

Key Highlights

Mexico

- Subsequent to the end of the quarter, Pacific Niugini announced that it had reached agreement to undertake testing on two new mining concession areas – Comodin and Elena. These new areas in Sonora Province have been the subject of extensive small scale mining in the past. Bulk sampling of the extensive alluvial gravel deposits is to commence immediately with a view to rapid progression to production;
- Pacific Niugini is in discussion with numerous holders of mining concessions all with historical alluvial or hard rock workings. The company expects to agree terms for testing and acquisition of some of these areas in the coming months;
- Results from the bulk testing at Caldera project did not confirm gravity recoverable gold expectations. A short cyanide leaching program has commenced to ascertain the tenor of leachable gold in the gravels. All other fieldwork and expenditure on the project has now ceased.

Papua New Guinea

Garaina Project

- The much anticipated drilling of the strong copper-gold and geophysical anomalies at Kusi prospect commenced in September 2013. The first diamond hole was at approximately 260m on the 15th of October 2013. Assays are yet to be received, however the hole has displayed encouraging alteration and mineralisation patterns which suggest that the hole is proximal to the porphyry target. Drill pads for the next two holes in the drill program have been established.

Gusap and Hagen Projects

- Porphyry copper-gold experts sourced from Australia and South America have undertaken a geophysical data review and field geological confirmation of the tenements. Several geophysical anomalies consistent with porphyry copper-gold targets in PNG were identified, and follow-up field work identified potential targets near the Munumbe Prospect, and in previously un-explored areas in the east of the Gusap Project Area;
- The Kotna prospect at Mt Hagen was also identified as having potential for the discovery of a large-scale copper-gold resource.

Bulolo Project

- Pacific Niugini met with the Mineral Resource Authority during the quarter and agreed changes to approval documentation for ML457 – Widubosh. It is expected that the Mining Advisory Council will consider the revised documentation in October 2013 with a view to approving recommencement of mining on the tenement.

Corporate

- The company ended the quarter with \$4.1 million cash at hand. Expenditure decreased markedly during the quarter and will be maintained at levels which allow testing of new tenements in Mexico while being minimised as far as possible.

