Pacific Niugini

QUARTERLY REPORT
*Ending March 31, 2015*

## *Key Highlights*

### *Underground Mining Underway at Nicolsons Mine, Halls Creek*

The January 2015 quarter provided further rapid development of the Nicolsons Mine near Halls Creek in Western Australia. **All site works were progressed in line with the project schedule and underground development commenced during March**:

- Project financing was completed with the completion of a $3.92 million rights issue, and execution of a $9.2 milllion gold pre payment facility with the Commonwealth Bank (CBA).
- Commencement of site operations in late February 2015. Works undertaken during the quarter included:
  - Remediation of the existing open pit to allow for access to the underground portal location (works complete);
  - Dewatering of the open pit (works complete);
  - Commencement of tailings storage facility construction (works ongoing);
  - Commencement of the ore processing facility refurbishment (works ongoing);
  - Establishment of site infrastructure (works ongoing).

  Construction activities are advancing in accordance with the project works schedule and are on track for completion by the end of the June quarter. Production activities are expected to commence shortly thereafter.
- PNR earned a further 15% project interest to a total equity position of 80% upon completion of the gold pre-payment facility. PNR's JV interest is now 80% with its 20% equity partner contributing to project costs in accordance with its equity interest from January 1st 2015.

### *Papua New Guinea*

- Subsequent to the end of the quarter, Pacific Niugini terminated the Garaina Farm-in agreement with MGL Limited. MGL failed to meet the requirements for earning an interest in the project and as such Pacific Niugini retains a 100% interest in the project.
- Pacific Niugini has progressed discussions with several parties relating to potential joint venture arrangements to further advance the project. Several project reviews by third parties are pending and Pacific Niugini is confident that it will identify a suitable partnership which maximises the potential value of the project while minimising cost exposure.

### *Corporate*

- Pacific Niugini issued a total of 78,490,785 shares as a result of the 1:4 rights issue which closed in January 2015. Total ordinary shares on issue at the 31st of March 2015 were 392,453,924.
- The company ended the quarter with cash of $11.2m. The current rights issue combined with project financing for Nicolsons is expected to fulfil Company funding requirements prior to positive cashflow from Nicolsons mine.

**Enquiries**

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# About Pacific Niugini Limited

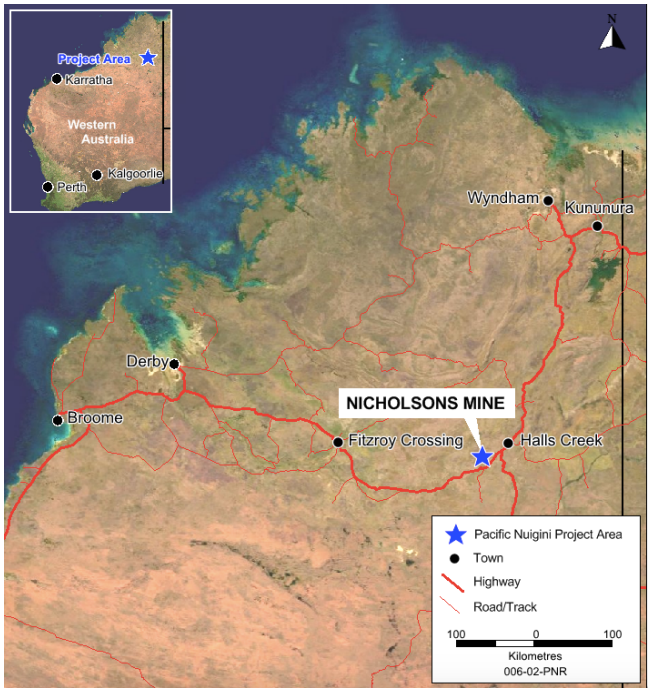
The company has emerged from its beginnings as an exploration company working solely in Papua New Guinea into an emerging gold producer through the acquisition of an 80% interest in the Halls Creek Gold Project in the Kimberly Region of Western Australia. The Project provides the company with a platform for development and operation of its first producing gold asset, which includes an existing high-grade gold resource (260,000oz) and a 150,000 tonne per annum processing plant at the Nicolsons Mine. Pacific Niugini is the sole manager of the project through its wholly owned subsidiary Halls Creek Mining Pty Ltd.

