



SUBMISSION

To the

Ministry for the Environment

On the

Climate Change

(Stationary and Industrial Processes)

Regulations 2009

July 2009

## INTRODUCTION

OceanaGold Corporation (OceanaGold) is a significant Pacific Rim gold producer, with operating, development and exploration assets located on the South Island of New Zealand and the Philippines, and with a corporate office based in Melbourne, Australia. The company is listed on the TSX, ASX and NZX under the stock code "OGC".

OceanaGold's New Zealand assets include "Macraes", New Zealand's largest operating gold mine and the company's second operating mine, the "Reefton Project".

The Macraes Gold Mine consists of a large scale open cut mine and an underground pit (Frasers Underground - commissioned in January 2008) with an adjacent processing plant. All are located in the historic Macraes Goldfield, approximately 100 kilometres by road, North of Dunedin.

The Reefton Project is an open cut mining operation located near Reefton on the West Coast. The Project was commissioned in 2007.

OceanaGold signed an NGA (Negotiated Greenhouse Agreement) with the Government in 2005. This agreement provides OceanaGold with an exemption from, or rebate for, the additional costs incurred as a result of a price of carbon imposed in the New Zealand economy. The term of the NGA is to 31 December 2012.

Under the Climate Change Response Act OceanaGold, as a Gold Producer but with the Exemption provided by Section 60, will be a Participant from 1 January 2013.

## LIMESTONE USE

OceanaGold uses both Limestone and Lime (calcined Limestone) in its operations at Macraes. A very minimal amount of Limestone was used at Reefton during 2008, 43 tonnes, and 0 tonnes of Limestone is expected to be used in 2009 and thereafter.

The Table below presents the use of these products at Macraes for the years from 2004 to 2008, and the associated CO<sub>2</sub> emissions.

		2004	2005	2006	2007	2008
Limestone use	t/yr	2,301	1,449	2,701	1,593	2,121
Lime use	t/yr	2,421	1,919	1,843	1,228	5,081
Gross Limestone Emissions	t CO <sub>2</sub> /yr	1,012	638	1,188	701	933
Gross Lime Emissions	t CO <sub>2</sub> /yr	1,888	1,497	1,438	958	3,963

These emissions are minimal in terms of OceanaGold's overall inventory, and trivial in relation to the liability most Participants will face. The 'CO<sub>2</sub> Market' is not geared for trading in such small lots and the transaction costs and mechanics of meeting such a small obligation as a Participant will be significant.

We note that the Regulations provide a threshold in relation to coal of 2000 tonnes per annum. This correlates roughly, depending on the rank of the coal, with CO<sub>2</sub> emissions of 4000 tonnes per annum. A similar threshold for Limestone, as measured by the amount of CO<sub>2</sub> generated, would be say 10,000 tonnes.

*OceanaGold recommend that a threshold of 10,000 tonnes of Limestone be included in the regulations.*

We also note that there are circumstances in some operations and applications where the Limestone used is only partially reacted. In that event a correction factor should be provided for, as follows;

$$E = ([A-\alpha] \times EF1) + (B \times EF2)$$

Where  $\alpha$  is a correction factor i.e. proportion of un-reacted calcium carbonate.

Clearly a robust, rigorous and independently verified methodology would be required to establish an acceptable correction factor.

The need to apply such a correction factor may also lead to consideration of a higher threshold.

*OceanaGold recommend that a correction factor be provided for, with an appropriate methodology to support such a factor, that allows the liability faced by Participants to reasonably align with actual emissions.*

ENDS