

CROWN MINERALS

2018

ANNUAL REPORT

**NEW ZEALAND'S EXCLUSIVE ECONOMIC ZONE SPANS OVER
FOUR MILLION SQUARE KILOMETRES.**

**THE COUNTRY'S TERRITORIAL WATERS ARE
THE FOURTH-LARGEST IN THE WORLD.
INCLUDING EXTENDED OUTER CONTINENTAL SHELF ZONES, THE AREA
IS LARGER THAN AUSTRALIA.**

**NEW ZEALAND IS IN AN
EXPLORATION GROWTH PHASE.**

**THE 2008 – 2009 YEAR HAS CONTINUED TO DEMONSTRATE THE
BENEFITS OF ENHANCED PERMITTING SYSTEMS, IMPROVED ACCESS
TO DATA, AND INVESTMENT PROMOTIONS. ACROSS CROWN MINERALS'
OPERATIONS, THERE HAVE BEEN MANY SIGNIFICANT NUMBERS.**

WELCOME
TO OUR REPORT FOR THE YEAR



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REPORT FROM THE GROUP MANAGER

THE 2008 – 2009 YEAR HAS BEEN A HUGE PRODUCTIVE ONE, BOTH FOR CROWN MINERALS AND THE MINING AND EXPLORATION INDUSTRY IN NEW ZEALAND.



Despite the global economic downturn from early 2008, the mining industry here has largely bucked the trend with record gold and silver production, near-record oil production, continued development of new resources and strong exploration activity. The economic benefits of this high level of activity can be seen at both national and regional levels.

- + The year saw a 470% increase in royalties collected by the Crown for oil, gas and mining; such payments go directly to Treasury and can be used to benefit the country as a whole.
- + Oil production of 21 million barrels (condensate, naphtha and crude) was valued at NZ\$2.8 billion; New Zealand's third largest export earner behind dairy and meat.
- + The oil and gas industry attracts highly skilled people to New Zealand; global connections and relationships bring cutting edge capabilities and technology to our economy.
- + Looking to the future, a recent report estimated the in-ground value of New Zealand's metallic mineral resource at over NZ\$140 billion, with lignite alone at least an additional NZ\$100 billion.
- + In Taranaki, the oil and gas industry accounts for almost 90 percent of the sector's nationwide workforce, with recent figures indicating that petroleum generates \$NZ 741 million GDP.
- + In Waihi, the mining sector contributes to approximately 27% of the gross town product.
- + Waihi's long history with mining has led to a related tourist industry. With assistance from Newmont Waihi Gold, the Vision Waihi Trust has completed a number of initiatives to ensure a sustainable future beyond mining.

THE YEAR SAW A



470%

Crown Minerals continues to support the New Zealand oil, gas and mining industries in diverse ways. We are committed to delivering on our strategic goals of regulatory effectiveness, stimulation of investment, and advocacy.

Highlights for the past year include: further additions to the online technical database; relocation and enhanced access to the core library; promoting frontier petroleum basins through seismic data acquisition; block offers; facilitating ground breaking work on New Zealand's gas hydrate resource; supporting the industry with options for lignite use, and commissioning of a coal resource GIS database.

Demonstrating the effect of such work, the Fraser Institute states New Zealand is now rated number ten in the world for the provision of geological databases (ranking excludes individual states/provinces). Some 90% of respondents to the Global Evaluation survey, place New Zealand in the top two categories out of five for the quality of databases they can access.

Looking ahead, the sector in New Zealand is poised for another active and positive year. Many explorers – petroleum, minerals and coal – have committed to extensive and exciting exploration programmes. Strong oil, gas, gold and coal production is expected, particularly as the Maari oil field and the Pike River underground coal mine reach full production.

I take this opportunity to acknowledge the excellence of the Crown Minerals team for a year of strong progress across our areas of operation. I welcome the ongoing interest of others, from all around the world, in the exciting potential that New Zealand offers.



Chris Kilby
Group Manager



INCREASE

IN ROYALTIES COLLECTED BY THE CROWN FOR OIL, GAS AND MINING

08/09 HIGHLIGHTS

SUCCESSFUL EXPLORATION AND DEVELOPMENT OF THE MINERAL ESTATE UNDERPINS THE CROWN MINERALS GROUP'S CONTRIBUTION TO ECONOMIC DEVELOPMENT.

We support the supply of minerals and energy needed to sustain and build the economy, and ultimately, the wellbeing of all New Zealanders.

Crown Minerals contributes to a number of the Ministry of Economic Development's business outcomes. In particular: "Securing our energy future", "Managing our natural resources" and "Building international linkages".

SEPTEMBER 08

- + EXPLORATION. Nine onshore exploration permits were awarded as a result of the Taranaki block offer.
- + SUPPORT AND ADVOCACY. Provided a paper to the 2008 New Zealand AusIMM to set out our forward thinking in the continental shelf policy space for industry.

DECEMBER 08

- + SUPPORT AND ADVOCACY. Ahuroa underground gas storage facility project began.
- + INVESTMENT PROMOTION. Northland and Raukumara block offers were announced.
- + SUPPORT AND ADVOCACY. Policy work commenced considering ways to maximise economic and social gains from New Zealand's petroleum resources.

NOVEMBER 08

- + BUSINESS REGULATION. The Pike River underground coal mine opened.
- + POLICY AND REGULATION. Iwi consultation was completed for Northland and Raukumara Block Offers.
- + EXPLORATION. Kea Petroleum applied for an onshore Northland exploration permit.

JANUARY 09

- + DELIVERING INFORMATION. Coal fields GIS database project began.

Crown Minerals has identified the critical factors towards maximising investment in the mineral estate:

- + Promoting prospectivity and exploration by providing easy access to high-quality geotechnical information.
- + Maintaining New Zealand's reputation for low sovereign risk and supporting policy/legislation, and a competitive fiscal regime.
- + Facilitating access to investment capital and an effective business regime.
- + Maximising and promoting access to the mineral estate.

FEBRUARY 09

- + **SUPPORT AND ADVOCACY.** Taranaki Regional Council accepted Crown Minerals' submission on the proposed Regional Policy Statement, about how to appropriately use and develop the region's minerals.
- + **BUSINESS REGULATION.** Maari oil field came on stream.
- + **EXPLORATION.** Rio Tinto supplied a final data set from offshore Taranaki and Waikato airborne geophysical surveys.

APRIL 09

- + **INVESTMENT PROMOTION.** Seismic acquisition was completed for the Reinga basin.

MARCH 09

- + **DELIVERING INFORMATION.** New Zealand Minerals information pack was updated and released.
- + **INVESTMENT PROMOTION.** Crown Minerals had a promotional booth at the Prospectors and Developers Association of Canada (PDAC) conference in Toronto.
- + **EXPLORATION.** Sinosteel supplied complete data processing from airborne magnetic and radiometric surveys over the West Coast of the North Island. Over 55 line kilometres were flown.

MAY 09

- + **POLICY AND REGULATION.** Amendments were released in Crown Minerals (Petroleum) Regulations 2009, and Crown Minerals (Minerals and Coal) Regulations 2009.
- + **DELIVERING INFORMATION.** Amalgamated core store opened in the Wairarapa.

PETROLEUM

OIL PRODUCTION

Oil production (condensate, naphtha and crude) was up 45% on the previous year – to 21 million barrels. Oil was the country's third-largest export earner, trailing only dairy and meat.

The steep rise in production was mostly due to the Tui field, which contributed 64.9% of total oil. The Pohokura field, on stream since September 2006, contributed 20.7%. Together, these two fields produced 86% of New Zealand's oil; more than compensating for the drop-off from Maui, the country's longest-producing field.

- + 2008-09 output was only marginally lower than the 21.327 million barrel record of 1997, when Maui B came on stream.
- + 20.5 million barrels were exported over the year: the most ever. That result reflects the quality of the oil.
- + The value of exported oil rose 103% to NZ\$2.8 billion, 6.9% of all New Zealand's exports.

