

18 May 2010

NEWMONT WAIHI GOLD SUBMISSION: MAXIMISING OUR MINERAL POTENTIAL

Introduction

This submission is made by Newmont Waihi Gold. (NWG). The key contact for the submission is Glen Grindlay – General Manager Operations (GMO).

NWG is a wholly owned subsidiary of Newmont Mining Corporation and is incorporated in New Zealand. NWG operates both the Martha open pit mine, and the Favona underground mine in Waihi and undertakes near mine and regional exploration activities throughout the Hauraki Goldfields. Attachments to this document overview our activities and contributions in the region.

This submission proposes an approach that is based on the NWG experience in the Coromandel. We believe the suggested approach is equally applicable throughout NZ.

NWG supports the intention of the Government to undertake the stocktake of minerals and conservation values in Schedule 4 land.

Executive summary

In 1997 the Crown Minerals Act 1991 (Act) was amended to specify areas of land administered by the Department of Conservation (DoC) for which the Minister of Conservation could not enter into an access arrangement (other than for prospecting, exploration and underground mining involving no or very limited land clearance). The land identified for protection was listed in a new Schedule 4 added to the Act. At the time of the amendments no thorough assessment was undertaken of the differing classes and values of the conservation land included in Schedule 4, nor was the knowledge of mineral potential which existed at the time, considered. Therefore, on the Coromandel at least, there is pine forest, cutover bush and farmland included in Schedule 4 land and a public misconception that the entire peninsula has mining potential.

The current debate provides New Zealand with an opportunity to ensure we do not make the same mistake in reverse, namely take land out of the Schedule without a proper assessment of the mineral potential (the stocktake) and without proper regard to conservation land classifications, values, and other opportunities.

The NWG suggested approach is to:

- Not amend Schedule 4 for now, but undertake a robust analysis of the conservation values of all conservation land included in Schedule 4, with particular emphasis on the conservation values of Stewardship Areas and Conservation Park land.*
- Provide a minor relaxation of the current restrictions on vegetation clearance in section 61(1A)(b) of the Act that limits the level of exploration able to be undertaken on land identified in Schedule 4. This allows comprehensive analysis of mineral potential to be undertaken.*
- Develop a hierarchy of protocols and a parallel process for identifying the mineral and conservation values of particular areas of interest currently included in Schedule 4 before any further discussion about removal of Schedule 4 land is held. This will better enable the benefits of extraction of minerals to be weighed against identified conservation values. The successful approach adopted in resolving the longstanding appeals on the activity status for mining in the Thames – Coromandel District provides an example of how it is possible for the minerals industry, regulators and environmental interests to be able to work together in reaching consensus.*
- Support the proposal for joint decision making between the Minister of Conservation and Minister of Energy and Resources. The Minister of Energy and Resources holds the mineral estate in trust for all New Zealanders as does the Minister of Conservation hold in trust the Conservation estate. Joint decision making provides a balancing exercise on the part of the Crown as owner and custodian of both resources for grant of access.*
- NWG supports the initiative of a contestable conservation fund and suggests that the fund should support community identified conservation projects as part of a local engagement process. NWG supports that the access fee paid by mining companies remains for use within Conservation projects.*

Even if land were to be removed from Schedule 4, an application for an access arrangement would still need to be assessed under section 61(2) of the Act and any access arrangement granted is likely to be subject to conditions reflective of the conservation value of the land. Finally, any proposals would be subject to the

rigours of the Resource Management Act (RMA) processes and in some cases the scrutiny of an Environment Court hearing.

It seems reasonable to assume that a mining proposal with high mineral potential on land identified as having only low conservation/stewardship values will have a greater chance of obtaining the necessary resource consents. Therefore, exploration efforts will likely target land having low or lesser conservation values.

For its part, as a responsible company that understands the need to continually earn a social licence to operate NWG has no intention of exploring or mining in high conservation value areas. There are various tracts of land that NWG is happy to see remain within Schedule 4.

NWG believes the key is to have protocols in place to deal with the removal of land from Schedule 4 once greater knowledge has been obtained (of both mineral potential and conservation value) and protocols for the joint Ministerial processing of an application for an access arrangement.

NWG believes that whilst we need to develop a greater understanding of the mineral potential within Schedule 4 lands, so too do we need to identify any basis for retaining land within Schedule 4 which does not have high conservation values.

Submission

Examine the conservation values of lands included within the current Schedule 4

- *Undertake a robust analysis of the conservation values of all conservation land included in Schedule 4, with particular emphasis on the conservation values of Stewardship Areas and Conservation Park land.*

At the time of the amendments to the Crown Minerals Act in 1997, no thorough assessment was undertaken of the differing classes and values of the conservation land included in Schedule 4, nor was the knowledge of mineral potential which existed at the time, considered. Therefore, on the Coromandel at least, there is pine forest, cutover bush and farmland included in Schedule 4 land and a public misconception that the entire peninsula has mining potential.

