



15 July 2015

Dear Optionholder

Pacific Niugini Ltd Non-Renounceable Entitlement Issue

As announced to ASX on 14 July 2015, Pacific Niugini Limited (ACN 003 207 467) (**Company**) is undertaking a non-renounceable entitlement issue offer of one (1) fully paid ordinary share in the capital of the Company (**Share**) for every four (4) shares held by shareholders on 21 July 2015 (**Record Date**) at an issue price of \$0.05 per Share to raise up to \$4,905,674 before costs (**Rights Issue**). The Rights Issue includes one attaching option for every two (2) shares subscribed, with an exercise price of \$0.06 and expiry date two years after issue, and an offer of any entitlements issues shortfall at the same issue price for Shares under the Rights Issue (**Shortfall Offer**) (the **Offers**).

The Offers can be accepted any time up to the Closing Date.

The Rights Issue is accompanied by an offer for shortfall Shares at the same issue price for Shares under the Offer (**Shortfall Offer**).

The Company lodged a prospectus for the Offers (**Prospectus**) with ASIC and ASX on 14 July 2015 and a copy is available at the Company's website www.niugini.com.au or under the ASX Code PNR on the ASX announcements website

<http://www.asx.com.au/asx/statistics/announcements.do>

Eligible shareholders will receive a copy of the Prospectus including an application form which will provide instructions how to participate in the Rights Issue and apply for shortfall shares.

The terms and conditions of the Options you currently hold do not entitle you to participate in the Rights Issue unless you exercise your options in time for new Shares to be issued and entered on the Company's members register before 5.00pm (WST) on the Record Date, being 21 July 2015.

Please note that it is not compulsory to exercise your Options. If you do wish to exercise your Options and thereby be eligible to participate in the Rights Issue, you will need to deliver to the company at either:

Level 3
18-32 Parliament Place
WEST PERTH WA 6005
Australia

PO Box 1353
WEST PERTH WA 6872
Australia

- a duly completed Notice of Exercise of Options;
- an Option Certificate (where the Options are certificated) or a copy of a Holding Statement (where the Options are uncertificated) in respect of those Options to be exercised; and
- payment for the exercise price (in respect of those Options to be exercised) by way of a cheque made payable to 'Pacific Niugini Ltd' or otherwise in immediately available funds (the company will accept payment by electronic funds transfer to the account BSB 036 406 Account No. 108884).

To ensure that your new Shares are issued prior to the Record Date, the above must be received by Pacific Niugini Ltd by 5.00pm (WST) on 21 July 2015.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a long horizontal stroke extending to the right.

David Okeby
Company Secretary