

18th August 2014

Nicolsons Mine, Halls Creek

Project Development Update - Drilling re-commences

The Directors of Pacific Niugini Limited (“PNR”) provide the following update on its Nicolsons Project at Halls Creek (PNR 49% and increasing to 80%, ASX:BNR 51%, decreasing to 20% - refer to June 2014 quarterly report for details).

Since assuming management of the Halls Creek Gold Project in May 2014, the company has been completing the necessary reviews, planning and statutory approvals to bring the project back into production as soon and as cost effectively as possible.

Technical reviews completed by PNR have shown that there is significant potential for immediate extensions to known ore resources and that previous RC drilling may have diluted the ore grades and extended ore true thickness. A new diamond drilling program to expand and validate the proposed mining methodology, as well as provide data for mine planning and development has commenced.

PNR has lodged documents with the Department of Mining and Petroleum for approvals and permitting to recommence the operations.

PNR has significantly advanced budgets and works schedules for the recommencement of the operations and is contemplating an operation producing 100,000 to 150,000 tonnes per annum at a grade of 6 to 8 grams per tonne for production of 20,000 to 30,000 ounces per annum.

New Drilling Program

PNR has committed to an initial 10 hole, 2,500m diamond drilling program. Drill crews are currently mobilizing to site, and drilling is expected to commence in the coming days.

The drilling program has three primary objectives being:

- Resource expansion in the highly prospective northern resource area;
- Confirmation of resource grades and widths in immediate mining focus areas, twinning existing RC hole results; and
- Provision of additional mining information for re-commencement planning and cost evaluation.

Pacific Niugini Limited

ABN: 30 003 207 467

Telephone: +61 (7) 3367 3996

Fax: +61 (7) 3368 2998

Email: admin@niugini.com.au

Web: www.niugini.com.au

Postal Address:

PO Box 1578

Toowong QLD 4066

Australia

Head Office:

Unit 14, 46 Douglas Street

Milton QLD 4064

Australia

The drill program is expected to be completed over an approximate 6-week period, and drilling results will be conveyed to the market as they become available.

Approvals and Permitting

PNR submitted a Mining Proposal to the DMP for re-commencement of the operations during the first week of August 2014 and is awaiting feed back from the department.

The mining and development proposal includes refurbishment of the existing processing plant at nameplate capacity of 120,000 tonnes per annum, and mining of the Nicolson's ore body by underground methods.

An alternative small open pit cutback is also being considered ahead of the underground development as an alternative strategy to accelerate early positive cashflow and de-risk ground conditions in initial decline development.

Works Scheduling and Costing

In parallel with the permitting processes, work is underway on the development of detailed budgets and works schedules for:

- Commencement of mining;
- Refurbishment of the processing plant;
- Construction of a tailings facility; and
- Installation of site services and infrastructure.

Key consultants and project staff are well advanced in their planning and assessments, and a detailed budget and works schedule will be finalized in the ensuing months.

Managing Director, Paul Cmrlec said "We are pleased with our progress in planning for the recommencement of operations at the Nicolson's Mine since acquiring and taking management control of the project in May this year. Our technical reviews have presented us an exciting opportunity for resource upgrade potential in the down-plunge zone of the orebody. We may only be playing on the fringes of a larger and more coherent high-grade ore system, which has yet to be tested by drilling down plunge. Our new drilling program is a prudent validation opportunity in the pre-development phase of the mine. Meanwhile, our project team are working to establish a commonsense mine plan which minimises initial capital requirements, enabling positive cash flow as soon as practicable after commencement".

Ends

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

Pacific Niugini Limited

ABN: 30 003 207 467

Telephone: +61 (7) 3367 3996

Fax: +61 (7) 3368 2998

Email: admin@niugini.com.au

Web: www.niugini.com.au

Postal Address:

PO Box 1578

Toowong QLD 4066

Australia

Head Office:

Unit 14, 46 Douglas Street

Milton QLD 4064

Australia

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 2012 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.

Pacific Niugini Limited

ABN: 30 003 207 467

Telephone: +61 (7) 3367 3996

Fax: +61 (7) 3368 2998

Email: admin@niugini.com.au

Web: www.niugini.com.au

Postal Address:

PO Box 1578

Toowong QLD 4066

Australia

Head Office:

Unit 14, 46 Douglas Street

Milton QLD 4064

Australia