Enquiries

Paul Cmrlec - Managing Director

Ph: +61 7 3367 3996

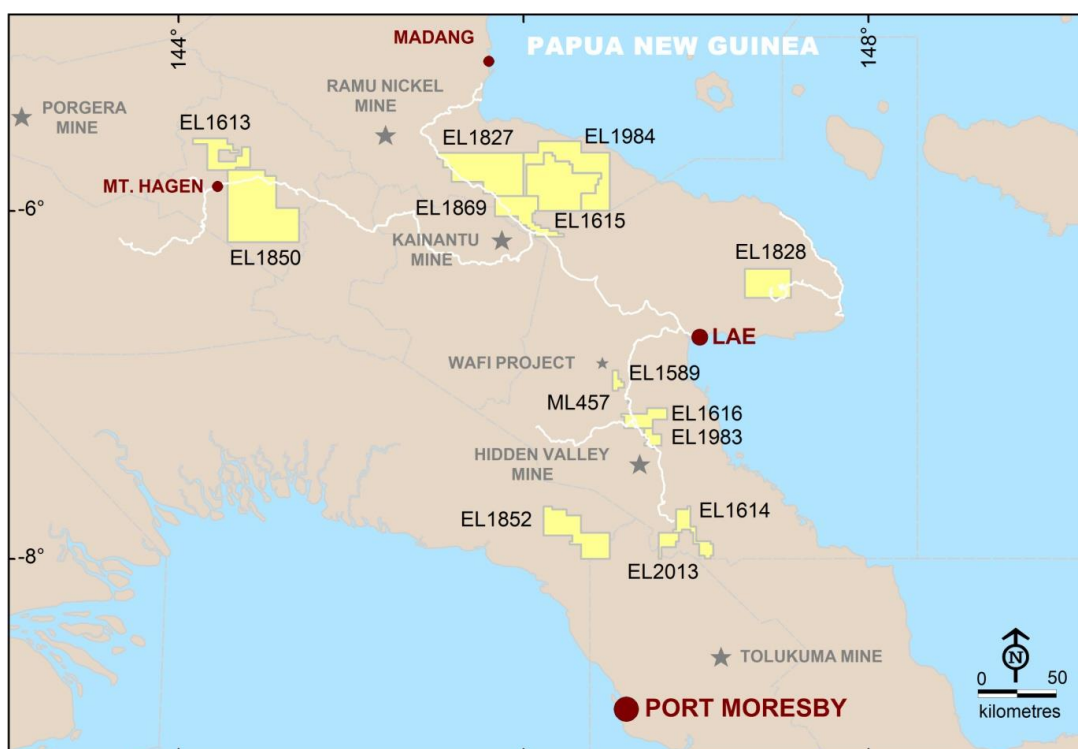
Email: admin@niugini.com.au

About Pacific Niugini Limited

Pacific Niugini operates in Papua New Guinea and Mexico, and is focussed on commencement of gold production in the near term from alluvial and colluvial style deposits. The company has emerged from its beginnings as an exploration company working solely in Papua New Guinea into an internationally focussed explorer and developer with particular focus on gravity recoverable gold deposits which provide low capital and operating cost opportunities. The company agreed to the acquisition of its first project outside of PNG in November 2012 when it announced that it had obtained an interest in the Caldera Project in Sonora County, Mexico.

Pacific Niugini is actively seeking additional alluvial and hard rock project opportunities in Mexico, primarily in the state of Sonora. Pacific Niugini has developed skills, expertise, and equipment for testing and production from gold bearing gravel deposits during the past few years, and will continue to pursue new project opportunities in the field.

Pacific Niugini (PNR) holds a suite of 13 granted exploration tenements on mainland Papua New Guinea covering some 7,354km² in some of the most highly prospective and historically productive areas in the country. Pacific Niugini is actively exploring its tenement areas in the Morobe, Madang, Western Highlands and Gulf Provinces.



Activities Report

Mexico

Baviacora Project, Sonora, Mexico

Pacific Niugini announced an exclusive agreement for pilot plant testing of alluvial deposits at the adjoining Mining concessions names Comodin, Elena 1 and Elena 2 subsequent to the end of the quarter.

The Mining concessions are located in the Municipality of Baviacora, in an active mining area in the state of Sonora, Mexico. The projects are approximately 50km from the Caldera project.



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 – Examples 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.

Caldera Project, Sonora, Mexico

Pacific Niugini reached agreement on terms to enable it acquire an interest in the Caldera Project in Sonora, Mexico during November 2012, and commenced testing at the project in May 2013. This project provided Pacific Niugini's entry to Mexico, and works to date have allowed the company to establish its operations in the region.

While varying amounts of free gold was noted in concentrates from every bulk sampling pit excavated, testing was not able to duplicate the high grades reported from previous testing campaigns. Pacific Niugini has concluded that it cannot establish a commercial gravity only processing operation at the project. While there is a large tenement area that remains untested, the company considers that the risk in expending further funds to test those areas now outweighs any potential rewards.

Testing results have shown that a portion of the gold within the material is not freely liberated and consequently is not gravity recoverable, accounting for some of the difference between head grades and gravity-recovered grades. In an attempt to reconcile the actual feed grade in both sampling campaigns, a minor cyanide leaching test will be determined to assess recoverable gold in the non-gravity portion. If this test is unsuccessful, it is unlikely that Pacific Niugini or SAM will undertake any further expenditure on the project.

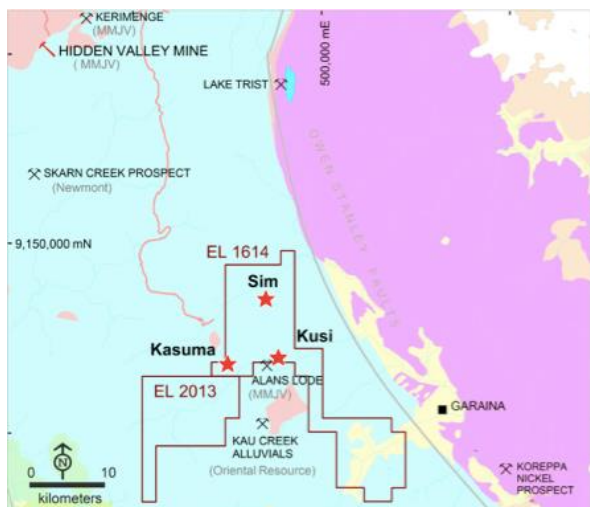
Pacific Niugini has negotiated with the owners of Caldera to remove restrictive area of influence clauses from the Caldera agreement, meaning that the company is free to pursue additional project opportunities in the region without the obligation of partnering with MGP. Despite the disappointing results,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

Additional Projects, Sonora, Mexico

Pacific Niugini is currently reviewing project opportunities on multiple additional sites in Sonora, Mexico. The additional projects include additional alluvial opportunities as well as potentially high grade copper and gold projects. The company is pursuing suitable opportunities in the region and will keep the market informed as opportunities arise.

