

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or what action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended). The whole of this Document should be read, but your attention is in particular drawn to the section entitled "Risk Factors" at Part III of this Document.**

If you have sold or otherwise transferred, or you sell or otherwise transfer, all of your holding of Existing Ordinary Shares held in certificated form please send this Document at once to the purchaser or transferee or to the stockbroker, bank or other agent through or by whom the sale or transfer was or is effected, for onward delivery to the purchaser or transferee.

Copies of this Document are available, free of charge, at the registered office of Papua Mining PLC, at 27/28 Eastcastle Street, London W1W 8DH for the period of one month from 13 September 2016.

**This Document is not a prospectus for the purposes of the Prospectus Rules. Accordingly, this Document has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom (in its capacity as UK Listing Authority or otherwise) pursuant to sections 85 and 87 of FSMA, the London Stock Exchange or any other authority or regulatory body and has not been approved for the purposes of Section 21 FSMA.**

**Your attention is drawn to the letter from the Chairman of Papua Mining PLC on page 11 of this Document.**

Application will be made for the New Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange ("AIM"). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. **This Document does not comprise an admission document under the AIM Rules and the London Stock Exchange has not itself examined or approved the contents of this Document. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the New Ordinary Shares to the Official List. The New Ordinary Shares will not be dealt on any other recognised investment exchange and no other such application will be made.** It is anticipated that Admission will become effective and that dealings (a) in the Subscription Shares will commence on AIM at approximately 8.00 a.m. on 10 October 2016 and (b) in the Offer Shares will commence on AIM at approximately 8.00 a.m. on 10 October 2016.



## **Papua Mining PLC**

*(incorporated and registered in England and Wales under number 07791328)*

**Proposed Subscription for 40,000,000 Subscription Shares  
at an Issue Price of £0.01 per Subscription Share, to raise £400,000**

**and**

**Offer of up to 40,000,000 Offer Shares at an Issue Price  
of £0.01 per Offer Share to raise up to £400,000,**

**and**

### **Notice of General Meeting**

Cenkos Securities plc, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the matters described in this document. Persons receiving this document should note that Cenkos Securities plc, in its role as nominated adviser and broker will not be responsible to anyone other than the Company and is not advising any other person on the arrangements described in this document. Cenkos Securities plc has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Cenkos Securities plc for the accuracy of any information or opinion contained in this document or for the omission of any information.

The release, publication or distribution of this Document in jurisdictions other than the United Kingdom may be restricted by applicable laws or regulations and this Document does not form part of any offer or invitation to sell or issue or the solicitation of any offer to purchase Ordinary Shares in any jurisdiction where such offer, invitation or solicitation is unlawful. Persons in jurisdictions other than the United Kingdom into whose possession this Document comes should inform themselves about and observe any such applicable legal or regulatory requirements in such jurisdiction. Any failure to do so may constitute a violation of the securities laws of any such jurisdiction.

None of the New Ordinary Shares nor this Document have been, nor will be, registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States or any other Restricted Jurisdiction. The relevant clearances have not been, and will not be, obtained from the securities commission of any province or territory of Canada. No Document in relation to the Fundraising has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission, and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Subscription, the Offer, this Document or the Offer Shares. Accordingly, subject to certain exceptions the Offer Shares may not directly or indirectly be offered, sold, renounced, resold, taken up or delivered in or into the United States, Canada, Australia, Japan or any other Restricted Jurisdiction or offered to, sold to, renounced, taken up or delivered in favour of, or to, a person within the United States or a resident of Canada, Australia, Japan or any other Restricted Jurisdiction.

No person has been authorised to make any representations on behalf of Papua Mining Plc concerning the Subscription or the Offer which are inconsistent with the statements contained in this Document and any such representations, if made, may not be relied upon as having been authorised. No person should construe the contents of this Document as legal, tax or financial advice and recipients of this Document should consult their own advisers as to the matters described in this Document.

Notice of a General Meeting of Papua Mining PLC to be held at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG at 11:15 a.m. on 7 October 2016 (or as soon thereafter as the Annual General Meeting convened for the same date and place shall have been concluded or adjourned) is set out at the end of this Document. Shareholders will find enclosed with this Document a Form of Proxy for use at the General Meeting. To be valid, the Form of Proxy, completed in accordance with the instructions thereon, should be returned as soon as possible but, in any event, so as to be received by Computershare, Corporate Actions Projects, Bristol, BS99 6AH at least 48 hours before the time appointed for the meeting.

Qualifying Shareholders will find enclosed with this Document an Application Form for use pursuant to the Offer. To be valid, the Application Form, completed in accordance with the instructions thereon and set out in this Document, should be returned as soon as possible but, in any event, so as to be received by Computershare, Corporate Actions Projects, Bristol BS99 6AH, or by hand (during normal business hours only) to Computershare, The Pavilions, Bridgwater Road, Bristol BS13 8AE by no later than 11:15 a.m. on 3 October 2016.

Cautionary note regarding forward-looking statements: This Document contains statements about Papua Mining PLC that are or may be "forward-looking statements". All statements, other than statements of historical facts, included in this Document may be forward-looking statements and are subject to, *inter alia*, the risk factors described in Part III of this Document. Without limitation, any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "should", "anticipates", "estimates", "projects" or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects and (ii) business and management strategies and the expansion and growth of the operations of Papua Mining PLC. These forward-looking statements are not guarantees of future performance and have not been reviewed by the auditors of Papua Mining PLC. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules, the Disclosure Guidance and Transparency Rules and/or the Prospectus Rules), Papua Mining PLC does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to Papua Mining PLC or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this Document are based on information available to the Directors of Papua Mining PLC at the date of this Document, unless some other time is specified in relation to them, and the posting or receipt of this Document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

## CONTENTS

	<u>Page</u>
DEFINITIONS .....	4
TECHNICAL GLOSSARY .....	7
EXPECTED TIMETABLE OF PRINCIPAL EVENTS .....	8
SUBSCRIPTION AND OFFER STATISTICS .....	9
DIRECTORS, SECRETARY AND ADVISERS .....	10
PART I LETTER FROM THE CHAIRMAN OF PAPUA MINING PLC .....	11
PART II DETAILS OF THE OFFER.....	16
PART III RISK FACTORS .....	17
PART IV TERMS AND CONDITIONS OF THE OFFER .....	23
PART V ADDITIONAL INFORMATION .....	26
NOTICE OF GENERAL MEETING .....	30

## DEFINITIONS

<b>“Acceptance Date”</b>	11:15 a.m. on 3 October 2016, being the latest date Qualifying Shareholders can return the Application Form
<b>“Accounts”</b>	the audited consolidated financial statements for the Group for the year ended 31 December 2015
<b>“Act”</b>	the Companies Act 2006
<b>“Admission”</b>	means, as the context requires, the admission of the Subscription Shares, the Offer Shares (if any) and the Conversion Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>“Annual General Meeting”</b>	the annual general meeting of the Company for 2016 to be held at 11:00 a.m. on 7 October 2016
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM rules for companies published by the London Stock Exchange in February 2010 (as amended) governing the admission to and the operation of AIM
<b>“Application Form”</b>	the application form in respect of the Offer accompanying this document
<b>“Business Day”</b>	a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, England
<b>“Cenkos”</b>	Cenkos Securities plc, the Company’s nominated adviser and broker
<b>“City Code”</b>	the City Code on Takeovers and Mergers
<b>“Closing Price”</b>	the closing middle market quotation of a share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
<b>“Company” or “Papua”</b>	Papua Mining PLC (registered number 07791328)
<b>“Computershare” or “Registrars”</b>	Computershare Investor Services PLC
<b>“Completion”</b>	completion of the Fundraising
<b>“Conversion”</b>	the conversion by MSL of £138,000 of Convertible Loan Notes into 13,800,000 Ordinary Shares at a price equal to the Issue Price
<b>“Conversion Shares”</b>	the 13,800,000 Ordinary Shares to be issued to MSL pursuant to the Conversion
<b>“Convertible Loan Notes”</b>	means the unsecured convertible loan notes 2020 issued pursuant to the convertible loan note instrument dated 31 December 2015 in respect of a debt owed by the Company amounting in aggregate to £138,000 and due for repayment on 20 December 2020
<b>“Directors” or “Board”</b>	the directors of the Company whose names appear in paragraph 2.2(a) of Part V of this Document
<b>“Document”</b>	this document, which for the avoidance of doubt does not comprise a prospectus (under the Prospectus Rules) or an admission document (under the AIM Rules)

