



## MEDIA RELEASE

30 January 2017

### OCEANAGOLD ACHIEVES 2016 PRODUCTION AND COST GUIDANCE

*(All financial figures in US Dollars unless otherwise stated)*

(MELBOURNE) OceanaGold Corporation (**TSX/ASX: OGC**) (the “Company”) is pleased to release its full year and fourth quarter 2016 production report for the year ended 31 December 2016, in accordance with the Australian Securities Exchange (“ASX”) Listing Rule 5.1. Note that the numbers contained in this document are unaudited and subject to finalisation. The Company will release its complete 2016 audited financial and operational results on 23 February 2017 (Toronto Eastern Standard Time).

#### Key Highlights

- Achieved 2016 consolidated production guidance range with 416,741 ounces of gold and 21,123 tonnes of copper.
- Recorded consolidated All-In Sustaining Costs<sup>1</sup> (“AISC”) of \$708 per ounce sold and cash costs<sup>1</sup> of \$452 per ounce sold.
- Recorded 2016 consolidated gold sales of 437,146 ounces and copper sales of 21,413 tonnes.
- Commenced milling at Haile in December 2016 and achieved first gold pour in January 2017.
- Announced increased 2017 exploration budget reflecting strong organic growth potential of the business.
- Announced 2017 production and cost guidance of 550,000 to 610,000 ounces of gold at a sector leading AISC of \$600 to \$650 per ounce sold.

Mick Wilkes, President and CEO said, “We are very pleased to report another year of delivering on our commitments with solid operational and financial performance across our business in 2016. For the fifth consecutive year, we achieved our production and cost guidance while delivering on Haile with the start of milling before the end of 2016 and first gold pour 10 days ago. Despite recent inclement weather, commissioning activities have met our expectations and continue to advance to plan.”

He went on to say, “We expect 2017 to be another solid year of performance across our business with higher production and stronger margins. The strategy we established six years ago and the successes we have achieved along the way have allowed us to build a profitable business that is insulated from low commodity prices and has provided consistent positive returns to shareholders. Since the start of 2013, we expect to increase our gold production by approximately 150% while significantly reducing costs to achieve sector

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<sup>1</sup> Costs are based on unaudited results

leading margins. We have a robust business with high quality assets and a solid pipeline of organic growth opportunities which we are well-positioned to invest in to unlock significant value.”

**Table 1 – Unaudited 2016 Production and Cost Results Summary**

		Didipio	Waihi	Macraes & Reefton	Consolidated
<b>Fourth Quarter 2016 Results</b>					
Gold Produced	ounces	30,695	29,280	42,453	<b>102,428</b>
Copper Produced	tonnes	3,765	–	–	<b>3,765</b>
Gold Sales	ounces	35,260	27,665	42,733	<b>105,658</b>
Copper Sales	tonnes	4,960	–	–	<b>4,960</b>
Cash Costs	\$ per ounce	(120)	427	743	<b>372</b>
<b>2016 Results</b>					
Gold Produced	ounces	147,150	116,028	153,563	<b>416,741</b>
Copper Produced	tonnes	21,123	–	–	<b>21,123</b>
Gold Sales	ounces	149,663	116,169	171,314	<b>437,146</b>
Copper Sales	tonnes	21,413	–	–	<b>21,413</b>
Cash Costs	\$ per ounce	1	473	832	<b>452</b>
All-In Sustaining Costs <sup>2</sup>	\$ per ounce	239	735	1,099	<b>708</b>

**Table 2 – 2016 Production and Cost Guidance**

		Didipio	Waihi	Macraes & Reefton	Consolidated
Gold Production	ounces	130,000 – 145,000	115,000 – 125,000	140,000 – 155,000	385,000 – 425,000
Copper Production	tonnes	19,000 – 21,000	–	–	19,000 – 21,000
Cash Costs	\$ per ounce	\$20 – \$70	\$480 – \$530	\$750 – \$800	\$460 – \$500
All-In Sustaining Costs	\$ per ounce	\$300 – \$350	\$700 – \$750	\$1,000 – \$1,050	\$700 – \$750

**Notes:**

- AISC calculation conforms to the methodology outlined by the World Gold Council. It includes all cash costs, corporate G&A, maintenance capital expenditures, capitalised mining expenditures and exploration. It excludes development capital expenditures such as the development of the Haile Gold Mine and Didipio Underground.

