

# OceanaGold Reports Full Year 2019 Financials

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MELBOURNE, Feb. 20, 2020 - [OceanaGold Corp.](#) (TSX: OGC) (ASX: OGC) (the "Company") reported its full year 2019 financial and operational results for the year ended 31 December 2019. This follows the release of the Company's operational results on 29 January 2020. Details of the consolidated financial statements and the Management Discussion and Analysis ("MD&A") are available on the Company's website at [www.oceanagold.com](http://www.oceanagold.com)

## Key Highlights

- Full year 2019 consolidated production of 470,601 ounces of gold and 10,255 tonnes of copper, including 108,151 ounces of gold produced in the fourth quarter, an increase of nearly 20% from the previous quarter with strong production from Haile and Macraes.
- Full year 2019 All-in Sustaining Costs ("AISC") of \$1,061 per ounce and fourth quarter AISC of \$980 per ounce, a decrease of 13% from the previous quarter on improved cash costs.
- YTD operating cash flow of \$204.3 million, including \$46.7 million in the fourth quarter – an increase of 44% over the previous quarter.
- Immediately available liquidity of \$99.0 million, including \$49.0 million of cash on hand and \$50 million in undrawn credit facilities; amended \$200 million Revolving Credit facility by extending tenure to December 31, 2021.
- Full year revenue of \$651.2 million including fourth quarter revenue of \$152.1 million.
- Full year Earnings before Interest, Depreciation and Amortisation ("EBITDA") of \$214.2 million, net profit of \$14.5 million, and adjusted net profit (after income tax and before gain/loss on fair value of undesignated hedges and impairment) of \$32.1 million.
- Fourth quarter EBITDA of \$45.2 million, net profit of \$8.7 million, and adjusted net earnings (after income tax and before gain/loss on fair value of undesignated hedges and impairment) of negative \$0.7 million.
- Subsequent to quarter end, the Company announced increased mineral resources at the Martha Underground including 824 koz in Indicated Resources and 614 koz in Inferred Resources.
- FTAA renewal re-endorsed to the Office of the President in December. No definitive timeline on a decision by the Office of the President or a resumption of operations at Didipio.

Mick Wilkes, President and CEO of OceanaGold said, "Our United States and New Zealand operations delivered a strong fourth quarter to close out 2019. Haile continued its improvement throughout the year and we expect this to continue in 2020 with an approximate 25% increase in production and lower AISC relative to the previous year. In New Zealand, Macraes reported improved production and steady cash flow generation for the year. We expect much of the same from the Macraes as we advance opportunities to extend the mine life of the operation. At Waihi, the Correnso underground operations are winding down with cessation of mining in the main areas this quarter ahead of narrow vein mining for the remainder of the year."

"Development of the Martha Underground continues to advance well with first gold production expected in the second quarter of 2021. Exploration at Martha Underground continued to be successful in 2019 with increased resources reported and with further investments planned, we seek to convert more resources and steadily increase the resource base over the coming years. The Waihi District Study is underway with a target completion date in the second quarter of 2020. This study is expected to highlight the opportunities that exist in the district."

"We continue to work closely with the Philippine national government on the FTAA renewal process. We are also grateful and encouraged by the support we have among Didipio and adjacent host communities and the 1,500 employees impacted by the suspension of operations."