<b>“Exploration Licence” or “EL”</b>	an exploration licence as granted under the Papua New Guinea Mining Act 1992
<b>“Enlarged Share Capital”</b>	the issued ordinary share capital of the Company as enlarged following the Fundraising (and assuming the Offer Shares are taken up in full) and the Conversion
<b>“Existing Ordinary Share”</b>	each Ordinary Share in issue as at the date of this Document
<b>“FCA”</b>	the Financial Conduct Authority
<b>“Financial Promotion Order”</b>	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Fundraising”</b>	the Subscription and the Offer
<b>“General Meeting”</b>	the General Meeting of the Company to be held at 11:15 a.m. on 7 October 2016 or as soon thereafter as the Annual General Meeting shall have been concluded or adjourned, notice of which is set out at the end of this Document, or any adjournment thereof
<b>“Group”</b>	the Company and its subsidiaries
<b>“ISIN”</b>	International Securities Identification Number
<b>“Issue Price”</b>	£0.01 per Subscription Share or Offer Share
<b>“MSL”</b>	Michael Somerset-Leeke, a substantial shareholder in the Company
<b>“Listing Rules”</b>	the Listing Rules of the UKLA made in accordance with section 73A(2) of FSMA
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Member Account ID”</b>	the identification code or number attached to any member account in CREST
<b>“Minimum Subscription”</b>	means a minimum of 200,000 Offer Shares which, at the Issue Price, represents an application for a minimum consideration of £2,000
<b>“New Ordinary Shares”</b>	the new Ordinary Shares to be issued pursuant to the Fundraising, subject to the Resolutions being passed at the General Meeting
<b>“Offer”</b>	the offer of the Offer Shares to Qualifying Shareholders on the terms and conditions set out in this Document and the Application Form accompanying this Document
<b>“Offer Resolutions”</b>	means resolutions 3 and 4 of the resolutions set out in the notice of General Meeting on page 30 of this Document
<b>“Offer Shares”</b>	up to 40,000,000 New Ordinary Shares to be issued under the Offer
<b>“Ordinary Shares”</b>	ordinary shares of £0.001 each in the capital of the Company
<b>“PNG”</b>	means Papua New Guinea
<b>“Posting”</b>	the posting of the Circular and form of proxy

<b>“Prospectus Rules”</b>	the Prospectus Rules made in accordance with EU Prospectus Directive 2003/71/EC
<b>“Qualifying Shareholders”</b>	Shareholders on the register of members of the Company on the Record Date other than Shareholders resident in a Restricted Jurisdiction
<b>“Record Date”</b>	the date as set out on page 8 of this Document
<b>“Resolutions”</b>	together the Subscription Resolutions and the Offer Resolutions
<b>“Restricted Jurisdiction”</b>	the United States, Australia, Canada, Japan, New Zealand and the Republic of South Africa and any other jurisdiction in which it would be unlawful to offer the Offer Shares or where the Offer would be required to be approved by a regulatory body
<b>“RIS”</b>	a regulatory information service as defined by the Listing Rules
<b>“Securities Act”</b>	the US Securities Act of 1933, as amended
<b>“Shareholders” or “Papua Shareholders”</b>	the holders of Existing Ordinary Shares
<b>“Sterling”</b>	pounds sterling, the basic unit of currency in the UK
<b>“Subscription”</b>	the proposed issue and allotment at the Issue Price of the Subscription Shares to Thalassa as further described in this Document
<b>“Subscription Resolutions”</b>	means resolutions 1 and 2 of the resolutions set out in the notice of General Meeting on page 30 of this Document
<b>“Subscription Shares”</b>	40,000,000 New Ordinary Shares to be issued pursuant to the Subscription
<b>“Substantial Shareholder”</b>	as defined in the AIM Rules
<b>“Thalassa”</b>	Thalassa Holdings Ltd., a company incorporated in the British Virgin Islands, whose shares are admitted to trading on AIM
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Listing Authority” or “UKLA”</b>	the UK Listing Authority, being the FCA acting as competent authority for the purposes of Part V of FSMA
<b>“US\$”</b>	the United States dollar, the basic unit of currency of the United States of America
<b>“VAT”</b>	value added tax
<b>“£” or “pounds”</b>	Great British pounds, the basic unit of currency in the United Kingdom
<b>“30 September Announcement”</b>	the announcement made by the Company on 30 September 2015 in which the Company announced its interim results and provided an exploration update

## TECHNICAL GLOSSARY

<b>“M and A type veins”</b>	Quartz-sulphide vein types which are particularly associated with copper porphyry deposits as described by Gustafson and Hunt 1975.
<b>“Porphyry”</b>	The texture of igneous rocks containing crystals in a fine groundmass.
<b>“Potassic alteration”</b>	Alteration typical of porphyry copper and lode gold deposits which results in production of micaceous, potassic minerals such as biotite in iron-rich rocks, muscovite mica or sericite in felsic rocks, and orthoclase (adularia) alteration, often quite pervasive and producing distinct salmon-pink alteration vein selvages. Minerals commonly occurring in the Potassic alteration zone include bornite, chalcopyrite, magnetite, biotite and K-Feldspar.
<b>“Propylitic alteration”</b>	The chemical alteration of a rock, caused by iron and magnesium bearing hydrothermal fluids, altering biotite or amphibole within the rock groundmass. It typically results in epidote–chlorite–albite alteration and veining or fracture filling with the mineral assemblage along with pyrite.
<b>“Petrography”</b>	A branch of petrology that focuses on detailed descriptions of rocks. The mineral content and the textural relationships within the rock are examined in detail, usually through a microscopic examination of a thin section of cut rock.
<b>“Hypogene”</b>	In ore deposit geology, hypogene processes occur deep below the earth’s surface, and tend to form deposits of primary minerals, as opposed to supergene processes that occur at or near the surface, and tend to form secondary minerals.
<b>“Hydrothermal”</b>	Hydrothermal alteration refers to mineral products formed by high-temperature aqueous solutions at high vapor pressures.
<b>“Phyllic”</b>	Phyllic alteration is a hydrothermal alteration zone in a permeable rock that has been affected by circulation of hydrothermal fluids. It is commonly seen in copper porphyry ore deposits in calc-alkaline rocks.
<b>“Phyric”</b>	Phyric is a textural term applied to igneous rocks that expresses the presence of phenocrysts. A phenocryst is a relatively large and usually conspicuous crystal distinctly larger than the grains of the rock groundmass of an igneous rock. Such rocks that have a distinct difference in the size of the crystals are called porphyries, and the adjective porphyritic is used to describe them.
<b>“Diorite”</b>	Diorite is an intrusive igneous rock composed principally of the silicate minerals plagioclase feldspar, biotite, hornblende, and/or pyroxene.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2016
Record Date .....	5:00 p.m. on 12 September 2016
Date of this Document and posting of the Application Form and Form of Proxy .....	13 September 2016
Latest time and date for receipt of the Application Form .....	11:15 a.m. on 3 October 2016
Latest time and date for receipt of the Form of Proxy .....	11:15 a.m. on 5 October 2016
General Meeting .....	11:15 a.m. on 7 October 2016
Announcement of results of Offer.....	7 October 2016
Admission and commencement of dealings of the Subscription Shares....	8.00 a.m. on 10 October 2016
Admission and commencement of dealings of the Conversion Shares ....	8.00 a.m. on 10 October 2016
Admission and commencement of dealings of the Offer Shares .....	8.00 a.m. on 10 October 2016

**Notes:**

- (1) References to times in this Document are to London time (unless otherwise stated).
- (2) The timing of the events in the above timetable and in the rest of this Document is indicative only and may be subject to change.
- (3) If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement to an RIS.
- (4) In order to subscribe for Offer Shares under the Offer, Qualifying Shareholders will need to follow the procedure set out in Part II of this Document and, where relevant, complete the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or wish to request another Application Form, they should contact Computershare between 9:00 a.m. to 5:00 p.m. Monday to Friday on 0370 703 0032 or, if calling from outside the United Kingdom, +44 370 703 0032.

Calls from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Computershare cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice.

The Company's SEDOL code is B42TN25 and ISIN code is GB00B42TN250.

## PLACING AND OFFER FOR SUBSCRIPTION STATISTICS

Market price per Existing Ordinary Share <sup>(1)</sup> .....	£0.01875
Number of Existing Ordinary Shares in issue <sup>(2)</sup> .....	84,772,201
Price of each Subscription Share and Offer Share .....	£0.01
Number of Subscription Shares .....	40,000,000
Number of Offer Shares to be offered for subscription by the Company .....	up to 40,000,000
Proceeds of the Subscription (before expenses) .....	£400,000
Maximum proceeds of the Offer (before expenses) .....	£400,000
Percentage of Enlarged Share Capital represented by the Subscription Shares <sup>(3)</sup> .....	22.4 per cent.
Percentage of Enlarged Share Capital represented by the Offer Shares <sup>(3)</sup> .....	22.4 per cent.
Percentage of the Enlarged Share Capital represented by the Conversion Shares <sup>(3)</sup> .....	7.73 per cent.
Enlarged Share Capital <sup>(3)</sup> .....	178,572,201

**Notes:**

- (1) Closing Price on AIM on 9 September 2016, being the last practicable date prior to the date of the Document.
- (2) As at 9 September 2016, being the last practicable date prior to the date of the Document.
- (3) Assuming the Offer is fully subscribed.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Michael Gordon Jolliffe <i>Director</i> Hugh Martin McCullough <i>Director</i> Kieran Harrington <i>Director</i> Gunnar Palm <i>Director</i> Keith Lough <i>Director</i>
<b>Company Secretary and Registered Office</b>	Cargil Management Services Limited 27/28 Eastcastle Street London W1W 8DH
<b>Nominated Adviser &amp; Broker</b>	Cenkos Securities plc 66 Hanover Street Edinburgh EH2 1EL  and  6. 7. 8 Tokenhouse Yard London EC2R 7AS
<b>UK Legal adviser to the Company</b>	Fladgate LLP 16 Great Queen Street London WC2B 5DG
<b>Irish Legal adviser to the Company</b>	Whitney Moore Wilton Park House Wilton Place Dublin 2 Ireland
<b>Auditors</b>	Grant Thornton Molyneux House Bride Street Dublin 8 Ireland
<b>Registrars and Receiving Agents</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

## PART I

### LETTER FROM THE CHAIRMAN OF PAPUA MINING PLC



27/28 Eastcastle Street,  
London W1W 8DH  
Registered Number: 07791328

13 September 2016

Dear Shareholder,

**Proposed Subscription of 40,000,000 Subscription Shares at an Issue Price of £0.01 per Subscription Share, and an Offer of up to 40,000,000 Offer Shares at an Issue Price of £0.01 per Offer Share, and Notice of General Meeting**

#### 1. Introduction

On 2 September 2016, the Company announced that it had conditionally agreed to raise up to £400,000 (before expenses) through the issue of 40,000,000 Subscription Shares by way of the Subscription at £0.01 per Subscription Share to Thalassa. The Issue Price represents a discount of approximately 46.7 per cent. to the Closing Price of £0.01875 on 9 September 2016. At the same time the Company also announced that MSL had conditionally applied for the conversion of £138,000 of Convertible Loan Notes into 13,800,000 Ordinary Shares.

