



# Management Discussion and Analysis

**Second Quarter 2020 Results**

**July 30, 2020**

[www.oceanagold.com](http://www.oceanagold.com)

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION IN MANAGEMENT DISCUSSION & ANALYSIS

This Management Discussion & Analysis contains “forward-looking statements and information” within the meaning of applicable securities laws which may include, but is not limited to, statements with respect to the future financial and operating performance of the Company, its subsidiaries and affiliated companies, its mining projects, the future price of gold, the estimation of mineral reserves and mineral resources, the realisation of mineral reserve and resource estimates, costs of production, estimates of initial capital, sustaining capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of the development of new mines, costs and timing of future exploration and drilling programs, timing of filing of updated technical information, anticipated production amounts, requirements for additional capital, governmental regulation of mining operations and exploration operations, timing and receipt of approvals, consents and permits under applicable mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements and information can be identified by the use of words such as “may”, “plans”, “expects”, “projects”, “is expected”, “budget”, “scheduled”, “potential”, “estimates”, “forecasts”, “intends”, “targets”, “aims”, “anticipates” or “believes” or variations (including negative variations) of such words and phrases, or may be identified by statements to the effect that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements and information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries and/or its affiliated companies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, future prices of gold; general business, economic and market factors (including changes in global, national or regional financial, credit, currency or securities markets), changes or developments in global, national or regional political and social conditions; changes in laws (including tax laws) and changes in GAAP or regulatory accounting requirements; the actual results of current production, development and/or exploration activities; conclusions of economic evaluations and studies; fluctuations in the value of the United States dollar relative to the Canadian dollar, the Australian dollar, the Philippines Peso or the New Zealand dollar; changes in project parameters as plans continue to be refined; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability or insurrection or war; labour force availability and turnover; adverse judicial decisions, delays in obtaining financing or governmental approvals, inability or delays in obtaining renewal of the Financial or Technical Assistance Agreement or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled “Risk Factors” contained in the Company’s Annual Information Form in respect of its fiscal year-ended December 31, 2019, which is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company’s name. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performance, achievements or events to differ from those anticipated, estimated or intended. Also, many of the factors are outside or beyond the control of the Company, its officers, employees, agents or associates. Forward-looking statements and information contained herein are made as of the date of this Management Discussion & Analysis and, subject to applicable securities laws, the Company disclaims any obligation to update any forward-looking statements and information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information due to the inherent uncertainty therein. All forward-looking statements and information made herein are qualified by this cautionary statement. This Management Discussion & Analysis may use the terms “Measured”, “Indicated” and “Inferred” Resources. U.S. investors are advised that while such terms are recognised and required by Canadian regulations, the Securities and Exchange Commission does not recognise them. “Inferred Resources” have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resources will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into reserves. U.S. investors are also cautioned not to assume that all or any part of an Inferred Resource exists or is economically or legally mineable. This document does not constitute an offer of securities for sale in the United States or to any person that is, or is acting for the account or benefit of, any U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “Securities Act”) (“U.S. Person”), or in any other jurisdiction in which such an offer would be unlawful.

### TECHNICAL DISCLOSURE

Mine Designs, schedules and economic analysis for Waihi District Study have been verified and approved by, or are based upon information prepared by or under the supervision of, T. Maton. T. Maton is a Member and Chartered professional with the Australasian Institute of Mining and Metallurgy. Mr Maton has sufficient experience, which is relevant to the style of mineralisation and type of deposits under consideration, and to the activities which they are undertaking, to qualify as Competent Persons as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (“JORC Code”) and all are Qualified Persons for the purposes of the NI 43-101. Mr Maton is an employee of OceanaGold and they consent to the inclusion in this release of the matters based on their information in the form and context in which it appears. For further scientific and technical information (including disclosure regarding Mineral Resources and Mineral Reserves) relating to the Waihi PEA and Operation, please refer to the PEA which will be filed on SEDAR on or before 30 August 2020, and NI 43-101 compliant technical reports available at [sedar.com](http://sedar.com) under the Company’s name.

For further scientific and technical information (including disclosure regarding mineral resources and mineral reserves) relating to the Haile Project, the Macraes mine and the Didipio mine please refer to the NI 43-101 compliant technical reports available at [sedar.com](http://sedar.com) under the Company’s name.

