ACN 099 496 474

MARENGO MINING LIMITED

ABN 57 099 496 474

INTERIM FINANCIAL REPORT
FOR THE THREE AND NINE MONTHS ENDED
31 MARCH 2012

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2011 and any public announcements made by Marengo Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

TABLE OF CONTENTS

CORPORATE DIRECTORY

Directors
John Horan (Non Executive Chairman)
Les Emery (Managing Director and Chief Executive Officer)
Douglas Dunnet (Non Executive Director)
Sir Rabbie Namaliu (Non Executive Director)
Susanne Sesselmann (Non Executive Director)
Elizabeth Martin (Non Executive Director)
John Hick (Non Executive Director)

Company Secretaries
John Ribbons
Mark Churchward

Chief Financial Officer
Mark Churchward

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Stock Exchange Listings
Marengo Mining Limited shares are listed on Australian Securities Exchange (ASX) and Port Moresby Stock Exchange (POMSoX) under the code 'MGO' and Toronto Stock Exchange (TSX) under the code 'MRN'.

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Marengo Mining Limited (the Company) and the entities it controlled during the three and nine months ended 31 March 2012.

DIRECTORS

The names of the directors who held office from the beginning of the period ended 31 March 2012 and up to the date of this report are:

John Horan

Les Emery

Douglas Dunnet

Sir Rabbie Namaliu

Susanne Sesselmann

Elizabeth Martin

John Hick

REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the three and nine months ended 31 March 2012 by geographic segments is set out below:

	3 Months Ending 31 March 2012		9 Months Ending 31 March 2012	
	Revenue	Result	Revenues	Results
	$	$	$	$
Australia	349,324	(7,552,642)	1,584,882	(32,609,511)
Papua New Guinea	153	(326,031)	3,957	(608,663)
Consolidation eliminations	-	6,840,528	-	31,013,290
Consolidated Entity revenue and loss	349,477	(1,038,145)	1,588,839	(2,204,884)

During the three and nine months ended 31 March 2012, the Company continued to make progress on its Feasibility Study (FS) on the Yandera Copper-Molybdenum-Gold Project (Yandera), which is proceeding towards completion by mid 2012.

In September 2011, the Company entered into a non-binding Investment and Co-operation Agreement with Petromin PNG Holdings Limited and its wholly owned subsidiary, Eda Kopa (Yandera) Limited (Petromin), which have been nominated by the Government of Papua New Guinea to take up the State's interest in the Yandera project.

The agreement establishes the process by which a Mining Equity Agreement (MEA) will be developed by the parties to enable Petromin to acquire a 30% contributing interest in Yandera, once the DFS has been completed, the Mining Development Contract (MDC) is entered into and a Financial Investment Decision (FID) is made. At the time of entering into the MEA, Petromin will be required to reimburse Marengo a proportionate sum of Marengo's costs on the project.

DIRECTORS' REPORT (continued)

During the period, the Company raised net proceeds of $602,124 from the conversion of options into a total of 7,491,250 ordinary shares.

Where C$ has been noted in the document this represents Canadian dollars.

This report is made in accordance with a resolution of directors.

L S G Emery
Managing Director
Perth, Western Australia
14 May 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2011

	Note	3 Months Ended		9 Months Ended	
		31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
		$	$	**$**	$
Revenue from Continuing Operations		**349,477**	764,375	**1,588,839**	1,034,021
Other income	6	**2,091**	1,147,059	**485,207**	-
Expenditure					
Depreciation expense		**(99,383)**	(60,722)	**(236,417)**	(177,241)
Salaries and employee benefits expense		**(590,510)**	(95,588)	**(1,311,013)**	(701,608)
Exploration expenditure		**(886)**	(55,491)	**(130,068)**	(170,004)
Corporate expenditure		**(228,792)**	(296,237)	**(1,082,742)**	(1,044,287)
Occupancy expenditure		**(77,498)**	(75,144)	**(289,156)**	(169,145)
Insurance expenditure		**(73,523)**	(50,754)	**(224,361)**	(155,265)
Administration and other expenditure		**(255,722)**	(184,036)	**(799,265)**	(484,882)
Share based payment expense		**(63,399)**	(111,597)	**(111,828)**	(264,225)
Foreign exchange realised and unrealised losses		**-**	-	**(94,080)**	(1,338,834)
(Loss)/Profit Before Income Tax		**(1,038,145)**	981,866	**(2,204,884)**	(3,471,471)
Income tax expense		**-**	-	**-**	-
Net (Loss)/Profit for the Period		**(1,038,145)**	981,866	**(2,204,884)**	(3,471,471)
Other Comprehensive Income/(Loss) for the period					
Exchange differences on translation of foreign operations	7	**4,726,867**	(2,322,831)	**15,582,750**	(7,647,684)
Other comprehensive income/(loss) for period, net of tax		**4,726,867**	(2,322,831)	**15,582,750**	(7,647,684)
Total Comprehensive Income/(loss) for the period attributable to members of Marengo Mining Limited		**3,688,722**	(1,340,964)	**13,377,866**	(11,119,154)
Basic (loss)/profit per share (cents)		**(0.10)**	0.10	**(0.22)**	(0.43)
Diluted (loss)/profit per share (cents)		**(0.10)**	0.09	**(0.21)**	(0.40)