Pacific Niugini commenced construction works at the project during February 2015 and is aiming to commence production in Q3 2015. Site works are on track to achieve the production objective.

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. The company's key discovery is the Garaina Prospect in the Morobe Province, where surface sampling, geophysical data and drilling results demonstrate the potential for a world class discovery of epithermal gold and/or porphyry copper-gold deposits.

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 future opportunity for production for the company.

**Underground development underway at Nicolsons.**




**Halls Creek Project Location**

# Activities Report

## Halls Creek Project (PNR 80%) – Western Australia

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

Pacific Niugini acquired the project during April 2014, and took possession of the site in May 2014 enacting its rapid development plan for the project at that time.

Pacific Niugini is currently developing the Nicolsons mine, an underground development with first production scheduled in the September 2015 quarter.

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). Once the Nicolsons mine is in production, the company's exploration objective is to increase the near mine resources at Nicolsons while developing and extending the current resource base immediately beneath and down plunge of the existing open pit.

Pacific Niugini is funding its 80% equitable interest in the project, while its equity partner is funding its 20% equitable interest.

**Quarterly Progress – Nicolsons Mine**

The March 2015 quarter saw the continued rapid development of the Nicolsons Project continue with key outcomes including the completion of project financing, and commencement of project site works. Project development was well underway by the end of the quarter.

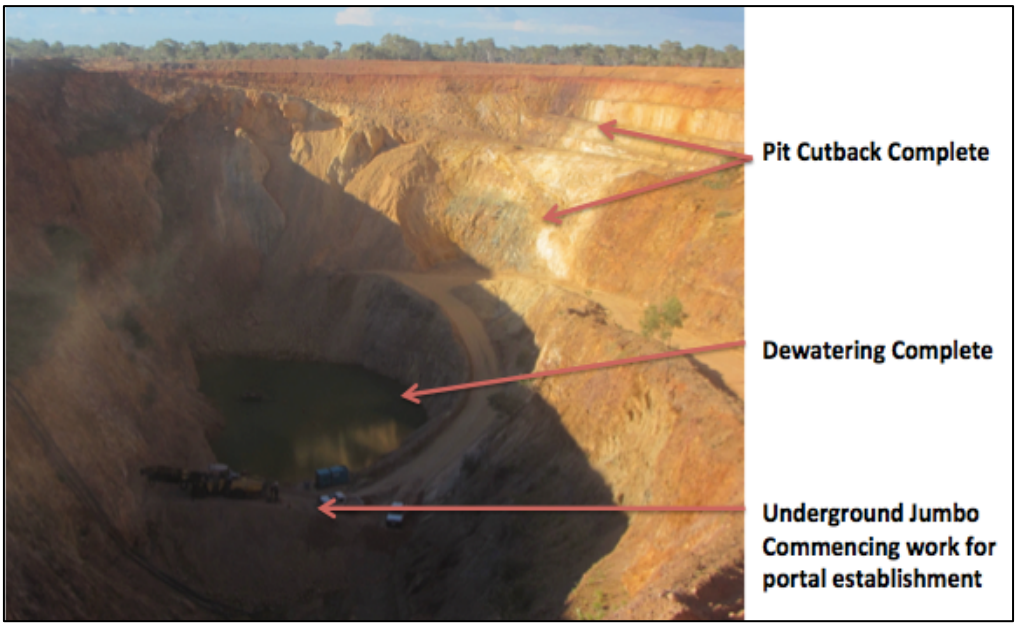
***Project Financing*** – Pacific Niugini has entered into a gold pre-payment facility with the Commonwealth Bank of Australia (CBA). The $9.2 million facility involved the repayment of 6,562 ounces of gold over a 21 month period commencing November 2015. The number of ounces to be repaid is fixed irrespective of gold price, providing revenue certainty to the project. In addition to the gold pre-payment, Pacific Niugini hedged 15,076 ounces of gold at A$1,568 per ounce over the same period, providing further income security to the project.

In addition to the gold pre-pay finance, Pacific Niugini closed its $3.92 million rights issue fully subscribed in January 2015, securing the project's financial position.

