Pacific Niugini

QUARTERLY REPORT
Ending September 30, 2014

Key Highlights

Outstanding drill results from Nicolsons Project, Halls Creek

- Pacific Niuginicompleted an eleven hole, approximately 2,500m diamond drilling program during the quarter. The aim of the program was to confirm the existing resource and to provide additional information for use in subsequent mine planning activities;

- The drilling program returned outstanding gold assays including:

  NRCD14005 - **3.0m @ 20.43g/t**, inc **1.6m @ 34g/t**
  NRCD14007 – **1.2m @ 102.92g/t**, inc **0.8m @ 149.17g/t**
  NRCD14003 - **3.4m @ 13.21g/t**, inc **0.36m @ 121g/t**
  NRCD14008 – **2.0m @ 43.4g/t** , inc **1.4m @ 61.1g/t**

- Pre-development works required for completion of cost and time estimates for the recommencement of mining at Nicolsons are well advanced. It is expected that financial and operational parameters of the proposed operation will be defined and released to the market during the ensuing quarter.

- Initial discussions have been undertaken with a number of potential project financiers. The company has been pleased by the strong level of interest from several parties, and is confident that the majority of the project development will be funded using debt based instruments in favor of equity raisings.

Garaina Project

- Pacific Niugini has continued to maintain dialogue with its joint venture partner, MGL Limited. It is understood that MGL is progressing fund raising options in order to complete the second $3 million expenditure required to earn an interest in the project. Expenditure must be completed by MGL by April 2015, after which it would loose all rights in relation to the project and it will not earn any interest. PNR is confident that it would reach alternative partnering agreements with other parties under such a circumstance given the highly encouraging exploration results to date.

Papua New Guinea – Other tenements

- Pacific Niugini has received several expressions of interest in relation to its alluvial assets in PNG. The company is considering its options in relation to the projects, and may enter into a commercial transaction should suitable terms be presented by one of the interested parties.

Corporate

- The company completed and lodged its audited financial statements in compliance with the requirements of ASIC and the ASX;
- In order to further reduce non-core expnditure, the company has decided to close its office in Lae, PNG. Director David Osikore is continuing to manage the company's interests in PNG as required.
- The company ended the quarter with cash of $1,883,000 and no debt apart from normal trade creditors;
- The company's AGM has been scheduled for the 25th of November 2014, and is to be held in Perth, reflecting the company's increased focus on its WA projects.

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About Pacific Niugini Limited

The company has emerged from its beginnings as an exploration company working solely in Papua New Guinea into an emerging gold producer through the acquisition of a major interest in the Halls Creek Gold Project in the Kimberly Region of Western Australia. The Project provides the company with a platform for development and operation of its first producing gold asset, which includes an existing high-grade gold resource (260,000oz) and a 120,000-150,000 tonne per annum processing plant at the Nicolsons Prospect. Under the terms of the purchase agreement, Pacific Niugini is the manager of the project.

In addition to the Halls Creek Project, Pacific Niugini's exploration portfolio in Papua New Guinea is highly prospective for the discovery of world class gold and copper deposits. Pacific Niugini holds a suite of 9 granted exploration tenements on mainland Papua New Guinea covering some 2,681kms in some of the most highly prospective and historically productive areas in the country.

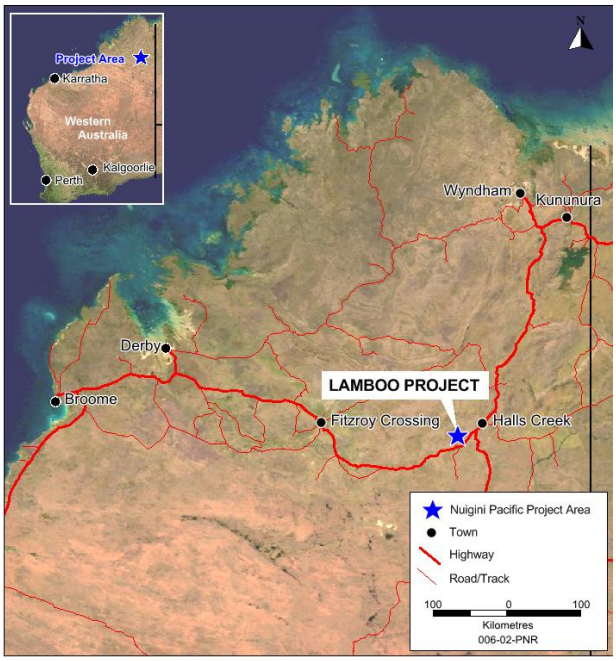
One of the company's key discoveries is the Garaina Prospect in the Morobe Province, where farm-in partner MGL Limited is earning an interest of up to 70% by spending $21 million over five years. To date MGL has completed its minimum expenditure of $3 million, with a further $3 million required to be spent in order to earn an initial 50.1% of the project.

Pacific Niugini also holds a 50% interest in ML457 Widubosh in joint venture with PNG Forest Products. The PNG government recently extended the term of ML457 for a further 20 years, and the joint venture has completed extensive bulk sampling at the project. ML457 provides an additional opportunity for production for the company.

Nicolsons Mine, the focus of works at Halls Creek, with open pit in the foreground, processing plant and surface facilities centre, and existing tailings facility at top of picture.

Activities Report

Halls Creek Project – Western Australia



The Halls Creek Project includes the Lamboo (or Nicolsons) Prospects, (35km South West of Halls Creek) and the Golden Crown Project located near Halls Creek in the Kimberly Region of Western Australia.

The project currently has an indicated and inferred resource of 260,000 ounces of gold. Recent drilling has also demonstrated that substantial silver grades can be present, although a silver resource is yet to be estimated.

The project region has been sporadically explored over a number of years. Prospecting has shown significant potential in the immediate area, which remains sparsely explored with minimal drill testing of targets outside of the existing resources (beneath and immediately adjacent to the existing open pits). Pacific Niugini's medium term exploration objective is to increase the near mine resources at the Lamboo Project while developing and extending the current resource base immediately beneath and down plunge of the existing open pit.