## Highlights

- Total Recordable Injury Frequency Rate (“TRIFR”) of 2.7 per million hours worked compared to 3.0 per million hours worked at the end of the first quarter of 2020.
- First half of 2020 consolidated production of 139,385 ounces of gold at All-In Sustaining Costs (“AISC”) of \$1,237 per ounce on sales of 153,343 ounces of gold.
- Consolidated second quarter gold production of 58,678 ounces at AISC of \$1,265 per ounce on sales of 61,955 ounces of gold.
- First half revenue of \$234.0 million with Earnings before Interest, Depreciation and Amortisation (“EBITDA”) of \$54.8 million.
- Second quarter revenue of \$95.8 million with EBITDA of \$12.4 million.
- Cash balance and total immediately available liquidity of \$147.7 million; net debt of \$169.6 million.
- Subsequent to quarter-end, the Company delivered the Waihi District Study Preliminary Economic Assessment (“PEA”) with after-tax IRR of 51%, net present value (“NPV”) of \$665 million and 2.2 million gold ounces produced over 16 years<sup>1</sup>.
- Advanced Martha Underground development with 1,342 metres completed in the second quarter and 2,855 metres year-to-date (“YTD”).
- Revised 2020 production guidance from 360,000 to 380,000 to 340,000 to 360,000 ounces. On a gold sold basis AISC is reduced from \$1,075 to \$1,125 to \$1,050 to \$1,100 per ounce sold.
- Guidance reduction due to lower Macraes production primarily related to the 5-week New Zealand COVID-19 restrictions which were lifted on April 27.

Period ended 30 June 2020 (US\$m)	Q2 2020	YTD 2020
Gold Production (koz)	58.7	139.4
Copper Production (kt)	-	-
Consolidated All-In Sustaining Costs (\$/oz)	\$1,265	\$1,237
Revenue	95.8	234.0
EBITDA (excluding gain/(loss) on undesignated hedges)	12.4	54.8
Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges and impairment charge	(31.5)	(42.3)
Net Profit/(loss)	(31.4)	(57.4)
Basic earnings/(loss) per share (\$)	\$(0.05)	\$(0.09)
Diluted earnings/(loss) per share (\$)	\$(0.05)	\$(0.09)
Diluted adjusted earnings/(loss) per share (\$)	\$(0.05)	\$(0.07)
Net operating cash flow	16.7	137.3

Notes:

- All numbers in this document are expressed in USD unless otherwise stated.
- Cash Costs, All-In Sustaining Costs, All-In Sustaining Margin, EBITDA and liquidity are non-GAAP measures.
- Refer to the Accounting & Controls section of this report for explanation.
- Cash Costs and All-In Sustaining Costs are reported on ounces sold and net of by-product credits unless otherwise stated and exclude capital costs associated with expansionary growth.
- Consolidated All-in Sustaining Costs are inclusive of Corporate general and administrative expenses; site All-in Sustaining Costs are exclusive of Corporate general and administrative expenses.
- Adjusted earnings are earnings after income tax and before gains or losses on undesignated hedges and impairment charges.

<sup>1</sup> Readers are cautioned that the PEA is preliminary in nature. It includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

# Results for the second quarter ended June 30, 2020

## Health and Safety

At the end of the second quarter, the Company achieved a total recordable injury frequency rate (12MMA “TRIFR”) of 2.7 per million hours worked, down from 3.0 per million hours at the end of the previous quarter and 3.8 per million hours worked at the end of the first half of 2019. There were seven recordable injuries YTD compared to 15 for the same period in 2019.

In response to the COVID-19 pandemic, the Company enacted strict protocols to protect the health, safety and wellbeing of employees and contractors. At the end of the second quarter, the Company had two confirmed cases of COVID-19 at the Haile site.

## Operational and Financial Overview

Consolidated gold production for the first half of 2020 was 139,385 ounces, including 58,678 ounces produced in the second quarter, 27% lower than the first quarter and 45% below the first half of 2019. The year-over-year reduction mainly reflects the suspension of Didipio operations, while the lower second quarter production was expected based on the mined grade profile, combined with Waihi completing main stoping on the Correnso orebody in the first quarter. However, the quarter was further impacted by lower than expected production at Macraes and Haile due to COVID-19 restrictions and related productivity impacts. The Company continues to advance the Martha Underground development which despite the COVID-19 shutdown, remains on track for first production in the second quarter of 2021. At Waihi, narrow vein mining also continued ahead of batch processing planned for the fourth quarter.

Consolidated All-In Sustaining Costs (“AISC”) for the first half of 2020 were \$1,237 per ounce on sales of 153,343 ounces of gold. Second quarter AISC was \$1,265 per ounce on sales of 61,955 ounces of gold. The year-over-year increase in AISC was primarily driven by cessation of operations at Didipio. Cash costs for the first half of the year were \$860 per ounce while second quarter cash costs were \$946 per ounce, higher than the previous quarter and prior year due to the lower production, partially offset by lower total operating costs.

