

Correnso Underground Proposal Questions and Answers

What's happening?

1. What is proposed?

Correnso is a proposed underground mine that will replace the existing Favona and Trio mines. Parts of the Correnso ore body, and underground access to it, are at significant depth below residential properties in Waihi East.

2. Where and when will it happen?

Following a period of consultation and further investigation into the potential effects of Correnso we will lodge Resource Management Act applications with the Hauraki District Council and Waikato Regional Council in early 2012. If approved, construction of the Correnso Mine would start in mid 2013. This would see a continuation of underground mining after the Trio Mine project's anticipated finish in 2014. We expect the Correnso Mine could operate to the end of 2020, but potentially longer if additional resources are discovered.

3. How deep under residential properties will Correnso be?

Our current proposal is to mine in blocks between the bottom of the ore body, which is 350 metres below surface, and the top of the ore body, at approximately 130 metres below surface. As a comparison, the Cornish Pumphouse is 21 metres tall, so the closest any workings would be to the surface is approximately the height of 6 pumphouses.

4. Where else in Waihi are you currently planning to mine?

Correnso is the only viable resource we have identified so far. However, our exploration programme will continue to seek high grade gold and silver deposits that would make it feasible to mine by underground methods with a small surface footprint. Part of this exploration programme is a project named the Martha Exploration Project which will involve constructing an exploration tunnel under the existing Martha pit.

The Martha Exploration Project falls within our existing mining licence and requires only a variation to the licence. This means there will not be a council hearing on the application, but there is an opportunity for anyone to have their say once the initial decision on the variation is publically notified. We will keep you informed about when you can become involved.

5. What happens next?

We will be out and about during the next few weeks to talk with residents, neighbourhood groups and community organisations to gain feedback on the proposals and to answer questions and provide further information about Correnso. Further investigations are to be carried out, such as a short series of vibration tests scheduled for late September or early October.

6. How can I have my say on the proposals?

Newmont will be seeking that the land use consent application for the Correnso proposal follows a publically notified process. A hearing will be held by the Hauraki District and Waikato Regional councils and anyone is able to make submissions for or against the proposal. We will keep you informed about when you can become involved. For more information on the Resource Management Act process visit www.mfe.govt.nz or call in at the Newmont Golden Link Information Office in Seddon Street, Waihi.

7. Where can I get more information about the proposal?

Over the next few weeks we will be visiting homes closest to Correnso in Waihi East to talk to individual households about the proposal.

A Newmont Golden Link information office will open in Seddon Street, next to the Waihi Memorial Hall, where we will have staff available to answer questions and concerns you may have. Opening hours for the Golden Link information office are detailed in the brochure that accompanies this Questions and Answers document.

We will also be holding community briefings and encourage community groups to invite us to their regular meetings so we can share more information and answer your questions in person.

We will also keep you updated through the Waihi Leader and through our website www.marthamine.co.nz.

As always, our community engagement line is available 24/7. Please call 0800 NEWMONT (0800 639 6668).

8. Why is the proposed mine named Correnso?

"Correnso" was chosen by a local Waihi geologist. The ore body was originally thought to be an extension of the historic Reptile vein, but was subsequently found to be a separate system altogether. The ore body is named after the naturally occurring mineral Corrensite which is found in small areas of the veins. The mineral is named after a German mineralogist, Carl Wilhelm Correns.

What will it mean for residents?

9. Who may be affected?

This proposal is important to most people in Waihi. Mining is a big part of our local economy and many people are employed directly by, or provide goods and services to the mine. The people and organisations potentially affected by Correnso are in Waihi East. We will be talking with those people individually so they can get the best possible information and we can listen to their views on the proposal.

10. Will there be more vibration?

Our current underground operations have blast vibration limits of 6mm/s (Monday to Saturday, daytime) and 1mm/s at other times. Vibration limits at Correnso will be no greater than this. But in recognition that mining at depth under property differentiates Correnso from our current underground operation, we will be consulting with residents on a range of possible options for vibration magnitude, how often, how long and when. We have extensive information on blast vibration based on two decades of operations here in Waihi. To increase our understanding of this specific project we will be conducting a short series of vibration blasting trials in late September or early October. These trials will involve using existing exploration drill holes to carry out test blasts in the Correnso area. These tests will involve no more than a few blasts over one or two days and we will notify residents when these are to take place.

11. Will the vibrations have an effect on my property?

No. While blasting vibrations will be detectable at some properties the current consent limits for blast vibration are significantly below the lowest levels of vibration known to cause cosmetic or structural damage to property.

