Pacific Niugini Ltd

Going for Gold at Nicolsons in 2015

November 2014

ASX:PNR

Pacific Niugini

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Exploration, Resource and Reserve Data

Full results, JORC Table 1 disclosure, and resource details are available in ASX releases dated 28/7/14 (June Quarterly report), 16/9/2014 (Drilling results ASX announcement), and 23/9/14 (Drilling results announcement).

Competent Person Statement

The information in this report that relates to Exploration and Mineral Resources is based on information compiled by Mr Peter Cook (BSc Geol) MAusIMM who is the non-executive chairman of Pacific Niugini Limited. The information in this report that relates to Reserves is based on information compiled by Mr Paul Cmrlec (B.Eng Mining Hons) MAusIMM who is the Managing Director of Pacific Niugini Limited. Mr Cook and Mr Cmrlec have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as competent persons as described by the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Cook and Mr Cmrlec consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

HALLS CREEK LAMBOO PROJECT
NICOLSONS MINE

PACIFIC NIUGINI IS GEARING UP FOR COMMENCEMENT AT HALLS CREEK IN EARLY 2015

Positioned to deliver outstanding returns for investors:

- **High Grade Resource and Reserve:** High grade gold resource/reserve.
- **Existing Infrastructure:** Processing plant and associated infrastructure in place and ready for refurbishment.
- **Low Project Capital Capital:** Re-start estimate and feasibility study identifies pre-production costs of only $11M.
- **Excellent Margins:** All in sustaining costs approximately A$850/Oz.
- **Experienced Management:** Board and management closely involved with recent successful acquisitions which have transformed Metals X Limited.
- **Financing Activity Well Advanced:** Company is in advanced discussions with several potential financiers.
- **Great Exploration Potential:** Ample opportunity to extend life at Halls Creek (including existing resources).

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CORPORATE STRUCTURE

Board:	Management:	Corporate:
Peter Cook – Non-Executive Chairman. Highly successful Australian mining identity behind companies such as Hill 50 Gold Limited; Abelle Limited, and Metals X Limited. **Paul Cmrlec – Managing Director.** Mining engineer with strong operational and corporate background focused on project feasibility, development, and operations. Director of Metals X Limited. **David Osikore – Non-Executive Director.** Leading Papua New Guinean geologist with exploration and production experience across most known deposits in PNG.	**Dennis Lovell – Joint Company Secretary**. Founding CFO and company secretary. Many new acquisitions and new mine construction projects. **David Okeby – Joint Company Secretary.** Strong legal, IT and administrative experience in multiple mining companies. **Scott Balloch - CFO.** CPA with 20 years' experience in financial management of mining and exploration companies. **Project Team –** Hand picked team with specific experience in similar project start-ups and operating mines.	<u>**Capital Structure**</u> ***Ordinary Shares–*** *314 Million* ***Employee Rights and Options*** *– 4.65 Million* ***Top 20 –*** *59%* ***Cash on Hand*** *- $1.37m at 31/10/14* <u>**Company Details**</u> L3, 18-32 Parliament Place West Perth Phone: +61 8 9215 6005 Email: admin@niugini.com.au Web: www.niugini.com.au