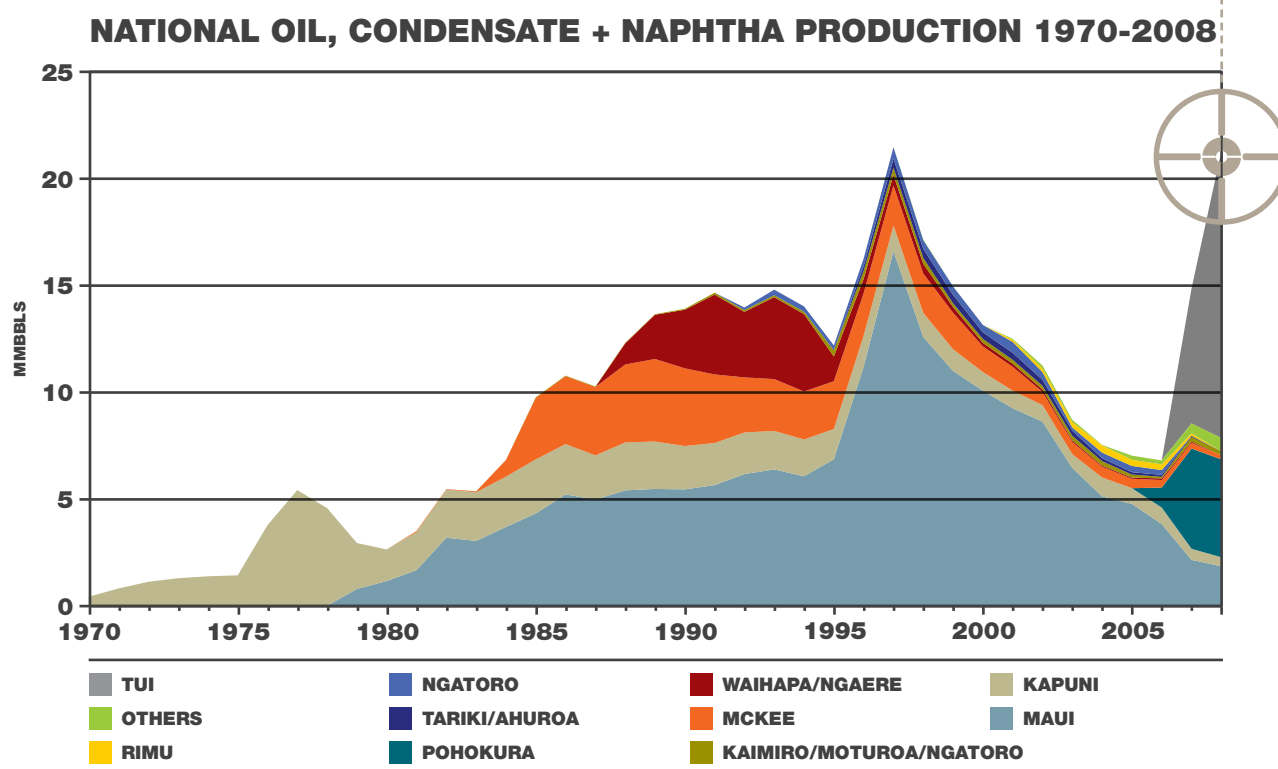
NEW ZEALAND'S OIL PRODUCTION WAS UP

45%

TO 21 MILLION BARRELS

- + Tui oil coming on stream has changed the face of New Zealand's petroleum production. Crude oil now dominates, with 71% of the total. Historically, condensate has dominated.
- + Producing oil reserves rose 9.2% on the previous year. This was due to the addition of new reserves from the Maari field. Against the backdrop of declining Maui production, the rise in producing reserves to near-record levels is recognised as a major achievement.
- + Proven but non-producing reserves fell 71.4%, due to reserves for the Maari field transferring to the producing reserves totals.
- + New Zealand's theoretical self-sufficiency in liquid fuels reached 47% in 2008, up dramatically from the 14% of 2006.
- + Continued development at Tui, Pohokura and the new Kupe and Maari fields is expected to increase New Zealand's oil reserves and production in 2009 and beyond.

OIL PRODUCTION WAS ONLY MARGINALLY DOWN ON THE 1997 RECORD OF 21.327 MILLION BARRELS



PETROLEUM

GAS PRODUCTION

New Zealand's gas production eased slightly (4.8%) over the year. This indicates that other markets for gas remained strong considering high hydro lake levels resulted in a decrease in demand from electricity generators.

- + Continued development at the Kupe and Pohokura fields is expected to further boost New Zealand's total known gas reserves.
- + Producing field reserves fell in 2008 to 1,611.9 Bcf (Billion cubic feet), from 2,022.8 Bcf in 2007. This is a result of continued strong production and recent geological analysis altering the proven Maui field reserves.
- + New Zealand's proven, non-producing field reserves remained constant at 213 Bcf. Exploration and field analysis work completed throughout 2009 is likely to add to these reserves in the coming years.
- + Gas came from 14 fields in the Taranaki Basin, with 40.6% of all gas from the offshore Pohokura field.

**SIGNIFICANT EXPLORATION GROWTH
SAW 2D SEISMIC DATA ACQUISITION UP**

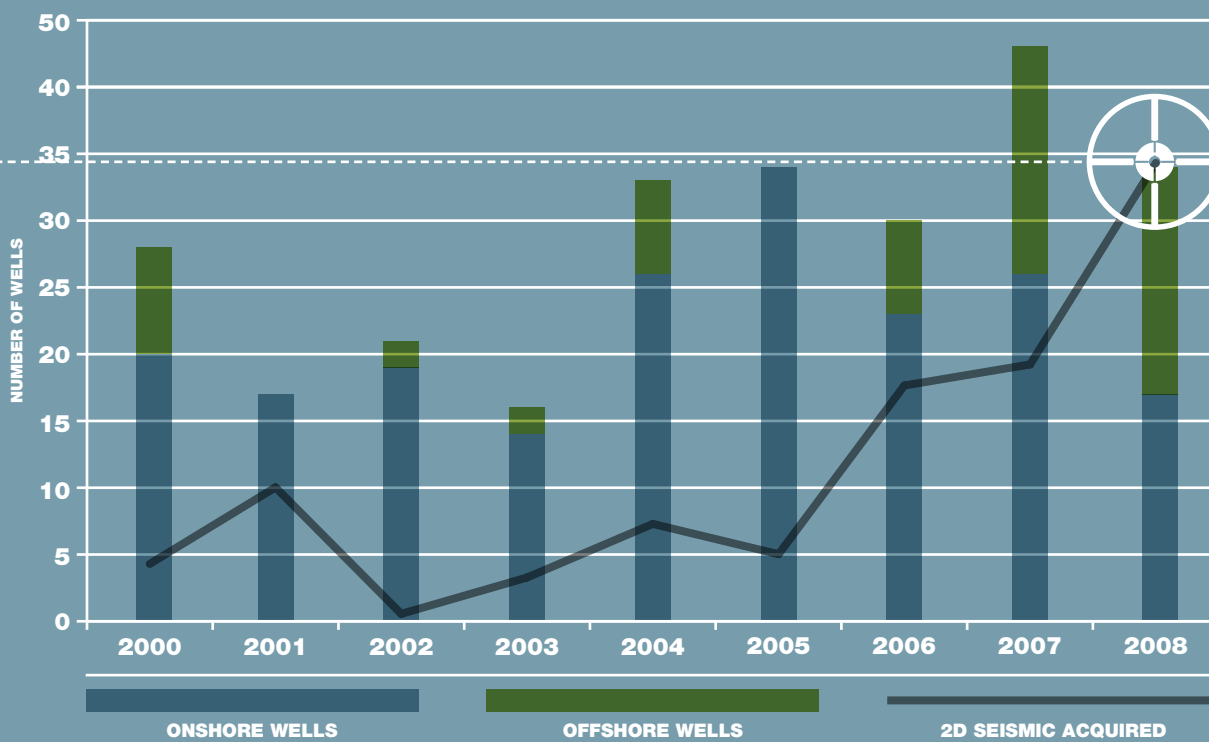
78.5%

WELLS/SEISMIC

The industry is in a renewed exploration phase. Some 34 wells were drilled in 2008, including 26 development or appraisal wells. The total number of wells was down on the record 43 wells of 2007, reflecting that exploration work programmes have matured over the past two years.

