

Policies and Procedures

In Fiji, mineral rights and ownership are vested in the State. To prospect, explore or mine any mineral, various permits are required from the Director of Mines, Mineral Resources Department. These permits are stipulated in the Mining Act (CAP 146) of 1978.

The permits granted, depend on the type of exploration or mining activity being proposed. These are: ***Prospector's Right, Prospector's Licences, Special Prospecting Licence, Permit to Mine, Mining Lease, Special Mining Lease, Special Site Right and Road Access Licence***. For mineral exploration the permits required are a ***Prospector's Right (PR) and a Special Prospecting Licence (SPL)***.

Any person undertaking field work must have a ***Prospector's Right***.

Special Prospecting Licences are granted for areas greater than 1,300 ha.

Application for a Special Prospecting Licence

- ✦ An individual or a company can apply for a Prospecting Licence or a Special Prospecting Licence.
- ✦ If non-resident, the individual or the company needs to appoint an accredited agent in Fiji with the necessary Power of Attorney. This agent is normally an accountant, a lawyer or a consultant.
- ✦ The accredited agent or the applicant company can appoint another agent to undertake any work in the field.
- ✦ The Prospectors Right holder or the applicant should give notice to the landowner or land occupier about his Intention to enter land to carry out prospecting.
- ✦ Before an application is made, the applicant should peg the area or apply in writing to the Director for the waiver of pegging requirements.
- ✦ For the waiver of pegging requirement, only partial waiver is granted. The applicant and/or his agent, (holder of the ***Prospector's Right***) should present himself to the chiefly village in the application area to explain his intentions and plans for exploration. Evidence of this visit is required when lodging the application.
- ✦ The applicant company is required to register in Fiji as a local or an overseas company.
- ✦ The application is made on **Form I - Application for a Mining Tenement**. With the application the following is required :
 - A plan/map outlining the area applied for preferably on 1:50,000 or 1:250,000 scale map depending on size of the area applied for.

- Evidence of compliance of the conditions attached to the approval of the partial waiver. (Conditions are specified at the time partial waiver is granted).
- Application fees and annual fees.
- Minimum expenditure acceptable for a licence is normally USD \$80,000 - \$100,000 for a Licence area of about 4,000 ha, increasing proportionately with the size of the licence area. Previous work history in the area is, however, taken into account when considering expenditure levels. The Mount Kasi Prospect for example has a considerable history of exploration and additional work programs would require significantly higher expenditure commitments.
- Evidence of technical and financial capability of applicant for carrying out the proposed exploration.
- A proposed scheme of exploration with the statement of the proposed expenditure. A phased exploration programme and expenditure is normally required.
- A sufficiently detailed strategy to manage legacy issues (accrued liabilities from former lease holder)

Processing of the application

- ✦ Bona fide standing of the application is checked.
- ✦ Assessment of the work programme and related expenditure is made.
- ✦ Boundaries of the application area are checked in relation to existing tenements or application.
- ✦ The application is advertised for comment by public and is open for 30 days.
- ✦ Recommendations are made for the Minister's consideration.

General Conditions

Special Prospecting Licences are normally granted for one year at a time with 12-month renewals if licence conditions have been complied with. Licences can however be granted or renewed for up to 5 years for the advanced projects.

The holder of a **Prospectors Right** or a **Special Prospecting Licence** must pay compensation for any damage done to improvements on the land and also for any permanent damage done to the land.

A deposit/bond is required at the time a Prospecting Licence/ Special Prospecting Licence is granted as a guarantee for the compliance of the provisions of the Act, Special Conditions of the Licence, including compliance of the conditions on environmental impacts.

Fiscal Matters

Fiscal payments under the Mining Act include application fees, annual licence fees for land under PLs and SPLs, annual lease rents for land under mining lease, mining royalties and various other administration fees (see Information Sheet - Schedule of Fees).

Royalties

Royalties are payable to the State as prescribed in provisions under the Mining Act of 1978.

Mining

A Mining Lease may be granted to a Prospecting Licence holder following an application made in the prescribed manner. The grant of a mining lease is subject to the submission of a feasibility report demonstrating the commercial viability of the project, a detailed financing plan of the project and an acceptable environmental management plan. The mining lease can be granted for a term between five and twenty one years.

Disputes

The Director can rule in the event of disputes but any person aggrieved by the decision may submit an appeal to the Mining Appeals Board whose decisions can be referred to the High Court.

Reporting

Quarterly and Annual Reports on prospecting activities are mandatory. The guidelines on reporting are available in MRD Note BP 63/4 Guide to Technical Reporting, copies of which can be obtained from the Department or via this web-site link <http://www.mrd.gov.fj/gfiji/download/>.