***Project Works***

Project site works commenced on 18 February 2015, only 10 months after acquisition of the project. Major works undertaken during the quarter included:

**Open pit reinstatement and dewatering** – remediation of the open pit was advanced rapidly and earth works were essentially complete by mid-March. Open pit dewatering commenced during the last week of February and was completed within approximately three weeks as planned. Mine services were installed following the completion of dewatering, allowing commencement of underground mining prior to the end of the quarter.




**Before and After – A comparison of the mine prior to commencement in February and approximately 1 month later on the 18th of March.**

**Underground Mining –** Securing the pit faces around the portal locations was undertaken immediately after completion of dewatering. The portal was established prior to the end of March, with several development rounds completed prior to the end of the period.

**Portal established and development underway – 30 March.**

**Tailings Facility** – Clearing for the TSF commenced during February, and works were well advanced by the end of March, including completion of clearing and grubbing, completion of the key trench and commencement of wall construction.

Construction material is being won from the existing waste dump, which is adjacent to the TSF. Material has been found to be ideal for the construction with the required compaction being achieved with minimal effort.

**Tailings Storage Facility construction**

**Processing Plant** – Refurbishment works for the processing plant commenced on the 2nd of March, and major components were removed and transported to Perth for overhaul during the month. Works on site are progressing well and in accordance with the work schedule, with electrical, guarding and structural works all well advanced at the end of the period.

**Removing the secondary crusher for refurbishment in Perth**

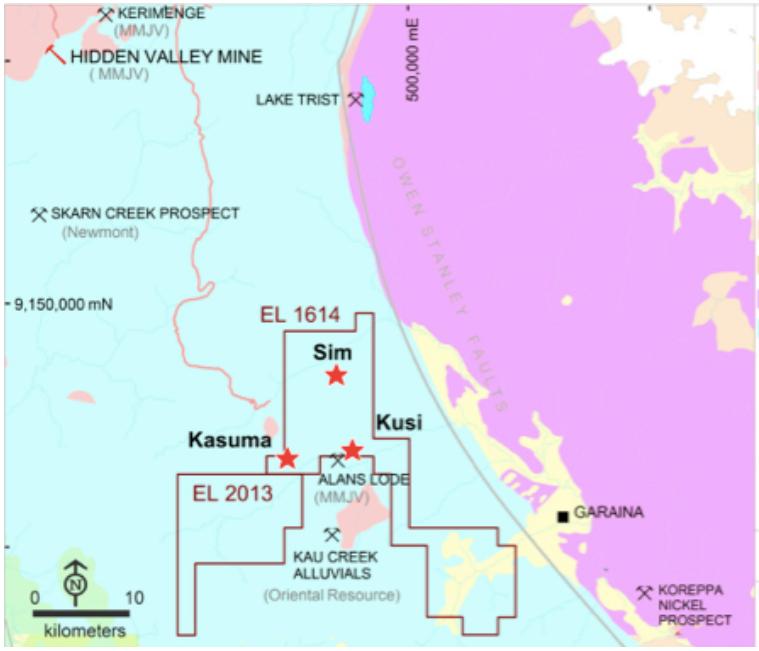
Construction activities at the site continue, with completion due early in Q3 2015, and first production expected late July/early August 2015 in accordance with the project schedule. The project is currently fully manned with approximately 40 personnel on site. Manpower will reduce significantly during May when TSF earthworks are completed and will continue to reduce further as other site works are completed.

Staff are working on a fly in-fly out roster and residing in existing accommodation in Halls Creek, eliminating the requirement for a site based camp and minimising onsite staffing requirements.