Pacific Niugini is currently increasing its ownership to 80% (from an initial 49% ownership) and the parties are operating under an unincorporated joint venture with Pacific Niugini as the sole manager. Pacific Niugini will earn 80% of the project as follows:

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

Pacific Niugini is required to maintain the tenements in good standing until a minimum of $4 million has been spent, or four years has elapsed from commencement of the agreement, whichever comes first. Following the initial $4 million expenditure, the vendor is required to elect whether it will contribute its 20% interest.

If the vendor does not elect to maintain its interest, Pacific Niugini will acquire the remaining 20% by either paying $2million in cash or shares, or by granting the vendor a 1% Net Smelter Royalty to a maximum value of $4 million.

Subsequent to the end of the quarter, Pacific Niugini notified Bulletin Resources that it had met its first stage expenditure of $1.2 million dollars, entitling the company to increased ownership to 65%. This expenditure was completed within approximately six months of the acquisition. Bulletin Resources has the right to audit expenditure within 21 days, and is expected to do so ahead of transferring the additional interest to Pacific Niugini. Meeting the initial $1.2 million expenditure in six months results in Pacific Niugini having a further 18 months (to April 2016) to spend the next $1.2 million in order to reach 80% ownership.

Quarterly Progress – Halls Creek

Pacific Niugini made significant progress in its planned re-commencement of mining and processing at the Nicolsons deposit and processing facility. The company's goal is to recommence mining, and turn the site to a cash generative site in the shortest possible time. It is the company's intention to complete the cost estimate for refurbishment, construction and operation of the mine and processing plant during the ensuing quarter, and full financial and operational parameters will be reported to the market once finalised.

Diamond drilling – Pacific Niugini completed the drilling program contemplated in the June 2014 quarterly report during August and September 2014. The drilling program was a significant success, returning multiple high grade gold assays including:

NRCD14007 – 3.0m @ 20.43g/t gold from 106m
including 1.6m @ 34g/t from 107.4m

NRCD14007 – 1.2m @ 102.92g/t gold from 121.6m
including 0.8m @ 149.17g/t gold from 122.0m

NRCD14003 - 3.4m @ 13.21g/t gold from 117.3m
including 0.36m @ 121g/t gold from 117.3m

NRCD14001 – 1.43m @ 6.88g/t gold from 101.4m
including 0.76m @ 11.8g/t gold from 101.4m

NRCD14013 – 4.9m @ 1.00g/t gold from 205.4m
including 0.52m @ 8.8g/t gold from 205.4m

NRCD14016A – 0.57m @ 22g/t gold from 154.8m

NRCD14008 – 2.0m @ 43.4g/t gold from 144m
including 1.4m @ 61.1g/t gold from 144m.0m

NRCD14008 – 1.6m @ 11.45g/t gold from 134.5m
including 0.55m @ 18.9g/t gold from 135.2m

NRCD14008 – 2.9m @ 4.38g/t gold from 147.94m
including 0.9m @ 6.22g/t gold from 149.9m

NRCD14017 – 1.1m @ 9.52g/t gold from 157.8m
including 0.5m @ 18g/t gold from 157.8m

NRCD14017 – 1.8m @ 5.94g/t gold from 148.6m
including 0.5m @ 19.5g/t gold from 148.6m

in addition to high grade gold results, drilling also returned a number of significant silver values including:

NRCD14007 – 1.2m @ 130.2g/t Silver from 121.6m, including 0.8m @ 193g/t Silver from 122.0m.
NRCD14008 – 2.0m @ 39.0g/t Silver from 144m, including 0.8m @ 91.3g/t Silver from 144.6m.

NRCD14017 – 1.1m @ 18.9g/t Silver from 157.8m, including 0.5m @ 33.3g/t Silver from 157.8m.

Diamond drilling generally returned results that were significantly higher grade, but narrower intercepts compared with historical RC drilling results acquired as part of the project acquisition. Full gold and silver assay results from the recent drilling program were provided to the market in ASX releases on the 16th of September 2014, 23rd of September 2014, and 9th of October 2014.

The diamond drilling assays consistently reported higher gram x metre gold intervals than those predicted by the current resource model. This is very positive for the project in that it may be possible to mine the same volume of gold from a much smaller volume of rock. If achieved, this would result in lower overall production costs. The diamond drilling has also provided confirmation that the ore position predicted by the existing RC drilling is accurate, and has indicated that the ore is highly visual with almost all gold and silver values recorded in prominent quartz veining.

Another key benefit to mining higher grade ore is that the existing processing plant would have higher production capacity in terms of annual gold production. Given that the planned processing rate of 120,000 to 150,000 tonnes per annum is relatively small, a substantial increase in overall mined grade would provide major financial benefit to the operation, particularly from the time that sufficient development is in place to keep the plant fully utilised on a steady state basis.

Project permitting – The Mining Proposal, and Mine Closure Plan were submitted to the Department of Mines and Petroleum (DMP) on the 4th of August 2014.

When the department did not meet its own guidelines regarding approvals timelines, Pacific Niugini served Bulletin Resources with a Force Majeure notice requiring an extension to the time allowed to make earn-in expenditure in order to reach 80% ownership of the project. Bulletin Resources advised that it did not agree with the Force Majeure claim, and the two parties are currently working in good faith to reach a reasonable position which ensures that Halls Creek Mining Pty Ltd (the operating subsidiary of Pacific Niugini that acquired the Halls Creek project) continues to advance the project in the most efficient way possible, while ensuring that Pacific Niugini shareholders are not unduly disadvantaged by governmental procedures outside of the company's control.

Since lodging the Mining proposal and Mine Closure Plan for approval, Pacific Niugini has received limited feedback requesting clarification of certain information ahead of granting approval of the proposals. All requested information has been provided to the DMP and the company awaits further advice from the department.

Processing plant refurbishment – The assessment of works required to bring the processing plant back to operation is nearing completion. The review has been undertaken by CAD Group, with Metallurgy Matters Pty Ltd working as the company representative for the estimate.
Based on current information available, it appears that the refurbishment of the mill will have a cost in the order of $3 million.

Existing Processing plant

Mine Design – The company has undertaken mine design and scheduling using in-house resources. The existing open pit is expected to be dewatered over a period of approximately three weeks, and remediation of open pit haul roads, and securing open pit batters will also be completed during the dewatering period.

