

30th May 2013.

Garaina Farm-out Deal Proceeding

Pacific Niugini is pleased to advise that it has completed formal binding farm-in and joint venture agreements with MGL Limited regarding the Garaina Project in PNG.

The details of the agreement were previously reported to the ASX on 3rd of April 2013 when a binding MOU was in place. Key terms of the agreement include:

- MGL will spend \$6 million on exploration to earn 50.1% of the project.
- A minimum of \$3,000,000 and 2,500 metres of diamond drilling are required to be completed before MGL can withdraw from the Farm-in. Further, MGL is required to pay PNR any shortfall in expenditure in the event that MGL wish to exit early.
- Once MGL has earned 50.1% interest, PNR can elect to either contribute to maintain its 49.9% interest and a Joint Venture will be formed.
- PNR can elect to further dilute to a 30% interest. IF this occurs MGL must carry the next \$15m of exploration expenditure over a further 3-year period to earn a further 19.9% interest (70% total interest).
- Once MGL has earned a 70% interest a Joint Venture will be formed.

MGL have advised that they intend to commence work in the June/July 2013 period, and it is anticipated that drilling will commence within two to three months of the commencement of fieldwork at the site.

Pacific Niugini is to undertake fieldwork on behalf of MGL, substantially reducing the company's risk exploration cost base in Papua New Guinea in the medium term, allowing the continued progression of the Caldera Project in Mexico.

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. David Osikore (B.Sc. Geol) MAusIMM who is a full time employee of Pacific Niugini Limited. Mr. Osikore 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. Osikore 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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