Pacific Niugini
2015 ANNUAL REPORT

CORPORATE DIRECTORY

BOARD OF DIRECTORS
Peter Cook (Non-Executive Chairman)
Paul Cmrlec (Managing Director)
David Osikore (Non-Executive Director)

COMPANY SECRETARY
David Okeby

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Codes: **PNR, PNRO**

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CHAIRMAN'S LETTER

Dear Shareholders

It is with pleasure that I present you the Company's Annual Report for the year ended June 30 2015.

At the start of the year our objective was to bring our 80% owned Nicolsons gold project to production.

Our management team have done an astounding job in completing this task and transitioning the company to the ranks of a gold producer.

Although our Nicolsons gold mine is modest in size, I believe its margins will soon become the envy of many other gold producers.

The year forward will be exciting for the Company as it moves its underground mine from an ore development to production stoping phase and lifts it productivity.

In the year forward we will also undergo a name change to remove confusion over our identity and regional focus. We still retain some hugely exciting gold prospects in PNG, however, these have fallen to the back seat as investment and risk appetite for PNG wanes.

On behalf of the Board and management, I thank all our shareholders and stakeholders, new and old, for their belief and support of the Company.

Yours faithfully

Peter Cook
Chairman

MANAGING DIRECTOR'S REPORT

It is with pleasure that I provide shareholders with an overview of Pacific Niugini's past year. The period was pivotal for the company in achieving its long stated goal to transition from explorer to producer. I am pleased to report that the company has successfully developed the Nicolsons Gold Mine near Halls Creek, and produced its first gold dore subsequent to the reporting period in early September 2015, achieving what few exploration companies ever achieve.

In terms of the equity market, conditions have not witnessed any improvement and junior companies generally have continued to struggle in the current climate. It has been pleasing to note however, that there is both equity and debt funding available for quality projects and management teams, and Pacific Niugini has successfully completed both forms of funding during the year in order to secure the development of Nicolsons. We thank both our long term, and new shareholders for their ongoing support throughout the year. This support has enabled the development of the mine and should see shareholders rewarded in the coming year as gold production ramps up.

On a positive note, the Australian dollar gold price has been a shining light for resource companies in Australia. Continued strength in gold combined with a falling Australian dollar has seen gold prices consistently above $1,500 per ounce, and at times considerably higher. The outlook continues to be strong and we are confident that continuing strength in the sector will add to the company's success.

HALLS CREEK PROJECT, WESTERN AUSTRALIA

Pacific Niugini acquired a major share in the Halls Creek Project (which includes the Nicolsons Gold Mine) in April 2014, and took management control of the asset in May 2014. Since that time, your management and staff have achieved a great deal including drill testing of the existing resource, completion of feasibility studies and processing plant refurbishment estimates, and securing bank finance and regulatory approvals. All of the preparatory work culminated in Pacific Niugini achieving 80% ownership of the Halls Creek Project, and most importantly commencing project development in February 2015, only nine months after taking control of the project.

Development of the underground mine has not been without its difficulties, with challenging ground conditions caused by partial oxidation of the rock in the upper levels of the decline. These challenging conditions affected the rate of development, and subsequently access to ore and early cash flows. The semi-oxidised conditions in the decline appear to be behind us, and first gold production has now been achieved.

Our site team is focussed on profitable operations from the mine, while assessing growth opportunities for the operation. We expect to commence resource expansion drilling at Nicolsons in the short term, and will also be looking to bring some of the near surface prospects to production through open pit mining as soon as possible. This will involve short periods of drilling followed by the necessary feasibility review and regulatory approvals processes.

PAPUA NEW GUINEA

The board took the decision to further rationalise PNG tenure during the year given the early stage nature of the majority of the prospects, and the poor support for early stage exploration in the market generally. One exception is the Garaina Project in the Morobe Province. Garaina was previously being farmed out to a private Australian company, who completed a substantial drilling program that generated great encouragement for discovery of a large scale epithermal gold and copper-gold porphyry system. Unfortunately our partner in the project succumbed to the poor equity markets before completing expenditure required to earn its interest in the project, and Pacific Niugini has retained a 100% interest in the Garaina Project.

Pacific Niugini also continues to hold 50% of ML 457 (Widubosh), an alluvial gold project which is permitted for mining. Pacific Niugini completed substantial bulk sampling of the deposit during 2012 and 2013, and believes that it presents a future development option for the company.

The coming year should be a successful one for the company, with all focus on operations at Nicolsons. While operating at Nicolsons we will continue to assess other near term production assets as they become available and will consider further acquisitions provided that they present satisfactory prospects for profitable, near term production.

I look forward to keeping you informed of company developments throughout the coming year.

P.M. Cmrlec

Paul Cmrlec
Managing Director

REVIEW OF OPERATIONS

CORPORATE

Gold Pre-Pay Facility and Gold Hedging

Pacific Niugini entered into a gold pre-payment facility with the Commonwealth Bank of Australia (CBA) during February 2015, through its wholly owned subsidiary Halls Creek mining Pty Ltd (HCM). CBA prepaid HCM $9.2 million dollars for the forward delivery of a total of 6,563 ounces of gold. A further 15,037 ounces of gold was hedged with the CBA at a delivery price of $1,568.17 per ounce.

Both the gold pre-payment facility repayments and the hedged gold are due for delivery during the period January 2016 to August 2017, with repayments due monthly and hedged ounces to be delivered quarterly.

The funds provided under the gold pre-payment facility were for the development of the Nicolsons Gold Mine near Halls Creek.

Subsequent to the end of the period, the company issued a total of 3,300 convertible notes with a face value of $1,000 per note (for a total of $3.3 million) to sophisticated investors. The unsecured notes are convertible at 6 cents per share and have an attaching coupon rate of 8%, paid bi-annually.

Share Issues

One capital raising (rights issue) was undertaken during the period. The issue was undertaken in January 2015 in order to raise the equity required by CBA under the terms of the pre-payment facility. A total of 78,490,785 shares were issued at 5 cents per share. One share was offered to shareholders at the rate of one share for every four shares held. A total of 23,144,912 shares were taken up by existing holders, and the balance was placed to sophisticated investors.

Subsequent to the end of the reporting period a second rights issue was undertaken by the company to provide additional funds for the ongoing development of the mine. The issue was undertaken in August 2015 and a total of 98,113,480 shares were issued at 5 cents per share, with an additional 49,056,770 free attaching options exercisable at 6 cents per share. Once exercised, the options convert to fully paid ordinary shares. One share was offered to shareholders at the rate of one share for every four shares held and one option was issued per two shares subscribed. A total of 39,419,378 shares were taken up by existing holders, and the balance was placed to sophisticated investors. GMP Securities was the lead broker in relation to the issue.

Options/Performance Rights

A number of employee options and performance rights were issued during the period. Options and rights were issued to key management personnel involved with the Nicolsons Mine development and operation.

Following the activity detailed above, the summarised company capital structure as at June 30 2015 is:

Shares on issue	392,453,924
Options – Employee incentive	6,650,000
Performance Rights	4,500,000
Options – Converted during the year	Nil
Performance Rights – Converted during the year	Nil

REVIEW OF OPERATIONS (CONTINUED)

Liquidity

Cash on hand at 30 June 2015 was $6,765,618 (2014: $2,594,876).

The Company has borrowings by way of a gold prepayment facility totalling $9,200,000 (2014: $nil) and current liabilities of $7,261,243 (2014: $328,115) representing normal trade creditors, other payables and the current portion of the gold prepayment facility.

OPERATIONS

Pacific Niugini has had a transformational year, transitioning from explorer to mine developer, with activities focussed on the Halls Creek Project, and more specifically the Nicolsons Mine. After acquiring a major interest in the project in April 2014, Pacific Niugini moved to 80% project ownership in December 2014 after completing confirmatory drilling, feasibility, and project financing activities. Development of the mine commenced in February 2015.

In addition to the Halls Creek Project, Pacific Niugini continues to hold interests in Papua New Guinea. The Garaina Project hosts the large scale Kusi epithermal gold and copper-gold porphyry prospect where extensive exploration activities have defined an extensive mineralised zone.

Halls Creek, Western Australia

Halls Creek Mining Pty Ltd

The Halls Creek Project includes the Nicolsons Prospects, (35 km South West of Halls Creek) and the Golden Crown Project located east of Halls Creek in the Kimberley Region of Western Australia. Pacific Niugini has an 80% interest in the project through its wholly owned subsidiary Halls Creek Mining Pty Ltd, and operates an un-incorporated joint venture with its 20% equity partner. Pacific Niugini is the sole manager of the joint venture activities.

Pacific Niugini has defined a resource of 1,086,652 tonnes @ 6.00 g/t for 209,130 ounces at the Nicolsons project, including a probable reserve of 435,455 tonnes @ 6.17 g/t for 86,362 ounces.

In addition to the Nicolsons area, gold mineralisation and mineral resource estimates have previously been defined at the nearby Golden Crown project but these have not been updated to JORC 2012 standards.

The Nicolsons project area has been sporadically explored over the years. Prospecting has shown significant potential in the immediate area, which remains sparsely explored with minimal drill testing of targets outside of the existing resources (beneath and immediately adjacent to the existing open pit). Pacific Niugini's strategy is to profitably mine known reserves while extending the current resource base immediately beneath and down plunge of the existing mining target areas.

Halls Creek Project Location

Current known mine life is approximately four years, and company geologists place high probability on an extended life through additional exploration both within the Nicolsons Mine area and from regional prospects.

While remote from Perth, the Nicolsons mine is well located, only 8 km from the Great Northern Highway, a fully sealed transport corridor connecting Perth and Darwin. The mine is only 45 km from the Town of Halls Creek, where extensive services, including camp accommodation and a fully sealed airstrip are utilised by the company, reducing overall capital and ongoing maintenance costs.

Since taking operational management of the project in May 2014, Pacific Niugini has rapidly advanced the project during the past year, achieving all required major planned milestones including:

- Completion of confirmatory diamond drilling, which successfully produced high grade core returns in key mining areas of the project;
- Completion of a feasibility and restart estimate for the Nicolsons project;
- Completion of statutory approvals to enable refurbishment of the existing ore processing facility and commencement of underground mining;
- Obtaining finance for the development of the project through a combination of bank finance via a gold pre-payment facility, and equity raising;
- Construction of required surface infrastructure, refurbishment of the processing facility, and commencement of underground mining; and
- Plant commissioning.

Diamond drilling completed between August and October 2014 produced outstanding results, highlighting the potential for very high grade areas to be mined once developed. Best results from the drilling program included:

- NRCD14007 1.2 m @ 102.92 g/t, inc 0.8 m @ 149.17 g/t
- NRCD14005 3.0 m @ 20.43 g/t, inc 1.6 m @ 34 g/t
- NRCD14003 3.4 m @ 13.21 g/t, inc 0.36 m @ 121 g/t
- NRCD14001 1.43 m @ 6.88 g/t, inc 0.76 m @ 11.8 g/t
- NRCD14013 4.9 m @ 1.00 g/t, inc 0.52 m @ 8.8 g/t
- NRCD14016A 0.57 m @ 22 g/t
- NRCD14017 1.1 m @ 9.52 g/t, inc 0.5 m @ 18 g/t

Full results from the drilling program are set out in ASX reports dated 16/9/2014, 23/9/2014 and 9/10/2014.

Surface infrastructure and processing plant refurbishment was substantially completed during the period of March to June 2015. During this time works included dewatering and cut back of the existing open pit for safe access, construction of a new tailings facility with a nominal two year capacity, construction of necessary office, ablution, and work shop infrastructure and refurbishment of the processing plant.

The underground portal commenced in late March 2015, with underground development progressed to the second ore level approximately 35 metres vertically below the existing open pit by August 2015. At the time of writing, first ore had been accessed underground, with high grades recorded in development faces. Plant commissioning was well underway, with first gold production achieved during the third quarter of CY 2015.

REVIEW OF OPERATIONS (CONTINUED)

Development of the mine and associated infrastructure has progressed well, but has not been without its challenges. Challenging ground conditions experienced due to unexpected depth extensions of partially oxidised material made initial development difficult, delaying planned project revenues and increasing mining unit costs. Decline development has now progressed through the oxidised material and ground conditions appear to have improved significantly.

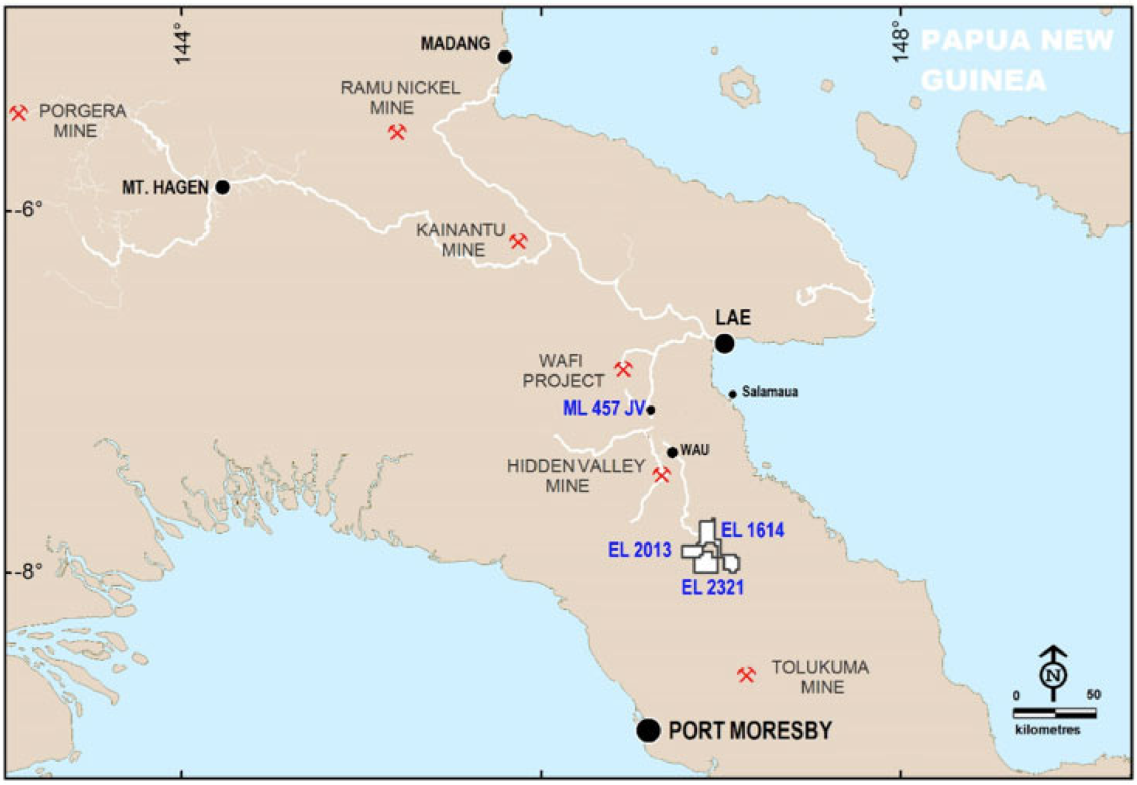
Ore grades on the first level accessed (2220 m RL) were outstanding with grades in the main quartz vein often exceeding 100 g/t.

The company plans to produce approximately 30,000 ounces per annum from the mine initially with an initial production life of approximately four years. The company believes that there is substantial scope to increase both production rates and the total life of mine for the operation as the resource is developed, understood, and expanded through additional exploration.

Papua New Guinea (PNG)

Pacific Niugini Minerals (PNG) Ltd

With the development of the Nicolsons mine now being the primary focus for Pacific Niugini, and considering the poor equity markets where there is currently little support for exploration works in PNG, the tenement holding was rationalised throughout the period as project reviews were completed. At the end of the project period, Pacific Niugini has relinquished, or was preparing to relinquish all tenement areas previously held in PNG apart from the Garaina Project, and the Widubosh (ML457) mining lease which is held in a 50/50 joint venture with PNG Forest Products.