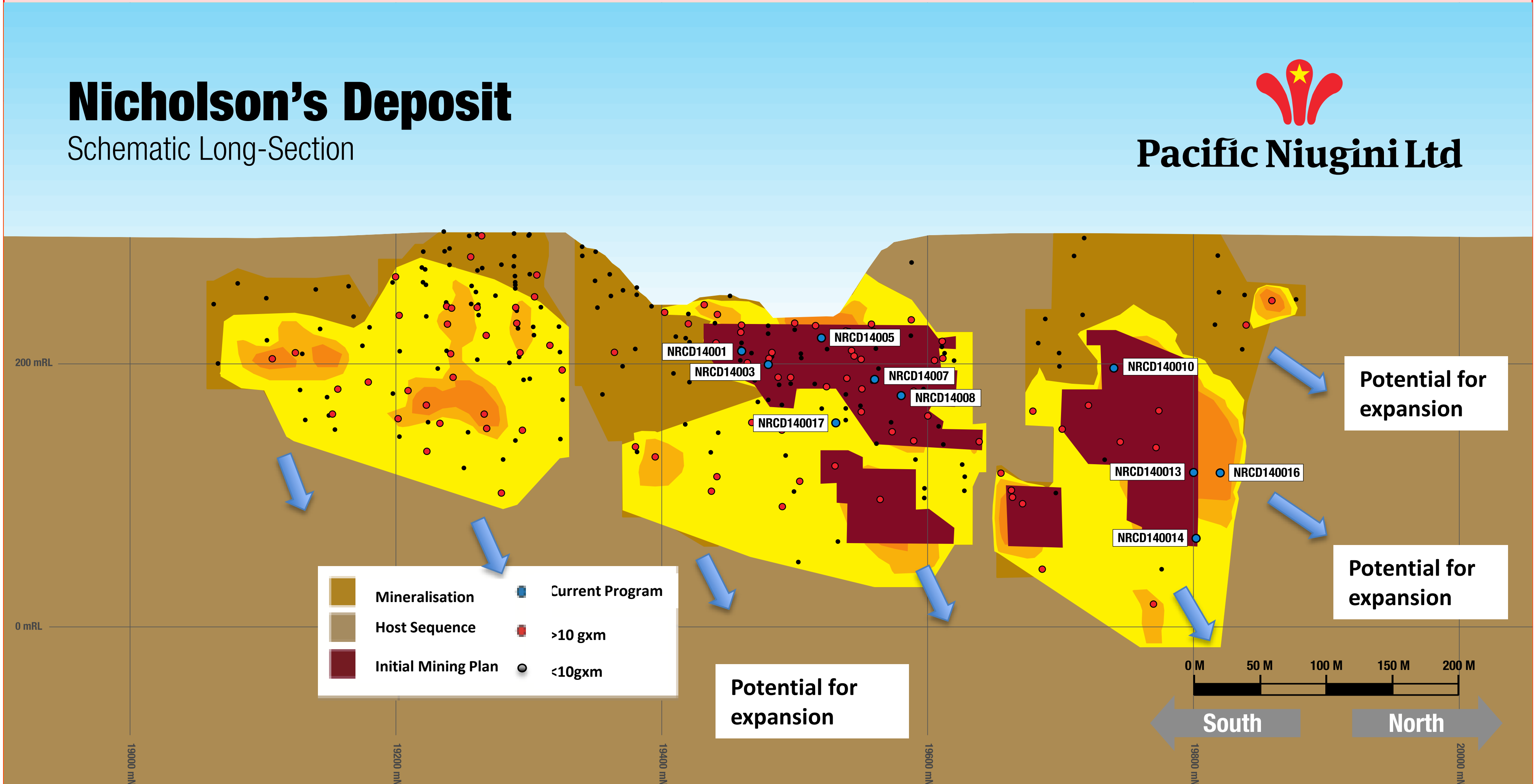
DRILLING PROGRAM VALIDATES MINING PLAN

- Resounding success from the 11 hole, 2,500m diamond drilling program extending and validating the resource.
- First substantial diamond drilling campaign at the Nicholsons Project.
- Numerous high grade intercepts*:
  - *NRCD14007 - 1.2m @ 102.92g/t, inc 0.8m @ 149.17g/t*
  - *NRCD14005 - 3.0m @ 20.43g/t, inc 1.6m @ 34g/t*
  - *NRCD14003 - 3.4m @ 13.21g/t, inc 0.36m @ 121g/t*
  - *NRCD14001 - 1.43m @ 6.88g/t, inc 0.76m @ 11.8g/t*
  - *NRCD14013 - 4.9m @ 1.00g/t, inc 0.52m @ 8.8g/t*
  - *NRCD14016A - 0.57m @ 22g/t*
  - *NRCD14017 -1.1m @ 9.52g/t, inc 0.5m @ 18g/t gold*
- Current Resource – 758,000t @ 6.6g/t for 163,000 Oz
- Current Reserve – 435,400t @ 6.17 g/t for 86,300 Oz

