

Green Gold: if not here, where?

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Glen Grindlay

General Manager, Newmont Waihi Gold

glen.grindlay@newmont.com

North Country, Blood Diamond, Indiana Jones and the Temple of Doom. Great Movies. Good entertainment that reaches large diverse decision making audiences. Roughly 25 million people watched these films. (Indiana Jones over 30 million). This gives some idea of the scale of the audience that will now have a subconscious view on the mining industry. 25 million.

Movies, magazines, newspapers and websites give the impression that our industry is a polluting, unsustainable, exploitative, greedy, woman hating, environmental time bomb. And, by using gold, or any product from a mine you are part of the problem.

What we do see reported about the industry is not representative of what is happening in New Zealand. So we often remain silent because we don't want to be seen to boast, and then shake our collective heads if we read about ourselves in the newspaper. We are the industrial equivalent of the quintessential Kiwi bloke; quiet, reserved, not wanting to make a fuss, and a bit confused by it all.

This is not a new phenomenon. Two thousand years ago on the other side of the world the Roman General Agricola lamented the lack of understanding of the mining industry.

'Now I come to those critics who say that mining is not useful to the rest of mankind because forsooth, gems, metals and other mineral products are worthless in themselves. This admission they try to extort from us, partly by arguments and examples; partly by misrepresentations and abuse of us'.

When it comes to telling our own story about the successes of the New Zealand mining industry we have not been very successful. People aren't listening. Or, when they are, it is to a bad news message sourced from overseas and we are 'tarred with the same brush'.

A cursory scan of the recent media would have the reader believe that all gold mining is environmentally and socially unacceptable. Reports in New Zealand media have quoted overseas sources with no attempt to relate them to the New Zealand industry.

'Gold may be a pure and beautiful element, but extracting it is one of the dirtiest practices there is. In Brazil, illegal miners are poisoning the Amazon by extracting gold with mercury, which is dumped into the water. While in Hungary, the entire length of the Tisza River was killed in February 2000 when an Australian mining company spilled 100 tonnes of cyanide – enough to kill a billion people – into a tributary upstream while mining for gold. By the way, one wedding ring weighs, on average, 10g and causes three tonnes of toxic waste'.

Sunday (Sunday Star Times), April 13 2008

More recently, this from Associated Press on August 8:

'Kids working in African Gold Mines

Most bush mines are little more than holes in the ground, but there are thousands of them in Africa, South America and Asia. Together, they produce a fifth of the world's gold, according to United Nations reports. And wherever you find bush mines, these reports and mine experts say, you also find child labour. *If you wear a gold ring on your finger, write with a gold-tipped fountain pen or have gold in your investment portfolio, chances are good your life is connected to these children.'*

(my italics for emphasis)

In two short paragraphs the gold mining industry is collectively responsible for poisoning the Amazon, causing pollution with the potential to kill a billion people, and is a major user of child labour. And, if you use gold in any form in any way in your daily life, then you are responsible too. If you accept these reports as representative of the industry in total, then gold really does become the 'guilt-edged' investment.

Why are these reports quoted verbatim in our press with no local context? Because, as an industry we have done little to challenge this. But as the manager of a major gold mining operation in New Zealand I find it difficult to understand out of context reporting in local papers, without at least some comparison with local operations or acknowledgement that things are different in New Zealand.

We could have provided a report on the Ohinemuri River downstream of the Martha and Favona gold mines, now being rated as a world-class trout-fishing river. Or the story that water in our recently decommissioned tails facility is so clean it is discharged directly into the same river. How about an article on the quarter of a million native trees and shrubs that have been planted, many of them along riparian boundaries in the Waihi basin? Or a feature article on the hundreds of thousands of dollars we contribute annually to schools, clubs, organisations and projects?

While appreciating that 'no news is good news' can be changed to 'good news is no news', at present it appears unrealistic to expect timely and relevant information on the New Zealand mining industry performance alongside reports from overseas. We need to change that.

