Pacific Niugini

ANNOUNCEMENT

10th November 2014

Pacific Niugini advises re-start estimate and Probable Reserve for Nicolsons

The board of Pacific Niugini ("PNR") is pleased to advise that it has competed its re-start estimate for the Nicolsons Project near Halls Creek in Western Australia (Pacific Niugini 49% increasing to 80%, Bulletin Resources (ASX:BNR) 51% decreasing to 20%). PNR Has notified BNR that it has completed expenditure to reach 65%.

PNR has also declared its maiden Mine Reserve for the project.

Mine restart and operating estimate

The estimate demonstrates a robust project with modest capital requirements and strong operational cashflows targeting 130,000 tonnes per annum.

Pacific Niugini has focused on a plan that restores the existing on-site processing plant at its current capacity. The mine plan involves the development of a small scale underground mine from the base of the existing open pit. Process plant and mine operators are to be directly employed by PNR, and underground mining equipment is to be dry hired for initial operations, minimising pre-production capital as far as practicable.

Key outcomes of the estimate include:

Capital plant and equipment cost - $5.4 million (including 12% contingency)
Tailings Storage Facility - $1.20 million (including 12% contingency)
Pre-production mine development cost - $4.1 million

Total Pre- Production Capital - $10.7 million

Mined Ounces (Indicated and Inferred) – 110,450 Oz Gold
Recovered Ounces (indicated and Inferred) – 106,000 Oz Gold
Assumed Gold Price – A$1,400/Oz
Total sustaining cost per ounce (excluding capital P&E) - A$854/Oz
Capital P&E cost per ounce - A$107/Oz

Initial Mine Life – 4.5 years, including 6 months of pre-production activities.

Net Profit (pre-tax) - $58 million
Net Profit (after tax) – $50 million
NPV (8%) – $42million
IRR – 162%

The re-start estimate has been developed by an owner's team working closely with expert industry consultants. Key consultants involved in development of the mine plan include:

- CAD Group – Processing and electrical;
- AMC Consultants – Geotechnical;
- RGeo Services – Resource Modelling;
- Clarke Lindbeck and Associates – Environmental and Permitting;
- Rockwater Pty Ltd – Hydrology;
- Metallurgy Matters – Metallurgical.

The mine estimate includes Indicated and Inferred Resources, with approximately 79% of the mine plan (86,600 ounces) coming from Probable Reserves. Approximately 21% of the mine plan (23,600 ounces) is from Inferred Resources, which are not classifiable as Probable Reserves under the JORC code. The estimate confirms the viability of the mine even if Inferred Resource ounces are excluded completely, with all in sustaining costs maintained at below A$1,000 per ounce in a Reserve only model.

Results of the recent drilling program by PNR (detailed in the September 2014 Quarterly Report) indicated that it may be possible to mine sections of the orebody at substantially higher grades than are currently modeled.

The mine plan currently only contemplates underground mining of the Nicolsons deposit. Additional resources along strike at Rowdies and Wagtail are yet to be assessed for inclusion in the mine plan. The previous owner had declared Reserves at Wagtail and Rowdies in compliance with the JORC 2004 code, however PNR has not yet calculated a Reserve in compliance with JORC 2012 at those deposits. Reviews of the additional resources will be undertaken in parallel with mine development.

The Company considers the potential for extension of resources and reserves at the project to be high, and the resources at Nicolsons are currently open in all directions.

Resource Update and Probable Reserve Estimate

The restart estimate, which has included comprehensive review and design of all elements of the operation has resulted in the estimation of a Probable Reserve in accordance with JORC 2012.

The Nicolsons underground mine **Probable Reserve is 435,455 tonnes @ 6.17 g/t for 86,362 ounces of gold**. The reserve estimate takes into account appropriate mining dilution and recovery factors. The reserve is not modified for metallurgical recovery, which has been demonstrated to be 96% during metallurgical testwork.

