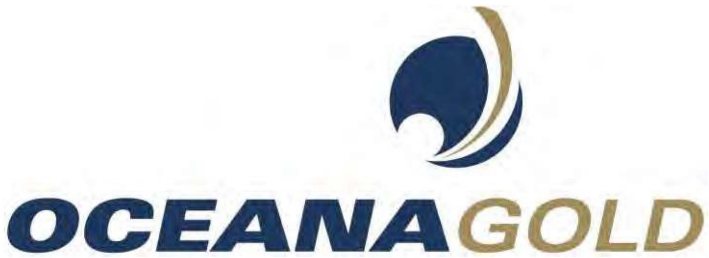


OceanaGold's Submission

to the Ministry of Business, Innovation and Employment

on the draft Minerals Strategy for New Zealand to 2040

31 July 2024

Submitted by:

OceanaGold Corporation/Oceana Gold (New Zealand) Limited

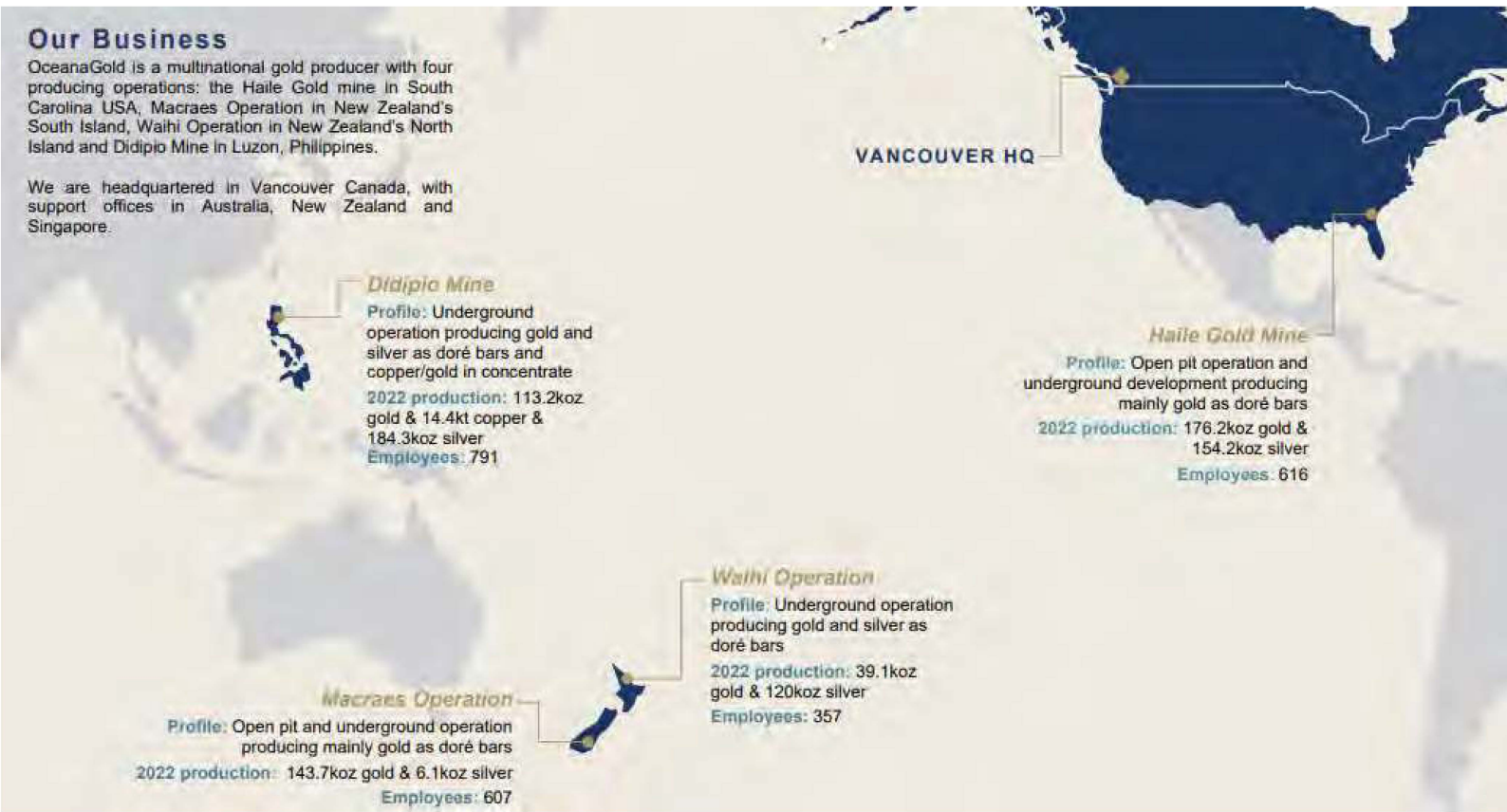
1. INTRODUCTION TO OCEANAGOLD (NEW ZEALAND) LIMITED

1. This submission on the draft Minerals Strategy for New Zealand to 2040 is made by Oceana Gold (New Zealand) Limited (OceanaGold).

2. OceanaGold's global operations began at Macraes, Otago in 1989, extending within New Zealand to include the purchase of the Waihi Mine in 2015. Today, OceanaGold is a multinational gold producer, head-quartered in Vancouver, Canada.

3. OceanaGold has two operating gold and silver mines in New Zealand, one at Macraes, Otago and one at Waihi, Waikato. OceanaGold has also partnered in the initial development of the Snowy River Mine, an underground mine beneath Department of Conservation (DOC) land on the West Coast of the South Island, and is months away from completing the successful closure and rehabilitation of an open pit mine at Reefton, also on the West Coast, ahead of handing that site back to DOC. A new underground mine is planned at Wharekirauponga, 10km north of Waihi, to be developed beneath DOC land and operate as an extension to the existing Waihi operations.

4. Together the two operating mines at Macraes and Waihi employ over 950 people directly. In 2023 Macraes spent $84M in wages and benefits, and Waihi spent $48M. Total expenditure by the two operations exceeded $500M, with about 80c of every dollar spent by the New Zealand operations staying in New Zealand. The addition of the Wharekirauponga mine is expected to add over 300 additional jobs and extend Waihi's mine-life from 2030 to 2037. Planned "brownfields" mine expansions at Macraes would see that mine operating out to 2030, with potential to extend that to 2035.



2. OVERVIEW OF SUBMISSION

5. OceanaGold supports the creation of a Minerals Strategy for New Zealand that is designed to take a long-term, strategic approach to how New Zealand develops its mineral resources to deliver economic prosperity in a responsible manner. The objective of growing the sector, and initially targeting a doubling of mineral exports by 2035, is supported and achievable in our view. We agree that minerals play an essential role in New Zealand's economic growth through high-paying jobs, Crown royalties, direct positive impact in the regions where mining takes place, and export revenues. We also agree that the minerals sector faces some risks and challenges including lack of understanding of minerals opportunities, supply risks, and a regulatory system that needs to be improved to enable investments.