We need to explain to our audience that the worldwide demand for gold and other minerals will not go away. We need to explain that when 'first world' countries shun industry – because they can – they create a leakage of human rights and environmental effects to 'third world' countries. We ban thermal power generation in New Zealand but export our coal to China to be burnt there. In the global long term, isn't it better for it to be used here under our more strict environmental guidelines? If we put restrictions on mining here, it will take place somewhere else. Simple supply and demand economics. Wouldn't it be better to mine here under our RMA than in a 'third world' country with few regulations?

We are all aware of the NIMBY syndrome: Not In My Backyard. Where should gold be mined? Central Australia? Africa? Is the central Australian bilby any less important than the kiwi, the Javan Rhino, or the Peregrine Falcon? Are these other countries any more resilient or appropriate than New Zealand?

As a company, an industry and as a nation we should point out what differentiates us. We should be focused on individual companies, their values, their actions, their results. Not try and defend the undefendable... but point out what differentiates us from these ugly perceptions.

In this regard, consider websites such as www.nodirtygold.org, which in a section headed 'Ruined Lands, Poisoned Waters' states that the mining industry produces 'groundwater thousands of times more acidic than battery acid' and then goes on to describe how a tailings dam 'consists of bulldozing some of the dried tailings into a dam'

'Despite its name, a tailings dam bears little structural similarity to an ordinary river dam. A conventional dam is generally constructed as a single project, to a single set of predetermined standards. On the other hand, the "construction" of a tailings dam usually occurs over the life of the mine, which makes it much more difficult to maintain structural integrity.'

www.nodirtygold.org

That may be true in some operations overseas, but would it be news to our engineers in Waihi. How is our audience to know the difference? No wonder some people in this country think that there is certainly a place for mining – and that place is Australia.

However, while there is much to disagree with on this website from New Zealand's perspective, some of their conclusions and recommendations are worthy of consideration. They suggest their readers recycle, their readers be discerning with investments and know who they are supporting with their purchases.

Part of this discernment should arguably be to support gold mining in countries such as New Zealand, which have strict regulatory regimes.

Our audience does not have the time to investigate behind the news. But this same audience – educated middle class New Zealand – will help decide what happens in our industry in this country. Their opinions help shape our future. So we would certainly agree that we need our audience to be discerning and informed. It is in our favour if they are.

In my address to this conference last year I stated:

'Misconceptions and half-truths abound in much of the media, and in popular understanding. All gold mining is bad, all coal is dirty. This somehow self evident 'fact', to the extent that **the** most environmentally destructive activity in the history of the planet is obviously flying to China or India in a gold-plated 747 with a load of South Island coal in the hold and serving giant native snails as an entrée.'

We need to challenge the myths, misunderstandings and misconceptions. We have a lot to do. And you could argue that the odds are stacked against us.

History is against us. Our industry acknowledges the historic mining practices have resulted in environmental degradation in New Zealand. Just as our society now acknowledges that child labour is wrong, that women should have the vote or total removal of native forests is not a good idea. Society must move on. I refer to this profound quote from the Dalai Lama

It is not difficult to forgive destruction in the past which resulted from ignorance. Today, however, we have access to more information, and it is essential that we re-examine ethically what we have inherited, what we are responsible for, and what we will pass on to coming generations.

Dalai Lama

We need to build on recent knowledge and skills and attitudes. We operate under the Resource Management Act, which is arguably one of the most stringent pieces of social and environmental legislation in the world. The difference is that the RMA is descriptive rather than prescriptive. It is appropriately restrictive without being prohibitive, and it takes account of cultural, social and environmental needs. It allows for individuals to be heard. Newmont is committed to act responsibly towards the environment, communities and to exceed, where possible, the requirements of the Act. At Newmont Waihi Gold we call it Beyond Compliance.

What does this mean?