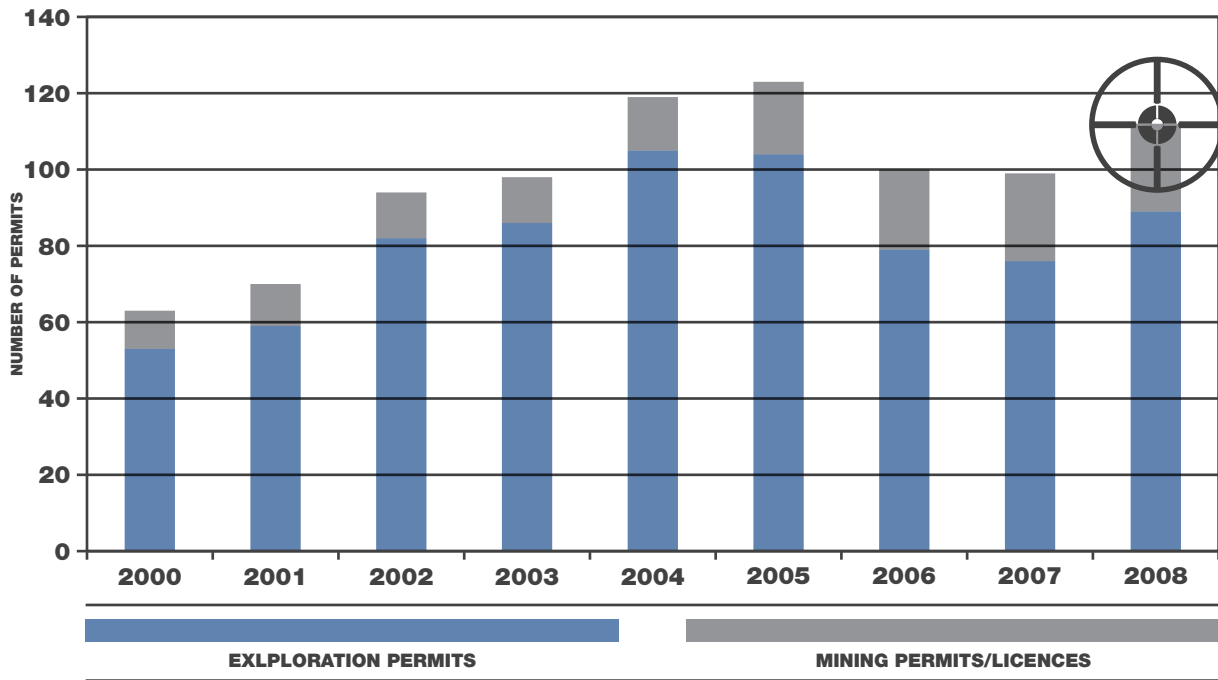
- + The 78.5% increase in 2D seismic acquisition over the previous year underlines that the industry is in a renewed exploration growth phase.
- + 3D seismic acquisition remained steady at 991 km², still down on 2005 when over 3,100 km² were acquired. 3D seismic re-processing increased slightly to 432 km² while 2D seismic re-processing was down to 11,411 km, from 20,019 km in 2007.
- + The year saw the granting of 15 new permits. In all, there were 112 active petroleum permits – 89 exploration and 23 mining permits or licences. The total is up 26% on 2007, in part due to the nine exploration permits awarded from the onshore Taranaki block offer, and in part due to continued interest in New Zealand as an exploration destination.
- + Looking ahead, further increases in 3D seismic acquisition and exploration drilling are probable.

WELLS DRILLED + SEISMIC ACQUIRED 2000-2008



PETROLEUM

ACTIVE PETROLEUM PERMITS 2000-2008



EXPENDITURE

Expenditure across all aspects of petroleum totalled NZ\$1.27 billion, slightly down on the record NZ\$1.55 billion of 2007-08, when there was a high level of field development. A 2008-09 highlight was the record NZ\$314 million in exploration spending – up 57% on 2007. Very clearly, interest and activity in New Zealand is continuing to grow.

For more detailed reporting, visit:
www.crownminerals.govt.nz

ACTIVE PETROLEUM PERMITS WERE UP

26%

ON THE PREVIOUS YEAR

CASE STUDY**FIRST PUBLIC/PRIVATE
NEW ZEALAND SEISMIC
ACQUISITION**

IN APRIL 2009, CROWN MINERALS AND CGGVERITAS JOINTLY ACQUIRED 5,135 KM OF NEW 2D SEISMIC DATA ACROSS THE 60,000 KM² REINGA BASIN, NORTH OF NEW ZEALAND.

This survey was the first public/private seismic acquisition in New Zealand with a little over 2,026 km of seismic data being acquired on an exclusive basis for Crown Minerals, and the balance of some 3,886 km of seismic data to be made available by leasing from CGGVeritas. This data will be used to support and promote the upcoming Reinga Basin block offer; the remaining seismic data will be available for purchase from CGG Veritas.

At the neighbouring Northland basin, exploration activity is already going on, following a successful block offer in 2006. Seismic data acquired by the Pacific Titan shows the Reinga basin probably contains similar geology and, together with satellite oil seep detection data, strongly suggests an active petroleum system is present in the Reinga basin.

Crown Minerals will be releasing the Reinga basin to exploration companies via a competitive blocks offer. The Government's rejuvenation of the data acquisition programme has enabled us to open the area up for exploration, at least 12 months ahead of plan.

The Reinga survey was the largest yet in Crown Minerals' data acquisition programme. Over 14,300 km of 2D seismic data has been collected since inception of the programme in 2005.

The Reinga survey included seismic lines crossing into the northern end of the Northland block offer. As a result Crown Minerals delayed closure of the Northland block offer to allow exploration companies to incorporate the new data into their studies.

Meanwhile, promotion of the Northland and Raukumara block offers has met an excellent response. Crown Minerals staff presented new data packs to exploration companies in Australia, South East Asia, Europe, United States and Brazil. The promotional activities were supported by New Zealand Trade & Enterprise and Investment New Zealand. Without exception, the new data packs were positively received - underlining the importance of data acquisition and promotional activities.

The Government's rejuvenation of the data acquisition programme has enabled us to open the area up for exploration, at least 12 months ahead of plan



WITH

2,026 KM

OF NEW SEISMIC DATA, THE 2009
REINGA SURVEY WAS THE

LARGEST
YET BY CROWN MINERALS

MINERALS

PRODUCTION OF MINERALS

GOLD

The 2008-09 year delivered the highest gold production from New Zealand mines since 1970: 16.27 tonnes (523,000 troy oz). That's 52% up on 2007.

- + Production was substantially up at Waihi mine. The Globe Progress mine at Reefton and Frasers underground mine at Macraes in East Otago saw a steady increase; there was strong production from alluvial workings in the South Island.
- + International gold prices were buoyant. That supported continued investment in exploration, with significant exploration near existing mines.
- + There was a resurgence in alluvial mining. The number of small businesses in operation was considerably up on previous years.
- + Gold production is expected to remain high in the foreseeable future.

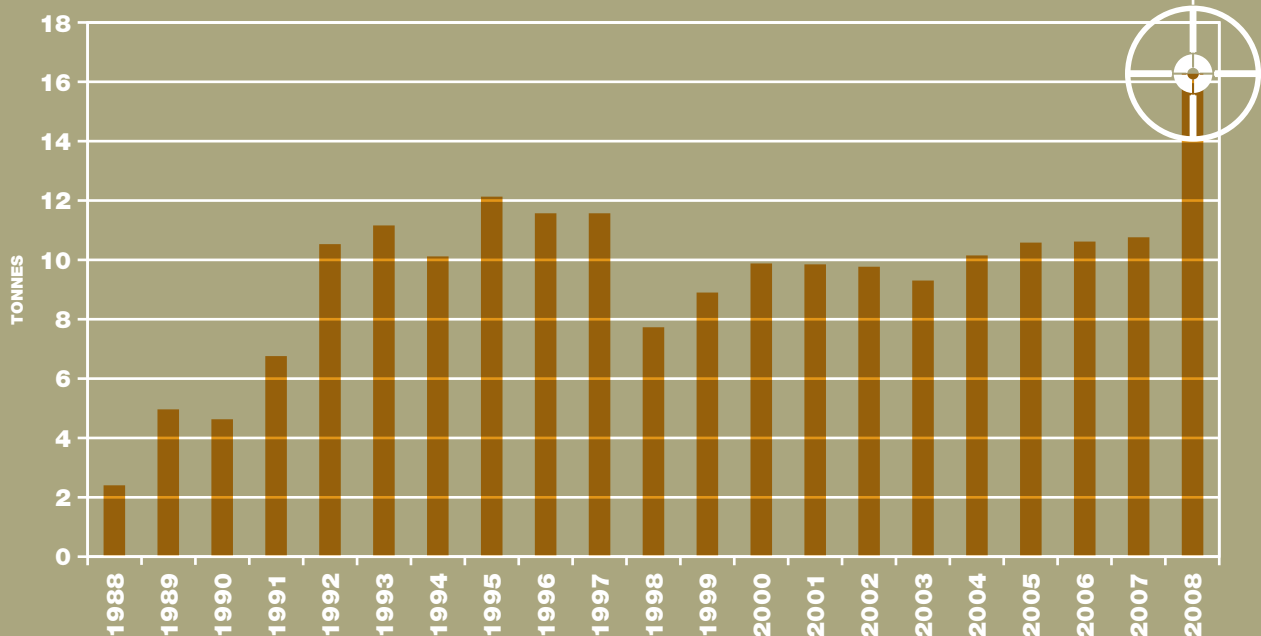


ACTIVE MINERALS PERMITS OR LICENCES

HIGHEST

GOLD PRODUCTION IN OVER 20 YEARS

GOLD PRODUCTION 1988-2008



SILVER

- + Silver production also increased significantly: 31 tonnes, up 193% on the previous year.