Current PNG Tenure Following Rationalisation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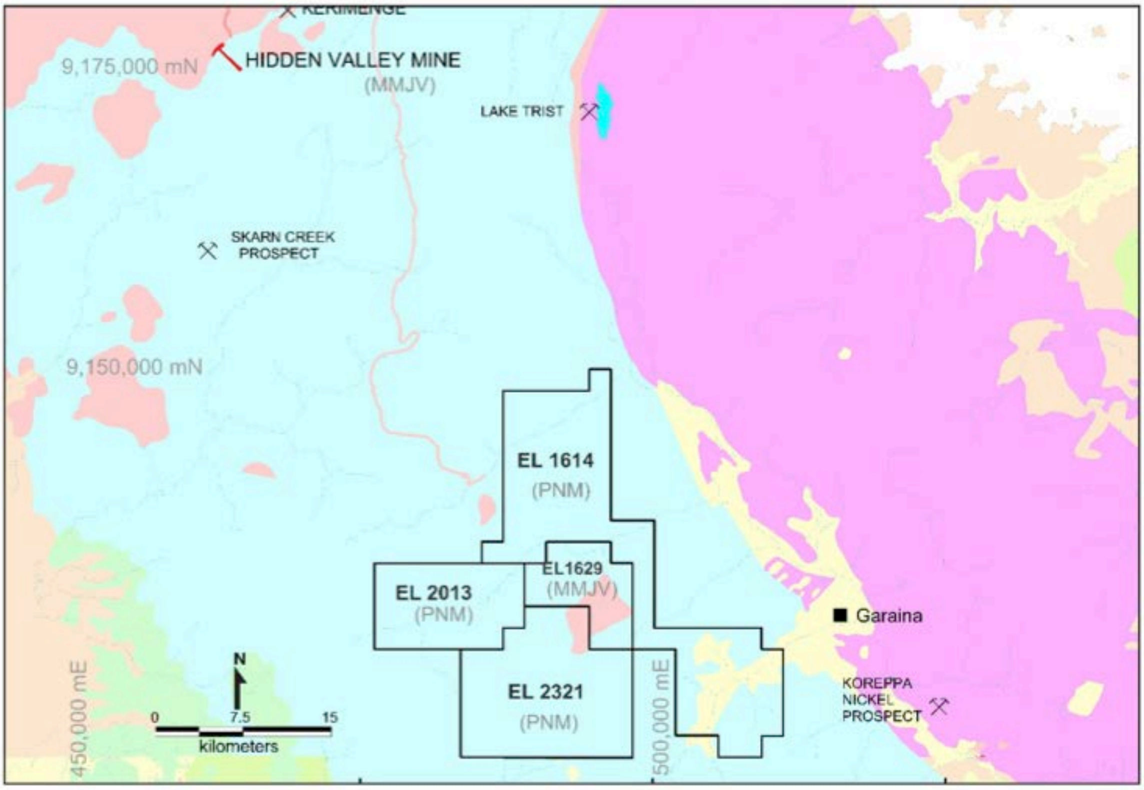
REVIEW OF OPERATIONS (CONTINUED)

The Garaina Project, located in the Morobe Province is considered to hold strong potential for a major epithermal gold and/or copper-gold porphyry discovery. During the period, tenement application ELA 2321 (Kau Creek) was granted and converted to an Exploration License. The Kau Creek Gold prospect was discovered by CRAE in the early 1980s with high grade gold, silver and base metals reported. Pacific Niugini believes there is potential for the areas under EL 2321 for discovery of economic epithermal gold and porphyry copper-gold systems, complimenting the Garaina Project and providing a regional target area for the company.

The project was previously the subject of a farm-out agreement with MGL Limited. MGL completed extensive site works, including drilling of five diamond core holes during their project involvement, however Pacific Niugini terminated the agreement when MGL was no longer able to meet its project commitments. MGL spent approximately $3 million on project exploration, and assisted in advancement of the project as a whole, however they did not earn an interest in the project, and Pacific Niugini retained 100% ownership.

Garaina Project - EL1614 and EL2013 – Morobe Province (100%)

The Garaina Project is located 150 km southeast of the Hidden Valley Mine and Wau Town, in the Morobe Province. The tenement area covers the suture zone between the Owen Stanley Metamorphic thrust to the west and the Papuan Ultramafic to the east. Most of the exploration licences are underlain by the Owen Stanley metamorphic complex, which is common to the majority of the known major mineral deposits in PNG.



Pacific Niugini discovered significant surface mineralisation at the Kusi Prospect in January 2011 and since that time has completed extensive exploration programs.

Field investigations have identified mineralisation and alteration signatures similar to those seen at the Kusi Prospect as far north as the Sim Prospect, and as far west as the Kasuma Prospect.

Previous drilling results at Garaina (as reported in the FY2014 annual report) include:

1. KSD004: 20 m @ 2.89 g/t (with 2.0 m of core loss) from 107 m, including 11 m @ 4.72 g/t (with 1.4 m of core loss) from 114 m (previously reported);
2. KSD007: 35 m @ 3.04 g/t from 136 m, including 4 m @ 18.75 g/t from 160 m, and including 11 m @ 8.24 g/t from 160 m. These high-grade intercepts sit within an overall broad alteration zone of 106 m @ 1.32 g/t from 109 m.
3. KSDD006: 17 m @ 0.22 g/t Au, 1383 ppm Cu, 43 ppm Mo, and 1913 ppm Zn from 163.6 m;
4. KSDD006: 10 m @ 0.14 g/t Au, 1218 ppm Cu, 70 ppm Mo, and 805 ppm Zn from 189 m, including 4.65 m of core loss;
5. KSDD006: 61 m @ 306 ppm Mo from 202 m, including 1.7 m of core loss.

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

REVIEW OF OPERATIONS (CONTINUED)

Bulolo Gold Project – Morobe Province ML457

The Bulolo Project is focussed on recovery of gold from alluvial deposits from the Bulolo Valley in PNG. Bulolo was the site of PNG's first significant gold production, and was operated as a major dredging operation from the 1930s to the 1960s, with a short break during the second world war.

Following extensive work campaigns during 2011, 2012 and 2013, the company concluded that ML457, Widubosh was to be the initial focus for gold production for the company's alluvial assets in PNG. Pacific Niugini and PNG Forest Products (PNGFP) decided to relinquish EL1616 (Bulolo) subsequent to the reporting period due to the poor state of equity markets for PNG based companies and Pacific Niugini's focus on development at Halls Creek.

Pacific Niugini continues with PNGFP in a 50/50 Joint venture over Widubosh (ML457). PNGFP is currently the key economic and operational entity in Bulolo with substantial agriculture, timber processing, and retail operations in the area with approximately 1200 people employed. PNGFP also bring substantial access to services to the mining projects through supply of hydro-electricity from the nearby Baiune Power Station (owned by PNGFP), expertise and ability in construction and operation of mine camps and facilities, and extensive industrial workshop facilities and personnel in operation at Bulolo.

During the reporting period Pacific Niugini resigned as the manager of the Widubosh JV, and PNGFP took management of the property.

A Proposal for Development was approved by the Mineral Resources Authority (MRA) in early 2014 after a long and protracted process. Given the current development status of the Halls Creek Project, the company does not have immediate plans for the development of Widubosh, but will continue to monitor market conditions. Development of the project will be further considered by Pacific Niugini once the Nicolsons Gold Mine is in profitable operation.

MINERAL RESOURCES & RESERVES

Halls Creek Tenements

Pacific Niugini currently holds 80% of the Halls Creek Project. The total mineral resource and reserves for the Halls Creek Project are set out below.

Halls Creek Resources

Deposit	Tonnes	Grade (g/t)	Gold ounces
Nicolsons			
Indicated	573,610	6.55	120,795
Inferred	195,042	6.75	42,328
Total	**768,652**	**6.60**	**163,123**
Wagtail/Wagtail North			
Indicated	236,000	4.60	35,000
Inferred	17,000	3.40	2,000
Total	**253,000**	**4.50**	**37,000**
Rowdies			
Indicated	52,000	4.40	7,000
Inferred	13,000	4.70	2,000
Total	**65,000**	**4.50**	**9,000**
Total Resources	**1,086,652**	**6.00**	**209,130**

Table 1 – Lamboo Resources including the revised Nicolsons resource at a cut off grade of 2.5 g/t. Rowdies and Wagtail resources have cut off grades of 0.6 g/t. Rounding errors may be included in the table.

Notes:

1. Pacific Niugini currently holds an 80% interest in the Halls Creek Project, and as such has an equitable interest in 80% of the Mineral Resource.
2. JORC 2012 Table 1 declarations are contained in a separate section of this report (see index).

Halls Creek Resource Adjustments

Re-modelling of the Nicolsons resource for underground mining methods was undertaken as part of the feasibility work completed during the period. The adjusted model resulted in a resource with lower tonnage, but higher grade. There was a net reduction of 50,877 ounces as a result.

There was no mining depletion during the period.

	Tonnage	Grade (g/t)	Ounces
2014 Nicolsons Resource			
Indicated	739,000	6.10	144,000
Inferred	388,000	5.60	70,000
Total	**1,127,000**	**5.90**	**214,000**
2015 Nicolsons Resource			
Indicated	573,610	6.55	120,795
Inferred	195,042	6.75	42,328
Total	**768,652**	**6.60**	**163,123**
Difference between 2014 and 2015 resources			
Indicated	(165,390)	0.45	(23,205)
Inferred	(192,958)	1.15	(27,672)
Total	**(358,348)**	**0.70**	**(50,877)**

Rowdies and Wagtail resources remained unchanged. Rounding errors may be included in the table.

Halls Creek Reserves

Nicolsons	Tonnes	Grade (g/t)	Gold ounces
Proven			
Probable	435,455	6.17	86,362
Total	**435,455**	**6.17**	**86,362**

Rounding errors may be included in the table.

Papua New Guinea

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

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

Competent Persons Statements

Papua New Guinea Tenements – Mineral Reporting

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

Halls Creek Tenements – Mineral Reporting

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

Halls Creek Tenements – Reserve Reporting

The information in this report that relates to Mineral Reserves is based on information compiled by Mr. Paul Cmrlec (B. Eng (Mining) (Hons)), MAusIMM who is the Managing Director of Pacific Niugini Limited. Mr. Cmrlec has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as described by the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Cmrlec consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Statement of Governance Arrangements and Internal Controls

Governance of the Company's mineral resources and ore reserves development and management activities is a key responsibility of the Executive Management of the Company.

The Managing Director oversees reviews and technical evaluations of the estimates and evaluates these with reference to actual physical and cost and performance measures. The evaluation process also draws upon internal skill sets in operational and project management, ore processing and commercial/financial areas of the business.

The Managing Director is responsible for monitoring the planning, prioritisation and progress of exploratory and resource definition drilling programs across the company and the estimation and reporting of resources and reserves. These definition activities are conducted within a framework of quality assurance and quality control protocols covering aspects including drill hole siting, sample collection, sample preparation and analysis as well as sample and data security.

A three-level compliance process guides the control and assurance activities:

1. Provision of internal policies, standards, procedures and guidelines;
2. Resources and reserves reporting based on well-founded assumptions and compliance with external standards such as the Australasian Joint Ore Reserves Committee (JORC) Codes;
3. Internal assessment of compliance and data veracity.

The objectives of the estimation process are to promote the maximum conversion of identified mineralisation into JORC compliant Mineral Resources and Ore Reserves.

The Company reports its mineral resources and ore reserves on an annual basis, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code) 2012 Edition. Mineral resources are quoted inclusive of ore reserves. Competent Persons named by the Company are members of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and qualify as Competent Persons as defined in the JORC Code.

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entity for the financial year ended 30 June 2015.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

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

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

He is currently the Chief Executive Officer and Executive Director of Metals X Ltd (ASX:MLX) and Mongolian Resources Corporation Ltd (ASX:MUB).

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

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

Mr Paul Cmrlec BEng (Mining), Honours
(Appointed as non-executive director 1 June 2010 and as Managing Director 4 April 2011)

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

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

Mr Cmrlec is the Managing Director of Pacific Niugini Limited.

He is also a non-executive director of Metals X Limited (ASX:MLX).

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

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

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

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

Mr Sam Akoitai
(Appointed 23 May 2011 – Resigned 31 October 2014)

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

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

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

COMPANY SECRETARIES

Mr David Okeby

(Appointed 31 October 2014)

Mr Okeby has extensive legal, contractual, administrative and corporate experience in the mining industry. Mr Okeby brings skills in governance, stakeholder relations and corporate activities including mergers, acquisitions and disposals to the Company.

Mr Okeby was Joint Company Secretary until the resignation of Mr Lovell on 10 March 2015.

Mr Dennis Lovell CA

(Resigned 10 March 2015)

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

Mr Lovell was the sole company secretary until the appointment of Mr Okeby on 31 October 2014 as Joint Company Secretary to facilitate a smooth transition to retirement.

DIRECTORS' REPORT (CONTINUED)

INTERESTS IN THE SHARES OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares and options of Metals X Limited were:

Director	Fully Paid Ordinary Shares	Options over Fully Paid Ordinary Shares	Performance Rights
Peter Cook	18,832,045	2,354,007	-
Paul Cmrlec	1,825,359	2,117,099	2,000,000
David Osikore	6,120,000	-	-
Total	**26,777,404**	**4,471,106**	**2,000,000**

PRINCIPAL ACTIVITIES

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

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

OPERATING RESULTS

The consolidated loss for the financial year after providing for income tax amounted to $3,706,115 (2014: loss of $12,519,248).

DIVIDENDS PAID OR RECOMMENDED

The directors recommend that no dividend be paid for the year ended 30 June 2015, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

REVIEW OF OPERATIONS

A full review of the operations of the consolidated entity during the year ended 30 June 2015 is included in this report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

AFTER BALANCE DATE EVENTS

On 14 July 2015 the Company announced that it had raised $3.3M in convertible notes issues to sophisticated investors. The notes can be converted to shares at $0.06 per share with one bonus option per share if converted within the first year or one bonus option per two shares if converted after the first year. The notes mature on 31 December 2017 and have a coupon rate of 8% payable six monthly in cash or shares at the election of the note holder.

On 14 July 2015 the Company released a prospectus for a non-renounceable entitlement issue of one share for every four shares held for an issue price of $0.05 with one attaching option for every two shares issued.

On 20 August 2015 the Company announced that its non-renounceable entitlements issue dated 14 July 2015 was closed on 14 August 2015. The rights issue together with the shortfall offer raised $4.9M for the issue of 98,113,481. For every two shares issued one attaching option was issued with an exercise price of $0.06 expiring two years from issue.

On 31 August 2015 the Company announced that the one for two attaching options issued under the Company's non-renounceable entitlements issued dated 14 July 2015 are now trading on the ASX under code PNRO. The options have an exercise price of $0.06 and an expiry of 25 August 2015.

On 7 September 2015 the Company announced the first gold poured at its Nicolsons Project.

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

FUTURE DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL ISSUES

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

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

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

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

REMUNERATION REPORT (AUDITED)

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

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

Remuneration Policy

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

During the year ended 30 June 2015, the economic entity did not have a separately established nomination or remuneration committee. Considering the size of the economic entity, the number of directors and the economic entity's stage of its development, the Board are of the view that these functions can be efficiently performed with full Board participation.

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

REMUNERATION REPORT (CONTINUED)

Remuneration Structure

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

Non-Executive Director Remuneration

Objective

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

Structure

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

Managing Director and Executive Remuneration Structure

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

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

Remuneration consists of the following key elements:

- Fixed remuneration; and
- Variable remuneration Long term incentives (LTI).

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

Fixed Remuneration

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

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

Variable Remuneration – Long Term Incentive (LTI)

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

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

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

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

Year End	Share Price
30 June 2015	$0.05
30 June 2014	$0.07
30 June 2013	$0.10
30 June 2012	$0.235
30 June 2011	$0.38
30 June 2010	$0.18

(B) Remuneration of Directors and other Key Management Personnel

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

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

- Dennis Lovell – Company Secretary
- David Okeby – Company Secretary
- Scott Balloch – Chief Financial Officer

2015	Short Term		Post employment	Share-based Payment	Total	% Performance related
	Salary and Fees	Consultancy Agreement	Superannuation	Options/ Performance Rights		
Directors						
Peter Cook	40,000	-	3,767	-	43,767	-
David Osikore[1]	79,133	16,434	4,407	-	99,974	-
Paul Cmrlec	-	365,640	-	4,701	370,341	-
Sam Akoitai[2]	13,200	-	-	-	13,200	-
	132,333	**382,074**	**8,174**	**4,701**	**527,282**	**-**
Other key management personnel						
Scott Balloch[3]	40,630	-	3,860	9,779	54,269	-
David Okeby[3]	16,107	-	1,530	9,779	27,416	-
Dennis Lovell[4]	-	70,830	-	-	70,830	-
	56,737	70,830	5,390	19,558	152,515	-
Total	**189,070**	**452,904**	**13,564**	**24,259**	**679,797**	**-**

1. Mr Oskiore changed from Executive Director to Non-Executive Director 31 October 2014.
2. Mr Akoitai resigned 31 October 2014.
3. Mr Balloch and Mr Okeby were both appointed 31 October 2014. They are both employees of Metals X Ltd and their services are invoiced under a service agreement to Pacific Niugini Ltd.
4. Mr Lovell resigned 10 March 2015.