6. In particular, OceanaGold supports:

   a. The view that minerals, including scaling up minerals exports, are essential to New Zealand's economic future. This requires the development of a New Zealand Critical Minerals List and ensuring reliable access to opportunities to develop minerals for both export and domestic use. To be effective, it is important that the Strategy drives policy to achieve new and enduring minerals development on an all-of-government basis.

   b. The view that attracting the right investment for economic growth goes hand in hand with getting the regulatory framework right. Investors need to have confidence that New Zealand's regulatory framework provides ongoing assurance that continued significant investment in our minerals sector is beneficial and secure long-term.

   c. The view that minerals production needs to happen in a responsible and environmentally sustainable way. OceanaGold supports an approach that provides protections for areas of high value, while also considering proposals to responsibly explore mining potential in conservation areas.

   d. Ensuring best practice rehabilitation plans. OceanaGold is committed to best practice rehabilitation, as demonstrated by the world class rehabilitation at its Reefton Restoration Project.

7. It follows that the Strategy will need to engage with the realities of modern mining and the investor and capital markets that are its economic driver. In particular:

   a. Social licence and regulatory control are inextricably linked and play a material role in the successful development and operation of mining projects. We agree with Straterra Inc, that there is a role for the government in sharing the facts and the science on mining, and in raising public awareness of New Zealand's wealth of experience in mining responsibly over the three decades since the Resource Management Act was enacted, including on conservation land. At the same time, OceanaGold endorses a better-regulated, but flexible approvals framework, with reduced processing delays and complexity. Approvals processes need to be both time-bound and coordinated, allowing a single,

evidence-led assessment of a project's benefits and impacts, and the proposals for managing those impacts. Regulatory compliance processes need to be well managed and fair. In the absence of these things, no amount of government resources focused on growing the minerals sector (through initiatives such as the proposed, and very welcome, stock-take of New Zealand's mineral potential) is likely to be effective in driving new investment.

