

Waihi East Residents Group

The questions below in blue, relating to Property and Community Improvement (PCI), were raised at a meeting of the Waihi East Residents' Group held 11 January 2012.

Newmont Waihi Gold's answers follow in black font. These questions are to be addressed at a meeting to be held 19 January 2012.

All information in this document is correct as at 18 January 2012. Details may change as a result of consultation with community groups and individuals and due to further information from technical studies.

- 1. Trio consent limits for vibration are 6mm/s (Mon – Sat 0700 to 2100) and 1mm/s at other times and is not operating under residential property. What limits do you expect to obtain for Correnso which will be operating under residential properties?***

The consent limits describe the vibration level felt at a residence, not the vibration felt at the source. Regardless of the location of the source of vibration, the amount felt in the home must comply with the level set.

We expect that the consent levels for Correnso vibration will be similar to those set for Favona and Trio and certainly no greater.

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 access tunnels) occurring more frequently. This would result in approximately 30 seconds of blasting per day (e.g., 10 seconds 3 times per day) the vast majority of which would be at very low levels.

We have evidence that shows clearly that normal road traffic generates greater and more sustained vibration levels at all hours of the day and night. Vibration levels would be much the same as (or less than) a truck passing on the road.

The maximum blast vibration levels specified in the consent conditions for Trio and Favona are lower than all other known international standards for blast vibration. 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. 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.

- 2. There are continuing issues from property owners around Trio/Favona regarding noise and vibration. Will these issues be resolved once the Correnso PCI is adopted?***

As Trio production blasting has not yet begun, our answer to this question is based on the comprehensive data we have relating to the Favona Mine.

Vibration: Our blast vibration data (BlastHub) for Favona show that the rate of compliance with consents is very high (99.4% for calendar year 2011 and never below 98% in any year of Favona operations). Our consent conditions require a compliance rate of 95%. All concerns and complaints are recorded and we encourage residents to let us know through our community engagement line when they feel the effects of a blast. This helps to add depth to our understanding of vibration effects in general.

There are many factors that contribute to vibration effects felt in different residences, not least of which is the condition of a property, including age, construction quality and materials, wind loads, moisture content and maintenance. Vibration effects are also influenced by geotechnical or geological features in the rock beneath the surface.

Noise: Our complaints database shows very few noise issues from our underground operations. This can easily be explained by the fact that all mining activity is underground and only activity around the mill is able to be heard by neighbouring residents. This is borne out by the small number of noise complaints from Favona and Trio:

2005 – 1 complaint
2006 – 2 complaints
2007 – 1 complaint
2008 – 2 complaints
2009 – 5 complaints
2010 – 3 complaints
2011 – 10 complaints

3. *There appears to be ten aspects in the proposed PCI. What percentage of the budget has been allocated to each aspect of the policy?*

Currently around 75% of the budget is dedicated to individual benefits and around 25% to community benefits. This is in line with feedback we specifically asked the community for and received in October 2011. Further breakdown of budget is not available at the present time as we negotiate internal budget matters with our regional and corporate offices.

The above percentages do not take into account the amount spent currently on existing community spending through projects managed by the Vision Waihi Trust, nor existing individual spending through programmes such as the AEP.

4. *The proposal is for several community groups to be created to recommend / manage different areas of the PCI. This will be expensive and cumbersome to provide support for. Would it not be more efficient and economic to have one community group with representatives from each area of the PCI sitting on that committee?*

Yes we agree that this could be cumbersome. We support simplification of the consultation and management process and will be proposing to cut down the number of representative groups.

5. *The Correnso blast tests held in October were to have results available on NWG website shortly after the tests. What are the results and why have the results still not been made public?*

The trials were not as extensive as originally planned. Only two test blasts took place in October. We had originally planned to carry out ten test blasts. The maximum recorded levels of the blasts were 1.2mm/s (10.27am October 13) and 4.8mm/s (11.39am October 13). This information has now been posted to our website www.waihigold.co.nz. We apologise that this was overlooked at the time.

The test blasts were deliberately designed to produce vibration levels at the high end of the effects scale, close to the possible consent limit. However, of the nine monitors set up, three detected both blasts, two detected only the second blast, one detected only the first blast and three were not triggered by either blast. One of those not triggered by either blast did register 29 small events from other sources.

A full report and map of expected vibration effects will be published along with our consent application.

6 *Initially there will be a number of properties purchased. This will be related to the need for a buffer to avoid noise / vibration limits being exceeded. In these cases, at least, will the real estate agents' fees be met by NWG as they have been disadvantaged by the Correnso mining activities?*

We would like to make it clear that we do not foresee that we will be required to buy properties in order to operate the proposed Correnso mine. Unlike Favona and Trio, we are designing Correnso to be compliant with vibration limits at all properties. A buffer will not be necessary.