2014	Short Term		Post employment	Share-based Payment	Total	% Performance related
	Salary and Fees	Consultancy Agreement	Superannuation	Options/ Performance Rights		
Directors						
Peter Cook	40,000	-	3,600	-	43,600	-
David Osikore	152,466	-	12,807	-	165,273	-
Paul Cmrlec[1]	-	291,400	-	(44,415)	246,985	-
Sam Akoitai	39,600	-	-	-	39,600	-
	232,066	**291,400**	**16,407**	**(44,415)**	**495,458**	**-**
Other key management personnel						
Dennis Lovell	-	165,802	-	-	165,802	-
	-	**165,802**	**-**	**-**	**165,802**	**-**
Total	**232,066**	**457,202**	**16,407**	**(44,415)**	**661,260**	**-**

1. The share-based payment amount for Mr Cmrlec included a credit of $114,471 relating to performance rights granted in 2011 which expired, unvested, during the year.

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

During the 2015 financial year the following was granted as equity compensation benefits to key management personnel.

Terms and Conditions of Each Grant						
2015	Granted Number	Grant Date	Value per Option/Right at Grant Date $	Exercise Price $	Vesting Date	Expiry Date
Directors and key management personnel						
S Balloch-Options	500,000	06 Feb 2015	0.0196	0.10	06 Feb 2015	30 Jun 2018
D Okeby-Options	500,000	06 Feb 2015	0.0196	0.10	06 Feb 2015	30 Jun 2018

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

2015	Value of options/ rights granted during the year	Value of options/rights exercised during the year	Value of options/rights lapsed during the year
Directors and key management personnel			
S Balloch-Options	9,779	-	-
D Okeby-Options	9,779	-	-

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

(a) The value of options granted in the 2015 year was determined by using a Black-Scholes pricing model that takes into account the share price at grant date, exercise price, expected volatility, option/rights life, expected dividends, the risk-free rate, and the fact that the options are not tradeable.

(E) Security Holdings of Directors and Key Management Personnel

(i) Option and performance right holdings

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

30 June 2015	Balance at beginning of year or on appointment	Granted during the year as Compensation	Expired during the year	Exercised during the year	Balance at end of year	Vested and exercisable at the end of the year
Peter Cook	-	-	-	-	-	-
Paul Cmrlec[(1)]	4,000,000	-	-	-	4,000,000	2,000,000
David Osikore	-	-	-	-	-	-
Sam Akoitai[(2)]	-	-	-	-	-	-
Scott Balloch[(3)]	-	500,000	-	-	500,000	500,000
David Okeby[(3)]	-	500,000	-	-	500,000	500,000
Dennis Lovell[(4)]	500,000	-	-	-	500,000	500,000
Total	**4,500,000**	**1,000,000**	**-**	**-**	**5,500,000**	**3,500,000**

1. Comprises 2,000,000 options and 2,000,000 performance rights-see (f) below for details of performance right hurdles.
2. Mr Akoitai resigned on 31 October 2014.
3. Mr Balloch and Mr Okeby were both appointed 31 October 2014.
4. Mr Lovell resigned on 10 March 2015.

All options are vested and exercisable at the end of the year. The performance rights have not vested at the end of the year.

(ii) Share holdings

The numbers of shares in the company held during the financial year by each director and other key management personnel of the Company, including their personally related parties, are set out below. No shares were granted as remuneration. No shares were issued on the exercise of remuneration options (2014: nil).

30 June 2015	Balance at start of year	Acquired during the year	Disposed during the year	Exercise of options	Other changes during the year	Balance at the end of the year
Peter Cook	15,065,636	3,766,409	-	-	-	18,832,045
Paul Cmrlec	557,929	1,033,233	-	-	-	1,591,162
David Osikore	6,120,000	-	-	-	-	6,120,000
Sam Akoitai (1)	-	-	-	-	-	-
Scott Balloch(2)	-	-	-	-	24,450	24,450
David Okeby(2)	-	200,000	-	-	-	200,000
Dennis Lovell(3)	3,700,200	1,000,000	-	-	(4,700,200)	-
Total	**25,443,765**	**5,999,642**	**-**	**-**	**(4,675,750)**	**26,767,657**

1. Mr Akoitai resigned on 31 October 2014
2. Mr Balloch and Mr Okeby were both appointed 31 October 2014
3. Mr Lovell resigned on 10 March 2015

(F) Employment Contracts of Directors and Senior Executives

Mr Paul Cmrlec, Managing Director and CEO

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

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

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

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

(a) Two million options to acquire fully paid ordinary shares in PNR at an exercise price of $0.09 expiring 21 November 2016.

(b) Two million performance rights to be allotted fully paid ordinary shares in PNR with the following terms and performance hurdles:

- 500,000 shares when PNR records its first continuous and commercially viable gold production.
- 500,000 shares when PNR surpasses 50,000 oz of gold production or an equivalent production of another metal or commodity in value.
- 500,000 shares when PNR surpasses 100,000 oz of gold production or equivalent production of another metal or commodity in value.

- 500,000 shares if and when the market capitalisation of PNR surpasses AU$150 million for a minimum period of 20 continuous ASX trading days.

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

Mr David Osikore, Managing Director PNG and Non-Executive Director

With effect from 31 October 2014 Mr Osikore changed from Executive Director to Non-Executive Director. He has no formal agreement between himself and the Company. From this date he was paid a fixed non-executive directors' fee of $40,000 per annum and a consulting fee for any additional time spent on Company business over and above the normal hours covered by the fixed directors' fee. Non-Executive Directors fees are paid in Australia in AUD and consulting fees paid in PNG Kina in PNG.

Previous to this Mr D Osikore had a service agreement with Pacific Niugini Minerals (PNG) Ltd. The remuneration under this agreement was PNG Kina 340,000 per annum which equates to A$161,030 at end current exchange rates and was paid partly in PNG and partly in Australia, plus superannuation.

Mr Peter Cook, Non-Executive Chairman

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

Mr David Okeby, Company Secretary

Mr Okeby has no formal agreement between himself and the Company. His remuneration is by way of a service agreement with Metals X Ltd for services provided to the Company invoiced on an hourly basis.

Mr Scott Balloch, CFO

Mr Balloch has no formal agreement between himself and the Company. His remuneration is by way of a service agreement with Metals X Ltd for services provided to the Company invoiced on an hourly basis.

(G) Other Transactions with Directors and Key Management Personnel

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

THIS IS THE END OF THE AUDITED REMUNERATION REPORT

DIRECTORS' REPORT (CONTINUED)

MEETINGS OF DIRECTORS

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

	Board Meetings	
	Attended	Held
Peter Cook	2	2
David Osikore	2	2
Paul Cmrlec	2	2
Sam Akoitai	-	-

INDEMNIFYING OFFICERS OR AUDITOR

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

OPTIONS

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

Date of options/ rights granted	Expiry Date	Exercise Price	Number of unlisted Options	Number of unlisted Performance Rights
08/03/2013	07/03/2016	$0.17	150,000	
31/05/2013	30/05/2016	$0.185	500,000	
22/11/2013	21/11/2016	$0.09	2,000,000	
22/11/2013	21/11/2016	Nil		2,000,000
06/02/2015	30/01/2017	Nil		1,800,000
06/02/2015	30/06/2018	$0.10	3,500,000	
17/04/2015	30/01/2017	Nil		700,000
17/04/2015	30/6/2018	$0.10	500,000	
			6,650,000	**4,500,000**

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

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

PROCEEDINGS ON BEHALF OF COMPANY

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

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

CORPORATE GOVERNANCE

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

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Somes Cooke. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Somes Cooke provided no non-audit services for the year ended 30 June 2015.

The auditor's independence declaration for the year ended 30 June 2015 is on the following page and the declaration forms part of this directors' report.

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

P.M.

Paul Cmrlec

Managing Director

Dated 30 September 2015

AUDITOR'S INDEPENDENCE DECLARATION

SOMES COOKE
Profit from our Resources

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Chartered Accountants (Aus)
Business Consultants
Financial Advisors

Auditor's Independence Declaration

To those charged with the governance of Pacific Niugini Limited

As auditor for the audit of Pacific Niugini Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Somes Cooke

SOMES COOKE

Nicholas Hollens

NICHOLAS HOLLENS
Partner
30 September 2015

Perth

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	30 Jun 15	30 Jun 14
		$	$
Revenue	4	108,822	281,798
Employee benefits expense		(362,344)	(452,183)
Exploration and evaluation assets written off		(2,255,335)	(7,577,142)
Plant and equipment impairment	15	-	(4,094,941)
Administration and other expenses	5	(1,197,258)	(1,590,376)
Loss before income tax		**(3,706,115)**	**(13,432,844)**
Income tax expense	6	-	913,596
Loss after income tax		**(3,706,115)**	**(12,519,248)**
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		382,156	(1,163,992)
Other comprehensive profit/(loss) for the period, net of tax		**382,156**	**(1,163,992)**
Total comprehensive loss for the period, net of tax		**(3,323,959)**	**(13,683,240)**
Basic loss per share (cents per share)	9	(1.07)	(4.90)
Diluted loss per share (cents per share)	9	(1.07)	(4.90)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	As at 30 June 2015 $	As at 30 June 2014 $
CURRENT ASSETS			
Cash and cash equivalents	10	6,765,618	2,594,876
Trade and other receivables	11	1,837,502	175,146
Financial assets at fair value through profit or loss	12	20,769	69,842
Inventories	13	52,073	-
Other assets	14	95,373	-
Total current assets		**8,771,335**	**2,839,864**
NON-CURRENT ASSETS			
Property, plant and equipment	15	7,957,009	2,073,197
Exploration and evaluation expenditure	16	5,933,690	8,971,230
Mine properties and development costs	17	6,778,618	-
Total non-current assets		**20,669,317**	**11,044,427**
TOTAL ASSETS		**29,440,652**	**13,884,291**
CURRENT LIABILITIES			
Trade and other payables	18	4,910,439	254,371
Unearned Income	19	2,269,518	-
Provisions	20	81,286	73,745
Total current liabilities		**7,261,243**	**328,116**
NON-CURRENT LIABILITIES			
Unearned Income	19	6,930,482	-
Provisions	20	1,368,375	280,511
Total non-current liabilities		**8,298,857**	**280,511**
TOTAL LIABILITIES		**15,560,100**	**608,627**
NET ASSETS		**13,880,552**	**13,275,664**
EQUITY			
Contributed equity	21	139,851,807	136,030,386
Reserves	22	3,411,008	2,921,426
Accumulated losses		(129,382,263)	(125,676,148)
TOTAL EQUITY		**13,880,552**	**13,275,664**

The above statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

2014	Issued Capital $	Options reserve $	Share Based Payment Reserve $	Accumulated losses $	Foreign currency translation reserve $	Total equity $
At 1 July 2013	**132,507,386**	**1,727,125**	**1,523,974**	**(113,156,900)**	**891,871**	**23,493,456**
Loss for the year	-	-	-	(12,519,248)	-	(12,519,248)
Exchange differences on translation of foreign operations	-	-	-	-	(1,163,992)	(1,163,992)
Total comprehensive income and expense for the year	**-**	**-**	**-**	**(12,519,248)**	**(1,163,992)**	**(13,683,240)**
Transactions with owners in their capacity as owners						
Shares issued during the year	3,640,000	-	-	-	-	3,640,000
Share issue costs	(117,000)	-	-	-	-	(117,000)
Share-based payment	-	-	(57,552)	-	-	(57,552)
At 30 June 2014	**136,030,386**	**1,727,125**	**1,466,422**	**(125,676,148)**	**(272,121)**	**13,275,664**

2015	Issued Capital $	Options reserve $	Share Based Payment Reserve $	Accumulated losses $	Foreign currency translation reserve $	Total equity $
At 1 July 2014	**136,030,386**	**1,727,125**	**1,466,422**	**(125,676,148)**	**(272,121)**	**13,275,664**
Loss for the year	-	-	-	(3,706,115)	-	(3,706,115)
Other comprehensive loss	-	-	-	-	382,156	382,156
Total comprehensive income and expense for the year	**-**	**-**	**-**	**(3,706,115)**	**382,156**	**(3,323,959)**
Transactions with owners in their capacity as owners						
Shares issued during the year	3,924,539	-	-	-	-	3,924,539
Share issue costs	(103,118)	-	-	-	-	(103,118)
Share-based payment	-	-	107,426	-	-	107,426
At 30 June 2015	**139,851,807**	**1,727,125**	**1,573,848**	**(129,382,263)**	**110,035**	**13,880,552**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	30 Jun 15 $	30 Jun 14 $
CASH FLOWS USED IN OPERATING ACTIVITIES			
Receipts from trade and other debtors		-	184,133
Payments to suppliers and employees		(1,372,960)	(1,944,788)
Interest paid		(1,080)	-
Interest received		105,223	118,815
Other income		10,904	171,047
Net cash flows used in operating activities	10	(1,257,913)	(1,470,793)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Payments for property, plant and equipment		(3,330,409)	(1,992,019)
Payments for exploration and evaluation		(701,521)	(1,459,086)
Payments for mine properties and development		(3,750,872)	-
Proceeds from sale of property, plant and equipment		283,683	202,896
Proceeds from sale of Investments		1,087	9,304
Net cash flows used in investing activities		(7,498,032)	(3,238,905)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Gold Prepayment		9,200,000	-
Proceeds from share issue	21	3,924,539	2,340,000
Transaction costs on issue of shares		(103,119)	(117,000)
Net cash flows from financing activities		13,021,420	2,223,000
Net increase/(decrease) in cash and cash equivalents		4,265,475	(2,486,698)
Net foreign exchange differences		(94,733)	(6,279)
Cash at the beginning of the financial period		2,594,876	5,087,853
Cash and cash equivalents at the end of the period	10	6,765,618	2,594,876

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. REPORTING ENTITY

Pacific Niugini Limited (the "Company") is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as "the Group").

Financial information for Pacific Niugini Ltd as an individual entity is included in note 27.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The financial statements were approved by the Board of Directors on 30 September 2015.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

(i) Impairment

The consolidated group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the consolidated group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions and estimations. Estimations are required of resource and development potential, future market prices, discount rate, exchange rates, rehabilitation, capital and production costs in order to assist in the judgement of the recoverable amount.

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (Continued)

(ii) Exploration and Evaluation

The consolidated group capitalises expenditure relating to exploration and evaluation costs where they are considered to be likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of economically recoverable resources. Capitalisation of expenditure requires the consolidated group to make a judgement on the extent that expenditure on exploration and evaluation assets will likely be recovered in the future through mineral extraction or some other form of commercialisation of the exploration and evaluation stage assets.

The future recoverability of capitalised exploration and evaluation costs are dependent on a number of factors, including whether the consolidated group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

(iii) Development

Development activities commence after commercial viability and technical feasibility of a project is established. Judgement is applied in determining when a project is commercially viable and technically feasible. In exercising this judgement, management is required to make certain estimates and assumptions as to the future events.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable resources or reserves.

(iv) Taxation

Balances disclosed in the financial statements and the notes related to taxation, are based on the best estimates of management and take into account the financial performance and position of the consolidated group as they pertain to current income tax legislation, and the managements understanding thereof. No adjustment has been made for pending or future taxation legislation.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets, when recognised, are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are only recognised to the extent that it is probable that there are future taxable profits available against which deductible temporary differences can be utilised.

(v) Rehabilitation Provision

The ultimate cost of rehabilitation is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new rehabilitation techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in resources or to production rates. Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

In recognising the amount of rehabilitation obligation at each reporting date, judgement is made on the extent of rehabilitation that the consolidated group is responsible for at each reporting date.

(vi) Share Based Payments to employees

Share-based payment transactions, in the form of options, restricted share units and performance rights, are valued using the pricing models as outlined in Note 23. Models use assumptions and estimates as inputs.

(e) Going concern

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

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

(f) Tax consolidation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2015 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

(ii) Transactions eliminated on consolidation

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

(iii) Investment in Associate

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

(iv) Joint Arrangements

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

Joint Operations

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

Joint Ventures

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

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

(b) Business combinations

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

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

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

Acquisition-related costs are expensed when incurred.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial Assets

Recognition

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

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

The group has the following financial assets:

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

Derivative Financial Instruments

The Group occasionally uses derivative financial instruments such as gold options and gold forward contracts to manage the risks associated with commodity price.

The sale of gold under such hedge instruments is accounted for using the 'own use exemption' under AASB 139 Financial Instruments and as such all hedge revenue is recognised in the Profit and Loss and no fair value adjustments are subsequently made to sales yet to be delivered under the hedging program.

