Papuan Precious Metals Corp.

Consolidated Financial Statements

For the Year Ended

June 30, 2013

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Papuan Precious Metals Corp.

We have audited the accompanying consolidated financial statements of **Papuan Precious Metals Corp.**, which comprise the consolidated statements of financial position as at June 30, 2013 and 2012, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Papuan Precious Metals Corp.** as at June 30, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Vancouver, Canada,
October 25, 2013.

Chartered Accountants

Papuan Precious Metals Corp.

Consolidated Financial Statements
For the Year Ended
June 30, 2013

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Papuan Precious Metals Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

TSX.V: **PAU**

	Note		June 30, 2013		June 30, 2012
Assets					
Current assets					
Cash and cash equivalents	*11*	**$**	**754,060**	$	1,652,920
Amounts receivable	*6*		**75,525**		19,526
Prepaid expenses			**46,534**		79,947
			876,119		1,752,393
Property and equipment	*7*		**41,541**		85,448
Exploration and evaluation assets	*8*		**4,837,320**		11,088,671
Total assets			**5,754,980**		12,926,512
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	*9, 12*		**170,000**		212,771
Total liabilities			**170,000**		212,771
Shareholders' Equity					
Share capital	*10*		**14,058,149**		14,058,149
Shares held in escrow	*8*		**(106,896)**		-
Other capital reserves	*10*		**5,542,037**		5,516,520
Accumulated deficit			**(13,908,310)**		(6,860,928)
Total shareholders equity			**5,584,980**		12,713,741
Total liabilities and shareholders' equity		**$**	**5,754,980**	$	12,926,512

Nature and continuance of operations (Note 1)

On Behalf of the Board of Directors:

" Devinder Randhawa"

Devinder Randhawa, Director

"Ross McElroy"

Ross McElroy, Director

Papuan Precious Metals Corp.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

TSX.V: **PAU**

	Note		For the years ended June 30, 2013		2012
General and administrative expenses					
Business development		$	**1,975**	$	17,033
Consulting and management fees	*12*		**191,375**		246,250
Depreciation			**9,103**		14,397
Office and administration			**41,136**		102,537
Professional fees			**121,381**		191,335
Public relations and communications			**18,964**		208,316
Regulatory fees			**40,167**		33,485
Rent			**17,799**		14,650
Share-based compensation	*10*		**36,627**		325,668
Transfer agent			**10,459**		17,796
Wages and benefits	*12*		**165,943**		228,060
			654,929		1,399,527
Loss before other items			**(654,929)**		(1,399,527)
Other income (expense)					
Interest			**13,738**		54,829
Foreign exchange loss			**(18,519)**		(282,187)
Gain on disposal of property and equipment			**-**		5,172
Exploration and evaluation assets write-down	*8*		**(6,387,672)**		(549,302)
			(6,392,453)		(771,488)
Net loss and comprehensive loss for the year		$	**(7,047,382)**	$	(2,171,015)
Basic and diluted loss per common share		$	**(0.10)**	$	(0.03)
Weighted average number of common shares outstanding			**69,480,256**		69,432,645

The accompanying notes are an integral part of these consolidated financial statements.

Papuan Precious Metals Corp.

Consolidated Statements of Changes in Equity

Expressed in Canadian Dollars

TSX.V: **PAU**

	Note	Common Shares: Shares	Common Shares: Amount	Common Shares Held in Escrow	Other Capital Reserves	Deficit	Total
Balance as at June 30, 2011		69,369,133	$ 14,004,136	$ -	$ 5,071,144	$ (4,689,913)	$ 14,385,367
Exercise of option/warrants		111,123	54,013	-	(8,420)	-	45,593
Share-based compensation	*10(b)*	-	-	-	453,796	-	453,796
Net loss and comprehensive loss		-	-	-	-	(2,171,015)	(2,171,015)
Balance as at June 30, 2012		69,480,256	14,058,149	-	5,516,520	(6,860,928)	12,713,741
Common shares held in escrow	*8*	-	-	(106,896)	-	-	**(106,896)**
Share-based compensation	*10(b)*	-	-	-	25,517	-	**25,517**
Net loss and comprehensive loss		-	-	-	-	(7,047,382)	**(7,047,382)**
Balance as at June 30, 2013		**69,480,256**	**$ 14,058,149**	**$ (106,896)**	**$ 5,542,037**	**$ (13,908,310)**	**$ 5,584,980**

The accompanying notes are an integral part of these consolidated financial statements.

Papuan Precious Metals Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

TSX.V: **PAU**

	For the years ended June 30, 2013	2012
Cash used in operating activities		
Net loss and comprehensive loss for the year	**$ (7,047,382)**	$ (2,171,015)
Items not affecting cash:		
Depreciation	**9,103**	14,397
Share-based compensation	**36,627**	325,668
Gain on sale of property and equipment	**-**	(5,172)
Write-down of exploration and evaluation assets	**6,387,672**	549,302
	(613,980)	(1,286,820)
Changes in non-cash working capital items		
(Increase) decrease in amounts receivable	**(55,999)**	719
Decrease (Increase) in prepaid expenses	**33,413**	(31,643)
(Decrease) in accounts payable and accrued liabilities	**(42,771)**	(401,056)
Cash used in operating activities	**(679,337)**	(1,718,800)
Investing activities		
Property and equipment purchased	**-**	(23,622)
Property and equipment disposals	**-**	10,591
Exploration and evaluation additions	**(219,523)**	(5,565,587)
Proceeds of issuance of shares against cash	**-**	-
Cash used in investing activities	**(219,523)**	(5,578,618)
Financing activity		
Proceeds from exercise of options/warrants	**-**	45,593
Cash provided by financing activities	**-**	45,593
Net decrease in cash and cash equivalents	**(898,860)**	(7,251,825)
Cash, beginning of the year	**1,652,920**	8,904,745
Cash, end of the year	**$ 754,060**	$ 1,652,920

Supplemental disclosure with respect to cash flows (Note 11).