**Assumptions**

- NZD:USD exchange rate of 0.65, Copper price: \$2.00 / lb on average for full year.

## Operations

On a consolidated basis, the Company produced 416,741 ounces of gold in 2016, broadly in-line with 2015 production and within the production guidance range of 385,000 to 425,000 ounces. Copper production of 21,123 tonnes was slightly higher than the top end of the guidance range of 19,000 to 21,000 tonnes. Fourth quarter 2016 gold production of 102,428 ounces was 15% higher than in the previous quarter, as expected, and due to increased production at each asset.

On a consolidated basis, the Company recorded an AISC of \$708 per ounce on gold sales of 437,146 ounces and copper sales of 21,413 tonnes and within the guidance range. Full year consolidated cash costs were \$452 per ounce sold, which was slightly below the cost guidance range.

In the Philippines, Didipio slightly exceeded its 2016 gold production guidance range with 147,150 ounces produced, including 30,695 ounces produced in the fourth quarter while copper production for the year was 21,123 tonnes including 3,765 tonnes produced in the fourth quarter. Quarter-on-quarter gold production was higher, as expected, due to increased head grade, partly offset by a lower mill feed. As stated in the previous quarter, the Company shut the process plant down at Didipio for planned maintenance and upgrade works, all of which were completed before the end of the year.

In New Zealand on the South Island, Macraes and Reefton combined to produce 153,563 ounces of gold for the year which was in-line with the 2016 production guidance range. Fourth quarter production at Macraes was slightly higher than in the previous quarter due to higher head grades. The Reefton operation produced 4,477 ounces of gold in 2016 before being placed on care and maintenance in February 2016. In December, the Company announced the Reefton operation would be closed with rehabilitation and closure activities scheduled over the next few years.

On the North Island at Waihi, the operation achieved its 2016 production range with 116,028 ounces of gold produced following a stronger fourth quarter of production of 29,280 ounces. The quarter-on-quarter increase in production was previously forecast and a result of a higher head grade and mill feed.

## **Development**

Commissioning activities at the Haile Gold Mine in South Carolina, United States continue to advance well towards commercial production in early 2017. Near the end of December 2016, the Company announced the start of milling and on January 20, 2017, the Company announced the first gold pour.

In the Philippines, development of the Didipio Underground continues to progress to schedule, with the decline now advanced a total of 2,100 meters from the primary portal. During the fourth quarter, the Company also completed a second underground portal ahead of schedule and two fresh air vent raise bores to surface. First underground ore feed to the mill remains on track for the end of 2017 as planned.

## **Exploration**

In 2016, OceanaGold initiated an extensive exploration program and throughout the year, announced solid drill results across its operations. In the fourth quarter following a successful resource definition drill program of the Horseshoe underground target at Haile, drilling shifted to test the Palomino and Snake underground targets and additional regional targets.

At Waihi, drilling continued to focus on resource extensions of known veins in the underground, the large exploration target beneath the Martha Open Pit, as well as near mine targets surrounding the Waihi operations.

At Macraes, the Company continued to drill multiple targets along the Hydes-Macraes Shear Zone with strong results at Coronation North, Coronation, Nunns and Frasers Underground. In the Philippines, the Company

initiated infill and at depth drilling of the Didipio underground ore body and drill tested several targets within the FTAA.

For 2017, the Company has increased its exploration budget to between \$30 million and \$41 million on the back of increased extensive drilling and target generative activities within the Company's targeted regions.

At Waihi, the focus for the Company is on reserve replacement and increasing resources with a medium-term exploration target of one million ounces. At Macraes, extensional drilling of Coronation North will continue, along with the drilling of at least five additional targets. At Didipio, the infill drilling of the underground will continue and priority regional targets within the FTAA will be advanced. At Haile, exploration will focus on infill and extensional drilling as well as initial drilling of several new "Haile-like" targets near the existing operation.

