

5 December 2014

## **PNR secures Gold Prepay Financing Proposal from CBA for the development of the Nicolson's Gold**

Pacific Niugini Limited "PNR" is pleased to advise that following receipt and evaluation of several mine financing proposals, PNR has agreed to a financing proposal from the Commonwealth Bank of Australia "CBA" for the Nicolson's Project near Halls Creek in Western Australia.

Under the proposal PNR has mandated CBA to complete a Secured Gold Prepay and Mandatory Hedge Facility to enable the refurbishment and development of the Nicolson's Project. Under the mandate and current agreed terms, CBA will provide a Gold Prepay Facility of up to A\$11.5 million subject to PNR's ultimate ownership share in the project.

As part of the financing package PNR will be required to fund an amount of equity normal for secured facilities of this nature. As such, the company will complete a 1 for 4 rights issue at 5 cents per share. If fully subscribed, the rights issue will raise approximately A\$3.93M. The issue is not underwritten, however the Board reserves the right to place any shortfall and pay usual brokerage fees to any party assisting in placement of any shortfall.

Commenting on the funding facility, Managing Director Paul Cmrlec said:

"Pacific Niugini is delighted that CBA, through the proposed financing package, has shown its strong support for the project, management and the company. PNR is now in a position to accelerate activities on the site to ensure that production targets are met. Both parties are now working to ensure that due diligence and finance documentation is completed as a matter of priority.

"The proposed rights issue gives our loyal shareholders an opportunity to participate in the development of the project in order to maximise their direct benefit from the company's transition to production. The board has appreciated the fantastic support that it has received from its shareholders throughout the prolonged market negativity which has been endemic in the entire equities market."

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**Key elements of the financing proposal include:**

***A Gold Prepay Facility, with fixed repayments in physical gold***

The number of ounces re-payable is dependent on the AUD gold price at the date of financial close.

The number of ounces to be repaid will be varied up or down dependent on the spot gold price at the time of execution. The proposed repayment structure delivers 9,275 ounces based on a spot price of A\$1,370 per ounce. The Gold Prepay Facility is to be repaid monthly over twenty three months, commencing nine months from the date of financial close.

***A mandatory Hedging Facility to provide cashflow certainty over the life of the Prepay Facility.***

The Hedging Facility is for scheduled deliveries over the same period as the Gold Prepay Facility. Hedged ounces are to be finalized at the time of execution, and are expected to be approximately 20% of forecast production at current gold prices.

The Hedging Facility requires quarterly gold deliveries commencing nine months after the execution of loan documents.

***Conditions Precedent to Financial Close***

Conditions precedent to Financial Close are usual for a facility of this nature and include satisfactory completion of technical and legal due diligence, finalisation of approvals processes, facility documentation and the required equity component to be contributed by PNR.

Ends

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