As part of the review of the Nicolsons Project, the resource mode has been revised. Experienced resource geologists RGeo Services was engaged to complete the estimate suitable for underground mining under the supervision of the Competent Person. The review resulted in a reduction in the overall ounces primarily due to the removal of low grade ounces (at 0.6 g/t cut off) previously included for open pit planning. PNR does not consider the excluded material to be economic under current conditions and the proposed mine plan. The revised estimate for Nicolsons, along with the existing estimates for the Rowdies and Wagtail deposits is set out in the table below.

Deposit	**Tonnes**	**Grade (g/t)**	**Gold ounces**
Nicolson's			
Indicated	573,610	6.55	120,795
Inferred	195,042	6.75	42,328
Total	**768,652**	**6.60**	**163,123**
Wagtail/Wagtail North			
Indicated	236,000	4.6	35,000
Inferred	17,000	3.4	2,000
Total	**253,000**	**4.5**	**37,000**
Rowdies			
Indicated	52,000	4.4	7,000
Inferred	13,000	4.7	2,000
Total	**65,000**	**4.5**	**9,000**
Total Resources	**1,086,652**	**6.0**	**209,130**

Table 1 – Lamboo Resources including the revised Nicolsons resource at a cut off grade of 2.5 g/t. Rowdies and Wagtail resources have cut off grades of 0.6 g/t. Rounding errors may be included in the table.

Commenting on the re-start estimate, Managing Director Paul Cmrlec said *"this is a fantastic result for the re-commencement of Nicolsons. The project team that we have pulled together is committed to recommencing production at Halls Creek in the most efficient way possible and we will pursue the finalisation of permitting requirements as an absolute priority. PNR aims to commence site works early in 2015, with first production by mid-year."*

Ends

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The information in this report that relates to exploration and mineral resources is based on information compiled by Mr. Peter Cook (B.Sc. Geol)) MAusIMM 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.

The information in this report that relates to exploration and mineral resources is based on information compiled by Mr. Paul Cmrlec (B. Eng (mining) (hons)), MAusIMM who is the Managing Director of Pacific Niugini Limited. Mr. Cmrlec 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. Cmrlec consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

JORC 2012 Table 1 declaration

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	The Nicolson's deposit has been sampled predominantly by RC and minor historical RAB about the Nicolson's open pit area. The Wagtails and Rowdies deposits were sampled mainly by RC with follow-up aircore. Holes were sampled on 1 m increments, or 3 m increments above the known mineralisation. Anomalous intercepts from the 3 m increments were re-split into 3 1 m increments. Samples from the current drill program are RC collars with diamond drill tails. All assays in this release are from diamond drill core. Core was sampled in 1m intervals, or in accordance with observed geology for shorter runs.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	For RC drilling, measures taken to ensure sample representivity include the presence of a geologist at the rig whilst drilling, cleaning of the splitter at the end of every 3 m drill string, confirmation that drill depths match the accompanying sample interval with the drilling crew and the use of duplicate and lab/blank standards in the drilling programme. For diamond drilling, measures taken include regular survey of drill holes, cutting of core along the orientation line where possible, and half core is submitted to an accredited laboratory. Industry standard blanks and standards are also submitted and reported by the laboratory. Drilling is completed in HQ3.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	Historical holes - RC and aircore drilling was used to obtain 1 m samples from which 2 - 3 kg was crushed and sub-split to yield 250 for pulverisation and then a 40 g aliquot for fire assay. Upper portions of deeper holes were composited to 3m sample intervals and sub-split to 1 m intervals for further assay if an anomalous composite assay result was returned. For later drilling programmes all intervals were assayed. Current Program – HQ3 core is logged and sampled according to geology, with only selected samples assayed. Core is halved, with one side assayed, and the other half retained in core trays on site for further analysis. Samples are a maximum of 1m, with shorter intervals utilised according to geology.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.*	RC drilling was completed with several rigs. All RC rigs used face sampling hammers with bit size of 140 – 146mm. Historical holes used a 130 mm bit size). Aircore drilling was completed by the RC rig with an aircore bit assembly. RAB drilling (20 holes only in the Nicolson's pit area) is historical and details are unknown. HQ 3 Diamond drilling was conducted for geotechnical and assay data. Holes from the current program do not form part of the current resource estimate. Diamond holes were oriented using a Reflex orientation tool. Diamond holes were geologically and geotechnically logged.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	All holes were logged at site by an experienced geologist. Recovery and sample quality were visually observed and recorded. Recovery for older (pre 2011) holes is unknown.
	Measures taken to maximise sample recovery and ensure representative nature of the samples	All drilling was completed within rig capabilities. Rigs used auxiliary air boosters when appropriate to maintain sample quality and representivity. Where aircore drilling could not provide sufficient penetration an RC drilling set-up was used.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	There is no known relationship between recovery and grade. Diamond drilling of oxide and transitional material in previous campaigns noted high core loss in mineralised zones. No core loss was noted in fresh material. Good core recovery has generally been achieved in all sample types in the current drilling program.