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

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2012

	Note	31 March 2012 $	30 June 2011 $
Current Assets			
Cash and cash equivalents		**22,227,894**	57,323,915
Trade and other receivables		**754,949**	1,687,846
Total Current Assets		**22,982,843**	59,011,761
Non-Current Assets			
Other financial assets	6	**-**	514,793
Plant and equipment		**1,234,601**	970,631
Exploration and development costs	4	**135,173,656**	86,741,633
Total Non-Current Assets		**136,408,257**	88,227,057
Total Assets		**159,391,100**	147,238,818
Current Liabilities			
Trade and other payables		**2,855,605**	3,892,348
Provisions		**1,076,038**	978,830
Total Current Liabilities		**3,931,643**	4,871,178
Total Liabilities		**3,931,643**	4,871,178
Net Assets		**155,459,457**	142,367,640
Equity			
Contributed equity		**159,170,926**	158,568,802
Reserves		**14,302,572**	(392,005)
Accumulated losses		**(18,014,041)**	(15,809,157)
Total Equity		**155,459,457**	142,367,640

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 MARCH 2012

	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
Balance at 30 June 2010	78,109,418	(289,865)	(11,498,705)	66,320,848
Net loss for the nine months	-	-	(3,471,471)	(3,471,470)
Other comprehensive loss	-	(7,647,684)	-	(7,647,684)
Total comprehensive loss	-	(7,647,684)	(3,471,471)	11,119,154
Transactions with owners in their capacity as owners				
Shares issued	80,328,137	-	-	80,328,137
Employees and consultants share options	-	532,625	-	532,625
Balance at 31 March 2011	158,437,555	(7,404,924)	(14,970,176)	136,062,456
Balance at 30 June 2011	158,568,802	(392,005)	(15,809,157)	142,367,640
Net loss for the nine months	-	-	(2,204,884)	(2,204,884)
Other comprehensive income	-	15,582,750	-	15,582,750
Total comprehensive income	-	15,582,750	(2,204,884)	13,377,866
Transactions with owners in their capacity as owners				
Shares issued	602,124	-	-	602,124
Employees and consultants share options	-	(888,173)	-	(888,173)
Balance at 31 March 2012	159,170,926	14,302,572	(18,014,041)	155,459,457

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2012

	3 Months Ended		9 Months Ended	
	31 March 2012 $	31 March 2011 $	**31 March 2012 $**	31 March 2011 $
Cash Flows from Operating Activities				
Payments to suppliers and employees	**(634,466)**	(1,093,940)	**(4,037,009)**	(2,387,750)
Interest received	**336,325**	276,393	**2,256,592**	523,300
Net cash (outflow) from operating activities	**(298,141)**	(817,547)	**(1,780,417)**	(1,864,450)
Cash Flows from Investing Activities				
Payments for plant and equipment	**(134,393)**	(61,494)	**(399,162)**	(193,569)
Payments for exploration and development	**(9,953,181)**	(4,321,053)	**(33,681,559)**	(19,842,740)
Net cash (outflow) from investing activities	**(10,087,574)**	(4,382,547)	**(34,080,721)**	(20,036,309)
Cash Flows from Financing Activities				
Proceeds from issue of shares	**20,000**	42,500	**716,468**	86,373,406
Payments of share issue costs	**(22,574)**	(228,602)	**(114,344)**	(5,776,869)
Net cash (outflow)/inflow from financing activities	**(2,574)**	(186,102)	**602,124**	80,596,537
Net increase/(decrease) in cash and cash equivalents	**(10,388,289)**	(5,386,196)	**(35,259,014)**	58,695,778
Cash and cash equivalents at the beginning of the period	**32,574,521**	70,689,969	**57,323,915**	6,984,582
Effects of exchange rate changes on the balance of cash held in foreign currencies	**41,662**	500,381	**162,993**	123,794
Cash and cash equivalents at the end of the period	**22,227,894**	65,804,154	**22,227,894**	65,804,154

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

(a) Statement of compliance

This condensed consolidated financial report for the interim three and nine month reporting periods ended 31 March 2012 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Marengo Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) Basis of preparation

All amounts are presented in Australian dollars unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Company's 2011 annual financial report for the financial year ended 30 June 2011. Note 2 discloses the impact of the change in accounting policy in relation to the capitalisation of exploration expenditure in respect of the corresponding three and nine month reporting periods.