On behalf of the Directors, it is my pleasure to offer Qualifying Shareholders an opportunity to participate in an Offer of Offer Shares of the Company at the Issue Price to raise up to £400,000 in addition to the funds raised from the Subscription.

The Board feels strongly that our existing Shareholders should, where it is practical for them to do so, have the opportunity to participate in the capital raising process at the same price as Thalassa and MSL. On behalf of the Board, I invite you to consider subscribing for Offer Shares in the Offer. I also take this opportunity to thank you for your continuing support of the Company.

Detailed information about the Offer and the Company's business, as well as some of the risks of investing in the Company are set out in this Document, which I encourage you to read carefully.

The Directors will require Shareholder authority to allot the New Ordinary Shares and the statutory pre-emption rights which apply to the allotment of the New Ordinary Shares will need to be dis-applied. The Offer is conditional, *inter alia*, on the Subscription proceeding and Admission of the Subscription Shares and the Conversion Shares taking place, and the Subscription itself is conditional, *inter alia*, on the passing of the Subscription Resolutions at a General Meeting. As such, the Offer will not proceed if the Subscription and the Conversion is not completed and Admission of the Subscription Shares and the Conversion Shares does not become effective. Notice of the General Meeting is set out on pages 30 and 31 of this Document.

This letter sets out in more detail the background to the Company's current position, the terms of the Subscription and the Offer and the Resolutions to be proposed at the General Meeting in order to implement the Fundraising.

Your attention is drawn to the Risk Factors and Additional Information set out in Parts III and V respectively of this Document. Shareholders are advised to read the whole of this Document and not rely solely on the summary information presented in this Letter.

## **2. Background to and reasons for the Subscription**

Since the Company's admission to AIM in March 2012, the Group has expended approximately US\$17 million on exploration and related activities with the aim of identifying gold and copper deposits in its licence areas in Papua New Guinea. Most of this expenditure has been on the licences held on New Britain Island.

### ***Mount Visi target***

In May 2014, the Company announced discovery of surface samples grading up to 35 grams per tonne gold and 9 per cent. copper in Mount Visi, at the eastern edge of the Group's licence EL2051 which straddles West New Britain and East New Britain provinces. The Group immediately made application for the adjacent ground to the east. The new licence EL2322 was granted in September 2015. The Group's exploration team commenced exploratory work in the new licence area and discovered an extensive area of intensive potassic alteration at surface approximately 1,000 metres east of the initial mineral discovery which also coincides with a circular feature visible in the remote sensing data from the area. Such potassic alteration is characteristic of the inner alteration zonation exhibited in and around copper porphyry deposits. The Group's geologists have also confirmed significant copper mineralisation in several of the potassic alteration outcrops. Petrography work has demonstrated that these samples contain evidence of porphyry-style mineralisation in their alteration and vein assemblages (K-feldspar, quartz, magnetite, hematite, biotite), vein textures (M and A type veins) and hypogene copper and molybdenum minerals (chalcopyrite, bornite and molybdenite). The Group then completed a soil geochemistry sampling grid over a four square kilometre area in Mount Visi and the soil sampling results defined priority drilling targets within the mapped mineralised system.

The Mount Visi target area is a remote mountain-top location and with no road/track access so a heli-portable rig was sourced which could be manually moved between drill pads. Drilling commenced on 22 December 2015 and was completed in early March 2016. Five holes were drilled for a total of 776 metres, with the deepest hole being drilled to a downhole depth of 211 metres.

Although sulphide mineralisation was encountered in all five drillholes, the tenor of mineralisation did not reach ore grade levels. However, hydrothermal alteration mineral assemblages were seen both at surface and in the drillholes, including high temperature potassic, inner propylitic, outer propylitic and phyllic, forming telescoping haloes over and surrounding a plagioclase-hornblende phyric diorite body. The intrusive system at Mount Visi is thus clearly concentrically zoned and indicative of a nearby mineralising hydrothermal source.

The altered/mineralised diorite mapped at surface in the 'mineralised corridor' crops out over an area approximately 120 metres by 40 metres, with the associated hydrothermal alteration extending over approximately 150 metres by 80 metres. It is assumed this could well represent a narrow finger stemming from a much larger, and more intensely mineralised, porphyry body. The Company believes there is potential here for the development of a cluster of porphyry deposits such as those seen in a similar environment at Wafi-Golpu in PNG.

### ***Tripela and other targets***

Drilling took place at Tripela throughout 2013, 2014 and the first quarter of 2015 in the Mount Nakru area of licence EL1462, totalling more than 9,000 metres, culminating in the intersection of extensive inner propylitic alteration at depth in each of the last four drill holes at the Tripela target. This alteration is diagnostic of proximity to a mineralised porphyry centre. While the Group believes that it is very close to the discovery of a mineralised porphyry at Tripela, given the target depth it has been decided to postpone further drilling until market conditions improve and the necessary additional capital can be raised.

## **3. Use of Proceeds**

The Company intends to use the net proceeds of the Subscription (which are expected to be approximately £379,000) and any additional funds received by way of the Offer, to carry out mapping, soil and rock sampling over the wider target area at Mount Visi with the objective of defining other porphyry targets within what may well be a cluster of porphyries within the overall system and for general corporate purposes.

The Offer is conditional, *inter alia*, upon completion of the Subscription and the Conversion and the Subscription Shares and the Conversion Shares being issued and Admission of the Subscription Shares and the Conversion Shares taking place. In the event that the Offer Resolutions are not passed but the Subscription Resolutions are passed, then the Subscription would still proceed but the Offer would not. If the Subscription Resolutions are not passed by Shareholders at the General Meeting, the Fundraising as a whole would be unable to proceed. In this situation, the Company would not have sufficient cash resources to continue with its planned exploration programme and would need to consider alternative strategic options. These options could include raising finance from alternative sources, disposals of assets, further reducing the fixed costs of the Company or a sale of the Company at a price which the Directors believe may not recognise the potential long-term value of the business. Any one, or all, of these remedial actions could have a significant adverse or dilutive effect on the interests of Shareholders and in the valuation of the Company. Your attention is drawn to the Risk Factors in Part III of this document.

The working capital position of the Group and its on-going viability in the short-term is likely to be dependent, in the absence of capital from any other source, on the successful conclusion of the proposed Fundraising.

#### 4. Summary Financial Position

The summary financial information set out below is extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2015.

	Year ended 31 December 2015 (\$)	Year ended 31 December 2014 (\$)	Year ended 31 December 2013 (\$)
<i>Consolidated income statement</i>			
Administrative expenses .....	10,176,680	2,811,864	2,136,348
Loss after tax .....	10,173,377	2,792,913	2,089,635
Loss per share .....	0.20	0.06	0.06
<i>Consolidated balance sheet position</i>			
Capitalised exploration expenses .....	1,363,328	4,885,679	5,386,020
Cash .....	299,183	2,513,874	3,626,880
Total assets .....	<u>9,587,580</u>	<u>19,534,965</u>	<u>16,508,743</u>

The audited consolidated financial statements for the Group for the year ended 31 December 2015 were posted to Shareholders on 30 June 2016. The Company's annual general meeting for 2016 will be held at 11:00 a.m. on 7 October 2016, immediately before the General Meeting. A resolution is being proposed at the Annual General Meeting to approve the Accounts.

#### 5. Terms of the Subscription and Offer

##### **Subscription**

On 2 September 2016 it was announced that Thalassa has conditionally agreed to subscribe for 40,000,000 Subscription Shares at the Issue Price per Subscription Share to raise £400,000 before expenses. The Subscription has not been underwritten and is conditional (among other things) upon the Subscription Resolutions being passed at the General Meeting. The Subscription Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares.

Under the terms of the Subscription, Thalassa has the right to appoint one director to the Board, (subject to satisfactory due diligence on the proposed director having been conducted by the Company's nominated advisor, in accordance with the AIM Rules for Companies).

Thalassa is a British Virgin Island international business company, incorporated and registered in the BVI on 26 September 2007 and is admitted to trading on AIM. Thalassa is a holding company currently with subsidiaries in the energy services and defence and homeland security industries.

Admission is expected to take place and dealings in the Subscription Shares on AIM are expected to commence at 8.00 a.m. on 10 October 2016.