NWG considers that there are some classes of Conservation land that are absolutely sacrosanct and should never be considered for mining irrespective of its mineral potential.

However there are significant tracts of Conservation estate in Stewardship Areas and Conservation Parks that, due to their lower conservation values, should be identified, their mineral potential assessed, and the potential removal of some of this land from Schedule 4 considered, as part of protocols developed for this purpose. The development of protocols around the further assessment of various parts of Schedule 4 land and the process that will be followed for the consideration of removal (or not) of land from Schedule 4 would give confidence to explorers and security to other stakeholders.

This process established by the development of protocols will assist in determining localities where detailed assessment of the mineral potential through prospecting, exploration and drill testing should be encouraged and allows the debate to occur at specific locations, with identified communities of interest and stakeholders, rather than the philosophical, wide spread debate focused on mining that is currently occurring.

A similar approach was adopted in the resolution of the litigation surrounding the activity status for mining in the Thames-Coromandel District. The Thames-Coromandel District Council, environmental interests, Ministry of Economic Development and the minerals industry were able to reach agreement on the areas for which mining would be prohibited, and controls for mining in other areas of the District. It is accepted that the settlement reached was agreed to be interim until such time as the District Plan is reviewed and better information is available. However, the example is important in that it involved a successful process by which consensus was able to be reached between conservation and mineral interests.

As part of this approach, recognition is required of the value for communities in understanding “what is not there” in planning for their futures, as much as knowing “what is there” for the extraction industry and identified communities. The initial analysis of land classification and mineral potential would show many communities who currently fear mining in their communities may well have little reason for such fear.

Protection of our highest value conservation lands must remain intact.

Conversely there is low value Conservation Park land within the Waikato Conservancy that is presently included in Schedule 4, yet has areas of scrubby exotic pines that have been subject to logging. Consideration should be given to removing this low value conservation land from Schedule 4. This would provide for the net benefit of not only the Conservation estate but the local communities and the Crown.

Contrary to prevailing public opinion, some of these areas have mineral potential that could now be drill tested with no need to change the legislation.

However there are areas of Schedule 4 land that cannot be properly explored due to the present restrictions on land clearance in section 61(1A)(b).

Support for the Government's objective of maximising our Mineral Potential by examining mineral prospective areas.

- *Provide some minor relaxation of current restrictions on vegetation clearance and access that limit exploration activities within land included in Schedule 4 so comprehensive analysis of mineral potential can be undertaken.*
- *This approach provides for the collection of further information about the mineral potential of land before any discussion about removal of Schedule 4 land is held and the benefits of extraction of minerals can be weighed against identified conservation values.*

NWG seeks amendments to section 61(1A)(b) to provide for the relaxation of the current restrictions on access and vegetation clearance for exploration (currently 4m x 4m) to allow for the mineral potential of areas within Schedule 4 land to be further investigated. In practice land clearance of 10m x 10m is required for a drill rig. The drill site is temporary and land clearance is rehabilitated. This requires DOC approvals which ensure areas of biodiversity or vegetative sensitivity and/or cultural significance are avoided.

This relaxation of the amount of land clearance allowed by section 61(1A)(b), will allow a comprehensive analysis (via low impact prospecting, exploration and drill testing) to be undertaken to verify identified localities' mineral potential before lands within the Coromandel are considered for removal from Schedule 4 for the purposes of mineral extraction.

Support by the public was strong when the proposal was "to have a look at what we, as a country, have got to increase our national wealth". The original proposal was to consider *mineral potential*. The current debate has been focused on mining. This moved the debate from growing our knowledge base through exploration, through to a philosophical and broad brush mining debate raising emotions and uncertainty.

The Coromandel has been largely unexplored by modern technology in the last 30 years. Decisions made to place large parts of the Coromandel under Schedule 4 were based on incomplete information of both conservation and mineral value. Without comprehensive analysis, the social and economic benefits resulting from potential mineral extraction cannot be weighed against conservation, tourism and environmental values.

Greater analysis of both mineral and conservation values is required to determine suitability of land's inclusion within the schedule and for developing a case to remove land from the schedule for any mineral proposal.

The rigours of the Resource Management Act, through district and regional planning controls and the process for obtaining resource consent, provide for security of conservation values during exploration activities. Access arrangements must also be obtained and are also able to impose conditions and typically address a range of matters. Once further information is obtained on both the mineral potential and conservation values of an area, a decision about the appropriateness of that area's inclusion in Schedule 4 can be assessed, and using clear protocols and a predetermined process (discussed above), land may be considered for removal from Schedule 4.