IRON SAND

- + Iron sand production increased 17% on the previous year.
- + The North Head, Waikato deposit is estimated to contain over 150 million tonnes of iron sand – enabling strong production into the future.
- + Strong international interest led to extensive offshore exploration to understand the quality and potential of New Zealand iron sands.

INDUSTRIAL MINERALS

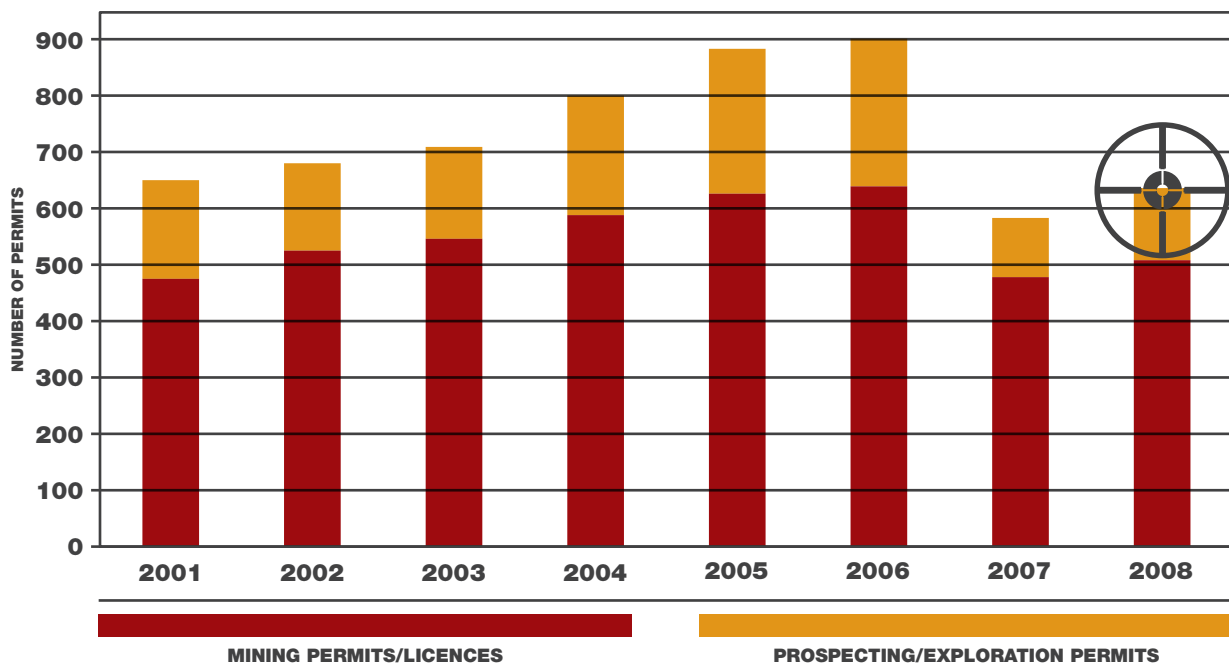
- + Total production of industrial minerals (including rock, sand and gravel for roading and building; limestone; silica; sand; clay; dolomite; serpentine; pumice; pebbles; and bentonite) fell by 9.4% – the probable cause being the impact of the slowing economy on the construction industry.

MINERALS

PERMITTING

- + 640 active minerals permits included four continental shelf licences. The total can be broken down to 24 prospecting permits/licences, 104 exploration permits, and 508 mining permits/licences. 18 gold fossicking areas were listed with Crown Minerals.
- + 189 permit applications were granted over the year. These included: new applications; extension of duration; extension of land; transfer/dealing; amendment of commencement date, and full or partial surrender.

ACTIVE MINERALS PERMITS/LICENCES 2001 – 2008*



EXPENDITURE

- + A change in reporting requirements for prospecting and exploration permits came into effect under regulation 37 of the Crown Minerals (Minerals and Coal) Regulations 2007. Expenditure is now reported for a 12 month period from the permit anniversary date, instead of the 1 April-31 March year. Please note this change when comparing aggregated data prior to 2008-09.
- + Both prospecting and exploration expenditure were significantly down on 2007-08. While prospecting and exploration activity remained high for some minerals, in particular gold and iron sands, it is not yet possible to determine conclusively how the change in reporting periods has impacted on the expenditure statistics.

For more detailed reporting, visit
www.crownminerals.govt.nz

**TOTAL ACTIVE PERMITS
INCREASED BY**

9%

IN 2008

CASE STUDY**OPENING UP OPPORTUNITY
IN IRON SANDS**

NEW ZEALAND'S DEPOSITS OF TITANOMAGNETITE (IRON SAND) ARE AMONG THE MOST EXTENSIVE AND CONCENTRATED IN THE WORLD.

Known placer deposits span a 480 km stretch of coast from the Kaipara Harbour to Wanganui of the north island. There are also significant deposits on the coast of South Westland. In places, deposits are of a size and quality suiting commercial use – such as in the Waikato's North Head and Taharoa.

In the past, there has been little commercial investigation of offshore potential: the majority of work has been undertaken by science institutions. In 2008 this began to change. New prospecting programmes commenced. Aeromagnetic surveys and seabed and core samples by international explorers identified large areas with potentially high concentrations of iron sands.

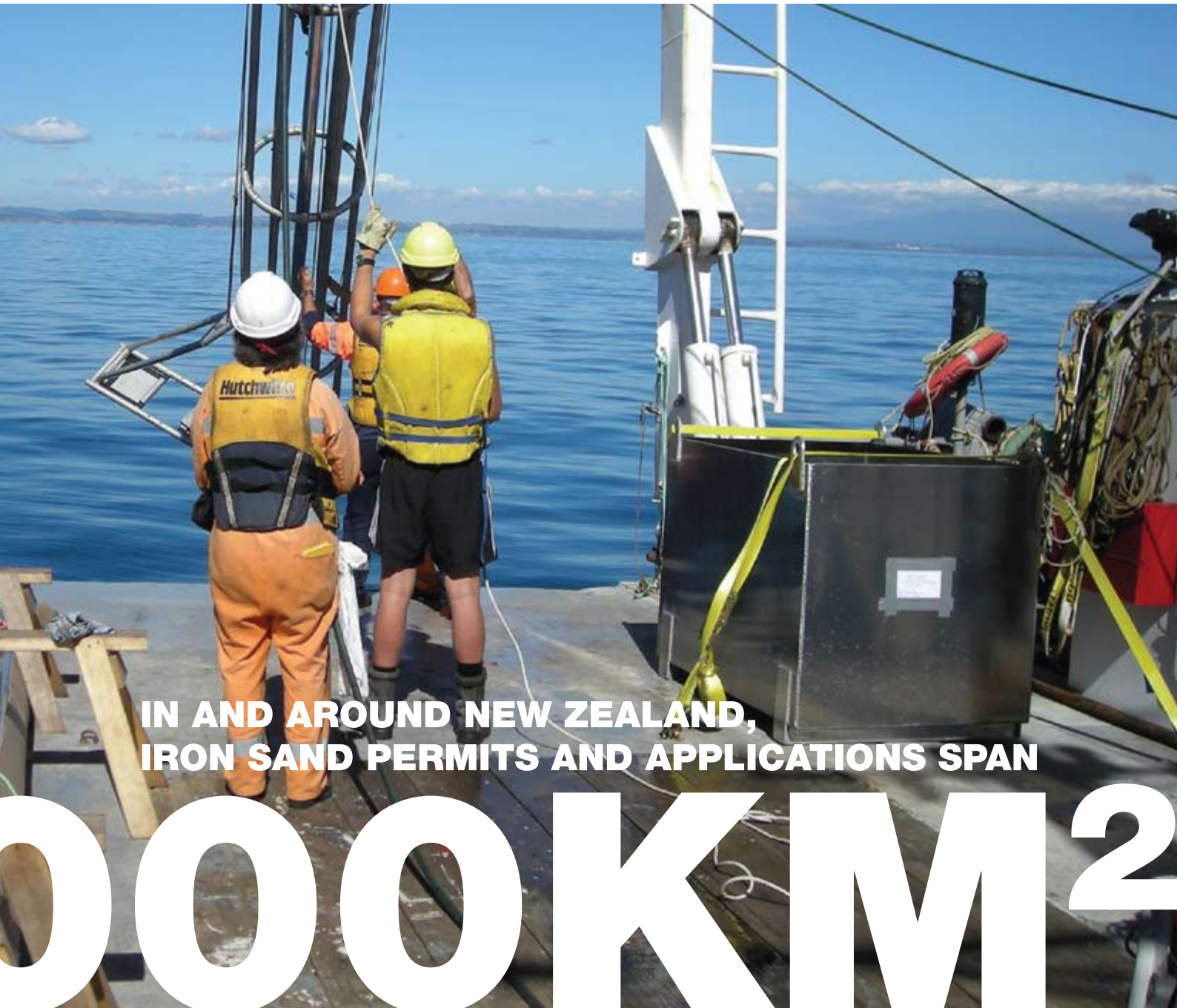
A total of over 38,000 km², both onshore and offshore, are now under permit or application for iron sands.

