

30th May 2012.

## Gravel Bulk Sampling Update – Widubosh & Bulolo Projects

### Widubosh Testing Results (PNR 50%)

Pacific Niugini advises that it has now received final assay results from its first phase of bulk testing of ML457 – Widubosh. The sampling program continues to show good alluvial gold distributed within the gravel beds. Sampling was completed by bulk testing an approximate 10 tonne sample from each vertical metre (to 6 metres depth, total of 60 tonnes per pit) on pits spaced at approximately 300m x 300m spacings.

Sample collection and gold recovery was tested using three separate methods to ensure that grade estimation of the free gold in the samples is representative. Fire assay of head samples, gravity concentration using a Mozley concentrator, and Bulk Leach Extractable Gold (BLEG) tests were completed. Assay results using the three methods of analysis compare well, suggesting that grade estimation of the samples is within acceptable tolerances. The conclusions from this first phase of sampling are:

- Assay results from sample pits are highly variable with average grade estimates from bulk samples varying from 0.035g/m<sup>3</sup> to 1.05 g/m<sup>3</sup>.
- Lower grade areas may be influenced by previous mining activity, near surface wash and depletion zones.
- Drill testing has estimated gravels to be up to 30m thick and deeper testing of the gravels is required.
- Heavy minerals including gold and magnetite are recovered efficiently at the Widubosh Project using simple jig gravity plants, and laboratory test work has shown that magnetic separation of the concentrate is highly effective in removing magnetic portions without any substantial loss of gold.
- Gold assays for several individual one metre intervals within test pits show higher grades than average pit grades highlighting the huge variability.
- A better understanding of controls on the high-grade areas may identify significant areas of economical zones that can be selectively mined as opposed to an overall bulk mining scenario for Widubosh and further bulk sampling may be required prior to making a development decision.

Detailed results from the sampling program are presented in appendix 1 of this report.

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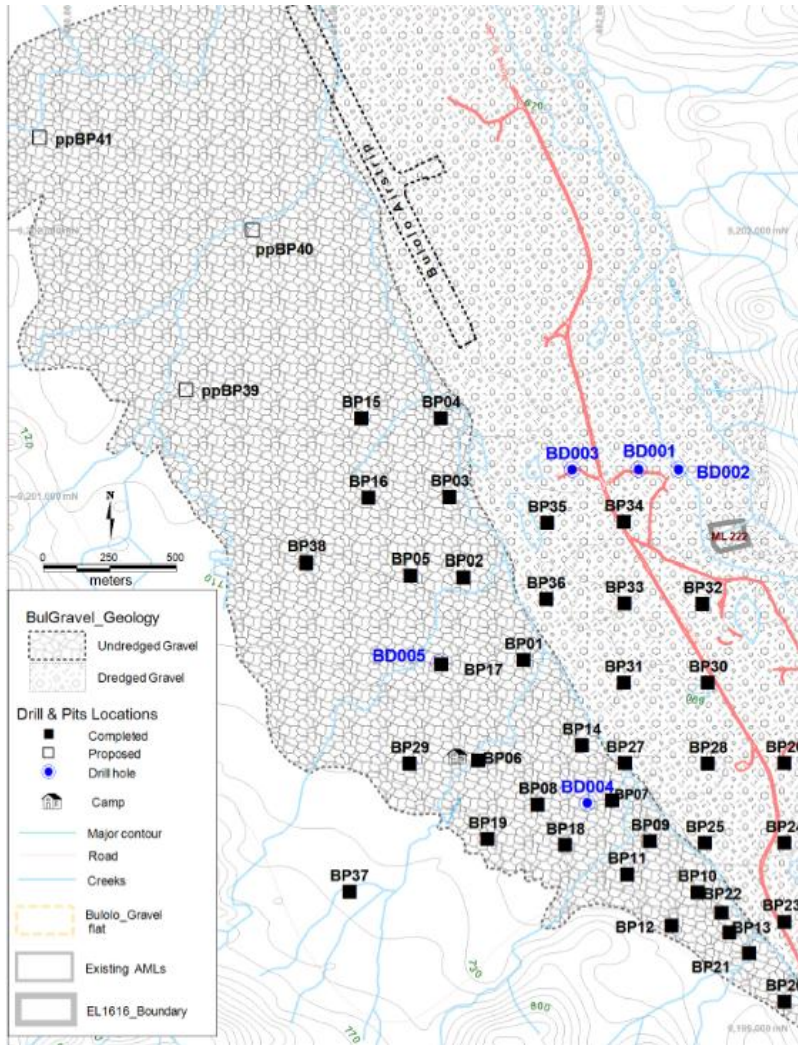
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## Bulk sampling at Bulolo on EL1616 (PNR 70%)

Pacific Niugini has rapidly advanced the bulk sampling of gravels within EL1616 during the past two months using the same methods as applied at Widubosh. The first phase test program on the initial area is expected to be completed by the end of May 2012. A total of 41 test pits have been excavated in the EL1616 testing program. Assay data turn-around and grade estimation is expected to have an approximate a 2-month turnaround.



Testing to date has indicated the presence of both coarse and fine gold. Typically, gravels in the previously undredged Farm area are overlain by several metres of scree, soil and volcanic cover which contains little visible gold in concentrate. The virgin gravels below the cover and gravels from previously dredged areas generally provide consistent shows of gold from the depth of the pit. Concentrate samples have now been dispatched for shipping to Burnie Research Laboratory, where a program similar to that employed for the Widubosh project will be undertaken.

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Pacific Niugini has provided additional resources to Burnie Research Laboratories in order to speed up the turn-around time of assay results from the program. The Joint Venture Parties need to assess the results and may need to perform additional bulk sample test-pitting programs at Bulolo and Widubosh prior to making a final development decision.

