



## MEDIA RELEASE

07 January 2014

### **OCEANAGOLD PROVIDES UPDATE FOR MACRAES GOLDFIELD IN NEW ZEALAND AND ANNOUNCES FULL YEAR 2014 PRODUCTION GUIDANCE AND HEDGING FOR 2014 AND 2015**

*(All references in US Dollars)*

(MELBOURNE) OceanaGold Corporation (**ASX: OGC, TSX: OGC, NZX: OGC**) (the "Company") announces that the Board of Directors has approved a new mine schedule for the Macraes Goldfield located in the Otago region on the South Island of New Zealand.

As a result of the prolonged and sustained drop in the gold price, the Company has re-optimised the Macraes mine plan to further reduce costs in order to sustain operations. The new mine plan includes a reduction in the total material movement schedule in the open pit resulting in lower equipment usage and a reduction in operating and support staff requirements over the next two years.

Based on the approved mine plan, the Frasers 6 open pit cutback has been redesigned and a smaller cutback is planned to commence in the second half of 2014. At the current gold price, the Macraes Open Pit has a mine life until the end of 2017 and the mine life for the Frasers Underground mine is to mid-2015. The new life of mine plan has resulted in a reduction in the gold production over the remaining life of the Macraes assets. Amongst other factors this change in mine plan will be taken into account in the impairment review now being carried out for the end of year financial results.

Mick Wilkes, Managing Director and CEO commented, "The Macraes Goldfield has been operating continuously for over 23 years producing over 3.8 million ounces of gold. During its life, Macraes has been a major employer and contributor to the Otago region and local economy. We have developed a strong long term relationship with the surrounding communities and have operated to the highest environmental and social engagement standards. The continuing lower gold price has necessitated the need to make changes to our business to ensure a sustainable operation at Macraes. Unfortunately these changes will also have an impact on some of our workforce and contractors, who I wish to thank and acknowledge for their contribution to OceanaGold. As part of our normal course of business we will continue to ensure that our business operates as efficiently as possible without compromising health, safety and the environment and we will continue to seek and evaluate suitable opportunities."

#### **Full Year 2014 Production Guidance**

In 2014, the Company is planning to produce 275,000 - 305,000 ounces of gold at cash costs of \$400 - \$450 per ounce net of by-product credits and All-In Sustaining Costs of \$750 - \$850 per ounce net of by-product credits. Copper production from Didipio is expected to be between 21,000 to 24,000 tonnes of copper in concentrate.

<b>Full Year 2014 Guidance</b>	<b>Gold Production (ounces)</b>	<b>Copper Production (tonnes)</b>	<b>Cash Costs (US\$/oz)*</b>	<b>All-In Sustaining Costs (US\$/oz)*</b>
<b>Philippines</b>	85,000 - 95,000	21,000 - 24,000	(\$725) - (\$650)*	(\$240) - (\$210)*
<b>New Zealand</b>	190,000 - 210,000	-	\$840 - \$925	\$1,170 - \$1,290
<b>Total Company</b>	<b>275,000 - 305,000</b>	<b>21,000 - 24,000</b>	<b>\$400 - \$450*</b>	<b>\$750 - \$850*</b>

\* Assumes copper by-product credits at \$3.20/lb and NZD/USD \$0.80 exchange rate

Total capital expenditure for the Company is forecast to be between \$80 - \$100 million which comprises \$30 - \$40 million in the Philippines and \$50 - \$60 million in New Zealand, which is significantly lower than prior year's expenditure reflecting the cost savings announced during 2013 and the new Macraes mine plan announced today.

Additionally, total company exploration expenditure is forecast to be \$5 - \$10 million which includes exploration in the Philippines and costs to maintain the newly acquired assets in El Salvador.

Mick Wilkes added, "I am happy to announce the first full year of production guidance for the Didipio Mine in the Philippines. Didipio gold production in 2014 is forecast to be higher than the previous year due to the average gold grade of ore mined increasing as we go deeper into the ore body and throughput rates approaching 3.5 Mtpa. Significantly, copper production remains strong. For New Zealand, the new mine plans and reduced cutbacks have resulted in lower production guidance relative to 2013 however the cost savings we identified last year will continue to be realised. In 2014, we expect to further reduce our debt with the stronger production from Didipio and realisation of cost savings and we will strive to look for further efficiencies and initiatives such as advancing the power grid connection in the Philippines."

### **Additional Hedging**

In response to the continued lower gold price the Company has entered into a zero cost collar hedging program for 208,000 ounces partially covering production over the next two years at Macraes Open Pit and the Frasers Underground. The program entails a series of bought put options creating a floor of NZ\$1,500 per ounce (US\$1,230 assuming NZD/USD \$0.82 exchange rate) for 208,000 ounces commencing in January 2014 through to December 2015. This was financed through the sale of an equal number of sold gold call options creating a ceiling over the same period with a strike price of NZ\$1,600 (US\$1,312) per ounce.

The impact of this is that in the event the spot gold price on maturity of the option is less than NZ\$1,500 per ounce, the Company will nevertheless effectively receive NZ\$1,500 per ounce. Should the spot gold price on maturity of the option fall between NZ\$1,500 and NZ\$1,600 per ounce the Company will sell the gold at the spot price. Where the spot price of gold is above NZ\$1,600 per ounce on maturity of the option, the Company will effectively receive NZ\$1,600 per ounce.

The Reef ton production was similarly hedged with a zero cost collar which was announced on 27 June 2013.

## **OceanaGold Corporation**

### Investor Relations – Melbourne

Nova Young

Tel: +61(3) 9656 5300

### Investor Relations – Toronto

Sam Pazuki

Tel: +1 416 915 3123

[info@oceanagold.com](mailto:info@oceanagold.com) | [www.oceanagold.com](http://www.oceanagold.com)

### **About OceanaGold**

OceanaGold Corporation is a significant multinational gold producer with mines located on the South Island of New Zealand and in the Philippines. The Company's assets encompass New Zealand's largest gold mining operation at the Macraes goldfield in Otago which is made up of the Macraes Open Pit and the Frasers Underground mines. Additionally, on the west coast of the South Island, the Company operates the Reefton Open Pit mine. In April 2013, the Didipio Mine in the Philippines commenced commercial production. Late in 2013, the Company added the El Dorado Project in El Salvador through the acquisition of Pacific Rim Mining Corp. The Company expects to produce 275,000 to 305,000 ounces of gold in 2014 from the combined New Zealand and Philippine operations and 21,000 to 24,000 tonnes of copper in 2014 from the Philippine operations.

OceanaGold is listed on the Toronto, Australian and New Zealand stock exchanges under the symbol OGC.

### **Cautionary Statement**

Statements in this release may be forward-looking statements or forward-looking information within the meaning of applicable securities laws. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements such as production forecasts are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements. They include, among others, the accuracy of mineral reserve and resource estimates and related assumptions, inherent operating risks and those risk factors identified in the Company's most recent Annual Information Form prepared and filed with securities regulators which is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's name. There are no assurances the Company can fulfil such forward-looking statements and, subject to applicable securities laws, the Company undertakes no obligation to update such statements. Such forward-looking statements are only predictions based on current information available to management as of the date that such predictions are made; actual events or results may differ materially as a result of risks facing the Company, some of which are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking statements. The information contained in this release is not investment or financial product advice.

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