New Zealand iron sands have attracted considerable international interest from Sinosteel Australia, Fortescue Metals Group, Trans Tasman Resources, Rio Tinto Iron Ore and other international companies.

These companies are undertaking ground-breaking work using technology such as detailed aerial geophysics and sampling programmes. That will further determine the potential extent, depth and quality of New Zealand's iron sands.

New Zealand iron sands originate from volcanic rocks. Rivers carry the sands to the coast – where wave and wind action concentrates the heavier titanomagnetite minerals. These have been accumulating for at least 1.8 million years. Iron sand is a potential low-cost source of iron ore with valuable by-products of vanadium and titanium, that could be used by dedicated TiFe steel mills (with vanadium recovery).





**IN AND AROUND NEW ZEALAND,
IRON SAND PERMITS AND APPLICATIONS SPAN**

1000 KM²

20

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THERE WERE

133

ACTIVE COAL PERMITS AND LICENCES IN 2008-09

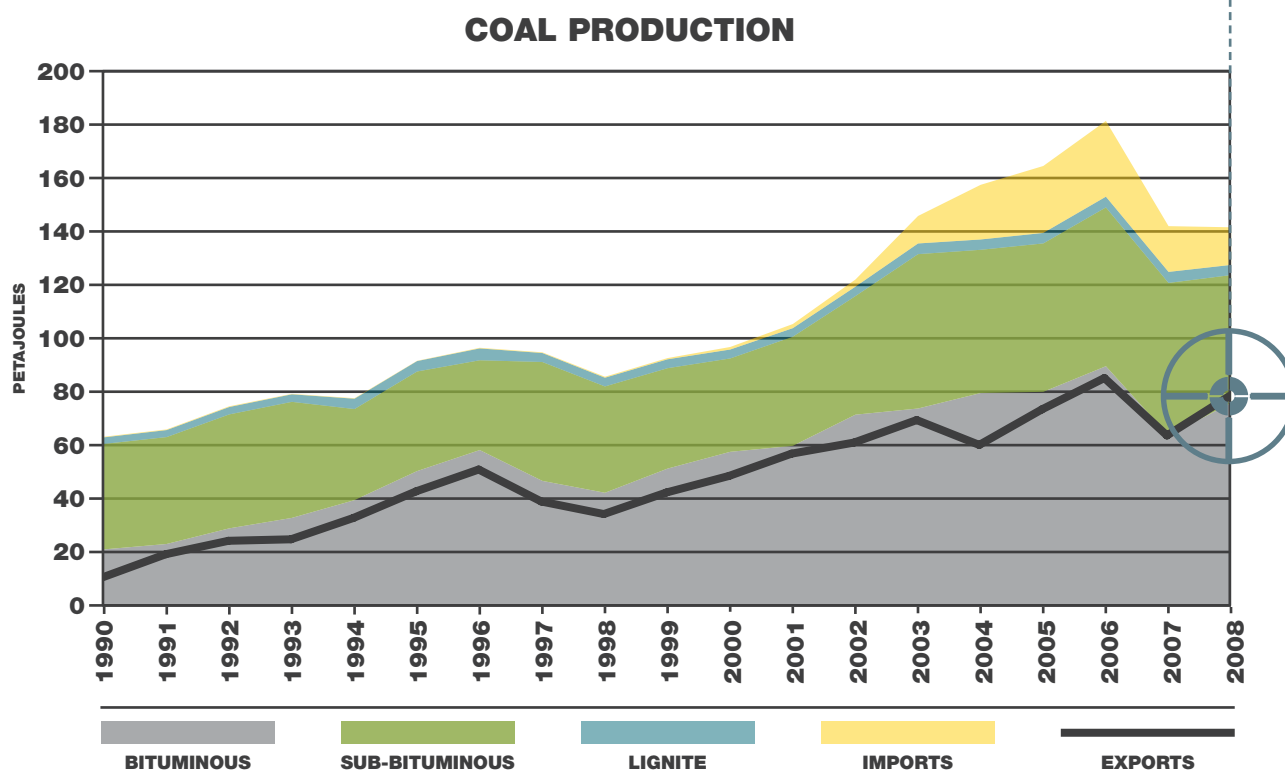
COAL

PRODUCTION

Considering the subdued economic climate, coal production held its own: rising 1.5% to 4.9 million tonnes for the year. That's certainly down on the record 5.76 million tonnes of 2006, but still 48% up on the 3.3 million tonnes of a decade ago.

- + Almost all the 2.47 million tonnes of produced bituminous coal was exported. This product is internationally valued, particularly as a coking coal. It has low ash and sulphur levels; and has excellent swelling, fluidity and reactivity qualities.
- + In 2008-09 there were 25 operating coal mines: five underground and 20 opencast. Some 63% of all production came from just two opencast mines, Rotowaro and Stockton.
- + Production is set to increase with the new Pike River underground mine commencing production in late 2009.

EXPORTS ACCOUNTED FOR ALMOST ALL OF THE 2.47 MILLION TONNES OF BITUMINOUS COAL PRODUCED



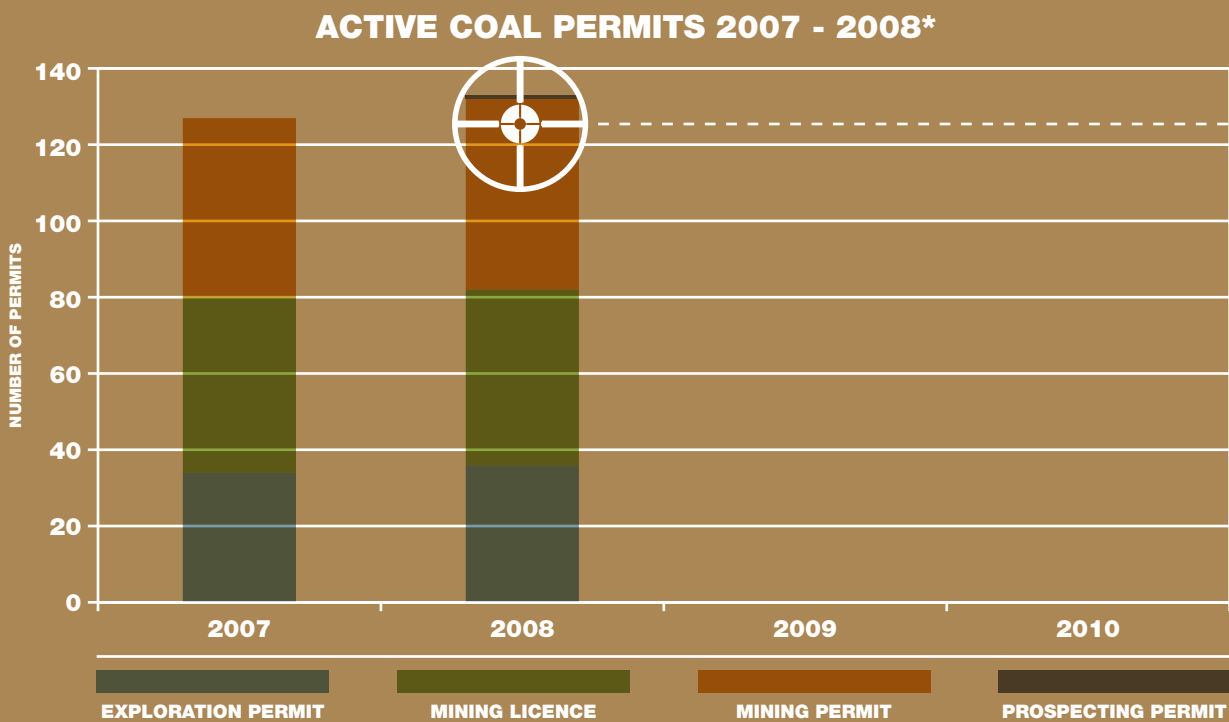
COAL

PERMITTING

- + Crown Minerals has 133 active coal permits or licences, up from 127 in 2007-08. These include 96 mining permits/licences and 37 current exploration or prospecting permits. (The Crown owns only about half of all New Zealand's coal resources.)
- + In addition to the active permits, Crown Minerals processed 30 permit applications. These included new permit applications, extension of duration, extension of land, transfer or dealing, amendment to commencement date or conditions, and partial or full surrender.