(d) Foreign Currency Transactions and Balances

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

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

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

(e) Revenue Recognition

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

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

(f) Income Tax

Income tax expense comprises current and deferred tax. Current tax for the period is the expected tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction. Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and unused tax losses.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income Tax (Continued)

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

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

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

(g) Impairment of Assets

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

(h) Cash and Cash Equivalents

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

(i) Fair Value Estimation

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

Financial instruments traded in active markets

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

Financial instruments not traded in active markets

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

(j) Property, Plant and Equipment

Recognition and measurement

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

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

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

Subsequent costs

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

Depreciation

Depreciation is calculated using the straight line basis over the estimated useful life of the asset which ranges between 3 and 25 years.

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

Capital work in progress is not depreciated until it is ready for use.

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

(k) Mineral Exploration and Evaluation Expenditure

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Mine properties and development

Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. Accumulated expenditure is amortised over the life of the area of interest to which such costs relate on a production output basis.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment

The carrying value of capitalised mine properties and development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(m) Rehabilitation costs

The Group is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation programme, discounted to its net present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in profit or loss on a prospective basis over the remaining life of the operation.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by potential proceeds from the sale of assets or from plant clean up at closure.

(m) Issued Capital

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

(n) Earnings Per Share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

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

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

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

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

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

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

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

(q) Employee benefits

(i) Defined contribution superannuation funds

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

(ii) Short-term benefits

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits (Continued)

(iii) Share-based payment transactions

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

(r) Share-based payment transactions

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

(s) New Accounting Standards and Interpretations

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

Adoption of new accounting standards
In the current year, the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2014.

The Australian Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2014, adopted include the following. Adoption of these Standards and Interpretations did not have any effect on the financial position or the performance of the Consolidated Entity.

Reference	Summary	Application date of standard	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014

Reference	Summary	Application date of standard	Application date for Group
AASB 1031	*Materiality* The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.	1 January 2014	1 July 2014
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: • AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.	1 July 2014	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.	1 January 2014	1 July 2014
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: • AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. • AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. • AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. • AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.	1 July 2014	1 July 2014
Interpretation 21	*Levies* This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014

The following standards and interpretations have been issued by the AASB but are not yet effective and have not been adopted by the group for the period ending 30 June 2015. The Directors have not yet determined the impact of new and amended accounting standards and interpretations.

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 9	Financial Instruments	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard	Application date for Group*
		Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.		
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11	1 January 2016	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: a) Step 1: Identify the contract(s) with a customer b) Step 2: Identify the performance obligations in the contract c) Step 3: Determine the transaction price d) Step 4: Allocate the transaction price to the performance obligations in the contract e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The International Accounting Standards Board (IASB) in its July 2015 meeting decided to confirm its proposal to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard for the Group will move from 1 July 2017 to 1 July 2018.	1 January 2018	1 July 2018
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 July 2016

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 Non-current Assets Held for Sale and Discontinued Operations: • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 Financial Instruments: Disclosures: • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. AASB 119 Employee Benefits: • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: • Disclosure of information 'elsewhere in the interim financial report' -amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	1 January 2016	1 July 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 July 2016
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015

* Designates the beginning of the applicable annual reporting period unless otherwise stated

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

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ending 30 June 2015. None of these is expected to have a significant effect on the financial statements.

4. REVENUE AND INCOME

	2015 $	2014 $
Interest received - other corporations	97,918	95,688
Other income	10,904	186,110
Total Revenue	108,822	281,798

5. ADMINISTRATION AND OTHER EXPENSES

	2015 $	2014 $
Depreciation of plant & equipment	69,022	182,730
Legal and professional fees	609,208	817,649
Travel and accommodation expenses	21,566	60,887
Profit/(loss) on disposal of property, plant and equipment	(20,883)	11,017
Share based payments	107,426	(57,552)
Other administration expenses	410,919	575,645
Total administration and other expenses	1,197,258	1,590,376

6. INCOME TAX

		2015 $	2014 $
(a)	Income Tax Expense		
	Current tax	(432,229)	(1,186,916)
	Deferred tax	(341,134)	(2,096,125)
	Tax loss not recognised	555,653	2,143,841
	(Under)/over provision for prior years	217,710	396,661
	Research and development rebate	-	(171,047)
		-	(913,596)

6. INCOME TAX (CONTINUED)

	2015 $	2014 $
(b) The prima facie tax on profit/(loss) before income tax is reconciled to the income tax as follows:	(3,706,115)	(12,690,295)
Prime facie tax payable on profit/(loss) before income tax at 30% (2013: 30%)	(1,111,835)	(3,807,089)
Tax effect of:		
- Other permanent differences	306,243	541,030
- share based payment	32,228	(17,265)
Research and development rebate	-	(171,047)
Tax loss not recognised	555,653	2,143,841
(Under)/over provision from prior years	217,710	396,661
Income tax expense / (benefit)	-	(913,596)
(c) Deferred Tax Asset		
Unused tax losses and other temporary differences not brought to account:		
-temporary differences	4,123,422	3,782,288
-tax losses:	-	-
- Domestic/foreign operating losses	7,479,704	7,494,040
- capital losses	773,038	773,038
	12,376,164	12,049,366
(d) Deferred Tax Liability		
The balance comprises temporary differences attributable to:		
Exploration and evaluation assets	187,008	700,511
Total deferred tax liabilities	187,008	700,511

7. KEY MANAGEMENT PERSONNEL

	2015 $	2014 $
Short-term employee benefits	641,974	689,268
Post employment benefits	13,564	16,407
Share-based payments	24,259	(44,415)
	679,797	661,260

8. AUDITORS' REMUNERATION

	2015 $	2014 $
Audit services:		
Amounts paid or payable for audit of the financial statements for the company or any entity in the Group.		
- Somes Cooke	32,500	-
- BDO Audit Pty Ltd	730	55,410
- Sinton Spence Chartered Accountants (PNG)	14,267	12,269
	47,497	67,679
Taxation services:		
Amounts paid or payable for taxation services performed for the company or any entity in the Group.		
- BDO Audit Pty Ltd	16,002	29,238
- Sinton Spence Chartered Accountants (PNG)	3,496	6,499
	19,498	35,737

9. EARNINGS PER SHARE

	2015 $	2014 $
Net loss attributable to ordinary equity holders	(3,706,115)	(12,519,248)
Net loss attributable to ordinary shareholders for diluted earnings per share	(3,706,115)	(12,519,248)
Basic loss per share (cents)	(1.07)	(4.90)
Fully diluted loss per share (cents)	(1.07)	(4.90)
Weighted average number of ordinary shares for basic earnings per share	345,574,496	258,166,739
Effect of dilution:		
Share options	-	-
	345,574,496	258,166,739
Weighted average number of ordinary shares adjusted for the effect of dilution	345,574,496	258,166,739

At 30 June 2015 6,650,000 (2014: 2,650,000) options and 4,500,000 performance rights (2014: 2,000,000) were outstanding which could potentially dilute basic earnings in the future. Because there is a loss these would have an anti-dilutive effect and therefore diluted earnings per share is the same as basic earnings per share.

10 CASH AND CASH EQUIVALENTS

	30 June 2015 $	30 June 2014 $
Cash at bank and in hand	6,765,618	2,594,876
Total	6,765,618	2,594,876
Reconciliation of the net loss after tax to net cash flows from operations		
Loss after tax	(3,706,115)	(12,519,248)
Non-cash adjustment to reconcile loss before tax to net cash flows:		
Depreciation	69,022	182,730
Share based payments	107,426	(57,552)
Unrealised foreign exchange difference	(286)	-
Exploration and evaluation expenditure written off	2,255,335	6,834,593
Asset impairment	-	4,094,941
Change in FV of financial instruments	48,524	(3,365)
(Profit)/loss on disposal of assets	(20,883)	11,017
Working capital adjustments:		
(Increase)/decrease in operating receivables	7,305	37,752
(Increase)/decrease in operating assets	(46,023)	(7,789)
Increase/(decrease) in operating trade and other payables	16,086	(30,601)
Increase/(decrease) in provisions	11,696	(13,271)
Net cash from/(used in) operating activities	**(1,257,913)**	**(1,470,793)**

11 TRADE AND OTHER RECEIVABLES

	30 June 2015 $	30 June 2014 $
Other receivables (i)	911,133	175,146
Bulletin Resources Limited (ii)	926,369	-
	1,837,502	175,146

(i) Other receivables are non-interest bearing and are generally on 30-90 day terms.

The carrying amounts disclosed represent the fair value.

There are no past due nor impaired receivables at 30 June 2015.

The balance consists of GST Input Credits of $752k, diesel rebate of $92k and trade receivables of $67k.

(ii) The receivable relates to Bulletin's 20% share of trade and other payables for the Nicolsons Project which are all incurred by the Company's 100% owned subsidiary Halls Creek Mining Pty Ltd and included in Note 18.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2015 $	30 June 2014 $
Financial assets at 30 June at fair value (current)	20,769	69,842

The financial assets at fair value are held for trading and comprise only equity investements quoted on ASX and have been valued at the market prices ruling on the 30 June 2015

13 INVENTORIES

	30 June 2015 $	30 June 2014 $
Stores and spares at cost	52,073	-

14 OTHER ASSETS

	30 June 2015 $	30 June 2014 $
Current		
Prepayments	95,373	-

15 PROPERTY, PLANT AND EQUIPMENT

	30 June 2015 $	30 June 2014 $
Plant and equipment		
At cost	2,182,562	2,748,076
Accumulated depreciation	(432,653)	(674,879)
Net carrying amount	1,749,909	2,073,197
Assets under construction at cost	6,207,100	-
Total property, plant and equipment	7,957,009	2,073,197
Movement in plant and equipment		
Plant and equipment including assets under construction		
At 1 July net of accumulated depreciation	2,073,197	4,786,859
Additions	6,209,677	1,856,197
Disposals	(266,086)	(226,800)
Depreciation charge for the year	(69,349)	(182,730)
Foreign exchange movements	9,570	(65,388)
Impairment	-	(4,094,941)
At 30 June net of accumulated depreciation	7,957,009	2,073,197

16 EXPLORATION AND EVALUATION ASSETS

	30 June 2015 $	30 June 2014 $
Opening balance	8,971,230	14,918,481
Expenditure for the year	701,511	2,738,585
Exploration and evaluation expenditure written off	(2,225,324)	(7,577,142)
Transfer to mine property and development	(1,864,866)	-
Foreign exchange movements	381,139	(1,108,694)
Closing balance	5,933,690	8,971,230

The ultimate recoupment of costs carried forward in respect of areas of interest in the exploration and evaluation phases is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas. The Company has an interest in certain exploration licences and the amounts shown above include amounts expended to date in the acquisition and/or exploration of those tenements.

Impairment

Recovery of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. During the year, tenements which were or are to be relinquished or for which no substantial expenditure is planned, have been fully written off.

17 MINE PROPERTY AND DEVELOPMENT

	30 June 2015 $	30 June 2014 $
Opening Balance	-	-
Expenditure for the year	4,913,752	-
Transfer from exploration and evaluation	1,864,866	-
Amortisation	-	-
Closing Balance	6,778,618	-

During the year the Company commenced construction and development of its Hall Creeks gold project. The amounts above relate solely to this project.

18 TRADE AND OTHER PAYABLES

	30 June 2015 $	30 June 2014 $
Trade payables (i)	4,475,243	143,572
Sundry payables and accrued expenses (ii)	410,277	110,798
Related party payables (refer note 30)	24,919	-
	4,910,439	254,370

(i) Trade payables are non-interest bearing and generally on 30 day terms.

(ii) Sundry payables and accruals are non-interest bearing and generally on 30 day terms.

Due to the short term nature of these payables, their carrying value approximates their fair value.

19 UNEARNED INCOME

	30 June 2015 $	30 June 2014 $
Gold Prepayment (Current)	2,269,518	-
Gold Prepayment (Non-current)	6,930,482	-

In February 2015, subsidiary Halls Creek Mining Pty Ltd ("HCM") drew down on a newly established $9,200,000 gold pre-pay facility with Commonwealth Bank of Australia ("CBA"). The loan is repayable in gold ounces over 22 instalments commencing 30 November 2015 and finishing 31 August 2017.

The loan has been classified as unearned revenue on the Statement of Financial Position as CBA has prepaid HCM $9,200,000 for a fixed quantity of gold ounces. HCM now has a legal obligation to deliver gold ounces, and will subsequently recognise revenue as and when it makes the repayment in gold ounces. HCM will measure revenue based on the allocation of nominal amounts of advance payments corresponding to the gold ounces delivered.

20 PROVISIONS

	30 June 2015 $	30 June 2014 $
Current		
Provision for annual leave	80,783	73,745
Provision for fringe benefits tax payable	503	-
	81,286	73,745
Non-current		
Provision for long service leave	18,487	-
Provision for deferred tax liability (i)	187,008	280,511
Provision for rehabilitation (ii)	1,162,880	-
	1,368,375	280,511

(i) Deferred tax liability arising on the fair value adjustment of the PNG exploration and evaluation assets acquired in 2009

(ii) Environmental obligations associated with the retirement or disposal of mining properties and/or of exploration activities are recognised when the disturbance occurs and are based on the extent of the damage incurred. The provision is measured as the present value of the future expenditure. The rehabilitation liability is remeasured at each reporting period in line with the change in the time value of money (recognised as an interest expense in the statement of comprehensive income and an increase in the provision), and additional disturbances/change in the rehabilitation cost are recognised as additions/changes to the corresponding asset and rehabilitation liability.

	30 June 2015 $	30 June 2014 $
Movements in provisions		
Opening balance	280,511	-
Arising during the year	1,181,367	280,511
Adjustment due to revised conditions	(93,503)	-
Closing balance	1,368,375	280,511

21 ISSUED CAPITAL

	30 June 2015 $	30 June 2014 $
(a) Ordinary Shares		
Issued and fully paid	139,851,807	136,030,386

(b) Movements in ordinary shares on issue

	Number	$
At 1 July 2013	**251,284,667**	**132,507,386**
Issue for asset acquisition	17,678,472	1,300,000
Placement	45,000,000	2,340,000
Share issue costs	-	(117,000)
At 30 June 2014	**313,963,139**	**136,030,386**
Placement (i)	78,490,785	3,924,539
Share issue costs		(103,118)
At 30 June 2015	**392,453,924**	**139,851,807**

(i) In February 2015 the Company completed a rights issue of 78,490,785 shares at an issue price of 5 cents per share. Costs of the placement amounted to $103,118.

(c) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up the Company the holders are entitled to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

(d) Options and performance rights outstanding

Type	Expiry Date	Exercise Price ($)	2015 Number	2014 Number
Unlisted options	7/03/2016	0.17	150,000	150,000
Unlisted options	30/05/2016	0.185	500,000	500,000
Unlisted options	21/11/2016	0.09	2,000,000	2,000,000
Unlisted options	30/06/2018	0.10	4,000,000	-
Unlisted performance rights	21/11/2016	nil	2,000,000	2,000,000
Unlisted performance rights	30/01/2017	nil	2,500,000	-
Total			**11,150,000**	**4,650,000**

22 RESERVES

	30 June 2015 $	30 June 2014 $
Options Reserve	1,727,125	1,727,125
Share Based Payment Reserve	1,573,848	1,466,422
Foreign Currency Translation Reserve	110,035	(272,121)
	3,411,008	2,921,426

(a) Foreign currency translation reserve

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

(b) Option reserve

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

(c) Share based payment reserve

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

23 SHARE BASED PAYMENTS

	2015 $	2014 $
Share-based payment expenses recognised during the financial year		
Equity settled options/rights issued to directors	4,701	70,056
Equity settled options/rights issued to employees/ consultants	102,725	80,576
Equity settled options/rights expired/did not vest	-	(208,184)
	107,426	(57,552)

23 SHARE BASED PAYMENTS (CONTINUED)

The weighted average remaining contractual life of share options and performance rights outstanding at the end of the financial year was 1.99 years (2014: 2.32 years)

Details of Share-based payments made during the 2015 financial year:

(a) On 6 February 2015 3,500,000 options to acquire fully paid ordinary shares in PNR at an exercise price of $0.10 expiring 30 June 2018 were issued to employees and consultants.

(b) On 6 February 2015 1,800,000 performance rights to be allotted fully paid ordinary shares in PNR were issued to an employee and consultants with the following performance hurdles:

- 800,000 shares when PNR achieves its first 2,000 ounces of gold produced from the Nicolsons Project attributable to the Company.
- 500,000 shares when PNR achieves positive net cash flow (all capital costs recovered) from the Nicolsons Project.
- 500,000 shares when PNR achieves its first 50,000 ounces of gold produced from the Nicolsons Project attributable to the Company.

(c) On 17 April 2015 500,000 options to acquire fully paid ordinary shares in PNR at an exercise price of $0.10 expiring 30 June 2018 were issued to a consultant.

