

PACIFIC NIUGINI LIMITED

AND ITS CONTROLLED ENTITIES

ABN 30 003 207 467

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

31 DECEMBER 2013

	PAGE
Directors' Report	3
Auditor's Independence Declaration	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements	12
Directors' Declaration	16
Independent Auditors Review Report to the Members	17

CORPORATE DIRECTORY

Directors

Peter Cook – Non-Executive Chairman
 Paul Cmrlec - Managing Director
 David Osikore - Executive Director
 Sam Akoitai - Non-Executive Director

Auditor

BDO Audit Pty Ltd
 Level 10, 12 Creek Street
 Brisbane QLD 4000
 Tel: (07) 3237 5999
 Fax: (07) 3221 9227

Company Secretary

Dennis Lovell

Share Registry

Computershare Investor Services Pty Ltd
 117 Victoria Street
 West End QLD 4101
 GPO Box 2975 Melbourne Vic 3001
 Tel: (within Australia) 1300 850 505
 Tel: (outside Australia) +61 (0) 3 9415 4000
 Fax: +61 (0) 3 9473 2500

Registered address and Head Office

Suite 14, 46 Douglas Street
 Milton QLD 4064
 Tel: (07) 3367 3996
 Fax: (07) 3368 2998
 Email: admin@niugini.com.au

Principal Place of Business

Suite 14, 46 Douglas Street
 Milton QLD 4064
 Tel: (07) 3367 3996
 Fax: (07) 3368 2998

Home Stock Exchange

Australian Securities Exchange Limited
 20 Bridge Street
 Sydney NSW 2000

Website: www.niugini.com.au

ASX Code: PNR

DIRECTORS' REPORT

Your directors present their report together with the consolidated financial report of Pacific Niugini Limited for the six months ended 31 December 2013.

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Peter Cook – Non-Executive Chairman
Paul Cmrlec - Managing Director
David Osikore – Executive Director
Sam Akoitai – Non-Executive Director

Unless otherwise indicated all directors were in office from the beginning of the financial period until the date of this report.

REVIEW AND RESULTS OF OPERATIONS

The consolidated entity recorded a loss after tax of \$2,197,761 for the half-year ended 31 December 2013 (2012: loss after tax \$1,182,785).

Corporate

At 31 December 2013 the company had 251,284,667 (30 June 2013: 251,284,667) fully paid ordinary shares on issue and cash reserves of \$2,985,039 (30 June 2013: \$5,087,853).

PNG Operations

The Company continues with its exploration and development activities for gold, copper-gold and other base metals on its exploration tenements in PNG and significant exploration activity has taken place during the half-year.

Garaina Project

Pacific Niugini advised the ASX of a farm out and joint venture agreement relating to the Garaina project on the 3rd of April 2013, and provided details of the joint venture company, MGL Limited in the March 2013 quarterly report. The agreement is designed to ensure the rapid drill testing of the Kusi prospect at Garaina, while enabling Pacific Niugini to focus capital expenditure on near term production potential projects.

MGL is earning up to a 70% interest in the Garaina Project by spending up to \$21 Million on drilling and exploration works, with the first phase requiring \$6 million to be spent in the first two years for a 50.1% interest in the project.

Work in PNG during the six months was focussed on advancing the drilling program at Garaina with highly encouraging results from the initial holes. All drill holes have returned significant zones which have been announced in news releases on 21 November 2013, 29 January 2014 and in the December quarterly report lodged on 30 January 2014.

Farm-in partner MGL's General Manager Dr Mark Lindsay stated: "Drill results to date are very exciting. Epithermal mineralization has been mapped over an area of 1500m by 300m, and

DIRECTORS' REPORT

combined with a multistage intrusion history with Copper clearly associated with each stage, intense porphyry style alteration, and porphyry style veining all highlight the prospectivity of the system and re-enforce the probability of a significant porphyry deposit nearby. The prospect clearly hosts a large hydrothermal system and Kusi has real potential to be the next major mineral discovery in PNG.”

Bulolo Project

Bulk sampling programs have been completed at the Bulolo Gravels project and the company now has a sound understanding of near surface gold distribution at both Bulolo and Widubosh.

As reported in the June 2013 quarterly report, Pacific Niugini received the Environmental Permits required for mining at Widubosh. Pacific Niugini was advised during the December quarter that the Mining Advisory Council has recommended PNR's mining plans for the deposit for approval by the Mining Minister. Ministerial approval is required for the conversion of ML457 from the provisions of the previous mining act to the current mining act. Pacific Niugini received formal notification of conversion of the Mining Lease and renewal for a period of 20 years subsequent to the end of the reporting period.

Pacific Niugini is reviewing options for development of the Widubosh deposit, taking into account other activities which the company is now pursuing following the more than 18 month period which has elapsed since approvals documentation was first submitted.