(c) Impact of new standards issued but not yet applied

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013).

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity represents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.There is also new guidance on participating and protective rights and on agent/principal relationships. While the Group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules. AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (continued)

Joint ventures will be accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. The Group is not currently party to any joint arrangements, so this standard will not have any impact on its current financial statements, but may do so if and when the Group enters into any joint ventures. AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the Group's investments. Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The Group is still assessing the impact of these amendments. The Group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(ii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013).

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group does not use fair value measurements extensively. It is therefore unlikely that the new rules will have a significant impact on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iii) AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* (effective 1 July 2012).

In September 2011, the AASB made an amendment to AASB 101 *Presentation of Financial Statements* which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Group intends to adopt the new standard from 1 July 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (continued)

(iv) AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective 1 July 2013).

In July 2011, the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

NOTE 2: CHANGE IN ACCOUNTING POLICY

The Group changed its accounting policy relating to the capitalisation of exploration expenditure for the financial year ended 30 June 2011. Previously, exploration and evaluation costs were written off in the year they were incurred, with only aquired exploration and feasibility study costs being capitalised. The Group elected, during the year ended 30 June 2011, to capitalise all exploration, evaluation, acquisition and feasibility costs.

The Group retrospectively applied the change in accounting policy as if it had always applied and therefore has restated exploration and evaluation expenditure in relation to each area of interest for comparative purposes, including adjustment to the opening balances to the 2010 financial year to show the full effect of this change in accounting policy.

The impact of the change in accounting policy is as follows:

	31 Mar 2011 $	Increase (Decrease) $	31 Mar 2011 Restated $
BALANCE SHEET (EXTRACT)			
Exploration & development costs	30,560,997	44,041,591	74,602,588
NET ASSETS	94,704,632	41,357,824	136,062,456
Accumulated losses	(64,056,451)	49,086,274	(14,970,177)
TOTAL EQUITY	94,704,632	41,357,824	136,062,456

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2: CHANGE IN ACCOUNTING POLICY (continued)

Balance sheet amounts other than those mentioned above were not affected by the retrospective adoption of the revised accounting policy.

Income statement amounts relating to management/administrative expenses charged by the Company to its PNG subsidiary resulted in the consolidated loss being reduced and the capitalised development and expenditure costs being for the three and nine month period ended 31 March 2011 increased:

	3 Months 31 Mar 2011 $	3 Months Increase (Decrease) $	3 Months 31 Mar 2011 Restated $
STATEMENT OF COMPREHENSIVE INCOME (EXTRACT)			
Depreciation expense	62,712	(1,990)	60,722
Salaries & employee benefits expense	350,949	(255,361)	95,588
Exploration expenditure	844,352	(788,861)	55,491
Corporate expenditure	382,447	(86,210)	296,237
Occupancy expenditure	103,867	(28,723)	75,144
Insurance expenditure	71,347	(20,593)	50,754
Administration and other expenditure	326,054	(142,018)	184,036
LOSS FOR THE PERIOD	2,141,728	(1,323,756)	817,972

	9 Months 31 Mar 2011 $	9 Months Increase (Decrease) $	9 Months 31 Mar 2011 Restated $
STATEMENT OF COMPREHENSIVE INCOME (EXTRACT)			
Depreciation expense	179,235	(1,994)	177,241
Salaries & employee benefits expense	1,171,323	(469,715)	701,608
Exploration expenditure	1,017,648	(847,644)	170,004
Corporate expenditure	1,371,033	(326,746)	1,044,287
Occupancy expenditure	322,838	(153,693)	169,145
Insurance expenditure	212,635	(57,370)	155,265
Administration and other expenditure	725,992	(241,110)	484,882
Foreign exchange realised and unrealised losses	1,327,230	11,604	1,338,834
LOSS FOR THE PERIOD	6,327,934	(2,086,668)	4,241,266

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board considers the business from both a functional and geographic perspective and has identified two reportable segments. The adminstration, fund raising and investment activities of the Group form the Australia segment, with exploration and project development activities comprising the Papua New Guinea segment.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments is as follows:

For the three months ended 31 March 2012

	Australia 3 Months Ended 31 March		Papua New Guinea 3 Months Ended 31 March		Total 3 Months Ended 31 March	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**	**$**	**$**
Segment revenue						
Segment revenue	**349,324**	764,375	**153**	-	**349,477**	764,375
Intersegment elimination					**-**	-
Consolidated revenue					**349,477**	764,375
Segment result						
Segment result	**(7,552,642)**	(2,597,540)	**(326,031)**	(79,317)	**(7,878,673)**	(2,676,857)
Intersegment elimination					**6,840,528**	3,658,723
Consolidated (loss)/profit before income tax					**(1,038,145)**	981,866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: SEGMENT INFORMATION (continued)