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.*	Geological logging parameters include: depth from, depth to, condition, weathering, oxidation, lithology, texture, colour, alteration style, alteration intensity, alteration mineralogy, sulphide content and composition, quartz content, veining, and general comments. Geotechnical logging of diamond holes included the recording of recovery, RQD, structure type, dip, dip direction, alpha and beta angles, shape, roughness and fill material of fractures
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	All drill chips were logged on 1 m increments, the minimum sample size. A subset of all chip samples is kept on site for reference. Diamond drilling was logged to geological boundaries and is considered quantatative. Core was photographed.
	The total length and percentage of the relevant intersections logged.	All drilling has been logged apart from diamond drill pre-collars.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Core samples were saw in half with one half used for assaying and the other half retained in core trays on site for future analysis.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	RC drill chip samples were collected with either a three-tier, rotary or stationary cone splitter depending on the drill rig used. Aircore drill samples were subset using a 3 tier riffle splitter. Most (> 95%) of samples are recorded as being dry.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	All RC and aircore sample splitting was to 12.5 % of original sample size or 2 – 3 kg, typical of standard industry practice. Samples greater than 3 kg were split on site before submission to the laboratory. For core samples, core was separated into sample intervals and separately bagged for analysis at the certified laboratory.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	The cyclone and splitter were cleaned every rod string and more frequently when requested by the geologist. In the case of spear sampling for re-splitting purposes, several spears through the entirety of the drill spoil bag were taken in a systematic manner to minimise bias. Core was cut under the supervision of an experienced geologist, was routinely cut on the orientation line.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Duplicate samples were taken every 20 m from a second cut of the splitter in the case of a cone splitter, or from a reject split in the case of a riffle splitter. Certified standards were inserted into the sample batch at a rate of 1 in 20 throughout all drilling programmes.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Gold at Hall's Creek is fine- to medium-grained and a sample size of 2 – 3 kg is considered appropriate. Half core is considered appropriate for diamond drill samples.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The Bureau Veritas lab in Perth has ISO-9001 and ISO14001 certification. Gold assays are determined using fire assay with 40g charge and AAS finish. Other elements were assayed using acid digest with ICP-MS finish. The methods used approach total mineral consumption and are typical of industry standard practice.
	For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical logging of drilling was performed. This is not relevant to the style of mineralisation under exploration.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established	Lab standards, blanks and repeats are included as part of the QAQC system. In addition the laboratory had its own internal QAQC comprising standards, blanks and duplicates. Sample preparation checks of pulverising at the laboratory include tests to check that the standards of 90% passing 75 micron is being achieved. Follow-up re-assaying is performed by the laboratory upon company request following review of assay data. Acceptable bias and precision is noted in results given the nature of the deposit and the level of classification. Early drilling shows a pronounced negative bias with several of the external