DRILLING RESULTS DEMONSTRATE POTENTIAL FOR HIGHER GRADES

* Full results in September 14 Quarterly Report

INITIAL MINE PLAN ONLY A FRACTION OF THE POTENTIAL



Expansion Opportunity – resource only constrained by lack of drilling at depth and to the north with multiple high grade intercepts at the extremities. Virtually no drill testing to the south.

RE-START AND OPERATING PHILOSOPHY

Capital Discipline

- Phase 1 (First 6 months) – Critical works for mining commencement; compliant and operational plant; minimal infrastructure upgrades.
- Phase 2 (Next 6 to 18 months) – Surface infrastructure required for long term operations, ongoing operating cost reduction projects.
- Phase 3 – Expansion of resources and reserves after consistent positive cashflow.
- *FOCUSING ON POSITIVE CASHFLOW FIRST.*

Operating Criteria – Scale & Safety

- Operating appropriately for scale, safely producing 10,000 to 13,000 ore tonnes per month.
- Lean corporate costs for a public company.
- Corporate personnel to be intimately involved with operations to ensure success.
- In mine exploration rather than early stage exploration to extend mine-life.

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LOW CAPITAL, SHORT LEAD-IN TO PRODUCTION, EXCELLENT PROFITABILITY

Pre-Production Capital: $11 million

Time to Positive Cash flow: 6 Months

Annual Production: 130,000t, 30,000 Oz

Mine Life: 4.5 years (including 6 month construction)