Other links (non-exhaustive) on laws of Fiji which companies have to comply with can be found at the following links:

- *Environmental Management Act*: http://www.paclii.org/fj/legis/num_act/ema2005242/
- *Income Tax Act*- http://www.itc.gov.fj/lawnet/fiji_act/cap201.html
- *Companies Act* - http://www.paclii.org/fj/legis/consol_act/ca107/

Note all Laws available electronically are provided as guidance only.

Fiji – General Background Information

Land Area & Location

Fiji lies in the heart of the Pacific Ocean midway between the Equator and the South Pole and between longitudes 174⁰ East and 178⁰ West of Greenwich and latitudes 12⁰ S and 22⁰ South. 'Fiji's Exclusive Economic Zone contains approximately 330 islands of which about a - third are inhabited. This covers about a 1.3 million sq.km of the South Pacific Ocean.

Fiji's total Land area is 18,333 sq km. There are two major islands - Viti Levu which is 10,429 sq km and Vanua Levu 5,556 sq km. Other main islands are Taveuni 470 sq.km, Kadavu 411 sq.km, Gau 140 sq.km, Koro 140 sq.km.

Climate

Fiji enjoys a tropical South Sea maritime climate without great extremes of heat or cold. The islands lie in area which 'is occasionally traversed by tropical cyclones, and mostly confined between the months of November to 'April every year. Temperatures average 22o Celsius for the cooler months [May to October] while November to April temperatures are higher with heavy down pours.

Language

English is the official language. However, Fijian and Hindi are also taught in schools as part of the school curriculum.

Population

Fiji is home to 837,271 (2007 census) people of diverse ethnic origins. The population comprises indigenous Fijians (56.82%), people of Indian origin (34.47%), Rotumans (1.24%), European, Chinese and others (7.48%).

System of Government

Current Fiji Government led by Commodore Voreqe Bainimarama as Prime Minister who heads Cabinet Ministers for various portfolios.

Capital

The capital is Suva and it is one of the two cities in Fiji. The other is Lautoka City and both are located on the island of Viti Levu.

Main Centres

Suva (74,481), Lautoka (43,473), Labasa, (7,706), Nadi (11,685)

Real GDP (2008)

GDP at Current Factor Cost [FJD Million]	4861.3
GDP per Head of Population at Current Factor Cost (FJD)	5,808
GDP per capita (2007) at 1995 constant dollars (FJD)	3,442.5

Exchange Rate

Linked to a basket of currencies of Fiji's 5 major trading partners (as at 27th May 2010)

FJ\$1 = USD 0.5

FJ\$1 = AUD 0.58

FJ\$1 = NZD 0.78

FJ\$1 = GBP 0.35

FJ\$1 = YEN 52.14

Major Merchandise Exports, FJ\$ (2008)

Sugar 248.1M, garments 113.8M, *gold 67,685,820.06M, fish 134.2M, timber products 59.8M

**gold figures from 2009 records at Mineral Resources Department*

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%

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. Currently, the company operating the gold mine is Vatukoula Gold Mining Co. Ltd.

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.

Since then, the site has been under care and maintenance to support exploration activities by the lease holder, Burdekin/Audesso/Redbank Mines. More recently, the site is under government control in preparation for this tender process.

Geology of Fiji

Throughout most of its geological history, Fiji was part of a chain of island arcs in the southwest Pacific that marked the zone of convergence (subduction zone) where Pacific oceanic plate was subducted under oceanic parts of the Indo-Australian plate. This island arc — the Outer Melanesian Arc — included parts of Papua New Guinea, Solomons, Vanuatu, Fiji, and Tonga. In the Fiji sector, the oldest known rocks are c. 35 million years (Ma) old, and the island arc continued until about 10 Ma, with Pacific plate moving southwestwards and being consumed under the Outer Melanesian Arc along the Vitiaz Trench. Figure 1 shows stages in the geological evolution of the Fiji area.

