

WEALTH FROM THE GROUND

COAL, LIMESTONE AND GOLD

Increasing international demand for coal, high global commodity prices, record spending on exploration and opportunities for more economic mineral recovery using new technologies are boosting the minerals industry.

The industry is a dominant economic force within the region, predicted to expand 50-100% by 2010 and employ an extra 280-380 people in engineering, science, environmental management, skilled machine and production systems operators and trades. Mining also provides downstream opportunities for a range of contractors from transport operators, equipment fabricators and other suppliers relying on the extractive industry.

Substantial gold deposits still exist on the Coast. **OceanaGold Ltd's Globe Progress** open cut mine at Reefton is expected to produce 60,000-65,000 ounces of gold per annum. The first shipment of gold ore concentrate was transported to OceanaGold's treatment facilities in Otago in May 2007.

Holcim (NZ) Ltd employs a workforce of around 200 at their cement manufacturing plant at Cape Foulwind near Westport.

- The West Coast's recoverable coal resource is about 260 million tonnes
- Mining is worth more than \$500 million a year to the regional economy
- 4 million tonnes of coal is mined annually
- The Stockton Open Cast Mine north of Westport is the largest coal mine in New Zealand, producing approximately 2 million tonnes of coal per year
- The West Coast produces all of New Zealand's export coal
- More than 850 people work full time in the West Coast coal mining industry
- OceanaGold Ltd expects to extract 60,000-65,000 ounces of gold per annum from its Reefton operation
- Holcim (NZ) Ltd, in Westport, produces half of New Zealand's annual cement requirements.



COAL

Coal is New Zealand's most abundant fossil fuel with **13 coalfields** in the West Coast region alone between Aratika and Karamea. Coal Mining on the West Coast began in 1864 with over 100 mines having operated in that time producing more than 30 million tonnes. The current recoverable resource is estimated to be almost 10 times as much again.

West Coast coal has a low ash and phosphorus content making it highly valued by major steel mills, coke makers, power utilities and industrial processors. It is used in specialist applications such as carbon fibre, silicon metal and activated carbon.

The majority of West Coast coal is exported to international markets while the remainder is used within New Zealand as an energy source in the production and processing sectors.

State Owned Enterprise, **Solid Energy New Zealand Ltd** operates three of the largest coal mines in the region. Around 300 people currently work at the Stockton Open Cast Mine north of Westport, the Terrace Underground Mine at Reefton and the Spring Creek Underground Mine north of Greymouth which is scheduled to restart production at the end of 2007.

