia or enforcing Australian judgements in foreign jurisdictions.

Papua New Guinea has reported risks for personal safety and security in various locales with high crime rates which could affect operations unless appropriately managed. The Australian Department of Foreign Affairs and Trade provide travel advice at <http://www.smarttraveller.gov.au>, and advise travellers to exercise a high degree of caution.

The Company has executed a number of confidentiality agreements with respect to potential partnerships in the Garaina Project following termination of an agreement with MGL Limited in 2015.

The Company's Bulolo project (including ML457 and EL1616) is the subject of an existing joint venture with PNG Forest products (**PNGFP**), and there is no guarantee that PNGFP will meet their obligations. The project has been the subject of negotiations with respect to possible divestment, and the Company may seek to divest ML457. If sold, the company would not receive future benefits from the project. The Company is taking steps to relinquish its interest in EL1616 in the near term.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investments and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Papua New Guinea, the Directors may reassess investment decisions and commitments to assets in Papua New Guinea.

## **9.4 Industry Specific Risks**

### **(a) Environmental**

The Company's operations and proposed activities in Australia and Papua New Guinea are subject to state and federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development

proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations will become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programs or mining activities.

**(b) Tenure risks and native title**

Interest in tenements in Australia is governed by the respective state legislation and is evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

**(c) Safety legislation**

Current and future mines are subject to a range of safety legislation which may change in a manner that may include requirements in addition to those now in effect, and a heightened degree of responsibility for companies and their directors and employees.

**(d) Industry and commodity cycles**

The demand for, and price of, metals is highly dependent on a variety of factors, including international supply and demand, actions taken by governments, and global economic and political developments. Adverse changes in market sentiment or conditions can and will impact the Company's ability to manage operating costs and have future sales meet

installed production capacity. These impacts could lead to a reduction in earnings and the carrying value of assets that are outside of the Company's control.

**(e) Impact of inflation on costs**

Higher than expected inflation rates generally, or specific to the mining industry in particular, could be expected to increase operating and development costs and potentially reduce the value of future project developments.

## **9.5 General Risks**

**(a) Investment risks**

As with any stock market investment, there are various risks associated with investing in the Company, specifically because of the nature of the Company's exploration business and the present stage of development of the Company's operations. Potential investors should consider whether the Securities offered under this Prospectus are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out in this section. Many of these risk factors are outside the Directors' control. Whilst some common risk factors are set out in this section, it is not possible to produce an exhaustive list. The Directors recommend that potential investors consult their professional advisers before deciding whether to apply for Securities.

**(b) Adverse changes to government policy and taxation**

Changes in relevant taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies, may have an adverse effect on the assets, operations and ultimately the Company's financial performance. These factors may ultimately affect the Company's financial performance and the market price of the Securities.

**(c) Insurance risks**

The Company's operations are insured in accordance with industry practice however in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or not fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

**(d) Claims, liability and litigation**

Although the Company is not currently involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company, the risk of litigation remains a general risk to the Company. The Company may incur costs in making payments to settle any such claims which may not be adequately covered by insurance or at all. Such payment may have an adverse impact on the Company's profitability and/or financial position.

**(e) Competition risk**

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operation and financial performance of the Company's projects and business.

**(f) Industrial action**

The Company is subject to the risk of industrial action and work stoppages by employees and contractors who provide services which are necessary for the continued operation of the Company's businesses.

**(g) Operating risks**

The operations of the Company may be affected by various factors including failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in extraction, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

**9.6 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities under this Prospectus.

## **10. ADDITIONAL INFORMATION**

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### **10.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### **10.2 Continuous disclosure obligations and documents available for inspection**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three (3) months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours. Copies of all documents released to ASX are also available on the ASX website at [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.niugini.com.au](http://www.niugini.com.au).

