



10th February 2014

### ***Acquisition of 80% of the Halls Creek Project from Bulletin Resources Proceeding***

Pacific Niugini is pleased to advise that its offer to Purchase the Halls Creek (also known as Nicolsons) Project from Bulletin Resources (ASX:BNR, "Bulletin") has been formally accepted by Bulletin. Pacific Niugini has been informed that Bulletin's previous agreement with Matsa Resources (ASX:MAT) has been terminated.

The key terms of the transaction are:

- \$600,000 refundable cash deposit within 3 days of Bulletin advising Pacific Niugini that the transaction is to proceed;
- \$900,000 cash payment within 45 days of finalization of formal agreements;
- Either \$1.3 million worth of fully paid ordinary shares or 15 million fully paid ordinary shares, whichever is the greater number.

The initial payment will earn 49% of the project, and the parties will form a joint venture with Pacific Niugini as the sole manager. Following the initial acquisition, PNR will earn up to 80% of the project as follows:

- A mandatory requirement for Pacific Niugini to earn an additional 16% (to a total of 65% ownership) by sole funding expenditure of \$1.2 million in the first 12 months of the Joint Venture;
- An option for Pacific Niugini to earn an additional 15% (to a total of 80% ownership) by sole funding expenditure of \$2.4 million (inclusive of the initial \$1.2 million) in the first 24 months of the Joint Venture.

Pacific Niugini is required to maintain the tenements in good standing until a minimum of \$4 million has been spent, or four years has elapsed from commencement of the agreement, whichever comes first. Following the initial \$4 million expenditure, Bulletin is required to elect whether it will contribute its 20% interest.

If Bulletin does not elect to maintain its interest, Pacific Niugini will acquire the remaining 20% by either paying \$2 million in cash or shares, or by granting Bulletin a 1% Net Smelter Royalty to a total value of \$4 million.

The agreement is subject to satisfaction of certain conditions, which are usual for such a transaction, and finalization of formal sale and joint venture agreements within 60 days. Both parties have expressed their intention to complete the agreement as quickly as possible.

#### ***About the Halls Creek Project***

The Halls Creek Project consists of the Lamboo (or Nicolsons) Project, located approximately 35km South West of Halls Creek, and the Golden Crown Project located near Halls Creek in the Kimberly Region of Western Australia. The highly prospective area remains largely under-explored with minimal drill testing of targets outside of the existing resources.

Bulletin has advised a JORC 2012 resource of 1.768 Million tonnes @ 5.2 g/t for a total of 294,000 ounces. The resource in the immediate vicinity of the existing Nicolsons open pit is 1.127 million tonnes @ 5.9 g/t for 214,000 ounces (Refer Bulletin Resources December 2013 Quarterly Report). Pacific Niugini is yet to re-estimate the resource.

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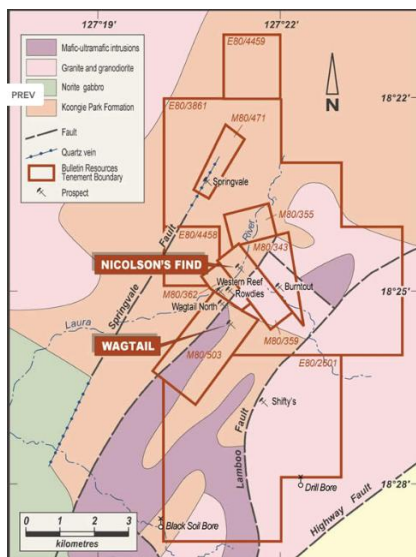
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**Project Location**

The majority of the existing resource, along with the processing plant is located on already granted Mining Leases. In addition to the Mining Leases, the project includes an extensive Exploration License package with historical mining evident, and excellent prospectively for discovery and delineation of additional high grade resources.



**Key project tenements.** Note that additional Mining Leases and Exploration Licenses which include JORC resources are also held in the Golden Crown Project, near Halls Creek and within suitable trucking distance from the processing plant.

The project has an existing 120,000 tonne per annum CIP processing plant on site with only minor refurbishment and modification required to enable recommencement of ore processing. Metallurgical test

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work commissioned by Bulletin demonstrated overall gold recovery of 96%, with gravity recovery of approximately 66% of the total gold.



**Existing Processing Plant at Nicolsons**

Other infrastructure includes an existing accommodation camp, operating water bore, fuel storage in functional condition, and other associated infrastructure is in place at the site.

Bulletin was previously pursuing a larger scale, but lower low grade open pit mining opportunity, and has completed a definitive feasibility study for the project on that basis. As a result of the capital impost of the larger scale operation, Bulletin was not successful in progressing the project to production.

Pacific Niugini intends to rapidly advance planning for a strategy, which minimises upfront capital, and operating costs through the development of an underground mining operation with processing of ore at the existing capacity of 120,000 tonnes of ore per annum. Initial work will be focused on completion of mine permitting, and minimisation of expenditure required for restarting production. Bulletin had previously undertaken extensive permitting activities for the project, and together with the existing feasibility data, there are extensive time and cost advantages to Pacific Niugini in the process of assessing and commencing operations at the mine.

As a result of the acquisition, Pacific Niugini advises that it has decided to mothball bulk testing of alluvial gravels in Sonora Mexico, and has also terminated lease agreements existing over the Pima 5 concession, and as a result the company does not currently have any active project interests in the country. Pacific Niugini continues to be impressed by the prospectively and operational logistics for projects in Mexico, and will consider further activity in the region once the Halls Creek project is cash generative.

Commenting on the acquisition, Managing Director, Paul Cmrlec stated “Pacific Niugini is delighted to have been presented with the Halls Creek opportunity by Bulletin. The project is a perfect fit for the near term production opportunities that we have been pursuing for some time, and will be complimented by our core skills in underground mining.

Based on the existing drilling results and resource estimate, we envisage a selective underground mining operation that results in production grades higher than the global resource, which stands at 5.2 g/t. New reserve estimates focused on quantifying the potential will be generated as a priority.”

This project, combined with the massive potential of the Garaina Project in PNG, where we have recently released stellar gold and base metal exploration results, sets the company and its shareholders a clear path for growth and transition to being a profitable producer. Joint Venture partner MGL Limited continues to fund the majority of expenditure on our tenements in PNG.

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 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.

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