The mine design contemplates development of a 5m x 5m decline from the base of the existing Nicolson's Find open pit, with ore to be driven on 15m level intervals.

It is planned to complete initial ore level development ahead of finalising stoping methods, which are likely to include up-hole benching, mechanised cut and fill, and conventional air-leg stoping.

The company intends to undertake mining as an owner operator, although an initial discussion with selected underground mining contractors has also been undertaken.

Project Infrastructure and project delivery – Pacific Niugini intends to execute the project with a strategy to minimise up-front capital. In the initial phases existing site infrastructure will be utilised and plant refurbishment will be limited to required spending for operational compliance.

It is intended that additional infrastructure required for long term operations will be purchased and constructed as the mine is progressed to positive cash-flow, and as the life of the mine is better understood through additional resource extension drilling and mine development.

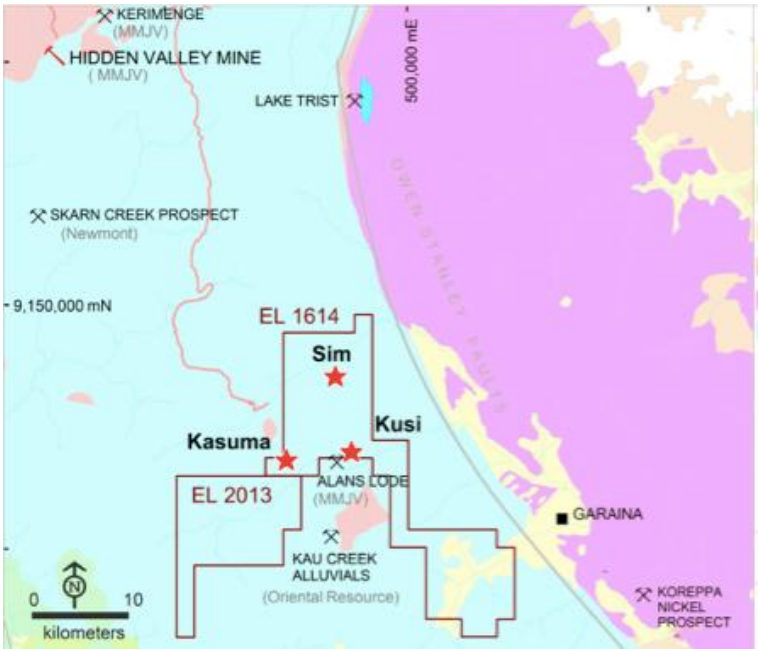
As reported in the company presentation lodged on the ASX platform on the 26th of September 2014, it is expected that the total pre-production capital requirement for the project will be in the order of $10 million. The capital requirement will be finalised once the refurbishment and recommencement estimate is completed in the ensuing quarter.

Metallurgical testwork – Subsequent to the end of the quarter, the company commenced a short metallurgical test work program to confirm previous testing results. Testing of the primary ore by Ammtec on behalf of the previous owner resulted in metallurgical recoveries of 96% of gold. To Pacific Niugini's knowledge work to maximise recovery of silver has not been previously undertaken, and depending on results using standard cyanide leaching techniques, further testing for silver recovery may be undertaken. The initial financial model does not contemplate any revenue from metals other than gold. All results from the test work program are pending.

Project Finance – the company has commenced discussions with several potential project financiers. The company aims to maximise the debt style component of the project-funding package, and to minimise shareholder dilution. The project has been well received, and the company hopes to be in a position to advise a selected funding solution in the near term.

Papua New Guinea Projects

Garaina Project (EL1614 and EL 2013), Morobe Province, Papua New Guinea (100%)



The Garaina Project is Pacific Niugini's premier exploration target, located 100km southeast of the Hidden Valley Mine and Wau Town, in the Morobe province, covering an area of approximately 380 km^2. The tenement area covers the suture zone between the Owen Stanley Metamorphic thrust to the west and the Papuan Ultramafic to the east. Most of the EL is underlain by the Owen Stanley metamorphic complex, which is common to the majority of the known major mineral deposits in PNG.

PNR discovered significant surface mineralisation at the Kusi Prospect in January 2011 and since that time has completed extensive exploration programs with exciting surface exploartion and drilling results.

Field campaigns have identified mineralisation and alteration signatures similar to those seen at the Kusi Prospect as far north as the Sim Prospect, and as far west as the Kasuma Prospect.

The Garaina Project is subject of a Farm out and joint venture agreement with MGL Limited. Details of Agreement were announced to the ASX in March, 2014. MGL is earning up to a 70% interest in the Garaina Project by spending up to $21 Million on drilling and exploration works, with the first phase requiring $6 million to be spent in the first two years for a 50.1% interest in the project.

QUARTERLY ACTIVITY

MGL has not conducted further field work during the quarter, however the camp at Garaina remains on care and maintenance.

Pacific Niugini understands that MGL is currently sourcing funds to complete its initial $6 million expenditure to earn 50.1% of the project. MGL has spent approximately $ 3 million to date.

In the event that MGL is not able to raise sufficient funds to complete the initial $6 million of expenditure by April 2015, MGL will lose its right to earn an initial interest and Pacific Niugini will retain a 100% interest in the project. Under such a circumstance, Pacific Niugini is confident that an alternative partnership would be able to be implemented with a separate party, evidenced by the strong interest in the project following the highly encouraging results obtained from drilling in 2013 and early 2014. Both junior and major companies have shown interest in the project.

Pacific Niugini continues to view Garaina and the surrounding region as having potential to be the next world-class discovery in PNG. Reflecting the potential value of the project, Pacific Niugini pegged the Kau Creek Project when it became available earlier in the year. The company is the first applicant for the project and expected to complete Mining Wardens hearings at the site during October 2014. Unfortunately poor weather on the scheduled dates prevented the

hearings, resulting in postponement until November 2014. The company expects the tenement to be granted shorty after the Mining Wardens hearings in November.

The grant of ELA2321 – Kau Creek will see the company take the dominant position in the Garaina area, and it is considered that the potential for discovery of multiple deposits in the package is high. While exploration will be primarily focussed on the Kusi Prospect in the immediate term, the Kau Creek area has potential to add substantial value to the company in the fullness of the project development.

