

NEW ZEALAND

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Following the General Election in 1999 the Labour-Alliance coalition government has 59 seats in the 120-seat Parliament, and the support of the Green Party, which holds a further seven seats. The new government has maintained most of the economic policies of the past including restraint on spending. Economic growth has been maintained, with a declining exchange rate, a good growing season for agriculture and relatively high commodity prices boosting exports. For the year ended December 2000, the economy grew 3.4%, down on the 3.9% growth recorded in the previous calendar year.

Exploration activity has been at a low level for the past decade, with investment being confined mainly to expansion of existing operations and the development of known resources. The industry, through the NZ Minerals Industry Association which represents the main companies in all sectors of the mining industry, is pressing on with its plan to re-invigorate the minerals sector through a strategy that encompasses an improved relationship with the government and the public, increased investment in research and development by both the public and private sectors, and legislative reform.

The two hard-rock gold mines both produced their millionth ounce of gold during the year. Macraes mine (Gold and Resource Developments Ltd) in Otago in the South Island increased gold output by nearly 60,000 oz to 173,000 oz for 2000, following the addition of pressure oxidation to the gold recovery plant last year. The mine exceeded its production forecast for the year of 165,000 oz.

In March 2001, Gold and Resource Developments announced a further 15% expansion at Macraes to 4.5 Mt/y to handle

concentrate from its Reefton hard-rock gold project on the west coast of South Island. The company proposes to transport concentrate from Reefton to the Macraes mine for treatment using the pressure oxidation process. The development of the Reefton project hinges on obtaining the consent of the Department of Conservation for access. The upgrade at Macraes and the planned development at Reefton would increase the company's total gold production to 250,000 oz by 2002.

Annual gold output from the Martha mine (67% Normandy Mining Ltd and 33% Otter Gold Mines Ltd) at Waihi in North Island again exceeded 100,000 oz as a result of its recently completed expansion project, which included the open-pit ore treatment and tailings storage facilities. The mine produced 102,000 oz of gold and 815,000 oz of silver in 2000. The expansion project has extended the mine life until 2007.

Gold-silver exploration by the Union Hill joint venture (Otter Gold Mines and Normandy Mining Ltd) near the Martha mine mill site discovered the high-grade Moonlight Lode and confirmed depth extensions to the mineralisation at Gladstone Hill where an inferred resource of 2.1 Mt at 2.6 g/t Au has been delineated. Mineralisation is open along strike and at depth, and Normandy Mining is undertaking a major drilling programme, with NZ\$3.5 million budgeted for exploration over the next two years.

Alluvial gold mining in the west and south of South Island contributed about 50,000 oz in 1999 from operations in the West Coast, Otago and Southland regions. L & M Mining Ltd continues to be the main producer. In late 1999 the company bought Mintago Investments for NZ\$4.5 million, acquiring the Earnsclough alluvial gold project located near

the Clutha River between the towns of Clyde and Alexandra. L & M is now seeking approvals to work the deposit which it hopes to have in production by mid-2002. The company's new operation at Waikaka in Southland commenced production in April 2001, with planned output of 20,000 oz/y gold over an eight year life.

Submarine "black smokers" discharging gold and base metal-rich precipitates in comparatively shallow water, and discovered during investigations led by the NZ Institute of Geological and Nuclear Sciences, have attracted exploration interest. Neptune, an Australian company, has applied for permits to investigate two areas along the Kermadec Ridge, which is the offshore extension of the Taupo Volcanic Zone of central North Island.

New Zealand produces a range of specialist industrial minerals of volcanic origin for export and domestic use including high quality white halloysite for use in pottery and ceramics (NZ China Clays), amorphous silica as a cement additive (Microsilica NZ Ltd), bentonite (Omya NZ Ltd), zeolite which has a wide range of applications (Resource Refineries Ltd) and perlite (Industrial Processors Ltd).

BHP New Zealand Steel continues to produce more than 2 Mt of titanomagnetite ironsand concentrate each year from North Island coastal deposits, about equally divided between exports from Taharoa 150 km south of Auckland, and production for steelmaking at the integrated Glenbrook steel mill 50 km south of Auckland.

Sub-bituminous coal is produced in the Waikato region of the North Island mainly for steel making at the Glenbrook mill, and for thermal power generation. Bituminous coal produced in the West Coast region, South Island, is the main source of export

coal, while sub-bituminous coal and lignite are produced in Southland and Otago for industrial and domestic use.

The fortunes of government-owned Solid Energy NZ Ltd, which produces about 70% of the coal mined in New Zealand, are improving following a disastrous year in 1998-99 when the company lost NZ\$86 million. The company reported a surplus of NZ\$1.26 million for 2000. Solid Energy has negotiated a two-year NZ\$60 million contract with Nippon Steel to supply 480,000 t of coking coal, while Francis Mining has secured a three-year contract to supply 100,000 t of specialist coal to a European customer.

Greymouth Coal, a joint venture between Solid Energy and Todd Energy, has suspended operations at its new 500,000 t/y underground Spring Creek coal mine near Greymouth on the west coast of the South Island while the mining method is modified. The mine will produce coking coal for export, and thermal coal for use by industry in New Zealand, from a recoverable resource of more than 100 Mt of high-quality bituminous coal.

NZ Oil and Gas is undertaking a new feasibility study into its Pike River coal deposit, located 30 km north of Greymouth. The field has recoverable resources of about 20 Mt of high-quality coking coal and its development will depend on the outcome of studies into export markets. Investigations are continuing and the company aims to make a development decision in mid-2001.

Mineral Production Statistics			
	1998	1999	2000
Gold (t)	7.7	8.6	9.8
Silver (t)	22.7	24.3	22.9
Ironsand Concentrate (Mt)	2.2	2.3	2.7
Coal (Mt)	3.3	3.5	3.6