

Appendix 3B

New issue announcement

The information in this form must be given to POMSoX if an entity proposes to issue ⁺securities. Information or documents not available now must be given to POMSoX as soon as available.

Information and documents given to POMSoX become POMSoX's property and may be made public.

Name of entity

PNG Air Limited (the "Company")

We (the entity) give POMSoX the following information.

Part 1 - All issues

1 ⁺Class of ⁺securities to be issued

1. Fully-paid ordinary shares ("Shares")
2. Options to subscribe for fully-paid ordinary shares Fully-paid ordinary shares ("Options")

2 Number of ⁺securities to be issued

3,649,580 Shares
7,299,160 Options

3 Issue price of the ⁺securities

Shares: 10 toea per security
Options: Nil

4 If the ⁺securities are ⁺convertible, a summary of their main terms

Shares are not convertible
Options: Options are not convertible, but each Option confers the right to subscribe for 1 fully-paid ordinary share in the Company at an exercise price, payable on exercise, of PGK 0.02 each. The Options may be exercised at any time within 5 years of issue. The terms of the Options are set out in Prospectus registered on 20 June 2016

5 The amount to be raised by the issue

PGK 364,958.00 from the issue of Shares

6 Is there a right to accept or retain over-subscriptions?
If so, give details

No

7	Purpose of the issue	<p>Shares: Issued for consideration pursuant to exercise of an entitlement under a Prospectus registered on 20 June 2016</p> <p>Options: Issued with the issue of Shares pursuant to that Prospectus</p>
8	<p>Will the *securities participate in dividends (in the case of a trust, distributions) or interest?</p> <p>If so, give the date from which they will participate, and the extent to which they will participate.</p>	<p>Shares will participate in any dividends from their date of issue, <i>pari passu</i> with other ordinary shares issued by the Company</p> <p>New shares issued on exercise of the Options will rank equally in all respects from the date of allotment with existing fully-paid ordinary shares in the Company. The Options themselves do not so rank and carry no dividend or other rights</p>
9	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests).	The same dividend policy applies to the Shares (and to new shares issue on exercise of Options) as applies to all ordinary securities of the Company

Part 2 - Issue to a class of security holders

10	If the issue is to a *class of *security holders, is it renounceable or non-renounceable?	Not applicable
11	Ratio in which the *securities will be offered	Not applicable
12	*Class of *securities to which the offer relates	Not applicable
13	*Record date to determine entitlements	Not applicable
14	Will holdings on different registers be aggregated for calculating entitlements?	Not applicable
15	Policy for deciding entitlements in relation to fractions	Not applicable
16	<p>Names of countries in which the entity has *security holders who will not be sent new issue documents</p> <p>Note: Security holders must be told how their entitlements are to be dealt with.</p> <p>Cross reference: rule 7.7.</p>	Not applicable
17	Closing date for receipt of acceptances or renunciations	Not applicable
18	Places where applications may be lodged	Not applicable
19	Amount payable on acceptance	Not applicable

20	If the *securities are partly paid, future call dates and amounts payable Cross reference: rule 2.1 Condition 4.	Not applicable
21	Names of any underwriters	Not applicable
22	Amount of any underwriting fee or commission	Not applicable
23	Are there any clauses in an underwriting agreement that may affect the obligations of an underwriter? If so, give details, and identify those that may be invoked before the issue opens and those that may be invoked after it opens	Not applicable
24	Names of any brokers to the issue	Not applicable
25	Fee or commission payable to the broker to the issue	Not applicable
26	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of *security holders	Not applicable
27	If the issue is contingent on *security holders' approval, the date of the meeting	Not applicable
28	Date documents will be sent to +persons entitled	Not applicable
29	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
30	How will entitlements not taken up by *security holders be dealt with?	Not applicable
31	Will the securities be quoted? Cross reference: rule 2.8.	Yes
32	Date rights trading will begin (if applicable)	Not applicable
33	Date rights trading will end (if applicable)	Not applicable
34	How do *security holders accept their entitlements in full?	Not applicable
35	How do *security holders sell their entitlements <i>in full</i> through a broker?	Not applicable

36 How do *security holders sell *part* of their entitlements through a broker and accept for the balance?

Not applicable

37 How do *security holders *dispose of their entitlements (except by sale through a broker)?

Not applicable



Sign here:

(~~Director~~/Company secretary)

Date: 29 September 2016

Print name: John Biddle