(d) On 17 April 2015 700,000 performance rights to be allotted fully paid ordinary shares in PNR were issued to a consultant with the following performance hurdles:

- 200,000 shares when PNR achieves its first 2,000 ounces of gold produced from the Nicolsons Project attributable to the Company.
- 250,000 shares when PNR achieves positive net cash flow (all capital costs recovered) from the Nicolsons Project.
- 250,000 shares when PNR achieves its first 50,000 ounces of gold produced from the Nicolsons Project attributable to the Company.

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

(a) On 22 November 2013 two million options to acquire fully paid ordinary shares in PNR at an exercise price of $0.09 expiring 21 November 2016 were issued to Paul Cmrlec, Managing Director.

(b) On 22 November 2013 two million performance rights to be allotted fully paid ordinary shares in PNR were issued to Paul Cmrlec with the following performance hurdles:

- 500,000 shares when PNR records its first continuous and commercially viable gold production.
- 500,000 shares when PNR surpasses 50,000 oz of gold production or an equivalent production of another metal or commodity in value.
- 500,000 shares when PNR surpasses 100,000 oz of gold production or equivalent production of another metal or commodity in value.
- 500,000 shares if and when the market capitalisation of PNR surpasses AU$150 million for a minimum period of 20 continuous ASX trading days.

Fair Value of Options and Rights Granted

The weighted average fair value of options and rights granted during the year was 3.7 cents (2014: 3.2 cents). The fair value at grant date is estimated using a Black & Scholes model that takes into account the share price at grant date, exercise price, expected volatility, option or right life, expected dividends, the risk free rate, and the fact that the options and rights are not tradeable. The pricing model and inputs used for the options and rights granted during the year ended 30 June 2015 are set out in the table below:

2015 Financial Year	Employee / Consultant Options	Employee / Consultant Performance Rights	Consultant Options	Consultant Performance Rights
Number of options/rights	3,500,000	1,800,000	500,000	700,000
Pricing model used to calculate fair value	Black-Scholes	10 day VWAP	Black-Scholes	10 day VWAP
Consideration	nil	nil	nil	nil
Expected life of instruments (yrs)	3.4	2.0	3.2	1.8
Exercise price	$0.10	nil	nil	3.0
Grant date	06-Feb-15	03-Feb-15	17-Apr-15	17-Apr-15
Vesting date	06-Feb-15	-	17-Apr-15	-
Expiry date	30-Jun-18	30-Jan-17	30-Jun-18	30-Jan-17
Share price at grant date ($)	$0.056	$0.057	$0.075	$0.076
Fair value at grant date ($)	$0.020	$0.057	$0.031	$0.076
Expected Volatility (%)	70%	N/A	70%	N/A
Expected dividend yield %	nil	nil	nil	nil
Risk-free interest rate (%)	1.92%	N/A	1.78%	N/A

2014 Financial Year	Directors Options	Directors Performance Rights
Number of options/rights	2,000,000	2,000,000
Pricing model used to calculate fair value	Black-Scholes	Black-Scholes
Consideration	nil	nil
Expected life of options (yrs)	3.0	3.0
Exercise price	$0.09	nil
Grant date	22-Nov-13	22-Nov-13
Vesting date	22-Nov-13	-
Expiry date	21-Nov-16	21-Nov-16
Share price at grant date ($)	$0.071	$0.071
Fair value at grant date ($)	$0.028	0.1 - 7.1 cents
Expected Volatility (%)	66.25%	66.25%
Expected dividend yield %	nil	nil
Risk-free interest rate (%)	3.06%	3.06%

23 SHARE BASED PAYMENTS (CONTINUED)

Summary of share-based payment option/rights issued

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

	2015 Number	2015 WAEP	2014 Number	2014 WAEP
Outstanding at the beginning of the year	4,650,000	0.064	8,250,000	0.213
Expired during the year	-	-	(5,200,000)	0.380
Granted during the year	6,500,000	0.062	4,000,000	0.045
Forfeited during the year	-	-	(2,400,000)	0.394
Exercised during the year	-	-	-	-
Outstanding at the year end	11,150,000	0.260	4,650,000	0.064
Exercisable at the year end	6,650,000	0.105	2,650,000	0.110

24 COMMITMENTS

(a) Operating lease commitments

Future operating lease rentals of office space not provided for in the financial statements and payables.

	2015 $	2014 $
Within one year	-	12,830
After one year but not more than five years	-	-
	-	12,830

(b) Exploration commitments

In order to maintain current rights of tenure to exploration permits and licences, the entity has certain obligations to expend minimum amounts of money. The following exploration expenditure requirements have not been provided for in the financial report and are payable:

	2015 $	2014 $
Within one year	292,683	529,172
After one year but not more than five years	778,558	868,572
	1,071,241	1,397,744

24 COMMITMENTS (CONTINUED)

(c) Other commitments

The Company had a mandatory requirement to earn an additional 16% (to a total of 65% ownership) of the Halls Creek Project by sole funding expenditure of $1.2M in the first 12 months of the Joint Venture. The Company has since completed this and currently owns 80% of the project.

	2015 $	2014 $
Within one year	-	1,200,000

25 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

26 SUBSEQUENT EVENTS

On 14 July 2015 the Company announced that it has issued convertible notes to the value of $3.3 million to sophisticated investors. Key terms of the notes include:

(i) 3,300 notes issued with a face value of $1,000 per note;

(ii) The notes are convertible at 6 cents per share.

(iii) Coupon rate of 8% per annum, payable six monthly in cash or shares at the election of the note holder;

(iv) One option will be issued per share converted in the first year and one option will be issued per two shares converted after the first year; and

(v) The notes mature on 31 December 2017 unless existing Commonwealth Bank ("CBA") facilities have not been discharged. If CBA facilities are not fully discharged, maturity will be two months after the discharge of the CBA facility.

On 14 July 2015 the Company released a non-renounceable entitlement issue prospectus for one share for every four held at a price of $0.05 to raise a total of $4,905,674 if fully subscribed. This included a one for two attaching option with exercise price of $0.06 expiring two years after the issue date.

On 17 August 2015 the Company announced that commissioning of the processing plant has commenced at its Nicolsons Project.

On 20 August 2015 the Company announced that the non-renounceable entitlement issue was closed on 12 August 2015 having received applications under the entitlement issue from, eligible shareholders for 39,419,378 shares. Upon close of the entitlement issue 58,694,103 shares became available for subscription under the shortfall offer which the company placed. Shares issued under the prospectus totalled 98,113,480 raising a total of $4,905,674. Also issued under the prospectus were 49,056,770 options with exercise price of $0.06 and expiry date of 25 August 2017.

26 SUBSEQUENT EVENTS (CONTINUED)

On 31 August 2015 announced that the options issued under the entitlement issue prospectus had been listed on the ASX with ticker code PNRO.

On 7 September 2015 the Company announced first gold poured from its Nicholson Project.

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

27 PARENT ENTITY INFORMATION

The following information relates to the parent entity, Pacific Niugini Ltd. The information presented here has been prepared using consistent accounting policies as presented in Note 3.

	2015 $	2014 $
Current assets	1,217,747	2,689,034
Non-current assets	22,471,237	29,077,499
Total assets	23,688,984	31,766,533
Current liabilities	126,401	119,712
Non-current liabilities	-	11,150,705
Total liabilities	126,401	11,270,417
Net assets	23,562,583	20,496,116
Issued capital	139,851,808	136,030,387
Accumulated losses	(119,590,198)	(118,727,818)
Option premium reserve	1,727,125	1,727,125
Share-based payments reserve	1,573,848	1,466,422
Total shareholders' equity	23,562,583	20,496,116
Net loss of the parent entity	180,935	1,545,174
Other comprehensive income for the year	-	-
Total comprehensive income for the year	180,935	1,545,174

The company had no commitments, guarantees or contingent liabilities as at 30 June 2015 and 2014.

28 FINANCIAL RISK MANAGEMENT

Overview

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

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

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

Credit risk

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

Exposure to credit risk

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

		Carrying Amount	
		2015	2014
	Note	$	$
Cash and cash equivalents	10	6,765,139	2,594,876
Trade and other receivables	11	1,837,502	175,147

Cash and cash equivalents

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

Trade and other receivables

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

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

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

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

The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-5 years	5+ years
30 June 2015						
Trade and other payables	4,910,439	4,910,439	4,910,439	-	-	-
	4,910,439	4,910,439	4,910,439	-	-	-
30 June 2014						
Trade and other payables	254,370	254,370	254,370	-	-	-
	254,370	254,370	254,370	-	-	-

Market Risk

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

Currency risk

The Consolidated Entity is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the Consolidated Entity's functional and presentation currency. As a result of subsidiary companies having Papua New Guinea Kina (PGK) and Mexican Pesos (MEX) functional currencies, the Consolidated Entity's statement of financial position can be affected by movements in the AUD/PGK and AUD/MEX exchange rates. The Consolidated Entity's exposure to foreign currency is however not considered to be significant.

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

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

Profile

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

	Carrying Amount	
	2015	2014
	$	$
Cash and cash equivalents	6,701,716	280,551
Cash at bank and on hand	63,423	2,314,325
Short term deposits	6,765,139	2,594,876

Sensitivity analysis

The Board has estimated that given market conditions a change of 100 basis points in interest rates is appropriate to assess the Group's sensitivity to variable rate instruments. A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

Group

	Profit/Equity	
	100bp increase	100bp decrease
30 June 2015	$	$
Variable rate instruments	67,651	(67,651)
30 June 2014		
Variable rate instruments	25,950	(25,950)

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Equity Price Risk

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

The Group is exposed to equity price risk arising from its financial assets at fair value through profit or loss. With respect to the equity price risk arising from these financial assets, the maximum exposure is equal to the carrying amount of the financial assets at fair value through profit or loss which at reporting date is $20,769 (2014: $69,842).

Based on the equity investments held at the end of the financial year, had the Australian Securities Exchange strengthened/ weakened by 10% with all other variables held constant, the Group's pre-tax profit and equity would have been $2,000 higher/lower (2014: $7,000).

Commodity Price Risk

As at balance date the Group operated primarily in the mine development/construction and exploration and evaluation phases and accordingly the Group's financial assets and liabilities are subject to no commodity price risk.

In February 2015 the Company entered into a hedging programme whereby the Company will sell 15,037 ounces of gold evenly between March 2016 and October 2017 at an average forward price of A$1,568/ounce.

Fair values

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

Capital Management

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

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

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

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

29 OPERATING SEGMENTS

For management purposes, the Consolidated entity is organised into operating segments determined by location. The Consolidated Entity comprises the following reportable segments:

- Nicolsons Project: Mining, treatment, exploration and development of gold assets.
- PNG Exploration: Mineral exploration within PNG.

Executive management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

The following table presents revenue and profit information regarding the Consolidated Entity's operating segments for the years ended 30 June 2015 and 30 June 2014.

Year ended 30 June 2015	**PNG Exploration**	**Nicolsons Gold Project**	**Total segments**	**Unallocated**	**Consolidated**
External revenue					
Interest received	-	47,920	47,920	49,998	97,918
Other income	5,540	-	5,540	5,364	10,904
Total revenue	5,540	47,920	53,460	55,362	108,822
Results					
Segment profit/(loss)	(1,565,726)	(308,883)	(1,874,609)	(1,831,506)	(3,706,115)

Year ended 30 June 2014	**PNG Exploration**	**Nicolsons Gold Project**	**Total segments**	**Unallocated**	**Consolidated**
External revenue					
Interest	-	-	-	95,688	95,688
Other revenue	186,110	-	186,110	-	186,110
Total revenue	186,110	-	186,110	95,688	281,798
Results					
Segment (loss)/profit	(6,541,872)	(269,521)	(6,811,393)	(6,621,451)	(13,432,844)

The following table presents segment assets and liabilities of the Consolidated Entity's operating segments as at 30 June 2015 and 30 June 2014.

	PNG Exploration	**Nicolsons Gold Project**	**Total segments**	**Unallocated**	**Consolidated**
As at 30 June 2015					
Segment assets	5,886,108	21,949,794	27,835,902	1,604,751	29,440,652
Segment liabilities	(18,082,785)	(22,528,198)	(40,610,983)	25,050,883	(15,560,100)
As at 30 June 2014					
Segment assets	7,817,135	2,828,815	10,645,950	3,238,341	13,884,291
Segment liabilities	(17,161,973)	(3,098,336)	(20,260,309)	19,651,682	(608,627)

29 OPERATING SEGMENTS (CONTINUED)

The following table presents segment capital expenditure of the Consolidated Entity's operating segments for the years ended 30 June 2015 and 30 June 2014.

	PNG Exploration	Nicolsons Gold Project	Total segments	Unallocated	Consolidated
Capital Expenditure					
30 June 2015	180,072	10,566,584	10,746,656	8,908	10,755,564
30 June 2014	1,338,585	2,800,000	4,138,585	456,197	4,594,782

Unallocated

Corporate income and expenses are not allocated to individual segments.

Taxes and certain financial assets and liabilities are not allocated to segments as they are managed on a group basis.

Reconciliation of Profit	2015 $	2014 $
Segment (loss)/profit	(1,874,609)	(6,811,393)
Corporate (expenses)/income	(568,204)	(683,882)
Loss on disposal of assets	(311,862)	-
Exploration and evaluation assets written off	(6,840)	(1,714,906)
Plant and equipment impairment	-	(4,094,941)
Exchange differences on translation of foreign operations	(944,600)	(127,722)
Total consolidated loss before tax	(3,706,115)	(13,432,844)

Reconciliation of Assets	2015 $	2014 $
Segment operating assets	27,835,902	10,645,950
Unallocated cash and receivables	1,262,017	2,737,755
Unallocated plant and equipment	342,733	500,586
Group operating assets	29,440,652	13,884,291

29 OPERATING SEGMENTS (CONTINUED)

Reconciliation of Liabilities	2015 $	2014 $
Segment operating liabilities	(40,610,983)	(20,260,309)
Trade and other payables	25,056,051	19,668,295
Provision for employee benefits	(5,168)	(16,613)
Group operating liabilities	(15,560,100)	(608,627)

30 RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of Pacific Niugini Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Percentage Owned 2015	Percentage Owned 2014
Pacific Niugini Ltd	Australia		
Subsidiaries and Associates of Pacific Niugini Ltd			
Chrome Holdings SA Pty Ltd	Australia	100%	100%
Halls Creek Mining Pty Ltd	Australia	100%	100%
Pacific Niugini Minerals Pty Ltd	Australia	100%	100%
Pacific Niugini Minerals (PNG) Ltd	PNG	100%	100%
Pacific Niugini Minerals (Bulolo) Ltd	PNG	100%	100%
Sonora Australia Mining SA DE CV	Mexico	100%	100%

(b) Ultimate Parent

The group ultimate parent company is Pacific Niugini Ltd.

(c) Key Management Personnel

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

30 RELATED PARTY DISCLOSURES (CONTINUED)

(d) Transactions with related parties

	Consolidated Entity			
	2015	2014	2015	2014
	Sales to related parties (inc. GST)		Purchases from related parties (inc. GST)	
Other related parties:				
Metals X Limited*	-	-	180,696	-

	Consolidated Entity			
	2015	2014	2015	2014
	Amounts owed by related parties (inc. GST)		Amounts owed to related parties (inc. GST)	
Other related parties:				
Metals X Limited*	-	-	24,919	-

* Metals X Limited has two common directors (Mr Paul Cmrlec and Mr Peter Cook) with Pacific Niugini Ltd and both the Company Secretary (Mr David Okeby) and CFO (Mr Scott Balloch) are employees of Metals X Limited.

Related party transactions relate to the provision of accounting, secretarial and administrative services by Metals X Limited to Pacific Niugini Limited during the period.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2015

In the directors' opinion:

(a) the financial statements comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and :

(i) comply with Accounting Standards and the Corporations Regulations 2001 and:

(ii) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated entity.

(b) the consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(d) the remuneration disclosures set out in the Directors' Report as part of the audited Remuneration Report) for the year ended 30 June 2015 comply with section 300A of the Corporations Act 2001.

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

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

P.M. [signature]

Paul Cmrlec
Managing Director

Dated this 30 September 2015

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Chartered Accountants (Aus)
Business Consultants
Financial Advisors

Independent Auditor's Report
To the members of Pacific Niugini Ltd

Report on the Financial Report

We have audited the accompanying financial report of Pacific Niugini Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion:

(a) the financial report of Pacific Niugini Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 2.e) to the financial report, which describes that the ability of the company to continue as a going concern is dependent on future capital raisings and/or the successful commissioning and operation of Halls Creek Mine.