### **Offer**

The Company considers it important that Shareholders have an opportunity (where their circumstances permit) to participate in the Fundraising on equivalent terms and conditions to the Subscription and accordingly, the Company is making the Offer to Qualifying Shareholders. Application for Offer Shares pursuant to the Offer must be for at least the Minimum Subscription. Applications for less than the Minimum Subscription will be rejected.

Admission is expected to take place and dealings in the Offer Shares on AIM are expected to commence at 8.00 a.m. on 10 October 2016.

The Offer is not a rights issue and Qualifying Shareholders will not have an automatic entitlement to subscribe for a *pro rata* number of shares, nor to trade in nil-paid rights to the Offer Shares. However, each Qualifying Shareholder may apply for such number of Offer Shares as they wish (over the Minimum Subscription) up to the full number of 40,000,000 Offer Shares available in the Offer. In the event that one or more Qualifying Shareholders apply for an aggregate amount that is greater than £400,000, the Directors will use their discretion to scale back such applications such that this maximum is not exceeded. Further information on the Offer is set out in Part II of this document and the detailed Terms and Conditions of the Offer are set out in Part IV and the Risk Factors detailed in Part III of this Document.

In order to apply for Offer Shares, Qualifying Shareholders should complete the Application Form in accordance with the instructions set out on it and return it and the appropriate remittance, by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare The Pavilions, Bridgewater Road, Bristol BS13 8AE, together, in each case, with payment in full, so as to be received no later than 11:15 a.m. on 3 October 2016.

### **Overseas Shareholders**

Overseas Shareholders may not be permitted to subscribe for Offer Shares pursuant to the Offer and should confirm their individual position first. Because the Offer is not a rights issue and Qualifying Shareholders will not have an automatic entitlement to subscribe for a *pro rata* number of shares, nor to trade in nil-paid rights to the Offer Shares, if any Overseas Shareholders are not permitted to subscribe for Offer Shares there will be no sale of any entitlement of any such Overseas Shareholder by the Company on behalf of such Overseas Shareholder and, accordingly, there will be no payment to any Overseas Shareholder of the net proceeds of sale of any such sale.

Shareholders are also directed to the relevant paragraphs in Part IV of this Document including paragraph (e).

If you are a Qualifying Shareholder you will have received an Application Form. If you wish to apply for Offer Shares under the Offer, you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph (h) of Part IV of this Document and on the Application Form itself. The completed Application Form, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZY so as to arrive as soon as possible and in any event no later than 11.15 a.m. on 3 October 2016.

### **Dilutionary Impact of Fundraising**

The proposed issue of Subscription Shares and the Conversion Shares pursuant to the Subscription and the Conversion will dilute existing shareholdings of Shareholders. Qualifying Shareholders will be able to mitigate the extent of this dilution by applying for Offer Shares in the Offer.

The following table outlines the maximum dilution which a shareholder will be subject to if he/she does not participate in the Subscription or the Offer:

*Maximum Dilution*

Following the Subscription and the Conversion .....	38.8%
Following the Fundraising .....	52.5%

**6. Conversion**

Pursuant to a notice dated 31 August 2016 MSL has notified the Company that he wishes, subject to certain conditions, to convert all his £138,000 of Convertible Loan Notes into Ordinary Shares as at the date of Admission. The Conversion is conditional upon Admission of the Subscription Shares and as a result the Conversion will not result in MSL being required under Rule 9 of the City Code to make a mandatory cash offer for all of the Ordinary Shares that he does not already own.

**7. General Meeting**

You will find set out at the end of this Document a notice convening the General Meeting to consider the proposals in relation to the Fundraising to be held at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG at 11:15 a.m. on 7 October 2016 or as soon thereafter as the Annual General Meeting convened for the same date and place shall have been concluded or adjourned.

**8. Action to be taken**

Shareholders will find enclosed with this Document a Form of Proxy for use in connection with the General Meeting. The Form of Proxy should be completed and returned in accordance with the instructions thereon so as to be received by Computershare Corporate Actions Projects, Bristol BS99 6AH as soon as possible and in any event not later than 11:15 a.m. on 5 October 2016. Completion and return of the Form of Proxy will not prevent a Shareholder from attending and voting at the meeting should he/she so wish.

Qualifying Shareholders wishing to participate in the Offer should carefully read the Application Form and accompanying instructions and send completed Application Forms along with the appropriate remittance to Computershare at the address specified in the instructions.

**9. Settlement and dealings**

Application will be made to the London Stock Exchange for the Subscription Shares, the Offer Shares and the Conversion Shares to be admitted to trading on AIM. It is expected that Admission of the Subscription Shares and the Conversion Shares will become effective and that dealings will commence at 8.00 a.m. on 10 October 2016 and that Admission of the Offer Shares will become effective and that dealings will commence at 8.00 a.m. on 10 October 2016. Further information in respect of settlement and dealings in the Offer Shares is set out in Part IV of this Document.

**10. Directors' Recommendation**

**The Board of Directors unanimously recommend Shareholders to vote in favour of the Resolutions, as they intend to do in respect of their beneficial shareholdings which amount in aggregate to 1,017,967 Existing Ordinary Shares, representing approximately 1.2 per cent. of the Existing Ordinary Shares in issue.**

Yours faithfully

**Michael Jolliffe,**  
*Chairman*

## PART II

### DETAILS OF THE OFFER

#### **The Offer**

The Offer comprises an offer of up to 40,000,000 Offer Shares with the aggregate consideration to be received by the Company limited to £400,000. The Directors reserve the right to exercise their discretion in the allocation of successful applications, including, without limitation, to ensure that the maximum number of Offer Shares issued does not exceed 40,000,000.

Pursuant to article 43 of the Financial Promotion Order the Offer is only open to Qualifying Shareholders. The Minimum Subscription represents the minimum Subscription per application being £2,000 (equivalent to 200,000 Offer Shares). Any application for less than the Minimum Subscription will be rejected. No Qualifying Shareholder may subscribe for Offer Shares in excess of the £400,000 maximum. Multiple applications may be submitted. Qualifying Shareholders who are joint Shareholders may only apply for Offer Shares as joint applicants.

The Offer is not a rights issue and Shareholders will not have an automatic entitlement to subscribe for a *pro rata* number of Ordinary Shares. Nor will there be any nil-paid rights to the Offer Shares, so there will be no opportunity for Qualifying Shareholders to trade in nil-paid rights to the Offer Shares. However, each Shareholder may apply for such number of Offer Shares as they wish (over the Minimum Subscription) up to the full number of Offer Shares available in the Offer. In the event that Shareholders apply for an aggregate amount that is greater than £400,000 the Directors will use their discretion to scale back such applications such that this maximum is not exceeded.

The Offer is conditional on, *inter alia*, the passing of the Resolutions, Admission of the Subscription Shares occurring by 31 October 2016 and Admission of the Offer Shares occurring by 31 October 2016. If Admission has not occurred by such date applications are expected to be returned without interest by crossed cheque in favour of the applicant(s) (at the applicant's risk) through the post as soon as practicable. Any interest earned on the application monies will be retained for the benefit of the Company.

The Offer will close at 11:15 a.m. in London on 3 October 2016 unless previously closed or extended. The Offer is not being underwritten. The Application Form and accompanying procedure for application sets out, in detail, how Qualifying Shareholders may participate under the Offer. Applications must be made on the terms and conditions set out in Part IV of this Document and in the Application Form and by duly completing and returning the Application Form and appropriate remittance.

#### **Dealings and Settlement on AIM of Offer Shares**

The Offer Shares will be allotted and issued fully paid and will, on issue, rank *pari passu* with the Existing Ordinary Shares and the Conversion Shares and the Subscription Shares (once issued), including the right to receive, in full, all dividends and other distributions thereafter declared, made or paid after the date of issue together with all rights attaching to them and free from all liens, charges and encumbrances of any kind. Application will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM. Admission of the Offer Shares is due to take place on 10 October 2016.

## PART III

### RISK FACTORS

**Investors should be aware that an investment in the Company involves significant risks and should only be made by those with the necessary expertise to appraise the investment and have sufficient resources to be able to bear losses which may result from such an investment. The following are considered by the Board to be the key risk factors which could have a material adverse effect on the Company's business, financial condition, prospects and share price. In addition to the other information in this Document, the following risk factors should be considered carefully in evaluating whether to make an investment in the Company. If in any doubt, prospective investors should immediately seek their own personal financial advice from their independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) who specialises in the acquisition of shares and other securities or other advisers such as legal advisers and accountants.**

**If any of the following occur, the Company's business, financial condition, capital resources, results and/or future operations could be materially and adversely affected.**

#### **Approval and completion of the Fundraising**

The Offer is conditional, *inter alia*, upon completion of the Subscription and the Conversion and the Subscription Shares and the Conversion Shares being issued and Admission of the Subscription Shares and the Conversion Shares taking place. In the event that the Offer Resolutions are not passed but the Subscription Resolutions are passed, then the Subscription would still proceed but the Offer would not. If the Subscription Resolutions are not passed by Shareholders at the General Meeting, the Fundraising would be unable to proceed. In this situation, the Company would not have sufficient cash resources to continue with its planned exploration programme and would need to consider alternative strategic options. These options could include raising finance from alternative sources, disposals of assets, further reducing the fixed costs of the Company or a sale of the Company at a price which the Directors believe would not recognise the potential long-term value of the business. Any one, or all, of these remedial actions could have a significant adverse or dilutive effect on the interests of Shareholders and in the valuation of the Company.