Papua New Guinea

Garaina Projects (EL1614 and EL 2013), Morobe Province (100%)



The Garaina Project is located 150km southeast of the Hidden Valley Mine and Wau Town, in the Morobe province, covering an area of approximately 404 km². The tenement area covers the suture zone between the Owen Stanley Metamorphic thrust to the west and the Papuan Ultramafic to the east. Most of the EL is underlain by the Owen Stanley metamorphic complex, which is common to the majority of the known major mineral deposits in PNG.

PNR discovered significant surface mineralisation at the Kusi Prospect in January 2011 and since that time has completed extensive exploration programs.

Field campaigns have identified mineralisation and alteration signatures similar to those seen at the Kusi Prospect as far north as the Sim Prospect, and as far west as the Kasuma Prospect.

Pacific Niugini advised the ASX of a farm out and joint venture agreement relating to Garaina subsequent to the end of the quarter, on the 3rd of April 2013, and provided details of the joint venture company, MGL Limited in the March 2013 quarterly report. The agreement is designed to ensure the rapid drill testing of the Kusi prospect at Garaina, while enabling Pacific Niugini to focus capital expenditure on near term production potential projects.

MGL is earning up to a 70% interest in the Garaina Project by spending up to \$21 Million on drilling and exploration works, with the first phase requiring \$6 million to be spent in the first two years for a 50.1% interest in the project.

QUARTERLY ACTIVITY

Work in PNG during the quarter was focussed on undertaking drill rig mobilisation by helicopter to the Kusi prospect, and commencing drilling with both of those key goals successfully met. In addition to drill rig mobilization, significant quantities of drilling consumables and fuel required for the planned program were delivered to site.

The drill rig was assembled on site without incident and the first drill hole is currently at approximately 260m depth (as at the 15th of October 2013) with a proposed depth of 500m. Logging and sampling of the drill core has commenced, with initial results expected during the next 4 to 5 weeks.



Drill rig mobilisation (left) and drilling underway at Kusi

The first drill hole of this program, KSDD004, (PNM previously drilled three holes on the prospect) has intersected 70m of potassic (biotite-feldspar) and phyllic (clay-sericite-pyrite) altered quartz diorite porphyry with moderate to strong grey quartz-pyrite stockwork veining of 5-20 veins / meter. Core logs have noted the presence of disseminated chalcocite, chalcopyrite, trace covellite, and molybdenite.



Photograph of drill core from KSDD004 at 43m displaying the abundant veins in the porphyry

The hole drilled into interbedded altered phyllite and brecciated limestone with secondary copper mineralization at approximately 70m down hole. A strongly broken section was noted and then drilling progressed into a long sequence of altered phyllites with quartz-pyrite veins. The reason for drilling out of the porphyry at 70m is uncertain and further drilling is required to fully understand the system.



Photograph of brecciated limestone in KSDD004 at 125m displaying secondary copper mineralisation (malachite)

EL1616 and ML 457 - Bulolo Project



The Bulolo Project covers most parts of the Bulolo Valley, approximately 75km southwest of Lae. The tenement areas cover the core of the Morobe Goldfields mineral district, and include most of the historical gold mining town of Bulolo and further extends outwards into the gold prospective mountains and valleys. The tenement covers the best historically productive Bulolo gravel flats and un-mined gravels, which PNR has been evaluating for early gold production from remnant near surface and un-mined gravels. The broader tenement area is also considered prospective for in-situ gold and base metal mineralisation.