Net Profit Before Tax: $58 million

Net Profit After Tax: $50 million

NPV (8): $41 million

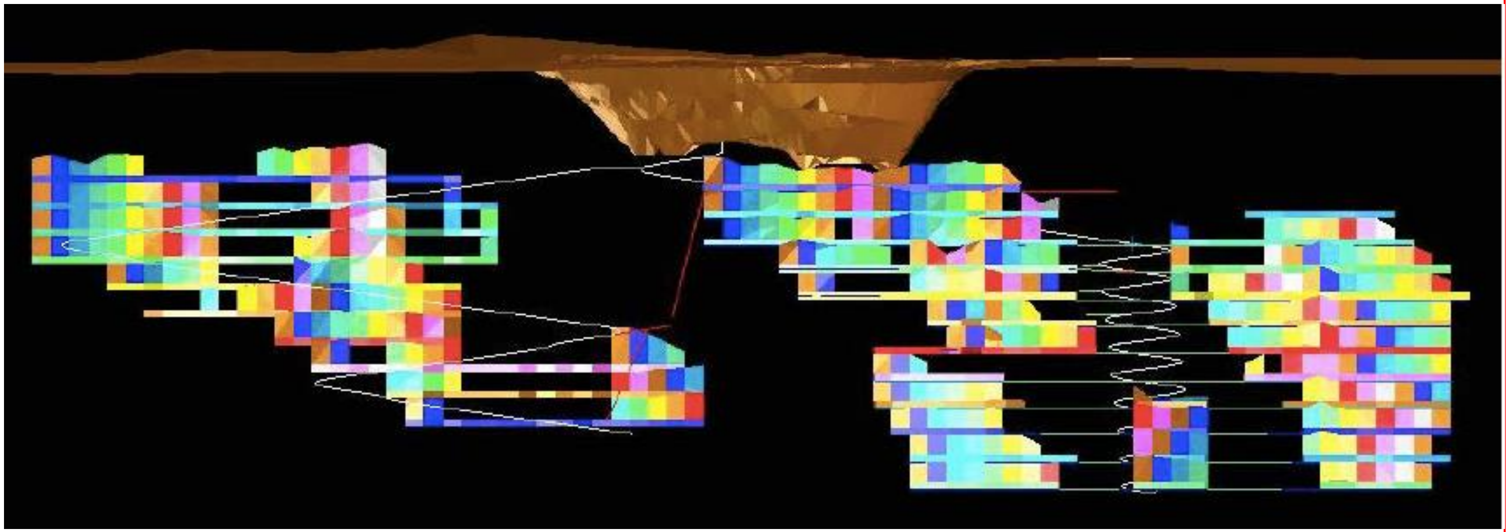
IRR: 167%

Tonnes Mined – 516,000

Ounces Mined – 110,000

Ounces Recovered – 106,000

Exploration Expansion Potential - HIGH



** Economics stated include reserve and additional inferred tonnes and gold ounces*

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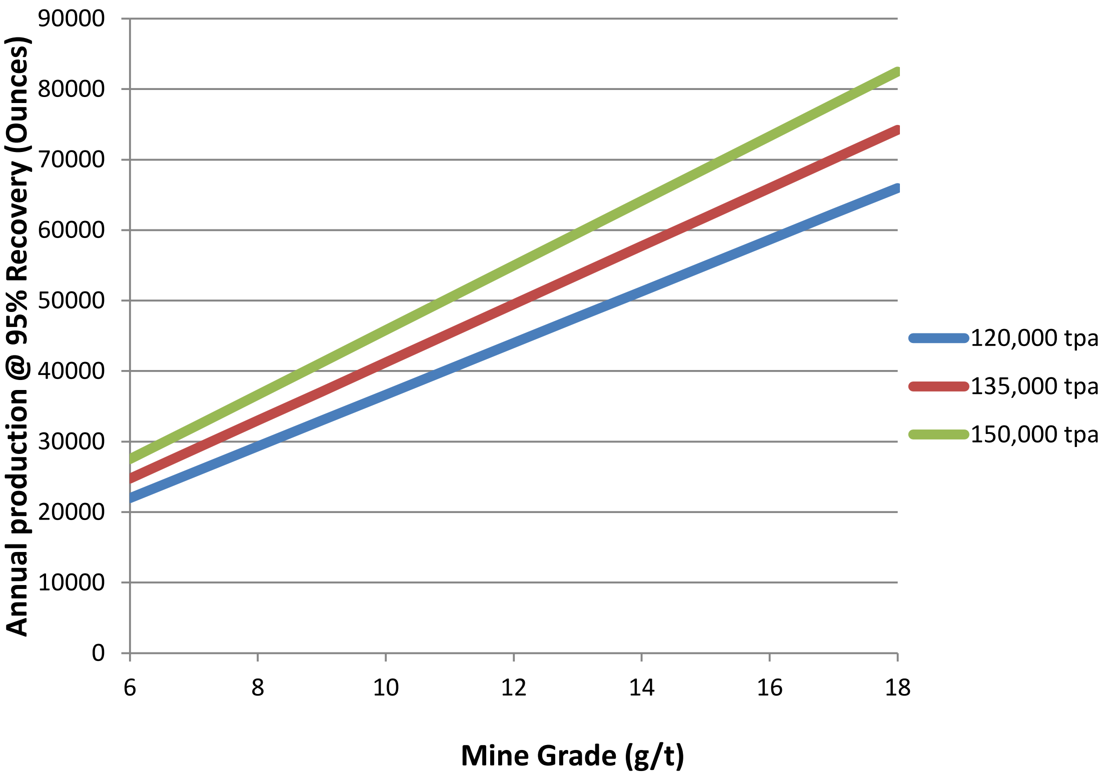
IMPACTS OF HIGHER GRADE AND THROUGHPUT

Nicolsons Plant Production Capacity



Hole NRCD14007 – 1.2m @ 102.9g/t

Increased grade provides direct increase in production capacity.

