I. BACKGROUND

1. Serious consideration of assistance by the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) in the development of the mineral potential of Fujian Province has been given by the People's Republic of China since 1980. A Fund mission visited Fujian Province in early 1981 but its findings were basically discouraging as far as the mineral potential of the targets visited was concerned. At the end of 1985, a Fund mission visited and assessed, on a preliminary basis, silver and pyrophyllite targets in Fujian Province. Only the potential of the pyrophyllite targets was considered worthy of further assessment owing to the apparently large reserves situated near the South China sea coast.

2. In agreement with the Central and Provincial Governments, a specialized mission visited Fujian Province in July 1986 in order to assess in more detail the pyrophyllite occurrences of Dongzi in Fuqing County, and Lingli in Gutian County. These occurrences were considered by the mission worthy of further study by the Fund for a Minimum Work phase. Subsequently, a project recommendation was prepared by the Fund and accepted by the Government. A project agreement was signed on 3 November 1988 and the project made operational on 29 December 1988.
II. THE PROJECT

3. The objective of the project will be the detailed study of the pyrophyllite occurrences in order to delimit the zones having an economic potential in accordance with the market quality requirements for industrial uses. The preliminary evaluation of the potential will be conducted in two areas of Fujian Province, namely, Dongzi and Lingli. The total area of the two exploration areas is approximately 217 square kilometres.

4. The Minimum Work will have a duration of about 12 months and will include the following activities:

(a) **Area I (Dongzi)**

(i) Compilation of existing data;

(ii) Detailed geological mapping and surveying;

(iii) Trenching and pitting;

(iv) Limited exploratory drilling;

(v) Sampling, preparation and analyses of samples;

(vi) Preliminary evaluation of area.

(b) **Area II (Lingli)**

(i) Compilation of existing data;

(ii) Detailed geological mapping and surveying;

(iii) Sampling and analyses of samples;

(iv) Preliminary evaluation of area.

5. In carrying out the Minimum Work described above, the Fund will spend the equivalent of $795,000 to finance the services of nationally and internationally recruited staff, as well as providing the necessary equipment, supplies and supporting services.

6. If the results of the Minimum Work are favourable, it is estimated that in order better to define and evaluate the economic potential of individual ore deposit(s) to the point where, in the opinion of the Fund, development investment can be attracted, additional expenditure of up to $2 million will be required.
III. FINANCIAL DATA

**UNRFNRE allocation**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Work</td>
<td>$795,000</td>
</tr>
<tr>
<td>Possible additional expenditure for further activities following the Minimum Work</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Total possible cost of the project</td>
<td>$2,795,000</td>
</tr>
</tbody>
</table>

a/ The Government of Italy has agreed to provide financing in the amount of $1,800,000 to this project.

7. The Administrator, in accordance with Governing Council decision 80/29 of 26 June 1980, approved the Minimum Work for the project on 23 November 1988. The financial assets of UNRFNRE are adequate to meet the cost of the project.

IV. RECOMMENDATION OF THE ADMINISTRATOR

8. In light of the above, the Administrator recommends that the Governing Council take note of the approval by the Administrator of the Minimum Work for the project Exploration for Pyrophyllite in Fujian Province, People's Republic of China (CPR/86/NO1) at a cost of $795,000, as an obligation of UNRFNRE, and approve this project, involving a total possible expenditure of $2,795,000.