The Bulolo gravels were previously dredged between 1932 and 1965 to a maximum depth of approximately 36m. Historic production records estimate gold production of over 2.1 million ounces from the dredge-mining of approximately 210 million cubic metres with an average recovered grade of 0.31 g/m³. PNR completed a number of seismic lines across the Bulolo valley which confirmed that the gravel deposits continued

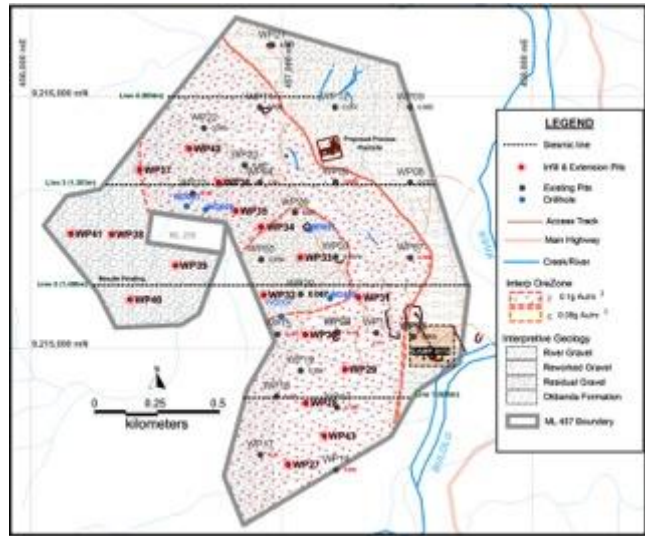
significantly deeper (up to 100m) than the maximum depth of dredging from past production areas. The focus of PNR's initial program has been to test for lateral (easily-won) extensions to the gold-bearing gravels that can be exploited with low capital cost, high volume gravity concentration plants.

The company has formed a joint venture with PNG Forest products (PNGFP), the dominant landowner and employer in the region, which sees PNR holding 70% ownership of EL1616, and 50% ownership of ML457 – Widubosh. ML457 lies approximately 10km north of EL1616 near the confluence of the Bulolo and Watut Rivers. Following initial testing the joint venture parties have elected to progress the Widubosh project prior to further developing the Bulolo area.

ML457 – Widubosh (50% PNR)

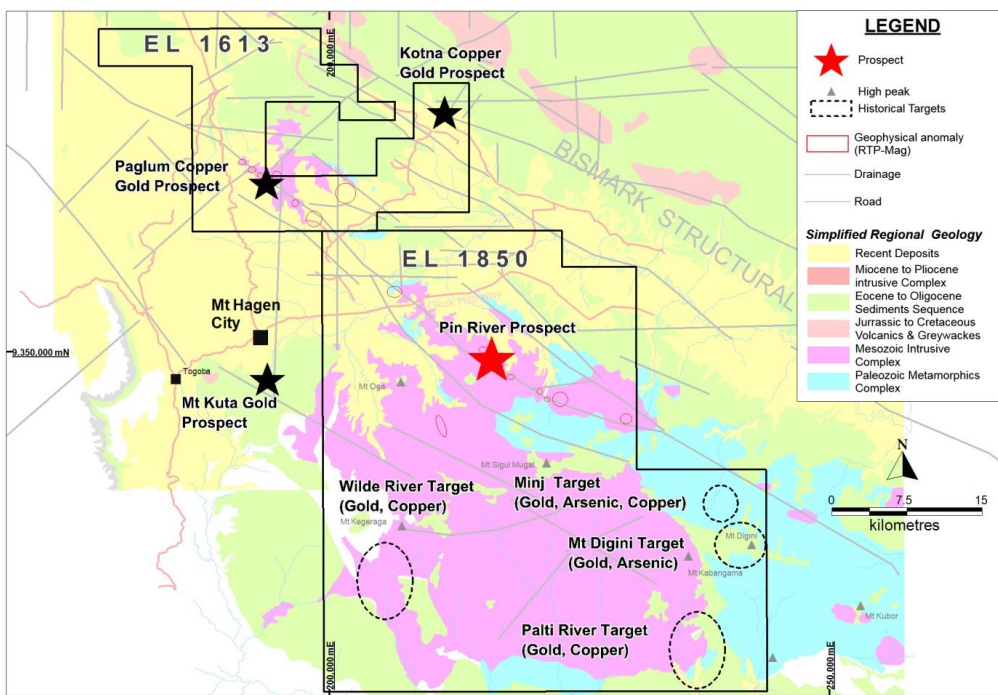
Pacific Niugini advised the results of bulk sampling programs at Widubosh in the June and December 2012 quarterly reports. The test work completed to date has identified a relatively large zone of potentially economic gold bearing gravels.