### 10.3 Documents incorporated in Prospectus

Details of documents released to ASX and lodged with ASIC since the date of lodgement of the Company's latest annual financial report and before the date of lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Document
14/07/2015	Pacific Niugini Raises \$3.3 Million in Convertible Notes Issue, Appendix 3B and Cleansing Notice
30/06/2015	Investor Presentation – June 2015
29/06/2015	Nicolsons Mine Project Update and Capital Raising
25/06/2015	Trading Halt
23/06/2015	Change of Share Registry Address
24/04/2015	Amended Appendix 5B
24/04/2015	Quarterly Activities Report
17/04/2015	Appendix 3B
26/03/2015	MGL Termination
24/03/2015	Progress Report - Operations Underway at Nicolsons
10/03/2015	Resignation of Joint Company Secretary
10/03/2015	Half Yearly Accounts
20/02/2015	BNR: Nicolsons Gold Project Funding Finalised
20/02/2015	Nicolsons Project Funding Completed & Operations Underway
19/02/2015	Trading Halt
11/02/2015	Change of Directors Interest Notice



11/02/2015	Change in substantial holding
9/02/2015	Ceasing to be a Substantial Holder for PNR
6/02/2015	Appendix 3B
6/02/2015	Change of Directors Interests Notices
2/02/2015	Rights Issue Results and Notice of Undersubscription
29/01/2015	Quarterly Activities Report & Appendix 5B - Dec 2014
28/01/2015	Investor Presentation - January 2015
27/01/2015	BNR: Final DMP Approval Received for Nicolsons
27/01/2015	PNR: Final Approvals for Nicolsons
19/01/2015	BNR: DMP Approvals for Nicolsons Gold Project
19/01/2015	DMP Approvals for Nicolsons Mine
19/01/2015	PNR: Progress Report
7/01/2015	Non-renounceable Rights Issue - Extension to Closing Date
9/12/2014	PNG Activities Update
8/12/2014	PNR: PNR agrees financing terms with Bulletin Resources
8/12/2014	BNR: Finance Heads of Agreement Executed for Nicolsons Pro
5/12/2014	Rights Issue Prospectus
5/12/2014	PNR Secures Gold Prepay Financing Proposal from CBA
04/12/2014	Amended Change of Director's Interest Notice
04/12/2014	Trading Halt
01/12/2014	Change of Director's Interest Notice
25/11/2014	Results of Annual General Meeting
20/11/2014	PNR Achieves 65% Ownership of Halls Creek Project
20/11/2014	BNR: Assigns 16% Interest in Nicolsons to PNR
18/11/2014	Change of Director's Interest Notice
11/11/2014	Investor Presentation - Proactive Investors
11/11/2014	Change of Director's Interest Notice
10/11/2014	BNR: Nicolsons Project Restart Estimate and Mine Reserve
10/11/2014	Re-start Estimate and Probable Reserve for Nicolsons Project

04/11/2014	Withdrawal of Force Majeure, Increased Project Ownership
04/11/2014	BNR: Withdrawal of Force Majeure
04/11/2014	Final Director's Interest Notice
31/10/2014	Changes to Management and Corporate Details
31/10/2014	Pacific Niugini to present at Proactive Investors Luncheon
24/10/2014	Notice of Annual General Meeting/Proxy Form
21/10/2014	Quarterly activities report and cash flow-Sept 2014
16/10/2014	2014 Annual Report to shareholders

The following documents referred to in this Prospectus have also been released to ASX and lodged with ASIC:

Date	Description of Document
20/05/2014	Halls Creek Project – Resource Update
28/07/2014	Quarterly Activities Report and Cash Flow – June 2014

Pursuant to section 712 of the Corporations Act all documents listed above are incorporated in this Prospectus. A copy of these documents can be obtained free of charge from the ASX website at [www.asx.com.au](http://www.asx.com.au) or from the Company's website at [www.niugini.com.au](http://www.niugini.com.au) or by telephoning the Company on +61 (8) 9215 6005 or emailing the Company at [admin@niugini.com.au](mailto:admin@niugini.com.au) during the application period for the Prospectus.

If potential applicants require any further information in relation to the Company or the Offers the Directors recommend they take advantage of the ability to inspect or obtain copies of documents referred to above.

#### 10.4 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last closing sale prices of the Shares on ASX during the three (3) months immediately preceding the date of announcement to ASX of the proposed Entitlements Issue Offer and the last respective date of those sales were:

Highest	\$0.086	13 April 2015
Lowest	\$0.065	30 March, 8 and 11 May 2015
Last	\$0.068	28 June 2015

#### 10.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the two (2) years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (a) its formation or promotion; or
  - (b) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (a) the formation or promotion of the Company; or
  - (b) the Offer.

