

THE MINERAL INDUSTRY OF SOLOMON ISLANDS

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The economy of the Solomon Islands, which is an archipelago in the Southwest Pacific Ocean about 1,900 kilometers (km) northeast of Australia, was small and agrarian; the majority of the islands' populace was dependant upon agriculture, fishing, or forestry for at least a part of their sustenance. With the construction of a new international airport, tourism has become a growing industry. Most manufactured goods and petroleum products were imported. The mineral resources of the Solomons included bauxite, gold- silver, lead-zinc, nickel, and phosphate (U.S. Central Intelligence Agency, 2001, Solomon Islands—Geography, World Factbook 2000, accessed February 26, 2001, via URL <http://www.odci.gov/cia/publications/factbook/geos/bp.html>). Mineral production during 2000, however, included only gold with minor amounts of associated silver and small quantities of clays, crushed stone, and sand and gravel.

Gold and silver were mined by Gold Ridge Mining Ltd., which was a wholly owned subsidiary of Australia's Ross Mining NL, at the Gold Ridge open pit operation, this was the first large- scale [potentially 4,500 kilograms per year (kg/yr) with an expected production life of 10 years] mine ever to be developed in the country (Delta Gold Ltd., 2001, Annual report 2000, accessed February 28, 2001, via URL http://www.deltagold.com.au/delta2/report2000/ANNUAL/m_08/main.htm). First gold was poured in August 1998, and the mine, which is 26 km east-southeast of the capital city of Honiara in the foothills of Guadalcanal Island, was officially opened the following month.

On March 1, 2000, Australia's Delta Gold Ltd. announced an offer to acquire 100% of Ross Mining. The merger would create the fourth largest Australian gold company with three long-life, low-cost operations—the Kanowna Bell and the Granny Smith Mines in Western Australia and Gold Ridge in the Solomons (Delta Gold Ltd., 2000c). Ross Mining's operations were consolidated with Delta Gold effective May 1. Because of civil unrest owing to ethnic tensions in the Solomons, however, operations at Gold Ridge were suspended, and employees were evacuated on June 8 (Australian Mining and Exploration Companies-News, June 1-15, 2000, [Untitled], accessed July 14, 2000, via URL <http://www.reflexions.com.au/MiningandExploration/Companies/NewsJune00.html>). Equipment at the mine site was decommissioned and made safe and secure with mining equipment immobilized and, where applicable, fixed equipment disabled (Australian Mining and Exploration Companies-News, June 16-30, 2000, [Untitled], accessed July 14, 2000, via URL <http://www.reflexions.com.au/MiningandExploration/Companies/NewsJune00.html>). The mine employed about 350 people, and its output accounted for about one-third of the country's gross domestic product (Engineering and Mining Journal,

2000). Attributable gold production from Gold Ridge during Delta's short tenure was 338 kilograms (Delta Gold Ltd., 2000b). During the third quarter, Delta's efforts were focused on assessing developments in the Solomon Islands, mine production planning, and proceeding with insurance claims that arose from the forced evacuation of the project (Delta Gold Ltd., 2000d). In late November, Delta Gold was in the final stages of preparing a \$42 million insurance claim against its political risk policy because of the suspension of the Gold Ridge Mine (Mining Journal, 2000). Additionally, limited access to the mine site was possible for the necessary inspections for the preparation of the insurance claims for loss and damage (Delta Gold Ltd., 2000a).

Before closure, the Gold Ridge Mine was operating with a 2-million-metric-ton-per-year gravity separation carbon-in-leach processing plant with the potential to expand production to 4,700 kg/yr of gold. Mine life was expected to be about 13 years; as full upgrade progressed, it would be reduced to 10 years (Resource Information Unit, 2000, p. 76).

In addition to the closure of Gold Ridge, other economic effects of the civil strife were as follows: Solomon Islands Plantations Ltd., which was the country's major palm oil producer, closed its Guadalcanal Plains plantations; logging on Guadalcanal stopped; Solomon Taiyo suspended all fishing and closed its cannery at Noro, as did National Fisheries; tourism collapsed; Solomon Airlines lost its only jet, which had been leased from Australia's Qantas Airlines; Government revenues collapsed; and 1,500 civil servants were either fired or put on leave without pay (Islands Business, 2000).

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Major Source of Information

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The Geological Survey is part of the Ministry of Lands, Energy
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TABLE 1
SOLOMON ISLANDS: PRODUCTION OF MINERAL COMMODITIES 1/

(Kilograms)

Commodity 2/	1996	1997	1998	1999	2,000
Gold, mine output, Au content	25	25	1,565	3,456	338
Silver, mine output, Ag content	10	10	1,714	2,138	200 e/

e/ Estimated.

1/ Table includes data available through February 9, 2001.

2/ In addition to the commodities listed, crude construction materials (common clays, sand and gravel, and stone) were produced, but output was not reported quantitatively, and available general information was inadequate to make reliable estimates of output levels.