

## Blackwater Gold Mine Exploration Project

### Projects overview

<b>Name of the project</b>	Blackwater Gold Mine Exploration Project
<b>Region</b>	West Coast
<b>Tier and type</b>	Tier 2: Sectors
<b>Applicant</b>	Tasman Mining Limited
<b>Estimated total project cost</b>	\$ <small>Commercial Information</small>
<b>Amount of funding sought from the PGF</b>	Requested: \$ <small>Commercial Information</small> Recommended: \$15 million
<b>Financial instrument requested</b>	Recommended: \$15 million from the Provincial Growth Fund <small>Commercial Information</small>
<b>PDU recommendation</b>	<b>Approve</b>

### Background

53. Tasman Mining Limited (Tasman Mining) has applied to the PGF for funding to build twin decline tunnels at the former Blackwater gold mine site near Reefton on the West Coast. The project aims to access gold bearing quartz and inform a decision to go into gold production.
54. The Blackwater mine is in the Buller District, which has a rich history of gold mining. There has been a recent decline with a corresponding economic decline and depopulation.
55. The Blackwater mine was in production for 45 years between 1905 and 1951. During this period the mine produced about 733,000 ounces of 21 tonnes of gold.
56. The mine was originally worked from two shafts (the Blackwater Shaft and Prohibition Shaft) at a depth of 800 metres across 16 levels.
57. The mine was still operating in profitable ore when the collapse of the Blackwater Shaft resulted in the closure of the operation in 1951.

### Proposed twin decline tunnel project

58. Tasman Mining plan to construct a 3.3 kilometre twin decline from private land to the base of historical workings. The project will improve geological and geotechnical confidence in the bearing of the gold reef. Tasman Mining has been granted a Commercial Information permit to mine gold and silver from the site.

59. Commercial Information
60. Two parallel tunnels will give access to the top of the ore body and below the known workings of the old mine. The project will also see the establishment of drill chambers and drives, and completion of a drill programme.
61. There is a demonstrated continuity of gold mineralisation at the mine site that could support investment of \$ Commercial Information in the region and creation of close to \$ Commercial Information in export revenue over the conservatively predicted Commercial Information mine life.
62. Commercial Information
63. Extensive information on the historical mine and the PEA results give confidence that the project is technically and economically viable.
64. Construction is expected to take Commercial Information for the total decline of 3.3 kilometres (or 7.5 kilometres of actual tunnel accounting for both declines and regular connections). Works are projected to begin in Commercial Information.
65. The two tunnel system will have a main access tunnel and return airway tunnel to ventilate the mine and provide emergency egress. The tunnels will comply with health and safety requirements for primarily ventilation and secondary means of egress.
66. All mining permits and resource consents are in place and drilling can begin once funding is secured. The mining permit runs until Commercial Information.
67. Tasman Mining is proposing to adhere to environmentally sustainable mining practices (outlined in further in the PDU assessment of the project section). This includes:
- Careful and responsible water management.
  - Management of tailings.
  - Removal and filtering out of harmful chemicals.
  - The use of underground backfilling.
68. The project will not encroach on Department of Conservation land, as entry to the mine will be from private land Commercial Information.

#### *PDU recommendation*

69. The PDU recommends that you approve Tasman Mining Limited's application for \$15 million from the Provincial Growth Fund Commercial Information
- The applicant secures co-funding.
  - Commercial Information
  - The applicant should consider the government's broader outcome procurement objectives are used to consider the social, economic, cultural and environmental outcomes of the project.

