

1st March 2013.

## Caldera Project Acquisition and Test Program Update

- **Due diligence completed;**
- **Board has approved acquisition;**
- **Test plant constructed and ready for deployment;**
- **Technical team assembled and ready to undertake intensive test program in the ensuing quarter.**

Pacific Niugini is pleased to advise that it has completed its due diligence for the advanced Caldera Gold Project in Mexico, and is proceeding with the acquisition under the terms of the existing MOU, which is intended to be binding on both parties.

During the due diligence period, Pacific Niugini has utilized its engineering capacity to construct a purpose built bulk sampling plant for the project. The plant is similar to that already deployed in Papua New Guinea, but has subtle modifications specifically engineered for feed material from the Caldera Project. The plant has been booked for shipping and is due to land at the port of Manzanillo, Mexico on the 4<sup>th</sup> of April 2013. The Pacific Niugini operations team intends to commission the test plant and commence testing in the first half of April, 2013.



Under the terms of the MOU, Pacific Niugini will design and implement a vigorous testing of the project for gold distribution and gravity gold recovery. Once satisfied that the project is economic, Pacific Niugini is to progress the project to production at its own cost, and will then receive:

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- 85% of profits until all capital expenditure is repaid;
- 70% of profits for the subsequent 50,000 ounces of gold produced;
- 60 % of profits for the following 50,000 ounces of gold produced; and
- 50% of profits for the remainder of the life of the mine.

Further details relating to the agreement, and to the project are contained in the acquisition announcement released to the ASX on the 4<sup>th</sup> of December 2012 and in the December 2012 quarterly report. Both Pacific Niugini and the vendors are working to ensure that the terms of the existing MOU are maintained.

Pacific Niugini owns substantial gravity processing infrastructure and has significant in-house gravity processing expertise, directly applicable to the Caldera project. The company remains focused on transitioning to production in the shortest possible time, and is well positioned to do so following a successful testing campaign.

Ends.

Enquiries – Paul Cmrlec, Managing Director, (07) 3367 3996

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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