Criteria	JORC Code explanation	Commentary
		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 survey tool. Mine workings (open pits) were surveyed by external surveyors using RTK survey equipment. A subset of historical holes was surveyed to validate collar coordinates.
	Specification of the grid system used.	The project lies in MGA 94, zone 52. Local coordinates are derived by conversion: GDA94_EAST =NIC_EAST * 0.9983364 + NIC_NORTH * 0.05607807 + 315269.176 GDA94_NORTH = NIC_EAST * (-0.05607807) + NIC_NORTH * 0.9983364 + 7944798.421 GDA94_RL =NIC-RL + 101.799
	Quality and adequacy of topographic control.	Topographic control uses DGPS collar pickups and external survey RTK data and is considered adequate for use.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Drill hole spacing at Nicolson's is generally between 10 m by 10 m and 30 m x 30 m in the upper areas of the deposits and extends to 50 m x 50 m at depths greater than 200 m. The drill spacing at Wagtail and Rowdies is generally 20 m x 20 m with some areas of 10 m x 20 m infill.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The Competent Person is of the view that the drill spacing, geological interpretation and grade continuity of the data supports the resource categories assigned.
	Whether sample compositing has been applied.	Sample compositing to 3 m occurred in holes above predicted mineralised zones. Composite samples were re-assayed in their 1 m increments if initial assay results were anomalous.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Drilling is predominantly at 270^{o} to local grid at a dip of -60^{o}. Local structures strike north-south on the local grid and dip at 60^{o}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). The NFSZ comprises a NNE-trending anastomosing system of brittle-ductile shears, characterised by a predominantly dextral sense of movement. The principal shear structures trend NNE to N-S and are linked by NW, and to a lesser extent, by NE shears. Individual shears extend up to 500m along strike and overprint the earlier folding and penetrative cleavage of the HCO. The overall geometry of the system is characterized by right step-overs and bends/jogs in the shear traces, reflecting refraction of the shears about the granite contact. Within this system, the NW-striking shears are interpreted as compressional structures and the NE-striking shears formed within extensional windows. Mineralization is primarily focussed along NNE trending anastomosing systems of NNE-SSW, NW-SE and NE-SW oriented shears and splays. The NNE shears dip moderately to the east, while the NW set dips moderately to steeply to the NE. Both sets display variations in dip, with flattening and steepening which result in a complex pattern of shear intersections.. Mineralisation is strongly correlated with discontinuous quartz veining and with Fe-Si-K alteration halos developed in the wall rocks to the veins. The NE shears are associated with broad zones of silicification and thicker quartz veining (typically white, massive quartz with less fracturing and brecciation); however, these are typically poorly mineralized. The NW-trending shears are mineralized, with the lodes most likely related to high fluid pressures with over-pressuring and failure leading to vein formation. Although the NE structures formed within the same shear system, the quartz veining is of a different generation to the mineralized veins. Individual shears within the system display an increase in strain towards their centres and comprise an anastomosing shear fabric reminiscent of the pattern on a larger scale. (Adapted from Robertson(2003))

Criteria	JORC Code explanation	Commentary
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Table 1 and Figures 1 - 3 summarise all drilling used in the resource estimation. Drillholes used in the Nicolson's Resource estimate included 242 RC and 20 RAB holes for a total of 1,338m within the resource wireframes. Rowdies drilling included 36 RC and 2 aircore holes (AC) for a total of 241 m of intersection within the resource wireframes. Wagtail North comprised 84 RC and 6 AC holes for 553 m of intersection with the resource wireframes. Wagtail South comprised 23 RC and 20 AC holes for 203 m of intersection within the resource wireframes.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	Drill results as reported are composited intersections within the interpreted mineralisation wireframes which form the basis of the resource. Intercepts are composited from 1 m sample increments and no weighting other than length is applied. The Lower cut-off grade is a nominal 0.5g/t Au with a minimum 2m downhole length above 200 mRL and a nominal 1.0g/t Au with a 1 m minimum downhole length below 200 mRL. Top cuts for Nicolson's lodes were 40 g/t and 45g/t Au for different domains dependent upon the lode grade distribution. Rowdies, Wagtail North and Wagtail South had top cuts of 20g/t, 45g/t and 50g/t Au respectively.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	All sample intervals within the interpreted wireframe shells were used in the grade estimation.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are used.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *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').*	Drilling is predominantly at 270° to local grid at a dip of -60°. Local structures strike 0° to the local grid and dip at 60°E (i.e. having a 60° intersection angle to lode structures). Deeper holes have some drillhole deviation which decreases or increases the intersection angle, but not to a significant extent. Downhole lengths are reported and true widths are approximately 60 – 90% of down-hole length.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer figures and table in this release.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	All drillhole intercepts currently available from the current program are included or referenced to previous releases in the release. Historical intercepts are included in previous resource reports released to the ASX.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Groundwater is largely confined to fault structures, typical of fracture rock systems with low yields and able to be controlled with air pressure while drilling. Metallurgical and geotechnical work studies have been completed as part of feasibility studies in support of ore reserves with no significant issues noted. No significant deleterious substances have been noted.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or*	Further drilling is underway at Nicolsons. Studies relating to re-starting production activities at the mine are underway..