## **Costs and funding**

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- 70. [Redacted] Commercial Information [Redacted]
- 71. [Redacted] Commercial Information [Redacted]
- 72. Potential investors are currently being engaged and co-funding from investors [Redacted] Commercial Information [Redacted] has been pledged.
- 73. [Redacted] Commercial Information [Redacted]
- 74. [Redacted] Commercial Information [Redacted]

## PDU assessment of the project

75. This section provides an overview of PDU's assessment against the PGF eligibility and assessment criteria.

### Assessment against PGF criteria

Criteria	Rating (1✓ to 5✓)	Comment
<i>Link with fund and government outcomes</i>		
<b>Creates permanent jobs</b>	✓✓✓	<p>Comme [Redacted] jobs will be created directly for the [Redacted] drilling project. If this leads to full production of the mine (proposed to be in [Redacted] existing research and industrial knowledge estimates there would be [Redacted] direct jobs. The roles would be primarily across management, technical, maintenance and operations functions.</p> <p>Additionally indirect jobs are likely through the drilling and production phases, which will require services and equipment supplied by local businesses. It is likely that local suppliers and other businesses will see increased activity from the mine and the jobs it brings to the area, which has suffered from job losses and depopulation following recent mine closures.</p> <p>If the mining goes ahead, tourism opportunities that build on the gold mining heritage of the area are proposed.</p>
<b>Delivers benefit to the community</b>	✓✓✓✓	<p>[Redacted] Free and frank opinions [Redacted]</p>

Criteria	Rating (1✓ to 5✓)	Comment
		<p>There will also be local training opportunities through the mine and support for local suppliers and other businesses.</p> <p>There will be opportunities to develop tourism projects linked to the gold mining history in the area in conjunction with the project.</p> <p>The average income level for jobs created by the project will be around \$ <small>Commercial Information</small></p>
<b>Increased utilisation and returns of Māori asset base</b>	✓✓✓	As the relevant iwi for this project, Ngāti Waewae has been consulted and supports the project.
<b>Enhanced sustainability of natural assets</b>	✓✓	<p>Tasman Mining has developed an approach to create an environmentally sustainable project, as follows:</p> <ul style="list-style-type: none"> <li>• All mine and process water will be reused and/or neutralised and filtered.</li> <li>• Waste rock and dry tailings will be placed underground as backfill or stored in engineered and stable dumps on the surface. They will also be inert and no chemicals will remain as a waste product.</li> <li>• Electric and battery powered mobile machinery will be used in place of diesel equipment.</li> <li>• Cyanide will be destroyed and all sulphide tailings stored underground as backfill.</li> <li>• Twin decline is proposed as a more environmentally sustainable option than continuing to drill from above.</li> <li>• The project does not disturb DOC owned land; the surface infrastructure is on privately owned land and all mining operations are 700 metres below ground level.</li> <li>• Twin tunnels remove the need for ventilation shafts, allowing for sufficient ventilation and no disturbance of DOC owned land.</li> <li>• There will be a maximum area of 60 hectares of land disturbance.</li> <li>• Upon cessation of mining, the mine will be rehabilitated and made ready for forestation and grazing.</li> </ul>
<b>Mitigation of climate change</b>		N/A
<i>Additionality</i>		
<b>Adding value</b>	✓✓✓✓	The project seeks to redevelop the former Blackwater Mine which

Criteria	Rating (1✓ to 5✓)	Comment
<b>by building on what is already there</b>		<p>operated from 1905-1951 with a completely new mine below the old one. The previous mine working was abandoned following damage sustained to the mine shaft in an accident in 1951.</p> <p>The <sup>Commercial</sup> new jobs predicted over a <sup>Commercial Information</sup> period would enhance economic and social benefits in the local community and region, bolstering local suppliers and other businesses, and helping to deliver the aspirational economic and social targets of the West Coast Development Plan. It also builds on the mining history and expertise in the region.</p> <p style="text-align: center;">Commercial Information</p>
<b>Acts as a catalyst for productivity potential in the region</b>	✓✓✓	Investment will drive further private investment and interest in the region, increasing growth opportunities, acting as a catalyst for increased productivity in the region through bringing more skilled people and commercial activity to the region. Reefton's tourism offering is centred on its mining history and this project will add to the story.
<i>Connected to regional stakeholders and framework</i>		
<b>Alignment with regional priorities</b>	✓✓✓✓	The project aligns with both the Tai Poutini West Coast Economic Development Strategy and West Coast Minerals Strategy and aims to work within and support the Buller District Plan and West Coast Regional Land and Water Plan.
<b>Support from local governance groups</b>	✓✓✓✓	<p>The project has the support of Buller District Council, West Coast Regional Council, Grey District Council, Westland District Council, Development West Coast, and Ngāti Waewae <sup>Commercial Information</sup>. Letters of support are attached to the application. <span style="color: red;">Withheld - Commercial Information</span></p> <p>The Councils and Development West Coast consider that the project would have a significant flow on effect in the local economy and for the local community.</p>
<i>Governance, risk management and project execution</i>		
<b>Robust project management and governance</b>	✓✓✓✓	Tasman Mining has key personnel with relevant experience in mining operations in leading New Zealand and international mining companies. Governance arrangements do not appear to be advanced, but the experience the company and key personal have indicates it is likely to have a robust management and governance structure in place. They are adaptable to structuring in a way that meets government