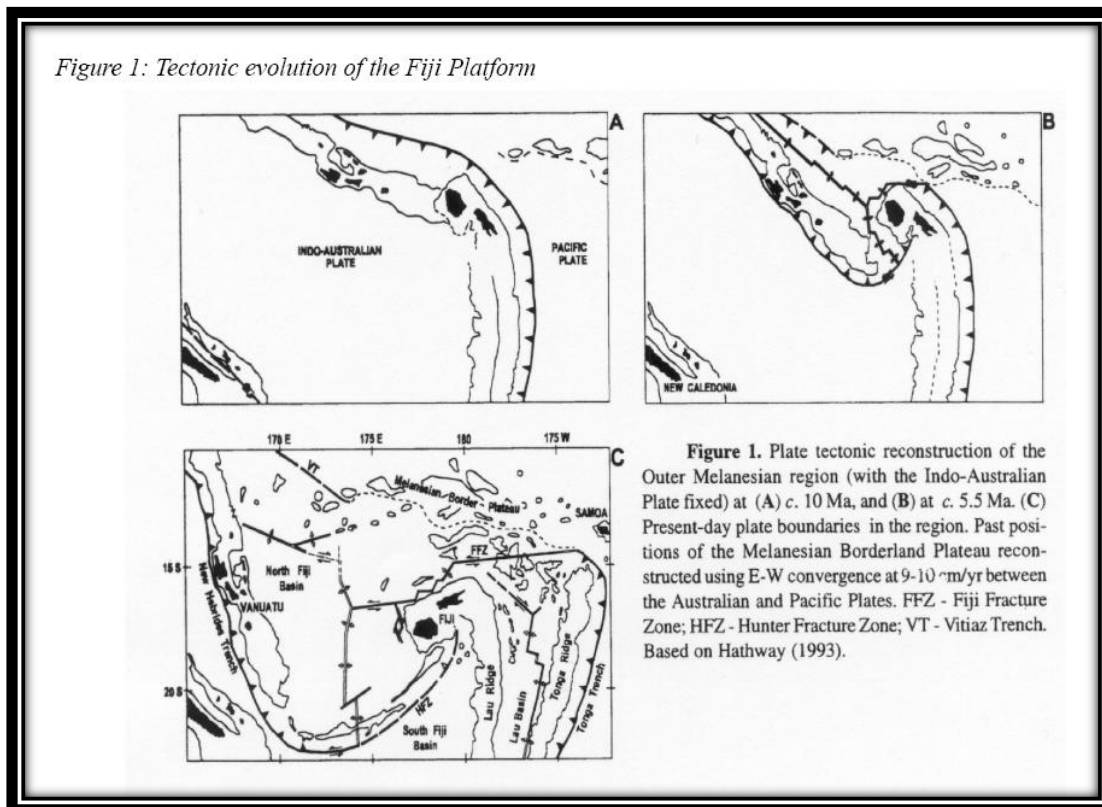


Figure 1: Tectonic Evolution of the Fiji Platform

Between about 10 Ma and 7 Ma, a very thick part of the Pacific plate — the Ontong Java Plateau — collided with the trench and jammed the subduction zone in the Bougainville – Solomons – northern Vanuatu part of the arc-trench system. In the Solomons sector, collision was followed by uplift of the island arc and subsequent reversal of polarity, with Indo-Australian plate subducting northeast

under the reversed island arc. However, In Fiji, collision and jamming of the subduction zone was followed by backarc spreading, opening the North Fiji basin.

From about 5.5 Ma, further rifting, this time within the arc, caused the Lau Ridge to separate from the active Tofua Arc in Tonga, with the Lau Basin developing between them. Associated with these repeated periods of extensional activity are widespread volcanism in Fiji and the development of small pull-apart basins related to strike slip movement. Rifting and transform activity continue to the present day.

The geological history of Fiji can therefore be divided into 4 main stages:

<i>Subduction-related history</i>	1.	Early arc stage	35 – 12 Ma
	2.	Mature arc stage	12 – 7 Ma
<i>Extension-related history</i>	3.	Early arc rifting stage	7 – 3 Ma
	4.	Late arc rifting stage	3 Ma to present

The first two phases reflect the growth of Fiji as an island arc, eventually developing into a mature island arc system. These phases are dominated by subduction-related processes, with dominantly calc-alkaline magmatism. Following the major plate reorganisation in the Late Miocene, due to collision of the Ontong Java Plateau with the Vitiaz Trench/Outer Melanesian Arc system, an extensional regime dominated in Fiji. These rift phases showed major changes in volcanism through time, with initial voluminous shoshonitic volcanics followed by later, less voluminous ocean island-style alkaline volcanism. This continues to the present day with very young alkaline basalts erupted from dormant volcanoes on Taveuni Island.

Styles of mineralisation vary from phase to phase:

