



DEVELOPING THE SOLOMONS' MINERAL WEALTH

The Solomon Islands sits within the rich mineral arc that stretches between New Zealand and Papua New Guinea, and already has a proven track record as a gold producer.

Prior to the unrest of 2000, the Gold Ridge Gold Mine on Guadalcanal Island was contributing 30% of the Solomon Islands' GDP. It closed due to the unrest, but in our previous edition of *Business Advantage Solomon Islands*, published in November 2006, we reported on plans to re-open the mine.

SOLID PROGRESS

In spite of delays related to financing and land ownership, solid progress has since been made by the mine's owners, Toronto-listed Australian Solomons Gold Limited (ASG).

'We have been drilling up there and we have recruited 200 people. Our best estimate for a start is October 2008, after that we have a 15-month construction program,' explains ASG's CEO John Blake. 'We are looking at 2010 first quarter for producing gold.'

TRAINING THE KEY

Fully operational, the mine will employ between 500 and 600 people. While many of the skilled workers will be sourced from other mining operations in the region, Blake says his company will have a strong commitment to employing and training locals from day one:

'We believe that training is going to be the key to the operation being successful in the long term. We will train up local Solomon Islands people by upgrading them from semi-skilled to skilled and boost the number of professionals in the business.'

GETTING THE PROJECT JUST RIGHT

While Blake reports strong support for the project from both the Solomon Islands Government and local landowners, it has not been without its challenges.

'As part of arranging the debt side we had to have political risk insurance, this has not been easy,' he observes. 'When we went to the finance last year we realised we needed it. This is the position the banks have taken.'

The delays and additional expense are still evidently worthwhile: Gold Ridge's current reserves exceed a million ounces, with the potential for more discoveries.

'From a technical point of view, it is a very good project,' says Blake, 'and the delay has helped us to get that side of it just right.'

EXPLORATION EXPANSION

ASG is not the only company working on developing the Solomons' gold reserves. Another, UK-based Solomon Gold, is exploring the Sutakiki prospect on Guadalcanal Island.

In another recent development, last year Australian resources company Axiom Mining created a nickel exploration company, Bugoto Nickel Limited, with local landowners in Isabel Province.

While negotiations are ongoing with landowners, the Solomons' Prime Minister Dr Derek Sikua has committed his Government to opening up nickel exploration in Isabel Province.

Certainly, Government support is welcomed from the sector. ASG's John Blake notes that the Solomon Islands Ministry for Mines, Energy and Rural Electrification has issued 57 exploration licences in the past two years. As well as gold and nickel, he told *Business Advantage* that copper presented another opportunity. ■



AUSTRALIAN SOLOMONS GOLD'S GOLD RIDGE MINE, SET TO START PRODUCTION IN 2010