## 2017 Outlook

In December 2016, OceanaGold announced its 2017 production and cost guidance that reflected significantly higher gold production at lower costs compared to 2016. The production increase year-on-year is primarily driven by the inclusion of the high margin ounces from the Haile Gold Mine as it moves into commercial production in early 2017 and increased production from Macraes where the Coronation North deposit represents higher grades than traditionally mined in the Macraes Goldfield.

**Table 3 – 2017 Production and Cost Guidance**

		Didipio	Waihi	Macraes	Haile <sup>(1)</sup>	Consolidated
Gold Production	ounces	110,000 – 130,000	110,000 – 120,000	180,000 – 190,000	150,000 – 170,000	550,000 – 610,000
Copper Production	tonnes	15,000 – 17,000	–	–	–	15,000 – 17,000
Cash Costs	\$ per ounce	(\$20) – \$40	\$460 – \$510	\$600 – \$650	\$400 – \$450	\$370 – \$420
All-In Sustaining Costs <sup>(2)</sup>	\$ per ounce	\$130 – \$180	\$740 – \$790	\$950 – \$1,000	\$500 – \$550	\$600 – \$650

*Notes:*

1. Haile guidance reflects full year expected production and cost guidance. Production and costs prior to declaration of commercial production will be capitalised and reflected on the balance sheet.
2. AISC calculation conforms to the methodology outlined by the World Gold Council. It includes all cash costs, corporate G&A, maintenance capital expenditures, capitalised mining expenditures and exploration. It excludes growth capital such as additional development such as the plant expansion at the Haile Gold Mine and Didipio Underground.

*Economic Assumptions*

- NZD:USD exchange rate of 0.70, Copper price: \$2.50 / lb on average for full year.

## 2017 Capital Program

The Company is also pleased to announce a consolidated 2017 capital expenditure program of \$211 million to \$252 million of which \$101 million to \$113 million is allocated to growth projects at Didipio, Haile and Waihi.

Non-Sustaining capital, which is not included in the Company's AISC calculation includes a \$60 million to \$65 million spend at Didipio, mainly related to the underground development and completion of the first mine phase. The total pre-production capital cost for the Didipio Underground has slightly increased from the original estimate of \$116 million to \$133 million. The additional costs, which are recoverable under the FTAA, are related to the procurement of an enhanced paste fill plant, earlier start to the development of the second

mining domain, and additional scope which has been brought forward in the mine plan. The slight increase in costs is more than offset by a reduction in sustaining capital costs over the life of mine related to a decrease in the number of stopes.

At Haile, the Company expects to spend \$35 million to \$40 million to expand the process plant from 2.2 Mtpa to 3.0 Mtpa, complete the Haile expansion feasibility study and construct ancillary buildings and workshops including a permanent large vehicle maintenance facility and administrative building.

In New Zealand, non-sustaining capital expenditures relate to the completion of the Martha study at Waihi, which has a medium-term objective of a million ounces in resource that could be mined from combined surface and underground operations. At Reefton, the Company expects to spend between \$4 million and \$5 million on rehabilitation and mine closure activities.

Sustaining, pre-stripping and capitalised mining capital expenditures range from \$80 million to \$98 million and are included in the Company's AISC. At Macraes, pre-stripping costs are mainly associated with the Coronation North mine where mining is expected to commence with removal of overburden in February and ore mining in May.

The Company has allocated a total exploration budget between \$30 million and \$41 million of which \$20 million to \$30 million relate to brownfields exploration activities and included in the AISC. A budget of \$10 million to \$11 million has been allocated to greenfields exploration and excluded from the AISC. Greenfields exploration activities are planned in the Philippines, WKP prospect located north of Waihi and on multiple targets in the Carolinas.

