

OceanaGold Announces its 2020 Guidance



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MELBOURNE, Feb. 10, 2020 /CNW/ - OceanaGold Corporation (**TSX: OGC | ASX: OGC**) (the "Company") is pleased to announce its production and cost guidance and capital investment program for 2020.

Mick Wilkes, President and CEO said, "OceanaGold is highly committed to regaining its status as one of the best gold mining companies by focusing on what we do well and controlling what we can. This means operating our existing portfolio in the most optimal way while doing so to the highest environmental and health and safety standards that we have successfully operated to for the past 30 years. We have always been focused on enhancing profitability and delivering strong returns to shareholders and we remain disciplined in allocating capital."

"For 2020, Haile is expected to deliver an additional 25% of gold production from last year to offset the year-on-year decline in production at Waihi, which is transitioning from Correnso to the Martha Underground. The Haile mine plan continues to evolve to further enhance open pit operations and increase mine productivity. As a result of these changes that we are currently implementing, the mine is expected to gain operational flexibility, which also allows us to revisit the Horseshoe underground mine plan."

"Waihi will transition from Correnso, the main ore source that we purchased five years ago, to the Martha Underground, our discovery from three years ago. With development of Martha Underground going to plan and expected to be in production in the second quarter of 2021, we continue to advance the Waihi District Study, which is scheduled for completion in the second quarter of 2020. We are very excited about the work we're doing at Waihi as we set up the operation for at least a decade of production."

"Macraes remains a stable operation delivering consistently positive performance and free cash flows. We continue to advance our organic growth opportunities at Macraes, particularly the Golden Point underground study which is expected to be completed in the second half of 2020."

"In the Philippines, the FTAA renewal process continues to progress with the Office of the President currently reviewing the renewal. We remain actively engaged with key regulatory agencies and government officials, stakeholders from the communities and our employees. We continue to receive strong support for the FTAA renewal from the national and local governments and from the local communities. More recently, approximately 1,200 members of the local Didipio and host communities including Indigenous Peoples travelled 10 hours each way to rally in support of the FTAA renewal, OceanaGold, the Didipio Mine and their livelihoods in front of the Presidential Palace in Manila. This unprecedented show of support was a humbling experience and a clear demonstration of the strong social license we have to operate in this remote, rural community in northern Philippines."

Table 1 – Consolidated 2020 Production and Cost Guidance Summary⁽¹⁾

		Combined
		Haile, Macraes & Waihi
Gold Produced	koz	360 – 380
Copper Produced	kt	-
Cash Costs	US\$/oz sold	675 – 725
All-In Sustaining Costs ⁽²⁾	US\$/oz sold	1,075 – 1,125

(1) Consolidated 2020 capital excludes Didipio. The Company will provide updated guidance once Didipio has resumed operations

(2) Consolidated All-In Sustaining Costs are also inclusive of approximately \$20 million in Corporate General & Administrative Costs.

Table 2 – 2020 Site Specific Production and Cost Guidance Summary

Haile	Macraes	Waihi
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Gold Produced	koz	180 – 190	160 – 170	18 – 20
Copper Produced	kt	-	-	-
Cash Costs	US\$/oz sold	650 – 700	725 – 775	700 – 750
Site All-In Sustaining Costs ⁽¹⁾	US\$/oz sold	1,080 – 1,130	1,000 – 1,050	715 – 765

(1) Site All-In Sustaining Costs are exclusive of Corporate General & Administrative Costs.

Table 3 – Consolidated 2020 Capital Investment Program⁽¹⁾

	Combined	Included in Consolidated
	Haile, Macraes & Waihi AISC	
General Operating Capital	USDm 20 – 30	20 – 30
Pre-stripping & Capitalised UG Capital	USDm 70 – 80	70 – 80
(Growth) Non-Sustaining Capital	USDm 110 – 120	-
Exploration	USDm 20 – 25	8 – 10
TOTAL CAPITAL INVESTMENT	USDm 220 – 255	100 – 120

(1) Consolidated 2020 capital excludes Didipio. The Company will provide updated guidance once Didipio has resumed operations

Table 4 – 2020 Site Specific Capital Investment Summary⁽¹⁾

	Haile	Macraes	Waihi
General Operating Capital	USDm 10 – 15	10 – 15	-
Pre-stripping & Capitalised UG Capital	USDm 50 – 55	20 – 25	-
(Growth) Non-Sustaining Capital	USDm 55 – 60	8 – 9	45 – 50
Exploration ⁽²⁾	USDm 2 – 3	6 – 7	10 – 15
TOTAL CAPITAL INVESTMENT	USDm 115 – 130	45 – 55	55 – 65

(1) Consolidated 2020 capital excludes Didipio. The Company will provide updated guidance once Didipio has resumed operations

(2) Haile and Macraes exploration capital form part of AISC. Waihi relates to Martha Underground, WKP and other Coromandel tenements and is not part of AISC.

