

30 September 2016

Papua Mining plc
("Papua" or "the Company")

Interim Results

Papua Mining plc ("Papua" or "the Company") a UK company focused on the exploration for and if commercially feasible, development of gold and copper deposits in Papua New Guinea ("PNG") presents its Interim Results for the period ending 30 June 2016.

Highlights

- £400,000 Subscription by Thalassa and proposed Offer for Subscription to raise up to a further £400,000 announced post-period end, both subject to shareholder approval
- Completed drilling programme at Mt Visi prospect in March
- High temperature, potassic porphyry alteration encountered in cores from three of five holes with encouraging anomalous copper values shown in initial assays
- Share placing to raise £60,000 concluded

Post Period-end - Proposed Financing

As announced on 2 September 2016, Papua has conditionally secured £400,000 of new financing (before expenses) through the issue of 40,000,000 new ordinary shares ("Subscription Shares") at 1p per share to Thalassa Holdings Limited ("Thalassa"), (the "Subscription"). Qualifying shareholders are also being offered the opportunity to subscribe for up to a further 40,000,000 new ordinary shares ("Offer Shares") at 1p per share through an offer for subscription (the "Offer"). The Offer and the Subscription are conditional, *inter alia*, on shareholder approval being obtained at a general meeting of the Company to be held on 7 October 2016 (the "General Meeting"). The Company has also announced the intention of Michael Somerset-Leeke to convert £138,000 of Convertible Loan Notes into 13,800,000 new ordinary shares ("Conversion Shares") alongside the Subscription.

Thalassa is an AIM quoted holding company currently with subsidiaries in the energy services and defence and homeland security industry.

In the event that the necessary shareholder approvals are obtained at the General Meeting and following Admission of the Subscription Shares and the Conversion Shares, Thalassa will hold a 28.87% interest in Papua. Thalassa has expressed support for the Company's exploration activities in Papua New Guinea, especially the exciting target at Mt. Visi.

Mt. Visi Exploration

Our exploration in Papua New Guinea over the last six years or so, has been directed at the discovery of copper/gold porphyry deposits in a known mineralized belt of New Britain island.

We first discovered high-grade gold and copper in float and outcrop at Mt. Visi in early 2014 during our regional exploration work on our portfolio of exploration licences (“ELs”) on the eastern margin of EL2051. We interpreted the mineralization as marginal to a copper gold porphyry centre. Follow up mapping and sampling and in particular the discovery of potassic alteration in outcrop, demonstrates a porphyry centre approximately 1 kilometre east of the discovery zone, in the adjacent EL2322.

This work led quickly to the mobilization of a diamond drillrig which was capable of being heli-lifted into the drill target area and then manually moved between drill pads. In all, five holes were drilled for a total metreage of 776 metres, with the deepest hole being drilled to a downhole depth of 211 metres. The drilling programme commenced in December 2015 and was completed in early March 2016.

Details of the holes completed are given in Table 1 below.

HoleID	Easting	Northing	Elevation	Azimuth	Dip	Length
V22DDH001	260885	9363807	1165	35	-55	191 m
V22DDH002	260885	9363807	1165	215	-55	68 m
V22DDH003	260753	9363886	1187	115	-55	211 m
V22DDH004	260878	9363871	1165	120	-70	133 m
V22DDH005	260885	9363807	1165	22	-75	173 m

Table 1: Diamond drill hole parameters for the Mt. Visi Prospect drilling programme

Alteration and sulphide zonation, characteristic of a mineralised porphyry system, have been demonstrated both at surface and in the drillholes at Mt. Visi.

Sulphide mineralisation crops out over a significant area at surface in the drilling area and was also encountered in all drill holes. Although the copper grades intersected in the drilling were not as high as those seen at surface, anomalous copper was seen in four of the five holes drilled. Bornite and chalcopyrite co-occur, almost invariably together with quartz and/or magnetite, within a porphyritic diorite. Their occurrence is patchy and the concentration generally low overall but in areas where K feldspar is present, the tenor of mineralisation increases. Fine molybdenum is evident, which is usually associated with quartz.

This first phase of drilling targeted the down-dip development of the potassic alteration outcropping in the Kanavuli creek valley. The next phase of work at Mt Visi, due to commence shortly, will be to carry out infill soil sampling in the poorly exposed area immediately southeast of the creek where the broadest copper in soil anomalism was observed in the 2015 soil geochemical surveys. Further rock sampling and prospecting will be carried out at the same time as the soil sampling.

