

21st May 2013.

Caldera Project, Mexico - Update

Pacific Niugini advises that testing at the Caldera project in Mexico is well underway, with highly encouraging initial results.

The 10 tonne per hour testing plant, which Pacific Niugini designed and constructed in-house, has been commissioned on site and is generating concentrates for laboratory test work and assaying.



The Caldera project consists of approximately 6,900 Ha of area considered prospective for gold in colluvium, zero strip ratio open-pit mining and gravity gold concentration. As previously advised (ASX: 4th December 2012) the vendors completed extensive testing within approximately half of the tenement areas. Grades noted in professionally prepared reports by geological consultants have consistently been between 0.1 and 0.8 g/t gold.

Gold recovered from sampling by the vendors in 2005



Previous sampling at the deposit has included rudimentary gold panning tests, and larger scale bulk sampling using standard gravity recovery plants. The most recent sampling prior to Pacific Niugini involvement was by Resource Development Inc. of Colorado, who reported an average feed grade of 0.57 g/t for a 950kg bulk sample.

Limited drilling previously completed by the vendors has confirmed the existence of gold in colluvium to depths of 40m below surface. Geophysical modeling of the colluvium profile has suggested that it extends further than two hundred metres below surface, however testing for gold below 40 metres has not yet been undertaken.

Initial bulk sampling and validation programs by Pacific Niugini have revealed the occurrence of coarse and fine gold in the concentrates, consistent with historical images and works provided by the vendors. Samples will be further refined and assayed in laboratory conditions to confirm in-situ grades.

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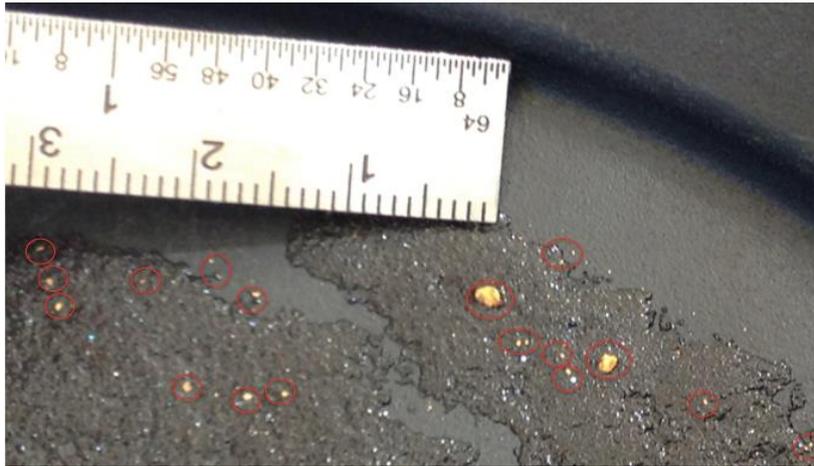
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Concentrate produced by Pacific Niugini in initial commissioning samples

Pacific Niugini is systematically bulk sampling the areas of known mineralisation as defined by previous exploration works, by digging pits to 12m depth and processing of the material through a new purpose built gravity recovery plant in controlled conditions. The initial area of bulk-testing and validation comprises approximately 150 Ha that will be comprehensively tested with grid based pitting over the ensuing two to three months. Following this, Pacific Niugini hopes to be in a position to make a decision for development of the project. Once in production, Pacific Niugini intends to test the area and depth extents of the colluvium profile in order to understand the full potential of the project.

Taking into consideration the availability of Pacific Niugini's existing production plant (nameplate capacity of 8 to 10 million tonnes per annum), mining and processing operating costs for the project are expected to be in the range of \$2.10 to \$2.80 per tonne. These will be validated in final costing studies, which will be undertaken in parallel with the testing program.

Pacific Niugini continues to be impressed by the favorable project logistics and can-do attitude of its Mexican work force. Project partners (and project vendors) Minera Global del Pitic have continued to offer outstanding support to the testing operations, and have demonstrated their determination for the project, and the working partnership to succeed. Both parties are clearly focused on achieving production in the shortest possible time frame and will continue to work together closely to achieve the outcome.

Ends.

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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 2004 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.

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