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New Guinea gears up for gold production
By Vivian Danielson

Vancouver -- The Sinivit project is a beehive of earth-moving and construction activity now that heavy rains have eased in East New Britain province, Papua New Guinea, allowing New Guinea Gold (NGG-V, NGUGF-O) to use heavy equipment and accelerate construction of a mine projected to produce 35,000 oz. gold in its first year of operation.

New Guinea Gold has a dozen gold and copper-gold-molybdenum projects in Papua New Guinea (PNG), of which 11 host known deposits or mineralization tested by more than 60,000 metres of combined drilling. Most of the projects originated from the Exxon Minerals portfolio, as did the core of the company's management team, including chairman and CEO Robert McNeil, who served as Exxon Minerals' general manager in PNG during the 1980s.

McNeil emphasizes that the company's goals go beyond bringing Sinivit on-stream as a modest producer by the third quarter of this year.

"We intend to use the cash flow to grow the company by exploring projects with large-scale potential," he said, adding that Sinivit also has significant potential for resource expansion.

New Guinea Gold is developing an open-pit vat-leach mine at Sinivit, which hosts an indicated (oxide) resource of 713,000 tonnes averaging 5.7 grams gold per tonne, plus another 340,000 tonnes of 3.2 grams gold classified as inferred. The mine plan will focus on the oxide cap of a quartz telluride copper-gold system in which grades appear to improve at depth. Initial cash costs are expected to average US\$120 per oz., using contract miners.

Sinivit has potential for subsequent production of gold telluride by underground mining, with a likely head grade of 10 to 12 grams gold. The fully permitted project is situated on an offshore island of PNG, with easy access from the town of Kokopo and the port of Rabaul.

"With few exceptions, our projects are easily accessible and in regions where local

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support for mining is good, as long as you engage in a regular process of community consultation," McNeil said.

With offices in both Australia and Canada, and a heavily local and Australian work force, New Guinea Gold has the necessary experience and cultural sensitivity to avoid problems that some foreign juniors have encountered in PNG. It also has four drill rigs, five dozers and three excavators for more flexible work programs.

The company's most significant project is Imwauna, formerly known as the Normanby property, in southeastern PNG. The goal here is to define resources compliant with National Instrument 43-101 disclosure standards by year-end.

Imwauna is described as a "Misima-type" gold project, and has a historical inferred resource (based on 15 drill holes) of 990,000 tonnes of 6.1 grams gold and 12 grams silver. The company expects to have at least two rigs turning to define and expand resources.

A 100-tonne bulk sample, extracted during a test-mining program, confirmed an average grade of 14.1 grams gold over a 2.2-metre mining width. Bulk sampling of 38 excavator trenches conducted over 1,240 metres of strike length averaged 26.4 grams gold over an average 1-metre width. This central high-grade portion of the system is believed to have a "likely open-pit mining width of 3 to 4 metres."

New Guinea Gold has two other priority projects, with one of the most advanced being the 60%-held Mount Penck gold property in West New Britain province. Drilling to define bulk-tonnage gold resources is planned for this year. Another is the easily accessible Simuku project, which covers a large porphyry copper-gold-moly system.

The Mount Nakru project in central New Britain is a porphyry copper-gold-moly system previously tested with 44 drill holes. The remaining projects are prospective for gold deposits, and include properties described as having similar geology as the Lihir and Porgera deposits being mined by other companies in PNG.