1. Nature and Continuance of Operations

Papuan Precious Metals Corp. (the "Company") is a company incorporated under the Business Corporation Act of British Columbia, Canada. The registered office of the Company is 700-595 Howe Street, Vancouver, British Columbia, V6C 2T5. The Principal address and records office of the Company is 700-1620 Dickson Ave., Kelowna, British Columbia, V1Y 9Y2. The Company's shares are publically listed on the TSX Venture and OTCQX exchanges under the symbols *PAU* and *PAUFF* respectively. The Company is engaged in the acquisition, exploration and development of exploration and evaluation assets (mineral properties) in Papua New Guinea ("PNG"). The Company is considered to be in the exploration stage and to date has not generated significant revenues from operations. The Company has not yet determined whether its exploration and evaluation assets contain economically viable ore reserves and there is no guarantee that mineral deposits will be discovered in the future. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon proving the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production and/or proceeds from the disposition thereof.

The Company has no significant source of revenue and has significant cash requirements to meet its administrative overhead and to maintain its mineral property interests. Management has determined that the Company will be able to continue as a going concern for the foreseeable future and realize its assets and discharge its liabilities and commitments in the normal course of business, and therefore, these annual consolidated financial statements have been prepared on a going concern basis and do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to secure equity, debt or joint venture financing and generate profitable future operations.

These consolidated financial statements for the years ended June 30, 2013 and 2012 were approved and authorized for issuance by the Board of Directors on October 25, 2013.

2. Basis of Presentation

These consolidated financial statements of the Company and its subsidiary, including comparative figures, have been prepared using accounting policies in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared in Canadian dollars on a historical cost basis and unless otherwise noted all figures are in Canadian dollars. These consolidated financial statements include the 100% wholly owned subsidiary Papuan Precious Metals Ltd., located in Papua New Guinea.

3. Significant Accounting Policies

(a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned, PNG incorporated subsidiary Papuan Precious Metals Ltd. ("PPM Ltd."). A subsidiary is an entity over which the Company has control where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which the Company obtains control and continue to be consolidated until the date that such control ceases. Intercompany transactions and resulting balances of the subsidiary have been eliminated in these consolidated financial statements.

(b) Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in accordance with IFRS requires estimates, judgments, and assumptions that are based on management's experience and knowledge of the relevant facts and circumstance and are continuously evaluated. These can affect the reported amounts, the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts of revenues and expenses during the year. Due to market changes and other factors beyond the control of the Company, results may differ from the estimates, judgments and assumptions used at the reporting date.

Significant assumptions about the future and other sources of estimation uncertainty that could result in material adjustments to the carrying value of assets and liabilities relate to, but are not limited to, the following:

- The determination of functional currencies for the Company and its subsidiary;
- The estimated fair value of mineral properties;
- Non-current asset impairment tests;
- The valuation of share-based payments and warrants in private placements.

(c) Financial Assets

Financial assets are initially recorded at the fair value and designated upon initial recognition into one of the following categories based on the purpose for which the asset was acquired: *Financial Assets at fair value through profit or loss ("FVTPL"), Held-to-Maturity ("HTM"), Loans & Receivables, Available-for-sale ("AFS")*

A financial asset is classified as FVTPL if it is held for trading or designated as FVTPL upon initial recognition. If the Company manages such investments and makes purchases and sales decisions based on their fair value in accordance to the Company's risk management policy, these assets are designated FVTPL and are measured at fair value with changes recognized in profit or loss. Attributable transaction costs are recognized in profit and loss when incurred while all other financial assets include these costs in the assets' initial carrying cost.

The Company has classified its cash and cash equivalents as FVTPL. Financial assets designated as loans and receivables and assets held to maturity are measured at amortized cost. Amounts receivable are classified as loans and receivables. Financial assets designated as available for sale are measured at fair value with unrealized gains and losses recognized in to other comprehensive income or loss except for losses in value considered other than temporary which are recognized in profit or loss. The Company has not classified any financial assets as available for sale at June 30, 2013 or June 30, 2012.

(d) Cash and Cash Equivalents

Cash and Cash Equivalents include deposits and redeemable term deposits with major financial institutions with original maturities of less than 90 days and readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(e) Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which an entity operates and has been determined that for the parent company and its subsidiary PPM Ltd. is the Canadian dollar. These determinations were conducted through an analysis of the consideration factors identified in IAS 21 - *The Effects of Changes in Foreign Exchange Rates*.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses are recognized in the consolidated statement of income (loss) upon settlement of such transactions. Translation of monetary assets and liabilities denominated in foreign currencies at exchange rates prevailing at the reporting date are also recognized in the consolidated statements of comprehensive loss.

(f) Property and Equipment

Property and Equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight line basis at the following annual rates:

• Geological equipment	20%
• Office equipment	20%
• Motor Vehicles	30%
• Computer equipment	30%
• Computer software	50%

When an item of Property and Equipment comprises major components with different useful lives, the components are accounted for as separate items of Property and Equipment. Expenditures incurred to replace a component of an item of Property and Equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Property and Equipment is reviewed for indications of impairment at the end of each reporting period. If there are indications of impairment, the asset's recoverable amount is estimated. A gain or loss arising on any impairment losses of the asset, determined as the difference between the recoverable amount and the carrying amount of the asset, is recognized in profit or loss.