Other Projects

Pacific Niugini has completed geological and geophysical data reviews for the Mt Hagen and Gusap projects. The reviews have identified a number of zones which are considered to be prospective for Porphyry copper-gold deposits. Some of the identified zones have been the subject of substantial work by Pacific Niugini previously, while others are virgin magnetic susceptibility anomalies with no known historical sampling. The new areas of interest have been identified by the same geophysicist that was responsible for the current interpretation of the Kusi Prospect at Garaina.

Pacific Niugini will undertake a detailed review of the new geological interpretations in order to set exploration priorities outside of the Garaina Project. The Garaina Project will remain the prime PNG exploration focus for the company..

General

The Company operates from an office in Lae, PNG that is staffed and managed entirely by PNG geologists, technical specialists and administration staff all answering to PNG geologist and Managing Director of our wholly owned PNG subsidiary, Mr David Osikore.

Full details of the PNG operations can be obtained from past Company announcements on the ASX website www.asx.com.au (ASX Code is PNR) or on the Company website www.niugini.com.au

Mexican Operations

Caldera Project, Sonora Mexico

Pacific Niugini reached agreement on terms to enable it acquire an interest in the Caldera Project in Sonora, Mexico during November 2012, and commenced testing at the project in May

DIRECTORS' REPORT

2013. This project provided Pacific Niugini's entry to Mexico, and works on the project allowed the company to establish its operations in the region.

While varying amounts of free gold was noted in concentrates from all bulk sampling pits excavated, testing was not able to duplicate the high grades reported from previous testing campaigns by the owner. Pacific Niugini has concluded that it cannot establish a commercial gravity only processing operation at the project. While there is a large tenement area that remains untested, the company considers that the risk in expending further funds to test those areas now outweighs any potential rewards. The exploration cost of \$1,270,260 incurred in the Caldera Project testing has been fully impaired at 31 December 2013.

Additional Projects, Sonora Mexico

Pacific Niugini announced in the September 2013 Quarterly Activities Report that it is currently reviewing project opportunities on multiple additional sites in Sonora, Mexico. The additional projects include additional alluvial opportunities as well as potentially high grade copper and gold projects.

In the December 2013 Quarterly Activities Report Pacific Niugini announced the signing of option agreements for a number of contiguous mining concessions considered to be prospective for alluvial deposits of a size suitable for the Company's large alluvial plant. Subsequent to the end of the December 2013 Quarter, Pacific Niugini advised that it had mothballed its Mexican projects at the time of announcing the agreement to acquire the Halls Creek Project in Western Australia.

Other operations

Acquisition of 80% of the Halls Creek Nicolsons Project from Bulletin Resources Ltd (ASX:BNR) Subsequent to the end of the December 2013 quarter, Pacific Niugini advised that it has agreed to acquire 80% of the Nicolsons Project (a gold mining project in WA) from Bulletin Resources. The key terms of the transaction are:

- \$600,000 refundable cash deposit within 3 days of Bulletin advising Pacific Niugini that the transaction is to proceed;
- \$900,000 cash payment upon completion of formal agreements or satisfaction of all conditions, whichever occurs last;
- Either \$1.3 million worth of fully paid ordinary shares or 15 million fully paid ordinary shares, which ever is the greater number.

The initial payment will earn 49% of the project, and the parties will form a joint venture with Pacific Niugini as the sole manager. Following the initial acquisition, PNR will earn up to 80% of the project as follows:

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

The Company is considering funding options for further development of the Nicolsons Project.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on the next page and forms part of the directors' report for the six months ended 31 December 2013.

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

P.M. Cmrlec

Paul Cmrlec
Managing Director
Perth, Western Australia
Date: 13 March 2014

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

As lead auditor for the review of Pacific Niugini Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

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

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

A J Whyte

Director



BDO Audit Pty Ltd

Brisbane, 13 March 2014

**PACIFIC NIUGINI LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

	Note	31 December 2013 \$	31 December 2012 \$
Revenue			
Interest		67,487	201,438
Other revenue		119,136	95,690
Expenditure			
Employee benefit expense		(409,254)	(476,915)
Depreciation expense		(65,093)	(179,915)
Consultants fees		(137,400)	(152,200)
Legal fees		(15,603)	(12,771)
Rent		(58,723)	(69,063)
Administration expenses		(398,204)	(570,366)
Loss on sale of non-current assets		(16,007)	-
Exploration expenditure written off		(1,298,940)	(7,143)
Fair value changes in financial assets at fair value through profit or loss		14,840	(11,540)
		<hr/>	<hr/>
Profit (loss) before income tax		(2,197,761)	(1,182,785)
Income tax expense		-	-
		<hr/>	<hr/>
Profit (loss) for the period attributable to members of the parent entity		(2,197,761)	(1,182,785)
		<hr/>	<hr/>
Other comprehensive income			
Items that will be reclassified to profit or loss			
Exchange differences on the translation of foreign operations		(873,043)	265,152
		<hr/>	<hr/>
Other comprehensive income for the period, net of tax		(873,043)	265,152
		<hr/>	<hr/>
Total comprehensive income for the period attributable to members of the parent entity		<u>(3,070,804)</u>	<u>(917,633)</u>
Earnings per share			
Profit (loss) per share - basic (cents per share)		(0.87)	(0.47)
Profit (loss) per share - diluted (cents per share)		(0.87)	(0.47)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**PACIFIC NIUGINI LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

