



2020–2021 Minerals Yearbook

SOLOMON ISLANDS [ADVANCE RELEASE]

THE MINERAL INDUSTRY OF THE SOLOMON ISLANDS

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Note: In this chapter, information for 2020 is followed by information for 2021.

The Solomon Islands' mineral resources were limited and consisted mainly of bauxite, copper, gold, nickel, and silver. In 2020, the Solomon Islands produced 841,900 metric tons (t) of bauxite, which was a decrease of 27% from that in 2019. The decrease was attributed to the coronavirus disease 2019 (COVID-19) pandemic and the cancellation of the mining lease for Asia Pacific Investment Development Ltd. of China (APID)—the sole bauxite producer in the country—in October 2020. The country exported nearly 100% of its bauxite output to China. The Gold Ridge Mine in Guadalcanal Province had been shut down since it was flooded in April 2014. Small-scale miners produced gold from placer deposits near Gold Ridge, but their gold production was not reported. Reconstruction of the Gold Ridge Mine was continuing since the state-owned China Railway Group Ltd. of China funded the project in 2019 (Wanguo International Mining Group Ltd., 2020, p. 2; World Bank, *The*, 2020, p. 4; Central Bank of Solomon Islands, 2021, p. 8–9; Piringi, 2021; United Nations Statistics Division, 2022). Data on mineral production are in table 1.

In 2020, the real gross domestic product (GDP) of the Solomon Islands decreased by 4.3% compared with an increase of 1.2% in 2019; the nominal GDP was \$1.55 billion. The decrease in 2020 was due to the effects of the COVID-19 pandemic. According to the United Nations' data, the country's exports and imports totaled \$546 million and \$364 million, respectively. Bauxite exports were valued at about \$40 million, which accounted for 7% of the country's total export value. Mineral fuel and products (mostly refined petroleum) imports were valued at \$63 million, which accounted for 17% of the country's total import value. In terms of import value, the Republic of Korea supplied 48% of the Solomon Islands' imports of mineral fuels and products, and Singapore, 35% (Central Bank of Solomon Islands, 2021, p. 4; World Bank, *The*, 2021; United Nations Statistics Division, 2022).

The legislative framework for the mineral sector in the Solomon Islands is provided by the Mines and Minerals Act 1990 (Amendments in 1996, 2008, and 2014). The Ministry of Mines, Energy, and Rural Electrification surveys the country's geology and oversees mineral, water, and energy resources. The Mines and Minerals Board reviews prospecting licenses and mining leases before they are granted by the Minister of Mines. Bauxite, gold, and silver mines were privately owned. APID operated a bauxite mine in Rennell Island. Wanguo International Mining Group Ltd. of China held the mining license for the Gold Ridge Mine (National Parliament of Solomon Islands, 2021). Table 2 is a list of major mineral industry facilities.

Commodity Review

Metals

Bauxite and Alumina.—The cancellation of APID's bauxite mining lease was owing to unpaid royalties and taxes. APID and its subcontractor Bintan Mining Solomon Islands Ltd. had failed to make payments for 33 out of the 100 shipments of bauxite exports during the past 5 years. The unpaid amount totaled about \$12.2 million (SBD100 million),¹ and consisted of \$9.7 million for royalties to landowners, \$1.2 million for taxes, and \$1.2 million for land rehabilitation. APID had brought legal proceedings against the Government of the Solomon Islands, claiming inaccurate data on the amount of payment and the number of shipments (Piringi, 2021).

Gold.—The reconstruction project at the Gold Ridge Mine was funded by an \$825 million contract with China Railway Group and aimed to revive the mine and construct infrastructure during the next 15 years. Wanguo International expected to resume partial operations in the fourth quarter of 2021. As of 2018, the probable ore reserves at the mine were estimated to be 31.2 million metric tons (Mt) containing 45,000 kilograms of gold. Based on an annual processing rate of 2.5 Mt of ore, the mine life was projected to be 13 years at a cash cost of \$25,500 per kilogram (or \$792 per troy ounce) (Papua New Guinea Mine Watch, 2019; Wanguo International Mining Group Ltd., 2020, p. 1–2).

MINERAL INDUSTRY HIGHLIGHTS IN 2021

In 2021, the real GDP of the Solomon Islands decreased by 0.6% from that in 2020; the decrease was owing to the ongoing COVID-19 pandemic and the Honiara riot in November 2021. Mining activity contracted as well. Since the cancellation of APID's mining lease in October 2020, neither production nor export of bauxite had been reported. The resumption of gold production at the Gold Ridge Mine was postponed from the fourth quarter of 2021 to the first quarter of 2022 owing to the COVID-19 pandemic. Small-scale miners may have continued to extract placer gold near the Gold Ridge site, but reliable information on the output was not available (Wanguo International Mining Group Ltd., 2021, p. 2; Central Bank of Solomon Islands, 2022, p. 6; United Nations Statistics Division, 2022).

In December, Pacific Nickel Mines Ltd. of Australia received the development consent from the Government of the Solomon Islands for the Kolosori nickel project. The project, which was

¹Where necessary, values have been converted from Solomon Islands dollars (SBD) to U.S. dollars (US\$) at the annual average exchange rate of SBD8.21=US\$1.00 for 2020.

80% owned by Pacific Nickel and 20% owned by individual landowners, is located on Isabel Island. Pacific Nickel anticipated that the mining lease for the project would be issued in early 2022 and that mining operations could start in late 2022. The company had set a production target of 6.23 Mt of ore at a grade of 1.5% nickel, which contains 93,450 t of nickel, during mine operations (Pacific Nickel Mines Ltd., 2021, p. 1–2).

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TABLE 1
SOLOMON ISLANDS: PRODUCTION OF MINERAL COMMODITIES¹

(Kilograms, gross weight, unless otherwise specified)

Commodity		2017	2018	2019	2020	2021
METALS						
Bauxite	metric tons	1,502,896	1,608,647	1,161,047	841,900	-- ^e
Gold, mine, Au content		--	--	NA ²	NA ²	NA ²
Silver, mine, Ag content		--	--	NA ²	NA ²	NA ²

^eEstimated. NA Not available. -- Zero.

¹Table includes data available through May 3, 2022. All data are reported unless otherwise noted.

²Information of the output by small-scale miners was not available.

TABLE 2
SOLOMON ISLANDS: STRUCTURE OF THE MINERAL INDUSTRY IN 2021

(Kilograms unless otherwise specified)

Commodity		Major operating companies and major equity owners	Location of main facilities	Annual capacity ^e
Bauxite	metric tons	Asia Pacific Investment Development Ltd. (APID) ¹	Mine in Rennell Island	1,700,000
Gold, mine, Au content		Gold Ridge Mining Ltd. (Wanguo International Mining Group Ltd., 70%, and others, 30%)	Gold Ridge Mine, ² Guadalcanal Province	500
Do.		Small-scale gold miners	Placer deposits near Gold Ridge Mine, Guadalcanal Province	NA
Silver, mine, Ag content		Gold Ridge Mining Ltd. (Wanguo International Mining Group Ltd., 70%, and others, 30%)	Gold Ridge Mine, ² Guadalcanal Province	300

^eEstimated. Do. Ditto. NA Not available.

¹The mining lease was canceled by the Government in October 2020.

²The mine was closed in July 2014. Mine redevelopment started in September 2019 and continued in 2021.