Table 1 – Production and Cost Results Summary

Quarter ended 31 Dec 2019		Haile Didipio Waihi Macraes Consolidated					
						Q4 2019	Q3 2019
Gold Produced	koz	46.4	0.4	15.8	45.5	108.2	107.5
Gold Sales	koz	42.3	-	18.6	46.4	107.3	94.3
Average Gold Price	US\$/oz	1,479	-	1,474	1,485	1,404 <sup>(1)</sup>	1,414 <sup>(1)</sup>
Copper Produced	kt	-	0.1	-	-	0.1	2.3
Copper Sales	kt	-	-	-	-	-	-
Average Copper Price	US\$/lb	-	-	-	-	-	-
Total Ore Mined	kt	1,365	-	100	1,841	3,306	2,057
Tonnes Processed	kt	863	23	97	1,465	2,449	3,026
Gold Grade Processed	g/t	2.09	0.67	5.82	1.18	1.59	1.34
Gold Recovery	%	80.0	89.9	86.7	81.6	86.4	82.4
Cash Costs	US\$/oz	772	-	646	788	757	828
All-In Sustaining Costs	US\$/oz	1,014	-	746	1,043	980	1,122
Full Year 2019		Haile Didipio Waihi Macraes Consolidated					
						2019	2018
Gold Produced	koz	146.1	83.9	68.1	172.5	470.6	533.3
Gold Sales	koz	143.3	60.2	69.2	175.8	448.4	532.7
Average Gold Price	US\$/oz	1,409	1,385	1,392	1,391	1,360 <sup>(1)</sup>	1,268 <sup>(1)</sup>
Copper Produced	kt	-	10.3	-	-	10.3	15.0
Copper Sales	kt	-	6.9	-	-	6.9	14.5
Average Copper Price	US\$/lb	-	2.85	-	-	2.84	3.05
Total Ore Mined	kt	3,217	1,173	433	6,456	11,280	10,518
Tonnes processed	kt	3,204	2,656	435	5,917	12,212	12,219
Gold grade processed	g/t	1.80	1.11	5.61	1.10	1.42	1.59
Recovery	%	78.6	88.3	86.6	82.5	84.4	86.0
Cash Costs	US\$/oz	859	481	682	736	733	489
All-In Sustaining Costs	US\$/oz	1,262	694	826	1,115	1,061	767

<sup>(1)</sup> Realised gains and losses on gold hedging are included in the consolidated average gold price.

Table 2 – Financial Summary

Quarter ended 31 December 2019	Q4	Q3	Q4	2019 <sup>(4)</sup>	2018 <sup>(1)</sup>
(US\$m)	31 Dec 2019	30 Sep 2019	31 Dec 2018		
Revenue	152.1	133.6	183.3	651.2	772.5
Cost of sales, excluding depreciation and amortization	(81.5)	(78.4)	(95.3)	(360.6)	(355.5)
General and administration &ndash; other <sup>(5)</sup>	(22.4)	(19.2)	(12.7)	(65.1)	(47.9)
General and administration &ndash; indirect taxes <sup>(2)</sup>	(3.4)	(1.2)	(3.1)	(11.9)	(12.0)
Foreign currency exchange gain/(loss)	0.2	0.3	0.6	0.5	3.1
Other income/(expense)	0.2	(1.2)	0.9	0.1	3.5
EBITDA (excluding gain/(loss) on undesignated hedges and impairment charge)	45.2	33.9	73.7	214.2	363.7
Depreciation and amortization	(50.1)	(36.4)	(45.3)	(168.6)	(191.0)
Net interest expense and finance costs	(3.0)	(3.1)	(2.8)	(13.2)	(14.2)
Earnings/(loss) before income tax (excluding gain/(loss) on undesignated hedges and impairment charge)	(7.9)	(5.6)	25.6	32.4	158.5
Income tax benefit /(expense) on earnings	7.2	0.3	(8.2)	(0.3)	(34.5)
Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges and impairment charge	(0.7)	(5.3)	17.4	32.1	124.1
Write off deferred exploration expenditure / investment <sup>(3)</sup>	(4.0)	-	(1.2)	(8.6)	(4.2)
Gain/(loss) on fair value of undesignated hedges	18.6	(23.0)	(5.9)	(12.5)	1.5
Tax (expense) / benefit on gain/loss on undesignated hedges	(5.2)	6.4	0.6	3.5	0.4
Share of loss from equity accounted associates	(0.1)	-	(0.1)	(0.1)	(0.3)
Net Profit/(loss)	8.7	(21.9)	10.9	14.5	121.7
Basic earnings per share	\$0.01	\$(0.04)	\$0.02	\$0.02	\$0.20
Diluted earnings per share	\$0.01	\$(0.04)	\$0.02	\$0.02	\$0.19