Haile Gold Mine, United States

Haile is expected to produce between 180,000 and 190,000 ounces of gold at cash costs of \$650 to \$700 per ounce sold and site AISC between \$1,080 and \$1,130 per gold ounce sold in 2020. This gold production represents an approximate 25% increase over the previous year mainly as a result of expected higher throughput rates and better recoveries while head grade is expected to be similar year-on-year. As previously forecast, approximately two-thirds of Haile's 2020 production is expected in the second half of the year as production progressively increases each quarter. The quarter-on-quarter variability in production is solely associated with mine sequencing whereby mined and processed grades improve as the year advances.

The Company continues to enhance open pit operations by accelerating mining activities and achieving productivity improvements. For 2020, the Company will bring forward mining of two open pits, both previously scheduled for mining in 2021. The Haile operation plans to mine between 50 and 55 million tonnes of material including 3.5 million to 4.0 million tonnes of ore from five open pits that include Red Hill, which is expected to be mined out by the fourth quarter, Ledbetter phase 1, Snake phase 2, Haile pit, which was brought forward by one year, and Mill zone phase 2, which was brought forward by six months. Mining activities will be supported by 15 new Komatsu 730-E haul trucks, of which ten are currently in operation and an additional five expected over the next few months. Also, during the 2020 year, the drilling fleet will be upgraded to include four new Sandvik DR410i drills to support the increasing mining rates. With the updated mine design, larger mining fleet, and productivity improvements, the Company expects progressive improvement in unit costs throughout the year.

The Company expects to feed between 3.6 and 3.7 million tonnes of ore through the process plant in 2020, which would represent an approximate 14% increase in throughput from the previous year and nearly 60% higher than the nameplate capacity. With the commissioning of the pre-aeration thickener nearly complete, the focus changes to increasing gold recoveries at the higher throughput rates.

With the increase in mining activities at Haile in 2020, the Company's pre-stripping capital investments will range between \$50 and \$55 million to go with \$10 to \$15 million in general operating capital. Growth (Non-Sustaining) capital in 2020 is mostly related to a \$25 million investment to significantly expand the tailings storage facility (TSF) that will support the continued increase in throughput rates that are being achieved ahead of schedule. The Company is also investing in additional site infrastructure including a large Potential Acid Generating ("PAG") waste dump cell, expansion of water collection dams, relocation of overhead power lines and rehabilitation work to support the larger open pits.

With enhancement of open pit operations ongoing, the Company is currently evaluating an opportunity to optimise the Horseshoe underground mine plan. The scope of this work also includes evaluating a more appropriate backfill and selecting the underground mining fleet. With Horseshoe optimisation underway, the Company expects to provide additional details of this study including timing of portal development late in the second half of 2020. The capital cost associated with development of Horseshoe is currently not included in the 2020 capital budget. The permitting process of the Haile expansion continues to be on track.

Beyond 2020, Haile production is expected to be slightly higher year-on-year with AISC expected to trend lower on further improvements to productivity and reduced mining from 2020 levels.

Waihi Gold Mine, New Zealand

At Waihi, production for the full year in 2020 is expected to range between 18,000 and 20,000 ounces with cash costs ranging from \$700 to \$750 per ounce sold and site AISC ranging from \$715 to \$765 per ounce sold. The Waihi operation will transition from the current mining at Correnso to the Martha Underground which is expected to start producing in the second quarter of 2021.

Mining from Correnso Deeps is expected to be completed by the end of the first quarter with processing temporarily shutting down for the second and third quarters. Mining of narrow veins in the Correnso area will continue for the duration of the year with this ore stockpiled ahead of batch processing in the fourth quarter. Following completion of processing of this ore, the process plant will be shut down temporarily and restarted in the second quarter of 2021 with ore sourced exclusively from Martha Underground. The Waihi operation is expected to produce 11,000 to 12,000 ounces of gold in the first quarter of 2020 with an additional 7,000 to 8,000 ounces in the fourth quarter.

The development of the Martha Underground continues to advance well ahead of stoping later this year. For 2020, the Company expects to develop over 12,000 metres ahead of first production in the second quarter of 2021. Development increases as the year advances with approximately 1,300 metres to 1,400 metres of development planned for the first quarter before increasing to approximately 2,000 metres to 2,200 metres in the second quarter then between 2,600 metres and 2,900 metres a quarter thereafter. The capital investment for development of the Martha Underground in 2020 is estimated to range between \$45 million and \$50 million, which includes some capital allocated to plant enhancements and capitalised overhead.

Following three consecutive years of investment in an extensive exploration program at Waihi and building a significant resource at Martha Underground to underpin a greater mine life, the Company will scale back its exploration program to focus on resource definition drilling. The Company will continue to explore and drill the WKP prospect on both resource conversion and extensional drilling. The 2020 exploration investment at Martha Underground and WKP will range between \$10 million and \$15 million.