Our current underground operations have blast vibration limits of 6mm/s (Monday to Saturday, daytime) and 1mm/s at other times. Vibration limits at Correnso would be no greater than this. We expect that production blasting (used to mine

ore) will take place once every two to three days, with smaller development blasts (used to construct tunnels) occurring more frequently.

Recent consents have required us to complete independent building surveys for selected properties close to our projects before blasting begins. We are expecting to do the same for Correnso.

There are a number of factors that can have a bearing on the condition of a property. These include age, construction quality and materials, temperature, wind loads, moisture content and maintenance.

We continually monitor vibration and the results are available in real time to the Hauraki District Council. The Council also carries out independent monitoring of our performance.

12. What will you do for residents who may experience vibration?

We have successfully operated an underground mine near residential areas in Waihi for seven years and have in place a number of programmes to minimise and mitigate effects. The way we mine and blast in Waihi is very different from other mines, in order to reduce vibration effects. We monitor every blast and modify subsequent blast designs based on the results.

We recognise that some residents experience more vibration from our operations. Because of this we currently offer the Amenity Effect Programme. This voluntary programme provides payments at regular intervals based on the company's blasting performance. Those most affected receive the greatest payments. We expect to continue with this programme for residents near Correnso. Further information on the AEP can be found on the website www.marthamine.co.nz or at our Seddon Street information office.

13. How much will people eligible for the AEP be paid?

Because it is based on measured effects the payments vary – for example last year qualifying residents received payments ranging from \$250 to \$3000 for a six month period.

14. Who qualifies for the Amenity Effect Programme?

The Amenity Effect Programme recognises that although we operate within strict consent limits, some residents close to the mines may, from time to time, still experience some vibration effect. Eligibility is based on measurements, with payment made wherever pre-determined vibration magnitude and blast number are exceeded. The payment is made to the householder, whether they own the property or not.

15. Will you be buying any properties near the Correnso project?

Because the Correnso mine is closer to residential properties than the Favona and Trio underground mines we will substantially change the way in which we will actually operate in the higher levels of the mine. The result of these changes in design and technology is that while the mine will be closer to residents, we expect the vibration effects to be similar to what residents near Favona currently feel. We do not expect there to be any properties that would feel higher vibration than our current consent limits allow for.

As Correnso will be closer to residential areas we are committed to working with the community to develop a new programme that will maintain and improve property values in Waihi East, as well as offering continued Amenity Effect Programme payments.

The parameters for consultation that we see are:

- Because the vibration is generally low, with production blasts occurring relatively infrequently, our view is that outright purchase of properties is not necessary.
- Our objective is to develop options that will encourage people to stay in Waihi. We will be interested to hear your suggestions about how to add value to properties. This could include, for example, a commitment to Newmont paying for annual value-adding property improvements (e.g. insulation, heating, structural additions) or value-maintaining property services (e.g. maintenance, painting).
- Our current community investment programme provides a mix of benefits for individuals (such as the AEP) as well as programmes that benefit the whole community. We would be interested in hearing suggestions for projects that will benefit the entire Correnso area as a whole. This could include amenities such as parks, landscaping and planting, better footpaths and lighting – i.e. projects that would benefit the community as a whole as well as improving the value of all of the properties around the Correnso area.
- In addition to any new approach we would propose to continue the Amenity Effects Programme that provides cash payments to residents to offset the inconvenience of occasional vibration from blasting. Last year qualifying residents received payments ranging from \$250 to \$3000 for a six-month period.

We realise this does not give a 100% clear answer to people who want to know immediately what might be offered to them should the project go ahead. But we think that consulting directly with you and others in the community will ensure we arrive at a solution that is fair, improves individual property values and improves the public spaces and streets above the Correnso operation. Our final property policy will be made available when we lodge our consent applications in early 2012.

16. Will dust or noise effects change?

No, the proposal will not create more noise or dust. However, as operations move so will the source of the effects. There are currently strict dust and noise limits which are enforced by the Waikato Regional and Hauraki District councils and these will continue to be met.

17. Will you be blasting at night?

Yes, there will be small development (tunnelling) blasts but no production (mining) blasts at night. At the Favona and Trio Mines, the night time vibration level is set to a maximum 1 mm/s and this is expected to remain the same for Correnso. Walking around your home can generate similar levels of vibration.

