

16th October 2013.

New Projects in Mexico, and Caldera Project update

Comodin and Elena, Baviacora Project, Sonora Mexico

Pacific Niugini is pleased to advise that it has reached agreement regarding the pilot plant testing and potential acquisition of the Comodin and Elena Mining Concessions in the municipality of Baviacora, Sonora, Mexico. The concession areas total approximately 150 Ha, all of which have been subject to previous alluvial mining and are considered to be prospective for alluvial deposits of a size suitable for Pacific Niugini's large alluvial plant.

At Comodin and Elena, the alluvial deposits are reported to be 10 to 20 m thick, and have immediate potential for 15 to 30 million cubic metres of gold bearing alluvium.

Geologists currently working for Pacific Niugini have previously conducted small scale tests in the tenement area, reportedly with positive results. The area also holds extensive workings by small-scale artisan miners, known locally as Gambusinos.



Pictures – Example of workings by Gambusinos in the Mining Concession areas

The testing agreement provides Pacific Niugini's 100% owned subsidiary company, Sonora Australia Mining ("SAM") exclusive access to the area for the remainder of 2013, and no payments are required to be made in relation to access for testing. Pacific Niugini intends to progress with testing of the alluvial deposits as a priority during the coming weeks to estimate the available quantities and commercial opportunity. Provided that testing is successful, the company expects to finalise an agreement for acquisition of the areas shortly thereafter.

Pacific Niugini confirms that it is in discussions with a number of additional project owners in the region with potential for both alluvial and high-grade hard rock mineralisation. All of the areas have had previous work, some of which dates back to the Spanish Occupation of Mexico, with little or no follow up work since. The company will keep the market informed as the company acquires additional projects.

Caldera Project

Pacific Niugini regrets to advise that results from testing at the Caldera project have continued to be well below expectations and fieldwork has now been completed.

Results from the testing program did not duplicate the reported results of previous pilot scale sampling programs in terms of gravity recoverable gold. The extensive pilot scale gravity test plant results did not achieve recovered gold grades that are attractive for development of an operation. While there is a large

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tenement area that remains untested, the company considers that the risk in expending further funds to test those areas outweighs potential rewards.

Testing has shown that a portion of the gold within the material is not gravity recoverable, accounting for some of the difference between head grades and gravity-recovered grades. At the request of MGP, the project owners, Pacific Niugini has agreed to remain involved with the project and is funding half of the cost of a minor cyanide leaching test. MGP are meeting the remainder of the cost. If this test is unsuccessful, it is unlikely that Pacific Niugini or SAM will undertake any further expenditure on the project.

Importantly, the company has negotiated with the owners of Caldera to remove restrictive area of influence clauses from the Caldera agreement, meaning that SAM is free to pursue additional project opportunities in the region without the obligation of partnering with MGP. Despite the disappointing results, Pacific Niugini and MGP remain in a positive relationship, and may look to undertake larger projects on a partnered basis if they become available.

Pacific Niugini Managing Director, Paul Cmrlec said "While it is extremely disappointing for both PNR and MGP that we have not been successful in identifying economic zones within the Caldera Project to date, the past six months has allowed the company to become securely established in this highly prospective region. Operating conditions in the area are excellent, and we are excited by the opportunities being presented to us on a regular basis. The board firmly believes that perseverance in continuing operations in the area will yield strong success for the company and its shareholders. We will diligently test new projects with a continual focus on cost minimisation and progression to production in the shortest possible time, and these two new concession areas are the first step in securing our long term future in the region."

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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