For the nine months ended 31 March 2012

	Australia 9 Months Ended 31 March		Papua New Guinea 9 Months Ended 31 March		Total 9 Months Ended 31 March	
	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$
Segment revenue						
Segment revenue	**1,584,882**	1,034,021	**3,957**	-	**1,588,839**	1,034,021
Intersegment elimination					-	-
Consolidated revenue					**1,588,839**	1,034,021
Segment result						
Segment result	**(32,609,511)**	(20,264,877)	**(608,663)**	(275,025)	**(33,218,173)**	(20,539,902)
Intersegment elimination					**31,013,290**	17,068,431
Consolidated (loss) before income tax					**(2,204,884)**	(3,471,471)

	Australia		Papua New Guinea		Total	
	31 Mar 2012	30 June 2011	31 Mar 2012	30 June 2011	31 Mar 2012	30 June 2011
	$	$	$	$	$	$
Segment assets						
Segment assets	**24,535,831**	58,387,381	**138,075,676**	89,447,816	**162,611,507**	147,835,197
Intersegment elimination					**(3,220,407)**	(596,379)
Consolidated assets					**159,391,100**	147,238,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	31 Mar 2012 $	30 June 2011 $
NOTE 4: EXPLORATION & DEVELOPMENT COSTS		
Cost	**135,173,656**	86,741,633
Less accumulated amortisation	**-**	-
Net book amount	**135,173,656**	86,741,633
Opening net book amount	**86,741,633**	60,731,435
Foreign exchange differences	**13,716,672**	(4,835,684)
Additions	**34,845,419**	31,151,954
Written off during the period	**(130,068)**	(306,072)
Closing net book amount	**135,173,656**	86,741,633

NOTE 5: CHANGES IN EQUITY SECURITIES ON ISSUE

	9 Months Ended		9 Months Ended	
	31 Mar 2012 Shares	**31 Mar 2012 $**	**31 Mar 2011 Shares**	**31 Mar 2011 $**
Issues of ordinary shares during the period				
Issued on exercise of 25 cent options	-	-	170,000	42,500
Issued for cash @ C25 cents per share	-	-	253,000,000	64,515,000
Issued for cash @ C8.4 cents per share	-	-	240,000,001	21,600,000
Issued on exercise of C11.6 cent options	**160,000**	**20,000**	744,000	93,000
Issued on exercise of C8.6 cent options	**7,331,250**	**696,468**	1,293,750	122,906
	7,491,250	**716,468**	495,207,751	86,373,406

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 6: SHARE BASED PAYMENTS

Director's Loan

On 11 June 2008, the Company entered into a loan agreement with the Managing Director for $1,000,000. The purpose of the loan was to allow the Managing Director to exercise 4,000,000 unlisted options expiring on 30 November 2008. The loan is interest free, repayable within one month of cessation of employment, and any dividends received must be applied to repay the loan. The loan is a limited recourse loan; in the event the shares obtained under the loan are sold for an amount less than the amount of the loan, then the amount to be repaid is limited to the amount of the share sale proceeds. This agreement was approved by shareholders at the 28 November 2007 Annual General Meeting. The terms of this limited recourse loan are such that it is required to be accounted for as an option under the requirements of Accounting Standard AASB 2 *Share-based Payments,* through share reserve accounts, rather than as an asset (loan receivable) on the balance sheet. The reclassification of this loan receivable from an asset to an option was undertaken in the 31 December 2011 quarter. As a result, an amount of $485,207 was taken into the statement of comprehensive income and is disclosed as other income.

NOTE 7: OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD

Other comprehensive income/(loss) for the nine month period ended 31 March 2012 consists entirely of exchange differences on the translation of foreign operations. The gain of $15,582,750 for the nine months to 31 March 2012 was due to an approximate 13% depreciation in the value of the Australian dollar against the PNG kina over net assets in the PNG subsidiaries. The loss of $7,647,684 for the nine months to 31 March 2011 was due to an approximate 8% appreciation in the value of the Australian dollar against the PNG kina over net assets in the PNG subsidiaries.

Other comprehensive income (loss) for the three month period ended 31 March 2012 consists entirely of exchange differences on the translation of foreign operations. The gain of $4,726,867 for the three months to 31 March 2012 was due to an approximate 4% depreciation in the value of the Australian dollar against the PNG kina over net assets in the PNG subsidiaries. The loss of $2,322,831 for the three months to 31 March 2011 was due to an approximate 3% appreciation in the value of the Australian dollar against the PNG kina over net assets in the PNG subsidiaries.

NOTE 8: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date (2011: Nil).

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the Group subsequent to the period ended 31 March 2012.