

Lodgement of 'Company Interview'



OceanaGold Corporation

Date of lodgement: 13/11/2013

TITLE: "Company Interview. Strong Outlook for end 2013"

Highlights:

- **Discusses recent solid EBITDA & Didipio operational performance.**
- **Strong finish to year expected with production up.**
- **Further efficiency gains to be secured at Didipio.**
- **Discusses opportunities in the Philippines.**
- **No direct impact on Didipio of recent typhoons – OGC helping community in Haiyan disaster relief & ongoing significant contribution to world's waterways management.**
- **Over 20 years of a high standard in environmental management and community engagement.**
- **Outlines plans to improve longer term investment quality of OGC.**

Record of interview:

Note: All references are in USD unless stated otherwise.

Company Interview question:

OceanaGold Corporation (ASX/TSX/NZX code: OGC; market cap of ~\$550m) reported EBITDA of \$76.3 million for the September quarter 2013 after reporting \$42.5 million for the June quarter and \$47.1 million for the March quarter. Given the prevailing gold and copper prices over the September quarter, was this in line with your expectations? What about operational performance, particularly Didipio?

Managing Director & CEO, Mick Wilkes

Yes, the EBITDA met with our expectations and it was a strong result. We were very happy with the production and operating costs at Didipio where there was strong copper production growth. That allowed us to increase our guidance for 2013.

The gold price in particular has been under pressure and we were very pleased to achieve significant reductions in costs at our New Zealand operations despite the higher New Zealand dollar exchange rate. That showed that the cost measures we started implementing earlier in the year are certainly taking hold.

The production at Didipio has gone particularly well. Throughput is going to plan, recoveries are now at around 95% and that is better than expected, however we are currently benefiting from some higher copper grades through the mill. That is simply a function of having a positive reconciliation of ore tonnes and we've therefore been able to put some higher grade feed through the mill. Unit costs per tonne are lower than expected and, with the higher copper production, we've been able to report a lower operating cash cost after by-product credits. That has resulted in us increasing our copper production guidance for 2013.

Company Interview question:

For the September quarter 2013, total Company production was 74,697 ounces of gold and 6,150 tonnes of copper. You recently revised guidance for OceanaGold for 2013 with gold stable at 285,000 to 325,000 ounces but copper increased to 18,000 to 20,000 tonnes (all from Didipio of course) and cash costs lowered to \$550 to \$650 per ounce. With production up and cash costs down, a strong finish to the year looks to be expected. Can you give a broad commentary on the outlook for operations as well as on the Company's strategy to strengthen the balance sheet?

Managing Director & CEO, Mick Wilkes

Well, we are expecting a strong December quarter as a result of higher grades across all operations and are going well so far this quarter. That will translate to strong cash flow for the quarter and, as we've always said, we intend to use that cash to pay down debt. An objective is to reduce debt by approximately \$40 million, from the level it was at 30 September, by 31 December. That will reduce our gearing and improve our balance sheet.

Company Interview question:

How might you achieve efficiency gains at Didipio in areas such as moving to owner trucking of the concentrate and power supply study?

Managing Director & CEO, Mick Wilkes

The decision to buy the trucks which transport the copper-gold concentrate was made after commissioning was completed and we've achieved a very significant cost saving - the trucking costs have halved from around \$100/t to around \$50/t of concentrate. Also, the efficiency and reliability of the trucking fleet has improved immensely.

We've always recognised the potential to reduce power costs by supplying grid power to the mine site, but we only ever intended to do it after the project had commissioned. We didn't want to expose the construction and commissioning schedule to a risk in delay from building a power line. We believe that connecting to the grid could save around \$10-15 million per annum in operating cost and would have a fairly quick capital cost payback. We've selected the route and it has been confirmed that we will have 'right of way' during construction. We are currently seeking definitive costs on construction.

There are several other cost initiatives we're looking at now that Didipio is bedding down. These include in areas where we can increase productivity and also in reducing waste.

Company Interview question:

You recently announced \$100m of cost savings in New Zealand. Can you elaborate on the major areas of cost savings and when these are expected to be achieved? Are there any other actions taken to maximise operating margins?

Managing Director & CEO, Mick Wilkes

We announced several areas of cost savings in New Zealand as a result of the falling gold price including remodelling mine plans, to put Reefton on care and maintenance in two years and deferring a cutback at Macraes. We will save a large amount of capital through not having to do a lot of the pre-strip. Then there are savings in power through a renegotiated contract, reduced contractor rates and we have agreements for wage freezes with our employees.

All up, it's been an excellent performance by the teams in New Zealand to achieve these cost savings, which will continue over the next year and beyond as we implement plans and formulate new ones.

Company Interview question:

Didipio remains in ramp-up mode with 18,011 ounces of gold and 6,150 tonnes of copper produced in the September quarter. When will the operation be optimised in terms of production levels and cost structure? How might you achieve the next step change in value from your tenements in the Philippines, including Didipio, through either expansion or exploration? What's your current approach?

Managing Director & CEO, Mick Wilkes

We're in the process of maximising recoveries for the plant and it's pretty much where we think it should be. The next step is to really push the throughput to maximise that. We've commenced a debottleneck program to take the mill up to 3.5 million tonnes of ore per annum in 2015 from the 3 million tonnes we expect to process in 2014. The ramp-up is underway and the debottlenecking program will cost around \$7 million in modifications to the plant.

