

OceanaGold Reports Third Quarter 2019 Results



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(All financial figures in US Dollars unless otherwise stated)

MELBOURNE, Oct. 31, 2019 /CNW/ - OceanaGold Corporation (**TSX: OGC**) (**ASX: OGC**) (the "Company") reported its third quarter 2019 financial and operational results for the quarter ended September 30, 2019. 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

Key Highlights

- Consolidated production of 362,450 ounces of gold and 10,187 tonnes of copper in the nine months ended September 30, 2019, including third quarter production of 107,478 ounces of gold and 2,316 tonnes of copper.
- Year-to-date ("YTD") operating cash flow of \$157.6 million, including \$32.4 million in the third quarter.
- Immediately available liquidity at \$105.6 million, including \$55.6 million of cash on hand.
- Revenue of \$499.1 million with Earnings before Interest, Depreciation and Amortisation ("EBITDA") of \$169.0 million and a net profit of \$5.8 million in the nine months ended September 30, 2019.
- Third quarter revenue of \$133.6 million, EBITDA of \$33.9 million and a net loss of \$21.9 million (including \$16.6 million of unrealised losses on undesignated hedges after tax).
- All-In Sustaining Costs ("AISC") of \$1,087 per ounce on sales of 341,100 ounces of gold and 6,901 tonnes of copper in the nine months ended September 30, 2019.
- Third quarter consolidated AISC of \$1,122 per ounce on sales of 94,347 ounces of gold and no copper sales.
- The Company continues to work constructively with the Philippine national government on a Financial or Technical Assistance Agreement renewal. While this matter progresses, operations at Didipio remain temporarily suspended.
- Strong exploration results at Haile, Waihi's Martha Underground and Macraes Golden Point underpinning significant organic growth pipeline.
- Subsequent to quarter end, secured New Zealand Overseas Investment Office approval to acquire rural land as part of the expansion plans at Waihi.

Mick Wilkes, President and CEO of OceanaGold said, "We've had a challenging time at Didipio this quarter where actions from the provincial and local governments forced us to temporarily suspend underground mining while ceasing all trucking of supplies and concentrate. As a result, we did not record any gold or copper sales from Didipio during the quarter and that adversely impacted our financial results. Despite this impact, and with multiple mines in our portfolio, we ended the third quarter with approximately \$56 million in cash, available liquidity of \$106 million and a modest level of debt."

"Elsewhere our New Zealand operations continued to deliver to plan while Haile demonstrated another successive quarter of productivity improvements on nearly all operating measures. Some production from Haile has been deferred to the fourth quarter as we were delayed in accessing some high-grade ore at the bottom of the Snake pit. We expect continued operational improvement from Haile, and we are confident that we have the right team in place to deliver positive results over the long-term."

"Looking ahead, we expect production at Waihi in the fourth quarter to be similar to the third quarter, and production from Haile and Macraes to increase as we access and process higher grade ore. The timing of a resumption of normal operations at Didipio remains uncertain. However, we continue to work in partnership with the Philippine National Government on a renewal of the FTAA."

"The Didipio Mine is a template for responsible mining in the Philippines, and our workforce comprising 97% Philippine nationals are some of the best miners globally. This workforce remains in a state of operational readiness in anticipation of either an FTAA renewal or a successful legal challenge through the Philippine Court of Appeals against the Governor of Nueva Vizcaya's and local government unit's actions."

Table 1 – Production and Cost Results Summary

Quarter ended 30 Sept 2019	Haile Didipio Waihi Macraes				Consolidated		
					Q3 2019	Q2 2019	
Gold Produced	koz	36.8	16.7	16.0	37.9	107.5	129.3
Gold Sales	koz	42.1	(0.6)	15.3	37.6	94.3	125.6
Average Gold Price	US\$/oz	1,477-		1,481	1,482	1,414 ⁽¹⁾	1,331
Copper Produced	kt	-	2.3	-	-	2.3	4.0
Copper Sales	kt	-	-	-	-	-	3.6
Average Copper Price	US\$/lb	-	-	-	-	-	2.60
Total Ore Mined	kt	669	92	115	1,181	2,057	2,836
Tonnes Processed	kt	834	604	117	1,471	3,026	3,431
Gold Grade Processed	g/t	1.75	0.97	4.93	0.98	1.34	1.40
Gold Recovery	%	78.1	89.4	86.3	81.9	82.4	83.8
Cash Costs	US\$/oz	888	0 ⁽²⁾	686	805	828	684
All-In Sustaining Costs	US\$/oz	1,106	0 ⁽²⁾	778	1,262	1,122	1,118
Year to date 30 Sept 2019	Haile Didipio Waihi Macraes				Consolidated		
					YTD 2019	YTD 2018	
Gold Produced	koz	99.7	83.5	52.3	127.0	362.4	406.6
Gold Sales	koz	100.9	96.2	50.5	129.5	341.1	400.6
Average Gold Price	US\$/oz	1,380	1,385	1,361	1,358	1,346	1,315
Copper Produced	kt	-	10.2	-	-	10.2	12.1
Copper Sales	kt	-	6.9	-	-	6.9	11.4
Average Copper Price	US\$/lb	-	2.84	-	-	2.84	3.05
Total Ore Mined	Kt	1,852	1,173	333	4,616	7,974	7,839
Tonnes processed	Kt	2,341	2,633	338	4,452	9,763	9,241
Gold grade processed	g/t	1.69	1.11	5.55	1.07	1.39	1.58
Recovery	%	77.9	88.5	86.5	82.8	83.3	86.4
Cash Costs	US\$/oz	896	481	695	718	725	465
All-In Sustaining Costs	US\$/oz	1,366	694	855	1,142	1,087	751