<p>1. Early Arc Stage</p>	<ul style="list-style-type: none"> • Important massive sulphide occurrences at Colo-i-Suva, Wainileka, and Wainivesi • Manganese mineralisation hosted by volcanics and associated sediments in southwest Viti Levu
<p>2. Mature Arc Stage</p>	<ul style="list-style-type: none"> • Numerous base and precious metal vein systems associated with Colo plutonic suite rocks, particularly in southwest Viti Levu. • Pyrite and base metal disseminated mineralisation within the roof zones of Colo plutonics and host rocks. • Skarn-type mineralisation associated with the various plutonic rocks, which may result in small, but relatively high grade deposits throughout the plutonic belt.
<p>3. Early arc rifting stage</p>	<ul style="list-style-type: none"> • Major porphyry copper deposits associated with the Namosi Andesite at Namosi, Waivaka, Waisoi, and Wainabama, together with associated skarns and peripheral epithermal vein systems. • Massive sulphide mineralisation associated with silicic volcanics on southeastern Vanua Levu. • Epithermal gold deposits within the young, calc-alkaline -shoshonitic volcanics of northern Viti Levu, at Vatukuola, Vuda, Sabeto valley, Tuvatu, and Rakiraki. • <i>Epithermal gold mineralisation related to tholeiitic volcanics on Vanua Levu, particularly Mt Kasi.</i>
<p>4. Late arc rifting stage</p>	<ul style="list-style-type: none"> • Minor epithermal vein deposits associated with high-K andesites on Kadavu. • Residual bauxite deposits on erosion surfaces at Drasa and Wainunu. • Placer deposits at Waimanu (gold), Sigatoka and Ba delta (magnetite).

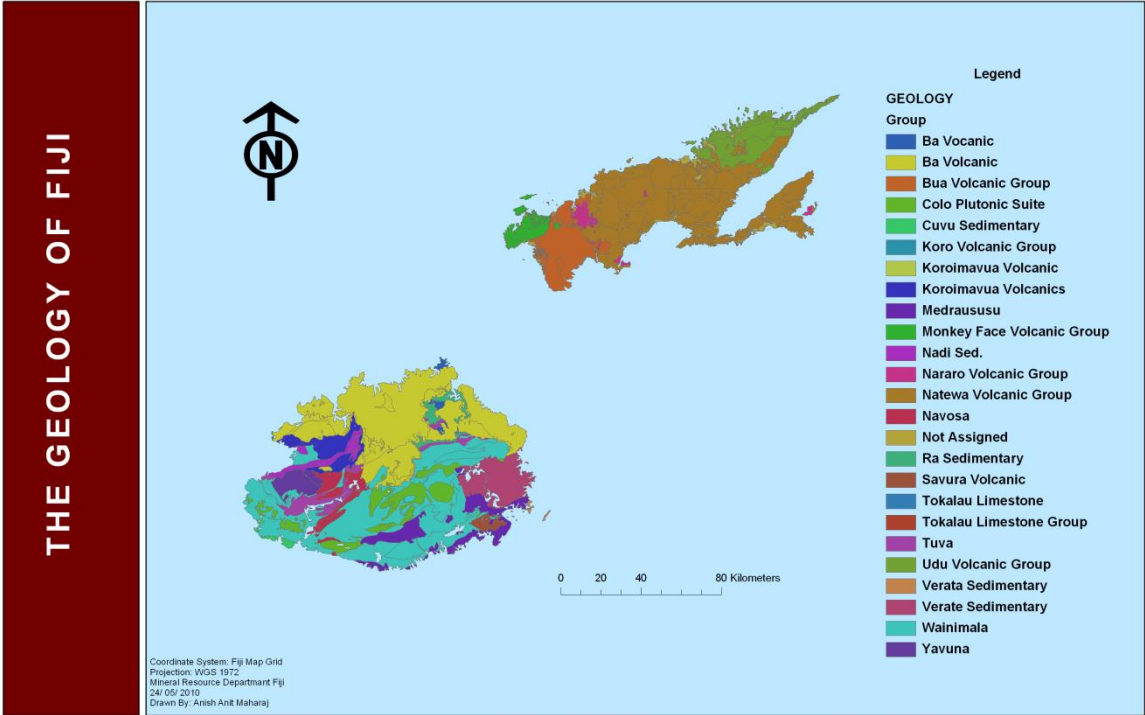


Figure 2: The Geology Map of Fiji (source MRD)

Mount Kasi Geology and Mineralisation

The Yanawai District Geology

Regional mapping in the Yanawai district (Bartholomew 1959; Rickard 1966; Hindle 1976) has identified three major litho-stratigraphic units:

1. Bua Volcanic Group
2. Nararo Volcanic Group (Vatukaisia intrusive of the Vutusiga Andesite)
3. Natewa Volcanic Group (Yanawai or Mt Kasi Volcanics)

The Yanawai Volcanics consists largely of basaltic and andesitic flows and breccias which show both submarine and sub aerial facies (Turner 1986; Taylor 1987a & b). There is no obvious local centre of eruption for these volcanic rocks; however the lateral passage of primary volcanic rocks around Mt Kasi into volcanic sandstones and mudstones does suggest eruptive activity around Mt Kasi. Plugs of hornblende andesite, the Vatukaisia intrusive, cut through the Yanawai Volcanics. Finally, in the western part of the district, Bua Volcanic Group feldspar-phyric basalts overlie the Yanawai Volcanics.