As reported in the June 2013 quarterly report, Pacific Niugini received the Environmental Permits required for mining at Widubosh. The company met with the Mineral Resource Authority during the quarter and agreed changes to approval documentation for ML457 – Widubosh. It is expected that the Mining Advisory Council will consider the revised documentation in October 2013 with a view to approving recommencement of mining on the tenement. The company awaits approvals to recommence mining at Widubosh prior to considering further field activities. Any decision to transition the project to production in the near term is also dependent on testing results in Mexico.



Hagen Projects EL1613 and EL1850, Western Highlands Province (100%)

The Hagen Project is located near Mt Hagen City in the Western Highlands Province, Papua New Guinea. The Project is comprised of two contiguous tenements, EL1613 and EL1850, covering a total of 1,960 square kilometres within the mineralised corridor of Bismarck Fault Zone.



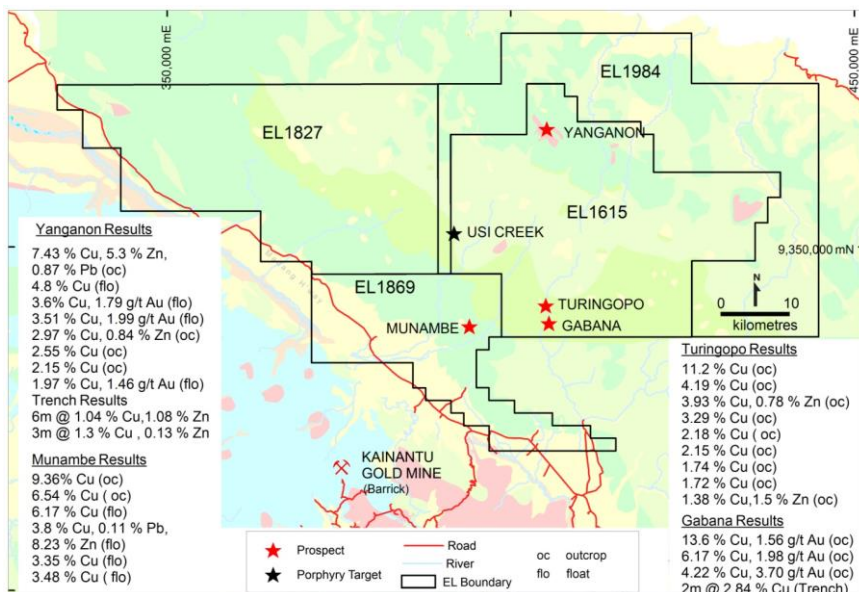
This Bismark Fault Zone displays widespread copper, gold, and molybdenum occurrences, including Yandera copper molybdenum (127MT Cu equivalent), Simbai gold deposits and Pacific Niugini discovered copper prospects at Kotna and Paglum in EL1613 and Pin Rive in EL1850.

Pacific Niugini considers the Project to have significant potential to host porphyry copper – gold and epithermal gold + base metal deposits. Field visits by expert porphyry consultants sourced from Australia and South America further confirmed the potential for a large mineralised porphyry system, however further work is required, and the expert consultants work program recommendations are awaited before considering additional work programs.

Results from extensive reconnaissance sampling at Pin River during the previous quarter remain pending.

EL1615, EL 1869, EL1827, AND EL1984 - GUSAP PROJECT, MADANG PROVINCE (100%)

The Gusap Project is located in the Madang Province covering 2,713 square kilometres of prospective ground over the Finisterre Ranges. The tenement area is underlain by a thrust sequence of indurated argillites, volcanic and limestone later intruded by intrusive of dioritic, granodiorite, microdiorite, gabbro, dolerite and tonalite differentiates. The sequence is overlain un-conformably to the north by Pliocene limestone. A number of major regional, deeply sheeted structures, trending northwest, and dipping east dominate the structural framework of the Finisterre Ranges.



To date, Pacific Niugini has identified outcropping copper, gold and base metals in outcrop at Turingopo, Gabana, Munambe and at Yanganon prospects. The company has completed extensive works at the Gusap Project during the past two years with excellent initial results.