Tripela and other targets

Drilling during 2014 and 2015 at the Tripela target, some 20 kilometres south of Mt Visi, intersected a wide zone of intensely developed inner propylitic alteration at depths between 500 and 900 metres. While not as centrally situated in porphyry alteration zonation as the Mt Visi potassic alteration, the inner propylitic zonation at Tripela probably envelopes an inner potassic zone which has the potential to host a mineralized orebody. The next phase of drilling at Tripela will be designed to test for the projected porphyry core which has been interpreted from the drill results to date. However, that deep drilling programme has been postponed until market conditions improve and the Company is able to raise the additional capital required. Exploration on Papua's other licence areas has also been curtailed in the light of the very active exploration effort being focused on ELs 2051 and 2322.

Interim Results

Our Income Statement for the six months ended 30 June, 2016 shows a loss of US\$248,798 compared to a loss of US\$747,535 for the same period last year. This reduced loss resulted from the lower level of exploration expenditure during the period which reflected the negative investment sentiment prevailing in the resource sector and the comparative scarcity of new investment funding for mineral exploration.

Conclusion

As a mineral exploration company, we are operating in very difficult times. The resource sector is still extremely depressed with new finance for exploration projects in short supply. Nonetheless, we have been successful in raising (subject to shareholder approval being obtained at the General Meeting) additional capital to carry out the limited but important next stage in the delineation of the full potential of the Mt Visi target. We are confident that applying our rigorous exploration methodology has led us to the verge of a discovery and we look forward to better times ahead.

Hugh McCullough, EurGeol., PGeo, Director of Papua, is a member of the Institute of Geologists of Ireland. He is a qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies, March 2006, of the London Stock Exchange. He has reviewed and approved the technical information contained in this announcement.

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Papua Mining plc
Interim Results for the six months ended 30 June 2016

Financial Review

Financial Highlights

	6 months to 30 June 2016 US\$ (unaudited)	6 months to 30 June 2015 US\$ (unaudited)	12 months to 31 December 2015 US\$ (audited)
(Loss) attributable to equity owners	(248,798)	(747,535)	(10,173,377)
Cash and cash equivalents	43,672	600,163	299,183
Exploration Assets	9,644,624	18,059,853	9,270,355
Net Assets	9,367,678	18,404,303	9,318,651

Papua Mining plc
Condensed Interim Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2016

	6 months to 30 June 2016 US\$ (unaudited)	6 months to 30 June 2015 US\$ (unaudited)	12 months to 31 December 2015 US\$ (audited)
Note			
Administrative costs	(248,798)	(750,838)	(10,176,680)
Finance (charges)/income	0	3,303	3,303
(Loss) before tax	(248,798)	(747,535)	(10,173,377)
Income tax expense	0	0	0
(Loss) attributable to equity owners for the period	(248,798)	(747,535)	(10,173,377)
Other comprehensive (loss)/income for the period	0	0	0
Total comprehensive (loss) attributable to equity owners for the period	(248,798)	(747,535)	(10,173,377)
(Loss) per share attributable to equity owners			
Basic & Diluted	(0.01)	(0.01)	(0.20)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Papua Mining plc
Condensed Interim Consolidated Statement of Financial Position
As at 30 June 2016

		6 months to 30 June 2016 US\$	6 months to 30 June 2015 US\$	12 months to 31 December 2015 US\$
	Note	(unaudited)	(unaudited)	(audited)
ASSETS				
Non-current assets				
Intangible assets	4	9,644,624	18,059,853	9,270,355
Total non-current assets		9,644,624	18,059,853	9,270,355
Current Assets				
Trade and other receivables		0	0	18,042
Cash and cash equivalents		43,672	600,163	299,183
Total current assets		43,672	600,163	317,255
Total assets		9,688,296	18,660,016	9,587,580
EQUITY				
Equity attributable to owners of the parent:				
Share Capital	5	8,248,144	8,194,453	8,230,864
Share Premium		14,716,394	14,117,154	14,444,849
Other Reserves		3,087,062	3,087,062	3,087,062
Share Based Payment Reserve		1,377,830	1,392,747	1,368,830
Retained deficit		(18,061,752)	(8,387,112)	(17,812,954)
Total equity		9,367,678	18,404,303	9,318,651
LIABILITIES				
Current liabilities				
Trade and other payables		320,619	255,713	268,929
Total current liabilities		320,619	255,713	268,929
Total liabilities		320,619	255,713	268,929
Total equity and liabilities		9,688,296	18,660,016	9,587,580