DATA PROJECT

- + To further stimulate and support the New Zealand coal industry, the coal fields GIS database project was initiated in January 2009. Crown Minerals is now capturing selected coalfield map information into a GIS database.
- + This project will lead to an updated picture of New Zealand's coal resources and allow Crown Minerals to enhance its responsibilities under the Crown Minerals Act.



* Up until 2007 coal permit numbers were included with the total number of Minerals permits.

**IN 2008
TOTAL COAL MINING PERMITS
INCREASED BY 8.7%**

TECHNICAL DATA

CROWN MINERALS' ONLINE TECHNICAL DATA SYSTEM HAS NOW SERVED

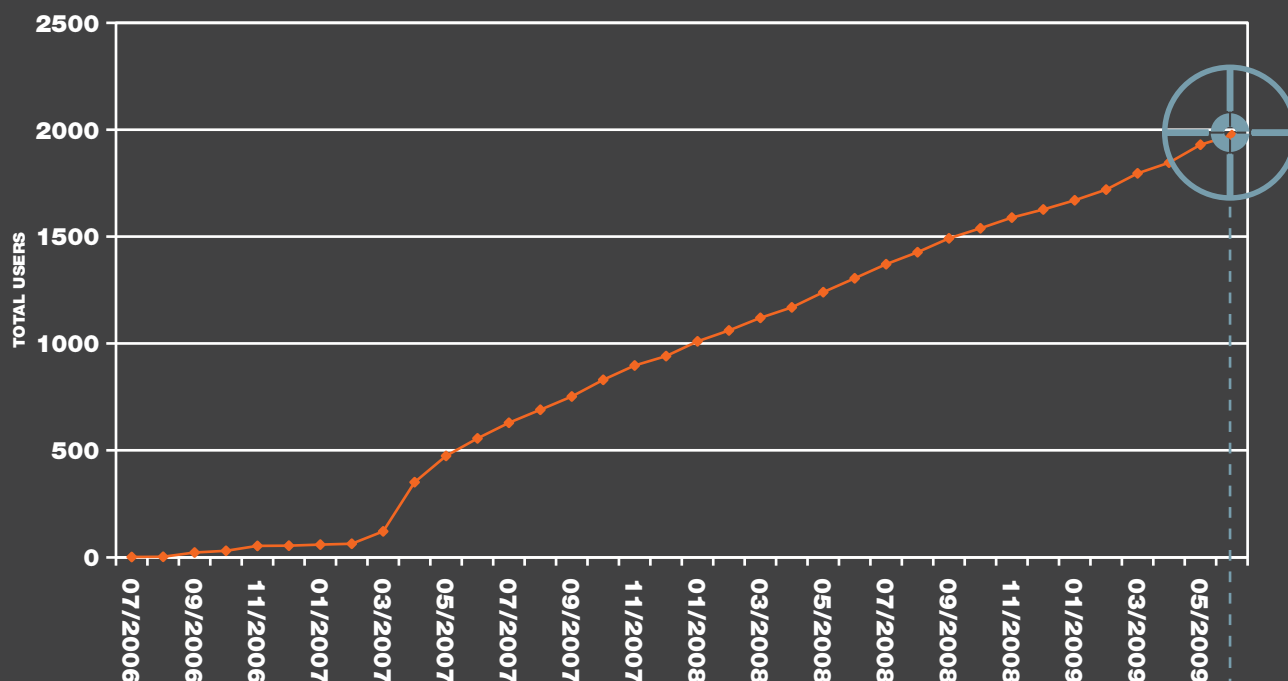
90,000

ITEMS OF EXPLORATION DATA

Crown Minerals is at the forefront globally in providing free online access to exploration and permitting data. Through our website, users can search, discover and access open file exploration and permitting data, from any location in the world.

- + The Crown Minerals online technical data system was launched in April 2007. By June 2009, there were 1,976 registered users, up from 557 two years before.
- + Total data downloads or requests can be broken down as follows: 55,284 for petroleum, 19,676 for minerals, 12,369 for coal.
- + The most popular petroleum downloads are reports, with 21,556 downloaded since April 2007 and 8,653 downloaded in the last year.
- + The most popular minerals downloads are also reports, with over 10,845 in the last 2 years.
- + The most popular coal downloads are coal logs, with 5,490 since April 2007 – 2,761 of those in the last year.
- + Crown Minerals' vast collection includes results of exploration carried out in New Zealand since the 1880's.