Throughout the district there are prominent faults and fractures with a NW strike, and locally these appear to have controlled the emplacement of the Vatukaisia intrusive, and have been the focus of mineralisation particularly at the intersection with easterly striking fractures.

Mount Kasi Geology

The rock types at Mt. Kasi are part of the upper Yanawai Group of Upper Tertiary age. They are dominated by theoleiitic basalts and andesites with minor interlayered tuffaceous horizons and some breccias. Bedding where seen is flat or gently dipping. Intruding the volcanic are a number of dacite plugs.

It is probable that most of the volcanic and breccias of the Upper Yanawai Group were deposited sub-aerially as indicated by the character of the scoriaceous lava flows and the fact that lignitic accumulations have been found intercalated with the volcanic near the Mt. Kasi open pit.

Lateritic processes have led to deep soil profile development at Mt. Kasi and have caused supergene mobilisation of gold from the hard rock mineralized areas to form an overlying eluvial resource. Similar processes have given rise to elevated gold values in soil cover at a number of other mineralized prospects within the lease, particularly in the 6000N area, Done Creek, Sala, Paro and Mango areas.

Structure

The Kasi fault is the main structure in the area occurring as a silicified shear zone up to 20m wide. The zone contains puggy clay filled mylonitic shears both within and on the hanging wall and footwall boundaries. It dips steeply to the SW at 70° with a noticeable thinning and flattening at depth. The extent of the flattening is such that at around 275m elevation levels in the Northern area (5025N) a flexure and steeping of the fault may be eminent.

Both, drilling and geographical surveys do show offsets of the fault along strike. At 4900N the Kasi fault is offset 10m to the West with a noticeable thickening of the silicified zone to the North. A similar offset occurs further South at 4725N. It is possible that the Kasi fault flexes along strike and at the points of flexure and in proximity to fault offsets en echelon shears and faults intersect the Kasi structure. This is particularly noticeable in the 5000N – 5025N where NW trending en echelon structures locate higher grade gold zones within breccias bodies.

Alteration and Mineralisation

The funnel shaped silicified zone associated with the Kasi structure is characterised by the presence of moderated to intense silicification, sheared clay, clay/ silica and clay pyrite zones but does not by definition include zones of propylite, chlorite-carbonate-haematite alteration. The silicified zones are often intensely leached with gashes and cavities containing limonite coatings. Silicification is most intense at depth often occurring in breccias adjacent to the footwall side of the fault.

Outside the silicified funnel and zones of supergene enrichment lapilli tuffs and dacites are more commonly clay. Clay chlorite altered often with zones of purple pink haematite alteration. On the footwall side of the fault lapilli tuffs and basalts are sometimes fresh but often weakly chlorite, carbonate altered. Minor volumes of yellow pyrite occur in these zones.

Robinson (1997) described the mineralisation as folding and extensive faulting of the volcanic created the plumbing for mineralising solution and the controls for topographic modification. It is probable that the dacite intrusives gave rise to the hydrothermal fluids and provided the heat source

for the circulation. Rising solution is believed to have been blanketed by beds of ash and fine tuff and spread out. There is evidence of this from drilling on cross-sections between 4880N and 5000N where a zone of mineralization occur sub-parallel to natural surface.

Gold mineralization at the Mt. Kasi mine area is associated with enargite-chalcopyrite-barite, with better gold values in the 1-2 oz range corresponding to areas of more intense silicification and barite veining, particularly where brecciation of the silicified zone has occurred. At Mt. Kasi North, thin gold bearing quartz veins are developed within a dacite plug and along the contact between dacite and andesite. At Done Creek, a gold mineralized boulder train of silicified-pyrite-enargite dacites, contain chip sample assays consistently over 2 oz gold (2oz Au) per tonne with one notable sample assaying over 1.1% gold. The samples also carry anomalous tellurium values.

The Mt. Kasi area hosts both high and low sulfidation gold mineralization styles that are capable of producing large gold deposits based on well documented examples around the world. The Mt. Kasi deposit occurs within a significant and ***under-explored*** structural corridor, which extends for some 10km and lies tangential to the interpreted collapsed margin of earlier calderas. Epithermal gold deposits are typically vertically zoned and occur in structurally prepared host rocks, usually basaltic to intermediate Volcanics. The mineralisation at *Mineral Hill* is recognised as a high sulfidation epithermal style occurring with a NNW trending structure. Mt. Kasi fault zone, which has been remobilised and brecciated, providing the host for subsequent gold mineralising events.

Dawara and Tavea Geology and Mineralization

Dawara Geology and Mineralisation

The prospect was worked in the 1930s with ore from the adits processed at Mt Kasi. Host – rocks consists of flat – lying basalt, andesite, agglomerate and lapilli tuff intruded by basalt dykes and crosscut by a well – defined fault zone.

