History & Ownership

Construction of the Hidden Valley mine began in 2007 and first gold was poured in June 2009.

The operation is owned by the Hidden Valley Joint Venture (HVJV).

The HVJV is one of three unincorporated joint ventures between subsidiaries of Newcrest Mining Limited of Australia (50%) and Harmony Gold Mining Company Limited of South Africa (50%) referred to collectively as the Morobe Mining Joint Ventures (MMJV).

Operations

Hidden Valley is an open pit gold and silver mine, consisting of three main deposits: Hidden Valley, Kaveroi and Hamata.

Hidden Valley produces gold and silver doré. For the year ended June 2013, 170,008 ounces of gold and 1,712,656 ounces of silver were produced (100% basis).

Mining & Ore Processing

Ore is delivered by truck to the Hamata and Hidden Valley crusher stations.

Jaw and cone crushers are used in series to prepare the ore for transport and for feed to the SAG mill at the processing plant.

Crushed Hamata ore is delivered via a 4.5 kilometre overland conveyor belt extending from the Kaveroi pit to the processing plant.

The overland conveyor is a vital link between the mine and processing plant enabling the transportation of ore from Hidden Valley to be fed straight to the mill.

This minimises the use of trucks to transport the ore resulting in a reduction of carbon emissions.

The processing plant utilises conventional gravity and carbon in leach circuits for gold and a Merill Crowe circuit for silver.

Environment

The Hidden Valley mine is permitted under the Environment Act 2000.

Issuing of the permit followed an extensive stakeholder consultation process with landowners, local communities and all levels of government.

Tailings from the processing plant are treated and stored in a purpose built tailings storage facility, the first one of its kind for a major mining operation in Papua New Guinea.

All mine tailings, which are the residues from the gold and silver recovery processes, are stored in this facility.

Approximately 40% of Hidden Valley’s process plant water needs are met by recycling treated surface water from the tailings storage facility, reducing the amount required from local raw water sources.

Hidden Valley sources two-thirds of its electricity from hydro-electricity supplier PNG Power Ltd.

The reduction in on-site electricity generation means a significant reduction in greenhouse emissions from the mine operations.
Employment

The Hidden Valley mine operates in accordance with a Memorandum of Agreement (MOA) with local landowners and government. This agreement sets out a preference for employment of landowner and local residents ahead of those from other provinces and offshore when qualifications are equivalent.

Under the MOA, job applicants are categorised into five tiers:
- Tier 1 - Landowners
- Tier 2 - Wau/Bulolo residents
- Tier 3 - Morobe residents
- Tier 4 - PNG citizens
- Tier 5 - Non-citizens

91% of employees are Papua New Guinean and more than 40% of these come from Bulolo District.

About 15% of the total workforce at Hidden Valley are women.

Hidden Valley has a strong focus on training and development for all employees through both internal and external programs.

Health & Safety

The safety and health of Hidden Valley’s people is core to every aspect of the business.

Hidden Valley’s safety department oversees workers’ safety, education, training and counselling.

Prevention and risk control are provided for employees for various health-related issues.

Economic Contribution

Hidden Valley creates economic value for PNG and local communities in a number of ways, including direct revenues from operations, investments in public infrastructure and services, support of local suppliers and a range of indirect economic benefits.

The mine has paid out over K50 million in sales royalties to landowners, local and provincial governments, since operations began in October 2009.

Hidden Valley has implemented a local supplier policy and gives preference to suppliers from Morobe Province and PNG where appropriate.

Local landowner companies like NKW Holdings demonstrate an innovative approach to ensure that the local communities benefit from mining.

Established in 2005 with the support of Hidden Valley, NKW has the goal of maximising the amount of goods and services for the mine sourced from the local area.

Shares in NKW are owned for the benefit of the landowners through three investment companies formed by each of the area’s clans.

As a result of this approach, NKW and their various joint venture partners are providing 14% of the mine’s goods and services.

Indirect economic benefits from the Hidden Valley mine includes increased spending on goods and services in the PNG economy.

These benefits are important as they contribute to a larger and more diversified economy and spread the benefits from mining beyond the Morobe Province.

Sustainable Development

Morobe Mining has spent an additional K25 million on community development in line with LLG and District Plans.

This is part of a comprehensive Regional & Economic Development program to address long term social and community development needs amongst the communities impacted by the operation.

Other programs the company has invested in include primary industry (cocoa, coffee, vegetable farming, inland fish farming), water supply, and rehabilitation works on the Lae - Wau highway.

These projects and programs are developed and delivered through long-term partnerships with the Morobe Provincial and Local Level governments and local agencies to encourage local ownership of initiatives and ensure the sustainability of development outcomes.

About 15% of the total workforce at Hidden Valley are women, 91% of employees are Papua New Guinean and more than 40% of these come from the local district.