



**PACIFIC ECONOMIC
COOPERATION COUNCIL**

**MINING ECONOMY: DEVELOPMENT AND ENVIRONMENTAL
PROTECTION**

Plenary III-2: Restoration of Mineral Sites and Community Building

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Bougainville (PNG)

Choiseul

Solomon Islands

Isabel

New Georgia

Honiara

Malaita

Gold Ridge Mine

Guadalcanal

Makira



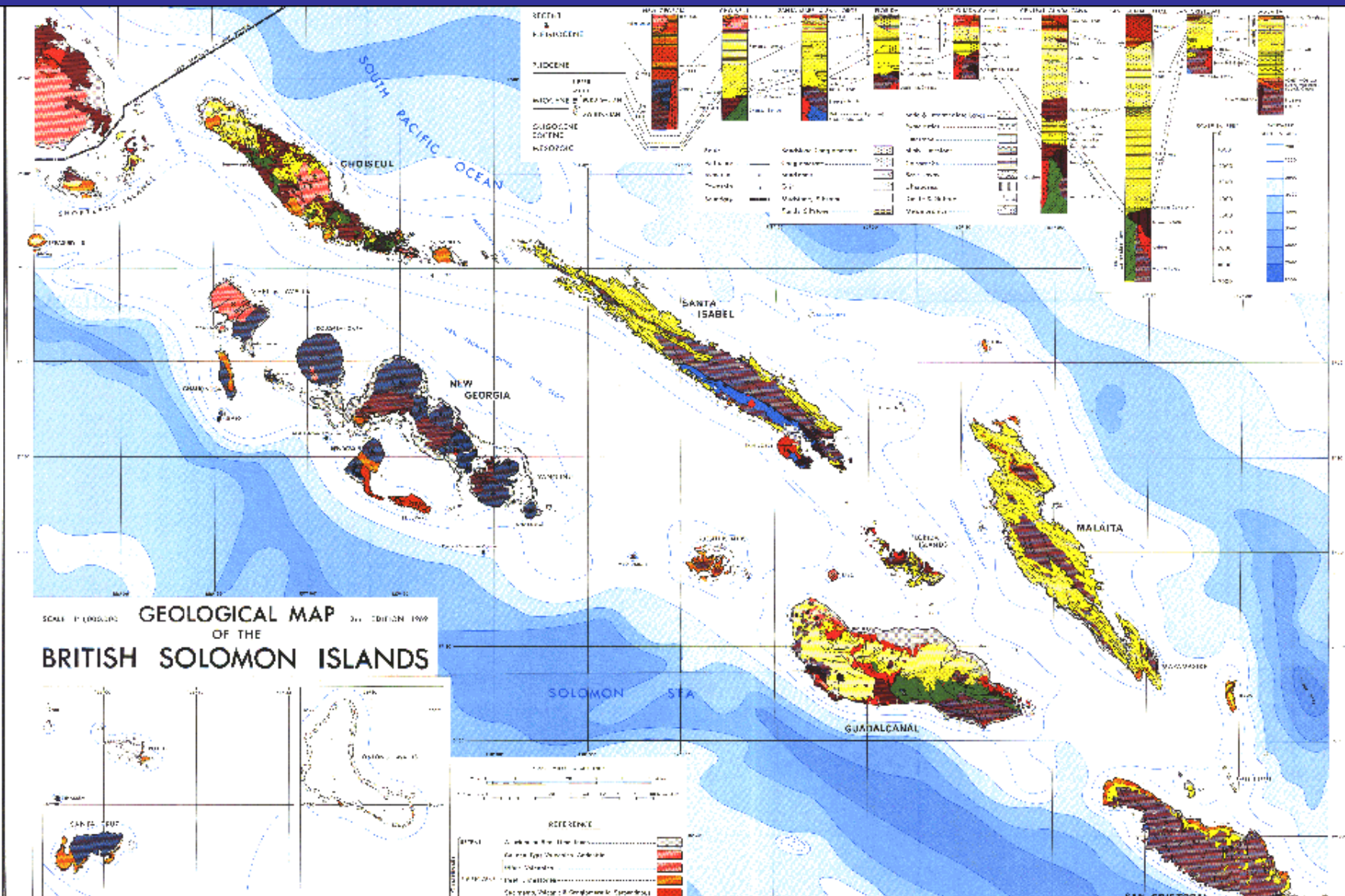
1.0 Introduction

Solomon Islands is part of the Pacific Rim of Fire and has the potential for large mineral deposits like its neighbour melanesian state Papua New Guinea (Panguna & Ok Tedi).

The key issue and focus for Solomon Islands now is to restore investor confidence in the mining industry.

The challenge is: *How can our local communities participate and contribute to mining developments?*

Geological Map of Solomon Islands



2.0 Aims & Objectives

1. Recent development undertaken in an effort to restore Gold Ridge Mine.
2. Government encouragement of community capacity building
3. Government enhancement, facilitation & promotion of mineral development and community building.