In the meantime, despite the stalling of political and statutory processes in PNG as a result of the pending elections, PNR is proceeding with the lodgement of mining and environmental permitting applications to enable exploitation of gold from the gravel beds at each prospect. As previously disclosed the bulk of the plant and equipment required for the gravity processing of the gravels has been acquired and is in a near completed form allowing for a relatively short lead time for construction when a development decision is made.

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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Appendix 1.

Widubosh Bulk Sampling Results

Pit #	Concentrate Grade g/t (Head Assays)	Concentrate Grade g/t (Gravity Separation)	Concentrate Grade g/t (BLEG)	Pit Grade g/m <sup>3</sup> (Head Assays Estimation)	Pit Grade g/m <sup>3</sup> (Gravity Separation Estimation)	Pit Grade g/m <sup>3</sup> (BLEG)	Average Pit Grade using all three methods of analysis (g/m <sup>3</sup> )
3	1.58	2.83	Not completed	0.027	0.048	Not completed	.0373
4	62.27	55.54	Not completed	1.113	0.99	Not completed	1.05
5	0.86	2.78	Not completed	0.019	0.060	Not completed	0.039
6	1.35	1.22	1.30	0.103	0.0925	0.098	0.0981
7	3.90	3.17	2.89	0.217	0.177	0.161	0.185
8	4.23	5.86	4.24	0.067	0.092	0.067	0.075
9	1.96	2.81	2.58	0.0550	0.078	0.072	0.068
10	10.82	8.90	Not completed	0.117	0.097	Not completed	0.107
11	7.82	7.67	6.58	0.103	0.102	0.087	0.098
12	4.48	6.57	6.91	0.0423	0.062	0.065	0.057
13	8.98	7.29	6.80	0.127	0.103	0.096	0.109
14	8.31	7.13	7.05	0.106	0.091	0.090	0.096
15	24.99	20.92	23.75	0.208	0.174	0.198	0.191
16	37.30	38.89	39.80	0.166	0.173	0.177	0.172
17	59.59	56.18	52.40	0.191	0.180	0.168	0.180
18	14.27	9.30	8.79	0.155	0.101	0.095	0.117
19	3.84	4.37	3.89	0.052	0.060	0.053	0.055
20	7.16	6.84	6.81	0.069	0.066	0.066	0.067
21	6.61	6.15	6.15	0.071	0.066	0.066	0.067
22	11.75	10.89	11.15	0.087	0.081	0.083	0.083
23	9.74	9.10	8.47	0.071	0.0667	0.062	0.067
24	12.21	11.56	11.83	0.106	0.099	0.101	0.102
25	4.94	4.46	3.93	0.039	0.036	0.032	0.035
26	8.19	10.37	8.12	0.046	0.057	0.046	0.050

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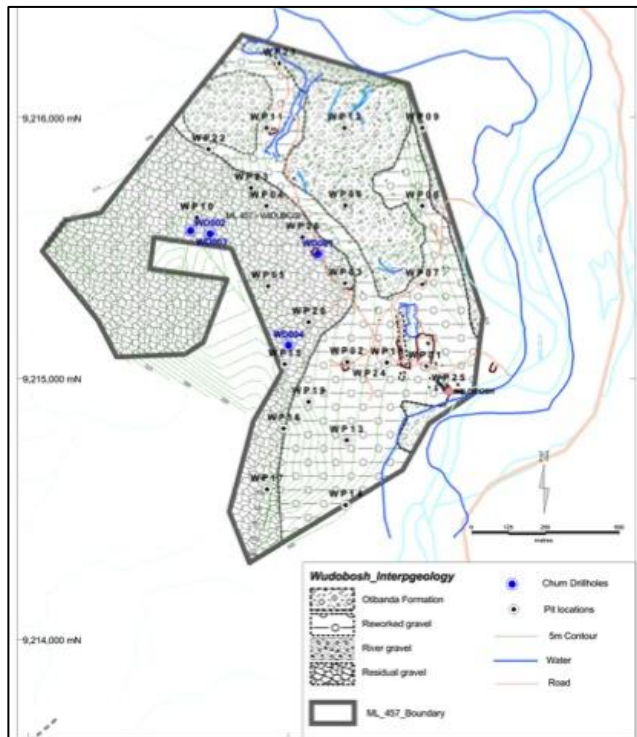
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## Appendix 1 – Test Pit Locations

Details for the location of test pits at Widubosh are provided below.



Pit ID	East (AMG)	North (AMG)	RL(m)	Depth Dug (m)
WP01	0457523	9215045	580	6.0
WP02	0457224	9215656	604	6.0
WP03	0457216	9215364	607	6.0
WP04	0456913	9215660	605	6.0
WP05	0456919	9215353	607	6.0
WP06	0457222	9215662	602	3.0
WP07	0457513	9215360	582	6.0
WP08	0457525	9215656	585	6.0
WP09	0457513	921560	580	4.0
WP10	0456646	9215616	638	6.0
WP11	0456913	9215960	595	6.0
WP12	0457213	9215960	581	3.0
WP13	0457222	9214762	588	6.0
WP14	0457218	9214514	580	6.0
WP15	0456984	9215054	608	6.0
WP16	0456980	9214807	638	6.0
WP17	0456915	9214574	634	6.0
WP18	0457378	9215060	586	5.0
WP19	0457076	9214910	604	4.0
WP20	0457076	9215214	600	6.0
WP21	0456963	9216208	563	6.0
WP22	0456691	9215877	605	6.0
WP23	0456854	9215729	598	6.0
WP24	0457224	9215062	607	6.0
WP25	0457527	9215045	580	6.0
WP26	0457053	9215540	607	6.0

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