With Martha Underground commencing production in the second quarter 2021, the Company expects a continuous ramp-up of production as additional development and stopes are brought on line.

The Company continues to advance the Waihi District Study, a preliminary economic assessment that encompasses multiple ore targets with Martha Underground and WKP representing the most significant of the opportunities. Exploration drilling continues at both targets to support the study which is expected to provide an outlook of Waihi's growth over the next several years. The study will include production rates, mining methods, operating costs and capital investments and is expected to be completed in the second quarter of 2020.

Macraes Gold Mine, New Zealand

Macraes is expected to produce between 160,000 and 170,000 ounces of gold in 2020 at cash costs of \$725 to \$775 per ounce sold and site AISC of \$1,000 to \$1,050 per ounce sold. Production in 2020 is slightly lower than in 2019 due to lower grades from Coronation stage 5 and Gay Tan phase 1.

In addition to these open pits, mining in 2020 at Macraes will take place at Coronation North stage 4, Frasers West, Deepdell, Innes Mills and Frasers Underground. In 2020, Macraes will mine between 50 million and 55 million tonnes of material including 6 million to 6.5 million tonnes of ore from the open pits reducing the overall strip ratio to approximately 7-7.5 to 1, which will remain consistent over the next several years. Ore mined from the Frasers Underground will range between 0.9 million and 1.0 million tonnes a year.

The Company continues to explore options to extend the mine life at Macraes with the advancement of opportunities like Golden Point Underground. The Company is currently working on a pre-feasibility study in relation to a potential underground mine at Golden Point and expects to complete this study in the second half of 2020. The objective for the Golden Point Underground is to replace the Frasers Underground, which together with other open pit opportunities form the premise for the Company's target to extend the mine life.

In 2020, the Company will invest approximately \$10 million to 15 million in general operating capital along with \$20 million to \$25 million in pre-stripping and capitalised underground mining while exploration investment in 2020 is expected to range

between \$6 million and \$7 million. Growth capital for the year is expected to range between \$8 million and \$9 million and relates to new mining equipment and the Golden Point Underground.

Didipio Gold Copper Mine, Philippines

In the Philippines, the FTAA renewal is currently under review with the Office of the President following the re-endorsement of the renewal by the Department of Environment and Natural Resources ("DENR") and Mines and Geosciences Bureau ("MGB") late in November 2019. The Company continues to have constructive engagement with the national and local governments and with local stakeholders.

Didipio remains in a state of operational readiness while the FTAA renewal process continues to progress. When operations resume at Didipio, the Company expects trucking to resume within a week, the process plant within two weeks and the underground mine within three weeks before ramping up over a four to six-week period. These estimates are based on the workforce remaining in a state of operational readiness. Should these circumstances change then the Company will provide additional and revised details on a Didipio ramp-up schedule.

Once fully ramped up, the Company expects Didipio to produce approximately 10,000 ounces of gold and 1,000 tonnes of copper per month at a site AISC of between \$700 and \$750 per ounce sold.

The Company is currently spending \$8 million to \$10 million a quarter on holding costs associated with maintaining the workforce in a state of operational readiness and the underground mine and process plant in care and maintenance. These costs are expensed through the profit and loss statement as a corporate general and administrative cost.

Should the renewal process be protracted beyond current expectations, and the Company decide to transition into full care and maintenance, holding costs are expected to be in the order of \$3 million per quarter, and ramp-up back to full production is likely to be up to 12 months, depending on the time until the renewal is granted.

The Company is highly committed to its obligations as a valued corporate steward in the Philippines, working in accordance to local and international laws and in good faith with local stakeholders while always upholding its corporate values of respect, integrity and honesty.

Full Year Results and Webcast

The Company will release its financial and operational results for the fourth quarter and full year ending 31 December 2019 before the TSX market open on Thursday February 20, 2020 (Toronto, Canada time). The results will be posted on OceanaGold's website at www.oceanagold.com

The Company will host a conference call / webcast to discuss the results at 8:30 am on Friday February 21, 2020 (Melbourne, Australia Time) / 4:30 pm on Thursday February 20, 2020 (Toronto, Canada time).

Webcast Participants

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

<https://event.on24.com/wcc/r/2176515/C9CEED65CE90A57B28C14F899D74EC51>

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

Local (toll free) dial in numbers are:

Canada & North America: 1 888 390 0546

Australia: 1 800 076 068

New Zealand: 0 800 453 421

United Kingdom: 0 800 652 2435

Switzerland: 0 800 312 635

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.

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 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 operates the Haile Gold Mine, a top-tier, long-life, high-margin asset located in South Carolina. OceanaGold also has a significant pipeline of organic growth and exploration opportunities in the Americas and Asia-Pacific regions.

OceanaGold has operated sustainably since 1990 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 2019, the Company produced 470,601 ounces of gold and 10,255 tonnes of copper at All-In Sustaining Costs of \$1,061 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 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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