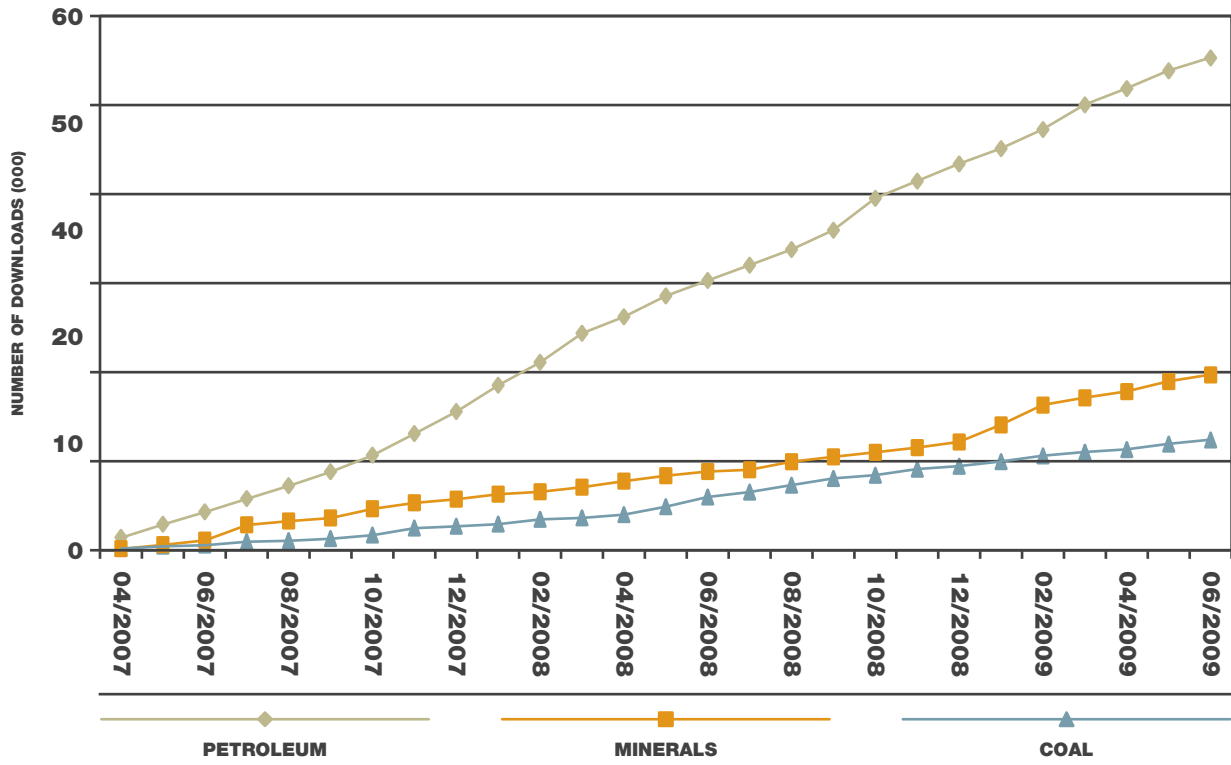
REGISTERED SITE USERS



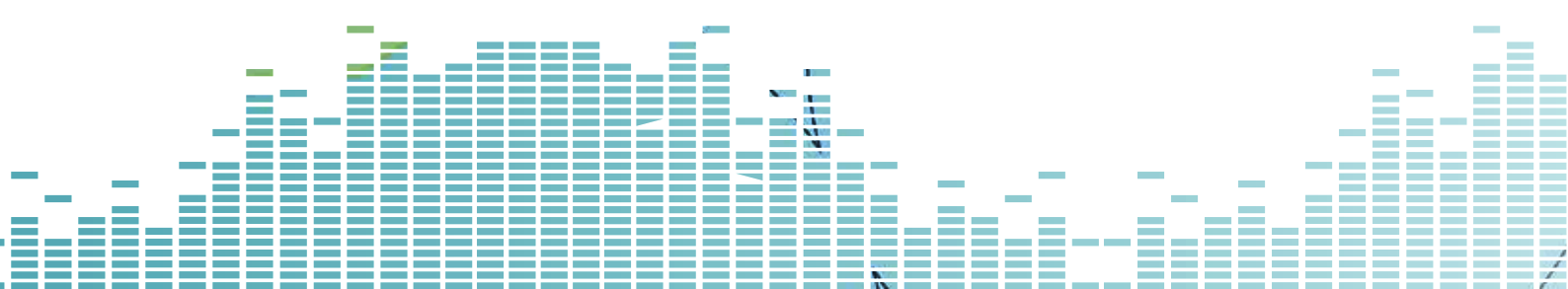
THE ONLINE TECHNICAL DATA SYSTEM HAD
1,976
REGISTERED USERS BY MID-2009

TECHNICAL DATA

DATA DOWNLOAD REQUESTS



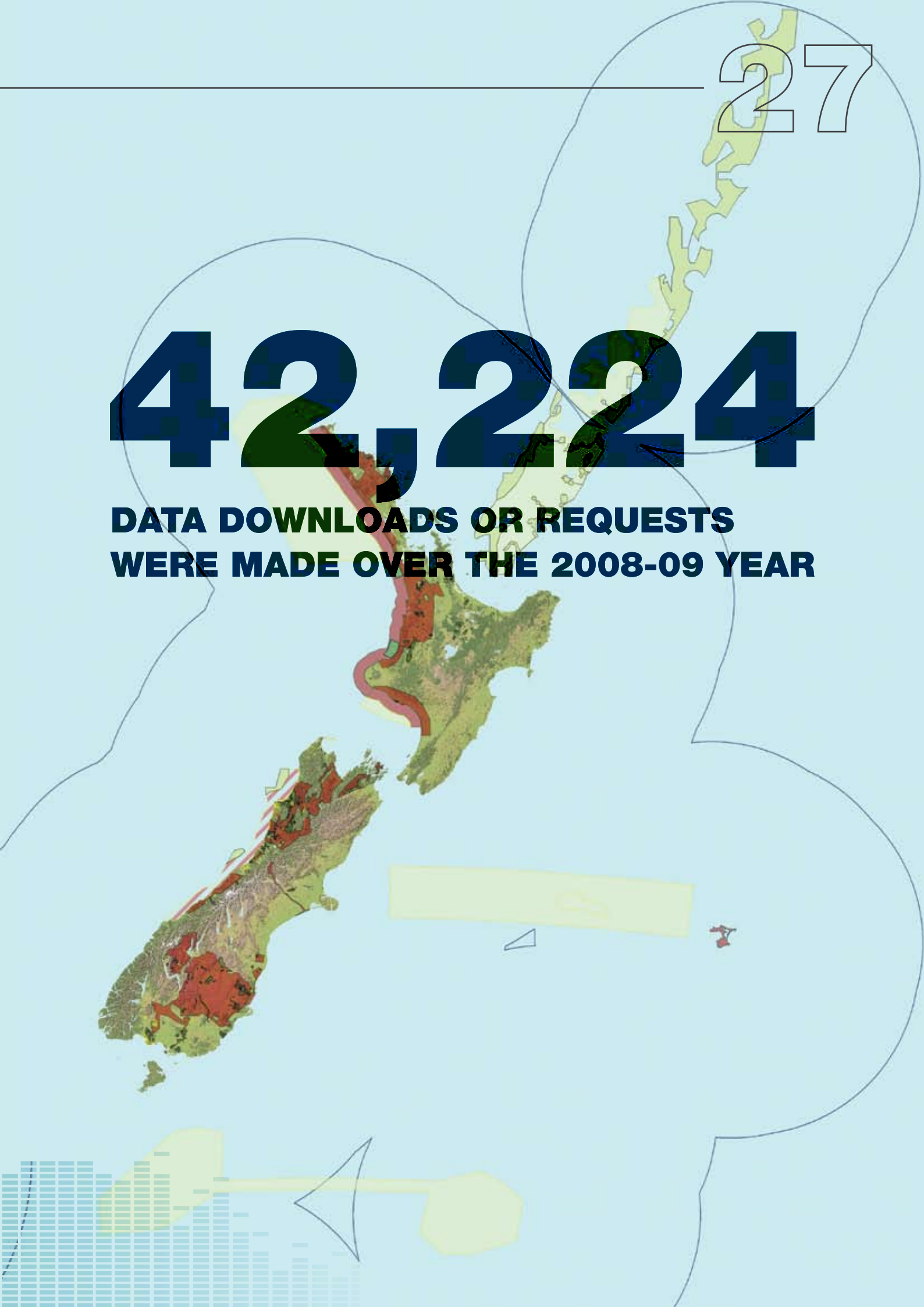
- + 604 new registered users were created in the 08/09 year.
- + Since its launch the system has served nearly 90,000 items of exploration data – principally reports. An additional 342 orders for bulk data have been processed offline.
- + The count of data requests/downloads in 2008-09 was up 8% on the previous year.



27

42,224

**DATA DOWNLOADS OR REQUESTS
WERE MADE OVER THE 2008-09 YEAR**



CASE STUDY**NATIONAL CORE STORE
OPENS IN WAIRARAPA**

A VAST COLLECTION OF PETROLEUM CORE AND MINERAL AND COAL DRILLHOLE SAMPLES HAS BEEN BROUGHT TOGETHER – IN THE NEW NATIONAL CORE STORE (NCS). THE NCS OPENED IN MID-2009. CROWN MINERALS SECURED A LONG-TERM LEASE ON THE FACILITY IN FEATHERSTON, WAIRARAPA. THE MAIN WAREHOUSE IS 2,300 M² WITH A 7.4 M HIGH STUD AND IT HAS BEEN SPECIALLY EQUIPPED FOR STORAGE OF CORE AND SAMPLES.

For many years, companies have been required to provide Crown Minerals with core and samples they collect. That material is held in confidence for up to five years and then made available to the industry and research community. Having access to samples and data enables knowledge and lessons learned to be leveraged, to accelerate exploration programmes.

The new NCS has viewing facilities, and a purpose built cutting room with all the tools to subsample core. Staff are being trained in sampling methods so they can sample for explorers who cannot reach the facility.

The new store amalgamates collections previously held in Wellington, Dunedin, Christchurch and Paeroa. Now there are plans to implement innovative technologies such as live high definition web cams. These would enable core to be laid out by NCS staff on behalf of an explorer who, via a live link, has the camera directed over the samples. Such techniques could help explorers to focus sampling requirements before a visit.

Modern indexing and inventory management is being implemented. This multi-year project will see each sample box catalogued, photographed, re-labelled and bar-coded. The photographs and detailed sample information will be loaded into online catalogues.

The logistics of relocating four core stores into one have been successfully completed. Now the way is clear to promote the facility to industry players and the research community. Crown Minerals also now has the perfect platform to inform the wider public about New Zealand's natural resources, activities in the sector, career opportunities and government priorities.



THE

2,300M²

**MAIN WAREHOUSE ENABLES CORE
TO BE FAR MORE ACCESSIBLE FOR
RESEARCH**

30

CROWN MINERALS **ANNUAL REPORT 08/09**

\$25 MILLION

SECURED FOR PETROLEUM DATA ACQUISITION



POLICY AND REGULATORY INITIATIVES

The policy framework for the mineral estate is developed to support investment and improve the efficiency of the regulatory regime. This includes contributing to policy developments outside the Crown Minerals Act that may impact on the Crown's interests in the mineral estate.

Crown Minerals' core policy and compliance functions include the ongoing review of the Crown Minerals Act and secondary legislation. That work contributes to the development of the wider regulatory framework, supporting development of the Crown mineral estate and serving the Minister of Energy and Resources.