Furthermore, the working capital position of the Group and its on-going viability in the short-term is likely to be dependent, in the absence of capital from any other source, on the successful conclusion of the proposed Fundraising.

#### **Additional capital requirements to fund ongoing operations**

The proceeds of the Fundraising will be used to carry out work on the Group's projects as detailed in this Document. Whilst the Directors are satisfied that, taking into account the net proceeds of the Subscription (not including any proceeds from the Offer), the working capital available to the Group is sufficient to undertake the mapping, soil and rock sampling programme set out in paragraph 3 of Part 1 of this Document, further funding would be required to increase the scope of the exploration activity undertaken by the Company should this be deemed appropriate, at any time. For example, the Company may need to raise additional funds in the future in order to fund further drilling or, ultimately, to develop a mine in order to be in a position to successfully extract gold or copper.

The Group may in the future raise additional funds through public or private financing or through bringing in joint venture partners. The availability of this capital is subject to general economic conditions and lender and investor interest in the Group's projects and cannot be guaranteed.

The Group may not be successful in procuring the requisite funds and, if such funding is unavailable, the Group may be required to reduce the scope of its operations. In the event that an equity financing is successful, such equity financing will be dilutive of existing Shareholders and could contain rights and preferences superior to the Ordinary Shares. Debt financing may involve restrictions on the Group's financing and operating activities. In either case, additional financing may not be available to the

Company on acceptable terms. If the Company is unable to raise additional funds as needed, the scope of its operations may be reduced and, as a result the Group may be unable to fulfil its long-term expansion programme.

#### **Lack of revenue**

The Group expects to continue to incur losses unless and until such time as its projects enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Group's projects will require the commitment of substantial additional resources to conduct exploration and development of projects. There can be no assurance that the Group will generate any revenues or achieve profitability.

#### **Exploration in Papua New Guinea**

The Group's Exploration Licences and applications are located in Papua New Guinea and the Group is subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties such as terrorism, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalisation, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

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

#### **Short length of Exploration Licences**

The Mining Act 1992 requires Exploration Licence holders to conduct their exploration activities within a two year period. After this period the licence holder must relinquish 50 per cent. of the licence area and apply for renewal of the 50 per cent. of the licence area to be retained. There are currently proposals from the Department of Mineral Policy and GeoHazards to amend the Mining Act 1992, including extending the period of exploration to a longer period, most likely for a period of three to five years but they have not yet been implemented. It is likely, therefore, that to complete its exploration programme and to reach a level of resources at which it could undertake feasibility studies and apply for a mining licence, its current Exploration Licences will have expired and the Group will have to apply for renewal of each of its licences. Customarily, the Minister for Mining will grant the renewal of the retained 50 per cent. if he is satisfied with the work proposals and that the tenement holder has met the conditions of the licence such as expenditure and work proposals but there is no guarantee that this will be the case and renewal of each licence is at the discretion of the Minister.

#### **Potential changes to mining regulations in regard to mineral ownership in Papua New Guinea**

At present, mineral rights are owned by the State of PNG and the State has the sole right to grant Exploration Licences and Mining Licences. Historic statements by the Papua New Guinea Minister for Mining have indicated that the Government of PNG was considering a policy change which would hand ownership of the country's mineral resources to the local landowners. This potential change of policy has not yet been rejected although the Prime Minister of PNG and the Minister for Mining have both since been quoted as committing to no immediate policy change and have acknowledged the importance of the exploitation of PNG's natural resources to the Country. Nevertheless, there remains a risk that changes to PNG mining legislation or related rules or regulations may adversely affect the operations or financial performance of the Group. The Company and the Directors will continue to monitor statements made by the Government of Papua New Guinea, or any enactment or proposed enactment or amendment of mining laws or regulations or land ownership rights, in Papua New Guinea. If the Directors become aware of the

same, the Company and the Directors, having consulted with its nominated advisor, will consider an appropriate course of action and will update the Company's shareholders as considered appropriate.

### **Challenging terrain, climate extremes and natural disasters**

Papua New Guinea is prone to natural disasters, and has experienced multiple incidences of earthquakes, tsunamis, volcanic eruptions and floods that have resulted in loss of lives, destruction of crops, property and land. Papua New Guinea's climate is tropical and it can have significant rainfall which may lead to the suspension of the Group's activities at certain times of the year. It also has very difficult terrain. Rainforest covers much of the land of Papua New Guinea, including the areas in which the Group holds its licences and access to the Group's Licence Areas may be difficult. As a result of such a geographically and climatically challenging environment mineral exploration can be more expensive and take longer than in other countries.

### **Legal system in Papua New Guinea**

In the event of a dispute arising in connection with its operations in PNG, the Group may be subject to the exclusive jurisdiction of the courts of PNG or may not be successful in subjecting a PNG person to the jurisdiction of the courts or enforcing judgements obtained in the UK or Ireland.

In addition, Papua New Guinea has a relatively less developed legal system than in more established economies. Local business, judicial or regulatory customs and practice may not favour strict adherence to legal requirements or the negotiated terms of contractual agreements.

### **Exploration risks**

The business of exploration for minerals is highly speculative in nature, involves a high degree of risk and is frequently unsuccessful. Few properties that are explored are ultimately developed into producing mines. There can be no assurance that any mineralisation discovered by the Group will result in proven and probable reserves nor that any mineral deposits discovered by the Group will contain economically recoverable volumes of resources. Should the mineral deposits contain economically recoverable resources then delays in the construction and commissioning of mining projects or other technical difficulties may result in the Group's current or future projected target dates for production being delayed or further capital expenditure being required or the resource becoming uneconomic.

The operations of the Group may be disrupted by a variety of risks and hazards which may be beyond the control of the Group, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupational and health hazards, disease, technical failures, labour disputes, unusual or unexpected rock formations, explosions, flooding and extended interruptions due to inclement or hazardous weather conditions and other acts of God. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. No assurance can be given that the Group will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

The occurrence of any of these hazards can delay activities of the Group and may result in liability. The Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Group will result in any new commercial mining operations being brought into operation.

### **Volatility of price of gold and copper**

The market price of gold and copper is volatile and is affected by numerous factors which are beyond the Group's control and which could cause the market price of the Ordinary Shares to be subject to significant fluctuations. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Purchases and sales of bullion holdings by central banks or other large holders or dealers may also

have an impact on the market for, and price of gold. The aggregate effect of these factors is impossible to predict. Consequently as a result of the above, price forecasting can be difficult to predict or imprecise.

Whether the Group can identify commercially viable deposits will depend, *inter alia*, on the price of gold and copper. Any future income from the Group's product sales and the Group's expenditure could become subject to exchange controls or similar restrictions.

### **Availability of drilling, exploration and mining equipment**

The mining industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration and development may adversely impact upon the Group's ability to purchase or hire equipment, supplies and services or to do so at competitive rates. In addition, the availability of drilling and other equipment and services is affected by the level and location of drilling activity around the world. An increase in drilling operations outside of Papua New Guinea or in other areas of Papua New Guinea may reduce the availability of equipment and services to the Group. Similarly, the Group may have difficulty sourcing the exploration and mining equipment it requires in the timeframe envisaged by the Group's plans due to high global demand for such equipment. The reduced availability of equipment and services may delay its ability to exploit the licence areas and adversely affect the Group's operations and finances.

### **Dependency on key personnel**

The Company stated in the 30 September Announcement, *inter alia*, that the employment contracts for its two Executive Directors, Hugh McCullough and Kieran Harrington and its Chief Geologist, Chris Muller had not been renewed. Whilst Mr. McCullough has agreed to provide his services to the Company for the immediate future, Kieran Harrington and Chris Muller will not be in a position to provide their services to the Company on a full time basis. Mr. Harrington has agreed to provide as much time as the Company requires, on a consultancy basis, but subject also to his availability from time to time.

There is no guarantee however, that either Mr. McCullough or Mr. Harrington will be able to continue to provide their services to the Company, as described above, over the longer term and their unavailability could adversely impact the Group's performance.

### **Other directorships**

Shareholders should note that none of the Directors is limited, by way of their involvement with the Company, from acting in the management or conduct of the affairs of any other company. Each of them is free to continue to acquire and hold interests in other businesses and companies and other directorships.

### **Insurance coverage**

There are significant exploration and operating risks associated with exploring for copper and gold, including adverse weather conditions, environmental risks and fire, all of which can result in injury to persons as well as damage to or destruction of the extraction plant, equipment, production facilities and other property. In addition, the Group will be subject to liability for environmental risks such as pollution and abuse of the environment. Although the Group intends to exercise due care in the conduct of its business and intends to maintain what it believes to be customary insurance coverage for companies engaged in similar operations (including, where available at a commercial rate, key man insurance), the Group will not be fully insured against all possible risk in its business.

### **Competition**

The mineral exploration and mining business is competitive in all of its phases. The Group competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and acquisition of exploration and development rights on attractive mineral properties. The Group's ability to acquire exploration and development rights on further properties or prospects in the future may depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights on new suitable properties. There is no assurance that the Group will continue to be able to compete successfully with its competitors in acquiring exploration and development rights on such properties.