**Table 4 – 2017 Capital Expenditure Program**

<i>USDm</i>	Didipio	Waihi	Macraes	Reefton	Haile	TOTAL	Included in AISC
Non-Sustaining	60 – 65	2 – 3	–	4 – 5	35 – 40	<b>101 – 113</b>	<b>0</b>
Sustaining	8 – 10	5 – 7	10 – 12	–	–	<b>23 – 29</b>	<b>23 – 29</b>
Pre-stripping / capitalised mining	–	5 – 7	35 – 40	–	17 – 22	<b>57 – 69</b>	<b>57 – 69</b>
Exploration	5 – 8	12 – 15	5 – 8	–	8 – 10	<b>30 – 41</b>	<b>20 – 30</b>
<b>TOTAL</b>	<b>73 – 83</b>	<b>24 – 32</b>	<b>50 – 60</b>	<b>4 – 5</b>	<b>60 – 72</b>	<b>211 – 252</b>	<b>100 – 128</b>

Notes:

- Sustaining, Pre-stripping/capitalised mining and brownfields exploration is included in the Company's All-In Sustaining Cost guidance
- Capital expenditure for brownfields exploration is approximately \$20 - \$30 million and included in the AISC.

## Hedging

As announced in 2016, the Company entered into a series of zero-cost collar hedging programs for gold production from the Macraes Goldfield. At the beginning of 2017, the remaining hedges at Macraes totalled 155,400 ounces of gold at a put option strike price of NZ\$1,650 per ounce and a call option strike price of NZ\$1,810 per ounce. As at 29 January 2017, the current New Zealand denominated gold price was NZ\$1,642 per ounce.

## Full Year Results and Webcast

The Company will release its financial and operational results for the fourth quarter and full year ending 31 December 2016 before the TSX market open on 23 February 2017 (Toronto, Canada time). The results will be posted on OceanaGold's website at [www.oceanagold.com](http://www.oceanagold.com)

The Company will host a conference call / webcast to discuss the results at 8:30 am on 24 February 2017 (Melbourne, Australia time) / 4:30 pm on 23 February 2017 (Toronto, Canada time).

### ***Webcast Participants***

To register, please copy and paste the link below into your browser:

<http://event.on24.com/r.htm?e=1349552&s=1&k=3A9B5447E56F208E102F5CD308EF4EBC>

### ***Teleconference Participants*** (required for those who wish to ask questions)

Local (toll free) dial in numbers are:

Australia: 1 800 076 068

New Zealand: 0 800 453 421

Canada & North America: 1 888 390 0546

All other countries (toll): + 1 416 764 8688

### ***Playback of Webcast***

If you are unable to attend the call, a recording will be available for viewing on the Company's website.

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For further information please contact:

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## **About OceanaGold**

OceanaGold Corporation is a mid-tier, high-margin, multinational gold producer with assets located in the Philippines, New Zealand and the United States. The Company's assets encompass its flagship operation, the Didipio Gold-Copper Mine located on the island of Luzon in the Philippines. On the North Island of New Zealand, the Company operates the high-grade Waihi Gold Mine while on the South Island of New Zealand, the Company operates the largest gold mine in the country at the Macraes Goldfield which is made up of a series of open pit mines and the Frasers underground mine. In the United States, the Company is currently commissioning the Haile Gold Mine, a top-tier asset located in South Carolina along the Carolina Terrane. The Company expects the Haile Gold Mine to commence commercial production in early 2017. OceanaGold also has a significant pipeline of organic growth and exploration opportunities in the Australasia and Americas regions.

OceanaGold has operated sustainably over the past 26 years with a proven track record for environmental management and community and social engagement. The Company has a strong social license to operate and works collaboratively with its valued stakeholders to identify and invest in social programs that are designed to build capacity and not dependency.

In 2017, the Company expects to produce 550,000 to 610,000 ounces of gold and 15,000 to 17,000 tonnes of copper with sector leading All-In Sustaining Costs that range from \$600 to \$650 per ounce sold.

## **Cautionary Statement for Public Release**

Certain information contained in this public release may be deemed "forward-looking" within the meaning of applicable securities laws. Forward-looking statements and information relate to future performance and reflect the Company's expectations regarding the generation of free cash flow, execution of business strategy, future growth, future production, estimated costs, results of operations, business prospects and opportunities of OceanaGold Corporation and its related subsidiaries. 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 are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those expressed in the forward-looking statements and information. 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 forward-looking statements and information. Such forward-looking statements and information 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. Although the Company believes that any forward-looking statements and information contained in this press release is based on reasonable

assumptions, readers cannot be assured that actual outcomes or results will be consistent with such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements and information, whether as a result of new information, events or otherwise, except as required by applicable securities laws. The information contained in this release is not investment or financial product advice.

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