



# 2013 Minerals Yearbook

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FIJI [ADVANCE RELEASE]

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# THE MINERAL INDUSTRY OF FIJI

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In 2013, Fiji's real gross domestic product (GDP) increased by 4.6% to \$5.3 billion. The growth in the mining and quarrying sector decreased by 7.9% owing mainly to reduced gold production (Fiji Bureau of Statistics, 2014a, p. 1–3).

## Government Policies and Programs

The Mineral Resources Department (MRD) is Fiji's national geological survey and mining organization. The MRD develops mining policies, provides geologic information, assists mining investors, and facilitates the exploration for and development of mineral and petroleum resources in the country. The MRD is under the management of Fiji's Ministry of Lands and Mineral Resources.

## Production

Gold production decreased by 25% to about 1,240 kilograms (kg) in 2013 from 1,653 kg in 2012. Continued development of the Vatukoula gold mine in Fiji was seriously constrained by a low level of investment capital and cash flow, and most of the mine's key operational metrics were reduced. The Vatukoula gold mine is located in the Nakauvadra Mountains on the main island of Viti Levu about 100 kilometers (km) northwest of the capital, Suva, and 8 km inland from the coast. It was owned and operated by Vatukoula Gold Mines plc. (VGM), a United Kingdom-based public company (table 2; Vatukoula Gold Mines plc., 2013, p. 4–6).

## Structure of the Mineral Industry

Mineral production accounted for about 1% of the country's GDP. Gold production was the mainstay of the mineral industry in Fiji but of only minor importance to the country's economy. The Vatukoula Mine was the only significant gold-producing mine in the country. Mineral resource companies operating in Fiji included a British-owned gold and silver mining company, a new Chinese-owned bauxite company, a domestic cement manufacturing company, and several small, locally operated industrial mineral quarries to produce coral and river sand, limestone, stone and crushed gravel, and other construction aggregates. Fiji hosts several undeveloped major porphyry copper-gold and epithermal gold deposits. The country also has hydropower potential and had areas offshore that were prospective for oil (table 2).

## Mineral Trade

In 2012 (the latest year for which data were available), the leading export partners of Fiji were the United States, which received 14.6% of Fiji's total exports; Australia, 13.2%; Japan, 6.9%; Samoa, 5.8%; and Tonga, 5.1%. Fiji's major mineral commodity export was gold. The leading import partners of Fiji were Singapore, which supplied 32.8% of Fiji's total imports;

Australia, 15.5%; New Zealand, 14.5%; and China, 10.7%. Fiji's major mineral commodity import was petroleum products (U.S. Central Intelligence Agency, 2014).

Fiji's exports decreased in value by 7% in 2013 compared with the value in 2012; the export value of mineral products increased by 41%, however. The mineral commodity exports included cement and lime, earths and stone, precious metals, salt, and sulfur. The value of the country's imports in 2013 increased by 29% compared with that of 2012; the import value of mineral products increased by 0.5%. The imported items included aluminum, automotive diesel oil, aviation turbine fuel, industrial diesel oil, iron and steel, kerosene, and unleaded petroleum (Fiji Bureau of Statistics, 2014b–d; U.S. Central Intelligence Agency, 2014).

## Commodity Review

### Metals

**Bauxite and Alumina.**—China's Shangdong Xinha Aluminum & Electricity Group was expecting to obtain bauxite mining licenses from the Fiji Government in 2013 for the new bauxite mining site at Mataqali Naita in Lekutu district, Bua Province. Xinha Aurum Exploration Fiji Ltd. Co. had been operating and producing bauxite at the Nawailevu Mine in Lekutu, Bua, and the company aimed to export about 500,000 to 800,000 metric tons (t) of bauxite to the Shangdong Xinha Group's alumina refinery in China. The mine employed 200 local people, and the bauxite export revenue was expected to enable the company to provide electricity and water to the local community (Butabua, 2014).