Bulolo Project, EL1616 and ML 457 – Morobe Province

The Bulolo Project covers most parts of the Bulolo Valley, approximately 75km southwest of Lae. The tenement areas cover the core of the Morobe Goldfields mineral district, and include most of the historical gold mining town of Bulolo and further extends outwards into the gold prospective mountains and valleys. The tenement covers the best historically productive Bulolo gravel flats and un-mined gravels.

The Bulolo gravels were previously dredged between 1932 and 1965 to a maximum depth of approximately 36m. Historic production records estimate gold production of over 2.1 million ounces from the dredge-mining of approximately 210 million cubic metres with an average recovered grade of 0.31 g/m^3. PNR completed a number of seismic lines across the Bulolo valley which confirmed that the gravel deposits continued significantly deeper (up to 100m) than the maximum depth of dredging from past production areas. The focus of PNR's intial program has been to test for lateral (easily-won) extensions to the gold-bearing gravels that can be exploited with low capital cost, high volume gravity concentration plants.

The company has formed a joint venture with PNG Forest products (PNGFP), the dominant landowner and employer in the region, which sees PNR holding 70% ownership of EL1616, and 50% ownership of ML457 – Widubosh. ML457 lies approximately 10km north of EL1616 near the confluence of the Bulolo and Watut Rivers. Following initial testing the joint venture parties have elected to progress the Widubosh project prior to further developing the Bulolo area.

The company is currently in active discussions with multiple parties in connection with the potential divestment or joint venturing of its alluval project assets in PNG, and will keep the market informed in relation to any developments in that regard.

Other Projects - PNG

Due to the very difficult capital markets being experienced by explorers in Papua New Guinea, and the company's desire to transition to producer status, the Company has curtailed early stage exploration on these projects. A strategic review to date has confirmed a number of exciting copper-gold targets remain to be evaluated and the company believes that its highly prospective tenure continues to represent an outstanding basis for discovery of world class

copper and gold systems in a largely un-explored terrain. It is seeking joint venture partners to fund these ongoing works.

Corporate Information

Following the activity detailed in this report, the capital structure of the company is as follows as at September 30 2104.

Cash On Hand	$1.88 Million
Shares	313,963,139
Options- Employee incentive	2,650,000
Performance Rights	2,000,000
Options converted during the quarter	Nil
Performance Rights converted during the quarter	Nil

Papua New Guinea Tenements – Mineral Reporting

The information in this report that relates to exploration, mineral resources or ore reserves is based on information compiled by Mr. David Osikore (B.Sc. Geol)) MAusIMM who is a full time employee of Pacific Niugini Limited. Mr. Osikore has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as described by the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Osikore consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Pacific Niugini has not attempted to generate resources or reserves in compliance with the JORC code at the Bulolo gravel projects, and does not intend to due to difficulties in dealing with alluvial deposits.

Halls Creek Tenements – Mineral Reporting

The information in this report that relates to exploration, mineral resources or ore reserves is based on information compiled by Mr. Peter Cook (B.Sc. Geol)) MAusIMM (111072) who is the non-executive chairman of Pacific Niugini Limited. Mr. Cook has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as described by the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Cook consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Section 1 Sampling Techniques and Data - PNG

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Diamond Drilling All drilling undertaken at the Kusi Prospect has been completed using diamond drilling techniques. Holes are drilled commencing in PQ with size reducing to HQ and NQ as required for satisfactory hole advance, core recovery maximisation and hole stability. All drilling is undertaken using triple tube techniques to maximise core recovery. This core is geologically logged in 1m or less intervals, and subsequently halved on site for sampling. • Manual Trench/Manual costean sampling Samples are collected from hand dug trenches nominally 1.5m deep (where possible) and excavated through the soil horizon profile to the top of decomposed bedrock. Trenches sample intervals are marked by project geologists in 1m or 2m intervals, as dictated by geological mapping. Trench trace and sample intervals are surveyed using portable Garmin GPS. Samples are collected from each interval, by continuous chip sampling methods taken uniformly across the interval in accordance with accepted industry practice. Samples are generally 2kg to 3kg in mass.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).* • *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	
Drill sample recovery	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• All geology input is logged and validated by the relevant area geologists, No defined relationship exists between sample recovery and grade. Nor has sample bias due to preferential loss or gain of fine or coarse material been noted. • All samples are submitted to an independent NATA / ISO certified laboratory for grade determination. Gold and silver grade is determined using standard 30g or 50g fire assay. Other element grades are determined using multi-element ICP.

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Drill core is logged geologically by the project geologist to accepted industry standards capturing lithology, mineralology and structural measurements. All core is photographed for future reference. • Manual Trenches/Costeans are logged on field note books or using field maps. • All core and trenches are logged. • The total length of core and trenches are sampled.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Diamond Drilling - Half-core samples, sub-set via geological features as appropriate. • Chips undergo total preparation. • Samples undergo fine pulverisation of the entire sample in accordance with the independent certified laboratory's procedures. • QA/QC is currently ensured during the sub-sampling stages process via the use of the systems of an independent NATA / ISO accredited laboratory contractor. • The sample size is considered appropriate for the grain size of the material being sampled. • The un-sampled half of diamond core is retained for check sampling/logging if required.

Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*
		• Recent drilling was analysed by fire assay as outlined below;
		  ○ A 50g sample undergoes fire assay lead collection followed by flame atomic adsorption spectrometry.
		  ○ Quality control is ensured via the use of standards, blanks and duplicates.
		  ○ ICP samples are assayed in an independent certified laboratory using validly calibrated equipment.
		• No significant QA/QC issues have arisen in recent drilling results.
		• These assay methodologies are appropriate for the

Criteria	JORC Code explanation	Commentary
		resource in question.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Anomalous intervals as well as random intervals are routinely checked assayed as part of the internal QA/QC process. • Blanks and laboratory standards are routinely assayed in accordance with laboratory procedure. • Primary data is loaded into the drill hole database system and then archived for reference. • All data used in the calculation of resources and reserves are compiled in databases (underground and open pit) which are overseen and validated by senior geologists. • No primary assays data is modified in any way.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• All data is spatially oriented by survey controls via initial GPS positioning, followed by certified surveyor pick-ups. Drill holes are all surveyed down hole, with single / multishot cameras. • All drilling and resource estimation is undertaken in WGS84. • Topographic control is generated from a combination of remote sensing methods and ground-based surveys. This methodology is adequate for the resource in question.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Exploration is greenfields in nature and holes are specifically designed for selected targets. No standard spacing currently exists.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Exploration is greenfields in nature and holes are specifically designed for selected targets. Where possible holes are drilled to return true widths of interpreted/postulated ore zones. • It is not considered that drilling orientation has introduced an appreciable sampling bias.
Sample security	• *The measures taken to ensure sample security.*	• Samples are delivered directly to the independent laboratory contractor under the company's supervision using company employees. Samples are stored securely until they leave site.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Site sampling techniques and data bases are routinely verified by senior geologists and the company's executive director.