Criteria	Rating (1✓ to 5✓)	Comment
<b>systems</b>		<p>reporting requirements and regular updates and discussions with key stakeholders.</p> <p style="text-align: center;">Commercial Information</p> <p>A milestone approach to releasing funding for the project has been proposed. It is proposed to have a government presence in setting the criteria, and a government role within the ongoing governance structure to provide further oversight for the investment.</p> <p>Procurement is focused on using regional businesses and employing local people as much as possible.</p>
<b>Risk management approach</b>	✓✓✓	<p>The application includes a comprehensive risk assessment. See Risk assessment section.</p>
<b>Future ownership / operational management</b>	✓✓✓	<p>Tasman Mining is a new company focused around delivering the Blackwater Mine project, a ten year project.</p> <p>The company is seeking investors in addition to government funding through the PGF, Commercial Information</p>

## Agency comments

### *Energy and Resources Markets, MBIE*

76. MBIE Energy & Resources Markets support the application on the basis that:

- Evidence for an inferred resource is strong.
- The management of Tasman Mining has suitable experience in the sector

Commercial Information

77. MBIE Energy & Resources Markets have confirmed that Commercial Information

### *Overseas Investment Office, Land Information New Zealand*

78. Tasman Mining is considered an 'overseas person' under the Overseas Investment Act 2005.

79.  Commercial Information

80. The OIO recommends that access arrangements are not interests in land and Tasman Mining would not require consent.

*Ministry of Foreign Affairs and Trade*

 Free and frank opinions

*WorkSafe New Zealand*

84. WorkSafe NZ is confident that Tasman Mining will meet the regulatory and health and safety requirements throughout the project.

*Department of Conservation*

85. DOC notes that as resource consents are already in place, the proposal seems to fit within consideration for land access under the Crown Minerals Act 1991.

86. Unless there are any surface impacts, DOC's key critical issue will be around subsidence therefore very limited input in terms of any approvals being sought. However, DOC will keep a watching brief over this application to any changes that may impact DOC land of any kind, including land access or subsidence.

## Risk assessment

87. Due diligence has been undertaken and the PDU has no concerns.

88. The PDU has identified the following key risks and mitigations:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
<b>Project</b>	The project is not feasible, or cannot be delivered on time, on budget or to specification.	Proactive discussions and supporting data are required to ensure the local workforce has the necessary skills in time for the project.	Low
<b>Project</b>	Go/No go decision on completion of the inclines could put the equity stake at risk.	Expertise involved to-date; historical data and PEA indicate that the resource is likely to be present to lead to production. The loan proportion of the PGF funding would be covered by the debt security required as a pre-condition.	Low
<b>Operational</b>	The project or asset does not operate to specification or budget, or does not	The project deliverable of building the decline and quantifying the	Low

	achieve the forecast revenue.	opportunity is, relative to such projects, simple and being overseen by experienced professionals in the mining sector. Expectations related to progress and cost has been set accordingly, and appropriate contingency put in place.	
<b>Operational</b>	Mine safety	MBIE Energy Resources & Markets advise that the project plans and processes meet all safety requirements.	Low