

Pacific Niugini Raises \$3.3 Million in Convertible Notes Issue, Appendix 3B & Cleansing Notice

The board of Pacific Niugini Limited (PNR) is pleased to advise that it has issued convertible notes to the value of \$3.3 million dollars to sophisticated investors. Key terms of the notes include:

Notes Issued – 3,300.

Face Value – \$1,000 per note.

Coupon Rate – 8% per annum, payable six monthly in cash or shares at the election of the note holder.

Conversion – Notes can be converted to ordinary shares at \$0.06 per share.

Bonus Options – One option will be issued per share converted in the first year and one option will be issued per two shares converted after the first year.

Term – Notes mature on the 31st of December 2017 unless the existing Commonwealth Bank (CBA) facilities have not been discharged. If CBA facilities are not fully discharged, maturity will be two months after the discharge of the CBA facilities.

While the ASX announcement of 29/6/2015 contemplated notes to be issued up to a total value of \$3.0 million, The board resolved to increase the total issued due to strong over-subscriptions in order to better underpin the final development requirements of the mine.

An Appendix 3B and Cleansing Notice are attached to this announcement.

Operational Update

The company advises that the development of the Nicolson's mine and associated infrastructure is continuing as planned. Underground development has now intersected the ore zone on the first level with assay results pending, however quartz veins visually consistent with the known mineralisation at Nicolson's have been noted.

The underground decline is now progressing in good ground, and the issues with partially oxidized material encountered higher up in the decline appear to have passed.

The processing plant refurbishment is well advanced, with commissioning planned for late July and first ore production expected during August 2015. All other required infrastructure is in place.

Pacific Niugini Chairman Peter Cook said "The issue of these convertible notes will allow the company to complete the development of the Nicolson's mine where profitable operations are expected in calendar year 2015. The notes are unsecured and convert at 6 cents per share, which is 20% higher than the purchase price for existing share holders under the proposed entitlements issue which we intend to lodge with the ASX shortly. The mine development is now well progressed with production imminent and we invite all share holders to further participate when the planned rights issue is released to the ASX and is opened for acceptance."

Ends

Enquiries

Paul Cmrlec, Managing Director, (08) 9215 6005

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

PACIFIC NIUGINI LIMITED

ABN

30 003 207 467

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Convertible Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 3,300 Convertible Notes each with a face value of \$1,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Principal terms of the Convertible Notes: <ul style="list-style-type: none">• A Maturity Date of 31st December 2017• Convertible to fully paid ordinary shares at any time prior to maturity date• Conversion price of \$0.06 per share |

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+ See chapter 19 for defined terms.

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New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Conversion shares rank equally in all respects from the date of issue with the existing class of fully paid ordinary shares.</p>
<p>5 Issue price or consideration</p>	<p>\$1,000 per convertible note with a conversion price of \$0.06 per share</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Funds raised through issue of the convertible notes will be used primarily to fund the development of the Company's Nicolson's Gold Mine at Halls Creek in Western Australia</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>25th November 2014</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>Convertible Notes convertible into 55,000,000 fully paid ordinary shares</p>

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6d	Number of +securities issued with security holder approval under rule 7.1A	N/A	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of securities issued under an exception in rule 7.2	N/A	
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A - complete Annexure 1 and release to ASX Market Announcements	Remaining 7.1 capacity -3,868,089 Remaining 7.1A capacity - 39,245,393	
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	14/7/2015	
8	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in section 2 if applicable)	Number 392,453,924	+Class Ordinary Shares

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	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	
	6,650,000	Unlisted employee options, various conversions and dates.
	4,500,000	Unlisted employee performance rights.
	3,300	Convertible Notes each with face value of \$1,000
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company does not have a dividend policy.

Part 2 – Bonus issue or pro rata issue N/A

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their	N/A

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- entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 – Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

- 1 – 1,000
- 1,001 – 5,000
- 5,001 – 10,000
- 10,001 – 100,000
- 100,001 and over

37 A copy of any trust deed for the additional +securities

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Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

40 Do the +securities rank equally in
all respects from the date of
allotment with an existing +class
of quoted +securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next
dividend, (in the case of a
trust, distribution) or interest
payment
- the extent to which they do
not rank equally, other than in
relation to the next dividend,
distribution or interest
payment

41 Reason for request for quotation
now

Example: In the case of restricted securities, end
of restriction period

(if issued upon conversion of
another security, clearly identify
that other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

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Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: 14/7/2015
Director

Print name: Paul Cmrlec
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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

N/A

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	313,963,139
Add the following: <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <i>Note:</i> <ul style="list-style-type: none"> • Include only ordinary securities here – other classes of equity securities cannot be added • Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed • It may be useful to set out issues of securities on different dates as separate line items 	78,490,785 – Exception 1 - -
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	-
“A”	392,453,924

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Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	58,868,089
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Convertible Notes convertible into 55,000,000 fully paid ordinary shares
“C”	55,000,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	58,868,089
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	55,000,000
Total [“A” x 0.15] – “C”	3,868,089

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	392,453,924
Step 2: Calculate 10% of “A”	
“D”	0.1 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	39,245,392
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	-
“E”	-

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Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	39,245,392
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	-
Total ["A" x 0.10] – "E"	39,245,392 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.

14th July 2015

The Manager Announcements
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

NOTICE UNDER SECTION 708A(12D) OF THE CORPORATIONS ACT 2001 (CTH) (“Act”)

The Company gives this notice pursuant to Section 708A(12D) of the Act (as notionally inserted by ASIC Class Order 10/322) in relation to the issue of Convertible Notes as set out in the attached Appendix 3B.

The Company issued the Convertible Notes without disclosure to investors under Part 6D.2 of the Act.

The Company, as at the date of this notice, has complied with:

- (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
- (b) section 674 of the Act.

As at the date of this notice, there is no information to be disclosed that is excluded information under section 708A(7) of the Act, that is reasonable for investors and their professional advisers to expect to find in a disclosure document other than as set out in this notice.



Paul Cmrlec
Managing Director