### **Security holdings**

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Current Holdings			Offer Entitlement		Total Subscription Price
	Shares	Options	Performance Rights	Shares	Options	\$
Peter Cook	18,832,045 <sup>1</sup>	nil	nil	4,708,011	2,354,005	235,400
David Osikore	6,120,000	nil	nil	nil <sup>2</sup>	nil <sup>2</sup>	-
Paul Cmrlec	1,591,162 <sup>3</sup>	2,000,000 <sup>4</sup>	2,000,000 <sup>5</sup>	397,791	189,896	19,889

### **Notes**

- The Shares are held by Ajava Holdings Pty Ltd (of which Mr Cook is a director and shareholder).
- As the Offer is only extended to Shareholders with a registered address in Australia or New Zealand then Director Mr David Osikore is ineligible to participate in the Offer as his Shares are registered to an address in Papua New Guinea.
- The Shares are held by Berrimil Services Pty Ltd (of which Mr Cmrlec is a director and shareholder) as trustee for the Berrimil Services Trust and Dannielle Brooke Cmrlec, spouse of Mr Cmrlec.
- 2,000,000 unlisted options exercisable at \$0.09 each on or before 21 November 2016. The Options are held by Berrimil Services Pty Ltd (of which Mr Cmrlec is a director and shareholder) as trustee for the Berrimil Services Trust.
- 2,000,000 Performance Rights expiring on 21 November 2016. The Performance Rights are held by Berrimil Services Pty Ltd (of which Mr Cmrlec is a director and shareholder) as trustee for the Berrimil Services Trust.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive director participating in that decision-making process. The total maximum remuneration of non-executive directors is initially set by the Constitution

and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set to not exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options and Performance Rights, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them in or about the performance of their duties as Directors.

The following table shows the total annual remuneration paid to both executive and non-executive directors for the previous 3 financial years paid to both executive and non-executive directors for the current financial year.

Director	2012/13	2013/14	2014/15
Peter Cook	\$76,983	\$43,600	\$43,800
David Osikore	\$224,454	\$165,273	\$73,954
Paul Cmrlec	\$313,000	\$246,985	\$331,280
Sam Akoitai <sup>2</sup>	\$47,600	\$39,600	Nil

Notes:

1. This includes cash salary and fees, consulting fees, superannuation contributions and the valuation of any share-based payment items such as options or performance rights expensed during the financial year but does not include any reimbursements that the Directors may receive for work related expenses.
2. Mr Akoitai ceased to be a Director on 31 October 2014.

### Participation in Offers

Mr Cook and entities associated with him have underwritten the Entitlement Issue Offer to the extent of \$400,000 (inclusive of their Entitlement of \$235,400). No underwriting fee is payable.

Berrimil Services Pty Ltd (of which Mr Paul Cmrlec is a director and shareholder) intends to participate for its Entitlement.

As the Entitlement Issue Offer is only extended to Shareholders with a registered address in Australia and New Zealand Mr David Osikore is ineligible to participate in the Entitlement Issue Offer as his Shares are registered to an address in Papua New Guinea.

## 10.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the two (2) years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (a) its formation or promotion; or
  - (b) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

GMP Securities has agreed to act as Lead Manager in relation to the Offers. The Company has agreed to pay GMP Securities a management and capital raising fee of 6% of the total amount raised pursuant to the Offers. The Company has agreed that GMP Securities may elect for all or part of the management and capital raising fee to be paid in Shares and attaching Options on the same terms as the Offers.

Bennett + Co has acted as the solicitors to the Company in relation to the Offer. Bennett + Co has assisted the Company in relation to preparation of the Prospectus and the due diligence process undertaken with respect to the Prospectus. The Company estimates it will pay Bennett + Co \$20,000 (plus GST and disbursements) for these services.

Computershare Investor Services Pty Limited will assist the Company in the administration of the Offers. The Company will pay Computershare Investor Services Pty Limited approximately \$9,500 (plus GST and disbursements) for these services.

## **10.7 Consents**

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its

name and a statement included in this Prospectus with the consent of that party as specified in this section.