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

(2) Didipio recorded nil gold sales in the quarter ended 30 September 2019 and therefore did not record an AISC on an ounce sold basis. An AISC on gold produced during Q3 will be recognised on sale.

Table 2 – Financial Summary

Quarter ended 30 Sept 2019	Q3 ⁽⁵⁾	Q2	Q3	YTD ⁽⁴⁾	YTD ⁽¹⁾
(US\$m)	30 Sept 2019	30 June 2019	30 Sept 2018	Sept 30 2019	Sept 30 2018
Revenue	133.6	186.0	186.8	499.1	589.2
Cost of sales, excluding depreciation and amortization	(78.4)	(99.7)	(92.3)	(279.1)	(260.3)
General and administration – other ⁽⁵⁾	(19.2)	(11.9)	(12.3)	(42.7)	(35.2)
General and administration – indirect taxes ⁽²⁾	(1.2)	(4.5)	(4.0)	(8.5)	(8.9)
Foreign currency exchange gain/(loss)	0.3	0.2	0.7	0.3	2.6
Other income/(expense)	(1.2)	0.6	0.5	(0.1)	2.6
EBITDA (excluding gain/(loss) on undesignated hedges and impairment charge)	33.9	70.7	79.4	169.0	290.0
Depreciation and amortization	(36.4)	(41.7)	(46.6)	(118.5)	(145.7)
Net interest expense and finance costs	(3.1)	(3.5)	(4.0)	(10.2)	(11.5)
Earnings / (loss) before income tax (excluding gain/(loss) on undesignated hedges and impairment charge)	(5.6)	25.5	28.8	40.3	133.0
Income tax (expense) / benefit on earnings	0.3	(3.4)	(8.4)	(7.7)	(26.2)
Earnings / (loss) after income tax and before gain/(loss) on undesignated hedges and impairment charge	(5.3)	22.1	20.4	32.8	106.8
Write off deferred exploration expenditure / investment ⁽³⁾	-	-	-	(4.6)	(2.9)
Gain/(loss) on fair value of undesignated hedges	(23.0)	(9.5)	1.4	(31.1)	7.4
Tax (expense) / benefit on gain/loss on undesignated hedges	6.4	2.7	(0.1)	8.7	(0.3)
Share of loss from equity accounted associates	-	-	-	-	(0.2)

Net Profit / (loss)	(21.9)	15.3	21.7	5.8	110.8
Basic earnings / (loss) per share	\$(0.04)	\$0.02	\$0.04	\$0.01	\$0.18
Diluted earnings / (loss) per share	\$(0.04)	\$0.02	\$0.03	\$0.01	\$0.18

(1) The Company's consolidated financial results for YTD September 30, 2018 reflected adjustments on IFRS 15 adoption from January 1, 2018.

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.

(2) Deferred exploration related costs for the La Curva and Claudia projects were written off due to termination of agreement with Mirasol Resources Ltd

(3) The Company's consolidated financial results for YTD September 30, 2019 reflected adjustments on IFRS 16 adoption from January 1, 2019.

(4) The Company did not record any revenue or cost of sales from the Didipio mine during the third quarter of 2019. In addition third quarter 2019 General and Administration - other, includes \$7.6 million non-production costs related to maintaining Didipio operational readiness.

Table 3 – Cash Flow Summary

Quarter ended 30 Sept 2019 (US\$m)	Q3 30 Sept 2019	Q2 30 June 2019	Q3 30 Sept 2018	YTD Sept 30 2019	YTD Sept 30 2018
Cash flows from Operating Activities	32.4	86.2	64.3	157.6	250.4
Cash flows used in Investing Activities	(54.3)	(76.1)	(58.7)	(188.3)	(177.8)
Cash flows used in Financing Activities	(4.0)	(10.1)	(63.3)	(16.7)	(76.0)

Operations

For the nine months ended September 30, 2019, the Company produced 362,450 ounces of gold and 10,187 tonnes of copper including 107,748 ounces of gold and 2,316 tonnes of copper in the third quarter. Quarter-on-quarter gold production decreased 17% due to the processing of mostly low-grade stockpiles at Didipio.

