

included the Tupinda gold-copper-molybdenum and Banesa gold-copper prospects, as well as an airborne geophysical survey of the island group.

Allied Gold, which commissioned its Simberi oxide gold mine there early last year, has continued its exploration at Sorowar and Pigiput Ridge on Simberi Island, building the resource base for its operation.

With gold production now running at 25,000-35,000 oz/y from its Sinivit mine, **New Guinea Gold** is focusing its exploration efforts on its Imwauna prospect and on sulphide resources beneath the current Sinivit pit. Other prospects in which the company has interests include Weioko, Mt Penck and Allemata, all of which are scheduled for drilling over the coming months.

Meanwhile, **Papuan Precious Metals (PPM)** is targeting ultramafic-hosted platinum-group metal resources as well as porphyry copper-gold. With five exploration-licence areas of its own, the company is also earning in to a sixth, held by the state company **Petromin PNG Holdings**. PPM's own areas encompass Doriri Creek, Urua Creek,

Dimidi Creek and Eia River, all of which it considers prospective for platinum and palladium, with additional gold, nickel, copper and chromite potential. Its Upper Ada'u River property is targeting copper-gold porphyry mineralisation.

Elsewhere, **MIL Resources** is continuing with its evaluation of **Titan Mining's** Amazon Bay ironsands prospect, where an airborne magnetic survey has identified previously unrecognised resources offshore. In December 2008, Titan Mining extended its exploration licence area westwards to Sandbank Bay, with the aim of identifying additional resources further along the coast.

PNG's untapped potential

Despite the sharp downturn in the world economy, and the inevitable impact this has had on mineral exploration budgets, companies across the board are keeping faith with PNG. The country's huge resource potential is only gradually becoming better understood, with major opportunities for a new generation of mines to provide a foundation for national development. Without question: PNG remains firmly on the exploration map.

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Current exploration and development activity

Withstanding the uncertainty caused by the sudden downturn in the world economy, Papua New Guinea's mining and exploration sector has proved resilient, with major interest continuing in its substantial resource endowment. If any proof were needed of continuing strong interest in PNG, delegate numbers to the Mining & Petroleum Investment Conference that was held in Sydney, Australia, at the beginning of December, provided the answer. A record 800-plus people attended during the three-day event, the tenth in this annual series, with presentations covering all aspects of the country's current minerals and hydrocarbon exploration activity.

Of course, it would not be realistic to expect investment in exploration in PNG today to be as buoyant as it was a year ago; companies operating in the country have to face the same economic pressures here as elsewhere. Yet – as numbers of current exploration licences clearly show – investors remain strongly convinced of PNG's potential, with the continuing development of some major projects providing the backdrop for focused exploration for gold, base metals and iron resources throughout the islands. Indeed, with the Raw Materials Group's annual survey of major mining-sector investment showing projects worth some US\$8 billion under way in the country, PNG once again ranks amongst the top ten world destinations for exploration and development spending.

This Newsletter provides a round-up of some of the current activity in PNG, covering projects at all stages of development during 2008.

Major projects under way

With long-standing operations such as Porgera, Ok Tedi and Lihir forming the foundation, a new generation of mines is currently under development in PNG. With nearly US\$1.4 billion raised in financing mid-last year, the partners in the Ramu lateritic nickel project are targeting commissioning by the end of 2009. Its port facility and offices were scheduled for completion by late 2008, with construction of the 135 km-long slurry pipeline already well under way as well.

At the Morobe Mining joint venture, where **Newcrest Mining** acquired an initial 30% stake from **Harmony Gold Mining** last August, production is scheduled to start at the Hidden Valley gold-silver mine in mid-2009. The first major new gold mine in PNG for 15 years, the operation is engineered for an output of 250,000 oz/y of gold and 3.6 Moz of silver from the Hamata and Hidden Valley-Kaveroi open pits. The project partners are also continuing with their evaluation of the Wafi-Golpu resource, where Harmony completed a prefeasibility study in 2007. A new concept study was due for completion by the end of last year. Grassroots exploration activity is also under way in the Morobe coast area, with field and airborne surveys planned for the current year.

Meanwhile, the existing producers are also continuing to invest, **Lihir Gold** having given the go-ahead for the installation of a fourth autoclave at its namesake operation. With a commissioning target of 2011, the facility will increase the plant's gold-processing capacity to around 1 Moz/y. Open-pit mining is envisaged until at least 2021, with production continuing to beyond 2040.

More seabed sulphide resources

The most advanced of the country's offshore seabed massive sulphide (SMS) projects – **Nautilus Minerals'** Solwara system – got even bigger during 2008. In the second half of the year, the company announced the discovery of the Solwara 9 and 10 resource areas while its exploration partner, **Teck**, independently discovered Solwara 11 on one of Nautilus's exploration licence areas, over 300 km from the nearest known SMS system. Although it has put on hold technical aspects of the development of its Solwara 1 deposit, Nautilus has submitted a mining lease application for the project, together with an environmental impact study.

Two other companies – **Neptune Minerals** and **Bismarck Mining** – also have current licences for sub-sea exploration. Neptune's areas cover epithermal gold prospects offshore Lihir Island and SMS targets in the Bismarck Sea, while Bismarck Mining's licence areas cover parts of the Bismarck Sea and offshore several individual islands.

Copper continues to attract

As well as being a minority partner in the Ramu nickel project, **Highlands Pacific** has a stake in the Frieda River copper-gold project in northwestern PNG. **Xstrata** has completed a scoping study for the project, which envisaged production beginning in 2016 at a rate of 190,000 t/y of copper and 295,000 t/y of gold. Further work valued at some US\$25 million was budgeted for last year.

Previously involved in evaluating the Kodu copper-molybdenum prospect, **Frontier Resources** is now focusing on its Andewa, Mt Likuruanga, Jimi and Bulago exploration licence areas. Mt Likuruanga includes the Bukuam prospect, where the com-

pany has identified anomalous gold and copper, and the Esis porphyry copper deposit, previously prospected by BHP and CRA. Initial work on the Mul Mul prospect in the Jimi licence area has indicated a polymetallic resource, while drilling on the Komsen prospect in western New Britain has shown gold and base metals potential.

Marengo Mining's Yandera copper-molybdenum porphyry prospect, inland from the Ramu nickel development, is now in the second phase of a definitive feasibility study. Earlier work had envisaged a 25 Mt/y open-pit operation coming on stream in 2012. The company completed some 29,000 m of drilling there during 2008, with more scheduled for this year and several further targets already identified within its land holdings.

Nickel, gold and copper are amongst **Goldminex Resources'** targets on its licence areas in the Owen Stanley Thrust Belt. Indications identified so far include sulphide nickel mineralisation at Veri Veri Creek, and copper-gold at both Foasi South and Gossan Hill.

Through **Niugini Nickel, Resource Mining Corp.** is focusing on its Wowo Gap lateritic nickel-cobalt project. Exploration during 2007 established a JORC-compliant resource of some 200 Mt over a 6 km strike length, with the company having subsequently completed a scoping study.

Gold: the search goes on

Having bought the operating Kainantu gold mine in 2007, **Barrick Gold** focused on extending the resource at the nearby Kora prospect last year, drilling beneath the existing known deposit limits. The company also worked on defining further resources for its Porgera operation, as well as starting exploration under its joint venture with **Allied Gold** in the Tabar Islands. Initial targets have