

25th September 2013.

Drilling commencing at Garaina

Pacific Niugini Limited (“PNR”) is pleased to advise that it has completed mobilization of a contracted drill rig to the Garaina Project in PNG over the past three days. The Kusi Prospect at Garaina was identified by PNR following extensive trench sampling and geophysical surveys over the area. The prospect lies on a transfer fault cross cutting the Owen Stanley Ranges – this is a geological setting analogous to most of the known world-class deposits already defined in PNG.

The Garaina Project is the subject of a farm-out agreement with MGL Limited (“MGL”) with PNR undertaking fieldwork on MGL’s behalf. Under the terms of the agreement, MGL will spend \$6 million to earn 50.1% of the project. A minimum of \$3,000,000 and 2,500 metres of diamond drilling is required to be completed before MGL can exit the project, and MGL is required to pay PNR any shortfall in expenditure in the event that MGL wish to exit early. It is expected that the minimum work commitment is likely to be completed during this drilling campaign.

Once MGL has earned 50.1% interest, PNR can elect to either contribute to maintain its 49.9% interest, or to allow MGL to earn a further 19.9% interest (70% total interest) by spending a further \$15 million during the following three years.

An initial 3 drill sites have been identified and prepared, and MGL Limited have prioritized targets based on a combination interpretation of their own field geological observation, and geochemical sampling and geophysical (magnetic) survey data collected by PNR prior to the agreement. Drilling is expected to be underway in the next two to three days.

MGL General Manager, Dr Mark Lindsay previously stated "MGL have traversed and re-mapped the trenches excavated by Pacific Niugini at the Kusi deposit. This work has re-affirmed the strong potential for discovery of a large copper-gold porphyry and epithermal gold deposit at Garaina, and there is evidence of mineralisation at a regional scale, which could lead to multiple discoveries in the area once appropriate exploration has been completed. MGL has designed the first 3 drill holes for the upcoming campaign, and expects to commence drilling during August 2013".

Pacific Niugini Managing Director said “We are very pleased that MGL have got on with developing and executing its drilling program at Garaina in accordance with the plan that they set out at the time of completing the deal. This initial drilling program holds significant potential to transform the company’s exploration efforts in PNG, and allows PNR to continue to pursue production opportunities”.

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Testing at Caldera has continued in the laboratory, and with selected additional bulk field samples. Once the final results from the current round of testing are known, Pacific Niugini will be in a position to make a decision regarding its continued involvement. This is expected to take approximately 2 weeks from today. Pacific Niugini has continued to seek gravity gold production opportunities, and is currently in discussions with the holders of Mexican projects, which are not associated with the Caldera Project. It is expected that agreement will be reached on at least one of the numerous additional opportunities in the near term.

Ends.

Enquiries –

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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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