

OPEN LETTER FROM THE DIRECTORS OF SOLID ENERGY REGARDING PIKE RIVER

There has been a lot of media attention recently in relation to Pike River.

We know that the sealing of the mine is a difficult time for the families. We wish that safe entry was realistic and understand the frustration and disappointment around the fact that it is not.

What is taking place at the site is the final stage of implementing the decision made in late 2014 not to re-enter the drift.

Solid Energy purchased the Pike River Mine in 2012, 18 months after the devastating explosions in which 29 men died. At that time it was the then directors' expectation that the company would attempt to retrieve bodies and subsequently, if feasible, establish a safe mining operation. After a thorough assessment of the safety of re-entry, in November 2014 the directors announced their decision that re-entry of the Pike River Mine is too dangerous and cannot be made safe. As a result the mine drift must be sealed for handover to the Department of Conservation.

Out of respect for all those involved we wish we could continue quietly getting on with the job - acknowledged by the families back in November 2014 as the safest course of action - to seal the drift and hand over the mine to DOC.

That was a decision made on the basis of rigorous assessment and careful consideration. Nothing has changed to alter that decision. It is reckless of those who are not in possession of the full facts, and have no legal responsibility for the lives of those who would be put at risk, to claim otherwise.

The factual basis for our decision was detailed in 2014 and we've provided further facts about the sealing of the drift more recently in response to inaccurate information appearing in the media. Full information on the technical and risk aspects about the Pike River Mine re-entry project has been publicly available on our website www.solidenergy.co.nz since 2014.

We realise the information is complex. It's not easy to distil into sound bites. And it's not something we feel is appropriate to litigate through the media. But given the intense media interest we need to put the record straight.

To reiterate:

There has been no improvement in the conditions within the drift (i.e. the tunnel entry to the mine) since we discussed the decision with families and announced in November 2014 that re-entry was too dangerous and could not be made safe.

Our decision was based on an exhaustive investigation into the feasibility of safe re-entry and was backed by independent international expertise.

Solid Energy's responsibility as the mine owner and operator is now to make the site safe prior to its handover to DOC. A methane-filled mine, with only a partial seal, in a difficult to access, geotechnically unstable area is unacceptable.

There are a number of inaccurate statements circulating across media that do a disservice to the families in continuing to misrepresent the factual situation. These include:

X *Inspection of the drift is a safe and straightforward procedure:*

Incorrect. Some have suggested a "quick" inspection of the drift. It is a 2.3km trek wearing breathing apparatus, uphill, under an unstable tunnel roof on ground that is strewn with debris and with a limited oxygen supply.

A more measured process of recovering the drift using remote plugs or similar was seen as the best option by both Solid Energy and the families' experts. However, despite every effort to control or eliminate risks to life, there remain a number of potentially fatal risk factors. These include:

- Risks associated with deterioration in the conditions inside the mine, e.g. significant fire-related damage to parts of the roof and the associated potential for collapse – at least one large fall is known about.
- Risks associated with managing and maintaining gas and ventilation in a compromised environment.
- Risks associated with the sheer complexity of implementing the necessary 600+ risk control activities, where failure of one or more controls due to human error or events outside of our control could have fatal consequences.
- Entrapment, for example as a result of roof fall or equipment fire.

These are all foreseeable risks, which escalate as the distance from the portal (drift entrance) increases. These risks reach a maximum toward the end of the drift – the one part that has not already been inspected by robots.

X *Solid Energy has not been prepared to consider the views put forward by the families' experts*

Incorrect. We thoroughly assessed their opinions as part of the re-entry investigation in 2014. There were several meetings and exchanges of ideas. The decision date was deferred specifically to allow discussion with the experts and consideration of their report. Ultimately their proposals – which were largely the same as our own - were discarded as fundamentally unsafe.

X *The techniques that are being used to make the drift safe for sealing can be applied for full drift re-entry*

Incorrect - as is the assertion that the drift has been de-gassed. As part of the recent sealing process Solid Energy de-gassed 10 metres of tunnel - a complex, tightly monitored and managed operation conducted within weather windows for helicopter operations and for barometric pressure stability. Yes – we've had people in the drift as part of the process of sealing the mine - but that is only to the 170 metre mark, in a section of the drift that has been fully ventilated since the temporary seal was built in 2011.

X *Solid Energy is sealing the mine because it has something to hide; or is colluding with the Government in a cover up plot*

Incorrect and farcical. The mine was not owned by Solid Energy at the time of the explosions. We have nothing to hide or cover up and absolutely nothing to gain by sealing the mine, other than meeting our obligations to surrender the mine in a safe condition.

X *Solid Energy is acting with indecent haste to seal the mine*

The timeline was set two years ago when the families were informed that the drift would be sealed and the mine made safe for surrender to DOC. The explosion occurred in 2010 - since that time the mine and drift have been unsafe and continue to be a liability until sealed.

X *Solid Energy is blocking the entry with 30 metres of solid concrete*

Regulations require a carefully designed seal and this will be 5 metres thick. The balance of the whole seal system is a very low strength fill to comply with recognised mine guidelines and to protect the long-term stability of the tunnel into the main seal.

X *Solid Energy hasn't been communicating with the families about the timing of the mine seal or the procedure*

Incorrect. Since informing the families in 2014 of the decision to seal the mine, there have been regular meetings of representatives of the Families group where information has been provided on the procedure and timing and the design of the seal. The seal design has been modified to be technically reversible at the request of families during this consultation.

We're not going to change our course of action simply because of the opinions of poorly informed commentators. The fact remains that the responsibility for the safety of any re-entry remains with the directors of Solid Energy as the owner and operator of the site.

While we have deep sympathy for the position of the families, the directors' decision is entirely motivated by our responsibility for the safety of the site and any person entering the mine. As we said in 2014, any further loss of life in this mine is unacceptable and any possibility of other families having to go through what the Pike families have suffered is not a risk we believe should be taken.

This letter is appearing progressively in the main daily papers in NZ as space becomes available