b. We agree with Straterra Inc, for the reasons explained in their submission, that the focus of the Critical Minerals List should not be confined to minerals required for use or value-add within New Zealand. The size of New Zealand's economy makes the export of minerals, including those of strategic interest to our trading partners, a crucial component of a Critical Minerals Strategy. In addition, the Strategy and the proposed Critical Minerals List should reflect not only the minerals that are or may be present in New Zealand, but also their capacity to form the basis for development. By-products are a hugely important part of many mining projects. Where minerals are identified as critical, the Strategy will need to actively anticipate those situations where it is economically and technically feasible to mine, but investor markets expect that to occur in conjunction with other mineral(s) as either a by-product or a co-product for all or some part of the mine's projected life.

c. Certainty of investment cannot be ignored. A Strategy that targets new mineral opportunities will need to acknowledge the potential for significant lead-times, and "up-front" investment, ahead of any return on investment.

3. SOCIAL LICENCE

8. As the draft Strategy notes, lack of social licence is a concern. However, it is OceanaGold's experience gained over 34 years of operations in New Zealand that, when managed appropriately, mining has good levels of support within the communities where mines are located. At Waihi, OceanaGold's ongoing Community Perceptions Survey (conducted every two years) consistently reports very positive or positive community perceptions of the mine (in terms of its impacts on the local economy, its employment practices and overall opinion on mining in Waihi) for around 70% - 80% (depending on the metric) of those surveyed.

9. OceanaGold's community monitoring and engagement, our own periodic polling of New Zealanders' views on mining, and media coverage and academic and civil society commentary, all confirm that there are a number of unsurprising, key concerns about mining, which any proposed mine and the regulatory framework that it operates under will need to meet in order to gain, and keep, community support. Existing regulation addresses these concerns, however our repeated polling has shown that New Zealanders outside of the communities where mines operate are largely unaware of the generation of mines that have operated responsibly over the last 30 years, having gained and maintained a social licence to operate against the back-drop of the Resource Management Act 1991. In particular:

a. *Concern about removal of protections in areas of high ecological value, including the conservation estate.* Eight years after completing operations and entering its closure phase, our Reefton gold mine is already producing water flow-off at contact recreation standard, and comprehensive, eco-sourced revegetation that is already 75% in cover across 75% of the former mine site (essentially well established and self-sustaining). The standard of that closure, and of new mining activity that has recently established in the area, has been acknowledged as giving renewed confidence in the sector: "*The old-timers may have wiped out the whitebait in the (eponymous) Inangahua River, but the environmental record of miners operating in the region in recent times has been a good one. Oceana Gold, which has a minority shareholding in the Sams Creek project, is about to hand back its GlobeProgress opencast mine site, after a rehab job described by the Department of Conservation as "world-class"… To Reefton's Business Association chair John Bougen, who built houses to accommodate some of the influx, there's no downside. "All the evidence to date says the mine management has been excellent and the industry has been nothing short of brilliant for the town .."*.[1]

b. *Concerns that community interests will not be represented.* As a proponent of modern, responsible mining, OceanaGold at Waihi is committed to continuing our long-term partnership with the communities where we operate and provides a blueprint . It is important to us that the community is kept up-to-date and can provide input into the final design of our projects. At Waihi, where our operations are in the centre of the town, we maintain a Project Information Office, a website, information brochures, fact sheets, public information sessions and community group meetings, newspaper updates and a freephone. We regularly monitor community views, using an independent consultant. At Macraes, the mine is located within a predominantly rural, farming community. While the interests of that community are different to those of the Waihi community, our approach is similar. We seek to understand community aspirations and concerns, and look to engage with the community, to ensure we shape our development projects in ways that reduce impacts on others, and which serve to add value to the community in the long term.

c. *Concerns that Māori and iwi interests will be overlooked.* OceanaGold respects the traditions and cultures of local iwi and recognises the unique relationship that Māori have with their ancestral land, water, wāhi tapu sites, and other taonga. We are committed to continuing early, genuine engagement with iwi and local Māori landholders regardless of the regulatory requirements that may, or may not, apply.

d. *Concerns over Lack of regulatory controls.* As a miner, it is standard practice for our resource consents to require the provision of bonds (bank guarantees) in favour of Councils (and the Department of Conservation for any mining on conservation land) for the full cost of site rehabilitation

[1] *Tākaka defends its pristine spring from Aussie miners* NewsRoom 28/07/2024

(reassessed and inflation-adjusted every year). It is also standard to have assessments of predicted environmental impacts for any proposed new project independently reviewed by council experts and to report against detailed environmental management plans for the duration of our operations. We would not expect or advocate for regulatory reform to remove or dilute any of those requirements.