GMP Securities has given its written consent to being named as the Lead Managers in relation to the Offers in this Prospectus. GMP Securities has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Bennett + Co has given its written consent to being named as the solicitors to the Company in this Prospectus. Bennett + Co has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named.

Each of Peter Cook and Paul Cmrlec have given their consent to the incorporation by reference of information that relates to exploration and mineral resources and reserves compiled by Mr Cook and Mr Cmrlec as competent persons as described by the 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources or Reserves".

## **10.8 Expenses of the Offer**

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$[TBC] (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
Lead Manager fees	\$294,340 <sup>1</sup>
ASIC fees	\$2,320
ASX fees	\$12,500
Legal fees	\$20,000
Printing and distribution	\$10,840
<b>Total</b>	<b>\$340,000</b>

<sup>1</sup> Assuming the Lead Manager does not elect to have some or all of its fees paid in Shares and attaching Options.

## **10.9 Electronic prospectus**

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus. If you have not, please phone the Company on +61 (8) 9215 6005 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.niugini.com.au](http://www.niugini.com.au). The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## **10.10 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable foundation to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## **10.11 CHESS and Issuer Sponsorship**

The Company will not be issuing share or option certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## **10.12 Privacy Act**

If you complete an Application for Securities, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your Application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

## **DIRECTORS' AUTHORISATION**

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This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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Mr Paul Cmrlec  
**Managing Director**  
**For and on behalf of**  
**PACIFIC NIUGINI LIMITED**



## 11. GLOSSARY

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**\$** means the lawful currency of the Commonwealth of Australia.

**Applicant** means a Shareholder who applies for Securities pursuant to the Entitlement Issue Offer or a Shareholder or other party who applies for Securities pursuant to the Shortfall Offer.

**Application** means an application to subscribe for Shares under this Prospectus.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

**Application Monies** means money submitted by Applicants in respect of Applications.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHES.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**CHES** means the Clearing House Electronic Sub-Register System operated by ASX Settlement Pty Ltd.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** means Pacific Niugini Limited ACN 003 207 467.

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Convertible Note** means a convertible note convertible into Shares at \$0.06 per Share on or before 31 December 2017.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholder** means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Entitlement Issue Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form accompanying this Prospectus.

**Entitlement Issue Offer** means the offer of Pacific Niugini Shares and Options to Pacific Niugini Shareholders pursuant to this Prospectus.

**Ineligible Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

**Nicolsons Gold Mine** means the project of that name located near Halls Creek Western Australia in relation to which the Company currently holds a 80% interest.

**Offers** means the Entitlement Issue Offer and the Shortfall Offer.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Performance Rights** means any performance rights on issue in the capital of the Company that are convertible into Shares upon meeting certain performance hurdles and otherwise in accordance with the terms of the issue.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Securities** means Shares and Options offered pursuant to this Prospectus.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Share Registry** means the share registry of the Company as noted in section 2 of this Prospectus.

**Shortfall** means the Securities not applied for under the Entitlement Issue Offer (if any).

**Shortfall Application Form** means the shortfall application form accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in section 6.7 of this Prospectus.

**Shortfall Securities** means those Shares and Options not issued pursuant to the Entitlement Issue Offer.

**WST** means Western Standard Time as observed in Perth Western Australia.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Pacific Niugini Limited

ABN

30 003 207 467

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |   |
|---|---|---|
| 1 | +Class of +securities issued or to be issued  | Fully paid ordinary shares and attaching options  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | Approximately 98,113,481 fully paid ordinary shares and 49,056,741 attaching options (to be confirmed dependent upon acceptances). The maximum number of securities to be issued could increase if options are exercised or performance rights or convertible notes converted prior to the Record Date. |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares<br><br>Options exercisable at \$0.06 on or before 2 years after their issue date   |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Ordinary shares will rank equally with ordinary shares already on issue.</p> <p>Shares issued on exercise of options will rank equally with ordinary shares already on issue</p>
<p>5 Issue price or consideration</p>	<p>\$0.05 per ordinary share. No additional consideration for attaching options.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Non-renounceable entitlements issue of one new share for every four shares held at the Record Date and one attaching option for every two new shares subscribed for.</p> <p>Funds raised will be used to fund the development of the Company's Nicolson's Gold Mine at Halls Creek and for other purposes as detailed in the Prospectus.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>25 November 2014</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>Nil</p>