(g) Exploration and Evaluation Assets

All direct costs attributable to the acquisition, exploration and evaluation of Exploration and Evaluation assets are capitalized as intangible assets on the basis of specific Exploration Licences until the mineral property interests to which they relate are placed into production, disposed of through sale or where management has determined there is impairment. Upon commencement of commercial production these costs are to be amortized over the estimated productive lives of the properties using the units-of-production method.

Exploration and Evaluation assets are reviewed on an ongoing basis to consider any indicators of impairment. If any indication of impairment exists, an estimate of the Exploration and Evaluation assets' recoverable amount is determined. The recoverable amount is calculated as the higher of fair value less selling costs and its value in use. This value is determined for an individual exploration and evaluation asset unless it does not generate cash inflows that are largely independent of other exploration and evaluation assets. If this is the case, the assets are grouped together into Cash Generating Units ("CGUs") for impairment purposes.

The Company considers the following factors to review its Exploration and Evaluation assets for indicators of impairment:

(i) Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

(ii) Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

(iii) Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

(iv) The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.

If a mineral property is abandoned, the exploration and evaluation costs related to the mineral property will be written off to the consolidated statements of comprehensive loss in the year of abandonment. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the mineral property's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the mineral property is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the mineral property interest in prior years. Such reversal is recognized in the consolidated statements of comprehensive loss.

(h) Financial Liabilities

All Financial Liabilities are initially recorded at fair value and designated as FVTPL or classified as other financial liabilities when recognized. Financial Liabilities classified as other financial liabilities are initially recognized at fair value and thereafter are subsequently measured at amortized cost using the effective interest rate method. This method calculates the amortized cost of a financial liability and the attributable interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments over the expected duration of the financial liability or where appropriates a shorter period. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Derivatives, including separately embedded derivatives are also classified as FVTPL and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss. The Company has no liabilities or derivatives classified as FVTPL.

(i) Share-based Payments

The Company has a stock option plan whereby it is authorized to grant stock options to employees, officers, directors and consultants. Employees, officers, directors and consultants are classified as employees when they render personal services to the entity and are either regarded as employees for legal or tax purposes, or employed with an entity under its direction in the same way as employees, officers, directors and consultants who are regarded as employees for legal or tax purposes are, or the services rendered are similar to those rendered by employees.

The fair value of stock options issued to employees is measured on the grant date, using the Black-Scholes option pricing model with assumptions for volatility of the expected market price of the Company's common shares, risk-free interest rates, expected life of the options. The fair value less estimated forfeitures is charged to profit or loss and/or capitalized to the Exploration and Evaluation assets over the vesting period of the related options with a corresponding credit to equity in other capital reserves. The estimated forfeitures are based on historical experience and reviewed on quarterly basis to determine the appropriate forfeiture rate based on past, present and expected forfeitures. Management uses the dynamic model to calculate the estimated forfeitures. Stock options granted with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values.

Share-based awards issued to non-employees are generally measured on the fair value of goods or services received unless that fair value cannot be reliably measured. The fair value is measured at the date the entity obtains the goods or services or when the counterparty renders service. If the fair value cannot be reliably measured, the fair value of the share-based payments to non-employees are periodically re-measured using the Black-Scholes option pricing model until the counterparty performance is complete and any change therein is recognized over the vesting period of the award. The cost of share-based payments to non-employees that are fully vested and non-forfeitable at the date of the grant are measured and recognized at that date.

When stock options are exercised, the proceeds are credited to Share Capital and the fair value of the options exercised is reclassified from Other Capital Reserves to Share Capital.

(j) Income Taxes

Current Tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantially enacted at the reporting date, and includes any adjustments to tax payable or receivable in respect of prior years.

Deferred Income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred Tax is measured at the tax rates that are expected to be applied to temporary differences when they are realized or settled, based on the laws that have been enacted or substantively enacted as at the balance sheet date. It is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

A Deferred Tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future tax profits will be available against which they can be utilized. Deferred Tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Loss per Share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated similar to basic loss per share except it is assumed that outstanding stock options, and warrants, with the average market price that exceeds the average exercise prices of the options and warrants for the year, are exercised and the assumed proceeds are used to repurchase shares of the Company at the average market price of the common shares for the year. Diluted loss per share does not adjust the loss attributable to common shareholders when the effect is anti-dilutive.

(l) Related Party Transactions

Parties are considered to be related if one party has the direct or indirect ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of services, obligations or resources between related parties including key management personnel.

4. New Standards, Amendments and Interpretations not yet Adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2013 or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company is currently analyzing the possible impacts of these amendments on its future consolidated financial statements.

(i) IFRS 7, *Financial Instruments: Disclosures*

Amendments to improve the information about all recognized financial instruments that are offset and enforceable master netting agreements.

(ii) IFRS 10, *Consolidated Financial Statements*

IFRS 10 establishes principles for the preparation and presentation of consolidated financial statements when an entity controls one or more other entities. It defines the principle of control and establishes control as the base for determining which entities are included in the consolidated financial statements.

(iii) IAS 28, *Investments in Associates*

IAS 28 was amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 12. The Company does not anticipate the application of IAS 28 to have a significant impact on its consolidated financial statements.

(iv) IFRS 11, *Joint Arrangements*

The IASB issued IFRS 11 – Joint Arrangements on May 12, 2011. IFRS 11 eliminates the use of proportionate consolidation for joint venture and required joint ventures to be accounted for using the equity method. It proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements.

