

THE SOLOMON ISLANDS

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The independent state of the Solomon Islands is within the Solomon Islands Archipelago, which consists of a double chain of volcanic islands east of Papua New Guinea, about 1,900 kilometers (km) northeast of Australia. The country comprises islands that extend about 1,450 km to the southeast of Papua New Guinea's Bougainville Island, across the Coral Sea to Vanuatu. The larger islands may extend up to a length of about 200 km; the smaller may be merely outcrops of low-lying coral (World Travel Guide, 2002b§¹).

The Solomon Islands' economy was small and agrarian; about 90% of the islands' populace was rural, dependant upon subsistence agriculture (copra, cocoa, and palm oil) and fishing (tuna) for sustenance (Asian Development Bank, 2002). Timber, although a key export industry through most of the 1990s, was reduced drastically following international pressure on the Government to introduce controlled logging owing to dangerously overexploitive logging practices (World Travel Guide, 2002a§). Most manufactured goods and petroleum products were imported. The gross domestic product was estimated to have declined by about 5% in 2001 following a much sharper decline of 14% in 2000 (Asian Development Bank, 2002§). The country's main industrial prospects focused on its mostly undeveloped mineral resources, which included gold-silver, lead-zinc, nickel, and phosphate (U.S. Central Intelligence Agency, 2001§).

Owing to political and ethnic violence in mid-2000, mineral production in 2001 for the Solomons only included small quantities of clays, crushed stone, and sand and gravel, although a minor amount of gold, and possibly associated silver, was obtained from primitive panning and sluicing by individuals. Sydney-based Delta Gold Ltd.'s Gold Ridge Mine, which previously produced gold and silver at Gold Ridge, 26 km east-southeast of the capital at Honiara on Guadalcanal Island until mid-2000, remained closed throughout 2001. In 2000, Delta Gold acquired the mine by merging with Australia's Ross Mining NL with the merger only completed in May, just one month prior to being forced to close owing to the breakdown of law and order in the country, especially on Guadalcanal.

At the time of the Delta Gold-Ross Mining merger, the Gold Ridge Mine had a production capacity of 3,100 kilograms per year (kg/yr), which was set to increase by yearend 2000 to 4,200 kg/yr as plant modifications became effective. A study to upgrade the operation to 4,500 to 4,700 kg/yr also had been

undertaken (Resource Information Unit, 2002, p. 181).

In May 2001, almost one year following its forced closure, Delta Gold agreed to a \$36 million settlement with its insurer regarding its claim under its political risks policy. As part of the settlement, Delta Gold and the insurer entered into a 50-50 joint venture for the mine, effective if and when it reopens. The security conditions must be resolved and the mine still must be economical for it to reopen (Mining Journal, 2001).

On September 17, Delta Gold and Goldfields Ltd. agreed to merge, creating a 31,000-kg/yr company to be headquartered in North Sydney, Australia. The merger was to become effective on January 1, 2002, with the resulting merged company officially renamed Aurion Gold Ltd., and informally known as AurionGold (Aurion Gold Ltd., 2002)

References Cited

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U.S. Central Intelligence Agency, 2001, World Factbook—Solomon Islands, accessed March 13, 2002, at URL <http://www.odci.gov/cia/publications/factbook/geos/bp.html>.
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¹References that include a section twist (§) are found in the Internet References Cited section.

TABLE 1
SOLOMON ISLANDS: PRODUCTION OF MINERAL COMMODITIES 1/

(Kilograms)

Commodity 2/	1997	1998	1999	2000	2001
Gold, mine output, Au content	25	1,565	3,456	338	--
Silver, mine output, Ag content	10	1,714	2,138	200 e/	--

e/ Estimated. -- Zero.

1/ Table includes data available through May 30, 2002.

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.