Mineralisation and alteration are dominantly restricted to the fault zone which averages 13 m true width. Alteration is argillic (clay + pyrite), most intensive on the upper and lower margins of the fault zones, but grades to silicification with zones of both matrix silicification and quartz veining. Mineralisation of over 1 g/t Au is associated with zones of silicification, particularly quartz veining at the base of the fault zone. Gold over the entire width of the fault zone averaged 11.0 m at 0.46 g/t, 18.0 m at 1.06 g/t, 12.0m at 0.67 g/t and 11.0 m at 2.38 g/t in drill – holes ND1 to ND4 respectively. Zones of more intense quartz veining yielded results of 4.0 m at 3.7 g/t Au in ND2 and 4.0 m at 5.8 g/t Au in ND4.

Eluvial and alluvial soils are gold bearing and trenching has given intersections of 16m at 2.97g/t Au and 28m at 2.05 g/t Au. Taylor (1988a) estimated 2000 ounces of eluvial – alluvial gold. A nearby N – S fault and lode, 8 m wide, has been defined by channel and grid soil sampling. Trenching yielded results of up to 22.0 m at 1.56 g/t Au including quartz – veined zone assaying 2.0 m at 4.7 g/t Au. The N-S lode has not been tested by drilling. The indicated Mineral Resource to 70 m down dip of the lode is 190 000t at 1.14g/t i.e. 6700 ounces.

Tavea Geology and Mineralisation

Country – rocks are dominantly andesitic flows and pyroclastic, with minor dacites, of the Yanawai Volcanics, which have been intruded by hornblende andesite of the Vutusiga Andesite (Nararo Volcanic Group).

Within the circular structure there is an area of alteration about 1 km across. Alteration is zoned, with an inner zone of advanced argillic alteration grading out through argillic alteration to broader propylitic alteration. Advanced argillic alteration assemblages consist of quartz, alunite, kaolinite/ dickite, jarosite, diaspore, pyrophyllite and pyrite, but can be divided into two types depending upon the relative abundance of alunite versus kaolinite/ dickite. In these zones volcanic textures are preserved, but there has been total leaching and replacement of the volcanic lithologies.

Surrounding zones of argillic alteration consist of interlayered illite/ smectite with variable amounts of quartz, chlorite, kaolinite/ halloysite and pyrite.

Rock-float sampling in 1990 produced of a maximum result of 74g/t Au. Significant mineralization (i.e. > 0.1g/t Au) is mostly within zones of advanced argillic alteration, but also occurs within the argillic (illite/ smectite) alteration zones.

Mount Kasi Exploration History

The following history was compiled from Colley and Flint (1995), Burdekin Pacific Limited Annual Reports, Pacific Island Gold Resource Study and Annual Reports.

1922	Cresswell Prospect led to the recovery of 2.4oz Au
1932 - 1946	<p style="text-align: center;">Mango North</p> <ul style="list-style-type: none"> • Gold deposit estimates suggest a potential resource of 110,000 t, 3 g/t Au. • Production of 265,000 t of ore averaging 7 g/t Au
1970	<p style="text-align: center;">Barringer Fiji Limited</p> <ul style="list-style-type: none"> • Geochemical sampling
1975-1976	<p style="text-align: center;">Emperor Gold Mines (EGM) Limited</p> <ul style="list-style-type: none"> • Identification of stream sampling anomalies
1979-1988	<p style="text-align: center;">SPL 1152</p> <ul style="list-style-type: none"> • Surface to near surface resources <ul style="list-style-type: none"> ○ Average grade of 2.4g/t Au(232,000 ozs Au)
1987	<p style="text-align: center;">SPL 1152-16 - Newmont Holdings Pty Ltd</p> <ul style="list-style-type: none"> • Surface and drill sampling confirmed presence of +1 oz of gold value. • A composite prepared from equal weights from the thirteen boulder samples contained 39.1 g/t Au. • Silver extractions were 74.6% to 80.0 % (after 72 hours leaching)
1994	<p style="text-align: center;">SPL 1152 SML 57 - Pacific Island Gold</p> <ul style="list-style-type: none"> • Drilling- 3 reverse circulation drill holes showed outcropping quartz vein systems on the 320.0 m R.L. • More significant gold grades occur at depth on the 320° trending quartz vein at 3m at 6.35g/t Au (5000N) and 3.0m at 5.13g/t Au (4700)N • Higher Cu grades at depth (250m) in the Done area.
	<p style="text-align: center;">SPL 1152-27(a) - Pacific Island Gold</p> <ul style="list-style-type: none"> • Data from 94 diamond drill holes (totalling 7373m) • 298 Auger holes • 85 pits • Surface soil sampling • Channel sampling
	<p style="text-align: center;">SPL1152-28(a) - Pacific Islands Gold</p> <ul style="list-style-type: none"> • Drilling- (dry plug) <ul style="list-style-type: none"> ○ deeper zones contain low gold grades and have significantly high Cu: Au ratios • Petrology
1996	<p style="text-align: center;">SPL 1375 SML57 - Mt Kasi Limited</p> <ul style="list-style-type: none"> • Geochemistry <ul style="list-style-type: none"> ○ Auger soil samples 565 • Geophysics