- (1) The Company's consolidated financial results for the 2018 year reflected adjustments on IFRS 15 adoption from January 1, 2018.
- (2) Represents indirect taxes in the Philippines specifically excise tax (expensed as from April 1, 2018), local business and property taxes. This value is included in the Company's AISC calculation as from January 1, 2019 in accordance with the World Gold Council's updated methodology.
- (3) In the fourth quarter, the Company recognised the write-off of deferred exploration related costs related to the earn-in joint venture of the Tuscarorara project in Nevada following agreement termination, Reefton rehabilitation costs and obsolete stock at Didipio following a review of all slow-moving warehouse inventory. This followed the previous write-off of deferred exploration related costs for the La Curva and Claudia projects due to the Company's termination of agreement with [Mirasol Resources Ltd.](#)
- (4) The Company's consolidated financial results for the 2019 year reflected adjustments on IFRS 16 adoption from January 1, 2019.
- (5) The Company did not record any revenue or cost of sales from the Didipio mine during the second half of 2019. In addition, General and Administration - other, includes non-production costs related to maintaining Didipio operational readiness of \$10.1 million in the fourth quarter and \$17.7 million for the full year 2019.

Table 3 &amp;ndash; Cash Flow Summary

Quarter ended 31 December 2019 (US\$m)	Q4 31 Dec 2019	Q3 30 Sep 2019	Q4 31 Dec 2018	2019	2018
Cash flows from Operating Activities	46.7	32.4	95.8	204.3	346.2
Cash flows used in Investing Activities	(51.4)	(54.3)	(51.2)	(239.7)	(229.0)
Cash flows used in Financing Activities	(4.3)	(4.0)	(3.3)	(21.0)	(79.3)

## Operations

For the year ended December 31, 2019, the Company produced 470,601 ounces of gold and 10,255 tonnes of copper including 108,151 ounces of gold and 68 tonnes of copper in the fourth quarter. Quarter-on-quarter gold production was nearly 20% higher for the United States and New Zealand operations relative to the previous quarter.

Full year consolidated cash costs were \$733 per ounce on sales of 448,430 ounces of gold, including fourth quarter cash costs of \$757 per ounce on sales of 107,330 ounces of gold. Quarter-on-quarter cash costs decreased 9% on improved productivity at Haile on mining and processing. AISC were \$1,061 per ounce sold for the full year, an increase of 38% over the prior year primarily due to lower gold sales, particularly at Didipio where no sales were transacted in the second half of the year. Fourth quarter AISC was \$980 per ounce sold, a decrease of 13% on the previous quarter due to lower cost of sales. Second half gold and copper production from Didipio remains in inventory and available for sale.

As previously announced, the Company suspended underground mining operations at Didipio in mid-July and ore processing in October due to depletion of consumables required for sustained operations. Mining and processing activities were suspended due to restrictions on material movements imposed by the local government unit's blockade. As a result, the Company did not transact any gold or copper sales from Didipio in the second half of the year.

The Company notes that despite the various government orders issued during the reporting period, subsequently there has been no material action to report on these matters. Moreover, the FTAA renewal

remains with the Office of the President with no definitive timeline provided for a decision. Given this, the Company concludes that there is an increased risk that resolution to the above matter(s) may take longer than previously anticipated, and therefore it will consider all potential options to maximise value from the asset. This includes consideration and assessment of possible divestment opportunities should they arise, if they are aligned to the Company's broader strategic objectives. While not currently quantifiable, the Company acknowledges that some such offers, subject to their timing and nature, may potentially be at a discount to the assumed future value of the project based on a resumption of normal operations.

At Haile, the operation delivered its fourth consecutive quarter of operational improvements. For the year ended December 31, 2019, the Haile operation produced 146,131 ounces of gold including 46,420 ounces in the fourth quarter. Quarter-on-quarter production increased 26% driven primarily by higher grades from lower benches of Snake Phase 1. Fourth quarter AISC improved to \$1,014 per ounce, or 8% quarter-on-quarter due to improved mining and milling efficiencies and higher gold sales. Haile's 2019 AISC also included approximately \$57 per ounce in corporate allocations.

Macraes produced 172,475 ounces of gold in 2019, down 22% from the same period in 2018 reflecting mine sequencing whereby mining took place in areas of lower grades, as expected. Quarter-on-quarter production of 45,505 ounces of gold increased 20% as the operation began accessing higher grade ore in Coronation Stage 5 in the fourth quarter. Production at Waihi was relatively flat quarter-over-quarter and decreased 18% over the prior year consistent with the mine plan.

