

SOUTH PACIFIC ISLANDS

By a Special Contributor

The South Pacific Islands group consists of thirteen nations spread over 16 million km² of ocean bounded by Papua New Guinea and Australia to the west, New Zealand to the south, and the Marshall Islands and the Federated States of Micronesia to the north. Although geographically part of this South Pacific group, **Fiji** and **New Caledonia** are covered separately in *Mining Annual Review*.

During last year several countries in the southwestern Pacific region were affected by ethnic unrest, most seriously Indonesia, Fiji and the **Solomon Islands**. In mid-2000, armed rebels from Malaita Island briefly seized control of the Solomon Islands' capital Honiara, and Gold Ridge, the country's only significant mine, had to suspend operations. The gold mine, owned by Delta Gold, is located on Guadalcanal Island, only 20 km south of Honiara. Guadalcanal is the base of another rebel group, the Isabatu Freedom Movement.

Australia's Delta Gold acquired the mine in May 2000 following its takeover of fellow Australian company Ross Mining, but inherited a mine plagued by constitutional land claim proceedings and legal action related to alleged environmental damage to the Metapono River area. Indeed, the mine was already described as being "under virtual siege" during the takeover negotiations.

Gold Ridge, which commenced operations in August 1998, upgraded its epithermal resources to 59 Mt at an average grade of 1.56 g/t in mid-1999, with the main source of the increase being the Kupers orebody. The mine's ore reserve (calculated at US\$315/oz) were put at 37.5 Mt at a grade of 1.68 g/t. It was announced in December 1999 that the operation would exploit 'interim' pits on the Dawsons and Kupers deposits to lift output from the 105,000 oz produced in the year to

June 30, 1999, to 170,000 oz in fiscal 2000/01. Production rose to 153,000 oz in calendar 1999 but the operation was closed in June 2000 because of the worsening security situation. In May 2001, Delta reached a settlement with its insurance company whereby it received A\$70 million (the total insured value) and the insurer will own 50% of the mine if it ever reopens.

Other companies which have been involved in the Solomon Islands include the Canadian exploration juniors Melanesian Minerals and Western Pacific Gold.

The Republic of Vanuatu lies some 2,000 km northeast of Brisbane, and comprises over 70 islands, covering a total of 12,000 km². Despite its mountainous terrain, the country has been extensively explored for gold, with promising epithermal structures reported on the islands of Espiritu Santo and Efate (although the latter's manganese mine has ceased operation). Gold and base metal exploration in recent years has been led by Hill 50 Gold (through Wattle Gully Mining), Union Capital (formerly Union Mining) and Iscor of South Africa, which farmed out its interest to Perth-based Mincor Resources (formerly Africwest Gold) during 1999.

The tiny island of **Nauru** consists basically of high-grade phosphate. Mining here between 1920 and 1968 was the joint responsibility of the UK, Australia and New Zealand. In 1993 these countries agreed to pay damages to the islanders of some A\$130 million, with payments spread over twenty years. Phosphate production peaked at 700,000 t/y a few years ago, and has since been declining. In August 2000, the Nauru Government sought to increase its stake in Philippine Phosphate Fertiliser Corp. to 100% by offered US\$66.8 million for the 50% held by the Philippine Government.

There is very little mining activity in the other eight nations within the South Pacific. These nations are Western Samoa, Kiribati, French Polynesia, Cook Islands, Tuvalu, Tokelau, Niue and Tonga. However, there has been growing interest in the possibility of mining high-grade massive sulphides from hydrothermal vents on submarine volcanoes, and some 60 such volcanoes are believed to lie within the Kermadec-Tonga arc which extends north from New Zealand. In October 2000, Australia's

Neptune Resources lodged an application for exploration permits, centred on New Zealand, covering 100,000 km².

There are also extensive offshore deposits of manganese nodules that might offer future mining opportunities, and there is a recognised potential for hydrocarbons in the region. Nevertheless, for the foreseeable future, the main mining activity on these islands will be restricted to the recovery of sand and gravel for construction and landfill.