

Minerals and Coal exploration and prospecting spending jumps 88% in latest year

22 August 2006 - Spending on 'Greenfields' minerals and coal exploration by mining companies has risen dramatically in New Zealand over the past year.

Latest Crown Minerals statistics show that total prospecting and exploration expenditure rose to \$38.5 million in the year ended March 31 2006 — an increase of 88% from the \$20.4 million spent in the March 2005 year. To put this surge in expenditure into perspective; as recently as the 2001 reporting period prospecting and exploration expenditure totalled only \$2.48 million.

The 2006 figures were boosted largely by increases in exploration for coal in the Waikato region as companies seek to define coal targets for future coal mines to help meet energy and steelmaking needs. Substantial sums of money were also spent prospecting for minerals in the Bay of Plenty region (which contains the Coromandel – Taupo Volcanic Zone gold province) as well as offshore areas.

Total expenditure statistics incorporate expenditure directly related to prospecting and exploration operations as well as consenting and 'other' expenditure directly attributable to prospecting and exploration permit areas.

Prospecting

Total prospecting expenditure rose sharply to \$11.45 million in the March 2006 year from \$1.84 million in the previous year, an increase of over 500%. The area with the highest prospecting expenditure was the Bay of Plenty where total expenditure reached \$8.59 million. The West Coast and Waikato were other regions with large increases in prospecting expenditure.

Exploration

Total exploration expenditure increased to \$27.05 million in the March 2006 year from \$18.63 million for the year previously. The region with the largest total exploration expenditure was the Waikato with \$18.94 million (up from \$13.16 million in the March 2005 year) with the West Coast next at \$2.46 million and Northland at \$1.47 million. During this reporting period nearly 38,000m were made in drilling and coring operations in minerals and coal exploration permits.

None of the 'brownfields' exploration activity within current mining permits or licences is included in compiling these statistics. Only 'greenfields' expenditure within current exploration and prospecting permits has been counted in these totals.

Coupled with this large increase in prospecting and exploration expenditure has been a greater number of permits allocated by Crown Minerals. As a comparison with the 2002 calendar year when a total of 9 prospecting and 28 exploration permits were allocated, a total of 16 prospecting and 55 exploration permits were granted by Crown Minerals during 2005. As a result of this heightened prospecting and exploration effort Crown Minerals granted 24 mining permits during the first half of 2006 alone. Heightened levels of prospecting and exploration permit application and allocation have been maintained during the first half of 2006.

The latest expenditure statistics coupled with strong commodity prices and a higher demand for acreage all reflect the strong state of the minerals and coal prospecting and exploration scene in New Zealand.