To us it means a policy of proactive management and mitigation strategies that are self-policing and which, where possible, go beyond the requirements of the consent conditions. It means partnering with Wal Mart in the United States and conservation international to create a line of jewellery that allows the consumer to know the source of the materials and thus make ethical choices. It is the first completely traceable mine to market jewelry to be sold by the world largest jewelry retailer.

It means taking a proactive role in organisations such as these: Most of which are voluntary and again differentiate us from other miners

- Dow Jones Sustainability Index (DJSI)
- International Council on Mining and Metals - Sustainability Framework
- United Nations Global Compact
- Voluntary Principles on Security and Human Rights
- ISO 14001
- Council for Responsible Jewellery Practices
- The Climate Change Registry
- International Cyanide Management Institute – Cyanide Code
- Occupational Health and Safety Audit System
- Partnering Against Corruption Initiative
- Extractive Industries Transparency Initiative

- Global Reporting Initiative
- AccountAbility – 1000 Assurance Standard
- Sustainability Report Assurance

What does Beyond Compliance mean for us in New Zealand?

I would like to investigate this with specific reference to Waihi Gold.

Water

The water we discharge is of a higher quality than the water we receive from the river. Water quality conditions are based on protecting both the aquatic biology of the river and downstream users.

We discharge into an internationally recognised fly fishing river and trout hatchery – the Ohinemuri – that flows into the Hauraki Gulf.

We have just spent \$NZ10m on a Reverse Osmosis plant which allows us to discharge more water up to our consent maximum with improved river water quality.

Discharge of tailings to Storage 2 stopped in 2005. As expected, since Storage 2 was decommissioned, water quality has improved and the water in the impoundment is now capable of supporting aquatic life. This improvement has been achieved in less than three years, which was the somewhat conservative prediction made earlier in the project life. The water quality has improved so much that we are able to direct discharge to the river, and have been doing so since November 2007 with Environment Waikato's approval.

Noise

Our Noise Management Plan is part of our Beyond Compliance strategy. Each day we check the expected weather conditions and check these against planned activities. We assign a green, yellow or red status for the day. Green indicates normal operations, yellow a caution that operations may be affected, and red means that we must be prepared to curtail some operations or shut down completely. We self regulate by taking on average 120 noise reading per month against a consent requirement of less than 10.

Our Company Liaison Officer plays a vital role by working with members of the community and production staff. Our phone number – 0800 Newmont – is widely distributed throughout the community

Dust

Dust management is an important part of our operation at Martha Mine.

The Air Quality Management Plan has a set of trigger levels below those in the consent conditions that are based on old Department of Health guidelines.

The town has 6 DP (deposit particulate) monitors and 9TSP(total suspended particulate) monitors which are regularly checked and results sent to our regulators. There is no discernable difference between the results at Waihi and our control stations in Katikati and Paeroa.

Silica levels are lower than those measured at Waihi beach.

Blast vibration | BlastHub

Waihi township has seven vibration monitors strategically located around the town.

We use the results of these monitors to check against compliance, but more importantly we use the information to design compliant blasts.

The process uses a self-updating algorithm that allows us to design area specific charge weights and delays to remain compliant.

We use electronic detonators to give us accuracy and flexibility needed.

In new areas in the pit and underground we firstly fire signature holes to give a baseline before proceeding with our regular blasting programme. Our charge weights can go as low as 1.6kg of charge per 5m hole. The miners sometimes joke that we may as well just fire the dets. – But this is what it takes again to differentiate our practices from other countries. Roving monitors are continually moved around the town to identify any geologic variation that may be amplifying local readings.

Results are available over the internet to our staff, and council within minutes of a blast:
NB latest blackberry results

We have recently introduced our Amenity Effect Programme

While the mine works within the consent conditions and achieves a very high rate of compliance we are aware that our operation has an effect on the community. The Amenity Effect Programme (AEP) is an attempt to recognise this effect through a financial payments model developed by Newmont Waihi Gold and its consultants, with input from Jeannette Fitzsimons and members of Waihi's Distressed Residents Action Team (DRAT). The AEP is an important initiative in our Beyond Compliance strategy.

