



21 April 2011
The Listing Manager
Australian Stock Exchange
123 Eagle Street
Brisbane QLD

Key Terms and Conditions of the contract entered into with Managing Director

Following on the announcement on 4th April 2011 of the appointment of Mr. Paul Cmrlec as Managing Director, the company is pleased to provide details of the key terms and conditions of the contract.

A three year contract commencing 1 April 2011 has been entered into between Berrimil Services Pty Ltd (a company associated with Mr Cmrlec) and Pacific Niugini Ltd (PNR).

Berrimil will provide the services of Mr Cmrlec as Managing Director of PNR for a daily consulting fee capped to a maximum daily amount of \$1,600 per day. The fee is all inclusive, with no additional on-costs to be charged by Berrimil.

Subject to shareholder approval, Mr Cmrlec's remuneration package includes the following incentives, as approved by the Board:-

- (a) Two million options to acquire fully paid ordinary shares in PNR at an exercise price of not less than 120% of the weighted average closing sale price of the Company's fully paid ordinary shares on ASX over the 20 trading days immediately preceding the day on which the Board resolves to issue the options and expiring 3 years from date of issue.

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(b) Two million performance rights to be allotted fully paid ordinary shares in PNR with the following terms and performance hurdles:

- 500,000 shares when PNR records its first commercially viable gold production.
- 500,000 shares when PNR surpasses 50,000 oz of gold production or equivalent production in the case of another metal or commodity in value.
- 500,000 shares when PNR surpasses 100,000 oz of gold production or equivalent production in the case of another metal or commodity in value.
- 500,000 shares if and when the market capitalisation of PNR surpasses AU\$200 million for a minimum continuous period of 20 trading days.

The options and performance rights will be issued under the terms of the Pacific Niugini Ltd's Long Term Incentive Plan (**Plan**). The Company will be providing full details of the Plan at the forthcoming shareholders' meeting

Yours Faithfully,



Dennis Lovell –Company Secretary

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