### **Exchange rate fluctuations**

Currency fluctuations may affect the Group's operating cash flow since certain of its costs and revenues are likely to be denominated in a number of different currencies other than Sterling such as US Dollars, Australian Dollars and Papua New Guinea Kina and any potential income may become subject to exchange control or similar restrictions. Increased restraints on the ability of the Group to repatriate funds may limit its ability to distribute future profits or pay intermediaries for equipment and supplies. Fluctuations in exchange rates between currencies in which the Group operates may cause fluctuations in its financial results which are not necessarily related to its underlying operations.

The Group has a treasury policy, the objective of which is to minimise foreign currency risk however, does not currently have any foreign currency hedges in place. If and when appropriate, the adoption of such a hedging policy may be considered by the Board.

### **Taxation**

There is a risk of adverse changes in the Group's tax position, including changes in applicable tax legislation and the interpretation of double tax treaties. Prospective investors should take professional advice about the consequences for them of investing in the Company. Prospective investors should also note that the funds available to the Company, if any, to make dividends or distributions to Shareholders may be affected by changes in tax law and practice. The structure which the Group proposes to adopt to hold its investments is based on the Directors' understanding of the current tax law, tax treaty interpretation, and the practice of the tax authorities of Papua New Guinea (where all of the Group's assets are held), BVI (where PML is incorporated and based) and the UK (where the Company is incorporated). Such law, treaty interpretation, or tax authority practice is subject to change, and any such change could affect the value of investments held by the Company, and the Company's ability to achieve its investment objective, and may reduce the post-tax return to Shareholders.

### **Litigation**

Whilst the Group currently has no material outstanding litigation, there can be no guarantee that the current or future actions of the Group will not result in litigation or arbitration proceedings since there have been a number of cases where the rights and privileges of natural resource companies have been the subject of litigation and the mining industry, as with all industries, may be subject to legal claims, both with and without merit, from time to time. The Directors cannot preclude that such litigation or arbitration proceedings may be brought against the Group in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceedings will not have a material adverse effect on the Group's financial position, results or operations.

### **Investment risk on AIM**

The New Ordinary Shares will be traded on AIM and no application is being made for the admission of the Ordinary Shares to the Official List. AIM has been in existence since June 1995 but admission to AIM should not be taken to imply that there is or will be a liquid market in the Ordinary Shares. AIM is a market designed for small and growing companies. Both types of company carry higher than normal financial risk and tend to experience lower levels of liquidity than larger companies.

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may not therefore recover their original investment. The Ordinary Shares may, therefore, not be suitable as a short term investment.

### **The market price of the New Ordinary Shares may fluctuate significantly in response to a number of factors, many of which may be out of the Company's control**

The share price of publicly traded companies can be highly volatile. The price at which the New Ordinary Shares may be quoted and the price which Shareholders may realise for their New Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect the industry as a whole or quoted companies generally. These factors include those referred to in this Part III, as well as the Group's financial performance, the impact of Shareholders being released from lock-in restrictions, stock market fluctuations and general economic conditions.

Share price volatility arising from such factors may adversely affect the value of an investment in the New Ordinary Shares.

#### **Future sale of New Ordinary Shares**

The Company is unable to predict when and if substantial numbers of New Ordinary Shares will be sold in the open market following the Fundraising. Any such sales, or the perception that such sales might occur, could result in a material fall in the market price of the Ordinary Shares. The Group may require additional capital in the future which may not be available to it. If available, future financings to provide this capital may dilute shareholders' proportionate ownership in the Company. The Company may raise capital in the future through public or private equity financings or by raising debt securities (such as warrants, options and/or convertible loan notes) convertible into New Ordinary Shares, or rights to acquire these securities. Any such issues may exclude the pre-emption rights pertaining to the then outstanding shares. If the Company raises significant amounts of capital by these or other means, it could cause dilution for the Company's existing shareholders.

Moreover, the further issue of New Ordinary Shares could have a negative impact on and/or increase the volatility of the market price of the Ordinary Shares. The Company may also issue further New Ordinary Shares, or create further options over New Ordinary Shares (limited so that the aggregate number of Ordinary Shares under option but not yet exercised shall not exceed 10 per cent. of the Enlarged Share Capital (from time to time)), as part of its employee remuneration policy, which could in aggregate create a dilution in the value of the Ordinary Shares and the proportion of the Company's share capital in which investors are interested.

**The risks noted above do not necessarily comprise all those potentially faced by the Group and are not intended to be presented in any assumed order of priority.**

**Although the Directors will seek to minimise the impact of the Risk Factors, investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult an investment adviser authorised under the FSMA who specialises in investments of this nature before making any decision to invest.**

## PART IV

### TERMS AND CONDITIONS OF THE OFFER

- (a) The contract created by the acceptance by the Company (at the discretion of the Directors) of applications from Qualifying Shareholders under the Offer is conditional upon, *inter alia*, Admission occurring on 10 October 2016 (or such later date, being not later than 31 October 2016, as the Company may decide). In the event that the Resolutions are not all passed or the Subscription does not complete for any other reason, then the Offer will not proceed and the application monies will be returned by crossed cheque in favour of the applicant(s), through the post at the sole risk of the person entitled thereto on which no interest will be payable, with seven days of the date of the General Meeting.
- (b) The right is reserved by the Company to present all cheques and bankers' drafts for payment on receipt on which no interest will be payable to the applicant(s) and to retain surplus application monies pending clearance of successful applicants' cheques. The Company also reserves the right to reject, in whole or in part, any application. If any application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance thereof, will be returned by crossed cheque in favour of the applicant(s), through the post at the sole risk of the person entitled thereto on which no interest will be payable, within seven days of the closing of the Offer.
- (c) By completing and delivering an Application Form by the Acceptance Date each Qualifying Shareholder who applies for Offer Shares:
  - (i) offers to subscribe for the amount of Offer Shares specified in such applicant's Application Form (or such lesser amount for which such applicant's application is accepted) on the terms of, and subject to, this Document, including (without limitation) these terms and conditions, and the constitution of the Company and the terms and conditions set out in the Application Form;
  - (ii) represents and agrees that, in consideration of the Company agreeing that it will not prior to the closing date of the Offer issue any Offer Shares to any person other than by means of the procedures referred to in this Document, such applicant's application shall not be revoked and this paragraph shall constitute a collateral contract between such applicant and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, Computershare of such applicant's Application Form;
  - (iii) represents and warrants that such applicant's remittance will be honoured on first presentation and agrees that, if it is not so honoured, such applicant will not be entitled to receive the Offer Shares applied for unless and until such applicant makes payment in cleared funds for such Offer Shares and such payment is accepted by the Company in its absolute discretion (which acceptance may be on the basis that such applicant indemnifies the Company against all costs, damages, losses, expenses and liabilities arising out of, or in connection, with the failure of such applicant's remittance to be honoured on first presentation) and such applicant agrees that, at any time prior to the unconditional acceptances by the Company, the Company may (without prejudice to any other right(s)) avoid the agreement to issue such Offer Shares and may issue such Offer Shares to some other person, in which case such applicant will not be entitled to any payment in respect of such Offer Shares;
  - (iv) agrees that, in respect of those Offer Shares for which such applicant's application has been received and is not rejected, acceptance of such applicant's application shall be constituted, at the election of the Company by notification of acceptance thereof to Computershare;
  - (v) agrees that any monies returnable to such applicant may be retained by Computershare pending clearance of such applicant's remittance and the completion of any verification of identity required by the Money Laundering Regulations 2007 and/or any amendment,

modification, and/or re-enactment of the same (the “**Regulations**”) and that such monies will not bear interest;

- (vi) authorises Computershare to credit the appropriate CREST account, as the case may be, in respect of the number of Offer Shares for which such applicant's application for Offer Shares is accepted and/or to send a crossed cheque for any monies returnable, by post, at the sole risk of the person entitled thereto, to the address of the person named as the applicant in the Application Form;
- (vii) represents and warrants that, if such applicant signs an Application Form on behalf of somebody else, such applicant has due authority to do so on behalf of that other person and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained herein and undertake to enclose such applicant's power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
- (viii) agrees that all applications, acceptances of applications and contracts resulting there from under the Offer shall be governed by and construed in accordance with English law, and that such applicant submits to the jurisdiction of the English Courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (ix) confirms that, in making such application, such applicant is not relying on any information, representation and/or warranty in relation to the Company other than the information contained in this Document and accordingly such applicant agrees that no person responsible solely or jointly for this Document or any part thereof or involved in the preparation thereof shall have any liability for any such other information, representation and/or warranty;
- (x) agrees that, having had the opportunity to read this document, such applicant shall be deemed to have had notice of all information and representations concerning the Company contained herein;
- (xi) in the case of any Qualifying Shareholder who is a joint Shareholder, agrees that such joint Shareholder applicants may only apply for Offer Shares as joint applicants;
- (xii) confirms, represents and warrants that such applicant has read and complied with paragraph (d) below;
- (xiii) represents and warrants that such applicant is not a person who, by virtue of being resident in, or a citizen of, any country outside the United Kingdom, is prevented by the law of any relevant jurisdiction from lawfully applying for Offer Shares;
- (xiv) represents and warrants that such applicant is applying for Offer Shares on his/her/its own accounts and that he/she/it will not resell or otherwise transfer the Offer Shares in such a way so as to breach any applicable securities law, whether in the UK or otherwise;
- (xv) represents and warrants that such applicant is a Qualifying Shareholder and that such applicant is not (and is not applying as a nominee or agent of) a person liable to pay higher rate stamp duty under section 93 or section 96 of the Finance Act 1986 and/or tax under the Stamp Duty Reserve Tax Regulations 1986;
- (xvi) confirms, represents and warrants that such applicant has read the restrictions contained in paragraph (e) below and represents and warrants as provided therein;
- (xvii) represents and warrants that such applicant is not under the age of 18;
- (xviii) represents and warrants that such applicant (or, if relevant, the person on whose behalf this Application Form is signed as referred to in paragraph (vii) above) is a person of the kind

described in Article 43 of the Financial Promotion Order, being a Qualifying Shareholder; and