Section 2 Reporting of Exploration Results - PNG

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• All PNG tenements are currently valid and in good standing. • The PNG exploration lease renewal system results in periods where tenements have expired but are in the renewal process, and remain valid under the Mining Act. At the present time, no tenements are expired. • All PNG EL's and ML's are 100% owned with the exception of EL1616 (70%), and ML457 (50%). • EL1614 and EL 2013 are the subject of a farm out agreement with MGL Limited. MGL Limited is actively working but has not yet earned an interest in these Exploration Licences. • There are no known issues regarding security of tenure. • There are no known impediments to continued operation.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The area is greenfields in nature, and no substantial work other than regional government surveys has been completed previously to the knowledge of the company.
Geology	• *Deposit type, geological setting and style of mineralisation.*	•

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• Drill hole details are presented in the report.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Results are reported on a length weighted average basis. • Results are un-cut • Results are generally reported at a cut off of 0.2g/tAu, however lower grade dilution intervals are reported where broad zones of lower grade zones may be material in exploration for a potential underlying porphyry deposit. Low grade dilution zones are up to 7 continuous metres. • No metal equivalent values are reported.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Interval widths are down hole width and may not represent true width unless otherwise stated.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• A plan view of the prospect with drill hole locations is included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All significant results are reported in this release with further details provided in releases of the 21st of November 2013 and the 28th of January 2014... • Other results are of low metal tenor and are not significant to development of the project.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• All other material exploration data has been presented in previous ASX releases.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Exploration assessment including drilling continues to take place at the Kusi project.

JORC 2012 Table 1 declaration – Halls Creek

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	The Nicolson's deposit has been sampled predominantly by RC and minor historical RAB about the Nicolson's open pit area. The Wagtails and Rowdies deposits were sampled mainly by RC with follow-up aircore. Holes were sampled on 1 m increments, or 3 m increments above the known mineralisation. Anomalous intercepts from the 3 m increments were re-split into 3 1 m increments. Samples from the current drill program are RC collars with diamond drill tails. All assays in this release are from diamond drill core. Core was sampled in 1m intervals, or in accordance with observed geology for shorter runs.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	For RC drilling, measures taken to ensure sample representivity include the presence of a geologist at the rig whilst drilling, cleaning of the splitter at the end of every 3 m drill string, confirmation that drill depths match the accompanying sample interval with the drilling crew and the use of duplicate and lab/blank standards in the drilling programme. For diamond drilling, measures taken include regular survey of drill holes, cutting of core along the orientation line where possible, and half core is submitted to an accredited laboratory. Industry standard blanks and standards are also submitted and reported by the laboratory. Drilling is completed in HQ3.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	Historical holes - RC and aircore drilling was used to obtain 1 m samples from which 2 - 3 kg was crushed and sub-split to yield 250 for pulverisation and then a 40 g aliquot for fire assay. Upper portions of deeper holes were composited to 3m sample intervals and sub-split to 1 m intervals for further assay if an anomalous composite assay result was returned. For later drilling programmes all intervals were assayed. Current Program – HQ3 core is logged and sampled according to geology, with only selected samples assayed. Core is halved, with one side assayed, and the other half retained in core trays on site for further analysis. Samples are a maximum of 1m, with shorter intervals utilised according to geology.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.*	RC drilling was completed with several rigs. All RC rigs used face sampling hammers with bit size of 140 – 146mm. Historical holes used a 130 mm bit size). Aircore drilling was completed by the RC rig with an aircore bit assembly. RAB drilling (20 holes only in the Nicolson's pit area) is historical and details are unknown.

Criteria	JORC Code explanation	Commentary
		HQ 3 Diamond drilling was conducted for geotechnical and assay data. Holes from the current program do not form part of the current resource estimate. Diamond holes were oriented using a Reflex orientation tool. Diamond holes were geologically and geotechnically logged.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	All holes were logged at site by an experienced geologist. Recovery and sample quality were visually observed and recorded. Recovery for older (pre 2011) holes is unknown.
	Measures taken to maximise sample recovery and ensure representative nature of the samples	All drilling was completed within rig capabilities. Rigs used auxiliary air boosters when appropriate to maintain sample quality and representivity. Where aircore drilling could not provide sufficient penetration an RC drilling set-up was used.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	There is no known relationship between recovery and grade. Diamond drilling of oxide and transitional material in previous campaigns noted high core loss in mineralised zones. No core loss was noted in fresh material. Good core recovery has generally been achieved in all sample types in the current drilling program.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Geological logging parameters include: depth from, depth to, condition, weathering, oxidation, lithology, texture, colour, alteration style, alteration intensity, alteration mineralogy, sulphide content and composition, quartz content, veining, and general comments. Geotechnical logging of diamond holes included the recording of recovery, RQD, structure type, dip, dip direction, alpha and beta angles, shape, roughness and fill material of fractures
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	All drill chips were logged on 1 m increments, the minimum sample size. A subset of all chip samples is kept on site for reference. Diamond drilling was logged to geological boundaries and is considered quantatative. Core was photographed.
	The total length and percentage of the relevant intersections logged.	All drilling has been logged apart from diamond drill pre-collars.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Core samples were saw in half with one half used for assaying and the other half retained in core trays on site for future analysis.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	RC drill chip samples were collected with either a three-tier, rotary or stationary cone splitter depending on the drill rig used. Aircore drill samples were subset using a 3 tier riffle splitter. Most (> 95%) of samples are recorded as being dry.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	All RC and aircore sample splitting was to 12.5 % of original sample size or 2 – 3 kg, typical of standard industry practice. Samples greater than 3 kg were split on site before submission to the laboratory. For core samples, core was separated into sample intervals and separately bagged for analysis at the certified laboratory.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	The cyclone and splitter were cleaned every rod string and more frequently when requested by the geologist. In the case of spear sampling for re-