10. As noted above, existing and proposed regulatory processes should and, in our view, do require the independent technical assessment of new mining proposals, effective stakeholder and iwi engagement and bonding to ensure the costs of mine-site rehabilitation are met by the mine operators. Maintaining and highlighting these regulatory "bottom lines" is an important aspect of addressing the concern acknowledged in the draft Strategy around achieving and maintaining social licence.

4. REGULATORY CONTROL

11. While maintaining high standards of environmental and social stewardship in the minerals sector, it is equally important that unnecessary regulatory barriers to minerals investment are recognised and addressed. In this regard, approvals processes need to be both time-bound and coordinated, allowing a single, evidence-led assessment of a project's benefits and impacts, and the proposals for managing those impacts:

    a. The current legislative framework for mining projects results in considerable inefficiencies and duplication by requiring various approvals and consents from different decision-makers concerning the same subject matter. This puts logistical strain on applicants, affected parties and decision-makers alike and significantly increases investment risk. It also increases costs and timeframes unnecessarily. Importantly, it does so without adding any meaningful environmental protections.

    b. The 'one-stop shop' approach proposed by the Fast-track Approvals Bill should be considered for application outside the confines of the currently proposed fast-track process, which is targeted at significant projects only. OceanaGold considers it is possible to approve and regulate new minerals projects in a single or coordinated process, that achieves consistency of standards and process without lowering environmental outcomes.

    c. More immediate improvements are likely to be achievable outside of formal legislative change, as is demonstrated by recent improvements achieved in the turn-around times for Crown Minerals Act application processes. An all-of-government (multi-agency) approach that targeted similar improvements in the processing of applications under the Crown Minerals Act, Conservation Act and Wildlife Act would achieve significant benefits for the minerals sector.

12. Developing the last of these points, there is room for improvement in the transparency and accountability of decision-making across the different legislative regimes, outside the public processes of the Resource Management Act. Recently, large-scale public road reinstatement projects through highly sensitive

environments in the wake of severe weather events have been judged capable of proceeding under Wildlife Act permits that were processed within less than a month in one case or effectively waived in the other. There is no question that both projects (the reinstatement of State Highway 1 through the Brynderwyn Hills, and the reinstatement of State Highway 25A Taparahi between Kōpū and Hikuai) warranted the high level of urgency afforded to them. However, those processes do beg the question whether improvements in both the time and complexity of decision-making could be achieved for projects outside urgent public infrastructure, including minerals projects. By way of contrast, OceanaGold's experience has included:

a. 7.5 months to gain approval to add an additional drilling rig to an Access Arrangement to explore within conservation land;

b. 8 months to gain a research permit to count frogs in conservation park;

c. 20 months to gain a wildlife permit to translocate any frog if found during drill-site clearance;

d. 22 months to gain a concession to install stand-pipes to monitor groundwater within conservation land.

13. For the reasons above, OceanaGold would urge an approach in the implementation of any Critical Minerals Strategy that targeted improvements in the transparency, efficiency and fairness of decision-making across every agency of government, whilst maintaining appropriate environmental protections.

5. CHOICE OF MINERALS AND BY-PRODUCTS

14. As New Zealand looks to ensure secure, affordable and responsible access to the minerals we need, other jurisdictions offer us useful guidance.

15. In 2019, Canada launched the Canadian Minerals and Metals Plan (CMMP) to provide a visionary national plan and strategic directives that seek to ensure that "*Canada is a global leader in mining-related science, technology, social and environmental practices with a clear and predictable regulatory environment, innovative clean technology solutions, and best management practices*". The CMMP is designed to be forward-looking and it takes into account the views of mining industry stakeholders, indigenous partners and the public. It includes a series of specific and coordinated actions that can be pursued to reach stated goals. Annual Action Plans were produced in 2020 and 2021 and are planned every three years thereafter.