(v) IFRS 12, *Disclosure of Interests in Other Entities*

The IASB has issued IFRS 12, *Disclosure of Involvement with Other Entities*, which includes disclosure requirements about subsidiaries, joint arrangements, and associates, as well as unconsolidated structured entities and it replaces existing disclosure requirements.

(vi) IFRS 13, *Fair Value Measurement*

IFRS 13 establishes a single source of guidance for fair value measurements when fair value is required or permitted by IFRS.

(vii) IFRS 9, Financial Instruments

This new standard anticipated to be effective July 1, 2015, introduces new requirements for the impairment of financial assets measured at amortized cost and classification and measurement of financial instruments.

5. Key Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimated uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Exploration and Evaluation Expenditures

The Company's accounting policy for Exploration and Evaluation expenditure results in certain expenditures being capitalized for prospective areas where it is considered likely to be recovered by future exploitation or sale and where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If after having capitalized the expenditure under this policy a judgment is made that the recovery of the expenditure is unlikely, the relevant capitalized amount will be written off in the consolidated statement of comprehensive loss in the period when the new information becomes available. The Company considered the indicators of impairment as described in Note 3(g) and concluded there were no indicators of impairment on one property but the remaining properties were written down.

(b) Share-based Compensation

The Company measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based compensation transactions requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating share-based compensation transactions are disclosed in Note 10.

(Expressed in Canadian Dollars)

6. Amounts Receivable

All Amounts Receivable are current and due to their short-term maturities, the fair value of Amounts Receivable approximates their carrying value. The Company does not have any significant balances that are past due and has not made any allowance for doubtful accounts.

	June 30, 2013	June 30, 2012
Amounts Receivable	**$ 75,525**	$ 19,526

7. Property and Equipment

Property and Equipment consists of:

Cost	Geological Equipment	Office Equipment	Computer Equipment	Computer Software	Motor Vehicles	Total
As at June 30, 2011	$ 29,772	$ 992	$ 25,535	$ 48,508	$ 73,184	$ 177,991
Additions	9,239	-	2,766	9,704	1,913	23,622
Disposals	(4,819)	(992)	(8,490)	(12,564)	(24,080)	(50,945)
As at June 30, 2012	34,192	-	19,811	45,648	51,017	150,668
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at June 30, 2013	**34,192**	**-**	**19,811**	**45,648**	**51,017**	**150,668**
Accumulated Depreciation						
As at June 30, 2011	$ 6,690	$ 799	$ 1,743	$ 19,382	$ 21,054	$ 49,668
Depreciation	7,180	193	8,992	22,668	22,045	61,078
Disposals	(1,238)	(992)	(6,655)	(12,563)	(24,080)	(45,526)
As at June 30, 2012	12,632	-	4,080	29,487	19,019	65,220
Depreciation	6,584	-	6,297	15,850	15,176	39,483
As at June 30, 2013	**19,216**	**-**	**10,377**	**45,337**	**34,195**	**109,127**
Net Book Value						
As at June 30, 2011	23,082	193	23,792	29,126	52,130	128,323
As at June 30, 2012	21,560	-	15,731	16,161	31,999	85,448
As at June 30, 2013	**$14,976**	**$ -**	**$ 9,434**	**$ 311**	**$16,822**	**$ 41,541**

(Expressed in Canadian Dollars)

8. Exploration and Evaluation Assets

For the Year ended June 30, 2013

Exploration Costs	New Hanover	Mt Suckling		Waria Petromin Farm-in			Total
	New Hanover *EL 1566*	Mt Suckling *EL 1424*	Upper Ada'u River *EL 1618*	Waria River *EL 1271*	Ondowa Creek *EL 1732*	Bowutu Mtns *EL 1943*	CDN $
Balance June 30, 2012	$4,711,387	$4,481,975	$468,710	$1,177,212	$227,530	$21,857	$11,088,671
Camp and field costs	45,443	672	-	99	-	-	46,214
Geological and other consulting	5,664	38	-	3,212	-	-	8,914
Geochemistry	(692)	997	-	-	171	-	476
Geophysics	308	-	-	-	-	-	308
Tenement expense	130	18,482	2,468	130	130	3,517	24,857
Project costs	73,177	17,530	5,960	6,905	6,827	6,234	116,633
Travel	8,080	6,074	-	-	-	-	14,154
Freight	48	185	-	-	-	-	233
Stock-based compensatio	(6,225)	(3,682)	(381)	(306)	(488)	(28)	(11,110)
Additions	125,933	40,296	8,047	10,040	6,640	9,723	200,679
Write Down of Assets	-	(4,522,271)	(476,757)	(1,187,252)	(234,170)	(31,580)	(6,452,030)
Balance June 30, 2013	**$4,837,320**	**-**	**-**	**-**	**-**	**-**	**$4,837,320**

(Expressed in Canadian Dollars)