Criteria	JORC Code explanation	Commentary
	large-scale step-out drilling). *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	

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.*	The database used for the estimation was created using the flat files provided by BNR.
	Data validation procedures used.	PNR performed validation checks on the database and found no significant issues.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the case.*	The Competent Person has not been to site. He is highly experienced in the mineralisation style, and has had experienced geologists working on site under his guidance.*
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* *Nature of the data used and of any assumptions made.* *The effect, if any, of alternative interpretations on Mineral Resource estimation* *The use of geology in guiding and controlling Mineral Resource estimation.* *The factors affecting continuity both of grade and geology.*	· _Historical mining activities At Nicholson's Find provide significant confidence in the geological interpretation of all projects. · _No gross-scale alternative interpretations are currently considered viable, although there is room for refinement of the current interpretation at depth with the acquisition of additional data. · _In all cases the local lithological and structural geology (where available) has been used to inform the interpretive process. All available information from drilling and mapping has been considered during interpretation.
	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.
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.*	The resource is approximately 800m in strike length, and 300m deep. It is considered to be open in all directions.
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.*	For Nicholson's Find modelling and estimation work was undertaken by PNR and carried out in Surpac Vision 6.6 3D mining software. · _Digitised polygons form the basis of the three dimensional orebody wireframe. Wireframing is then carried out using a combination of automated stitching algorithms and manual triangulation to create an accurate three dimensional representation of the sub-surface mineralised body. · _Drillhole intersections within the mineralised body are defined. These intersections are then used to flag the appropriate sections of the drillhole database tables for compositing purposes. Drillholes are subsequently composited to allow for grade estimation. In all aspects of resource estimation the factual and interpreted geology was used to guide the development of the interpretation. · _Once the sample data has been composited, a statistical analysis is undertaken to assist with determining estimation search parameters, top-cuts etc., this is carried out using Snowden's Supervisor. Top cut analysis was

		carried out by assessing normal and log-histograms for extreme values and using a combination of mean variance plots and population disintegration techniques. Variographic analysis of individual domains is undertaken to assist with determining appropriate search parameters. In all cases knowledge of the geology was used to guide the analysis of the variogram fans in determining the orientation of maximum continuity. · _An empty block model is then created for the area of interest; with each ore wireframe used to assign block domain codes which match the flag used for the composites. This model contains attributes set at background values for gold as well as density, and various estimation parameters that are subsequently used to assist in resource categorization. The block sizes used is determined by orebody geometry, minimum mining units, estimation parameters and levels of informing data available. · _Grade estimation is then undertaken, with ordinary kriging estimation as standard. · _No by-products or deleterious elements are estimated. · _No assumptions have been made about the correlation between variables. · _The estimation is validated using the following: a visual interrogation, a comparison of the mean composite grade to the mean block grade for each domain, a comparison of the wireframe volume to the block volume for each domain, Grade trend plots (moving window statistics), comparison to the previous resource estimates and statistical analysis of input v output data. · _The resource is then depleted for mining voids and subsequently classified in line with JORC guidelines utilising a combination of various estimation derived parameters and geological / mining knowledge. · _Broad-scale reconciliation data is available to validate the current estimate.
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content*	Tonnage was estimated on a dry basis.
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied*	The cut off grades used for the reporting of the Mineral Resources have been selected based on the style of mineralisation, depth from surface of the mineralisation and the most probable extraction technique.
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.*	The principle extraction method at both Nicholson's Find is expected to be sub-level open stoping or bench stoping.
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining*	Metallurgical test work has been carried out as part of Bulletin's 2013 feasibility study. No insurmountable issues