16. in 2021 Canada produced a List of Critical Minerals – 31 minerals that are essential for renewable energy and clean technology applications, and are required inputs for advanced manufacturing supply chains including defence and security technologies, consumer electronics, agriculture, medical applications and critical infrastructure. Additionally work is underway on regulations, for example Manitoba province

announced a new "*single window access model*" for permitting to provide a mandate for inter-departmental cooperation among responsible departments.

17. In March 2024 the European Union (EU) adopted the European Critical Raw Materials Act. The Act recognises that creating secure and resilient critical mineral supply chains locally and strengthening self-reliance is essential to a socially fair and just transition to a lower carbon economy.

18. The EU framework seeks to define a list of raw materials that are strategic, critical or of high importance for the functioning of internal markets. It confirms that "*strategic and critical raw materials are, in many cases, extracted, processed or recycled as by-products of other main extraction, processing and recycling processes. Therefore, the by-product nature of raw materials should not affect their inclusion on the list*".

19. The term Critical Raw Material is defined through two annexes. The annexes list 34 materials which are considered strategic and 17 which are considered critical. Tungsten is included in both lists. The lists will be reviewed in 2027 and every three years thereafter.

20. The Act also includes a '*fast track*' and '*one-stop-shop*'[2] approvals process in the form of accelerating the implementation of Strategic Projects, and "*for the purpose of ensuring the efficient administration of the permit-granting process related to Strategic Projects… all authorities concerned shall ensure that that process is carried out in the most rapid way possible*." Strategic Projects have priority status and will "be treated accordingly in the permit-granting processes".

21. As a fellow signatory to the Paris Agreement, New Zealand should be leveraging the advanced regulatory frameworks already in place in other jurisdictions and modelling its own framework on these fit for purpose foundations to maintain a sustainable minerals sector that encourages growth, agility, and innovation. A Critical Minerals List for New Zealand is a vital part of that, and it must include minerals that are by-products of other main mineral extraction. For example:

    a. OceanaGold mines silver along with gold at both Waihi and to a lesser extent at Macraes. OceanaGold formally reports our silver resources, and at Waihi the estimated quantity of silver within our mining permit areas (at 9.3 million ounces) is more than three times that of gold (at 2.5 million ounces).

    b. Both gold and silver are indispensable in a whole range of technology, but expensive, so industry seeks to use as little as possible and recycle as much as possible. Despite this, the use of silver in photovoltaic cells has quadrupled in the last 10 years, to over 193 million ounces in 2023, and demand for solar technology is predicted to continue "soaring" in 2024 (World Silver Survey 2024).

[2] *Questions and Answers on the European Critical Raw Materials Act* 16 March 2023 https://ec.europa.eu/commission/presscorner/detail/en/qanda_23_1662

c. As mentioned above tungsten is listed as a Critical Raw Mineral in the EU legislation. Tungsten is widely viewed as a critical mineral because of its important industrial and electrical uses and the fact that a handful of countries currently dominate its production worldwide.

22. OceanaGold considers that gold, silver and tungsten should be included in New Zealand's Critical Minerals List, including where they are a by-product or co-product of extracting another mineral (or vice versa).

6. INVESTMENT CERTAINTY AND LEAD-TIMES FOR MINERALS PROJECTS

23. Lead-times for achieving "pay-back" (recovery of investment) from a mine can typically run to decades, including exploration and discovery, development and construction, ramp-up of operations and several years of full production. A Strategy that targets new mineral opportunities will need to acknowledge and manage the potential for minerals projects to face these significant lead-times, and "up-front" investment, ahead of any return on investment, so that factors such as regulatory certainty across multiple terms of government, stability of the royalty and tax regime and expectations around export returns are appropriately factored in.

7. SUBMISSION OF STRATERRA INC

24. OceanaGold is a member of Straterra Inc, the industry association representing the New Zealand minerals and mining sector. In addition to the contents of this Submission, we endorse and adopt Straterra's detailed Submission on the Strategy dated 30th July 2024.

25. In common with Straterra, we particularly reiterate the important role the government plays in two areas, in addition to its core regulatory, research and development and promotional functions:

a. As a source of data about minerals and the mining sector – data currently available through StatsNZ and elsewhere could be substantially improved to distinguish between minerals, aggregate and oil and gas, as well as characterizing the economic impacts of the sector beyond the current focus on royalties;

b. As an enabler and regulator of training and education, and the provision of access to the skilled workforce required to mine, including through a workforce development strategy implemented in partnership with the minerals sector.