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Papua Mining plc
Condensed Interim Cash Flow Statement
For the six months ended 30 June 2016

	6 months to 30 June 2016 US\$ (unaudited)	6 months to 30 June 2015 US\$ (unaudited)	12 months to 31 December 2015 US\$ (audited)
Cash flow from operating activities			
(Loss) for the period	(248,798)	(747,535)	(10,173,377)
Adjustments to reconcile net profit/(loss) before tax to cash flow from operating activities			
Impairment of intangible assets	0	0	9,114,064
Share Based Payments	9,000	41,571	17,654
Currency adjustments	0	0	66,505
Net decrease/(increase) in operating assets -Other receivables	18,042	0	(18,042)
Net (decrease)/increase in operating liabilities -Other liabilities	51,690	(168,984)	(155,768)
Net cash flow from operating activities	(170,066)	(874,949)	(1,148,964)
Cash flow from investing activities			
Purchase of intangible assets	(374,270)	(1,038,762)	(1,363,328)
Net cash used in investing activities	(374,270)	(1,038,762)	(1,363,328)
Cash flow from financing activities			
Proceeds from issuance of ordinary shares	288,825	0	364,106
Net cash used in financing activities	288,825	0	364,106
Net increase/(decrease) in cash and cash equivalents	(255,511)	(1,913,711)	(2,148,186)
Cash and cash equivalents at the beginning of the period	299,183	2,513,874	2,513,874
Exchange difference on cash and cash equivalents	0	0	(66,505)
Cash and cash equivalents at the end of the period	43,672	600,163	299,183

Papua Mining plc
Condensed Interim Statement of Changes in Equity
For the six months ended 30 June 2016

	Share Capital US\$	Share Premium US\$	Other Reserves US\$	Share Based Payment Reserve US\$	Retained Deficit US\$	Total Equity US\$
Balance at 31 December 2014	8,194,453	14,117,154	3,087,062	1,351,176	(7,639,577)	19,110,268
(Loss) for the period	0	0	0	0	(747,535)	(747,535)
Shares issued during the period	0	0	0	0	0	0
Share based payments	0	0	0	41,571	0	41,571
Balance at 30 June 2015 (unaudited)	8,194,453	14,117,154	3,087,062	1,392,747	(8,387,112)	18,404,303
(Loss) for the period	0	0	0	0	(9,425,842)	(9,425,842)
Shares issued during the period	36,411	327,695	0	0	0	364,106
Share based payments	0	0	0	(23,917)	0	(23,917)
Balance at 31 December 2015	8,230,864	14,444,849	3,087,062	1,368,830	(17,812,954)	9,318,651
(Loss) for the period	0	0	0	0	(248,798)	(248,798)
Shares issued during the period	17,280	271,545	0	0	0	288,825
Share based payments	0	0	0	9,000	0	9,000
Balance at 30 June 2016 (unaudited)	8,248,144	14,716,394	3,087,062	1,377,930	(18,061,752)	9,367,678

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Papua Mining plc
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended 30 June 2016

1 Group and Principal activities

For the purposes of these financial statements, the term “PM plc Group” is defined as the companies Papua Mining plc (the “Company”), Papua Mining Limited, Aries Mining Limited and Sagittarius Mining Limited.

Papua Mining plc is a public limited company, admitted to trading on AIM, and is incorporated and domiciled in England and Wales.

Papua Mining plc acquired 100% of the share capital of Papua Mining Limited on 20 December 2011, however each of the companies of the PM plc Group have effectively operated as a group under common management for a number of years although they did not comprise a statutory group for the entire duration of the comparative period ended 31 December 2011 as defined by International Accounting Standards.

The PM plc Group’s main activity is the exploration for gold and copper resources in Papua New Guinea, as set out in the Directors’ Report.

2 Basis of preparation

This interim report on the unaudited consolidated financial statements is for the six month period ended 30 June 2016. It does not include all the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2014, which were prepared under International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”).