8. Exploration and Evaluation Assets (continued)

For the Year ended June 30, 2012

Exploration Costs	New Hanover		Mt Suckling		Waria Petromin Farm-in			Waria	Bewani	Total
	New Hanover	Lavongai	Mt Suckling	Upper Ada'u River	Waria River	Ondowa Creek	Bowutu Mtns	Goroa East	Bewani Mountains	Total
	EL 1566	*ELA 1856*	*EL 1424*	*EL 1618*	*EL 1271*	*EL 1732*	*EL 1943*	*EL 1683*	*EL 1574*	CDN $
Balance June 30, 2011	$2,261,222	$ 6,152	$1,572,463	$429,339	$ 970,693	$188,887	$ 8,545	$246,473	$213,803	$ 5,897,577
Camp and field costs	495,455	1,477	228,467	10,136	58,741	8,258	921	8,225	4,307	815,987
Charter hire	447,732	-	1,232,351	-	77,421	-	-	-	-	1,757,504
Drilling	821,810	-	961,553	-	-	-	-	-	-	1,783,363
Geological and other consulting	177,506	-	88,586	3,042	5,482	1,365	-	3,116	2,614	281,711
Geochemistry	212,763	-	77,286	-	4,077	3,111	-	3,306	-	300,543
Geophysics	10,309	-	10,987	-	8,993	-	-	-	-	30,289
Tenement expense	13,445	112	112	5,204	112	112	523	4,149	2,332	26,101
Project costs	163,412	12,096	152,262	16,421	33,395	20,248	11,708	17,835	14,943	442,320
Travel	33,455	-	4,518	90	6,243	2,184	-	1,126	2,365	49,981
Freight	16,060	82	107,834	82	82	82	83	82	82	124,469
Stock-based compensation	58,218	-	45,556	4,396	11,973	3,283	77	92	4,533	128,128
Additions	2,450,165	13,767	2,909,512	39,371	206,519	38,643	13,312	37,931	31,176	5,740,396
Write-downs	-	(19,919)	-	-	-	-	-	(284,404)	(244,979)	(549,302)
Balance June 30, 2012	**$ 4,711,387**	**$ -**	**$ 4,481,975**	**$ 468,710**	**$1,177,212**	**$ 227,530**	**$21,857**	**$ -**	**$ -**	**$ 11,088,671**

8. Exploration and Evaluation Assets (continued)

Title to Exploration and Evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims. The Company has investigated title to its Exploration and Evaluation assets and to the best of its knowledge titles to its properties are in good standing under the Mining Act 1992 of the Independent State of Papua New Guinea. The State of Papua New Guinea may elect at the time a "Special Mining Licence" is granted to acquire up to a 30% participating interest in mining projects on a fully contributing basis. The Special Mining Licence entitles the holder to commence mine construction. The New Hanover and Mt Suckling license renewals have been applied for but the Company has yet to receive official notification of the renewals. The Company has not received any indication that the licenses will not be renewed.

New Hanover

The Company owns a 100% interest in the New Hanover license located in the south-western portion of the island which is 100 km west of the New Ireland provincial capital of Kavieng. The project is comprised of two exploration licenses (EL 1566 – New Hanover & ELA 1856 - Lavongai) covering 594km^2 situated in the Lihir-Tabar mineralization belt. Through its ground exploration, aerial and ground IP surveys the company identified a highly prospective anomaly at the Kuliuta prospect. The company completed a 2,583m drilling program there in November, 2011. This drilling encountered a high level sub-volcanic stock containing trace native copper as stockworks, fracture fillings and disseminations, typical of a porphyry copper system. Narrow intervals of sulphide copper stockworks were also intersected. The Metewoi prospect, located 4km southeast of Kuliuta, covers approximately 8km^2 of quartz-alunite lithocap rock where significant gold and copper results from outcrop samples have identified the exploration potential for high-sulphidation epithermal gold and porphyry copper-gold mineralization. At the Rande'i prospect about 4km southwest of Kuliuta, an extensive area of previously undiscovered alterations with outcropping Au-Ag and base metal values was defined.

Mt. Suckling

The Company during the year sold an undivided 90% interest in the Mt. Suckling tenement to Suckling Minerals Limited ("Suckling Minerals"), accompany formed by the former Chief Operating Officer of the Company and a former director of the company. The Company retains a 10% carried interest and a 2% Net Smelter Royalty ("NSR"). Under the terms of the sale agreement, Suckling Minerals and its directors surrendered 5,344,791 common shares of the Company valued at $106,896 in exchange for the 90% interest. This resulted in an impairment loss on exploration and evaluation assets of $4,457,913. The transaction was approved on January 29, 2013 by the TSX-V. The shares surrendered are held in escrow pending transfer approval by the Mining Resources Authority of PNG. Pending this approval, the escrow shares are subject to a cancellation agreement whereby 25% of the shares are cancelled every 6 months from the date of TSX-V approval. Suckling Minerals can purchase the Company's remaining 10% interest for $4.7m and they also have the option to purchase the 2% NSR for $2.0m.

The Mt. Suckling prospect is situated at the eastern end of New Guinea's Central Range east of Port Moresby on the southwest flanks of Mt. Suckling in Northern Province.

Doriri Creek is a unique prospect in that it is a low temperature hydrothermal accumulation of nickel, platinum and palladium. A 150m, four hole drill program was completed in April of 2012. Significant sulphide nickel and platinum metals mineralization was intersected in all holes, representing PNG's first ever nickel sulphide discovery and the first hardrock platinum metals discovery. Microprobe work on the mineralization also indicated the potential for rare earth elements.

PPM identified three gold-copper porphyries within an 18km interval along the Keveri Fault Zone. Drill targets were selected with the assistance of 3D IP and aero-mag surveys and the drilling program was completed in March 2012 on the Urua Creek prospect. Long intervals of low-grade porphyry-copper mineralization were intersected from the surface and several narrow high-grade gold and copper mineralized zones were intersected at depth.