# 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.



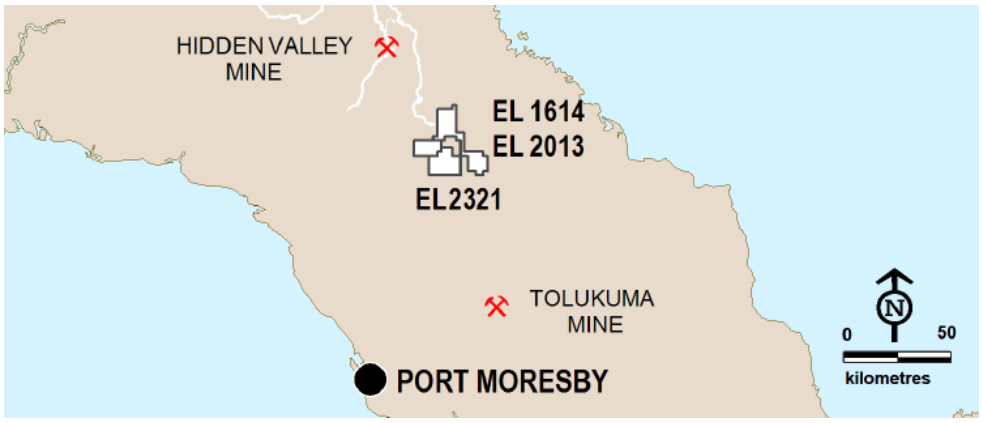

PNR discovered significant surface mineralisation at the Kusi Prospect in January 2011 and since that time has completed extensive exploration programs with exciting surface exploartion and drilling results.

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.

## QUARTERLY ACTIVITY

MGL did not conduct further exploration during the quarter and the camp at Garaina remains on care and maintenance. Pacific Niugini terminated the MGL Joint Venture agreement subsequent to the end of the quarter, as it became clear that MGL did not have the capacity to fulfil its earn-in requirements. Despite recent cash flow issues, MGL completed approximately $3 million of project expenditure. Work undertaken during the earn-in period has added significant value to the project with several broad drilling intercepts demonstrating the high potential of 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, and received grant of the exploration lease during the quarter.



Pacific Niugini now has 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 the fully permitted Widubosh Project (ML 457). ML457 lies approximately 10km north of EL1616 near the confluence of the Bulolo and Watut Rivers. PNR handed management of the project to PNGFP during the quarter, but still retains its full project rights, which include the requirement of a unanimous decision from both parties prior to approval of any project activities or expenditure. The parties are not planning to conduct fieldwork during the current quarter.

PNGFP has indicated that it intends to relinquish its 30% interest in EL1616 which will result in PNR retaining a 100% interest in the tenement. The transfer of the tenement interest from PNGFP to PNR has not yet occurred.

# Corporate Information

Pacific Niugini made a number of changes to its corporate structure during the quarter. As a result of the CBA financing package PNR completed a 1:4 rights issue which was fully subscribed, raising $3.92 million.

The gold prepayment facility reported above was executed on the 24th of February 2015 with Pacific Niugini receiving $9.2 million for pre-payment of 6,524 ounces of gold. The prepayment facility was completed at a gold price of $1,575 per ounce before fees and charges.