## Financial

In the year ended December 31, 2019, the Company generated \$651.2 million in revenue including \$152.1 million in the fourth quarter. Full year revenue decreased 16% from 2018 primarily due to lower sales volumes as no sales from Didipio in the second half, partially offset by a 7% higher average gold price received relative to 2018 and increased sales volumes from Haile, which completed its second full year of commercial production.

Quarter-on-quarter revenue increased 14% to \$152.1 million on increased sales volume from New Zealand and a higher average gold price received, partially offset by the absence of sales from Didipio. Full year EBITDA was \$214.2 million while fourth quarter EBITDA was \$45.2 million, both of which were also negatively impacted by the absence of sales from Didipio and the non-production costs related to maintaining operational readiness at Didipio of \$10.1 million in the fourth quarter and \$17.7 million for the full year 2019. EBITDA in the fourth quarter was also impacted by the expensing of approximately \$3.4 million of Philippines production taxes paid in a prior period.

Full year 2019 net profit after income tax and before unrealized losses on undesignated hedges and impairment charge was \$32.1 million or \$0.05 per share on a fully diluted basis. This result was impacted by the lower EBITDA, partially offset by lower depreciation and amortisation charges as compared to the prior year. Fourth quarter net loss after income tax and before unrealized losses on undesignated hedges and impairment charge was \$0.7 million or \$0.00 per share on a fully diluted basis, primarily due to higher depreciation and amortization costs quarter-on-quarter and non-production costs to maintain operational readiness at Didipio recorded during the quarter.

Annual operating cash flows were \$204.3 million while fourth quarter operating cash flows were \$46.7 million, a 41% decrease from the prior year and 44% increase from the previous quarter. The year-over-year decrease is a result of an absence of sales from Didipio in the second half of the year, and the quarter-on-quarter increase reflects increased gold sales from Macraes during the quarter. Cash flows used in investing activities decreased on the previous quarter due to reduced growth capital at Haile.

As of December 31, 2019, the Company's cash balance stood at \$49.0 million, excluding \$37.0 million held in equity investments. Total liquidity was \$99.0 million while net debt was \$179.4 million.

## Growth

At Waihi, the Company progressed development of the Martha Underground with completion of 1,300 metres of mine development in the fourth quarter, and the project is on-track for first production in the second

quarter of 2021. Subsequent to year-end, the Company announced an upgrade to the Martha Underground resource through a combination of infill and extensional drilling, including an increase to both ounces of gold and average grade of both Indicated and Inferred resource categories. Indicated resources increased by 150% over the prior year, totalling 824,000 ounces of gold and underpinning the project's ten-year mine life. The Company expects to complete the Waihi District Study, a preliminary economic assessment-level study, in the second quarter of 2020.

At Haile, the Company completed construction of the pre-aeration thickener to support grind size optimisation through the new circuit. Post completion of the thickener installation and further optimisation of the regrinding circuit, the Company is targeting higher steady-state recoveries at average throughput rates of approximately 3.6 to 3.7 million tonnes per annum. The Company also continues to enhance open pit operations by accelerating mining activities and achieving productivity improvements, including bringing forward mining of two open pits in 2020, both previously scheduled for mining in 2021. With enhancement of open pit operations ongoing, the Company is also evaluating an opportunity to optimise the Horseshoe Underground Mine and potentially defer the project to 2021.

At Macraes, the Company continues to advance organic growth opportunities, including the Golden Point target and the underground study which is expected to be completed in the second half of 2020. Investment in exploration with drilling activities across multiple targets within the Macraes Goldfield and further mine planning is underway.

#### Conference Call

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](http://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

A recording will be available for viewing on the Company's website following the webcast.

#### About OceanaGold

[OceanaGold Corp.](#) 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. For 2020, the Company expects to produce between 360,000 and 380,000 ounces of gold from Haile, Waihi and Macraes combined at a consolidated All-In Sustaining Costs ranging from \$1,075 to \$1,125 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 Corp.](#) 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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(All financial figures in US Dollars unless otherwise stated)

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