As a result there is material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 24 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Pacific Niugini Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Somes Cooke

SOMES COOKE

Nicholas Hollens

NICHOLAS HOLLENS
Partner
30 September 2015

CORPORATE GOVERNANCE STATEMENT

CURRENT AT 30 SEPTEMBER 2015 AND APPROVED BY THE BOARD

This Corporate Governance Statement discloses the extent to which the Company will, as at the date it is re-admitted to the official list of the ASX, follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (Recommendations). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

The Company's Corporate Governance Charters, Policies & Procedures are available on the Company's website at http://www.niugini.com.au/Investors/Corporate-Governance

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

Recommendations (3rd edition)	Comply	Explanation
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	Yes	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management. The Board Charter sets out the role and specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of individual Directors, the Chairman and Managing Director, as well as the roles and responsibilities of Executive Directors, Non-Executive Directors and management, details of the Board's relationship with management, details of the Board's performance review, and details of the Directors' right to seek independent advice. A copy of the Company's Board Charter is available on the Company's website.

Recommendations (3rd edition)	Comply	Explanation
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director	Yes	(c) The Company has guidelines for the appointment and selection of the Board in its Nomination Charter. The Statement of Selection, Appointment and Re-Election of Directors Charter requires the Board to ensure appropriate checks are undertaken before appointing a Director (including a review of qualifications, capabilities, ability to serve, conflicts of interest and other relevant factors). (d) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director. (e) Guidelines for evaluating Board candidates and recommending individuals for Board appointments are set out in the Company's Statement of Selection, Appointment and Re-Election of Directors Policy which is available on the Company's website.
Recommendation 1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	Yes	Although not prescribed under the Company's corporate governance charters, polices or procedures, the Company ensures that each Director is a party to a written agreement with the Company which sets out the terms of that Director's appointment. The Company has written agreements with each of its Directors. The Company's Company Secretary and Chief Financial Officer are engaged through a service agreement with Metals X Limited.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	Yes	The Board Charter sets out that the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendations (3rd edition)	Comply	Explanation
Recommendation 1.5 A listed entity should: (f) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (g) disclose that policy or a summary or it; and (h) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.	Yes	(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives and to assess annually both the objectives if any have been set and the Company's progress in achieving them. (b) The Diversity Policy is available on the Company's website. (c) (i) The Board does not presently intend to set measurable gender diversity objectives because: • the Board does not anticipate there will be a need to appoint any new Directors or senior executives due to limited nature of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; and • if it becomes necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit: and (ii) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) for each financial year will be disclosed in the Company's Annual Report.
Recommendation 1.6 A listed entity should: (d) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and (e) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Partially	(a) The Board is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. The process for this is set out in the Company's Board Performance Evaluation Policy, which is available on the Company's website. (b) The Company intends to complete performance evaluations in respect of the Board, its committees (if any) and individual Directors for the each financial year in accordance with the above process.

Recommendations (3rd edition)	Comply	Explanation
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Partially	(a) The Board is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Board is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non executive Director. The applicable processes for these evaluations can be found in the Company's Board Performance Evaluation Policy and Remuneration Charter which are both available on the Company's website. (b) The Company intends to complete performance evaluations in respect of senior executives for the financial year in accordance with the above process.
Principle 2: Structure the Board to add value		
Recommendation 2.1 The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	Yes	(a) The Company does not have a Nomination Committee. (b) The Company does not have a Nomination Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively: (i) devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and (ii) all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.
Recommendation 2.2 A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	No	Under the Nomination Charter and the Statement of Selection, Appointment and Re-election of Directors, the Board is required to implement processes to assess the necessary and desirable competencies of Board members, including, experience, expertise, skills, diversity and performance of the Board and its committees to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction. Full details as to each Director and senior executive's relevant skills and experience are available in the Company's Annual Report and on the Company's website.

Recommendations (3rd edition)	Comply	Explanation
Recommendation 2.3 A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director	Yes	(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Company will disclose those Directors it considers to be independent in its Annual Report and on its ASX website. (b) The Company will disclose in its Annual Report and ASX website any instances where this applies and an explanation of the Board's opinion why the relevant Director is still considered to be independent. (c) The Company's Annual Report will disclose the length of service of each Director, as at the end of each financial year.
Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.	No	The Company's Board Charter sets out the Company's priority to achieve an appropriate balance between independent and non-independent representation on the Board. The Board currently comprises a total of 3 directors, none of whom one is considered to be independent. As such, independent directors are not currently an independent majority of the Board. The Board does not currently consider an independent majority of the Board to be appropriate given: (a) the speculative nature of the Company's business, and its limited scale of activities, means the Company only needs, and can only commercially sustain, a small Board of three (3) Directors and no senior executives other than the executive Director(s); (b) the Company considers at least one (1) Director needs to be an executive Directors for the Company to be effectively managed; (c) the Company considers it necessary, given its speculative and small scale activities, to attract and retain suitable Directors by offering Directors an interest in the Company; and (d) the Company considers it appropriate to provide remuneration to its Directors in the form of securities in order to conserve its limited cash reserves.
Recommendation 2.5 The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	No	The Chairman of the Company is an not an independent Director. However, the Chairman is not the CEO of the Company and is non-executive.

Recommendations (3rd edition)	Comply	Explanation
Recommendation 2.6 A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.	Yes	In accordance with the Company's Nomination Charter and Board Charter, the Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its Directors, senior executives and employees; and (b) disclose that code or a summary of it.	Yes	(a) The Company's Employee Code of Conduct applies to the Company's Directors, senior executives and employees. The company also has a Directors and Executive Officers Code of Conduct which sets ethical standards for the Board and Executive Officers. (b) The Company's Employee Code of Conduct and the Directors and Executive Officers Code of Conduct are available on the Company's website.
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The Board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the Chair of the Board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner	Yes	(a) The Company does not have an Audit Committee. (b) The Company does not have an Audit Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Audit Charter and Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit Committee under the Audit Charter including the following processes to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: (i) the Board devotes time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and (ii) all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.
Recommendation 4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	The Company's Audit Charter requires the Board to review and approve the Company's annual financial report. The Company intends to obtain a CEO sign off on these terms for each of its financial statements in each financial year.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendations (3rd edition)	Comply	Explanation
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company will ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	(a) The ASX Disclosure Policy provides details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. (b) The ASX Disclosure Policy is available on the Company website.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Company and its governance is available in the Corporate Governance Charters, Policies and Procedures which can be found on the Company's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company has adopted a Shareholder Communication Policy which aims to promote and facilitate effective two-way communication with investors. The Policy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Shareholder Communication Policy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders queries should be referred to the Company Secretary at first instance.

Recommendations (3rd edition)	Comply	Explanation
Principle 7: Recognise and manage risk		
Recommendation 7.1 The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	Yes	(a) The Company does not have a Risk Committee. A copy of the Risk Management Policy is available on the Company's website. (b) The Company does not have a Risk Committee as the Board consider the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by a Risk Committee under the Risk Management Policy including the following processes to oversee the entity's risk management framework: (i) The Managing Director is accountable to the Board, for ensuring that the risk management system is implemented and maintained in accordance with the Risk Management Policy. Assignment of responsibilities in relation to risk management is the prerogative of the Board. (ii) Senior Executives are accountable for strategic risk management within areas under their control including the dissemination of the risk management process to operational managers. Collectively the Senior Executive is responsible for: (1) The formal identification of strategic risks that impact upon the Company; (2) Allocation of priorities; (3) The development of strategic risk management plans; (4) The Senior Executive review progress against agreed risk management plans.
Recommendation 7.2 The Board or a committee of the Board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and (b) disclose in relation to each reporting period, whether such a review has taken place.	Yes	(a) The Risk Management Policy requires that the Board should, at least annually, satisfy itself that the Company's risk management framework continues to be sound. (b) The Company will disclose at least annually whether such a review of the company's risk management framework has taken place.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendations (3rd edition)	Comply	Explanation
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) f it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes	(a) The Audit Charter provides for the Board to monitor the need for an internal audit function. The Company has an internal audit function. The function is structured as follows: (i) The Board shall discuss with management, the internal auditors, and the external auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs (eg the Company's Codes of Conduct). (ii) Any opinion obtained from the internal or external auditors on the Company's choice of accounting policies or methods should include an opinion on the appropriateness and not just the acceptability of that choice or method. (iii) The Board shall periodically meet separately with management, the internal auditors, and the external auditors to discuss issues and concerns warranting committee attention, including but not limited to their assessments of the effectiveness of internal controls and the process for improvement. (iv) The Board shall provide sufficient opportunity for the internal auditors and the external auditors to meet privately with the members of the committee. The Audit Committee shall review with the external auditors any audit problems or difficulties and management's response. (v) The Board shall receive regular reports from the external auditor on the critical policies and practices of the Company, and all alternative treatments of financial information, within generally accepted accounting principles, that have been discussed with management.

Recommendations (3rd edition)	Comply	Explanation
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	The Risk Management Policy requires the Board to assist management determine whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. Although not prescribed under the Company's Corporate Governance Charters, Polices and Procedures, the Company will disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company will disclose this information in its Annual Report and on its ASX website as part of its continuous disclosure obligations.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes	(a) The Company does not have a Remuneration Committee. (b) The Company does not have a Remuneration Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive the Board devotes time at the annual Board meeting to assess the level and composition of remuneration for Directors and senior executives.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.	Yes	Although not prescribed under the Company's Corporate Governance Charters, Polices and Procedures, the Board will disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed in the Company's Annual Report.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	No	(a) The Company has an equity based remuneration plan being the Performance Rights Plan. The Company does not have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

JORC 2012 – TABLE 1 – PNG

SECTION 1: SAMPLING TECHNIQUES AND DATA – PNG

Criteria	JORC Code explanation	Commentary
Sampling techniques	• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	• Diamond Drilling All drilling undertaken at the Kusi Prospect has been completed using diamond drilling techniques. Holes are drilled commencing in PQ with size reducing to HQ and NQ as required for satisfactory hole advance, core recovery maximisation and hole stability. All drilling is undertaken using triple tube techniques to maximise core recovery. This core is geologically logged in 1m or less intervals, and subsequently halved on site for sampling. • Manual Trench/Manual costean sampling Samples are collected from hand dug trenches nominally 1.5m deep (where possible) and excavated through the soil horizon profile to the top of decomposed bedrock. Trenches sample intervals are marked by project geologists in 1m or 2m intervals, as dictated by geological mapping. Trench trace and sample intervals are surveyed using portable Garmin GPS. Samples are collected from each interval, by continuous chip sampling methods taken uniformly across the interval in accordance with accepted industry practice. Samples are generally 2kg to 3kg in mass.
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• All geology input is logged and validated by the relevant area geologists, No defined relationship exists between sample recovery and grade. Nor has sample bias due to preferential loss or gain of fine or coarse material been noted. • All samples are submitted to an independent NATA / ISO certified laboratory for grade determination. Gold and silver grade is determined using standard 30g or 50g fire assay. Other element grades are determined using multi-element ICP.

Criteria	JORC Code explanation	Commentary
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	• Drill core is logged geologically by the project geologist to accepted industry standards capturing lithology, mineralogy and structural measurements. All core is photographed for future reference. • Manual Trenches/Costeans are logged on field note books or using field maps. • All core and trenches are logged. • The total length of core and trenches are sampled.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/ second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• Diamond Drilling - Half-core samples, sub-set via geological features as appropriate. • Chips undergo total preparation. • Samples undergo fine pulverisation of the entire sample in accordance with the independent certified laboratory's procedures. • QA/QC is currently ensured during the sub-sampling stages process via the use of the systems of an independent NATA / ISO accredited laboratory contractor. • The sample size is considered appropriate for the grain size of the material being sampled. • The un-sampled half of diamond core is retained for check sampling/ logging if required.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• Recent drilling was analysed by fire assay as outlined below; » A 50g sample undergoes fire assay lead collection followed by flame atomic adsorption spectrometry. » Quality control is ensured via the use of standards, blanks and duplicates. » ICP samples are assayed in an independent certified laboratory using validly calibrated equipment. • No significant QA/QC issues have arisen in recent drilling results. • These assay methodologies are appropriate for the resource in question.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Anomalous intervals as well as random intervals are routinely checked assayed as part of the internal QA/QC process. • Blanks and laboratory standards are routinely assayed in accordance with laboratory procedure. • Primary data is loaded into the drill hole database system and then archived for reference. • All data used in the calculation of resources and reserves are compiled in databases (underground and open pit) which are overseen and validated by senior geologists. • No primary assays data is modified in any way.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• All data is spatially oriented by survey controls via initial GPS positioning, followed by certified surveyor pick-ups. Drill holes are all surveyed down hole, with single / multishot cameras. • All drilling and resource estimation is undertaken in WGS84. • Topographic control is generated from a combination of remote sensing methods and ground-based surveys. This methodology is adequate for the resource in question.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Exploration is greenfields in nature and holes are specifically designed for selected targets. No standard spacing currently exists.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Exploration is greenfields in nature and holes are specifically designed for selected targets. Where possible holes are drilled to return true widths of interpreted/postulated ore zones. • It is not considered that drilling orientation has introduced an appreciable sampling bias.

Criteria	JORC Code explanation	Commentary
Sample security	• The measures taken to ensure sample security.	• Samples are delivered directly to the independent laboratory contractor under the company's supervision using company employees. Samples are stored securely until they leave site.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• Site sampling techniques and data bases are routinely verified by senior geologists and the company's executive director.

SECTION 2: REPORTING OF EXPLORATION RESULTS – PNG

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• All PNG tenements are currently valid and in good standing. • The PNG exploration lease renewal system results in periods where tenements have expired but are in the renewal process, and remain valid under the Mining Act. At the present time, no tenements are expired. • All PNG EL's and ML's are 100% owned with the exception of EL1616 (70%), and ML457 (50%). • EL1614 and EL 2013 were the subject of a farm out agreement with MGL Limited. • There are no known issues regarding security of tenure. • There are no known impediments to continued operation.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• The area is greenfields in nature, and no substantial work other than regional government surveys has been completed previously to the knowledge of the company.
Geology	• Deposit type, geological setting and style of mineralisation.	

Criteria	JORC Code explanation	Commentary
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: » easting and northing of the drill hole collar » elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar » dip and azimuth of the hole » down hole length and interception depth » hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• Drill hole details are presented in the report.
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• Results are reported on a length weighted average basis. • Results are un-cut • Results are generally reported at a cut off of 0.2g/tAu, however lower grade dilution intervals are reported where broad zones of lower grade zones may be material in exploration for a potential underlying porphyry deposit. Low grade dilution zones are up to 7 continuous metres. • No metal equivalent values are reported.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	• Interval widths are down hole width and may not represent true width unless otherwise stated.

Criteria	JORC Code explanation	Commentary
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• A plan view of the prospect with drill hole locations is included in the report.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• All significant results are reported in this release with further details provided in releases of the 21st of November 2013 and the 28th of January 2014. • Other results are of low metal tenor and are not significant to development of the project.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• All other material exploration data has been presented in previous ASX releases.
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• Exploration assessment including drilling continues to take place at the Kusi project.

JORC 2012 – TABLE 1 – HALLS CREEK

SECTION 1: SAMPLING TECHNIQUES AND DATA – HALLS CREEK

Criteria	JORC Code explanation	Commentary
Sampling techniques	• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	• The Nicolson's deposit has been sampled predominantly by RC and minor historical RAB about the Nicolson's open pit area. The Wagtails and Rowdies deposits were sampled mainly by RC with follow-up aircore. Holes were sampled on 1 m increments, or 3 m increments above the known mineralisation. Anomalous intercepts from the 3 m increments were re-split into 3 1 m increments. • Samples from the current drill program are RC collars with diamond drill tails. All assays in this release are from diamond drill core. Core was sampled in 1m intervals, or in accordance with observed geology for shorter runs. • For RC drilling, measures taken to ensure sample representivity include the presence of a geologist at the rig whilst drilling, cleaning of the splitter at the end of every 3 m drill string, confirmation that drill depths match the accompanying sample interval with the drilling crew and the use of duplicate and lab/blank standards in the drilling programme. • For diamond drilling, measures taken include regular survey of drill holes, cutting of core along the orientation line where possible, and half core is submitted to an accredited laboratory. Industry standard blanks and standards are also submitted and reported by the laboratory. Drilling is completed in HQ3. • Historical holes - RC and aircore drilling was used to obtain 1 m samples from which 2 - 3 kg was crushed and sub-split to yield 250 for pulverisation and then a 40 g aliquot for fire assay. Upper portions of deeper holes were composited to 3m sample intervals and sub-split to 1 m intervals for further assay if an anomalous composite assay result was returned. For later drilling programmes all intervals were assayed. • Current Program – HQ3 core is logged and sampled according to geology, with only selected samples assayed. Core is halved, with one side assayed, and the other half retained in core trays on site for further analysis. Samples are a maximum of 1m, with shorter intervals utilised according to geology.

