

# OceanaGold Reports First Quarter 2019 Results

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(All financial figures in US Dollars unless otherwise stated)

MELBOURNE, April 29, 2019 /CNW/ - [OceanaGold Corp.](#) (TSX: OGC / ASX: OGC) (the "Company") reported its first quarter financial and operational results for the quarter ended March 31, 2019. Details of the consolidated financial statements and Management Discussion and Analysis ("MD&A") are available on the Company's website at [www.oceanagold.com](http://www.oceanagold.com)

## Key Highlights

- Consolidated gold production of 125,681 ounces and copper production of 3,910 tonnes.
- Consolidated All-In Sustaining Costs ("AISC") of \$1,026 per ounce on sales of 121,144 ounces gold and 3,324 tonnes copper.
- Revenue of \$179.5 million with Earnings Before Interest, Depreciation and Amortisation ("EBITDA") of \$64.4 million and Profit of \$12.4 million.
- Cash balance of \$86.5 million with total immediately available liquidity of \$136.5 million.
- Exploration success continued in New Zealand with initial resource announced at WKP and increased resource for the Martha Underground Project.
- Upgraded regrinding circuit installed and being commissioned at Haile including the Tower Mill and IsaMill™.
- Didipio received four awards at the Global CSR Awards in Malaysia, including top honours for Environment Excellence and Women Empowerment.
- Consolidated 2019 production and cost guidance maintained.

Mick Wilkes, President and CEO said, "Our start to the new year consisted of solid operating and financial performance. Didipio and Macraes and major steps forward in advancing our organic growth initiatives particularly at Waihi. It did, however, include continued mining challenges at Haile. With multiple operations, we were able to achieve good cash flows and a return which positions us well for the remainder of the year."

"At Haile the first two months of the year were challenging for us with low production, productivity and high costs. For the first quarter the mine remained saturated following the heavy rainfall experienced in the fourth quarter and start of the year. Higher grades were restricted and pre-stripping the saprolitic clay material proved challenging." He added, "Although the mine mined lower tonnes and grades in the upper zones of Snake pit than expected, the reconciliation has recently better aligned our resource model as we've mined lower benches. Improvement plans implemented this year became effective in March, resulting in considerable improvement to productivity and production."

"Didipio continues to deliver consistently positive results with strong operating performance and continued ramp-up of underground operations. Didipio maintains its standing as a world-class mining operation with industry leading safety performance with continuing to receive multiple global accolades for environmental and social performance."

"In New Zealand, Macraes had another strong quarter of production and strong margins on the back of strong head grades at Coronation North. At Waihi, production was lower as expected due mainly to mine sequencing whereby we are mining deeper zones of Correnso Deeps and other veins."

"Organic growth initiatives continued to advance well with a focus on the Martha Underground mine planning and resource estimation, WKP exploration and Golden Point underground study at Macraes. In addition, the process plant expansion at Haile is including the installation and commissioning of the IsaMill™ with the tie-in taking place successfully in early April."

Table 1 – Production and Cost Results Summary

Quarter ended 31 Mar 2019 Haile Didipio Waihi Macraes Consolidated

						Q1 2019	Q4 2018
Gold Produced	koz	25.7	33.6	15.1	51.2	125.7	126.7
Gold Sales	koz	24.8	29.1	15.1	52.2	121.1	132.2
Average Gold Price	US\$/oz	1,301	1,324	1,300	1,304	1,308	1,239
Copper Produced	kt	-	3.9	-	-	3.9	2.9
Copper Sales	kt	-	3.3	-	-	3.3	3.1
Average Copper Price	US\$/lb	-	3.12	-	-	3.12	3.04
Cash Costs	US\$/oz	1,164	394	767	603	688	563
All-In Sustaining Costs	US\$/oz	1,787	638	988	892	1,026	814

Table 2 – Financial Summary

Quarter ended 31 Mar 2019	Q1	Q4
(US\$m)	31 Mar 2019 <sup>(4)</sup>	31 Mar 2018
Revenue	179.5	183.1
Cost of sales, excluding depreciation and amortisation	(101.0)	(95.1)
General and administration &ndash; other	(11.6)	(12.1)
General and administration &ndash; indirect taxes <sup>(2)</sup>	(2.8)	(3.1)
Foreign currency exchange gain/(loss)	(0.2)	0.6
Other income/(expense)	0.5	0.9
EBITDA (excluding gain/(loss) on undesignated hedges and impairment charge)	64.4	73.1
Depreciation and amortization	(40.4)	(45.1)
Net interest expense and finance costs	(3.6)	(2.1)
Earnings before income tax (excluding gain/(loss) on undesignated hedges and impairment charge)	20.4	25.1
Income tax expense on earnings	(4.4)	(8.1)
Earnings after income tax and before gain/(loss) on undesignated hedges and impairment charge	16.0	17.1
Write off deferred exploration expenditure / investment <sup>(3)</sup>	(4.6)	(1.1)
Gain/(loss) on fair value of undesignated hedges	1.4	(5.1)
Tax (expense) / benefit on gain/loss on undesignated hedges	(0.4)	0.6
Share of loss from equity accounted associates	(0.0)	(0.1)
Net Profit	\$12.4	10.1
Basic earnings per share	\$0.02	\$0.02
Diluted earnings per share	\$0.02	\$0.02

(1) The Company's consolidated financial results for the quarter ended March 31, 2018 reflected 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.

