

Waihi: New Zealand's Heart of Gold
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Welcome to Waihi: New Zealand's Heart of Gold

Good morning to you all, and on behalf of Newmont Waihi Gold and our host community of Waihi, a very warm and special welcome to Waihi, New Zealand's Heart of Gold.

You are here at what is, without doubt, a most exciting – and trust me very busy – time for Newmont.

- While mining has finished on the pit floor at Martha, we are about to begin the Southern Stability Cutback. This will take approximately three and a half years.
- Our Favona underground mine is progressing well. Currently the decline is at 1.2km and we are at a vertical depth of 180m.
- Newmont has spent \$9 a year for the last two years to complete the most extensive exploration programme ever undertaken in this region.
- We have entered into discussions with a range of junior operators and exploration companies. We are excited about the opportunities these discussions have brought to the table.
- The Cornish Pumphouse is moving west to its new home, just 100m from here as I speak. The repositioned building will form the heritage heart of a reinvigorated Waihi and is intended to become the catalyst for a range of community-driven developments and initiatives.
- Our programme of rehabilitation continues. The pit rim walkway is well underway. Our commitment to sustainable development has developed as a cornerstone of everything we do.
- We enjoy a healthy and robust relationship with our host community. The people of Waihi let us know when we do something right, and they are just as quick to let us know when they think we have done something wrong. We like that.

Shortly I will report briefly on each of these topics.

During his visit in 2004 Newmont Mining Corporation President Pierre Lassonde predicted a strong and steady rise in the gold price. He stated that Newmont was in New Zealand for the long term, expressing the hope that the company would be here for one or two generations. In his keynote address to this conference a year ago in Auckland, Lassonde spoke of his pleasure at being in a country that leads the way in environmental stewardship and effective cooperation between natural resource industries, government agencies and communities. He also raised the issue of the 'box of jewels' that is the Coromandel Peninsula, and asked us all to consider, not whether it is possible for our industry to work effectively and sustainably in the region – for we know that it is – but whether we should now as a nation be asking ourselves what would be required to access these 'jewels'. What attitudinal, societal or economic changes would be required?

Now, a year later, I would like to report on progress.

Martha/SSC

After eighteen years of operation work on the pit floor at Martha has finished. The last ore has been hauled out. That's not the end, however. We continue to explore the Martha deeps to investigate opportunities below the pit floor. We are about to begin work on the Southern Stability Cutback.

This project will lay back the south wall and increase stability in preparation for final closure. We expect this work to take three and a half years as we mine nine million tonnes of waste and ore, and recover up to 200,000 oz of gold.

Favona

Just two years ago Minister Harry Duynhoven officially opened our Favona underground mine.

Since then we have entered into an alliance with mining contractor HWE and have made significant progress.

Minister, I am pleased to report that the decline is now just over 1200 metres long with drives on four levels and ore extraction will commence in early September of this year. The vent shaft is almost complete.

Favona will produce 130,000 oz of gold each year at 10 g/t and at least four times that amount of silver at 40g/t.

The decline has allowed more extensive exploration to be undertaken, and revealed an additional 50 vertical metres of ore body below that previously discovered. The mine will be bigger than we had anticipated. It is a real success story and we are pleased to be able to offer so many field trips underground for delegates during the conference

Exploration

We continue to explore near Martha and further afield. Our main objective is to increase our resource development project pipeline to allow booking of 300,000 oz of reserve each year, and a total of 3 Moz Au reserves over the next six years.

Further exploration activity

We have stated previously that the region is under-explored and that we believe there is significant potential here. In the near future we intend to take up prospecting permits to the north of Waihi. This will include the Hauraki Goldfield and the southern Coromandel Peninsula. We believe it is time to have the debate about the region's 'box of jewels'.

Junior Partners

Smaller companies recognise the potential of Newmont Waihi Gold. Potential operations that would struggle to meet the requirements that a comprehensive social licence to operate demands can benefit from our expertise our team, and our size. If you are such an operation I invite you to come and talk with us. We have the only mill in the North Island and nearly twenty years or practical experience.

The Cornish Pumphouse

You will no doubt be well aware that the Cornish Pumphouse is on the move. The complex interaction of the south wall of the Martha pit and historic underground workings, a 1.5 degree tilt of the pumphouse and the instability of No. 5 shaft all culminated in the requirement to move the pumphouse in order to preserve it. Its new location is just 100 metres east of here, at the top of Seddon Street. The move has been underway for just over three weeks. We anticipate the building will arrive in its new home around the end of September or early October.

Newmont Waihi Gold is required to protect the building under the conditions of our mining licence. We have worked extensively with the regulators, government departments, the Historic Places Trust and the community to ensure that the move has real benefits. It will become a focal point for a reinvigorated Waihi as we all work towards reinventing the future for the town and the region.

Sustainability

The pumphouse is an anomaly. It's a permanent reminder of a largely impermanent mining past, of unsustainable mining practices from the first half of the last century, of boom and bust. In its new position it will become a symbol of something far different, of sustainable development that runs in tandem with current mining activity and thrives when mining is complete. Waihi is a case study for modern mining. We are well aware that there are many eyes on us, as a company and a community, as we work together. We know that we are used by the world as a model as we put into practice the concept of 'green gold'.

In the Tas McKee Memorial Address delivered to this conference last year, Ian Gould asked: How far does our responsibility extend, and how do we translate rhetoric and ritual into results?

Part of the answer must be in 'walking the talk'. We have to make a real effort on all levels of the industry to turn words into actions. If our philosophy has no practical application, it remains nothing more than a platitude.

Last week Newmont Waihi Gold received the Environment Waikato Advanced Sustainable Business Award 'In recognition of strategic and practical outcomes from a long term commitment to sustainability and contributing to sustainable development within the community'.

Sustainable development has become a key part of mining. We have appointed a Sustainability Manager to maximise the opportunities provided by our operations and to work with all groups during exploration, development, operation, closure and rehabilitation. Make sure you take ten minutes to walk the first section of the rim walkway, pay a visit to the Golden Legacy Centre, Waihi's Information Centre or the Gold Mining Museum and get a sense of our community.

Community

Make sure too that you attend the sessions on Mining In The Community, which, after all, is the theme of this conference. Talk with the trustees and the newly appointed CEO of the Vision Waihi Trust. We are tremendously excited by the plans developed and the progress so far. We believe that we are forging a new blueprint for community partnerships, and we welcome your input and comment as we move forward.

The Future

What of the future? I believe that it has never looked better. The gold price continues to rise, as Pierre Lassonde predicted it would, driven by strong physical demand and increased retail and institutional investment following the introduction of Exchange Traded Gold funds. The gold price has increased 40% in the last year. Newmont's share price is up 80%. Our cost structure remains highly competitive and we are recognised as a low cost producer. We have a proven track record in developing reserves. We are poised at the base of the Coromandel Peninsula.

You will notice that Newmont Waihi Gold has no trade display at conference this year. There's a simple reason for that. This whole community is our trade display. It is the very best account of what we do and how we do it. Our local community is much more capable of telling that story than we are, and it is a compelling story. While you are here make sure you talk to them, then if you want to, come and talk to us, we're not hard to find, and we're here for the long haul.

I sincerely hope that you have a valuable and rewarding conference. Make sure you participate in the field trips and all that they offer, also make sure that you get to see the pumphouse from one of the viewing platforms just up the road. But most of all, enjoy your short stay in Waihi, knowing that there is a warm welcome here at any time, in New Zealand's Heart of Gold.