Criteria	JORC Code explanation	Commentary
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• RC drilling was completed with several rigs. All RC rigs used face sampling hammers with bit size of 140 – 146mm. Historical holes used a 130 mm bit size). Aircore drilling was completed by the RC rig with an aircore bit assembly. RAB drilling (20 holes only in the Nicolson's pit area) is historical and details are unknown. • HQ 3 Diamond drilling was conducted for geotechnical and assay data. Holes from the current program do not form part of the current resource estimate. Diamond holes were oriented using a Reflex orientation tool. Diamond holes were geologically and geotechnically logged.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• All holes were logged at site by an experienced geologist. Recovery and sample quality were visually observed and recorded. Recovery for older (pre 2011) holes is unknown. • All drilling was completed within rig capabilities. Rigs used auxiliary air boosters when appropriate to maintain sample quality and representivity. Where aircore drilling could not provide sufficient penetration an RC drilling set-up was used. • There is no known relationship between recovery and grade. Diamond drilling of oxide and transitional material in previous campaigns noted high core loss in mineralised zones. No core loss was noted in fresh material. Good core recovery has generally been achieved in all sample types in the current drilling program.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	• Geological logging parameters include: depth from, depth to, condition, weathering, oxidation, lithology, texture, colour, alteration style, alteration intensity, alteration mineralogy, sulphide content and composition, quartz content, veining, and general comments. • Geotechnical logging of diamond holes included the recording of recovery, RQD, structure type, dip, dip direction, alpha and beta angles, shape, roughness and fill material of fractures • All drill chips were logged on 1 m increments, the minimum sample size. A subset of all chip samples is kept on site for reference. • Diamond drilling was logged to geological boundaries and is considered quantitative. Core was photographed. • All drilling has been logged apart from diamond drill pre-collars.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/ second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• Core samples were saw in half with one half used for assaying and the other half retained in core trays on site for future analysis. • RC drill chip samples were collected with either a three-tier, rotary or stationary cone splitter depending on the drill rig used. Aircore drill samples were subset using a 3 tier riffle splitter. Most (> 95%) of samples are recorded as being dry. • All RC and aircore sample splitting was to 12.5 % of original sample size or 2 – 3 kg, typical of standard industry practice. Samples greater than 3 kg were split on site before submission to the laboratory. • For core samples, core was separated into sample intervals and separately bagged for analysis at the certified laboratory. • The cyclone and splitter were cleaned every rod string and more frequently when requested by the geologist. In the case of spear sampling for re-splitting purposes, several spears through the entirety of the drill spoil bag were taken in a systematic manner to minimise bias. • Core was cut under the supervision of an experienced geologist, was routinely cut on the orientation line. • Duplicate samples were taken every 20 m from a second cut of the splitter in the case of a cone splitter, or from a reject split in the case of a riffle splitter. Certified standards were inserted into the sample batch at a rate of 1 in 20 throughout all drilling programmes. • Gold at Hall's Creek is fine- to medium-grained and a sample size of 2 – 3 kg is considered appropriate. • Half core is considered appropriate for diamond drill samples.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• The Bureau Veritas lab in Perth has ISO-9001 and ISO14001 certification. Gold assays are determined using fire assay with 40g charge and AAS finish. Other elements were assayed using acid digest with ICP-MS finish. The methods used approach total mineral consumption and are typical of industry standard practice. • No geophysical logging of drilling was performed. This is not relevant to the style of mineralisation under exploration. • Lab standards, blanks and repeats are included as part of the QAQC system. In addition the laboratory had its own internal QAQC comprising standards, blanks and duplicates. Sample preparation checks of pulverising at the laboratory include tests to check that the standards of 90% passing 75 micron is being achieved. Follow-up re-assaying is performed by the laboratory upon company request following review of assay data. Acceptable bias and precision is noted in results given the nature of the deposit and the level of classification. Early drilling shows a pronounced negative bias with several of the external certified standards.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Significant intersections are noted in logging and checked with assay results by company personnel. Some significant intersections have been resampled and assayed to validate results. Diamond drilling confirms the width of the mineralised intersections. • The current drill program includes holes testing the current resource and twinning existing RC holes as shown on announcement sections. • All primary data is logged on paper and later entered into the database. Data is visually checked for errors before being sent to an external database manager for further validation and uploaded into an offsite database. Hard copies of original drill logs are kept both onsite and in the Perth office. • No adjustments have been made to assay data.

Criteria	JORC Code explanation	Commentary
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Drilling is surveyed using DGPS with accuracy of ± 0.3m. Downhole surveys are conducted during drilling using single shot cameras at 10 m then every 30 m thereafter. Later drilling was downhole surveyed using a Reflex survey tool. Mine workings (open pits) were surveyed by external surveyors using RTK survey equipment. A subset of historical holes was surveyed to validate collar coordinates. • The project lies in MGA 94, zone 52. Local coordinates are derived by conversion: GDA94_EAST =NIC_EAST * 0.9983364 + NIC_NORTH * 0.05607807 + 315269.176 GDA94_NORTH = NIC_EAST * (-0.05607807) + NIC_NORTH * 0.9983364 + 7944798.421 GDA94_RL =NIC-RL + 101.799 • Topographic control uses DGPS collar pickups and external survey RTK data and is considered adequate for use.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Drill hole spacing at Nicolson's is generally between 10 m by 10 m and 30 m x 30 m in the upper areas of the deposits and extends to 50 m x 50 m at depths greater than 200 m. The drill spacing at Wagtail and Rowdies is generally 20 m x 20 m with some areas of 10 m x 20 m infill. • The Competent Person is of the view that the drill spacing, geological interpretation and grade continuity of the data supports the resource categories assigned. • Sample compositing to 3m occurred in holes above predicted mineralised zones. Composite samples were re-assayed in their 1 m increments if initial assay results were anomalous.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Drilling is predominantly at 270o to local grid at a dip of -60o. Local structures strike north-south on the local grid and dip at 60oE. No bias of sampling is believed to exist through the drilling orientation.

Criteria	JORC Code explanation	Commentary
Sample security	• The measures taken to ensure sample security.	• The chain of custody is managed by Pacific Niugini employees and consultants. Samples are stored on site and delivered in bulk bags to the lab in Perth. Samples are tracked during shipping.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• A review of the resource was carried out by an independent consultancy firm when the project was acquired from Bulletin. No significant issues were noted.

SECTION 2: REPORTING OF EXPLORATION RESULTS – HALLS CREEK

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• Tenements containing Resources and Reserves are 80% held by Pacific Niugini subsidiary company Halls Creek Mining Pty Ltd. They are: M80/343, M80/355, M80/359, M80/503 and M80/471. M80/362 Tenement transfers to HCM are yet to occur as stamp duty assessments have not been completed by the office of state revenue., The tenements lie on a pastoral lease with access and mining agreements and predate native title claims. • The tenements are in good standing and no known impediments exist.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• The deposits were discovered by prospectors in the early 1990s. After an 8,500 m RC program, Precious Metals Australia mined 23 koz at an estimated 7.7g/t Au from Nicolson's Pit in 1995/96 before ceasing the operation. Rewah mined the Wagtail and Rowdy pits (5 koz at 2.7g/t Au) in 2002/3 before Terra Gold Mines (TGM) acquired the project, carried out 12,000 m of RC drilling and produced a 100 koz resource estimate. GBS Gold acquired TGM and drilled 4,000 m before being placed in administration. Review of available reports show work to follow acceptable to standard industry practices.

Criteria	JORC Code explanation	Commentary
Geology	• Deposit type, geological setting and style of mineralisation.	• Gold mineralisation in the Nicolson's Find area is structurally controlled within the 400 m wide NNE trending dextral strike slip Nicolson's Find Shear Zone (NFSZ) and is hosted within folded and metamorphosed turbiditic greywackes, felsic volcaniclastics, mafic volcanics and laminated siltstones and mudstones. This zone forms part of a regional NE-trending strike slip fault system developed across the Halls Creek Orogen (HCO). • The NFSZ comprises a NNE-trending anastomosing system of brittle-ductile shears, characterised by a predominantly dextral sense of movement. The principal shear structures trend NNE to N-S and are linked by NW, and to a lesser extent, by NE shears. Individual shears extend up to 500m along strike and overprint the earlier folding and penetrative cleavage of the HCO. • The overall geometry of the system is characterized by right step-overs and bends/jogs in the shear traces, reflecting refraction of the shears about the granite contact. Within this system, the NW-striking shears are interpreted as compressional structures and the NE-striking shears formed within extensional windows. • Mineralisation is primarily focussed along NNE trending anastomosing systems of NNE-SSW, NW-SE and NE-SW oriented shears and splays. The NNE shears dip moderately to the east, while the NW set dips moderately to steeply to the NE. Both sets display variations in dip, with flattening and steepening which result in a complex pattern of shear intersections.. • Mineralisation is strongly correlated with discontinuous quartz veining and with Fe-Si-K alteration halos developed in the wall rocks to the veins. The NE shears are associated with broad zones of silicification and thicker quartz veining (typically white, massive quartz with less fracturing and brecciation); however, these are typically poorly mineralized. The NW-trending shears are mineralized, with the lodes most likely related to high fluid pressures with over-pressuring and failure leading to vein formation. Although the NE structures formed within the same shear system, the quartz veining is of a different generation to the mineralized veins. • Individual shears within the system display an increase in strain towards their centres and comprise an anastomosing shear fabric reminiscent of the pattern on a larger scale.

Criteria	JORC Code explanation	Commentary
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: » easting and northing of the drill hole collar » elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar » dip and azimuth of the hole » down hole length and interception depth » hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• Full results from the drilling program are set out in ASX reports dated 16/9/2014, 23/9/2014 and 9/10/2014. • Drillholes used in the Nicolson's Resource estimate included 242 RC and 20 RAB holes for a total of 1,338m within the resource wireframes. Rowdies drilling included 36 RC and 2 aircore holes (AC) for a total of 241 m of intersection within the resource wireframes. Wagtail North comprised 84 RC and 6 AC holes for 553 m of intersection with the resource wireframes. Wagtail South comprised 23 RC and 20 AC holes for 203 m of intersection within the resource wireframes.
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• Drill results as reported are composited intersections within the interpreted mineralisation wireframes which form the basis of the resource. Intercepts are composited from 1 m sample increments and no weighting other than length is applied. The Lower cut-off grade is a nominal 0.5g/t Au with a minimum 2m downhole length above 200 mRL and a nominal 1.0g/t Au with a 1 m minimum downhole length below 200 mRL. Top cuts for Nicolson's lodes were 40 g/t and 45g/t Au for different domains dependent upon the lode grade distribution. Rowdies, Wagtail North and Wagtail South had top cuts of 20g/t, 45g/t and 50g/t Au respectively. • All sample intervals within the interpreted wireframe shells were used in the grade estimation. • No metal equivalent values are used.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	• Drilling is predominantly at 270o to local grid at a dip of -60o. Local structures strike 0o to the local grid and dip at 60oE (i.e. having a 60o intersection angle to lode structures). Deeper holes have some drillhole deviation which decreases or increases the intersection angle, but not to a significant extent. • Downhole lengths are reported and true widths are approximately 60 – 90% of down-hole length.

Criteria	JORC Code explanation	Commentary
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• Full results and diagrams from the drilling program are set out in ASX reports dated 16/9/2014, 23/9/2014 and 9/10/2014.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• Full results from the drilling program are set out in ASX reports dated 16/9/2014, 23/9/2014 and 9/10/2014.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• Groundwater is largely confined to fault structures, typical of fracture rock systems with low yields and able to be controlled with air pressure while drilling. Metallurgical and geotechnical work studies have been completed as part of feasibility studies in support of ore reserves with no significant issues noted. No significant deleterious substances have been noted.
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• Underground mining has commenced and milling of this ore has produced gold at levels in line with local grade estimates.

SECTION 3: ESTIMATION AND REPORTING OF MINERAL RESOURCES – HALLS CREEK

Criteria	JORC Code explanation	Commentary
Database integrity	• Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. • Data validation procedures used.	• Data input has been governed by lookup tables and programmed import of assay data from lab into database. The database has been checked against the original assay certificates and survey records for completeness and accuracy. • Data was validated by the geologist after input. Data validation checks were carried out by an external database manager in liaison with Bulletin personnel. The database was further validated by external resource consultants prior to resource modelling. An extensive review of the data base was undertaken when Pacific Niugini acquired the project.

Criteria	JORC Code explanation	Commentary
Site visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	• The Competent Person has visited the site and has a good appreciation of the mineralisation styles comprising the Mineral Resource.
Geological interpretation	• Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. • Nature of the data used and of any assumptions made. • The effect, if any, of alternative interpretations on Mineral Resource estimation. • The use of geology in guiding and controlling Mineral Resource estimation. • The factors affecting continuity both of grade and geology.	• Confidence in the geological interpretation is generally proportional to the drill density. Surface mapping confirms some of the orientation data for the main mineralised structures. • Data used for the geological interpretation includes surface and trench mapping and drill logging data. • An alternative interpretation (steeper lodes) of deeper portions of the deposit was modelled and provides no material change to the resource estimate. In general the interpretation of the mineralised structures is clear. • Geological interpretation of the data was used as a basis for the lodes which were then constrained by cut-off grades. • Geology and grade continuity is constrained by quartz veining within the NFSZ and by parallel structures for the other prospects.
Dimensions	• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	• Full results from the drilling program are set out in ASX reports dated 16/9/2014, 23/9/2014 and 9/10/2014.

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques	• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. • The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. • The assumptions made regarding recovery of by-products. • Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). • In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. • Any assumptions behind modelling of selective mining units. • Any assumptions about correlation between variables. • Description of how the geological interpretation was used to control the resource estimates. • Discussion of basis for using or not using grade cutting or capping. • The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	• Separate block models were generated for Nicolson's, Rowdies and Wagtail North and South. Individual mineralised structures were domained separately. Models contain grade estimates and attributes for blocks within each domain only. • Ordinary Kriging (OK) using Surpac software was used to generate the resource estimates. Variography of gold grades from drilling data provides a maximum grade continuity of 50 m down plane plunge, 20 m perpendicular to plunge and 5 m across plunge for Nicolson's Find; 90 m down plunge, 55 m perpendicular to plunge and 5 m across plunge for Nicolson's South and 20.5m down plunge, 14.5 m perpendicular to plunge and 12, across plane for Wagtail South. Rowdies and Wagtail North have a strike-dip control on mineralisation. Rowdies grade continuity was 60 m down-dip, 50 m along strike and 4 m across the plane. Wagtail North parameters were 50 m along strike, 30 m down-dip and 4 m across the plane. • A number of resource estimates by consultants, Optiro have been generated with previous resource estimates reconciled to later upgrades. Reconciliation of the Nicolson's open pit resource model with mine records provides a difference of -6% in tonnes, +15% in grade and +9% in gold metal compared to the resource model; however, the open pit area is only a small proportion of the current resource extents. Production figures from Rowdies and Wagtails are low in confidence and have not reconciled to the resource model. • By products are not included in the resource estimate. • No deleterious elements have been estimated. Arsenic is known to be present, however metallurgical test work suggests that it does not adversely affect metallurgical recovery. • Models were interpolated with a block model cell size of 10 mN x 5 mE x 5 mRL, with sub-celling for volume representation only to 0.3 m. Estimation used 4 passes at Nicolson's and 3 passes elsewhere. At Nicolson's Find, the 1st pass used a search radius of 50 m with a minimum of 8 and maximum of 32 samples. Nicolson's South estimation used a 90m radius for the 1st pass with a minimum of 4 and maximum of 12 samples. The search radius was increased by 1.5 for second pass and the minimum number of samples was decreased to 4 for the 3rd pass. The search radius was increased by a factor of 3 and the minimum number of samples decreased to 1 for the 4th pass at Nicolson's.

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques (continued)		• The size of the blocks was determined by Kriging Neighbourhood Analysis in conjunction with the assumption of a relatively selective mining approach for both open pit and underground operations. • Only gold has been estimated. • Geological interpretation constrained initial resource wireframes; these were oriented along trends of grade continuity and were constrained further by cut-off grades. • Grade distribution statistics were used to generate top cuts, along with the analysis of distribution graphs and disintegration analysis. • Models were validated visually and by statistical comparison to input data both on a whole-of-domain and on a sectional basis using continuity or swathe plots.
Moisture	• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content	• Tonnage was estimated on a dry basis.
Cut-off parameters	• The basis of the adopted cut-off grade(s) or quality parameters applied	• Cut-off grades for reporting were based on notional mining cut-off grades for open pit (0.6 g/t Au) and underground operations (3 g/t Au).
Mining factors or assumptions	• Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	• An optimised pit shell was used to constrain material described as open pit with material outside this shell assigned to a potential underground operation. • The minimum downhole intersection width of 2m for material above 200m and 1 m below 200m is considered to represent minimum mining widths for selective open pit and underground operations respectively.
Metallurgical factors or assumptions	• The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	• Metallurgical testwork has shown acceptable (> 95%) gold recovery using CIP technology. No factors from the metallurgy have been applied to the estimates.