	<ul style="list-style-type: none"> ○ aeromagnetic and radiometric survey 300 sq.km ● Drilling <ul style="list-style-type: none"> ○ RC 6 holes 307m ● Cresswells (Vakadrakala) <ul style="list-style-type: none"> ○ 20m@7.8g/t Au and 30@5.12/g t Au
	<p>SPL 1374</p> <ul style="list-style-type: none"> ● Vunirara Creek <ul style="list-style-type: none"> ○ base metal rich quartz vein float contains values to 15.3g/t Au ● DDH 7 holes totaling 496.4m gave a peak value 2.0m@7.71g/tAu ● Rock float sampling peak value of 74g/t Au ● Channel sampling 28.0m@0.29g/t Au and 8.0m@0.33g/t Au ● CSAMT(resistivity survey) <ul style="list-style-type: none"> ○ showed silicified bodies locating potential high grade feeders and associated near surface outflow zones
	<p>Pacific Islands Gold N.L</p> <ul style="list-style-type: none"> ● Kasi South Nakoi/Korikovu <ul style="list-style-type: none"> ○ float sampling -58.78g/t Au, 71.9g/t tellurium ○ trench channel sampling 6.12g/t Au ○ auger sampling 1.8g/t Au ● Kasi North <ul style="list-style-type: none"> ○ channel sampling 4.25g/t Au ○ grab sampling 20.7g/t Au ● Grid West <ul style="list-style-type: none"> ○ boulders 934.0g/t Au ○ Sala Creek 14.0 g/t <p>DDH recorded 1.0m@ 72.0 g/t Au near surface</p> <ul style="list-style-type: none"> ● Done Creek <ul style="list-style-type: none"> ○ total of 330 boulders recorded a mean value of 41.6g/t Au ○ pits-80.5g/t Au ○ DDH recorded 0.5m@11.92g/t Au ● Nasoni Prospect <ul style="list-style-type: none"> ○ float sampling 20g/t Au ● Tavea Prospect <ul style="list-style-type: none"> ○ silicified pyritic breccia float 74.0g/t Au ● Naravuka Prospect <ul style="list-style-type: none"> ○ silicified pyritic boulder trail contains value to 378g/t Au,8samples recorded > 20g/t Au ○ channel sampling at 3m @1.78g/t Au ● Naduna Prospect <ul style="list-style-type: none"> ○ old workings has been drill tested with an outline resource of 56,160t@4.12g/t Au ● Waidamudamu <ul style="list-style-type: none"> ○ drilling-proven resource of 52, 650t @4.15g/t Au
1997-1998	Mine commissioning
1998	<ul style="list-style-type: none"> ● Main ore body is 2.6 Mt grading 2.85 g/t Au ,contains 238,000 oz, while the main ore body reserve stands at 1.7 Mt at 3.2% Au, containing 178,000 oz, <ul style="list-style-type: none"> ○ Revised eluvial (other) ore body contains some 662,000 oz from 691,610 grading 2.80 g/t Au. ● Total ore mined was 403,931 t grading 3.67 g/t Au, out of the total material mined of 808,957 t. the mine produced 30,381 Oz (944 kg) of Au
2003	<p>Burdekin Pacific Limited</p> <ul style="list-style-type: none"> ● Resource Summary -indicated 231,600oz Au