However, we believe that the Waihi community should benefit from our presence. If the Correnso proposal goes ahead we will be closer to residential properties than we have been before. Even though we are not legally obliged, we wish to develop a package that will offer Waihi East residents a measure of good will. We will be looking to ensure any package is fair, transparent and consistent.

If Newmont Waihi Gold buys a property that has been marketed by a real estate agent then the real estate agent's fees will be paid for by the vendor as would be the case in any property purchase.

Questions 7, 8, 9 and 12 are of a similar nature. We have grouped them together here and provide a combined answer.

- 7.** *In the WERG survey undated on 10 October 2011 of all home owners surveyed, by far the majority (95%) expect NWG to meet their individual costs should Correnso proceed. As this is a major priority for property owners why has NWG dictated there will be no cash payments (other than AEP)? This issue could become a deal breaker!*
- 8.** *What aspects of the proposed PCI does NWG see as a retention programme to keep home owners in their properties, so has any retention plan for Waihi East not being deemed economically viable for NWG?*
- 9.** *Little or no effort has been made to develop a policy that reflects the property owners' views. Is NWG proposal not to make cash payments set in concrete? Consider December release Part One introduction, feedback, responses the top ten. Item 4 "Compensation". Could this not be a sum by way of solatium for loss of privacy and amenities?*

12. *The proposed PCI has not addressed the concerns of Waihi East property owners regarding the effect the August announcement has had on their personal life circumstances. Is this omission intentional?*

Re solatium – The Amenity Effect Programme (AEP) is described thus.

*“Consent limits are designed to be protective of amenity for most of the Waihi community for most of the time. However, we recognise that some residents close to the Martha, Favona or Trio mines may, from time to time, experience a reduction in amenity due to the levels of noise, vibration and possibly dust generated by mining activities, despite the mining operations being conducted within consent compliance limits.
The Amenity Effect Programme aims to offset this loss of amenity.”*

We have said there will be no cash payments for individual residences and we stand by this. However, our AEP is similar to a cash payment. If the Correnso proposal goes ahead the AEP zones will be reviewed. Currently, AEP payments are substantial for those properties most affected.

We believe a balance of the views of all groups and the council must be taken into account. We have received a diverse range of feedback from many individuals. Three distinct community groups have been actively involved in providing us with feedback. The real estate agencies and Hauraki District Council have also been talking with us. Not all residents and groups hold the same views and we are attempting to find a balance between the differing opinions.

Our consultation process clearly shows that some residents want some aspects of our policy to support community-wide organisations, not just individual residents.

While every effort has been made to develop a policy that reflects residents’ views as expressed to us, it has not been possible to include every suggestion that has been made. We have taken account of the majority view point, the practicality of implementing the suggestions and the need to work within a budget.

10. *The day care centres are privately owned operations. How does NWG justify supporting individual businesses at the expense of property owners in the area?*

The 75% v 25% division of funds mentioned above addresses this question.

11. *The “Green Fund” proposal seems to focus on benefits for the “residents”. Is the fund for residents or property owners or both? Remember that Waihi East is over 40% rentals.*

Both property owners and tenants benefit. Property owners will have a property of greater value and tenants benefit from a healthier home.

12. *See 7*

13. *Were NWG to purchase property in Waihi East and then resell them, would the proceeds from any resale be allocated to the independent panel for funding further purchases in Waihi East? Will this then reduce the capital required by NWG to fund the PCI programme?*

This suggestion has been made and is under consideration along with other suggestions.

14. *There have been four property sales in Waihi East since the announcement:
56 Walmsley Road – this sale was created before the announcement
25 Kitchener Road – the purchaser was told by NWG that he would be looked after
80 Walmsley Road – is at the entrance to Waihi East
78b Barry Road – a section sold well belowcost
With the exception of the section sale, none of the above properties are anywhere near the proposed Correnso mine or access tunnels. Does this confirm that there is still reluctance by purchasers to invest in Waihi East?*

We believe it is too soon to tell and our research backs this up. The property market nationally and internationally is showing slow signs of recovery from the global downturn. Mining operations are not the only factor in the number and value of property sales.

15. *The maps that have been released to date show the location of proposed stopes and access tunnels. Where are the maps that depict the spiral access tunnels to the stopes?*

Mine design has evolved a great deal over the last few months and is still being studied in detail. When we are sure that the design is nearer to a final version this will be made public. This is likely to be at the time of consent applications being lodged.

16. *There is still conflicting information from insurance companies about future insurance cover. (I will forward an email from my insurance broker / company confirming this.)*

We have not yet seen the email referred to here.