

# THE MINERAL INDUSTRY OF SOLOMON ISLANDS

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The economy of the Solomon Islands is small and predominantly agrarian. Agriculture accounted for about 60% of the country's Gross Domestic Product. Although the islands are considered to have abundant mineral resources, mineral production was limited in 1994 to small quantities of clays, crushed stone, and sand and gravel used in domestic construction and minor amounts of alluvial gold with contained silver.

Though the Solomon Archipelago was named in the 16th century for the legendary gold mines of King Solomon, the Melanesian state has had only minor gold production. A relatively large gold mining operation was begun at Mavu, on the Chovohio River 30 kilometers (km) southeast of the capital city of Honiara on Guadalcanal Island in November 1985, with a recovery plant opening in early 1986. However, the operation, a joint venture of the Australian firm Zanex Ltd. (70%) with the local firm Mavu Gold Development Ltd. (30%), was closed in 1987 owing to devastation caused by a severe tropical cyclone. The joint venture produced only 40 kilograms (kg) of gold.

Saracen Minerals NL, a wholly owned subsidiary of Australia's Crusader Ltd., was awarded in June 1994 the prospecting license for the Gold Ridge gold prospect, about 25 km south of Honiara. Saracen was the successful bidder over nine other Australian firms vying to develop the proposed 1,000-kilograms-per-year (kg/a) open-cut gold mine that was relinquished in 1993 upon Green Equity Investors Mining Pty. Ltd.'s withdrawal. The prospect had been idle since 1993 when Green Equity acquired full

ownership of both Arimco NL (now Australian Resources and Mining Co. NL) and Cyprus Gold Australia Corp., which had been developing the mine in equal partnership following their favorable feasibility study in early 1992.<sup>2</sup>

Although a 1,000-kg/a mine at Gold Ridge would be small by world standards, it nevertheless would have a significant role in the economic development of the Solomons. Currently, the mining sector contributes less than 1% to the country's export earnings. Export earnings from gold produced at Gold Ridge were expected to increase the sector's share sufficiently to become the country's third largest, after fishing and forestry, and accounting for about 15% of the total.

Essential elements of the transportation infrastructure include about 2,100 km of roads, including 30 km of sealed, 290 km of gravel, 980 km of earth, and 800 km of private logging and plantation roads of varied construction. There are 2 permanent-surface airports, out of 30 in the country, and 2 shipping ports, Honiara and Ringi Cove. Electric generating capacity was 21 megawatts and produced power at the approximate level of 115 kilowatt-hours per capita in 1990.<sup>3</sup>

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<sup>1</sup>Text prepared July 1995.

<sup>2</sup>Mining Journal (London). V. 323, No. 8282, July 1, 1994, p. 4.

<sup>3</sup>U.S. Central Intelligence Agency, Washington, DC: The World Fact Book 1994, p. 361.