3.0 Latest Development in re-opening Gold Ridge Mine

3.1 Background Of Gold Ridge Mine

- An epithermal gold deposit with three (3) small to medium scale deposits
- Contain: a total reserve of 2.5 Million ounces of gold and silver
- Can be economically mined for 10-15 years at 100,000 ounces of gold per year.
- During operation, the Gold Ridge Mine has contributed one-third (1/3) of the country's foreign export revenue

3.2 Brief History

- August 1998 Commencement of production by Ross Mining
- June 2000 Civil Unrest in the Solomon Islands premature closure of the project
- May 2000 Delta Gold takes over Ross Mining
- 2001 Goldfields and Delta Gold merge forming Aurion Gold
- 2003 Placer takes over Aurion Gold
- 2004 Placer receive Political Risk Insurance (PRI) payment with AIG and ownership of the Project transfer to AIG.
- July 2004 AIG sales Gold Ridge to any interest party
- Nov.2004 ASG successfully win the tender for Gold Ridge Mine
- 2005 ASG established negotiation to re-open Gold Ridge gold mine on Guadalcanal

Gold Ridge Mine-abandon workshop



Gold Ridge Mine-Plant site



Gold Ridge Mine-Tailings Dam



Gold Ridge Mine-Tailings Dam



3.3 Background of Australian Solomon Gold (ASG)

- ASG, a consortium that comprise of:-
 - Resources Capital Fund (an equity investment company)
 - Societe Generale (a Global Bank)
 - Ausenco (a Mining Engineering Company)
 - Michelago (Australian Resources Company) and
 - Sashmo (a mine management company)
- With those background and expertise, the ASG is has a 12 month time frame for planning, negotiation and re-development of the Gold Ridge gold deposit

3.4 Some factors that contribute to the closure of the Gold Ridge Mine

- Guadalcanal history of unresolved socio-economics factors
- Landowners complained about unfair treatment by the previous company
- A lack of proper understanding of the Mining Agreement by the Landowners
- The main cause of mine closure was the racial and ethnic tension between the indigenous peoples of Malaita and Guadalcanal

3.5 Effort undertaken in the Restoration of Gold Ridge –gold mine

3.5.1. Solomon Islands Government Roles

- Reaffirm former Mining Agreement or Lease (ML) valid and legal bidding
- Solomon Islands Government signed an Assignment Agreement with ASG
- To ensure ASG provide Bankable Feasibility Study.
- To seek further technical advice to assist in the assessment of the Bankable Feasibility Study.
- The Government establish the Tripartite Committee (consists of the Company, Landowners and the Government)
- Tripartite to coordinate the re-opening process in negotiation with all stakeholders.
- The re-opening process includes continued consultation meetings, awareness program in the local community etc.

3.5.2 The company-ASG Roles

- Commences drilling programs at Gold Ridge (April 2005)
- Undertake an environmental assessment study including geo-technical stability of the mining sites.
- Understand the landowners issue to be address through consultation with the landowners and the government.
- Express concern to improve areas as supplementary to the existing Mining Agreement where they see fit..
- Realise there are no proper consultation prior to signing of ML.
- Carryout awareness within the local community.

3.5.3 Community (Gold Ridge Landowners Council) Roles

- Finally elected a new landowners committee
- Committee are provided with an office for daily consultation
- Review all landowners issues, claims and submit to the Government and Company
- Ensure their community effective participation to the restoration of the Gold Ridge Mine is vital
- Ensure that community awareness and consultation is very important at this early stages.

4.0 Community Building and Participation

- Community Building-Community participation is significant
- A bottom up approach – the Community must be recognised by all negotiation actors to participate in mineral development
- The Gold Ridge Landowners Council (Gold Mine) and the Bugotu Landowners Association (Buguto Laterite Nickel) are legal associations formed by the Community

Example of community participation

1. Tubi Pilot project at San Jorge Islands where Environment, Conservation and Exploration stakeholders have successfully interacted.
2. Best practice relates to Savo volcano, where the community of Savo island have been closely involved in eruption mitigation strategy development.
3. Community involve during negotiation for mineral exploration.

Tubi (Xanthostemos) plant



Tubi (Xanthostemos) plant



5.0 Government Plan in promoting mineral development and community building

- Future mineral development must ensure community participation from day one.
- For long term mining development, community building, participation and awareness is of paramount importance.
- Government must provide the community (village people) the grass-root support they require to empower them to participate effectively in stakeholder negotiations.

- Political Interference in any key project is dangerous and can lead to corruption and project failure.
- Solomon Islands Mining Legislation (Mines and Mineral Act 1990/1996 and its Mining Regulation 1996 be reviewed for the benefit all stakeholders.
- Solomon Islands with unexplored mineral resources will continue to seek technical and financial assistance in its effort to established and promote its key mineral potential areas according to the concepts of sustainable development

Community Awareness



Company –Community Awareness



Company-Community Participation



6.0 Summary

- The effort to re-open the Gold Ridge gold mine on Guadalcanal is slowly progressing
- There is a high degree of commitment given by all stakeholders
- Community Building or Participation is very important
- Illiteracy is one of the many factors that contribute to negative mineral development
- Proper awareness prior to any development is vital

6.0 Conclusions

- Restoration of Gold Ridge Mine will significantly improve the country's economy and also investor confidence.
- All stakeholders are confident for the mine to re-open.
- Community participation and awareness is of paramount importance for any long term mining development

- Community support at village level is vital –they must participate effectively in stakeholder negotiations.
- Solomon Islands Mining Legislation must be reviewed
- The country need strong and quality leaders
- Solomon Islands will continue to seek technical and financial assistance in its effort to established and promote its key mineral potential areas.

Thank you