A process that engages the community and interest groups is vital

- *We support the proposal for joint decision making between the Minister of Conservation and Minister of Energy and Resources. The Minister of Energy and Resources holds the mineral estate in trust for all New Zealanders as does the Minister of Conservation hold in trust the Conservation estate. Joint decision making provides a balancing exercise on the part of the Crown as owner and custodian of both resources for the grant of access.*
- *Even if land were to be removed from Schedule 4, an application for an access arrangement would still need to be assessed under section 61(2) of the Act and any access arrangement granted is likely to be subject to conditions reflective of the conservation value of the land.*
- *Finally, any proposals would be subject to the rigours of the RMA processes and in some cases the scrutiny of an Environment Court hearing.*

Mining proposals will not always get resource consent. The unsuccessful application by Blue Mountain Timber for a mill near to Whangapoua and in an area where the activity was provided for as a discretionary activity, and Project Hayes, declined consent for its energy generation project in the McKenzie country, are recent examples of the RMA in action.

It seems reasonable to assume that a mining proposal with high mineral potential on land identified as having only low conservation/stewardship values will have a greater chance of obtaining the necessary resource consents than the corollary. Therefore, exploration efforts will likely target land having low or lesser conservation values.

NWG has publicly stated its strategy for targeting high grade deposits suitable for mining by underground methods with transit of ore to its existing mill in Waihi. This means no open pit and no tailings disposal on the Peninsula. The transport of ore will of course require careful consideration.

NWG suggests the development of protocols for an engagement process that brings interested parties together at identified low conservation – high mineral potential localities. This engagement process should be led both nationally (eg Land and Water Forum) and at the local levels.

The process should provide a communicative and educative function to the wider community regarding modern mining practices, environmental regulations, bonding, site rehabilitation, insurance, safety and public access.

As noted above, the resolution of the Ministry of Economic Development and New Zealand Minerals Industry Association appeals on the proposed Thames Coromandel District Plan by consent order, including agreement as to areas of the District where surface mining is prohibited is proof that the industry can work with conservation groups.

Further scientific investigation of prospective areas of land

1. As suggested, the approach above provides for this to occur in such a way that brings communities along the process and ensures lower conservation values and high mineral potential are matched.
2. NWG suggests that the Crown's fund of \$4 million is spent in undertaking further investigation within Schedule 4 lands only, given the sensitivity surrounding these localities. The money should provide, for example, agencies such as GNS to increase the regional dataset for the Schedule 4 lands to further refine the already completed GNS Coromandel Prospectivity analysis.
3. Areas outside of Schedule 4 can be addressed through the development of a business case and partnership with local and regional bodies, as occurs in Northland and Otago.

Contestable Conservation Fund

4. NWG supports the initiative of a contestable conservation fund and suggests that the fund should support community identified conservation projects as part of the local working party process.
5. NWG also supports that the access fee paid by mining companies remains for use within Conservation projects.
6. New Zealand has one of the highest proportions of land area in protected areas but is relatively poorly endowed to maintain it.
7. This has an impact on the country's ongoing ability to manage not just our highest value conservation spaces and wider conservation estate, but also the long term sustainability of the tourism attraction that results from these areas.

Joint Approval of Access arrangements

8. In conjunction with the approach identified above, the joint approval process should be encouraged as the process will provide for both conservation values and economic benefit to be considered within the approval process.
9. It is vital that clear protocols are in place for joint approval for access and removal of land from the Schedule as suggested within this submission.

Conclusion

NWG supports the intention of the Government to undertake the stocktake of minerals and conservation values in Schedule 4 land.

This submission proposes an approach that Newmont believes is an appropriate and considered way forward given the lack of informed debate and information available for the general public.

NWG is a front line player and is very aware of the sensitivity of the issue for the wider public.

The NWG suggested approach is to:

- Not amend Schedule 4 for now, but undertake a robust analysis of the conservation values of all conservation land included in Schedule 4, with particular emphasis on the conservation values of Stewardship Areas and Conservation Park land.
- Provide a minor relaxation of current restrictions on vegetation clearance in section 61(1A)(b) of the Crown Minerals Act (increase to 10m x 10m) to allow comprehensive analysis of mineral potential.
- Develop a hierarchy of protocols and a parallel process for identifying the mineral and conservation values of particular areas of interest currently included in Schedule 4 before any further discussion about removal of Schedule 4 land is held.
- Support the proposal for joint decision making between the Minister of Conservation and Minister of Energy and Resources.

The suggested approach is cognisant of the need for a process that allows for:

- Information on conservation value and mineral potential to be fully developed and weighed alongside each other.
- Ensuring that Schedule 4 protection remains in place until lands of high mineral potential on low conservation land have been identified and evaluated.
- Bringing the public along as part of the process and building the information available for informed debate and exposure to modern mining methods.