	Note	31 December 2013 \$	30 June 2013 \$
Assets			
Current Assets			
Cash and cash equivalents		2,985,039	5,087,853
Trade and other receivables		157,763	214,155
Available for sale financial assets		90,621	75,781
Total Current Assets		<u>3,233,423</u>	<u>5,377,789</u>
Non-Current Assets			
Property, plant & equipment		4,899,719	4,786,859
Exploration & evaluation assets	5	13,906,277	14,918,481
Total Non-Current Assets		<u>18,805,996</u>	<u>19,705,340</u>
Total Assets		<u>22,039,419</u>	<u>25,083,129</u>
Liabilities			
Current Liabilities			
Trade and other payables		336,759	440,347
Provisions		89,838	95,524
Total Current Liabilities		<u>426,597</u>	<u>535,871</u>
Non-Current Liabilities			
Deferred tax liability		1,053,802	1,053,802
Total Non-Current Liabilities		<u>1,053,802</u>	<u>1,053,802</u>
Total Liabilities		<u>1,480,399</u>	<u>1,589,673</u>
Net Assets		<u>20,559,020</u>	<u>23,493,456</u>
Equity			
Issued capital	4	132,507,386	132,507,386
Reserves		3,406,295	4,142,970
Accumulated losses		(115,354,661)	(113,156,900)
Total Equity		<u>20,559,020</u>	<u>23,493,456</u>

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

**PACIFIC NIUGINI LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

	Issued Capital \$	Option Reserve \$	Share Based Payment Reserve \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Total Equity \$
Balance at 1 July 2012	132,430,888	1,803,625	1,580,238	(110,460,205)	90,532	25,445,078
Profit (loss) for the period	-	-	-	(1,182,785)	-	(1,182,785)
Exchange differences on translation of foreign operations	-	-	-	-	265,152	265,152
Total comprehensive income for the period	-	-	-	(1,182,785)	265,152	(917,633)
Transactions with owners in their capacity as owners:						
Transfer from reserves	76,500	(76,500)	-	-	-	-
Share based payments	-	-	40,713	-	-	40,713
Balance at 31 December 2012	132,507,388	1,727,125	1,620,951	(111,642,990)	355,684	24,568,158
Balance at 1 July 2013	132,507,386	1,727,125	1,523,974	(113,156,900)	891,871	23,493,456
Profit (loss) for the period	-	-	-	(2,197,761)	-	(2,197,761)
Exchange differences on translation of foreign operations	-	-	-	-	(873,043)	(873,043)
Total comprehensive income for the period	-	-	-	(2,197,761)	(873,043)	(3,070,804)
Transactions with owners in their capacity as owners:						
Share based payments	-	-	136,368	-	-	136,368
Balance at 31 December 2013	132,507,386	1,727,125	1,660,342	(115,354,661)	18,828	20,559,020

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

**PACIFIC NIUGINI LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

	31 December 2013 \$	31 December 2012 \$
Cash Flows From Operating Activities		
Payments to suppliers and employees	(924,946)	(1,127,132)
Interest received	76,348	216,440
Receipts in the course of operations	119,516	104,780
	<hr/>	<hr/>
Net Cash inflow (outflow) from Operating Activities	(729,082)	(805,912)
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Payments for exploration assets	(1,024,913)	(1,460,409)
Payments for property, plant and equipment	(355,137)	(910,267)
	<hr/>	<hr/>
Net Cash inflow (outflow) from Investing Activities	(1,380,051)	(2,370,676)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Proceeds from share and option issues	-	-
	<hr/>	<hr/>
Net Cash inflow (outflow) from Financing Activities	-	-
	<hr/>	<hr/>
Net (decrease)/increase in cash	(2,109,132)	(3,176,588)
Cash at beginning of the financial period	5,087,853	10,717,727
Effects of exchange rate changes on the balance of cash held in foreign currencies	(6,318)	-
	<hr/>	<hr/>
Cash at the end of the financial period	2,985,039	7,541,139
	<hr/>	<hr/>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Pacific Niugini Limited (the "Company") is a company domiciled in Australia. The consolidated half-year financial statements of the Company as at and for the six months ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2013 are available upon request from the Company's registered office at Suite 14, 46 Douglas Street Milton QLD 4064 or on the website at www.niugini.com.au

2. Statement of compliance

The consolidated half-year financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated half-year financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2013 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated half-year financial statements were approved by the Board of Directors on 13 March 2014.