Criteria	JORC Code explanation	Commentary
		splitting purposes, several spears through the entirety of the drill spoil bag were taken in a systematic manner to minimise bias. Core was cut under the supervision of an experienced geologist, was routinely cut on the orientation line.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Duplicate samples were taken every 20 m from a second cut of the splitter in the case of a cone splitter, or from a reject split in the case of a riffle splitter. Certified standards were inserted into the sample batch at a rate of 1 in 20 throughout all drilling programmes.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Gold at Hall's Creek is fine- to medium-grained and a sample size of 2 – 3 kg is considered appropriate. Half core is considered appropriate for diamond drill samples.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The Bureau Veritas lab in Perth has ISO-9001 and ISO14001 certification. Gold assays are determined using fire assay with 40g charge and AAS finish. Other elements were assayed using acid digest with ICP-MS finish. The methods used approach total mineral consumption and are typical of industry standard practice.
	For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical logging of drilling was performed. This is not relevant to the style of mineralisation under exploration.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established	Lab standards, blanks and repeats are included as part of the QAQC system. In addition the laboratory had its own internal QAQC comprising standards, blanks and duplicates. Sample preparation checks of pulverising at the laboratory include tests to check that the standards of 90% passing 75 micron is being achieved. Follow-up re-assaying is performed by the laboratory upon company request following review of assay data. Acceptable bias and precision is noted in results given the nature of the deposit and the level of classification. Early drilling shows a pronounced negative bias with several of the external certified standards.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Significant intersections are noted in logging and checked with assay results by company personnel. Some significant intersections have been resampled and assayed to validate results. Diamond drilling confirms the width of the mineralised intersections.
	The use of twinned holes.	The current drill program includes holes testing the current resource and twinning existing RC holes as shown on announcement sections.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	All primary data is logged on paper and later entered into the database. Data is visually checked for errors before being sent to an external database manager for further validation and uploaded into an offsite database. Hard copies of original drill logs are kept both onsite and in the Perth office.
	Discuss any adjustment to assay data.	No adjustments have been made to assay data.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and*	Drilling is surveyed using DGPS with accuracy of ± 0.3m. Downhole surveys are conducted during drilling using single shot cameras at 10 m then every

Criteria	JORC Code explanation	Commentary
	other locations used in Mineral Resource estimation.	30 m thereafter. Later drilling was downhole surveyed using a Reflex survey tool. Mine workings (open pits) were surveyed by external surveyors using RTK survey equipment. A subset of historical holes was surveyed to validate collar coordinates.
	Specification of the grid system used.	The project lies in MGA 94, zone 52. Local coordinates are derived by conversion: GDA94_EAST =NIC_EAST * 0.9983364 + NIC_NORTH * 0.05607807 + 315269.176 GDA94_NORTH = NIC_EAST * (-0.05607807) + NIC_NORTH * 0.9983364 + 7944798.421 GDA94_RL =NIC-RL + 101.799
	Quality and adequacy of topographic control.	Topographic control uses DGPS collar pickups and external survey RTK data and is considered adequate for use.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Drill hole spacing at Nicolson's is generally between 10 m by 10 m and 30 m x 30 m in the upper areas of the deposits and extends to 50 m x 50 m at depths greater than 200 m. The drill spacing at Wagtail and Rowdies is generally 20 m x 20 m with some areas of 10 m x 20 m infill.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The Competent Person is of the view that the drill spacing, geological interpretation and grade continuity of the data supports the resource categories assigned.
	Whether sample compositing has been applied.	Sample compositing to 3 m occurred in holes above predicted mineralised zones. Composite samples were re-assayed in their 1 m increments if initial assay results were anomalous.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Drilling is predominantly at 270° to local grid at a dip of -60°. Local structures strike north-south on the local grid and dip at 60°E. No bias of sampling is believed to exist through the drilling orientation.
Sample security	*The measures taken to ensure sample security*	The chain of custody is managed by Pacific Niugini employees and consultants. Samples are stored on site and delivered in bulk bags to the lab in Perth. Samples are tracked during shipping.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data*	A review of the resource was carried out by an independent consultancy firm when the project was acquired from Bulletin. No significant issues were noted.

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties*	Tenements containing Resources and Reserves are 49% held by Pacific Niugini subsidiary company Halls Creek Mining. They are: M80/343,

Criteria	JORC Code explanation	Commentary
	such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	M80/355, M80/359, M80/503 and M80/471.M80/362 Tenement transfers to HCM are yet to occur as stamp duty assessments have not been completed by the office of state revenue., The tenements lie on a pastoral lease with access and mining agreements and predate native title claims.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area	The tenements are in good standing and no known impediments exist.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	The deposits were discovered by prospectors in the early 1990s. After an 8,500 m RC program, Precious Metals Australia mined 23 koz at an estimated 7.7g/t Au from Nicolson's Pit in 1995/96 before ceasing the operation. Rewah mined the Wagtail and Rowdy pits (5 koz at 2.7g/t Au) in 2002/3 before Terra Gold Mines (TGM) acquired the project, carried out 12,000 m of RC drilling and produced a 100 koz resource estimate. GBS Gold acquired TGM and drilled 4,000 m before being placed in administration. Review of available reports show work to follow acceptable to standard industry practices.
Geology	*Deposit type, geological setting and style of mineralisation*	Gold mineralization in the Nicolson's Find area is structurally controlled within the 400 m wide NNE trending dextral strike slip Nicolson's Find Shear Zone (NFSZ) and is hosted within folded and metamorphosed turbiditic greywackes, felsic volcaniclastics, mafic volcanics and laminated siltstones and mudstones. This zone forms part of a regional NE-trending strike slip fault system developed across the Halls Creek Orogen (HCO). The NFSZ comprises a NNE-trending anastomosing system of brittle-ductile shears, characterised by a predominantly dextral sense of movement. The principal shear structures trend NNE to N-S and are linked by NW, and to a lesser extent, by NE shears. Individual shears extend up to 500m along strike and overprint the earlier folding and penetrative cleavage of the HCO. The overall geometry of the system is characterized by right step-overs and bends/jogs in the shear traces, reflecting refraction of the shears about the granite contact. Within this system, the NW-striking shears are interpreted as compressional structures and the NE-striking shears formed within extensional windows. Mineralization is primarily focussed along NNE trending anastomosing systems of NNE-SSW, NW-SE and NE-SW oriented shears and splays. The NNE shears dip moderately to the east, while the NW set dips moderately to steeply to the NE. Both sets display variations in dip, with flattening and steepening which result in a complex pattern of shear intersections.. Mineralisation is strongly correlated with discontinuous quartz veining and with Fe-Si-K alteration halos developed in the wall rocks to the veins. The NE shears are associated with broad zones of silicification and thicker quartz veining (typically white, massive quartz with less fracturing and brecciation); however, these are typically poorly mineralized. The NW-