Crew size and diesel consumption fixed, unit costs decreased.

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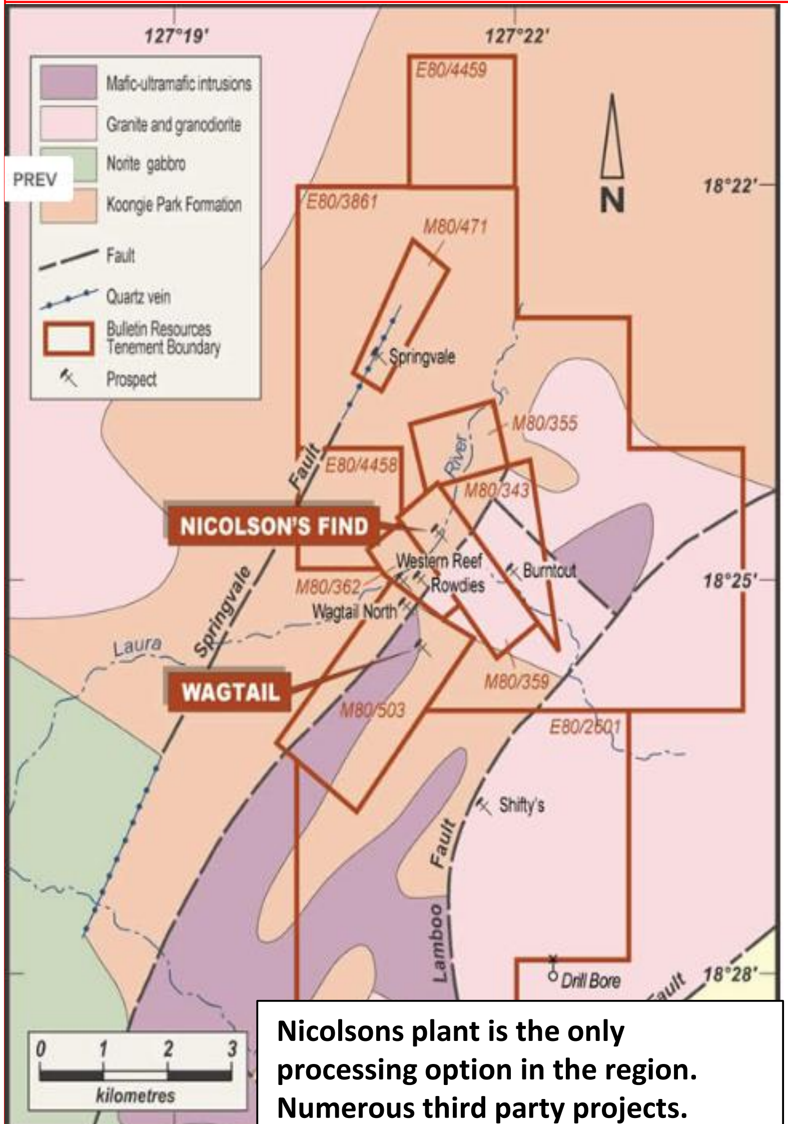
EXCELLENT TENURE POSITION AND EXPLORATION UPSIDE POTENTIAL



Nicolsons plant is the only processing option in the region. Numerous third party projects.

Project on granted mining leases free of encumbrances

- Excellent relationship with underlying pastoral lease owner – Ngunjiwirri Aboriginal Corporation.
- Leases granted pre-native title legislation.

Many opportunities to extend resources through exploration

- Historical high grade intercepts +20g/t at Rowdies, Wagtail North, and Wagtail South. All resources currently lacking diamond drilling.
- Zone between Rowdies and Nicolsons virtually untested.
- Multiple exploration targets identified with high-grade mineralisation identified.
  - **Nicolsons North** – 12m @ 13.6g/t from 55m, inc 1m @ 74.3g/t Au,
  - **Hyena Prospect** (1.5km along strike from Nicolsons Pit) – Rock Chip Samples including 22.4 and 32.6g/t Au.
  - **Shifty's Reef** – 700m long quartz vein with best results to date 2m @ 8.3g/t Au.

