

Exploration Opportunities in Fiji

Fiji – General Background

Land area

18,300 square kilometres (around 300 islands of which approximately a third are inhabited)

Sea area

1,146,000 square kilometres

Population

837,271 (imputed from 2007 census)

System of Government

Parliamentary democracy based on the Westminster system with a 71-seat single-chamber Parliament. The President appoints the Prime Minister as determined by the 1997 Constitution.

Capital

Suva (Population of 85,691)

Main Cities

Lautoka (52,220), Labasa (27,949), Nadi (42,284)

Official Language

English

Real GDP (2007) at 1995 constant dollars

FJ \$4,447.3 million

GDP per capita (2007) at 1995 constant dollars

\$F 3,442.5

Exchange Rate

Linked to a basket of currencies of Fiji's 5 major trading partners (as at September 15, 2009)

FJ\$1 = USD 0.5

FJ\$1 = AUD 0.58

FJ\$1 = NZD 0.71

FJ\$1 = GBP 0.3

FJ\$1 = YEN 45.14

Major Merchandise Exports, FJ\$ (2008)

Sugar 248.1M, garments 113.8M, **gold 33.2M**, fish 134.2M, timber products 59.8M

Major Imports, FJ\$ (2008)

Machinery and transport equipment 726.5M, manufactured goods 460.8M, food 520.0M, minerals and fuels 1,222.1M.

Major Trading Partners, % of total (2008)

Exports Australia 12.3%, UK 14.9%, US 12.2%, Japan 4.3%, New Zealand 5.6%, Tonga 5.2%

Imports Australia 19.7%, New Zealand 13.3%, US 6.7%, Japan 2.3%, Singapore 34.8%, India 3.4%, Hong Kong 2.0%, Malaysia 1.7%, Thailand 2.9%

Exploration expenditures (2008)

FJ\$ 32M

The Country

Fiji is situated in the South Pacific, approximately 3100km northeast of Sydney, 2100km north of Auckland and 5100km southwest of Honolulu.

Fiji consists of 332 islands of which the two largest are Viti Levu – 10,429 sq. km and Vanua Levu – 5,556 sq km. About one third of the islands are inhabited. The capital of the country is Suva, a city situated on the south eastern coast of Viti Levu. The other city is Lautoka situated on the north western coast of Viti Levu.

Climate

Fiji enjoys a tropical maritime climate without greater extremes of heat or cold. The islands lie in an area which is occasionally traversed by tropical cyclones which are mostly confined to the months of November to April. On average some ten to twelve cyclones per decade affect some parts of Fiji, and two to three can be very severe.

At all seasons the predominant winds over Fiji are the Trade Winds from the east to the southwest. On the western and eastern sides of Viti Levu and Vanua Levu however, daytime breezes blow in from the sea.

Temperatures average 22 degrees Celsius (72F) for the cooler months (May to October) while summer (November to April) temperatures are higher with heavy downpours.

Mountain ranges divide the larger islands into distinct wet and dry zones. Suva on the wet south eastern side of Viti Levu is exposed to the trade winds and has an average annual rainfall of about 3006mm, while in Lautoka, on the dry north western side of Viti Levu, the average annual rainfall is about 1931mm.

People

The population of Fiji at the end of December 2007 stood at 837,271. The Bureau of Statistics projections indicate that by the year 2010, Fiji's population would have reached 857,000 – a growth rate of 0.7 per cent year between 1996 and 2007. Of Fiji's current population, more than 49 per cent live in the rural areas.

Apart from indigenous Fijians, Fiji has accepted many other nationalities to its shores, for example, Indians, Europeans, Chinese and many Pacific islanders.

The official language is English. However, Fijian and Hindustani (Hindi) are widely spoken within the community.

Transport and Communications

The present road system is well developed with a tar-sealed highway linking Suva and Lautoka along the southern/western sections of the island. Further road construction along the northern/eastern sections of the island is being undertaken to complete a tar-sealed road around most of Viti Levu. Buses operate scheduled services within and between cities, towns and other populated areas all around Viti Levu and on the other main islands.

The main commercial centres of Fiji are linked by road, air or sea. The Nadi International Airport is used by most international airlines operating on transpacific air routes. Fiji is serviced regularly by airlines from Australia, New Zealand and Canada. The national airline Air Pacific operates scheduled flights between Nadi, New Zealand, Australia, Japan, Republic of Korea and West Coast USA, as well as other countries of the South Pacific. There are regular daily flights between Nadi and Suva.

Fiji has international shipping services. Suva is the main port and its wharf facilities are capable of handling large cargo and passenger vessels. Lautoka, Levuka and Savusavu are the other ports of entry.