(Expressed in Canadian Dollars)

Waria River

The Waria River project was comprised of four exploration licenses covering 731km^2 in the Central New Guinea Range. The Company entered into a farm-in agreement on the Waria River tenements (EL 1271, EL 1732 EL 1943) with Petromin PNG Holdings in July of 2008. The Company had earned a 50% interest in the licences with expenditures commitments of $1.2m having been met in September, 2011. Management concluded that the prospect was no longer of merit after several years' exploration producing insignificant areas of further interest. As a result, the company relinquished the rights to the property in May of 2013. Previously, a charge of $284,404 to comprehensive loss was recognized upon the relinquishment of the 100% PPM owned EL 1683 – Goroa East in June 2012.

Bewani Mountains

Upon review of the potential of the Bewani Mountains project, management has relinquished the exploration licence to this tenement in June of 2012. A charge of $244,979 to comprehensive loss was recognized in the prior year.

9. Accounts Payable and Accrued Liabilities

Due within the year	**June 30, 2013**	June 30, 2012
Trades Payable	**$ 41,474**	$ 104,631
Accrued Liabilities	**128,526**	108,140
	$ 170,000	$ 212,771

Trades payable are indebtedness incurred in the normal course of operations and are typically paid within 30 days. The accrued liabilities are non-interest bearing.

10. Share Capital and Reserves

The Company is authorized to issue an unlimited number of common shares without par value.

(a) Private Placement Financings

July 6, 2010: The Company, formerly Jalna Minerals Ltd, completed the first tranche of a non-brokered Private Placement financing pursuant to the reverse take-over agreement. There were 22,452,003 subscription receipts issued for units of the proposed amalgamated company (PPM) at a price of $0.30 per unit and gross proceeds were $6,735,601. Each unit consisted of the right to one PPM common share and one full purchase warrant with an exercise price of $0.40 for a period of 3 years. The subscription receipts were exchanged for common shares in the Company on September 29, 2010. A value of $2,436,281 was attributed to the warrants using relative fair value approach and is determined based on the Black-Scholes pricing model and included in contributed surplus using the assumptions of: volatility 99.17%; risk free interest 1.59%; expected life 3 years and dividend rate 0%. The Company paid agents' commissions of $408,278, $49,636 in fees and issued 1,360,928 broker warrants exercisable at $0.40 per share for a period of 3 years. A value of $231,358, included in contributed surplus, was attributed to the broker warrants based on the Black-Scholes pricing model using the assumptions of: volatility 99.17%; risk free interest 1.59%; expected life 3 years, dividend rate 0%.

October 15, 2010: The Company completed the second and final tranche of a non-brokered Private Placement raising $1,000,000 with 3,333,334 units issued at a price of $0.30 per unit. Each unit consisted of one PPM common share and a full warrant exercisable for one common share at $0.40 for a period of 3 years. A value of $370,370 was attributed to the warrants and is included in contributed surplus calculated using the Black-Scholes model based on the following assumptions: volatility 99.33%; risk free interest 1.59%; expected life 3 years, dividend rate 0%. The Company paid agents' commissions of $19,464, $54,268 in additional fees and issued 64,878 broker warrants exercisable at

(Expressed in Canadian Dollars)

$0.40 per share for a period of 3 years. A value of $12,976, included in contributed surplus, was attributed to the broker warrants based on the Black-Scholes pricing model using the following assumptions: volatility 99.33%: risk free interest 1.59%, expected life 3 years, dividend rate 0%.

March 8, 2011: A private placement financing of 15,600,002 units at a price of $0.45 per unit raised $7,020,000. Each unit consists of one common share plus one-half of a common share purchase warrant, with each whole warrant exercisable to purchase a common share at a price of $0.55 for a period of 1 ½ years. The warrants are subject to an acceleration clause whereby if the common share price is equal to or greater than $1.00 for a period of 10 consecutive trading days, the Company may by notice to the warrant holder; reduce the remaining exercise period applicable to the warrants to not less than 30 days from the date of such notice. A value of $1,225,715 was attributed to the warrants using relative fair value approach, included in contributed surplus and is determined based on the Black-Scholes pricing model based on the following assumptions: volatility 93.07%; risk free interest 1.63%; expected life 1 ½ years, dividend rate 0%. Finder's Fees of $468,681 and fees of $29,990 were paid. Additionally, 1,041,514 broker warrants were granted where each warrant is exercisable to purchase one common share at $0.55 per share for a period of one year. A value of $187,473, included in contributed surplus, was attributed to the broker warrants based on the Black-Scholes pricing model. The calculation used the assumptions of: volatility of 93.97%, risk free interest 1.39%, expected life 1 year, dividend rate 0%. The warrants are subject to an acceleration clause whereby if the common share price is equal to or greater than $1.00 for a period of 10 consecutive trading days, the Company may, by notice to the warrant holder reduce the remaining exercise period applicable to the warrants to not less than 30 days from the date of such notice.

(b) Stock Options and Warrants

The Company has a share-holder approved stock option plan which allows the Board of Directors to grant stock options to directors, officers, employees, contractors and consultants. The exercise price of each option is based on the market price of the Company's common stock at the date of grant less any applicable discount. The options can be granted for a maximum term of five years and vesting terms are determined by the Board of Directors at the date of grant.