Ongoing project expenditure will earn PNR 80% of Project

Deal Structure

- Project purchased from Bulletin Resources (ASX:BNR).
- PNR effectively purchasing 80% for A$1.5 million cash, $1.3 million in new ordinary shares + project expenditure:
    - 49% and full management control upon initial payment
    - 65% earned by spending A$1.2 million in first 12 months
    - 80% earned by spending additional A$1.2 million in first 24 months
    - PNR to spend first $4 million in JV (including earn in $2.4 million)

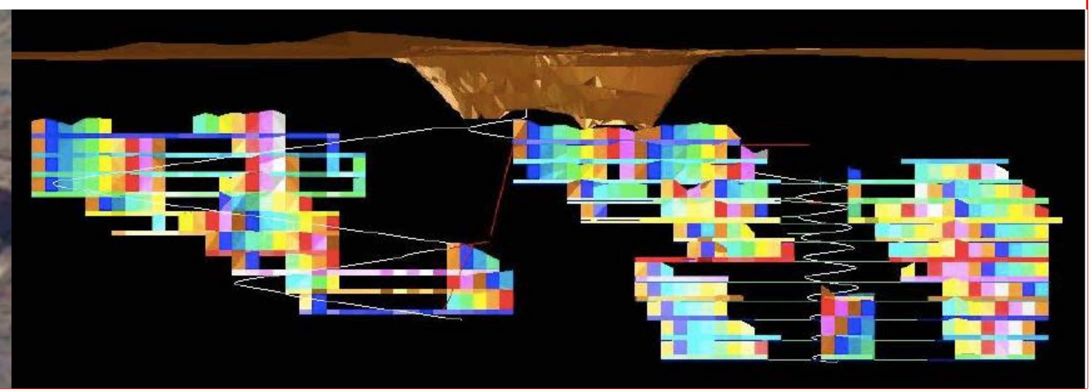
PNR to purchase remaining 20% for $2 million or 1% royalty to total value of $4 million (at PNR election) if BNR do not elect to contribute.

PACIFIC NIUGINI COMPLETED EXPENDITURE REQUIRED TO ATTAIN 65% OWNERSHIP IN OCTOBER 2014

* Refer June 2014 quarterly report for full acquisition details

Production at Nicolsons Deposit is Pacific Niugini's focus

- Diamond drilling confirmed narrower but higher grade mineralisation.
- Re-start estimates completed. Strong cash flow, low capital, short path to production.
- Potential for substantially higher grades than reflected in the current geological models.
- Most infrastructure already in place, close to Halls Creek and great Northern Highway.
- Expenditure to reach 65% completed, and expected to be at 80% well before production commences.
- Excellent tenure position with granted mining leases, and good relationship with pastoralist.
- Initial 4.5 year mine life. Excellent potential to increase annual production and mine life through development and resource expansion.