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+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	Nil	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil	
6f	Number of +securities issued under an exception in rule 7.2	147,170,222 – Exceptions 1 and 3.	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity’s remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1    3,868,089 Rule 7.1A   39,245,392	
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	2015	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		490,567,405	Fully paid ordinary shares

+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

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	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	<div>49,056,741</div> <div>Options to be issued pursuant to entitlements issue</div> <div>6,650,000</div> <div>Unlisted Options, various conversions and dates</div> <div>4,500,000</div> <div>Unlisted performance rights</div> <div>3,300</div> <div>Convertible Notes each with face value of \$1,000</div>
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company does not have a dividend policy

## Part 2 - Pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	One (1) to four (4)
14	+Class of +securities to which the offer relates	Fully paid ordinary shares
15	+Record date to determine entitlements	21 July 2015
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Fractions will be rounded up

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+ See chapter 19 for defined terms.

- |    |  |   |
|----|--|---|
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/>Cross reference: rule 7.7.</small> | All holders whose registered address is not in Australia or New Zealand namely, United Arab Emirates, Canada, Fiji, United Kingdom, Hong Kong, Monaco, Mauritius, Malaysia, Papua New Guinea, Singapore, Thailand, United States of America, Vanuatu. |
| 19 | Closing date for receipt of acceptances or renunciations   | 7 August 2015   |

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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20	Names of any underwriters	Peter Cook and associated entities
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	GMP Securities Australia Pty Ltd
23	Fee or commission payable to the broker to the issue	6%
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Nil
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	24 July 2015
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	21 July 2015
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

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+ See chapter 19 for defined terms.



32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	14 August 2015

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of +securities  
(tick one)

(a) ☒ +Securities described in Part 1 (shares only)

(b) ☐ All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35	<input type="checkbox"/> If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
36	<input type="checkbox"/> If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories 1 - 1,000 1,001 - 5,000 5,001 - 10,000 10,001 - 100,000 100,001 and over
37	<input type="checkbox"/> A copy of any trust deed for the additional +securities

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+ See chapter 19 for defined terms.

**Entities that have ticked box 34(b)**

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul>					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"><thead><tr><th>Number</th><th>+Class</th></tr></thead><tbody><tr><td></td><td></td></tr></tbody></table>	Number	+Class		
Number	+Class					

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+ See chapter 19 for defined terms.

### Quotation agreement

- 1      +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2      We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3      We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4      We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: .....  
(Director/Company secretary)

Date: .....

Print name: .....

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+ See chapter 19 for defined terms.



# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	313,963,139
<b>Add</b> the following: <ul style="list-style-type: none"> <li>Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <b>Note:</b> <ul style="list-style-type: none"> <li>Include only ordinary securities here – other classes of equity securities cannot be added</li> <li>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</li> <li>It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	78,490,785 – Exception 1
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	-
<b>“A”</b>	392,453,924

+ See chapter 19 for defined terms.

<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	58,868,089
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	Convertible notes convertible into 55,000,000 fully paid ordinary shares.
<b>“C”</b>	55,000,000
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p><b>“A” x 0.15</b></p> <p><i>Note: number must be same as shown in Step 2</i></p>	58,868,089
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	55,000,000
<b>Total [“A” x 0.15] – “C”</b>	3,868,089  <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	392,453,924
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	39,245,392
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<div style="display: flex;"> <div style="flex: 1; padding-right: 10px;"> <p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A</p> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li><i>This applies to equity securities – not just ordinary securities</i></li> <li><i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li><i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li><i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> </div> <div style="flex: 1; border-left: 1px solid black;"></div> </div>	
<b>“E”</b>	-

+ See chapter 19 for defined terms.

<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
“A” x 0.10  <i>Note: number must be same as shown in Step 2</i>	39,245,392
<b>Subtract “E”</b>  <i>Note: number must be same as shown in Step 3</i>	-
<b>Total</b> [“A” x 0.10] – “E”	39,245,392  <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.