	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.	were encountered. · _A past processing history provides confidence in the amenability of Nicholson' Find ore to conventional gold ore processing practices.
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.*	· _All environmental considerations for the Nicholson's Find Project have been considered by PNR during their feasibility study. · _Process waster options, waste water disposal, tailing disposal facilities etc. have all been defined.
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	No specific gravity data was available in the Nicholson's Find database. As such density values were applied in line with those used by Optiro during their 2011 modelling campaign. These densities were calculated from recent (2011) density studies of diamond drill core using a water displacement methodology. · _Densities were assigned based_on weathering_state. Bulk density estimates used were: Oxide All: 2.0 t/m3 Transitional All: 2.4t/m3 Fresh Rowdies and Wagtails: 2.7t/m3 Fresh Nicolson's: 2.9t/m3
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.* *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).* *Whether the result appropriately reflects the Competent Person's view of the deposit.*	Resources are_classified in_line_with_JORC guidelines_utilising a_combination_of_various_estimation_derived parameters,_input data and geological / mining knowledge. · _This approach considers all relevant factors and reflects the Competent Person's view of the deposit.
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates*	· _Resource estimates are peer reviewed by PNR's technical team. · _No external reviews have been undertaken.
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*	· _All currently reported resources estimates are considered robust, and representative on a global scale as demonstrated by the extensive validation process undertaken. · _Local-scale variation at depth is expected as new data is acquired.

	affect the relative accuracy and confidence of the estimate. *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.* *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	The Ore Reserve was calculated using detailed mine designs applied to the current JORC Resource Estimate. The Resource Estimate was completed by highly experienced resource geologists, overseen by the competent person. The Resources Reported are inclusive of the Ore Reserve.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the case.*	The Competent Person has made a number of visits to the site and was heavily involved in preparation of the overall operations plan which was the basis for the Reserve Estimate.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	The study completed to enable the estimation of the Reserve is considered to be a Feasibility level of study. The study utilizes functional mine designs and prevailing industry costs for formulation of the estimate.
Cut-off parameters	*The basis of the cut-off grade(s) or quality parameters applied.*	The fully costed cut off grade is 4.1 g/t. incremental cut off grades for necessary activities were calculated separately, and insitu stope grades (pre dilution) were cut off at 3.5 g/t.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral*	Detailed ore stopes and development drives were designed using Surpac software. It was assumed that stopes would suffer 15% dilution at 0g/t and achieve 95% recovery of diluted tonnes. Ore drives were designed on the basis that drives with less than 60% ore would be resue mined with 30% dilution at 0g/t and 100% recovery. Drives not resue mined were recovered with 0% dilution and 100% recovery. All Reserve tonnes are extracted using underground methods. Uphole benching is the primary mining method and is considered suitable for the type and geometry of the deposit. Geotechnical factors were estimated by expert geotechnical consultants. Stopes are to be 30m along strike maximum. Where stopes are high grade they will be filled with loose waste to maximise extraction. In lower grade areas, pillares are left as necessary. Stopes ware designed with a minimum width of 1.2m. All