Stock options and share purchase warrants transactions are summarized as follows:

Stock Options

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price	Weighted Average Remaining Life (Years)
October 15, 2013	1,950,000	1,950,000	$ 0.30	0.29
July 12, 2014	600,000	600,000	$ 0.40	1.03
As at June 30, 2013	**2,550,000**	**2,550,000**	**$ 0.32**	**0.46**

Warrants

Date issued	Number of Shares Issuable	Exercise Price	Expiry Date
July 6, 2010	23,705,232	$ 0.40	July 6, 2013
October 15, 2010	3,398,212	0.40	October 15, 2013
As at June 30, 2013	**27,103,444**	**$ 0.40**	

(Expressed in Canadian Dollars)

	Stock Options			Warrants		
	Number Outstanding		Weighted Average Exercise Price	Number Outstanding		Weighted Average Exercise Price
Outstanding, June 30, 2011	4,520,000		0.30	36,048,458		0.44
Granted	1,100,000		0.40	-		-
Exercised	-		-	(111,123)		0.41
Forfeited	(1,150,000)		0.31	-		-
Expired	-		-	(1,033,891)		0.55
Outstanding, June 30, 2012	4,470,000	$	0.32	34,903,444	$	0.43
Forfeited	(1,920,000)		0.32	-		-
Expired	-		-	(7,800,000)		0.55
Outstanding, June 30, 2013	**2,550,000**	**$**	**0.32**	**27,103,444**	**$**	**0.40**

See Note 17 – Subsequent Events

(c) Share-based Compensation

During the year ended June 30, 2013, the Company granted nil options (2012 – 1,100,000). Pursuant to the granting and vesting of options issued, total stock based compensation recognized in the consolidated statements of loss during the year ended June 30, 2013 was $36,627 and ($11,110) was capitalized to Exploration and Evaluation asset (June 30, 2012 – $325,668 and $128,128). This amount was also recorded as share-based compensation in other capital reserves on the statement of changes in equity. All options are recorded at fair value determined using the Black-Scholes option pricing model.

The following assumptions were used for the valuation of stock options:

	June 30, 2013	June 30, 2012
Risk Free interest rate	**1.77%**	1.71%
Expected Life - Years	**3**	3
Annualised Volatility	**97.28%**	99.50%
Dividend Rate	**0%**	0%

11. Supplemental Disclosure with Respect to Cash Flows

Cash and cash equivalents		**June 30, 2013**		**June 30, 2012**
Cash	**$**	**16,636**	$	52,920
Redeemable term deposits		**737,424**		1,600,000
	$	**754,060**	$	1,652,920

During the year the Company earned $13,738 (June 30, 2012 $54,829) in interest income on its redeemable term deposits. There were no cash payments for interest or income taxes during the years ended June 30, 2013 and June 30, 2012.

(Expressed in Canadian Dollars)

Significant non-cash transactions for the year ended June 30, 2013 included:

- Reversal of share-based compensation of ($11,110) in exploration and evaluation assets due to forfeitures.

Significant non-cash transactions for the year ended June 30, 2012 included:

- Incurring exploration and evaluation assets related expenditures of $85,738 through accounts payable and accrued liabilities;
- Reclassifying $8,420 from other capital reserves to share capital on exercise of warrants;
- Recognizing share-based compensation of $128,128 in exploration and evaluation assets.

12. Related Party Transactions

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the year ended June 30, 2013 and 2012 are as follows:

	June 30, 2013	June 30, 2012
Wages and consulting fees paid or payable to key management personnel	**$ 300,000**	$ 495,560
Share-based compensation for options granted to key management personnel	**16,724**	202,995
	$ 316,724	$ 698,555

Share-based compensation represents the non-cash fair value calculations of options in accordance with IFRS-2 *Share-based Payments* granted to key management personnel.

Included in accounts payable and accrued liabilities at June 30, 2013 is $54,000 (June 30, 2012 - $27,114) owing to officers and companies controlled by directors/officers for consulting fees. These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

13. Income Taxes

A reconciliation of current income taxes at statutory rates (25.00%) with the period income taxes is as follows:

	June 30, 2013	June 30, 2012
Loss before income taxes	**$ (7,047,382)**	$ (2,171,015)
Expected income tax recovery	**(1,778,054)**	(559,036)
Effect of tax rate differences for foreign jurisdictions	**(305,575)**	(35,118)
Effect of change in tax rates	**(17,436)**	7,638
Permanent differences	**9,347**	84,028
Tax Effect of tax losses and temporary difference not recognized	**2,132,199**	570,607
Others	**(40,481)**	(68,119)
Income tax expense (recovery)	**$ -**	$ -

(Expressed in Canadian Dollars)

As at June 30, 2013, the Company has unrecognized tax attributes aggregating to $3,313,770 (June 30, 2012 $1,233,457) as noted below, that are available to offset future taxable income:

Unrecognized deferred tax assets	**June 30, 2013**	June 30, 2012
Mineral properties	**$ 1,893,032**	$ -
Non-capital losses carried forward	**1,293,321**	1,056,818
Share issuance costs and other assets	**117,307**	169,193
Equipment	**10,110**	7,446
Total	**$ 3,313,770**	$ 1,233,457

The Company has available approximately $4,801,158 of non-capital losses which will expire between 2014 and 2033 if unutilized.

14. Segmented Information

The Company operates under one business segment being the exploration of mineral property interests operating in two different geographical locations; Canada and Papua New Guinea. The loss from operations for the periods ended June 30, 2013 and 2012 are considered to be solely related to this segment. Long lived assets by geographic region are as follows:

	June 30, 2013		June 30, 2012	
	Canada	**Papua New Guinea**	Canada	Papua New Guinea
Property and equipment	**$ 2,159**	**$ 39,382**	$ 11,262	$ 74,186
Exploration and evaluation assets	**-**	**4,837,320**	-	11,088,671
	$ 2,159	**$ 4,876,702**	$ 11,262	$ 11,162,857

15. Capital Management

The Company's objectives when managing capital, being its share capital, are to safeguard the Company's ability to continue as a going concern in order to pursue the development and exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company is dependant on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants. Changes in the equity accounts of the Company are disclosed in the statements of changes in Equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. Any issuance of common shares requires approval of the Board of Directors.