- (xix) agrees that all documents and cheques sent by post, by or on behalf of the Company or Computershare, will be sent at the risk of the person(s) entitled thereto.
- (d) No person receiving a copy of this Document and/or any Application Form in any territory may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including (without limitation) obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- (e) The Offer Shares have not been and will not be approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorised passed upon or endorsed the merit of the Offer or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. The Offer Shares have not been and will not be registered under the 'Securities Act or under the securities laws of any state or other jurisdiction in the United States, neither do they qualify for distribution under any of the relevant securities laws of Canada, Australia, South Africa, New Zealand or Japan, nor has any prospectus in relation to the Offer Shares been lodged with or registered by the Australian Securities and Investments Commission. Persons subscribing for Offer Shares shall be deemed, and (unless the Company is satisfied that Offer Shares can be issued without breach of security laws, including (without limitation) those of the United States, Canada, Australia, South Africa, New Zealand and/or Japan) shall be required, to represent and warrant to the Company that they are not a person in the United States and that they are not subscribing for such Offer Shares for the account of any such person and will not offer, sell, renounce, take up, transfer or deliver, directly or indirectly, such Offer Shares in the United States or to any such person or in or into Canada, Australia, South Africa, New Zealand and/or Japan or any other Restricted Jurisdiction.
- (f) Applicants are encouraged to submit their Application Forms early. In the event that applications are received for an amount in excess of the £400,000 maximum, the Directors reserve the right to exercise their discretion in the allocation of successful applications. The right is also reserved to reject in whole or in part any application or any part thereof for any reason whatsoever, including (without limitation) a breach of any of the terms, conditions, representations and/or warranties set out in this document and/or the Application Form and to treat as valid any application not in all respects completed in accordance with the instructions relating to the Application Form.
- (g) Save where the context otherwise requires, words and expressions defined in this Document have the same meaning when used in the Application Form and any explanatory notes in relation thereto.
- (h) Payments must be made by cheque or bankers' draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society and bear a UK bank sort code number in the top right hand corner. Cheques, which must be drawn on your personal account where you have sole or joint title to the funds, should be made payable to CIS PLC re: Papua Mining plc A/C. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or Bank has confirmed the name of the account holder by writing this on the back of the cheque/bankers' draft and by adding the branch stamp. The account name should be the same as that shown on this Application Form.

## PART V

### ADDITIONAL INFORMATION

#### 1 Responsibility

The Directors, whose names appear in paragraph 2.2(a) below, accept responsibility for the information contained in this Document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Document is in accordance with the facts and there is no omission likely to affect the import of such information.

#### 2 Share Capital, Interests And Dealings

##### 2.1 Share Capital

The following table shows the issued ordinary share capital as it is now and as it will be following the Fundraising:

	Current Issued Ordinary Shares		Issued following Subscription <sup>(1)</sup>		Issued following Fundraising and Conversion <sup>(2)</sup>	
	£	Number of Shares	£	Number of Shares	£	Number of Shares
Ordinary Shares .....	84,772.201	84,772,201	124,772.201	124,772,201	178,572.201	178,572,201

(1) Excludes any Ordinary Shares arising from exercise of the Warrants

(2) Assuming that the Offer is subscribed in full

##### 2.2 Directors

(a) At the close of business on 9 September 2016 (being the last practicable date prior to the publication of this document) the interests of the Directors (all of which are beneficial) and their families and the interests of persons connected with them (within the meaning of section 346 of the Act) in relevant securities (whether by interests, rights to subscribe or short positions) of the Company are as follows:-

Director	Before Admission		On Admission <sup>(2)</sup> (above)	
	Number of Ordinary Shares	% of Issued Share Capital	Number of Ordinary Shares	% of Issued Share Capital
Michael Gordon Jolliffe .....	185,004	0.2%	185,004	0.1%
Hugh Martin McCullough .....	504,571	0.6%	504,571	0.28%
Kieran Harrington .....	328,392	0.4%	328,392	0.18%
Gunnar Palm .....	0	0%	0	0%
Keith Lough .....	0	0%	0	0%

(b) During the period of 12 months preceding the date of this Document, there have been no dealings made by the Directors and their connected persons in the Company's securities.

##### 2.3 Options

(a) At the close of business on 9 September 2016 (being the last practicable date prior to the publication of this Document), the Directors and management were interested in the following options over Ordinary Shares in the Company:

Name	Effective Date of Grant	Exercise Price (p)	Number of Shares	Date of Expiry
Hugh Martin McCullough.....	20 May 2016	2.125	1,997,886	21 December 2025
Kieran Harrington .....	20 May 2016	2.125	1,997,886	21 December 2025
Michael Gordon Jolliffe.....	20 May 2016	2.125	626,763	21 December 2025
Chris Muller .....	20 May 2016	2.125	1,997,886	21 December 2025

- (b) At the close of business on 9 September 2016 (being the last practicable date prior to the publication of this Document), the outstanding options, which exclude the share options granted to Directors and managers, were as follows:

	<b>Date of Grant</b>	<b>Exercise Price (p)</b>	<b>Number of Shares</b>	<b>Date of Expiry</b>
<b>Papua Mining 2011 Share Option Plan</b>				
Ahulo Otio .....	18 September 2012	53.7	20,000	18 September 2017

#### 2.4 Warrants and Warrant Instruments

The Company has granted Cenkos a warrant entitling Cenkos to subscribe for up to 3,000,000 Ordinary Shares at £0.01 per Ordinary Share at any time on or before 20 December 2020. Save for this, there are no unexercised warrants or warrant instruments currently outstanding.

### 3 Material contracts

Save as described below, no contracts have been entered into by the Company or any of its subsidiaries, other than in the ordinary course of business, within the two years prior to the publication of this Document which are or may be material.

#### 3.1 Subscription agreement with Thalassa

On 1 September 2016 Thalassa and the Company entered into a letter agreement in which Thalassa irrevocably applied for the issue of 40,000,000 Ordinary Shares (or, if the issue of such Ordinary Shares would cause Thalassa's holding in the Company (in conjunction with the holdings of those deemed by the Panel on Takeovers and Mergers to be acting in concert with Thalassa) to be, or exceed, 30 per cent. of the enlarged ordinary share capital of the Company, such number of Ordinary Shares as would be equal to 29.9 per cent. of the enlarged ordinary share capital of the Company) at the Issue Price. If the Subscription Shares issued to Thalassa are less than 40,000,000 Ordinary Shares, the Company shall, if and when applicable, notify Thalassa that its holding (in conjunction with any person deemed to be acting in concert with Thalassa) has been diluted sufficiently to enable the issue to Thalassa of the balance between 40,000,000 Ordinary Shares and the Subscription Shares actually issued to Thalassa, and Thalassa will subscribe for such extra Ordinary Shares at the Issue Price. It should, however, be noted that (because of the Conversion) Thalassa will be able to subscribe for 40,000,000 of the Subscription Shares without its holding exceeding 30 per cent. of the enlarged ordinary share capital of the Company.

Under the terms of the letter the Subscription is conditional only upon: (1) the passing of resolutions by the shareholders of the Company at a general meeting no later than 31 October 2016 to authorise the directors of the Company to allot the Subscription Shares; and (2) the Admission of the Subscription Shares no later than 31 October 2016.

Thalassa has the right to appoint at least one director to the Board, (subject to satisfactory due diligence on the proposed director having been conducted by the Company's nominated advisor, in accordance with the AIM Rules for Companies).

#### 3.2 Undertaking to convert Convertible Loan Notes

On 31 August 2016 MSL gave notice to the Company requiring the Company to convert on the date of Admission of the Conversion Shares the amount of £138,000 of the principal amount of the Convertible Notes into Ordinary Shares. The Conversion is conditional upon: (1) Thalassa agreeing to subscribe for the Subscription Shares; and (2) the Subscription becoming unconditional other than in respect of Admission of the Subscription Shares.

#### 3.3 Relationship Agreement with MSL

On 3 December 2015 the Company entered into a relationship agreement with MSL for the purposes of regulating the relationship between the Company and MSL as a significant shareholder of the Company.

The parties agreed that while MSL and his “Associates” (as defined in the agreement) hold 20 per cent. or more of the voting rights attaching to the Ordinary Shares, (i) all transactions between MSL and the Company shall be at arms’ length and on normal commercial terms; (ii) the Group shall at all times carry on business independently of MSL and his Associates (as defined in the agreement); (iii) any disputes between MSL and the Company shall be dealt with by a committee of Independent Directors (as defined in the agreement); (iv) MSL shall not requisition a general meeting of the Company to appoint or remove a director; and (v) MSL shall not otherwise seek to appoint or remove any director or officer of the Company other than in accordance with a resolution or recommendation of the board from time to time (supported by a majority of Independent Directors (as defined in the agreement)). The Company has undertaken to consult Cenkos in the event that any conflict of interest arises between the Group and MSL.