(3) Deferred exploration related costs for the La Curva and Claudia projects have been written off in the quarter ended March 31, 2019 following termination of the agreements with [Mirasol Resources Ltd.](#)

(4) The Company's consolidated financial results for the quarter ended March 31, 2019 reflected IFRS 16 adoption from January 1, 2019.

Table 3 &ndash; Cash Flow Summary

Quarter ended 31 Mar 2019	Q1	Q4	Q1
(US\$m)	31 Mar 2019	31 Dec 2018	31 Mar 2018
Cash flows from Operating Activities	39.0	95.8	77.1
Cash flows used in Investing Activities	(57.9)	(51.2)	(59.1)
Cash flows used in Financing Activities	(2.6)	(3.3)	(4.4)

## Operations

For the first quarter, the Company produced 125,681 ounces of gold, 3,910 tonnes of copper and 89,280 ounces of silver. Gold production was broadly in-line with the previous quarter and first quarter of 2018. Quarter-on-quarter increase in production from Didipio was partially offset by decreased production from the New Zealand operations and Haile.

Consolidated All-In Sustaining Costs ("AISC") for the first quarter was \$1,026 per ounce on sales of 121,144 ounces of gold. The quarter-on-quarter increase in AISC reflects higher costs, particularly mining costs at Haile, higher total sustaining capital, combined with lower average feed grades and gold sales volumes.

In the first quarter, the Haile operation produced 25,717 ounces of gold, including 12,819 ounces in the month of March, a 95% improvement on the previous two months. The significant increase in production in March is a function of improvements made at the mine, significantly better weather, improvements in staffing and access to higher grade ore zones. For the quarter, the operation mined 3.8 million tonnes including 0.6 million tonnes of ore. Total material mined in March increased 53% from February. The total mill feed for the quarter was 749k tonnes including 273k tonnes milled in the month of March representing a 15% improvement on the previous months.

Mining unit costs were higher than expected due to the introduction of a mining contractor to remove softer clay rich material and infrastructure improvements such as the installation of 11 additional water depressurisation wells.

Since September 2018, the site has received nearly 50 inches of rain including approximately 10 inches in January and February. This compares to an average rainfall of approximately 3.8 inches per month historically. Despite this unusually wet weather and severe storms, the operation did not sustain any environmental breaches.

To mitigate against future high seasonal rainfall periods, an additional 15 water depressurisation wells are planned along with the continued removal of softer clay material using a contractor for the remainder of the year. The Company expects production will increase in the second quarter and second half of 2019 on higher grades and better mine productivity while costs are expected to decrease throughout the year.

## Financial

In the first quarter, the Company generated \$179.5 million in revenue, which was similar to the previous quarter with lower sales offset by a higher gold price received. The EBITDA for the quarter was \$64.4 million resulting in an EBITDA margin of approximately 36%. The quarter-on-quarter decrease in EBITDA was driven by higher operating costs, mainly at Haile. Net Profit for the quarter was \$12.4 million or \$0.02 per share on a fully diluted basis. On an adjusted net profit basis (before unrealised losses on undesignated hedges and impairment charge) profit for the first quarter was \$16.0 million or \$0.03 per share fully diluted.

For the first quarter, the Company generated operating cash flows of \$39.0 million which compares to \$95.8

million in the previous quarter and \$77.1 million in the first quarter of 2018. The quarter-on-quarter decrease in cash flow relates mainly to lower EBITDA and unfavourable movements in working capital rather than favourable movements in working capital recorded in the prior quarter. Fully diluted cash flow per share before working capital was \$0.10 for the quarter.

As at the end of March 2019, the Company's cash balance stood at \$86.5 million, excluding approximately \$45.7 million held in strategic equity investments. Total liquidity was \$136.5 million while net debt was \$99.2 million. In the first quarter, the Company paid \$13.8 million in tax in New Zealand while continuing to invest in its organic growth opportunities.

## Growth

The Company's organic growth opportunities particularly at Haile and Waihi continue to advance well while exploration remains an important component to enabling the Company's growth strategy.

At Waihi, the Company announced an upgrade to the resource for the Martha Project. This followed receipt of resource consents (permits) in early February allowing the advancement of the project to operations. In the first quarter, the Company announced an initial resource at its highly prospective WKP prospect. Over the course of the year, the Company will complete a feasibility study for the Waihi operation while continuing its resource drilling and mine plans for the Martha Underground.

At Haile, the Company successfully completed installation of the Tower Mill in the first quarter. Early in the second quarter, the Company successfully completed an extended shutdown of the process plant to complete maintenance activities and connect the IsaMill™, which is now operating in circuit. Permitting of the larger open pits and the Horseshoe underground at Haile continues to progress well and the Company expects receipt of these permits by the end of 2019 or early 2020. The front-end engineering design activities for the Horseshoe underground are currently underway and a Project Director, who previously led the Didipio Underground construction, has been appointed to manage the Horseshoe development.

At Macraes, the Company has previously stated that through exploration and mine planning, it is seeking to extend the mine life. One of these opportunities is at Golden Point, where the Company is investigating the potential for a standalone underground operation.

## First Quarter 2019 Results and Webcast

The Company will host a conference call / webcast to discuss the results at 7:30 am on Tuesday April 30, 2019 (Melbourne, Australian Eastern Standard Time) / 5:30 pm on Monday April 29, 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/1964727/BC09B89827D8C33EB9F9EC0D8CFC9941>

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

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

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 expects to produce between 500,000 to 550,000 ounces of gold and 14,000 to 15,000 tonnes of copper at All-In Sustaining Costs ranging between \$850 and \$900 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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