	<p>-inferred 67,500oz Au</p> <ul style="list-style-type: none"> • Total Ore Reserves 164,450oz Au
2004	<p>Burdekin Pacific Limited</p> <ul style="list-style-type: none"> • Paro Prospect <ul style="list-style-type: none"> ○ drilling intercept of 5m@27.43g/t Au, 1m@116.5g/t Au from a depth of 57m, ○ 3m@1.26g/t Au • Vuniroro Lalai Prospect <ul style="list-style-type: none"> ○ DDH 27.5m of 0.50g/t Au from 6m • Mbete Prospect <ul style="list-style-type: none"> ○ drilling 2m@2.77g/t Au, 5m @3.38g/t Au, 20m@1.24g/t Au
2005	<p>SPL 1375 SML 37 – Burdekin Pacific Limited</p> <ul style="list-style-type: none"> • 9000 m Drilling completed <ul style="list-style-type: none"> ○ Paro Prospect 5m@ 27.4g/t Au ○ including 1m@116.5g/t Au from 57m • RSG Global resource assessment 3.4Mt@2.2g/t for a total resource position of 240,000oz of Au <p>Redbank Mines Limited</p> <ul style="list-style-type: none"> • Mineral Resource Estimates <ul style="list-style-type: none"> ○ indicated 146,000 oz Au ○ inferred 59,000 oz Au
2006	<p>Redbank Mines</p> <ul style="list-style-type: none"> • Diamond drilling of a total of 1500m
2007	<p>Redbank Mines Limited</p> <ul style="list-style-type: none"> • Naduna Prospect <ul style="list-style-type: none"> ○ Potential for further 240,000 oz Au minimum inferred oz of gold resource • Paro Prospect <ul style="list-style-type: none"> ○ drilling 3000m • Mineral resource stand at 240,000 oz Au
2008	JORC classified Mineral Resource of 3.4million tonnes@2.2g/t Au for 240,000 oz Au

Legacy Issues

During its SML57 lease period, the Mt. Kasi operation accrued outstanding debts to a range of local creditors \$FJD3, 870,999.19 (at 31/5/98) exclusive of debts owed to Government.

Government expects that in the interest of sustainable mining development and to enhance the image of the mineral sector as a responsible one, incoming licence holders are to identify suitable strategies within their proposals to address the outstanding debts. Government will transfer ownership of assets at the current site to successful bidder at no cost provided these liabilities are adequately met.

A background into the previous arrangement, as extracted from published corporate Annual Reports detail is as follows:

The Scheme (of Compromise)

The Scheme comprised the following elements:

- (i) An initial payment to be made to unsecured creditors (excluding internal creditors (i.e. Audesso Limited and Nationwide Pacific Pty Limited), the Government of Fiji and certain statutorily preferred creditors) ("Unsecured Creditors") of 12.5 cents in the dollar, payable in two tranches of 5 cents and 7.5 cents within 4 and 6 months respectively of approval of the Scheme by the High court of Fiji ("Court"). These payments were made on September 5 1999 and December 5 1999;*
- (ii) The balance of the debt owing to the Unsecured Creditors was compromised, subject to the payment of a royalty as described below; and*
- (iii) A royalty of 25% of the excess of the annual cash flow after allowing for capital repayments and other necessary operating costs) is to be paid on a pro-rata basis to all Unsecured Creditors ("Royalty").*

The Scheme came into effect on the date that a certified copy of the order the Court approving the Scheme was delivered to the Register of Companies for Fiji.

At the time of entering into the scheme the Secured Creditors (ABN AMRO and ABN AMRO Bank), the Government of Fiji and certain statutorily preferred creditors were not bound by the Scheme.

If the Scheme has not terminated before 31 December 2004, it will terminate upon the date.

(Source: 2004 Annual Report, Burdekin Pacific Limited. Page 85)

On basis of above, 12.5% of the original debt at 31/5/1998 has been repaid. However, 87.5% remains outstanding. For debts owed to the Fiji govt. and statutorily preferred creditors, the latest figures are as presented following.

	2007	2008
<i>Fiji Government deferred creditors 21(a)</i>	<i>AUD \$831 428</i>	<i>AUD \$ 1,287 668</i>

21 (a) A long term deferral of a debt obligations to the Fijian Government until six months following re-commissioning of the Mt Kasi Mine was agreed by the Government Cabinet at a meeting held on 20 July 1998. At that time payments will be required to be made in twelve equal monthly after production has commenced at the Mt Kasi Mine.

The Company has however commenced a monthly reduction instalment programme for a portion of this debt and consequently has reclassified a portion of the historical debt as current.

(Source: 2007 Financial Report, Redbank Mines Limited. Page 87)

At time of lease expiry, the Fiji Govt. is aware that these amounts in FJD remain outstanding.

Fiji Govt. and Deferred Creditors (Outstanding to date)

NLTB (Native Lands Trust Board)	\$ 95,406
MRD (Mineral Resources Dept)	\$ 206,400
-lease fees	\$ 318,702
-royalties	\$ 235,041
FIRCA (Fiji Inland Revenue Customs Auth)	\$ 225,086
Total	\$1,080,635 FJD

Note the above figure is based on exchange rates current then (Feb. 2008).

For guidance, in the recent past, the Fiji Government has negotiated a trust fund to be established to cater for mine closure to account for potential liabilities following the closure of the then Emperor Gold Mines operation at Vatukoula in December 2006.

The Fiji Government however, is open to other alternatives and proposals to address this matter.

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