Criteria	JORC Code explanation	Commentary
Environmental factors or assumptions	• Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	• The deposits are on granted mining leases with existing mining disturbance and infrastructure present.
Bulk density	• Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. • The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit. • Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	• Bulk density measurements of ore were calculated from drill core using the water displacement method and data from historical mining. Pit data provided 29 samples and drilling provided 91 samples. • Bulk density estimates used were: Oxide All: 2.0 t/m3 Transitional All: 2.4t/m3 Fresh Rowdies and Wagtails: 2.7t/m3 Fresh Nicolsons: 2.9t/m3
Classification	• The basis for the classification of the Mineral Resources into varying confidence categories. • Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • Whether the result appropriately reflects the Competent Person's view of the deposit.	• Indicated material is defined where geology and grade continuity was evident and supported by drill spacing of less than 30 m by 30 m with at least 2 intercepts in the quartz lode. Inferred material is defined where lodes are supported by less than 3 holes and drill spacing was greater than 30m x 30m. • Input data is considered sufficiently comprehensive for the level of confidence assigned to the resource estimate by the Competent Person. • The estimate appropriately reflects the view of the Competent Person.
Audits or reviews	• The results of any audits or reviews of Mineral Resource estimates	• An audit of the estimate was carried out by an independent consultant. No significant issues were noted.

Criteria	JORC Code explanation	Commentary
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	• The relative accuracy of the Mineral resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code. • The statement reflects local estimates at the block size. • The resource model produced a 9% oz Au undercall against recorded production for the Nicolsons Find pit. This amount is considered to be within acceptable limits for the classification of the resource. Moreover, the open pit mining represents a small fraction of the existing resource area.

SECTION 4: ESTIMATION AND REPORTING OF ORE RESERVES – HALLS CREEK

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. • Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	• The Ore Reserve was calculated using detailed mine designs applied to the current JORC Resource Estimate. The Resource Estimate was completed by highly experienced resource geologists, overseen by the competent person. • The Resources Reported are inclusive of the Ore Reserve.
Site visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	• The Competent Person has made a number of visits to the site and was heavily involved in preparation of the overall operations plan which was the basis for the Reserve Estimate.
Study status	• The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. • The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	• The study completed to enable the estimation of the Reserve is considered to be a Feasibility level of study. • The study utilizes functional mine designs and prevailing industry costs for formulation of the estimate
Cut-off parameters	• The basis of the cut-off grade(s) or quality parameters applied.	• The fully costed cut off grade is 4.1 g/t. incremental cut off grades for necessary activities were calculated separately, and insitu stope grades (pre dilution) were cut off at 3.5 g/t.

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	• The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). • The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. • The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling. • The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). • The mining dilution factors used. • The mining recovery factors used. • Any minimum mining widths used. • The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. • The infrastructure requirements of the selected mining methods.	• Detailed ore stopes and development drives were designed using Surpac software. It was assumed that stopes would suffer 15% dilution at 0g/t and achieve 95% recovery of diluted tonnes. Ore drives were designed on the basis that drives with less than 60% ore would be resue mined with 30% dilution at 0g/t and 100% recovery. Drives not resue mined were recovered with 0% dilution and 100% recovery. • All Reserve tonnes are extracted using underground methods. Uphole benching is the primary mining method and is considered suitable for the type and geometry of the deposit. Geotechnical factors were estimated by expert geotechnical consultants. • Stopes are to be 30m along strike maximum. Where stopes are high grade they will be filled with loose waste to maximise extraction. In lower grade areas, pillares are left as necessary. • Stopes ware designed with a minimum width of 1.2m. All dilution is assumed to have zero gold value. Stopes are assumed to be mined without fill. • Mining is by owner operator using leased equipment. Quoted and industry standard rates are assumed. • For stoping 15% dilution at zero grade is used. Ore drives were designed on the basis that drives with less than 60% ore would be resue mined with 30% dilution at 0g/t and 100% recovery. Drives not resue mined were recovered with 0% dilution and 100% recovery. • For development 100% of diluted ore mined is recovered. For stoping 95% of diluted ore is recovered. • The minimum mining width is 1.2m for stopes. • Inferred resources were included in the full mine plan. For the purpose of testing viability of the Reserve alone, the mine plan was also assessed using Reserves only. The reserve only model was viable with total costs <A$1,000 per Oz. • The costs used in the model include all required infrastructure including fixed plant, buildings and magazines, and mine excavations.

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	• The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. • Whether the metallurgical process is well-tested technology or novel in nature. • The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. • Any assumptions or allowances made for deleterious elements. • The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. • For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	• The existing processing plant at Nicolsons uses a conventional CIP circuit, which is appropriate for the style of mineralisation. • The CIP process is the conventional gold processing method in Western Australia and is well tested and proven. • Metallurgical testwork has been completed for 6 fresh ore samples with varying characteristics. In all cases it is possible to achieve +96% recovery provided that a gravity recovery circuit is employed. A Knelson concentrator is included in the mine plan for that purpose. The recovery assumed is 96%. • There are not any know deleterious elements • No bulk sampling or pilot scale testing has been undertaken. • Not applicable
Infrastructure	• The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	• The Nicolsons site has extensive existing infrastructure including a processing plant. The cost to bring all infrastructure back to operating status has been included in the Reserve calculation. The site is near the town of Halls Creek, and availability of accommodation has been confirmed. Transportation costs have been included. Prevailing industry labour rates have been applied.

Criteria	JORC Code explanation	Commentary
Costs	• The derivation of, or assumptions made, regarding projected capital costs in the study • The methodology used to estimate operating costs. • Allowances made for the content of deleterious elements. • The source of exchange rates used in the study. • Derivation of transportation charges. • The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. • The allowances made for royalties payable, both Government and private.	• Capital costs were estimated by identifying capital equipment items and estimating labour and equipment requirements for installation of capital equipment. Whenever possible quoted rates were used. • Operating costs are calculated from first principles with quotations used when possible. Industry standard rates for labour and equipment were applied to a detailed mine schedule. • There are no known deleterious elements and no adjustments have been made. • All costs were estimated in Australian dollars, and a gold price of $1400/ Oz was utilized. • Transport charges were based on quotation. • Credit elements including silver were not attributed any value in the calculation and it is assumed that the silver credits received will cover refinement charges. • A 2.5% state government royalty was assumed. It was also assumed that Bulletin Resources does not contribute its 20% and a 1% royalty payment to Bulletin was applied.
Revenue factors	• The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. • The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	• Grade is scheduled monthly in a detailed mining schedule. • Gold price was assumed to be A$1,400 per ounce. • No revenue from silver or any metals other than gold was assumed.
Market assessment	• The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. • A customer and competitor analysis along with the identification of likely market windows for the product. • Price and volume forecasts and the basis for these forecasts. • For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	• Gold prices can be volatile and there are many conflicting positions on the future price of Gold. Pacific Niugini believes that A$1,400 per ounce is a realistic forward price forecast for gold over the life of the proposed mine.

Criteria	JORC Code explanation	Commentary
Economic	• The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. • NPV ranges and sensitivity to variations in the significant assumptions and inputs.	• NPV was calculated with a discount rate of 8% per annum. • Due to the short life of the proposed mine, inflation was not applied to costs or gold price.
Social	• The status of agreements with key stakeholders and matters leading to social licence to operate.	• The project is on granted mining leases and the company has an access agreement with the pastoral lease owner who is also the local aboriginal corporation.
Other	• To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: • Any identified material naturally occurring risks. • The status of material legal agreements and marketing arrangements. • The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	• Pacific Niugini's ownership of the project is governed by an Acquisition Agreement with Bulletin Resources. Pacific Niugini is satisfied that it has complied with the requirements of that agreement. • Signed transfer documents for the tenements are held by Pacific Niugini, however transfers have not occurred as the Department of State Revenue has not completed a Stamp Duty Assessment, and Stamp Duty must be paid prior to transfer of tenements. The Acquisition Agreement protects PNR's interest in the period prior to transfer. • PNR lodged its Mining Proposal and Closure Plan to the DMP in August 2014 and believes that it is close to receiving approval for mining of the deposit. PNR is continuing to liaise with the department to expedite approvals.
Classification	• The basis for the classification of the Ore Reserves into varying confidence categories. • Whether the result appropriately reflects the Competent Person's view of the deposit. • The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	• The reserve has been derived from Indicated Resources, and no Measured Resources are identified in the resource model. • Recent drilling indicates that the ore may be narrower but higher grade in some sections of the Resource. The competent person is satisfied that the total gold to be recovered and the costs applied are suitable for the deposit.
Audits or reviews	• The results of any audits or reviews of Ore Reserve estimates.	• No audits or reviews have been completed.

Criteria	JORC Code explanation	Commentary
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. • It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	• The Probable Reserve is primarily based on RC drilling. Recent diamond drilling indicates that ore may be narrower but higher grade. A comparison of gram metres in the model vs gram metres in drilling indicated that the total ounces in the Reserve are reasonable and may be conservative. • No modifying factors apart from those set out in this Table 1 have been included.

INTERESTS IN MINING TENEMENTS
AS AT 28 SEPTEMBER 2015

Halls Creek, Western Australia	Status	Interest %
E80/2394	Granted	80%
E80/2601	Granted	80%
E80/3861	Granted	80%
E80/4458	Granted	80%
E80/4459	Granted	80%
M80/0343	Granted	80%
M80/0355	Granted	80%
M80/0359	Granted	80%
M80/0362	Granted	80%
M80/0471	Granted	80%
M80/0503	Granted	80%
L80/0070	Granted	80%
L80/0071	Granted	80%

Papua New Guinea	Status	Interest %
EL 1614	Granted	100%
EL 2013	Granted	100%
EL 2321	Granted	100%
ML 457	Granted	50%

SECURITY HOLDER INFORMATION

AS AT 28 SEPTEMBER 2015

(a) Top 20 Quoted Shareholders

	Units	%
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	52,344,702	10.67
CITICORP NOMINEES PTY LIMITED	49,038,181	10.00
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	34,524,787	7.04
AJAVA HOLDINGS PTY LTD	23,540,057	4.80
BULLETIN RESOURCES LIMITED	14,195,000	2.89
LIBERTY MANAGEMENT PTY LTD <LIBERTY SUPERANNUATION FUND>	9,920,000	2.02
RELLAV PTY LTD	7,921,000	1.61
BRESRIM NOMINEES PTY LTD <DA HANNES SUPER FUND #2 A/C>	7,875,000	1.61
JAMARI PTY LTD <STAFF SUPER FUND A/C>	7,860,000	1.60
DAVID MIRINGTORO OSIKORE	6,120,000	1.25
MR D J LOVELL & J C LOVELL	6,000,200	1.22
ALL-STATES FINANCE PTY LTD	5,918,615	1.21
SKIPTAN PTY LTD <P&M MEURS FAMILY A/C>	5,311,906	1.08
MR ROBERT NORMAN COX + MRS DIANE ELIZABETH COX	4,975,000	1.01
ALL STATES SECRETARIAT PTY LTD	4,500,000	0.92
MR TERRENCE JOSEPH CAPLICE	4,379,659	0.89
ONMELL PTY LTD <ONM BPSF A/C>	4,200,000	0.86
BROKEN RIDGE PTY LTD	3,880,000	0.79
MR JONATHAN JOSEPH MAXIME MARTIN	3,700,000	0.75
KENSON INVESTMENTS WA PTY LTD <KENSON SUPER FUND A/C>	3,653,847	0.74
Total	**259,857,954**	**52.97**

(b) Distribution of quoted ordinary shares

Size of parcel	Number of share holders	Number of shares
1 - 1,000	172	48,401
1,001 - 5,000	119	378,287
5,001 - 10,000	115	919,698
10,001 - 100,000	525	21,226,434
100,001 -	382	467,994,584
Total	**1,313**	**490,567,404**

(c) Number of holders with less than a marketable parcel of ordinary shares

	Number of share holders	Number of shares
Minimum $ 500.00 parcel at $ 0.0560 per unit (8,929 shares).	**357**	**862,825**

(d) Substantial Shareholders

	Units	%
Robmar Investments Pty Ltd	52,344,702	10.67

SECURITY HOLDER INFORMATION (CONTINUED)

(e) Top 20 Quoted Optionholders (expiry 25/08/2016, exercise $0.06)

	Units	%
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	12,248,628	24.97
AJAVA HOLDINGS PTY LTD	2,354,007	4.80
PERSHING AUSTRALIA NOMINEES PTY LTD <NO 3 A/C>	2,000,000	4.08
COL DU TOURMALET LIMITED	1,500,000	3.06
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	1,500,000	3.06
MR CHRISTOPHER MARK WELLS	1,500,000	3.06
GREGORACH PTY LTD	1,426,131	2.91
CITICORP NOMINEES PTY LIMITED	1,087,366	2.22
JAMARI PTY LTD <STAFF SUPER FUND A/C>	982,500	2.00
MR COLIN ERIC GLOVER + MRS GLENDA JOAN GLOVER	850,000	1.73
JETOSEA PTY LTD	770,000	1.57
SGIAN DUBH PTY LTD	650,000	1.32
ALL-STATES FINANCE PTY LTD	591,862	1.21
MR ROBERT NORMAN COX + MRS DIANE ELIZABETH COX	587,500	1.20
MEDIFLEX INDUSTRIES (AUSTRALIA) PTY LTD	525,000	1.07
MR JOHN ANDREW RODGERS <JOHN RODGERS FAMILY A/C>	506,250	1.03
DBA CORP PTY LTD <DENNIS BRANDT FAMILY A/C>	500,000	1.02
EXPONENTIAL EQUITIES PTY LTD	500,000	1.02
MRS AMANDA JANE HEPBURN	500,000	1.02
JOLEE CORPORATION PTY LTD	500,000	1.02
Total	**31,079,244**	**63.35**

(f) Distribution of quoted options (expiry 25/08/2016, exercise $0.06)

Size of parcel	Number of option holders	Number of options
1 - 1,000	34	10,440
1,001 - 5,000	48	136,818
5,001 - 10,000	21	175,903
10,001 - 100,000	118	4,949,223
100,001 -	74	43,784,386
Total	**295**	**49,056,770**

(g) Voting Rights

The voting rights for each class of security on issue are:

Ordinary fully paid shares

Each ordinary shareholder is entitled to one vote for each share held.

Options Expiring 25/08/2017 - Exercise Price $0.06

The holders of options have no rights to vote at a general meeting of the company.

Employee/Consultant Options

The holders of options have no rights to vote at a general meeting of the company.

Performance rights

The holders of performance rights have no rights to vote at a general meeting of the company.

Convertible Notes

The holders of convertible notes have no rights to vote at a general meeting of the company.

(h) Unquoted Equity Securities

Unquoted Employee/ Consultant Options	Exercise Price	Expiry Date	Number holders
150,000	$0.17	07/03/2016	1
500,000	$0.185	30/05/2016	1
2,000,000	$0.09	21/11/2016	1
4,000,000	$0.10	30/06/2018	10
6,650,000	-	-	**13**

Unquoted Performance Rights	Exercise Price	Expiry Date	Number holders
2,000,000	Nil	21/11/2016	1
2,500,000	Nil	30/01/2017	5
4,500,000	-	-	**6**

Unquoted Convertible Notes	Exercise Price	Maturity Date	Number holders
3,300	$0.06	31/12/2017	22
3,300	**$0.06**	**31/12/2017**	**22**

Key terms of the Convertible Notes:

(i) 3,300 notes issued with a face value of $1,000 per note;

(ii) Notes are converible at 6 cents per share.

(iii) Coupon rate of 8% per annum, payable six monthly in cash or shares at the election of the note holder;

(iv) One option will be issued per share converted in the first year and one option will be issued per two shares converted after the first year; and

(v) The notes mature on 31 December 2017 unless existing Commonwealth Bank ("CBA") facilities have not been discharged. If CBA facilities are not fully discharged, maturity will be two months after the discharge of the CBA facility.

(i) Substantial Holders of Unquoted Securities (Above 20%)

Unquoted Convertible Notes

	Units	%
FITEL NOMINEES LIMITED	1,000	30.3

Unquoted employee/consultant options and performance rights are issued under an employee incentive scheme.

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