Consolidated cash costs YTD were \$725 per ounce on sales of 341,100 ounces of gold, including third quarter cash costs of \$828 per ounce on sales of 94,347 ounces of gold. Quarter-on-quarter cash costs increased due to a higher weighted average cost largely related to the lack of sales from Didipio. Didipio's third quarter production remains in inventory and available for sale once normal operations resume. All-In Sustaining Costs ("AISC") in the nine months ended September 30, 2019, was \$1,087 per ounce sold while third quarter AISC was \$1,122 per ounce sold, which was similar to the previous quarter.

As previously announced, underground mining activities at Didipio were temporarily suspended in mid-July due to the depletion of consumable mining supplies as a result of restrictions on material movements imposed by the provincial and local government units. Processing of ore stockpiles continued during the third quarter which included a 24-day mill shutdown in September to complete maintenance activities. The Company did not transact any gold or copper sales from Didipio in the third quarter. As announced, subsequent to quarter end the Company temporarily suspended ore processing at Didipio due to depletion of consumables required for sustained operations.

At Haile, the operation delivered its third consecutive quarter of operational improvements. For the nine months ended September 30, 2019, the Haile operation produced 99,711 ounces of gold including 36,812 ounces in the third quarter. Quarter-on-quarter production was similar, but the current quarter was impacted by delayed access to higher grade ore from Snake Phase 1 due to the confined nature of the mining area at the bottom of the pit. Third quarter AISC decreased significantly to \$1,106 per ounce, or 20% quarter-on-quarter due improved mining and milling efficiencies and higher gold sales.

Production at Macraes was similar to the previous quarter as expected with higher head grade partially offset by a decrease in mill feed and slightly lower recoveries. Production at Waihi decreased as expected consistent with the mine plan.

Financial

In the nine months ended September 30, 2019, the Company generated \$499.1 million in revenue including \$133.6 million in the third quarter. YTD revenue decreased over the same period in 2018 due mainly to lower sales volumes from Didipio in the third quarter and to a lesser extent, the expected reduction in gold sales from New Zealand. This was offset by an 18% increase in the third quarter average gold price received to \$1,414 per ounce.

Quarter-on-quarter revenue decreased on lower gold and copper sales with no sales from Didipio. YTD EBITDA was \$169.0 million while third quarter EBITDA was \$33.9 million, both of which were also negatively impacted by the absence of sales from Didipio.

Net loss before unrealised losses on undesignated hedges was \$5.3 million or \$(0.01) per share on a fully diluted basis. This result was impacted by the lower EBITDA, partially offset by lower depreciation and amortisation charges.

Operating cash flows YTD were \$157.6 million while third quarter operating cash flows were \$32.4 million, a 37% decrease from the prior YTD and 62% from the previous quarter. The quarter-on-quarter decrease is a result of no sales coming from Didipio during the quarter. Cash flows used in investing activities decreased on the previous quarter due to lower capitalised pre-stripping at Haile and the temporary suspension of underground mine development at Didipio.

Fully diluted cash flow per share before working capital was \$0.05, reflecting the quarter-on-quarter decrease in EBITDA.

As at the end of September 2019, the Company's cash balance stood at \$55.6 million, excluding approximately \$34.1 million held in strategic equity investments. Total liquidity was \$105.6 million while net debt was \$140.3 million.

Growth

At Waihi, the Company progressed development of the Martha Underground with completion of 871 metres of mine development in the third quarter. The pilot hole was drilled for a raise bore ventilation connection between the 800m and 920m levels. The Company expects to complete a Waihi district study in the first half of 2020 incorporating development of the Martha and WKP deposits over the longer-term highlighting production rates, high-level costs and production schedules.

At Haile, the Company continued to optimise the new regrinding circuit and in the fourth quarter expects to complete 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 steady-state recoveries in the mid-80% range at higher throughput rates. Engineering and other pre-construction planning activities for the Horseshoe Underground Mine continued during the quarter in anticipation of receiving the permit early in 2020.

At Macraes, the Company is currently investigating opportunities to increase mine life. To this end, the investment in exploration with drilling activities across multiple targets within the Macraes Goldfield and further mine planning is underway.

Work progressed on the scoping study for the Golden Point geological resource, with an updated geological model being constructed following the latest round of infill drilling. Other work undertaken included a geotechnical assessment and options for mining methods, including the potential for the use of backfill to maximise overall resource recovery.

Conference Call

The Company will host a conference call / webcast to discuss the results at 8:00 am on Friday November 1, 2019 (Melbourne, Australian Eastern Daylight Time) / 5:00 pm on Thursday October 31, 2019 (Toronto, Eastern Daylight Time).

Webcast Participants

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

<https://event.on24.com/wcc/r/2098641/891E38C74A61C2343A9CC5E3A0B4EECE>

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

Local (toll free) dial in numbers are:

North America: 1 888 390 0546

Australia: 1 800 076 068

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 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 expects to produce between 460,000 to 480,000 ounces of gold and 10,000 to 11,000 tonnes of copper at All-In Sustaining Costs ranging between \$1,040 and \$1,090 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.



SOURCE OceanaGold Corporation

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