	Resource model used for pit and stope optimisation (if appropriate).	dilution is assumed to have zero gold value. Stopes are assumed to be mined without fill. Mining is by owner operator using leased equipment. Quoted and industry standard rates are assumed.
	• *The mining dilution factors used.*	For stoping 15% dilution at zero grade is used. Ore drives were designed on the basis that drives with less than 60% ore would be resue mined with 30% dilution at 0g/t and 100% recovery. Drives not resue mined were recovered with 0% dilution and 100% recovery.
	• *The mining recovery factors used.*	For development 100% of diluted ore mined is recovered. For stoping 95% of diluted ore is recovered.
	• *Any minimum mining widths used.*	The minimum mining width is 1.2m for stopes.
	• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.*	Inferred resources were included in the full mine plan. For the purpose of testing viability of the Reserve alone, the mine plan was also assessed using Reserves only. The reserve only model was viable with total costs <A$1,000 per Oz.
	The infrastructure requirements of the selected mining methods.	The costs used in the model include all required infrastructure including fixed plant, buildings and magazines, and mine excavations.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	The existing processing plant at Nicolsons uses a conventional CIP circuit, which is appropriate for the style of mineralisation.
	• *Whether the metallurgical process is well-tested technology or novel in nature.*	The CIP process is the conventional gold processing method in Western Australia and is well tested and proven.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	*Metallurgical testwork has been completed for 6 fresh ore samples with varying characteristics. In all cases it is possible to achieve +96% recovery provided that a gravity recovery circuit is employed. A Knelson concentrator is included in the mine plan for that purpose. The recovery assumed is 96%.*
	• *Any assumptions or allowances made for deleterious elements.*	*There are not any know deleterious elements*
	• *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.*	*No bulk sampling or pilot scale testing has been undertaken.*
	For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	*Not applicable*
Infrastructure	*The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	The Nicolsons site has extensive existing infrastructure including a processing plant. The cost to bring all infrastructure back to operating status has been included in the Reserve calculation. The site is near the town of Halls Creek, and availability of accommodation has been confirmed. Transportation costs have been included. Prevailing industry labour rates have been applied.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study*	Capital costs were estimated by identifying capital equipment items and estimating labour and equipment requirements for installation of captal equipment. Whenever possible quoted rates were used.
	• *The methodology used to estimate operating costs.*	Operating costs are calculated from first principles with quotations used when possible. Industry standard rates for labour and equipment were applied to a detailed mine schedule.
	• *Allowances made for the content of*	There are no known deleterious elements and no

	deleterious elements. • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* *The allowances made for royalties payable, both Government and private.*	adjustments have been made. All costs were estimated in Australian dollars, and a gold price of $1400/Oz was utilized. Transport charges were based on quotation. Credit elements including silver were not attributed any value in the calculation and it is assumed that the silver credits received will cover refinement charges. A 2.5% state government royalty was assumed. It was also assumed that Bulletin Resources does not contribute its 20% and a 1% royalty payment to Bulletin was applied.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	Grade is scheduled monthly in a detailed mining schedule. Gold price was assumed to be A$1,400 per ounce. No revenue from silver or any metals other than gold was assumed.
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	Gold prices can be volatile and there are many conflicting positions on the future price of Gold. Pacific Niugini believes that A$1,400 per ounce is a realistic forward price forecast for gold over the life of the proposed mine.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	NPV was calculated with a discount rate of 8% per annum. Due to the short life of the proposed mine, inflation was not applied to costs or gold price.
Social	*The status of agreements with key stakeholders and matters leading to social licence to operate.*	The project is on granted mining leases and the company has an access agreement with the pastoral lease owner who is also the local aboriginal corporation.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	Pacific Niugini's ownership of the project is governed by an Acquisition Agreement with Bulletin Resources. Pacific Niugini is satisfied that it has complied with the requirements of that agreement. Signed transfer documents for the tenements are held by Pacific Niugini, however transfers have not occurred as the Department of State Revenue has not completed a Stamp Duty Assessment, and Stamp Duty must be paid prior to transfer of tenements. The Acquisition Agreement protects PNR's interest in the period prior to transfer. PNR lodged its Mining Proposal and Closure Plan to the DMP in August 2014 and believes that it is close to receiving approval for mining of the deposit. PNR is continuing to liaise with the department to expedite approvals.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the*	The reserve has been derived from Indicated Resources, and no Measured Resources are identified in the resource model.

	Competent Person's view of the deposit. *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	Recent drilling indicates that the ore may be narrower but higher grade in some sections of the Resource. The competent person is satisfied that the total gold to be recovered and the costs applied are suitable for the deposit.
Audits or reviews	*The results of any audits or reviews of Ore Reserve estimates.*	No audits or reviews have been completed.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve 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 reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *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.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	The Probable Reserve is primarily based on RC drilling. Recent diamond drilling indicates that ore may be narrower but higher grade. A comparison of gram metres in the model vs gram metres in drilling indicated that the total ounces in the Reserve are reasonable and may be conservative. No modifying factors apart from those set out in this Table 1 have been included.