


Kalgoorlie Miner

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GOLD \$US1275.10 ▼ \$AU1627.98 ▼

NICKEL \$US4.7839 ▼

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CURRENCY \$AU1 = US 0.78304 ▼ EU 0.66518 ▼ UK 0.59339 ▲

Exploration millions at risk

■ Zach Relph

A prominent Kalgoorlie-Boulder mining figure has warned the State Government's planned gold royalty increase will stifle long-term exploration throughout WA and potentially "kill the golden goose".

Anglo Australian Resources executive chairman John Jones blasted the decision to raise the gold production royalty from 2.5 to 3.75 per cent, arguing it would put the State's future investment and development at risk.

The comments come in the wake of South African juggernaut Gold

Fields conceding it would have to review its \$100 million annual exploration spend in WA if the royalty is enforced.

Mr Jones told the *Kalgoorlie Miner* it was imperative the gold industry remained sustainable and the proposed hike would not promote the sector.

"I would refute any suggestions by royalty commentators that a gross royalty of this magnitude wouldn't impact on underground mining," he said.

"It is better to have royalty levels that are sustainable and allow long-term underground mine developments.

"The industry is justified in protecting itself because it's inevitable you will kill the golden goose and that would be very sad for out-back Western Australian communities."

Yesterday, Gold Fields — operator of Granny Smith gold mine, near Laverton, and St Ives, in Kamalda — revealed the royalty would force the producer to scale back its exploration costs.

The company employ about 2200 staff and contractors in WA.

Gold Fields executive vice-president Australasia Stuart Mathews backed Mr Jones' claims and said the hike would be detrimental to

the industry's sustainability.

"It is an industry based on small margins, and the royalty will significantly erode those margins. Something has to give," Mr Mathews said.

"Gold Fields has been investing up to \$100 million annually on exploration in WA, if we cut that spending as a result of the royalty increase, there has to be a direct impact on the jobs and livelihoods of those working in exploration.

"Ultimately less exploration means less production, that is less ounces mined and the irony is that this in turn impacts potential

royalty revenue for the State Government. Changes to taxation and fees also up the ante when it comes to sovereign risk.

"A 50 per cent royalty increase registers on the radar of companies looking to establish new mines, and is definitely factored into investment decisions when choices are made between one jurisdiction or another."

WA Chamber of Minerals and Energy held a meeting with gold mining representatives in Perth on Wednesday afternoon in an attempt to devise a fight against the Labor Government's proposed royalty.