NWG believes the key is to have protocols in place to deal with the assessment of land to be followed for the consideration of the removal of land from Schedule 4 once greater knowledge has been obtained, as well as protocols for the joint Ministerial processing of an application for an access arrangement have been finalised.



Glen Grindlay

General Manager Operations

Newmont Waihi Gold

PO Box 190, 43 Moresby Avenue, Waihi 3641

07 863 8192

Appendix

- 1. Photo - Drill Rig and Camp*
- 2. Photo - Drill Rig and Camp*

Attachments

- 3. Brochure – Exploring for Gold*
- 4. Brochure – Getting on with the Neighbours*
- 5. Brochure – Bonds*

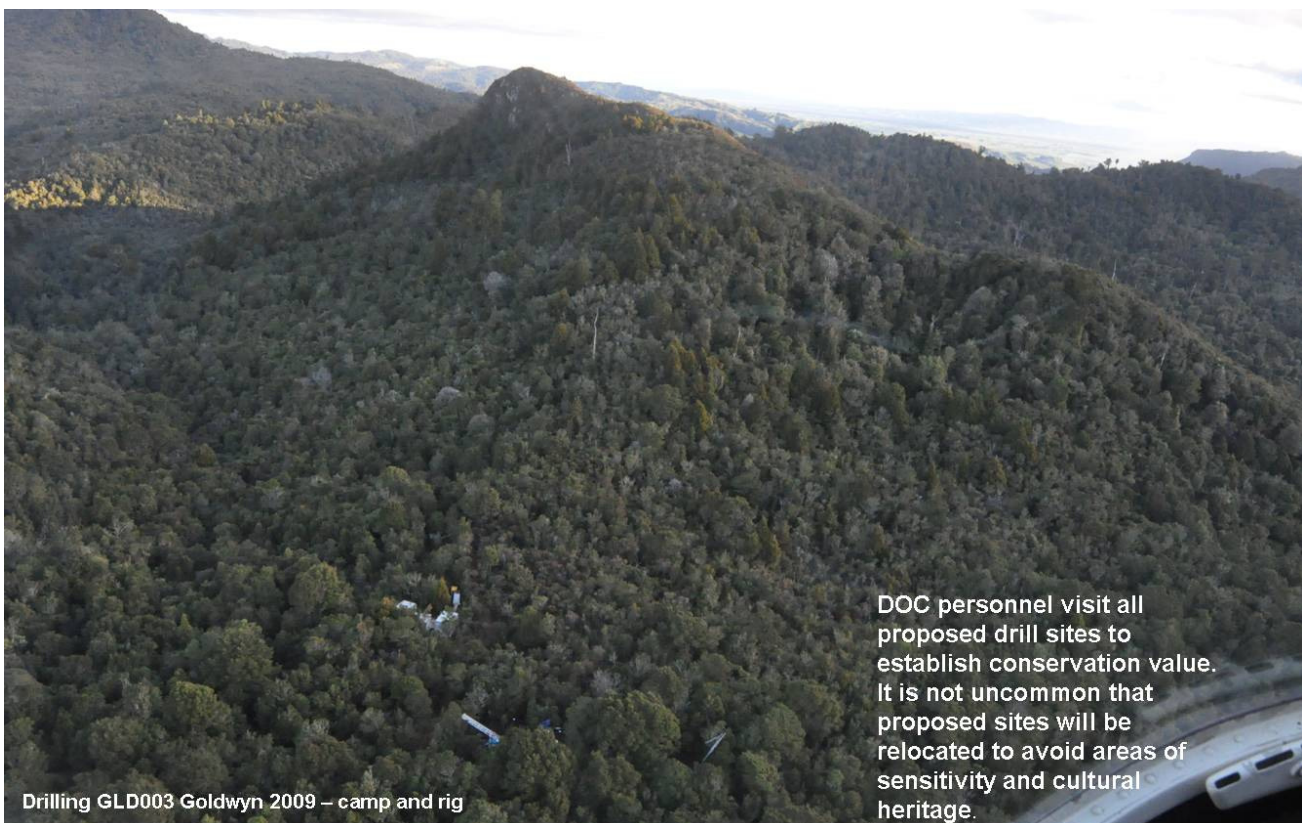
Photo 1- Drill Rig and Camp in Conservation Park



Schedule 4 limits vegetative clearance for exploration to 4m x 4m – submission requests minor relaxation (10m x 10m) to determine mineral potential on low value conservation land. Sites are temporary and rehabilitated.

Drilling GLD003 Goldwyn 2009 - camp and rig

Photo 2 – Drill Rig and Camp in Conservation Park



DOC personnel visit all proposed drill sites to establish conservation value. It is not uncommon that proposed sites will be relocated to avoid areas of sensitivity and cultural heritage.

Drilling GLD003 Goldwyn 2009 – camp and rig