3. Significant accounting policies

The accounting policies and methods of computation applied by the Group in these consolidated half-year financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2013.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised in the financial statements of the Group for the current or prior periods.

The fair value of the Group's financial assets and financial liabilities approximate their carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Issued Capital

	2013	2012
	\$	\$
Issues of ordinary shares during the six months		
Opening balance at 1 July	132,507,388	132,507,388
Closing balance at 31 December	<u>132,507,388</u>	<u>132,507,388</u>

	2013	2012
	Number of shares	Number of shares
Issues of ordinary shares during the six months		
Opening balance at 1 July	251,284,667	251,284,667
Closing balance at 31 December	<u>251,284,667</u>	<u>251,284,667</u>

	2013	2012
	Number of options	Number of options
Options and Performance Rights on issue during the six months		
Opening balance – number on issue at 1 July	24,700,100	25,900,100
Unlisted options forfeited - 48 cents per share expiring 30 Nov 2014	-	(50,000)
Unlisted performance rights - expired 30 Nov 2012	-	(300,000)
Unlisted options issued - 9 cents per share expiring 21 Nov 2016	2,000,000	-
Unlisted performance rights issued expiring 21 Nov 2016	2,000,000	-
Unlisted performance rights - expired 30 Nov 2013	(200,000)	-
Unlisted options expired - 47 cents expired 21 Dec 2013	(1,000,000)	-
Closing balance – number on issue at 31 December	<u>27,500,100</u>	<u>25,550,100</u>

5. Exploration and Evaluation Assets

Movements during the six months are as follows:

	2013	2012
Opening balance at 1 July	14,918,481	12,357,921
Exchange difference	(842,128)	270,246
Expenditure on exploration	1,128,864	1,408,188
Exploration impairment write off	(1,298,940)	(7,143)
Closing balance at 31 December	<u>13,906,277</u>	<u>14,029,212</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Segment Information

(a) Description of segments

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

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

(b) Entity-wide disclosures

The Group's geographical information is as follows:

Non-Current
Assets

	Australia \$	Papua New Guinea \$	Mexico \$
Dec 2013	4,597,649	13,941,795	266,552
Jun 2013	4,150,628	14,898,417	656,295

The Group operates primarily in mineral exploration located in Papua New Guinea. Testing of potential gold production projects took place in Mexico. The Group's headquarters office is in Australia. The Group does not have any products/services that it derives revenue from except interest.

7. Contingent Liabilities and Contingent Assets

The Group has no contingent liabilities and contingent assets at reporting date.

8. Fair value of financial instruments.

	31 December 2013 \$	30 June 2013 \$
The following financial instruments are subject to recurring fair value measurements:		
Available for sale financial assets		
Investments in listed entities-level 1	<u>90,621</u>	<u>75,781</u>

The fair value measurement of level 1 financial instruments is based on unadjusted quoted prices in active markets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Subsequent Events

There are no matters or circumstances which have arisen since the end of the financial period that have significantly affected the operations of the Group or the results of those operations or the state of affairs of the Group other than as follows:

Subsequent to the end of the December 2013 quarter, Pacific Niugini advised that it has agreed to acquire 80% of the Nicolson's Project (a gold mining project in WA) from Bulletin Resources.

The key terms of the transaction are:

- \$600,000 refundable cash deposit within 3 days of Bulletin advising Pacific Niugini that the transaction is to proceed - this was paid on 13 February 2014;
- \$900,000 cash payment upon completion of formal agreements or satisfaction of all conditions, whichever occurs last;
- Either \$1.3 million worth of fully paid ordinary shares or 15 million fully paid ordinary shares, whichever is the greater number.

The initial payment will earn 49% of the project, and the parties will form a joint venture with Pacific Niugini as the sole manager. Following the initial acquisition, PNR will earn up to 80% of the project as follows:

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

The Company is considering funding options for further development of the Nicolson's Project.

10. Dividends

No dividends were provided for or paid during the half-year.

DIRECTORS' DECLARATION

In the opinion of the directors of Pacific Niugini Limited ("the Company"):

- a) the financial statements comprising the consolidated statement of profit or loss and other 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, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2013 and of its performance for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Paul Cmrlec
Managing Director

Perth, Western Australia
Date: 13 March 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pacific Niugini Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pacific Niugini Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pacific Niugini Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pacific Niugini Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit Pty Ltd

BDO



A J Whyte

Director

Brisbane, 13 March 2014