| | |
|---|---|
| Cash On Hand | $11,226,000 |
| Debt | 6,524 Ounces Au repayable November 2015 – September 2017 |
| Shares | 392,453,924 |
| Options- Employee incentive | 6,650,000 |
| Performance Rights | 4,500,000 |
| 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 |
|---|---|---|
| ***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.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *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, mineralogy and structural measurements. All core is photographed for future reference.<br>• Manual Trenches/Costeans are logged on field note books or using field maps.<br>• All core and trenches are logged.<br>• 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.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *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.*<br>• *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.<br>• Chips undergo total preparation.<br>• Samples undergo fine pulverisation of the entire sample in accordance with the independent certified laboratory's procedures.<br>• 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.<br>• The sample size is considered appropriate for the grain size of the material being sampled.<br>• 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.*<br>• *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.*<br>• *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;<br>  ○ A 50g sample undergoes fire assay lead collection followed by flame atomic adsorption spectrometry.<br>  ○ Quality control is ensured via the use of standards, blanks and duplicates.<br>  ○ ICP samples are assayed in an independent certified laboratory using validly calibrated equipment.<br>• No significant QA/QC issues have arisen in recent drilling results.<br>• These assay methodologies are appropriate for the resource in question. |
| ***Verification of sampling and assaying*** | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification,* | • Anomalous intervals as well as random intervals are routinely checked assayed as part of the internal QA/QC process.<br>• Blanks and laboratory standards are routinely assayed in |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | accordance with laboratory procedure.<br>• Primary data is loaded into the drill hole database system and then archived for reference.<br>• 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.<br>• 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.*<br>• *Specification of the grid system used.*<br>• *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.<br>• All drilling and resource estimation is undertaken in WGS84.<br>• 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.*<br>• *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.*<br>• *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.*<br>• *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.<br>• 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.*<br>• *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.<br>• 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.<br>• All PNG EL's and ML's are 100% owned with the exception of EL1616 (70%), and ML457 (50%).<br>• 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.<br>• There are no known issues regarding security of tenure.<br>• 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:*<br>  ○ *easting and northing of the drill hole collar*<br>  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>  ○ *dip and azimuth of the hole*<br>  ○ *down hole length and interception depth*<br>  ○ *hole length.*<br>• *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.*<br>• *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.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • Results are reported on a length weighted average basis.<br>• Results are un-cut<br>• 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.<br>• No metal equivalent values are reported. |
| ***Relationship between*** | • *These relationships are particularly important in the reporting of Exploration Results.* | • Interval widths are down hole width and may not represent |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***mineralisation widths and intercept lengths*** | • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>• *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').* | 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...<br>• 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).*<br>• *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.<br><br>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.<br>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.<br>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.<br><br>HQ 3 Diamond drilling was conducted for geotechnical and assay data. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | 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.<br>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.<br>Diamond drilling was logged to geological boundaries and is considered quantitative. 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.<br>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-splitting purposes, several spears through the entirety of the drill spoil bag |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | were taken in a systematic manner to minimise bias.<br>Core was cut under the supervision of an experienced geologist, and 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 20m 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.<br>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.<br>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 other locations used in Mineral Resource estimation.* | 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 30 m thereafter. Later drilling was downhole surveyed using a Reflex |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | 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:<br>GDA94_EAST =NIC_EAST * 0.9983364 + NIC_NORTH * 0.05607807 + 315269.176<br>GDA94_NORTH = NIC_EAST * (-0.05607807) + NIC_NORTH * 0.9983364 + 7944798.421<br>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.*<br>*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 such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* | Tenements containing Resources and Reserves are 49% held by Pacific Niugini subsidiary company Halls Creek Mining. They are: M80/343, 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).<br>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.<br>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.<br>Mineralisation is strongly correlated with discontinuous quartz veining and with Fe-Si-K alteration halos developed in the wall rocks to the veins. The |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | 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-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.<br>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.<br>(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:*<br>○ *easting and northing of the drill hole collar*<br>○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>○ *dip and azimuth of the hole*<br>○ *down hole length and interception depth*<br>○ *hole length*<br>*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.<br>Drill holes 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.* | 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 drill hole |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br><br>*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').* | deviation which decreases or increases the intersection angle, but not to a significant extent.<br>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 drill hole intercepts currently available from the current program are included in the release.<br>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).*<br><br>*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.*<br><br>*If no site visits have been undertaken indicate why this is the case.* | 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.* |
| *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.<br>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 |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | 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 variables of economic significance (e.g. sulphur for acid mine drainage characterisation).* | No deleterious elements have been estimated. Arsenic is known to be 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. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *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.<br>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 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.* | Metallurgical testwork has shown acceptable (> 95%) gold recovery using CIP technology. No factors from the metallurgy have been applied to the estimates. |
| *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.*<br><br>*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.*<br><br>*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.<br><br>Bulk density estimates used were:<br>Oxide All: 2.0 $t/m^3$<br>Transitional All: 2.4$t/m^3$<br>Fresh Rowdies and Wagtails: 2.7$t/m^3$<br>Fresh Nicolson's: 2.9$t/m^3$ |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *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 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.* | 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 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 | Quarter ended ("current quarter") |
|---|---|
| 30 003 207 467 | 31 March 2015 |