Field visits by expert porphyry consultants sourced from Australia and South America identified additional magnetic anomalies to the east of the project area, and

initial field visits during the visit confirmed sulphide mineralisation including chalcopyrite in float samples near the anomaly. The expert consultants work program recommendations are awaited before considering additional work programs in both the existing and new target areas identified.

Other Tenements

Pacific Niugini holds a number of additional highly prospective tenements in PNG including EL1828 (Pindu), EL1852 (Kakoro), EL1983 (Wandumi) and EL1859 (Zenag). Further reconnaissance exploration is required on all of these tenements, and work is undertaken in accordance with exploration priorities.

Details for these tenements are presented in previous quarterly reports. No field work was undertaken in these areas during the period, and further exploration will be undertaken in accordance with exploration priorities set by the company. The Garaina Project will remain the focal point for exploration in PNG during the ensuing quarter.

Pacific Niugini advises that the board has resolved to relinquish EL1859 (Zenag) in the immediate future.

Corporate Information

The company completed the quarter with \$4.1 Million in cash, with no debt apart from normal trade creditors. Company spending was significantly reduced during the quarter with expenditure of \$988,000, which is 30% less than the average quarterly expenditure for the previous 2012-13 financial year. This reflects the wind down in testing at Caldera, reduced corporate administration costs and reduced direct exploration costs in PNG. PNG outgoings are now close to self-sustaining as a result of the Farm-in agreement and service provisions with MGL, and it is expected that quarterly expenditure will be reduced further in the ensuing quarter.

Apart from lump sum expenditures such as tenement fees, the lowered spending trend is foreseen for the coming quarter.

Cash On Hand	\$4.1 Million
Shares	251,284,667
Options – Shareholder other	16,450,100 exercisable at 20cents expiring 30 June 2014
Options- Employee incentive	4,700,000 (including 650,000 issued during the previous quarter)
Performance Rights	3,550,000 (including 1,350,000 issued during the previous quarter)
Options converted during the quarter	Nil
Performance Rights converted during the quarter	Nil

The information in this report that relates to exploration, mineral resources or ore reserves is based on information compiled by Mr. David Osikore (B.Sc. Geol) MAusIMM who is a full time employee of Pacific Niugini Limited. Mr. Osikore 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. Osikore 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 has not attempted to generate resources or reserves in compliance with the JORC code at the Bulolo or Caldera Projects, and does not intend to due to difficulties in dealing with alluvial deposits.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Pacific Niugini Limited

ABN

30 003 207 467

Quarter ended ("current quarter")

30th September 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3mths) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(500)	(500)
(b) development	-	-
(c) production	-	-
(d) administration	(409)	(409)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	41	41
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid (Rebate)	-	-
1.7 Other (provide details if material)	37	37
Net Operating Cash Flows	(831)	(831)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(285)	(157)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	128	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(157)	(157)
1.13 Total operating and investing cash flows (carried forward)	(988)	(988)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(988)	(988)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	0	0
	Net increase (decrease) in cash held	(988)	(988)
1.20	Cash at beginning of quarter/year to date	5,088	5,088
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,100	4,100

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	142
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Total amounts paid to directors including salaries, directors fees, superannuation and consulting fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	250
4.2	Development	-
4.3	Production	-
4.4	Administration	450
4.5	Plant and equipment	200
Total		900

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	91	391
5.2 Deposits at call	4,009	4,697
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	4,100	5,088

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	251,284,667	251,284,667		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	16,450,100 1,000,000 2,000,000 750,000 300,000 650,000		<i>Exercise price</i> 20 cents 47 cents 38 cents 48 cents 17 cents 18.5 cents	<i>Expiry date</i> 30/06/2014 21/12/2013 23/06/2014 30/11/2014 07/03/2016 30/05/2016
Performance Rights	2,000,000 200,000 1,350,000		Nil Nil Nil	23/06/2014 30/11/2013 30/05/2016
7.8 Issued during quarter <i>Options</i> <i>Performance Rights</i>				
7.9 Exercised during quarter <i>Options</i> <i>Performance Rights</i>				
7.10 Expired during quarter <i>Options</i> Cancelled during quarter <i>Options</i>				

+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>		
7.12	Unsecured notes <i>(totals only)</i>		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does / *(delete one)* give a true and fair view of the matters disclosed.



Sign here: Dennis Lovell
(Company secretary)

Date: 18th October 2013.

Print name: Dennis Lovell.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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