**Gold.**—The development of the Vatukoula Mine, including exploration and drilling, was limited during 2013 as VGM sought to obtain the required \$40 million in financing and its available cash reserves were spent on critical operations. Investment in the mine was also decreased because of the market and economic situations, which included a decline in the gold price despite an increase in consumer demand and an only moderate increase in supply. BGM attributed the price decrease in part to U.S. monetary policy that was put in place to deal with the U.S. financial crisis and that resulted in a low level of inflation and decreased investment demand. The gold price decreased by 34.4% to \$1,206 per troy ounce in April 2013 from its previous high of \$1,838 per troy ounce in July 2011. The company expected the gold market price to follow previous cyclical trends; that is, to reach bottom (in 2013) and then to begin to recover. The recovery could be driven by another major factor—that of China's long-term goal to increase its gold reserves to the global average of 10% of its foreign reserves (from the current level of 1.2%) as part of that nation's strategy to make its currency, the Renminbi (RMB), freely exchangeable and an international reserve currency. Actions by China to increase its gold reserves would tend to restrict the supply of

gold on the world market and place an upward pressure on the price (Vatukoula Gold Mines plc, 2013, p. 4–6, 9–10).

The Namosi Joint Venture (NJV) acquired a special prospecting license from the Fiji Government to conduct mineral exploration primarily in Naitasiri and Namosi Provinces. NJV's Waisoi project, which is located at Tikina Waidina, was in the exploration phase on a large undeveloped copper-gold-molybdenum deposit with reserves estimated to be about 1,300 Mt of ore at a grade of 0.12 gram per metric ton gold. Newcrest Mining Ltd. of Australia (69.94% interest) was the manager and operator of the NJV; Mitsubishi Materials Corp. of Japan (28.06% interest) and Nittetsu Mining Co. Ltd. of Japan (2% interest) were the two other partners (Namosi Joint Venture, 2013; Newcrest Mining Ltd., 2013).

## Outlook

VGM planned to accelerate development of the underground Vatukoula Mine to increase gold production in 2014, and the company also planned to begin field work on identified gold and copper targets in the Tavua basin. Shangdong Xinfu Group planned to continue to pursue a mining license for an additional bauxite project at Mataqali Naita, which was located 500 meters from the Nawailevu Mine, in hopes of securing the new raw material supplies for its aluminum production facility in China, especially after Indonesia banned bauxite exports (Camara and Riseborough, 2014; Vatukoula Gold Mines plc., 2014, p. 6).

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TABLE 1  
 FIJI: ESTIMATED PRODUCTION OF MINERAL COMMODITIES<sup>1,2</sup>

(Thousand metric tons unless otherwise specified)

Commodity <sup>3</sup>		2009	2010	2011	2012	2013
Bauxite		--	--	50	500	800
Cement, hydraulic		110	130 <sup>r</sup>	120	120 <sup>r</sup>	130
Gold, mine output, Au content	kilograms	1,040	1,856 <sup>4</sup>	1,622 <sup>r,4</sup>	1,653 <sup>4</sup>	1,240 <sup>4</sup>
Limestone		215	50	50	50	60
Silver, mine output, Ag content	kilograms	293	500	400	300	225

<sup>r</sup>Revised. -- Zero.

<sup>1</sup>Estimated data are rounded to no more than three significant digits.

<sup>2</sup>Table includes data available through August 31, 2014.

<sup>3</sup>In addition to the commodities listed, crushed and dimension stone, coral sand, marble, and other construction materials are produced, but data are insufficient to make reliable estimates of output.

<sup>4</sup>Reported figure.

TABLE 2  
 FIJI: STRUCTURE OF THE MINERAL INDUSTRY IN 2013

(Thousand metric tons unless otherwise specified)

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity <sup>e</sup>
Bauxite	Shangdong Xinfu Aluminum & Electricity Group	Nawailevu Mine in Lekutu district, Bua Province	800
Cement	Fiji Industries Ltd. (FIL) (Fijian Holding Ltd. Corp., 50.2%, and South Pacific Cement Ltd., 47.3%)	Lami, Suva	150
Gold	kilograms	Vatukoula Gold Mines plc., 100%	1,856
Silver	do. do.	do.	500

<sup>e</sup>Estimated. do. Ditto.