

16th August 2013.

Bulk Testing Update – Caldera Project

Pacific Niugini advises that it has received initial testing data from the Caldera project in Mexico, with further results pending. The testing program to date has involved the excavation of 29 test pits to a depth of approximately 12 metres, and one deep pit excavated 24 metres in order to test continuity of mineralisation at depth.

The program has proceeded by processing bulk samples through a two stage jig plant, with concentrates from that equipment then further upgraded using an 8" Knelson concentrator. The Knelson concentrate was then analysed using screen fire assay techniques to establish total gold content. Samples of jig plant tailings have also been processed using the Knelson concentrator in order to assess jig losses.

Data received so far has shown that:

- All samples have contained free gold in varying amounts;
- The Knelson concentrator consistently recovers 95 – 100% of the gold contained in the jig concentrates, demonstrating that the Knelson concentration method is an effective process for upgrading gold won in the gravity jigs;
- The gold particles vary in size from very fine (-60µm) to coarse (+1mm).



Picture: Typical free gold regularly noted in concentrates



Picture: Knelson concentrator in action

Following receipt of the initial assay data and metallurgical analysis it has been concluded that the total mass recovered by the jigs in the test-plant during the initial phase has been relatively low, potentially causing reduced recovery of gold to concentrates.

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Whilst significant gold has been consistently reported in the concentrate back calculated recovered grade of the feed material has been below expectations, and below that of previous testing data provided and performed by the current project owners, Minera Global del Pitic.

Pacific Niugini remains confident that a viable solution for project development can be attained, however regrettably additional sampling data and metallurgical test work is required to validate the previous sampling and to evaluate the commercial potential of the project.

The previously reported results were overseen, collated and presented by reputable industry consultants. Pacific Niugini is assessing the reasons for variation in the outcomes of the two separate sampling programs, including potential for gold losses in the jig concentration process, and in the laboratory sampling process. Pacific Niugini also considers that variability may be a factor within the agglomerate beds as a whole, and that larger scale sampling may be required. As a result, several initiatives will be undertaken:

- The gravity recovery jigs have been reset to maximise the volume of material reporting to concentrate to be fed into the Knelson concentrator;
- 4 bulk samples of approximately 300 tonnes each will be mined and processed from the areas with historically high gold yields;
- Gold from the bulk samples will be processed to produce physical gold by a local gold producer in order to eliminate any potential sample bias in laboratory samples;
- Extensive tailings sampling and assaying will be undertaken to determine if gravity and/or non-gravity recoverable gold is present; and
- Selected samples will be fed directly to the Knelson concentrator to confirm that no significant gold is being lost in the jig samples.

The additional testing program is expected to take approximately one month to complete and results will be reported as they come to hand.

In parallel to the extended bulk-testing programs, Pacific Niugini has commissioned detailed studies on the size analysis of the gold bearing gravels at the University of Sonora. Sizing of the samples from the intended initial 300 tonne bulk sample is complete, with assaying to commence in the coming days. This work is expected to further confirm insitu grades which have been previously reported.

Whilst Pacific Niugini regrets that further work is required beyond the initial sample data prior to production, it remains positive that the project has potential for a sound economic 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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