The Mineral Resources Development Plan of New Caledonia
Agenda

• A brief overview of New Caledonia mining context
  – Geology and main mining sites
  – Environment
  – Economy
  – Social issues

• The need for a Mineral Resource Development Plan

• The five principles for a sustainable development of mining industry in New Caledonia

• Focus on
  – Evolution of the foreign trade rules in New Caledonia for ore export
1 – A brief overview of New Caledonia mining context
A large reserve of nickel ore

- Geological events and weathering of the emerging land have given birth to one of the world’s largest reserves of nickel

- With two types of nickel ore deposits, in term of metallogeny:
  - Saprolitic ore deposit (2 to 3% Nickel)
  - Lateritic ore deposit (0.8 to 2% Nickel)
Our two types of nickel ore deposits

Lateritic tabular, large and low grade deposit
Ex: Goro site (south east of New Caledonia)

Mountainous, hill slope, high grade deposit
Ex: Koniambo site
A scattered mining estate

Key facts:
- 90% of the estate is occupied
- More than 1,700 mining titles
  For around 50 owners (200 in 1970)
  Among them, only 10 are working
  
More than 260,000 hectares covered on 7 out of 33 municipalities

A mining estate detained by
- small miners
- big miners
A strong damage to our environment

- In the 1950’s, technical evolution led to development of new mining techniques and raised new opportunities for mining industries. However, wastes were dumped randomly due to a poor mining regulation.

- Today, the regulation is still the same, without any consideration for the environment and mining activity still causes strong damage …

- Biodiversity of New Caledonia is spectacular and endemic

A need for a new legislation respectful of the environment, past and present
A major sector for New Caledonia

• Since late 19th century have been exported
  – 96 millions T of saprolitic ore
  – 37 millions T of lateritic ore
  ⇒ That is 2.3 millions T of nickel content

• A new current of export, with the rising use of lateritic ore in the steel industry

• An expansion of local treatment facilities
  – Doniambo – Eramet SLN (60 to 75kT Nickel /year)
  – Goro Nickel – Vale Inco (60kT Nickel /year, 5kT cobalt /year)
  – Koniambo – Xstrata and SMSP (60kT Nickel /year)
  ⇒ More local added value, from 60 kT nickel in 2007 to 195 kT in 2012 !

• A strong relation between exports (quantity and nickel content) and LME price
  ⇒ Nickel industry viability relies on nickel market

Local added-value and exportations
(2000/2006 period - nickel share contained)

A balance to find between exports of raw ore and local processing
Facing rising social issues

- Economical and social impacts of the mining industry have been underestimated in the past
  - New projects are world-class projects
  - Local employment offer is not enough
  - Nickel prices are high
  - Companies are of international stature and often subjects of take-over bids

- Local communities face new challenges they have not been prepared for
  - Traditional livings are deeply affected

- The necessity to satisfy future generation needs
  - Mining resources are not renewable
  - The profits of mining industry are not used for the development of local communities
  - Up to now, the nickel industry is the only viable industry in New Caledonia
2 – The need for a Mineral Resource Development Plan
A main challenge for New Caledonia

**A sustainable management of our mineral resources**

- Resources are natural – wealth depends on human beings
- Exploited resources are not renewable

→ **Guidelines for a sustainable development of the mining industry, without compromising the future generations well-being**

- A modern legislation and simplified administrative procedures
- A better knowledge of our mineral resources
- A better consideration of the environment, and biodiversity
- A sensible development of metallurgic facilities for a sustainable harnessing of our resources
- A better management of the impacts of mining activity on local communities

Organic Law n°99-209, March 29 1999, Article 39
To fix a sustainable development policy of mining resources
A Mineral Plan to be adopted

- After four years of work, the Mineral Resources Development Plan for New Caledonia will be adopted soon.

- The Plan is divided into 5 parts, and for each:
  - Situation Diagnosis
  - Policy and main orientations
  - Summary

- An English copy will be available, once the Plan is adopted.

- According to the Plan, a new Mining Law will be adopted by the end of 2008.

- Any individual decision taken within the framework of the mining law must be in compliance with the basic principles and guidelines of the Mineral Resources Development Plan.
3 – The five principles for a sustainable development of mining industry in New Caledonia
1 – A simplification of administrative procedures

➔ To implement a clear, flexible and modern legislation, suitable to all the challenges New Caledonia will have to face in the future

Main evolutions:

- An homogenization and simplification of all regulations and procedures

- A single department in charge of all issues related to the development of a sustainable mining industry in New-Caledonia: the DIMENC

- A better communication and information about the legislation enforced in New-Caledonia

- An efficient set of procedures and indicators to improve the permitting process
2 - A better knowledge of our mineral resources

→ To be able to plan the development of mining operations in New Caledonia in a sustainable way

**Main evolutions:**

- Implementation of best practices for exploration works
- Completion of the detailed inventory of our mineral resources
- Optimisation of mining rights policy - Reducing mutation right taxes
- Structuring of the department of geology (DIMENC)
3 – A sustainable preservation of the environment

→ For a better consideration of the environment and the rich and endemic biodiversity of New Caledonia

Main evolutions:

- Implementation of best practices for exploitation and closure – Recent launching of a R&D centre
- Compulsory environmental impact studies (EIS) and public enquiries
- Enforcement of an « environmental caution »
- Rehabilitation of old mining sites
- Implementation of mining-exploitation-free areas
- Restrictions of mining activities next to the coral reef sites recently lodged in the World Heritage list
4 — A sustainable harnessing of our resources

For a sustainable development of mining industry with a development of metallurgic facilities

Main evolutions:

To enhance local business competitiveness:
- R&D on nickel ore processing
- Storage of sub-economic resources
- Long term planning of sites exploitation

To create local added value:
- By supporting existing local treatment plants
- By promoting enrichment technologies
- By securing “reserve resources” for metallurgic purposes

To rationalize the export policy:
- By maintaining current exports
- By authorizing new contracts through criteria

To inform decision makers:
- Launching of a Nickel Economical Observatory
- Conference of the presidents to follow the implementation of the Plan
5 - A better management of the socio-economical impacts

→ For a sustainable management of the mining spillovers through considering existing local communities and future generations needs

Main evolutions:

- Compulsory social impact studies
- Association of all stakeholders (information committee for social and environmental issues)
- Implementation of measures to manage social and economical impacts on local communities
- Creation of a public fund to sustain local industry, financed through local taxes
- Creation of a trust fund through a private-public partnership with the miners for future generation needs
4 – Example of implementation of the Mineral Resources Development Plan

*Exports of nickel ore from New Caledonia*
Evolution of the export policy

- Exportation of metallurgical products is tax-free
- Ore exportations will be authorised by the government of New-Caledonia
- Maximum export grade will progressively be lowered
  - A first decision of the government will set a maximum value of 2.45% Ni for all exports
  - The export authorizations will be given considering the following criteria:
    - Tonnage
    - Chemical characteristics of the ore - nickel content
    - Source of nickel ore
    - Type of contract, length
    - Price
    - Opportunity for the miner and for the community
- Consultation of
  - the Consultative Mining Committee,
  - the export trade-union (SEM)
Thanks for your attention

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