

FIJI

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Exploration and mining activities in Fiji, already affected by a downturn in international commodity prices, were further set back following the overthrow of the democratically elected government on May 19, 2000. International trade bans in support of the deposed government did not help the situation. Fiji is now governed by a caretaker government nominated by the President and is now gearing up for fresh elections to be held in August 2001. There is hope that this will allay fears of risk expressed by many exploration companies.

Fiji's economy last year was hit hard by the lack of investor confidence following the political and subsequent uncertainty faced by the country since May. With the recent slowdown in world economy and Fiji's social, economical and political problems, the growth of the economy is forecast to be lower by 4-5% (compared with pre coup forecasts). The political events adversely impacted the mining industry and resulted overall in a decrease in gold and silver production. This is reflected in lower mineral exports figures of 123,508 oz of gold (124,790 oz in 1999) and 47,412 oz of silver (69,421 oz in 1999), valued at F\$72.7 (US\$78.8 million in 1999). Tourism now dominates Fiji's economy followed by garments and sugar. The 1999 combined earnings from sugar, garments, gold, timber, footwear, fish, dalo, yaqona, edible oil and other domestic exports totalled F\$946.6 million compared with F\$1.1 billion in 2000.

Whilst the geological setting of Fiji, at the edge of the Indo-Australian plate and Pacific plate, implies that it hosts major potential for epithermal gold, porphyry-copper and base metal deposits, the overall trend in mineral exploration shows a steady decline in expenditure. This has been of concern to government and plans are underway to

address the fiscal and royalty regimes in order to provide a consistent, low to moderate, and stable regime. It is hoped to address these concerns in the 2001 budget later in the year. As an interim measure and to provide assistance to the operations at the Emperor Gold Mine, the export tax of 3% was waived and reductions made on import duties, particularly for fuel.

A few exploration companies showed keen interest to pursue prospecting in Fiji despite the political crisis last year. Nittetsu Mining Co. Ltd, which won the bid for the Namosi Prospects, was one, and has shown keen interest to evaluate further potentially high-value copper deposits at Namosi. The company commenced its exploration work programme towards the final quarter of the year and undertook detailed geo-chemical surveys including soil, rock chips, stream-sediment sampling analysis and geological mapping. It is anticipated that it will expand the programme this year to include geophysical surveys and drilling. The Tuvatu gold prospect near Sabeto, close to the Nadi International Airport and owned by Emperor Gold Mining Co Ltd, ceased operations in September while the Emperor Gold mine at Vatukoula operated with a reduced workforce.

The re-commissioning of the Mt Kasi gold mine is also dependent on improved commodity prices and a resolution of the

Fiji Exploration Expenditure			
Year	Expenditure F\$ (Million)	Area ('000 ha)	Licences
1995	3.69	279.5	25
1996	7.13	390.4	33
1997	12.11	490.8	39
1998	4.13	586.6	49
1999	4.02	374.5	35
2000	2.5	217.7	33

political impasse. At Mt Kasi a major drilling programme, planned for the first half of the year to evaluate further the extension of mineralisation as a prerequisite to additional capital injection, was suspended due to the political crisis. Two other companies are evaluating the potential of marble deposits at the Qalimare and Wainivesi prospects to the west and east of Suva, respectively. At other prospects some companies were scaling down their activities while the majority have decided to suspend work programmes until politics allow their resumption.

Mining companies exploring for gold, copper and industrial minerals in Fiji during 2000 included Emperor, Pacmin, Millennium Mining, Beta, A Tora, Burdekin Resources (Mt Kasi), Geopacific, Matai Holdings, Britannia Gold, Nationwide Mines, Rimfire, Tuvatu, Oribi, Ratu Vunibula, Climax, Aljen, Oceania and Wing Investments.

At Vatukoula, no regional exploration drilling was carried out during the year with respect to regional exploration. However, work primarily concentrated on data compilation and evaluation, which allowed new exploration models and targets to be formulated. A total of 4,562 m of surface diamond-drilling of on-lease exploration (Mining Leases) was completed during the year. Underground, diamond drilling continued at the Mining Leases totalling 16,326 m. Prior to ceasing operations at the Tuvatu Gold Prospect in September, Emperor completed a detailed assessment of existing data compiled over the previous 12 years of exploration and drilling. Tuvatu has an estimated resource of 1.6 Mt of ore at an average grade of 8.5 g/t Au, containing 446,000 oz of gold.

Mining Operations

Mining operations at Emperor were affected by trade bans

instituted by Australian and New Zealand Unions following the May 19 attempted coup. A deterioration in the quality of ore extracted and poor recovery at the mine were also principal factors behind lower production. The continuing low gold prices and poor ore quality have resulted in the uneconomical operation of parts of the mine. However, effective mine-development strategy and sound geological modelling has enabled the company to strike potentially higher-grade ore in underground development. This is hoped to result in better production from around mid-2001. Emperor's exploration and development continued on major known structures including the 2000N, Matanagata, Prince, R1 Structures, Shatter Structures and Steep Structures which are the major sources for underground ore extraction.

Gold production increased by 15% during the financial year, with 146,310 oz being produced (119,256 oz in 1998/1999) including 1,279 oz from tailings reclamation. A total of 568,903 t of ore at a grade of 9.01 g/t Au were treated for the year compared with 509,242 t of ore at a grade of 8.77 g/t Au for 1998/1999. Improved milling process and flotation efficiency have improved gold recovery from 85.1% in 1998/1999 to 86.0% during the year. The updated total identified mineral resource as at June 30, 2000 stood at 10.1 Mt at an average grade of 10.1 g/t Au including 5.1 Mt of tailings at an average grade of 1.5 g/t Au.

Fiji's Production Statistics (kg except where stated)				
	1997	1998	1999	2000
Emperor Gold Mining:				
Ore treated (t)	707,217	586,499	509,242	568,903
Gold produced	3,727	3,501	3,881	3,841
Silver produced	2,583	1,804	2,159	1,474
Mt Kasi:				
Ore treated (t)	403,931	170,328*	0*	0*
Gold produced	944	384	0*	0*
Silver produced	70.2	43.0	0*	0*

* The mine ceased operation in June 1998 due to financial constraints.

Exchange Rate: F\$1.00 = \$US0.4256