18. How will I know when to expect vibration effects?

We expect there to be one production (mining) blast to be fired about once every two to three days. These are the blasts that generate the higher vibration levels. Production blasts generally occur at set times and we will be seeking feedback on these times.

19. Is there a risk of sink holes from Correnso?

No. Modern mechanised mining, which operates from the bottom up, requires all stopes (mined out areas) to be filled so that we can access the next level of the ore. Filling provides lasting stability. There will be no large voids.

Unfilled stopes do exist under parts of Waihi from historic (pre-1952) mining. It is these holes that can cause collapses, such as the Barry Road collapse in 2001, and previous collapses in 1961 and 1999.

Further information, including diagrams and a DVD, explain this in more detail. Please visit our Golden Link information office in Seddon Street to find out more.

20. Will it affect my property value?

Independent valuation reports show that property values in Waihi can be expected to hold up because of the large number of people who work for, or benefit from, the mine. Continuation of mining will keep those people in Waihi. In 1980 (before current mining resumed) the average home in Waihi was worth significantly less than one in Paeroa. Today an average Waihi home is worth the same or slightly more than the average in Paeroa.

What will Correnso mean for the Waihi community?

21. What does Correnso mean for Waihi?

The proposed operation will ensure continuation of employment for our current workforce. Research shows that for every mine employee another is employed in the community. Businesses, schools and social services can be expected to remain at current levels. Our community investment programme will continue for the life of the project. Newmont spends \$40 million each year in Waihi on wages, salaries, goods and services, which will continue.

22. Will it create more employment?

Yes. Correnso will extend the duration of employment for workers at Favona and Trio, and for staff at the processing plant. Mining is also a significant contributor to the local and national economies through money that goes back into the community and through taxes, employment and training.

23. What about the day care centres, kindergarten and Waihi East School?

We will be consulting with the community on blast times, and one option could be that production blasts only take place outside of school hours. We will talk with these groups as well as the Ministry of Education to address any concerns. Newmont has a long history of supporting all of the schools in the Waihi area and we will be strengthening this programme in Waihi East.

24. What effect will there be on the environment?

There will be no adverse environmental effects and, consistent with our excellent environmental record, Newmont Waihi Gold will continue to work on initiatives that benefit the local environment.

25. What will happen to plans to carry out rehabilitation and lake-filling?

Our rehabilitation programmes, such as the pit rim walkway, will continue. The creation of a pit lake cannot occur while operations continue in or near the Martha open pit. The pit is a tourism draw card for Waihi and last year almost 50,000 people visited the Waihi information centre.

26. Are there opportunities now for variations to the rehabilitation plans?

Yes. Waihi people are always welcome to suggest new ideas. This engagement and interaction is the reason that the Waihi

Community Vision process has been successful for the community and the wider district.

27. Will there be more tailings?

Yes. Tailings will be produced as a result of processing the ore should Correnso go ahead. The current tailings facilities will provide adequate storage so no new tailings facilities will be required for this project.

28. Will any heritage buildings be affected?

No, but consistent with our commitment to the Waihi community, there may be further opportunities for protecting and preserving our town's heritage. The preservation of the Pumphouse and the relocation of the Grand Junction Refinery building are recent examples of how heritage in Waihi has benefited from continued mine operations.

29. What happens if something 'goes wrong' after mining is finished and the company leaves town?

Newmont Waihi Gold carries out rehabilitation as we operate and this will be completed once mining operations end. As a security, the company is required to, and has, established significant bonds sufficient to fund the complete rehabilitation and closure of the site.

The objective of the bonds is to indemnify the people of New Zealand against the costs of completing rehabilitation and closure works, and ongoing site management once rehabilitation and closure are complete. All expenses are to be covered so that there is no liability placed on residents and ratepayers whatsoever.

The two main bonds are:

- the Rehabilitation Bond to provide sufficient funds to rehabilitate and close the site, prior to handing the site over to the Martha Trust
- the Capitalisation Bond to ensure that the Martha Trust has sufficient funds to carry out its management and maintenance activities in perpetuity. The Capitalisation Bond includes a contingent liability fund and insurances to manage residual risks post-closure.

The bonds are reviewed every year. As at 2010 the Rehabilitation Bond sum is \$29.1 million and the Capitalisation Bond sum is \$10.4 million. Both bonds are in the form of bank guarantees. In addition, the Company holds a number of cash bonds. As at 2010 the total bond package has a value of approximately \$43 million. We expect any new Correnso rehabilitation requirements to be reflected in future bond calculations.