## **4 Service Contracts and Letters of Appointment**

### **4.1 Service Contracts**

#### ***Hugh McCullough, Kieran Harrington and Chris Muller***

The Company stated in the 30 September Announcement, *inter alia*, that the employment contracts for its two Directors and management executives, Hugh McCullough and Kieran Harrington and its Chief Geologist; Chris Muller had not been renewed. There is an intention, when possible and not prior to the Company completing a further, substantial fundraising, to compensate Hugh McCullough, Kieran Harrington and Chris Muller in cash for services provided to the Company during the period when they have not been paid a salary and/or fees by the Company.

There are no service agreements currently in force with Directors or Management.

Hugh McCullough and Kieran Harrington continue to serve as directors of the Company.

### **4.2 Letters of Appointment**

#### ***Michael Jolliffe***

Mr. Michael Jolliffe entered into a letter of appointment with the Company on 22 February 2012 pursuant to which Mr. Jolliffe serves as a Director of the Company. Mr. Jolliffe’s appointment shall continue for an indefinite term until terminated by either party giving to the other not less than three months’ notice in writing.

The letter of appointment contains certain provisions for earlier termination in the event of, amongst other things, a breach by Mr. Jolliffe. Under the terms of the letter of appointment, Mr. Jolliffe is paid a fee of £40,000 per annum and is expected to devote approximately 24 days per annum to the Company in satisfaction of his duties as a Director. As referred to above, Mr Jolliffe has waived the receipt of his fee until further notice. It is acknowledged in the agreement that Mr. Jolliffe may from time to time hold directorships or otherwise be interested in other companies operating in similar sectors. However, Mr. Jolliffe is required to declare any such existing interest to the Board, and obtain permission of the Board in respect of proposed future interests. He is not permitted to hold any interests which may conflict with his position with the Company. The letter of appointment is governed by English law.

#### ***Gunnar Palm***

Mr. Gunnar Palm entered into a letter of appointment with the Company on 22 February 2012 pursuant to which Mr. Palm serves as a Director of the Company. Mr. Palm’s appointment shall continue for an indefinite term until terminated by either party giving to the other not less than three months’ notice in writing. The letter of appointment contains certain provisions for earlier termination in the event of, amongst other things, a breach by Mr. Palm. Under the terms of the letter of appointment, Mr. Palm is paid a fee of £30,000 per annum and is expected to devote approximately 24 days per annum to the Company in satisfaction of his duties as a Director. As referred to above, Mr Palm has waived the receipt of his fee until further notice. It is acknowledged in the agreement that Mr. Palm may from time to time hold directorships or otherwise be interested in other companies operating in similar sectors. However, Mr. Palm is required to declare any such existing interest to the Board, and obtain permission of the Board in respect of proposed future interests. He is not permitted to hold any interests which may conflict with his position with the Company. The letter of appointment is governed by English law.

### ***Keith Lough***

Mr. Keith Lough entered into a letter of appointment with the Company on 29 March 2012 pursuant to which Mr. Lough serves as a Director of the Company. Mr. Lough's appointment shall continue for an indefinite term until terminated by either party giving to the other not less than three months' notice in writing. The letter of appointment contains certain provisions for earlier termination in the event of, amongst other things, a breach by Mr. Lough. Under the terms of the letter of appointment, Mr. Lough is paid a fee of £30,000 per annum and is expected to devote approximately 24 days per annum to the Company in satisfaction of his duties as a Director. As referred to above, Mr Lough has waived the receipt of his fee until further notice. It is acknowledged in the agreement that Mr. Lough may from time to time hold directorships or otherwise be interested in other companies operating in similar sectors. However, Mr. Lough is required to declare any such existing interest to the Board, and obtain permission of the Board in respect of proposed future interests. He is not permitted to hold any interests which may conflict with his position with the Company. The letter of appointment is governed by English law.

None of Michael Jolliffe, Gunnar Palm and Keith Lough is receiving a salary or fees at the present time. There is an intention, when possible and not prior to the Company completing a further, substantial fundraising, to compensate Michael Jolliffe, Gunnar Palm and Keith Lough in cash for services provided to the Company during the period when they have not been paid a salary and/or fees by the Company.

## **5 Other information**

- 5.1 Cenkos has given and has not withdrawn its written consent to the inclusion in this Document or references to its name in the form and context in which they appear.
- 5.2 There are no agreements, arrangements or understandings (including any compensation arrangement) existing with Thalassa and any of the Directors, recent directors, Shareholders or recent Shareholders of the Company having any connection with or dependence upon the approval by Shareholders of the proposals set out in this Document.
- 5.3 The Directors are not aware of any agreement or arrangement or understanding by which beneficial ownership of any New Ordinary Shares acquired pursuant to the Fundraising will be transferred to any other person.
- 5.4 The Directors' intentions regarding the continuance of the Company's business and their intentions regarding the continued employment of its employees and those of its subsidiaries will not be altered by the Subscription.
- 5.5 The total costs, charges and expenses payable by the Company in respect of the Subscription are estimated to amount to approximately £21,000 (including irrecoverable VAT).

## **6 Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of the Company' solicitors Fladgate LLP, 16 Great Queen Street, WC2B 5DG from the date of this Document up to the date of the General Meeting and for 15 minutes prior to the meeting and during the meeting:

- 6.1 the memorandum and articles of association of the Company;
- 6.2 the audited report and financial statements of the Company for the year ended 2015;
- 6.3 the material contracts referred to in paragraph 3 above;
- 6.4 the written consent referred to in paragraph 5.1 above; and
- 6.5 this Document.

## NOTICE OF GENERAL MEETING

# Papua Mining PLC

*Registered in England and Wales with number 07791328*

**NOTICE** is hereby given that a General Meeting of Papua Mining PLC will be held at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG at 11:15 a.m. on 7 October 2016 (or as soon thereafter as the annual general meeting of the Company convened for the same date and place shall have been concluded or adjourned) to consider and, if thought fit, pass the following Resolutions, of which Resolutions 1 and 3 will be proposed as Ordinary Resolutions and Resolutions 2 and 4 will be proposed as Special Resolutions.

1. **THAT**, the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “**Act**”) to allot equity securities (within the meaning of section 560 of the Act) in connection with the subscription of Subscription Shares (as further described and defined in the circular to shareholders dated 13 September 2016 to which this notice (“**Notice**”) is attached (the “**Circular**”)) pursuant to the proposed Subscription by the Company (as further described and defined in the Circular), up to an aggregate nominal amount of £40,000 and this authority shall expire on the conclusion of the 2017 Annual General Meeting of the Company save that the Company may make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the directors may allot equity securities pursuant to that offer or agreement as if this authority had not expired.
2. **THAT**, the Directors be and they are hereby generally and unconditionally authorised to allot equity securities for cash, pursuant to the authority conferred by resolution 1 in the Notice as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the subscription of Subscription Shares (as further described and defined in the Circular to which this Notice is attached), up to an aggregate nominal amount of £40,000 and this authority shall expire on the conclusion of the 2017 Annual General Meeting of the Company save that the Company may make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the directors may allot equity securities pursuant to that offer or agreement as if this authority had not expired.
3. **THAT**, the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Act to allot equity securities (within the meaning of section 560 of the Act) in connection with the subscription of Offer Shares (as further described and defined in the Circular to which this Notice is attached), up to an aggregate nominal amount of £40,000 and this authority shall expire on the conclusion of the 2017 Annual General Meeting of the Company save that the Company may make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the directors may allot equity securities pursuant to that offer or agreement as if this authority had not expired.
4. **THAT**, the Directors be and they are hereby generally and unconditionally authorised to allot equity securities for cash, pursuant to the authority conferred by resolution 3 in the Notice as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the subscription of Offer Shares (as further described and defined in the Circular to which this Notice is attached), up to an aggregate nominal amount of £40,000 and this authority shall expire on the conclusion of the 2017 Annual General Meeting of the Company save that the Company may make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the directors may allot equity securities pursuant to that offer or agreement as if this authority had not expired.

By Order of the Board

**Michael Jolliffe**  
*Chairman*

Dated 13 September 2016

**Notes:***Appointment of Proxies*

1. Every holder has the right to appoint some other person of their choice, who need not be a shareholder, to attend and act on their behalf (including to speak and to vote) at the meeting. If you wish to appoint a person other than the chairman of the Company, please insert the name of your chosen proxy holder in the space provided (see reverse).
2. In the case of joint holders the vote of the person first named in the register of members of the Company tendering a vote will be accepted to the exclusion of the votes of the other joint holders.
3. To be effective, this form, completed and signed, and any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority, must be lodged at the office of the Company's registrars at: Computershare Corporate Actions Projects, Bristol BS99 6AH, by 5 October 2016 at 11:15 a.m. (i.e. not less than 48 hours before the time of the meeting).
4. In the case of a shareholder which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
5. To direct your proxy how to vote on the resolutions, mark the appropriate box with an "X". The "Vote Withheld" option overleaf is provided to enable you to abstain on any particular resolution. However, it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. In accordance with regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company 48 hours before the time appointed for the meeting or any adjournment thereof. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Corporate Actions Projects, Bristol BS99 6AH.
8. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. Any alterations made to the Proxy form should be initialled.
10. The completion and return of the Proxy form will not preclude a holder from attending, speaking and voting in person at the meeting. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which appointment was last validly received, none of them shall be treated as valid in respect of that share.