### Consolidated statement of cash flows

| | | Current quarter $A'000 | Year to date (6mths) $A'000 |
|---|---|---|---|
| **Cash flows related to operating activities** | | | |
| 1.1 | Receipts from product sales and related debtors | - | - |
| 1.2 | Payments for (a) exploration & evaluation | (6) | (104) |
| | (b) mine pre-development & exploration | (617) | (1,892) |
| | (c) production | - | - |
| | (d) administration | (193) | (637) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 13 | 45 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid (Rebate) | - | - |
| 1.7 | Other (provide details if material) | - | - |
| | **Net Operating Cash Flows** | (803) | (2,588) |
| | **Cash flows related to investing activities** | | |
| 1.8 | Payment for purchases of: (a) prospects | - | - |
| | (b) equity investments | - | - |
| | (c) other fixed assets | (1,219) | (1,253) |
| 1.9 | Proceeds from sale of: (a) prospects | - | - |
| | (b) equity investments | - | 1 |
| | (c) other fixed assets | 81 | 104 |
| 1.10 | Loans to other entities | (654) | (654) |
| 1.11 | Loans repaid by other entities | - | - |
| 1.12 | Other (provide details if material) | - | - |
| | **Net investing cash flows** | (1,792) | (4,802) |
| 1.13 | Total operating and investing cash flows (carried forward) | (2,595) | (4,390) |

+ See chapter 19 for defined terms.

| | | | |
|---|---|---|---|
| 1.13 | Total operating and investing cash flows (brought forward) | (2,595) | (4,390) |
| | **Cash flows related to financing activities** | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 3,925 | 3,925 |
| 1.15 | Proceeds from sale of forfeited shares | | |
| 1.16 | Proceeds from borrowings | 9,200 | 9,200 |
| 1.17 | Repayment of borrowings | | |
| 1.18 | Dividends paid | | |
| 1.19 | Other (provide details if material) | (103) | (103) |
| | **Net financing cash flows** | 13,022 | 13,022 |
| | **Net increase (decrease) in cash held** | 10,427 | 8,632 |
| 1.20 | Cash at beginning of quarter/year to date | 797 | 2,595 |
| 1.21 | Exchange rate adjustments to item 1.20 | 2 | (1) |
| 1.22 | **Cash at end of quarter** | 11,226 | 11,226 |

## 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 | 167 |
| 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 (Gold Prepayment) | 9,200 | 9,200 |
| 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) | |
| 4.2 | Project Evaluation and Development | 2,500 |
| 4.3 | Production | - |
| 4.4 | Administration | 300 |
| 4.5 | Plant and equipment | - |
| | **Total** | **2,800** |

# 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 | 1,404 | 77 |
| 5.2 | Deposits at call | 9,822 | 720 |
| 5.3 | Bank overdraft | | |
| 5.4 | Other (provide details) | | |
| | **Total: cash at end of quarter** (item 1.22) | 11,226 | 797 |

+ See chapter 19 for defined terms.

## 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 | 65% | 80% |
| | | E80/3861 | | 65% | 80% |
| | | E80/4458 | | 65% | 80% |
| | | E80/4459 | | 65% | 80% |
| | | M80/0343 | | 65% | 80% |
| | | M80/0355 | | 65% | 80% |
| | | M80/0359 | | 65% | 80% |
| | | M80/0362 | | 65% | 80% |
| | | M80/0471 | | 65% | 80% |
| | | M80/0503 | | 65% | 80% |
| | | E80/2394 | | 65% | 80% |

+ 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<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 | +**Ordinary securities** | 313,963,139 | 313,963,139 | | |
| 7.4 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 | +**Convertible debt securities** (*description)* | - | - | | |
| 7.6 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted | - | - | - | - |
| 7.7 | **Options** *(description and conversion factor)*<br><br><br>**Performance Rights** | 150,000<br>500,000<br>2,000,000<br>2,000,000 | | *Exercise price*<br>17 cents<br>18.5 cents<br>9 cents<br>Nil | *Expiry date*<br>07/03/2016<br>30/05/2016<br>21/11/2016<br>21/11/2016 |
| 7.8 | Issued during quarter<br>*Options*<br><br>*Performance Rights* | | | | |
| 7.9 | Exercised during quarter<br>*Options*<br><br>*Performance Rights* | | | | |

+ See chapter 19 for defined terms.

| | | | | | |
|---|---|---|---|---|---|
| 7.10 | Expired during quarter<br>*Options*<br><br>*Performance rights*<br><br>Cancelled during quarter<br>*Options*<br><br>*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 give a true and fair view of the matters disclosed.

Sign here: David Okeby (Company secretary) Date: 24 March 2015.

Print name: David Okeby.

## 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.