Criteria	JORC Code explanation	Commentary
		trending shears are mineralized, with the lodes most likely related to high fluid pressures with over-pressuring and failure leading to vein formation. Although the NE structures formed within the same shear system, the quartz veining is of a different generation to the mineralized veins. Individual shears within the system display an increase in strain towards their centres and comprise an anastomosing shear fabric reminiscent of the pattern on a larger scale. (Adapted from Robertson(2003))
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Table 1 and Figures 1 - 3 summarise all drilling used in the resource estimation. Drillholes used in the Nicolson's Resource estimate included 242 RC and 20 RAB holes for a total of 1,338m within the resource wireframes. Rowdies drilling included 36 RC and 2 aircore holes (AC) for a total of 241 m of intersection within the resource wireframes. Wagtail North comprised 84 RC and 6 AC holes for 553 m of intersection with the resource wireframes. Wagtail South comprised 23 RC and 20 AC holes for 203 m of intersection within the resource wireframes.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	Drill results as reported are composited intersections within the interpreted mineralisation wireframes which form the basis of the resource. Intercepts are composited from 1 m sample increments and no weighting other than length is applied. The Lower cut-off grade is a nominal 0.5g/t Au with a minimum 2m downhole length above 200 mRL and a nominal 1.0g/t Au with a 1 m minimum downhole length below 200 mRL. Top cuts for Nicolson's lodes were 40 g/t and 45g/t Au for different domains dependent upon the lode grade distribution. Rowdies, Wagtail North and Wagtail South had top cuts of 20g/t, 45g/t and 50g/t Au respectively.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	All sample intervals within the interpreted wireframe shells were used in the grade estimation.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are used.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	Drilling is predominantly at 270° to local grid at a dip of -60°. Local structures strike 0° to the local grid and dip at 60°E (i.e. having a 60° intersection angle to lode structures). Deeper holes have some drillhole deviation which decreases or increases the intersection angle, but not to a significant extent.

Criteria	JORC Code explanation	Commentary
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	Downhole lengths are reported and true widths are approximately 60 – 90% of down-hole length.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer figures and table in this release.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	All drillhole intercepts currently available from the current program are included in the release. Historical intercepts are included in previous resource reports released to the ASX.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Groundwater is largely confined to fault structures, typical of fracture rock systems with low yields and able to be controlled with air pressure while drilling. Metallurgical and geotechnical work studies have been completed as part of feasibility studies in support of ore reserves with no significant issues noted. No significant deleterious substances have been noted.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Further drilling is underway at Nicolsons. Studies relating to re-starting production activities at the mine are underway..

Section 3: Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	Data input has been governed by lookup tables and programmed import of assay data from lab into database. The database has been checked against the original assay certificates and survey records for completeness and accuracy.
	Data validation procedures used.	Data was validated by the geologist after input. Data validation checks were carried out by an external database manager in liaison with Bulletin personnel. The database was further validated by external resource consultants prior to resource modelling. An extensive review of the data base was undertaken when Pacific Niugini acquired the project.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the*	The Competent Person has not been to site. He is highly experienced in the mineralisation style, and has had independent geologists from Optiro visit the site, along with highly experienced consulting geologists.*

Criteria	JORC Code explanation	Commentary
	case.	
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	Confidence in the geological interpretation is generally proportional to the drill density. Surface mapping confirms some of the orientation data for the main mineralised structures.
	Nature of the data used and of any assumptions made.	Data used for the geological interpretation includes surface and trench mapping and drill logging data.
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	An alternative interpretation (steeper lodes) of deeper portions of the deposit was modelled and provides no material change to the resource estimate. In general the interpretation of the mineralised structures is clear.
	The use of geology in guiding and controlling Mineral Resource estimation.	Geological interpretation of the data was used as a basis for the lodes which were then constrained by cut-off grades.
	The factors affecting continuity both of grade and geology.	Geology and grade continuity is constrained by quartz veining within the NFSZ and by parallel structures for the other prospects.
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	Refer to Figures 1 - 3
Estimation and modelling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	Separate block models were generated for Nicolson's, Rowdies and Wagtail North and South. Individual mineralised structures were domained separately. Models contain grade estimates and attributes for blocks within each domain only. Ordinary Kriging (OK) using Surpac software was used to generate the resource estimates. Variography of gold grades from drilling data provides a maximum grade continuity of 50 m down plane plunge, 20 m perpendicular to plunge and 5 m across plunge for Nicolson's Find; 90 m down plunge, 55 m perpendicular to plunge and 5 m across plunge for Nicolson's South and 20.5m down plunge, 14.5 m perpendicular to plunge and 12, across plane for Wagtail South. Rowdies and Wagtail North have a strike-dip control on mineralisation. Rowdies grade continuity was 60 m down-dip, 50 m along strike and 4 m across the plane. Wagtail North parameters were 50 m along strike, 30 m down-dip and 4 m across the plane.
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	A number of resource estimates by consultants, Optiro have been generated with previous resource estimates reconciled to later upgrades. Reconciliation of the Nicolson's open pit resource model with mine records provides a difference of -6% in tonnes, +15% in grade and +9% in gold metal compared to the resource model; however, the open pit area is only a small proportion of the current resource extents. Production figures from Rowdies and Wagtails are low in confidence and have not reconciled to the resource model.
	The assumptions made regarding recovery of by-products.	By products are not included in the resource estimate.
	Estimation of deleterious elements or other non-grade	No deleterious elements have been estimated. Aresnic is known to be