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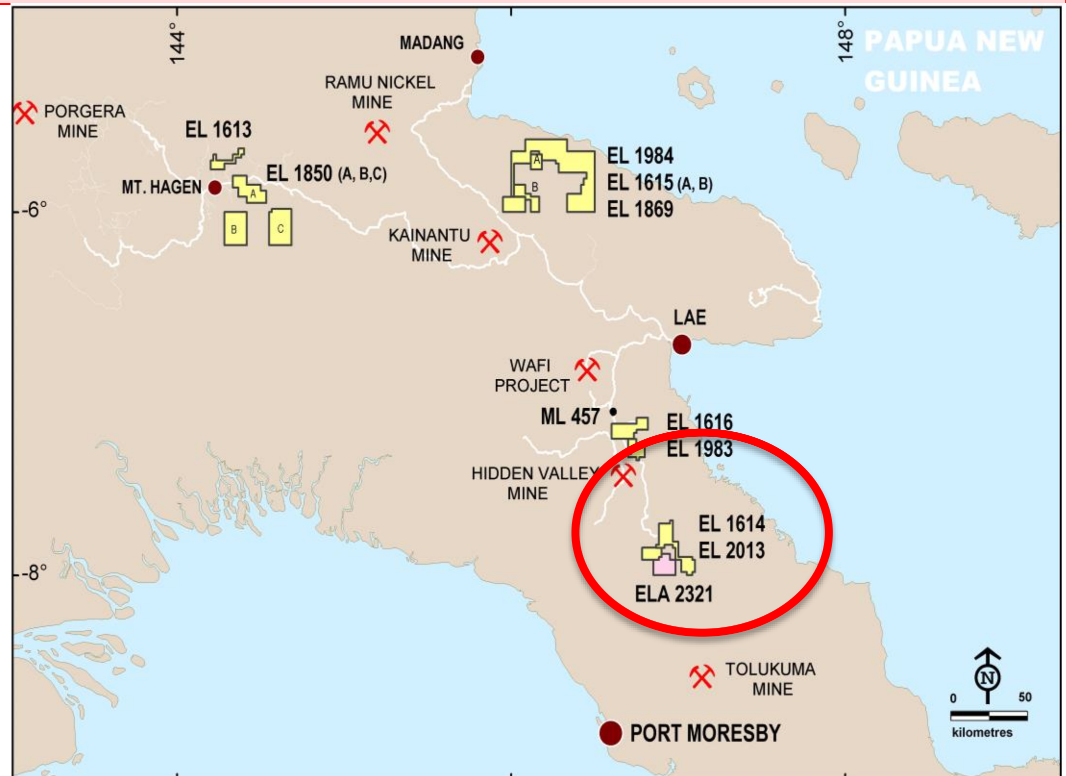
GARAINA PORPHYRY AND EPITHERMAL TARGET

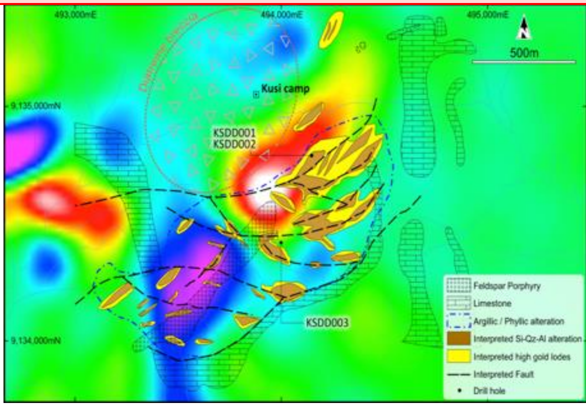
Exploration success story

- Virgin discovery by PNR in 2011 with rapid progression relative to other known PNG projects.
- Detailed magnetic surveys and petrology confirm porphyry copper-gold potential.
- Kusi surface anomaly > 1.5km x 1km.
- Drilling intersected classic porphyry style mineralisation.
- **Farm out and JV agreement with MGL Limited in place. All current work is at MGL's expense:**
  - **$3 million spent to date;**
  - **Required to spend a further $3 million before initial interest is earned;**
  - At PNR's election MGL can increase their interest to 70%. If this occurs **MGL must complete $15M of exploration expenditure over a further 3-year period**.

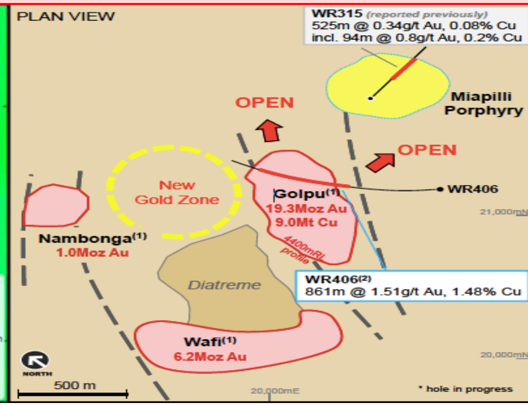


Seven additional exploration tenements concentrated in 3 project areas including advanced alluvial projects and highly prospective copper-gold porphyry exploration areas.