The obvious output from these optimisation programs is that we will be increasing production and decreasing the operating cost per tonne of ore and ounce of gold.

Additionally, we're continuing with the study on the timing on the underground and in particular the design of the underground and the schedule for capital costs and production which will maximise the value of this investment.

We're looking forward to securing our exploration permits to drill around Didipio although we can't give the timing for that. We are also trying to secure permits to drill on tenements in other parts of the Philippines apart from Didipio. There's plenty of potential for new ore resources on our ground in the Philippines and particularly around Didipio. If we're successful with exploration in the vicinity of the mine site, we will almost certainly look at an expansion for Didipio to around 5 million tonnes of ore per annum.

Company Interview question:

The Philippines has suffered some recent terrible natural disasters including Super Typhoon Haiyan. Has there been any major impact on Didipio or its surrounding communities? What measures has OceanaGold taken to address these natural disasters?

Managing Director & CEO, Mick Wilkes

The latest typhoon is certainly a very sad event and we are concerned for the people in the Philippines and sympathise with their loss. We are doing everything we can on the ground to assist with the recovery effort, including sending our Didipio Emergency Response Team, along with other mining companies, and by contributing to aid in particular to the UNICEF Childrens' Emergency Appeal.

The typhoon was well south of Manila whereas Didipio is located in northern Luzon, about 250 kilometres north of Manila. Thankfully, there was no threat to the safety of our staff in Manila or at the operation or to production.

The Philippines is prone to typhoons and on occasion Didipio experiences typhoons but we are well prepared for such events. A large typhoon came through the operation in August and we came through pretty much unscathed. We provided relief assistance to some 1,200 families in the region following the storm.

Company Interview question:

Many of these natural disasters include major flooding and environmental degradation of existing waterways. Is OceanaGold looking to use its experience to carry out programs to address these issues?

Managing Director & CEO, Mick Wilkes

We do a lot of work with local communities to minimise the impact of these natural disasters on local waterways. On a corporate level, we have a partnership with the International RiverFoundation (riverfoundation.org.au) ("IRF"). The IRF works in partnerships around the world to promote the sustainable restoration and management of river basins and waterways. Through encouraging local community participation with waterway restoration and management, the IRF is taking a leading role in the Philippines to help combat and reduce the negative effects of small-scale mining on river systems. OceanaGold is supporting this initiative and is uniquely situated to have a positive influence on these objectives.

We are excited about the potential for our partnership with the IRF and have started work with them and we're looking forward to some positive results over the next couple of years. We recently received a commendation from the IRF and we have also agreed on a program where we will plant trees in areas devoid of trees and where it is prone to flooding.

In addition to the Philippines, we've operated for 23 years in New Zealand which is one of the greenest countries in the world with stringent environmental standards. In fact, at our Macraes mine we've been working in partnership for a number of years with the local fisheries department to raise rainbow trout every year on our mine site which are released into local lakes and ponds in the South Island of New Zealand.

Company Interview question:

On 8 October 2013, OceanaGold agreed to acquire all the outstanding shares it did not previously own in Pacific Rim Mining Corp. Although this is a reasonably small proposed transaction, with a value of C\$10.2 million (as at close October 7, 2013), it is an important test case for OceanaGold as you have previously expressed a willingness to look externally to help fulfill your growth objectives. What has the market reaction been so far to OceanaGold expanding to the Americas providing the transaction is approved by Pacific Rim shareholders later this month? Do you think that the Company's successful history of operating in Australasia for the past two decades will be transferable to the Americas?

Managing Director & CEO, Mick Wilkes

El Salvador has not had modern operating mines over the past twenty years though a number of companies were actively exploring there up until about five years ago. Our shareholders are pretty comfortable with this move into Central America for this opportunity which is still subject to Pacific Rim shareholder approval later this month.

We have obviously demonstrated our ability to operate successfully with significant positive benefits for local stakeholders in developing countries where modern mining currently is making a

big impact on improving the quality of life. We successfully commissioned our Didipio Mine in the Philippines earlier this year. This would not have been possible had the project not received the strong endorsement from the local and surrounding communities. We've demonstrated our environmental and community credentials for more than twenty years, such that we believe that we can operate to similar high standards in El Salvador where there is a high quality gold resource with an expected low environmental impact utilising modern underground mining methods.

We believe an opportunity like that would deliver significant benefits to the local community and El Salvador in general - just in the way we have managed to deliver such benefits in the Philippines and New Zealand. It's a fantastic opportunity for our Company, the local communities and the Government of El Salvador to unlock an economic engine but do so in a sustainable and responsible manner that OceanaGold is known for.

Company Interview question:

OceanaGold is seemingly in a strong financial and operational position – and with further solid growth options. How might you improve the longer term investment quality of OceanaGold stock even more?

Managing Director & CEO, Mick Wilkes

Our strategy is to continue to invest in high quality and low cost gold production and in doing so should underpin an already robust company. We will continue to build our inventory of low cost reserves and resources to deliver long term value for our shareholders – similar to what we have done at Didipio.

We are transforming the Company into a low cost business and we will continue to build on that to achieve our longer term target of being a mid tier, low cost and multi-national gold producer.

Company Interview:

Thank you Mick.

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