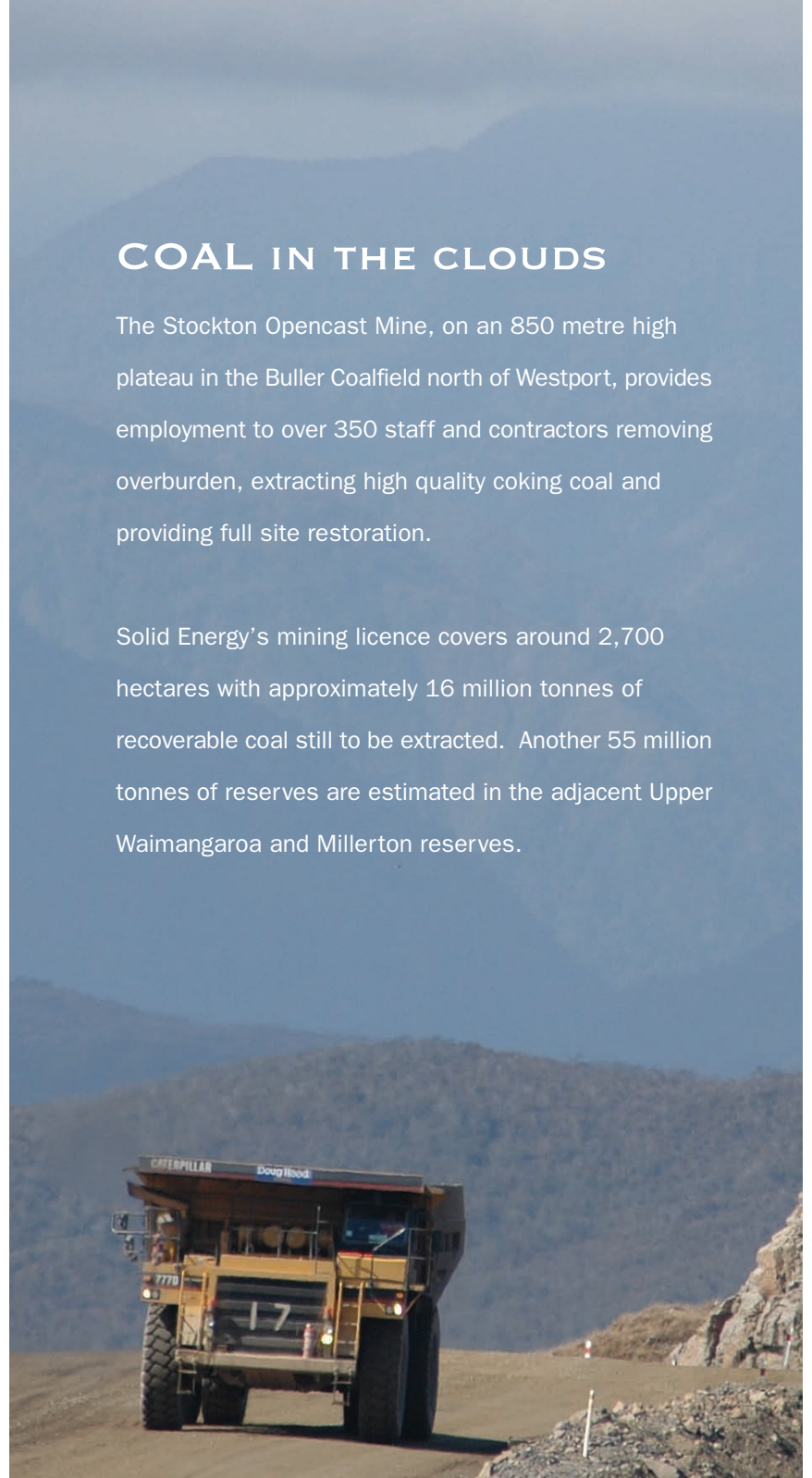
Pike River Coal Company Ltd, inland from Greymouth, plans to mine ultra low ash, low phosphorus and high fluidity coke oven coal for export over the next 2 decades and will be the second largest export coal mine in New Zealand.

Roa Mining Ltd is working a re-opened underground mine near Blackball with peak production expected to yield 250,000 tonnes per year of premium bituminous coking coal.

COAL IN THE CLOUDS

The Stockton Opencast Mine, on an 850 metre high plateau in the Buller Coalfield north of Westport, provides employment to over 350 staff and contractors removing overburden, extracting high quality coking coal and providing full site restoration.

Solid Energy's mining licence covers around 2,700 hectares with approximately 16 million tonnes of recoverable coal still to be extracted. Another 55 million tonnes of reserves are estimated in the adjacent Upper Waimangaroa and Millerton reserves.



Minerals West Coast was established through the collective efforts of industry with assistance from both central and local government agencies with the intent of growing the region's minerals industry through a coordinated industry and cross-sector approach.

It aims to increase the co-operation of all involved in the minerals industry on the West Coast and, in doing so, implement a significant and sustainable benefit for the whole region.

Industry plans point to a strong increase in output and have prompted the industry forecasters to predict an increase in direct employment in the region's extractive sector to almost double the current workforce by 2012.

Mining, by its nature, is a highly capital intensive industry and as a result has one of the highest levels of industry productivity per full time equivalent (FTE). The expansion of gold mining in Reefton should only increase these productivity levels.

Together with conservative projections of labour productivity improvements of about 1% per annum, the level of GDP value added generated by the mining industry could increase significantly to approximately \$350 million by 2010-12.



Phil Key, originally from Scunthorpe UK, came to the West Coast with McConnell Dowell to drill and blast the tunnel for the new Pike River Coal Mine situated near Greymouth. A keen mountaineer, fisherman, hunter and skier he feels spoilt for choice.

"The Coast is a very special place to live and work. People still have the time to talk, they will go out of their way to help you and make newcomers feel welcome. The commuting is easy and never believe the weather forecast!"



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Oceana Gold Ltd

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