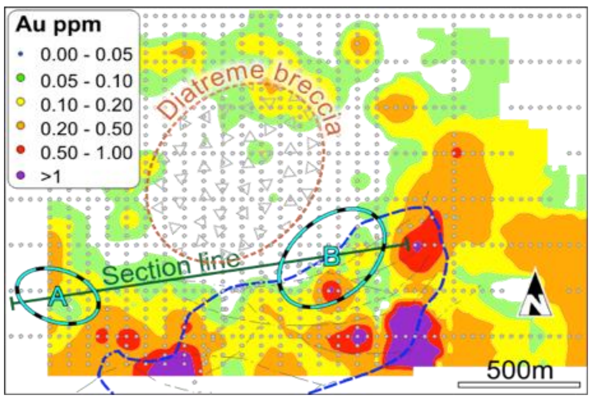
EXCITING INITIAL DRILLING RESULTS

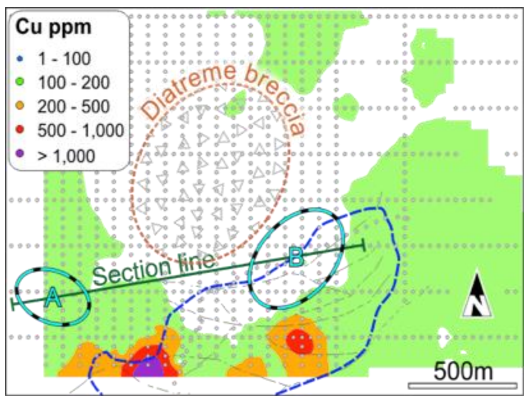


Kusi Magnetics showing interpreted diatreme and potential porphyry bodies highlighted (red)



Wafi Resource Plan view. Current resource is stated at 460 MT @0.77 g/t Au &0.81% Cu for 11.4 Moz Au & 3.73 Mt Cu **(From Newcrest Mining Website)**





Gold and copper in soil samples correspond well with magnetic anomalies.

- Drilling targeting known zones of high and low magnetic susceptibility.
- High grade gold identified in both zones drilled to date, with vectors indicating a potential porphyry deposit in the zone of magnetic destruction.
  - **20m @ 2.89g/t** (with 2.0m of core loss) **from 107m, including 11m @ 4.72g/t** (with 1.4m of core loss) **from 114m.**
  - **35m @ 3.04g/t from 136m, including 4m @ 18.75g/t from 160m, and 11m @ 8.24g/t from 160m.**
  - High-grade intercepts sit within an overall broad alteration zone of **106m @ 1.32g/t from 109m.**
  - **61m @ 306ppm Mo from 202m, including 1.7m of core loss.**

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NEAR TERM PRODUCTION
EXCELLENT EXPLORATION UPSIDE

POSITIVE CASHFLOW FROM HALLS CREEK IS PACIFIC NIUGINI's FOCUS

- Excellent drilling program results.
- Infrastructure including processing plant in place, located adjacent to major sealed highway, sealed air strip, and associated infrastructure.
- Financing activities well advanced.
- Permitting activities well advanced.
- NEAR TERM PRODUCTION FROM NICOLSONS IS A REALITY

EXPLORATION POTENTIAL IN PNG IS HUGE AND DE-RISKED

- Exciting discovery at Garaina with JV partner meeting expenses. Project provides major upside potential for the company.
- Excellent initial drilling results demonstrate the large potential of the system.
- Large alluvial projects with approvals in place for mining at Widubosh ML457.
- Good potential for further partnership with third parties to retain-cost neutral positions and massive project upside.