In order to facilitate management with its capital requirements, the Company prepares annual expenditure budgets which are approved by the Board of Directors and updated as necessary depending on various factors including capital deployment and general market and industry conditions.

The Company anticipates pursuing potential farm-out and joint venture agreements and also continuing to access equity markets to fund the sustained exploration of its Exploration and Evaluation assets and to ensure the future growth of the business.

(Expressed in Canadian Dollars)

16. Financial Instruments and Risk Management

IFRS 7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that reflects the significance of the inputs used in making measurements. The fair value hierarchy has the following levels:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities

Level 2: inputs other than quoted direct prices included in Level 1 that are observable for the asset or liability, either directly(i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities. For cash and cash equivalents, amounts receivable and payable and accrued liabilities, carrying value is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity and foreign exchange risks. The Company does not currently have any active hedging or derivative trading policies to manage these risks as it has been determined by management that the current size, scale and pattern of its operations would warrant such hedging activities.

(a) Credit Risk

Credit Risk is such that a counterparty to a financial instrument will not discharge its obligations resulting in a financial loss to the Company. The Company has procedures in place to minimize its exposure to Credit Risk. Company management evaluates credit risk on an ongoing basis including counterparty credit rating and activities related to trade and other receivables and other counterparty concentrations as measured by amount and percentage.

The primary sources of credit risk for the Company arise from: cash and cash equivalents; short-term investments; and amounts receivable.

The Company has not had any credit losses in the past nor does it have the expectation of any credit losses in the future. At June 30, 2013 and 2012, the Company has had no financial assets that are past due or impaired due to credit risk defaults.

The Company's maximum exposure to credit risk is minimal because cash and cash equivalents are deposited with reputable financial institutions, the balances of which are:

Cash and Cash Equivalents		
	June 30, 2013	June 30, 2012
Cash	**$ 16,637**	$ 52,920
Redeemable term deposits	**737,424**	1,600,000
	$ 754,060	$ 1,652,920

(b) Liquidity Risk

Liquidity Risk is the risk that the Company will be unable to meet its financial liabilities as they fall due. The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and its current cash flow position to meet current obligations by monitoring and maintaining sufficient cash and cash equivalents to meet its anticipated operational needs.

The Company's financial liabilities, consisting of Accounts Payable and Accrued Liabilities, arise as a result of expenditures directly related to exploration of its Exploration and Evaluation assets and other corporate expenses. Payment terms on these liabilities are typically 30 to 60 days from receipt of invoice and generally do not bear interest. The following table summarizes the remaining contractual maturities of the Company's financial liabilities:

Maturity dates <6 months	**June 30, 2013**	June 30, 2012
Accounts payable and accrued liabilities	**$ 170,000**	$ 212,771

(c) Market Risk

Market Risk is potential that the fair value for assets will fluctuate due to changes in market conditions on items classified as held-for-trading, available-for-sale or future cash flows from assets or liabilities considered to be held-to-maturity, other financial liabilities and loans or receivables of a financial instrument. The Company evaluates market risk on an ongoing basis and has established policies and procedures for mitigating its exposure to foreign exchange fluctuations. The Company is not exposed to interest rate risk as it does not hold debt balances and is not generally charged interest on accounts payable balances.

(d) Foreign Exchange Risk

The Company operates on an international basis therefore foreign exchange risk exposures arise from transactions denominated in foreign currencies. Although the functional currency of the Company is Canadian dollars ("CAD"), the Company simultaneously conducts business in US Dollars ("USD"), Papua New Guinea Kina ("PGK") and Australian Dollars ("AUD"). Derivative instruments are currently not used to reduce exposure to fluctuations in foreign currency exchange rates.

Changes in the value of USD, AUD and PGK against the CAD affect the costs of operations and resultant capital expenditures. The Company primarily maintains its cash balances in CAD and exchanges currency on an as needed basis thereby reducing the exchange risk on cash balances.

The Company is exposed to currency risk through the following Canadian dollar equivalent of financial assets and liabilities denominated in currencies other than CAD:

	June 30, 2013	June 30, 2012		
	PGK	USD	AUD	PGK
Cash and cash equivalents	**$ 684**	$ -	$ 2,790	$ 22,704
Accounts payable and accrued liabilities	**(4,526)**	(81,517)	(3,374)	(847)
	$ (3,842)	$ (81,517)	$ (584)	$ 21,857

Based on the above net exposures at June 30, 2013, a 10% change for/against the Canadian dollar would result in the following changes to the Company's net losses:

- USD would result in a change of nil (June 30, 2012 $8,152),
- AUD would result in a change of nil (June 30, 2012 $58),
- PGK would result in a change of $384 (June 30, 2012 - $2,186).

17. Subsequent Events

Subsequent to the year ended June 30, 2013, 23,705,233 warrants expired on July 6, 2013 and 3,398,212 warrants expired on October 15, 2013, leaving no warrants outstanding.

In accordance with the sale agreement with Suckling Minerals Ltd, 25% (1,336,198) of the 5,344,791 escrowed shares surrendered have been cancelled as of July 29, 2013.

On October 15, 2013, 1,950,000 stock options expired leaving 600,000 options available exercisable at $0.40.