The model is designed to provide an equitable and even process through a series of payments that recognise the loss of amenity. The process is consistent and transparent. Its objective is to minimise social disruption. The programme is recognition that Martha and Favona are a unique situation, and is a goodwill gesture and informal agreement. Residents receive payment in proportion to the magnitude of the effect for whichever is the greater, noise or vibration based on actual data from the proceeding 6 months. Typical payments may range from \$100 to \$7000 per annum. Recipients are free to spend the money as they wish; on a new kitchen, double-glazing, or a holiday.

Planning for Final Closure

Planning for eventual closure has been an integral part of the Waihi operation. This necessarily involves not just the physical closure of the site, but the phased withdrawal of the operation. We operate in Waihi, and have done so for the last twenty years. We account for over 25% of the town's economic throughput, and we currently employ approximately 350 staff and contractors in a town of just 4,000 people. Our staff members are on school committees and in sports clubs and cultural groups. We are part of the community.

Five years ago the company and local council initiated a community consultative process. The aim was to provide a forum for the community and all interested stakeholders to discuss the closure of Martha and the future of the town post mining. This group, Waihi Community Vision, has set up the Vision Waihi Trust and been instrumental in seeding a range of community groups concerned with sport, heritage, the arts, and community issues. These groups meet on a regular basis to work on current issues and projects and the future of the town. The trust has well advanced plans for a multimillion-dollar Discovery Centre that will showcase Waihi's 'golden heritage'.

These projects meet Newmont Waihi Gold's objectives for leaving a sustainable legacy and align with other plans, such as Hauraki District Council's Long Term Council/Community Plan (LTCCP). The focus is on projects that encourage capacity building and partnership initiatives. They will be community owned, driven and led, with the flexibility to achieve outcomes that meet community aspirations. We current provide seed funding, project management skills and group facilitation.

From Newmont's perspective, the investment in future planning for Waihi makes good business sense. It is part of our social licence. It's part of Beyond Compliance.

In conclusion

Waihi has become a 'shop window' for Newmont's operations on a global scale. The site regularly hosts visitors from around the world. What we do at Waihi is scrutinised. What we achieve at Waihi is important to Newmont's standing in the global mining community and forms the basis of our commitment to our host community.

We are proud of what we do in Waihi. We are proud of the operation, our staff, our results. We are proud of the input we have had into the community and the legacy we will leave behind.

I'm very proud of our team at Waihi Gold who have shown in the last twenty years of operation in Waihi that mining can be conducted safely, and in an environmentally and socially responsible manner. I'm also proud to be mining in New Zealand where environmental abuses and human rights abuses are not tolerated.

I am also proud that at Waihi we have contributed to the 'plug and play' Management Operating System used by Newmont around the globe. Systems from Waihi have been

adopted in our Ghanaian Operations by our last two general managers, Dave Ingle and Adriaan van Kersen.

It's for all of these reasons: operational, environmental, economic and social, that I believe the New Zealand mining industry should stand up and be counted.

Newmont has a diversified portfolio of investments from AAA rated countries where political stability and economic consistency allow us to invest with confidence. We also invest in more challenging and higher risk countries, but we value countries, such as New Zealand, which have strong environmental convictions and labour laws which complement our corporate values.

We think of Newmont as The Company of Choice. New Zealand is one of Newmont's 'countries of choice'.

We need to let the New Zealand public know that what we do in this country does not make them 'part of a problem' and complicit in some dark multinational corporate strategy. Instead, exactly the opposite. The New Zealand public should be as proud as we are of what we do here in the gold mining industry. Remember. Demand for minerals will not go away, and an educated and discerning New Zealand public can only work in our favour.