It has been a busy year for policy and regulatory initiatives. Key highlights being:

- + Seismic acquisition policy. \$25 million has been allocated by the Government for data acquisition to improve knowledge of NZ's petroleum basins.
- + 183 day tax exemption. The temporary tax exemption on profits of non-resident operators of offshore rigs and seismic vessels, due to expire on 31 December 2009, was extended to 31 December 2014.
- + Ahuroa Gas storage facility. Regulatory requirements for Contact/Origin's underground gas storage project, including the establishment of a work programme and general conditions.
- + Hawkdun lignite deposit. The proposed Oteake Conservation Park in Otago cut across the centre of the Hawkdun lignite deposit. After receiving advice on this matter the Minister of Conservation amended the boundaries of the park to exclude the deposit.
- + Crown Minerals Act (1991), Section 41. Legislative amendments to the regulations were successfully concluded, which means permit holders no longer require the signature of other permit holders when applying for the Minister's consent, when those other holders are not directly responsible for the dealing.
- + Advocacy initiatives. Submissions on various draft and proposed (second generation) regional policy statements and plans were made in support of regionally significant quarries.
- + Iwi Consultation. As part of preparing petroleum block offers, Crown Minerals consulted iwi and hapu linked to the areas. Sixty-nine iwi and hapu were consulted for a proposed offer over the offshore Raukumara Basin. Forty-three iwi and hapu were consulted on a proposed offshore Northland Basin block offer, including kanohi ki te kanohi with seven groups.
- + Petroleum Enquiry Part 2 (Wai 796). Further work completed that updated the Crown's earlier evidence and responded to matters raised in recent claimant evidence.
- + Governance. Improved forms and procedures to enhance the speed, accuracy, and transparency of our permitting processes were introduced.

ROYALTY AND ERL COLLECTION

Crown Minerals oversees the collection of Royalties and Energy Resources Levy (ERL) payments on behalf of the Crown. Royalties are payable on all petroleum, coal or minerals produced from a permit - whether sold, disposed of, or used in production. The amount payable is based on net sales revenues from a permit.

ROYALTIES

The petroleum royalty regime is the payment of either an ad valorem royalty (AVR) or an accounting profits royalty (APR), whichever is the greater in any given year.

Production of New Zealand's petroleum, minerals and coal was strong over the 2008 – 2009 year. This is reflected in the royalty collections by the Crown:

- + Royalty payments received by the Crown in the 2008 – 2009 year totalled \$519,158,772; up 470 percent on the \$91,012,840.09 collected in 2007 – 2008.
- + Petroleum royalties were up 494 percent to \$511,580,790.
- + Minerals royalties were up 81 percent to \$6,543,106, mostly due to record gold production.
- + Coal royalties fell by 20 percent to \$1,034,875.

ROYALTY PAYMENTS RECEIVED BY THE CROWN FOR THE YEAR TOTALLED

\$519,158

ENERGY RESOURCES LEVY

Energy Resources Levies only apply to coal produced from opencast mines, and gas produced under a licence from a pre-1986 discovery. ERL payments are calculated per tonne of opencast coal produced (including lignite), and per gigajoule of pre-1986 gas discoveries.

A decrease in gas and coal production resulted in a decrease in ERL collections:

- + Collections from gas fell over 17 percent to \$31,378,469.17. This reflects decreased gas production, due to a number of factors including the decline of Maui New Zealand's largest gas field.
- + Collections from coal fell 12 percent to \$7,144,632.84.



3,772.50

STATEMENT OF FINANCIAL PERFORMANCE

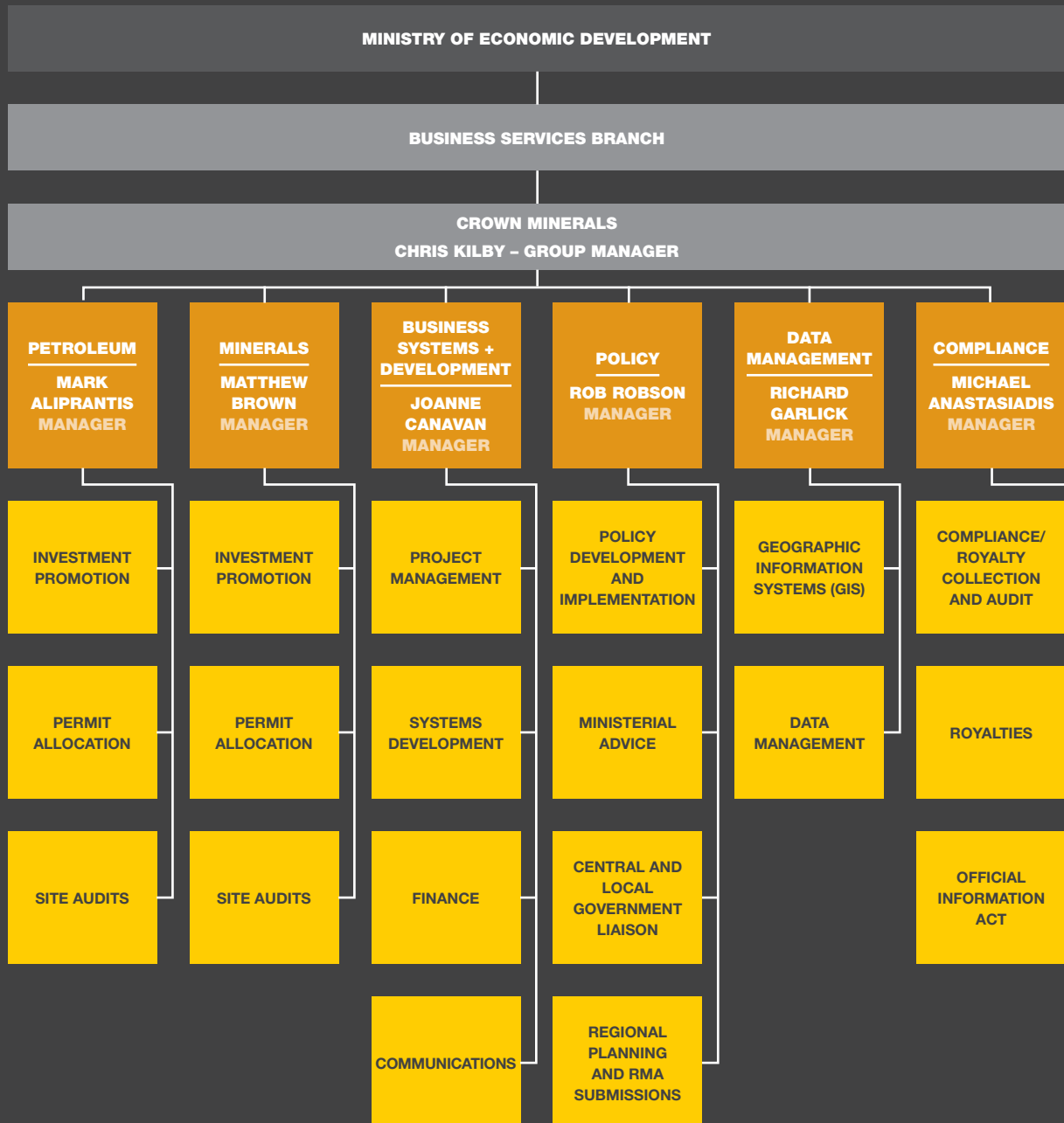
1 JULY 2008 – 30 JUNE 2009

(GST EXCLUSIVE)	NOTE	2009 ACTUAL \$000	2009 BUDGET \$000	2009 VARIANCE \$000	2008 ACTUAL \$000
REVENUE					
Crown funded		2,752	2,908	156	2,816
Other	1	6,614	6,312	(302)	7,251
TOTAL REVENUE		9,366	9,220	(146)	10,067
EXPENSES					
Personnel		2,800	2,973	173	2,595
Operating		2,837	2,800	(37)	3,191
Depreciation		584	588	4	956
Support and other					
IT Costs		1,417	1,289	(128)	1,768
Occupancy		552	544	(8)	474
Capital charge		133	133	0	358
Other		869	883	14	861
TOTAL EXPENSES		9,192	9,210	18	10,203
NET SURPLUS/(DEFICIT)		174	10	(164)	(136)

NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

1 REVENUE OTHER	2009 ACTUAL \$000	2009 BUDGET \$000
SOURCES OF REVENUE OTHER	\$000	\$000
Petroleum	3460	3413
Minerals	2336	2061
Coal	711	605
Conferences	0	0
Other fees	107	233
	6614	6312

BUSINESS UNITS





CONTACTS AND NUMBERS

**WE PRIZE OUR RELATIONSHIPS WITH
INDUSTRY, PERMIT HOLDERS, GOVERNMENT AGENCIES, AND THE PUBLIC.**

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