The consolidated financial statements have been prepared under the historical cost convention except for share based payments which are valued at the date of grant.

These unaudited consolidated half-year financial statements have been prepared in accordance with accounting policies consistent with those set out in the Group’s financial statements for the year ended 31 December 2015, which were prepared in accordance with IFRS as adopted by the EU.

The consolidated financial statements incorporate the financial statements of the Company and subsidiaries controlled by the Company as at 30 June 2016.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The Group’s statutory financial statements for the year ended 31 December 2015, prepared under IFRS as adopted by the EU, have been filed with the Registrar of Companies. Those accounts have received an unqualified audit report and did not contain statements or matters to which the auditors drew attention under the Act.

The Group’s consolidated financial statements are presented in US dollars.

3 Accounting policies

The Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Group’s last annual financial statements for the year ended 31 December 2015.

4 Intangible assets

Group	30 June 2016 US\$	30 June 2015 US\$	31 December 2015 US\$
Exploration costs			
At beginning of period	9,270,355	17,021,091	17,021,091
Additions	374,269	1,038,762	(7,750,736)
At the end of year	<u>9,644,624</u>	<u>18,059,853</u>	<u>9,270,355</u>

The Group's principal subsidiary undertakings at 30 June 2016, all of which are included in the consolidation, were as follows:

Name of Company	Proportion held	Class of shareholding	Nature of business	Country of incorporation
Subsidiary undertakings				
Papua Mining Limited	100%	Ordinary	Exploration	British Virgin Islands
Aries Mining Limited	100%	Ordinary	Exploration	Papua New Guinea
Sagittarius Mining Limited	100%	Ordinary	Exploration	Papua New Guinea

5 Share capital

Group	30 June 2016 Number	30 June 2015 Number	31 December 2015 Number
Issued share capital			
Ordinary shares of \$0.16 each		51,215,534	
Ordinary shares of \$0.0016 each	84,772,201		82,105,534
Deferred shares of \$0.1584 each	<u>51,215,534</u>		<u>51,215,534</u>
Issued share capital			
Fully paid	US\$ <u>8,248,144</u>	US\$ <u>8,149,453</u>	US\$ <u>8,230,864</u>
	<u>8,248,144</u>	<u>7,599,413</u>	<u>8,230,864</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends. There are no shares held by the entity or its subsidiaries or associates. There are no shares reserved for issue under options and contracts for the sale of shares at the year end.

On the 24th June 2014 Papua Mining plc issued 12,500,000 placing units comprising of one placing share and one placing warrant (the Placing Shares and the Placing Warrants together the "**Placing Units**") at a price of £0.20 per Placing Unit. The Placing Warrants are exercisable within 2 years of 27 June 2014 at a price of £0.30 per Placing Warrant.

On the 7th July 2014 Papua Mining plc issued 3,689,200 offer units comprising of one offer share and one offer warrant (the Offer Share and the Offer Warrant together the "**Offer Units**") at a price of £0.20 per Offer Unit. The Offer Warrants are exercisable within 2 years of 7 July 2014 at a price of £0.30 per Offer Warrant.

On 3rd December, Papua Mining plc created £138,000 of Convertible Loan Notes convertible into ordinary shares of the Company at £0.01 per share.

26,200,000 ordinary shares of £0.001 (\$0.0012) each were issued at a price of £0.01 (\$0.012) per share on 21 December 2015 and 2,590,000 ordinary shares of £0.001 (\$0.012) each were issued at a price of £0.01 (\$0.012) per share on 21 December 2015. In addition, 2,100,000 ordinary shares of £0.001 were issued to a trade creditor in settlement of an invoice for £21,000.

On 21 December 2015 the Ordinary Share capital of £0.10p was divided in Ordinary Share capital of £0.001 and Deferred Share capital of £0.099p. The Deferred Share capital has no income or voting rights and will be entitled to receive the amount paid up on a winding-up once the ordinary share capital has received £1,000,000 per ordinary share held.

On 21 December 2015 warrants were issued over 3,000,000 ordinary shares of £0.001, exercisable over five years at a price of £0.01 per share.

On May 16, 2016, the Company issued 2,000,000 ordinary shares of £0.001 at a price of £0.03 per share. A further 666,667 ordinary shares of £0.001 were issued on the same day to a trade creditor in settlement of an invoice for £20,000.