Criteria	JORC Code explanation	Commentary
	variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	present, however metallurgical test work suggests that it does not adversely affect metallurgical recovery.
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	Models were interpolated with a block model cell size of 10 mN x 5 mE x 5 mRL, with sub-celling for volume representation only to 0.3 m. Estimation used 4 passes at Nicolson's and 3 passes elsewhere. At Nicolson's Find, the 1st pass used a search radius of 50 m with a minimum of 8 and maximum of 32 samples. Nicolson's South estimation used a 90m radius for the 1st pass with a minimum of 4 and maximum of 12 samples. The search radius was increased by 1.5 for second pass and the minimum number of samples was decreased to 4 for the 3rd pass. The search radius was increased by a factor of 3 and the minimum number of samples decreased to 1 for the 4th pass at Nicolson's.
	Any assumptions behind modelling of selective mining units.	The size of the blocks was determined by Kriging Neighbourhood Analysis in conjunction with the assumption of a relatively selective mining approach for both open pit and underground operations.
	Any assumptions about correlation between variables.	Only gold has been estimated.
	Description of how the geological interpretation was used to control the resource estimates.	Geological interpretation constrained initial resource wireframes; these were oriented along trends of grade continuity and were constrained further by cut-off grades.
	Discussion of basis for using or not using grade cutting or capping.	Grade distribution statistics were used to generate top cuts, along with the analysis of distribution graphs and disintegration analysis.
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	Models were validated visually and by statistical comparison to input data both on a whole-of-domain and on a sectional basis using continuity or swathe plots.
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content*	Tonnage was estimated on a dry basis.
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied*	Cut-off grades for reporting were based on notional mining cut-off grades for open pit (0.6 g/t Au) and underground operations (3 g/t Au).
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	An optimised pit shell was used to constrain material described as open pit with material outside this shell assigned to a potential underground operation. The minimum downhole intersection width of 2m for material above 200m and 1 m below 200m is considered to represent minimum mining widths for selective open pit and underground operations respectively.
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical*	Metallurgical testwork has shown acceptable (> 95%) gold recovery using CIP technology. No factors from the metallurgy have been applied to the estimates.

Criteria	JORC Code explanation	Commentary
	methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	The deposits are on granted mining leases with existing mining disturbance and infrastructure present.
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	Bulk density measurements of ore were calculated from drill core using the water displacement method and data from historical mining. Pit data provided 29 samples and drilling provided 91 samples. Bulk density estimates used were: Oxide All: 2.0 t/m^3 Transitional All: 2.4t/m^3 Fresh Rowdies and Wagtails: 2.7t/m^3 Fresh Nicolson's: 2.9t/m^3
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.*	Indicated material is defined where geology and grade continuity was evident and supported by drill spacing of less than 30 m by 30 m with at least 2 intercepts in the quartz lode. Inferred material is defined where lodes are supported by less than 3 holes and drill spacing was greater than 30m x 30m.
	Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	Input data is considered sufficiently comprehensive for the level of confidence assigned to the resource estimate by the Competent Person.
	Whether the result appropriately reflects the Competent Person's view of the deposit.	The estimate appropriately reflects the view of the Competent Person.
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates*	An audit of the estimate was carried out by an independent consultant. No significant issues were noted.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an*	The relative accuracy of the Mineral resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC

Criteria	JORC Code explanation	Commentary
	approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.	Code.
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	The statement reflects local estimates at the block size.
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	The resource model produced a 9% oz Au undercall against recorded production for the Nicolson's Find pit. This amount is considered to be within acceptable limits for the classification of the resource. Moreover, the open pit mining represents a small fraction of the existing resource area.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Pacific Niugini Limited

ABN

30 003 207 467

Quarter ended ("current quarter")

30th September 2014

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (3mths) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(48)	(48)
	(b) mine pre-development & exploration	(429)	(429)
	(c) production	-	-
	(d) administration	(241)	(241)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	7
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid (Rebate)	-	-
1.7	Other (provide details if material)	6	6
	Net Operating Cash Flows	(705)	(705)
	Cash flows related to investing activities		
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	1	1
	(c) other fixed assets	(5)	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(4)	(4)
1.13	Total operating and investing cash flows (carried forward)	(709)	(709)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(709)	(709)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(709)	(709)
1.20	Cash at beginning of quarter/year to date	2,595	2,595
1.21	Exchange rate adjustments to item 1.20	(3)	(3)
1.22	**Cash at end of quarter**	1,883	1,883

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	151
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Total amounts paid to directors including salaries, directors fees, superannuation and consulting fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration (Halls Creek Project)	400
4.2	Project Evaluation (Halls Creek Project)	400
4.3	Production	-
4.4	Administration	300
4.5	Plant and equipment	-
	Total	**1,100**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	30	20
5.2	Deposits at call	1,853	2,575
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	1,883	2,595

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased	E80/2601	legal interests in WA mining and exploration licences acquired as a result of the acquisition of the Nicolsons Gold Project	0	49%
		E80/3861		0	49%
		E80/4458		0	49%
		E80/4459		0	49%
		M80/0343		0	49%
		M80/0355		0	49%
		M80/0359		0	49%
		M80/0362		0	49%
		M80/0471		0	49%
		M80/0503		0	49%
		E80/2394		0	49%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	-	-		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	313,963,139	313,963,139		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** (*description)*	-	-		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	**Options** *(description and conversion factor)* **Performance Rights**	150,000 500,000 2,000,000 2,000,000		*Exercise price* 17 cents 18.5 cents 9 cents Nil	*Expiry date* 07/03/2016 30/05/2016 21/11/2016 21/11/2016
7.8	Issued during quarter *Options* *Performance Rights*				
7.9	Exercised during quarter *Options* *Performance Rights*				

+ See chapter 19 for defined terms.

7.10	Expired during quarter *Options* *Performance rights* Cancelled during quarter *Options* *Performance rights*				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does / *(delete one)* give a true and fair view of the matters disclosed.

Sign here: Dennis Lovell (Company secretary) Date: 20 Oct 2014.

Print name: Dennis Lovell.

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.