The telephone network in Fiji is serviced with modern automatic exchanges serving the major towns and cities on main islands. Calls to outer islands in Fiji and other countries operate through the central telephone exchange. Domestic and overseas facsimile, telex, telegraph, internet and postal services are also available. Vodafone and Digicel are the providers of mobile phone services.

Business Activity and Labour Conditions

The majority of the larger commercial and industrial organizations in Fiji are subsidiaries of Australia, New Zealand and, to a lesser extent, other overseas companies. There is, however, a significant and increasing business sector made up of businesses owned by Fiji nationals. Joint ventures between Fiji nationals and foreign investors are being encouraged by the government and are gaining popularity.

Fiji has a labour force which is adaptable, disciplined, English speaking and readily available. The total labour force in 2007 was estimated at 326,988. However, when shortages in middle and top management personnel are experienced, expatriates with appropriate qualifications generally have no difficulty in obtaining work permits to fill these positions. It should be noted that the government requires all expatriates to obtain work permits for any employment in Fiji.

For investors and industrialists, Fiji is an attractive venue for investment as can be noted by a considerable increase in the number of new industries besides the expansion of existing new ones. Products manufactured have been intended for both local consumption and export. These include aluminium products, agricultural equipment, boats, beverages, food, building materials, industrial furniture and hardware, cement, cigarettes, concrete products, footwear, handicraft, clothing, textiles, plastic, plywood, packaging materials, soap products, tea packaging, wood products and wrought iron products.

Fiji being a viable venue for investment can be largely accounted for by the unique blend of advantages the country offers to both local and foreign investors: favourable environmental, economic and social circumstances and the continuing application of the free enterprise philosophy; well developed economic infrastructure, good international air and sea links and telecommunications, and adaptable, efficient, English speaking workforce.

These advantages are reinforced by incentives which include tax and import duty concessions, accelerated depreciation allowances, tax rebates on export profits and easy repatriation of profits and easy repatriation of profits and capital.

Land Ownership

One of the main benefits of investing in Fiji over other countries in the South Pacific region, is that there is an easily identifiable, clear land ownership register, an official agency which deals with all native-land use issues, as well as a well-established native land management and administration system. Land in Fiji is divided into 3 main categories. Native Land, Government (State) Land and Freehold Land. There is no differentiation between them under the Mining Act, all are subject to the State's right of ownership of the minerals. The ownership of all unextracted minerals in the ground, of every description, including crude oil, is vested in the State (the Republic of Fiji) as per Section 3.-(1) of the Mining Act.

Native Land is owned by indigenous Fijians and comprises 83% of the total land area in Fiji. Native Land is reserved for the exclusive use of its owners, but can be leased with the owners consent for fixed periods and for particular purposes. Each lease category has different terms and conditions. Leases may be sold, transferred and varied, subject to the consent of the Native Lands Trust Board (NLTB). Leasing costs comprise yearly rental payments plus a separate lease or premium cost. The NLTB is the statutory body which manages and administers land of this type entrusted to it by landowners. Since most land in Fiji is Native Land, most mineral developments will be situated

on it and investors will be able to deal directly with the NLTB.

About 7% of all land in Fiji is controlled by the Government (State Land) and, like Native Land, may not be sold. Freehold Land accounts for the remaining 10% of the total land area. Of the 2 mines currently in operation in Fiji, the one owned by Emperor Mines Limited is on Freehold Land, the other, owned by Pacific Islands Gold NL, is situated on Native Land.

History of Exploration and Mining in Fiji

Since the first reporting of gold in 1868 along the Navua River in the main island of Viti Levu, fossicking and prospecting lone prospectors and small syndicates, has led to a number of important finds.

Gold was first exported from Fiji in 1932, from the mining operating at Mt Kasi, located in Yanawai, on Vanua Levu, the second largest island. Mining at Mt Kasi from 1932 to 1946 extracted ore principally from a large open cut with associated underground workings. Estimates of ore produced during the mining period vary slightly and an acceptable estimate would be 265 000 t of ore grading 7 g/t Au.

Also in 1932, economic quantities of gold were discovered near Tavua in Viti Levu. This discovery led to the commissioning of the Vatukoula gold mines, which, after Emperor Gold Mining Company Limited bought out the rest of the small operators within the Tavua Caldera, later became known as Emperor Gold Mines. Historical production to 2006 is around 196 t of gold from 24 Mt of ore grading 8 g/t.

Although there were numerous other gold discoveries in later years, the Mt Kasi and Emperor discoveries remained the most prominent due to the quantity of gold they produced. The Mt Kasi mine briefly came back to life over the period 1996-1998 producing some 1,691 kg of gold and 122kg of silver from 789,817 tonnes of ore. It is presently under care and maintenance.