In the second quarter, COVID-19 restrictions and site-based protocols impacted the quarterly operating performance. At Haile, the operation retained strict protocols whereby all employees and contractors entering the site were required to undergo a health screening process. Social distancing measures were enforced, and shift changes were staggered. These measures did impact productivity, however despite this the Haile operation doubled mining movements and increased mill feed year-over-year while decreasing unit costs. Since the beginning of March approximately 170 employees and contractors have self-isolated for two weeks at some point during this time with two people having tested positive for COVID-19 as at the end of the second quarter. Both have subsequently recovered.

In New Zealand, a government-imposed lockdown, extending for five weeks, resulted in the cessation of capital development at Martha Underground, and at Macraes, mining operations being suspended allowing only limited processing of broken stocks and low-grade stockpiles. Restraints to mining and processing at Macraes imposed during the lockdown resulted in lower than expected production during the quarter.

The Didipio mine remained suspended during the quarter due to ongoing restraints placed on the operations by local government units and anti-mining blockade of the access road. The Financial or Technical Assistance Agreement (FTAA) remains with the Office of the President pending a decision of renewal. The Company is uncertain on the timeline for a decision.

For the first half of 2020, the Company reported revenue of \$234.0 million and EBITDA of \$54.8 million, both lower than the prior year period mainly due to Didipio’s operations remaining temporarily suspended. First half adjusted earnings resulted in a net loss of \$42.3 million compared to a net profit of \$38.1 million in the prior year half. Year-to-date general and administrative costs included \$16.3 million to maintain Didipio in a state of operational readiness, including \$7.9 million in the second quarter.

For the second quarter, the Company reported revenue of \$95.8 million and EBITDA of \$12.4 million which was lower than the first quarter due to the cessation of sales from Waihi, no sales from Didipio and lower sales from Macraes. Second quarter adjusted earnings resulted in a net loss of \$31.5 million compared to a net loss of \$10.7 million in the prior quarter.

The second quarter net loss of \$31.5 million was lower quarter-on-quarter due to a decrease in EBITDA consistent with lower production, sales and revenue. Net loss included a \$9.6 million gain on the fair value of undesignated hedges relating to New Zealand dollar gold price hedges whereas the prior quarter reflected an unrealised revaluation loss of \$21.2 million.

In the first half of 2020, the Company recorded operating cash flow of \$137.3 million, 10% above the first half of 2019 mainly due to the inclusion of \$78.5 million received for the presale of 48,000 gold ounces scheduled for delivery between September and December 2020. This was partly offset by reduced cash flows from Didipio and Waihi.

Fully diluted cash flow per share before working capital movements was \$0.02 in the second quarter and \$0.09 for the first half.

As at June 30, 2020, the Company had available cash of \$148 million, and the Company's revolving credit facilities remained fully drawn at \$200 million. The Company's net debt increased to \$170 million, which mainly reflected the reduced cash balance and an increase in total equipment leases mainly related to the progressive upgrade of the mining fleet at Haile.

The Company's hedging program includes New Zealand dollar ("NZD") denominated gold put and call options covering future gold production from Macraes, summarised below as at June 30, 2020:

Put Option Average Strike Price	Call Option Average Strike Price	Gold Ounces Remaining	Expiry Date
NZ\$2,000	NZ\$2,100	59,400	Dec 2020
<b>Total</b>		<b>59,400</b>	

On February 25, 2020, the Group entered into a gold prepayment arrangement with four financial institutions, in exchange for delivering 48,000 gold ounces between September and December 2020.

A summary of the marked to market value of derivatives is as per below:

Quarter ended 30 Jun 2020 (US\$m)	Hedge	Jun 30 2020	Dec 31 2019
Current Liabilities	Gold Options	(25.6)	(14.7)
<b>Total</b>		<b>(25.6)</b>	<b>(14.7)</b>

## Capital Expenditure

Consolidated capital expenditure in the second quarter 2020 was \$54.1 million, 9% lower than the previous quarter due mainly to reduced capitalised pre-strip and lower general operating capital at Macraes. Year-to-date capital expenditures of \$113.7 million includes pre-strip and capitalised mining at both Macraes and Haile plus growth capital spend for the development of Martha Underground at Waihi and expansion of the tailings and waste storage facilities at Haile for the ongoing mine expansion.

Total second quarter capital expenditure of \$26.7 million at Haile was primarily related to pre-strip and capitalised mining and the ongoing expansion of mining operations, including the tailings storage facility second wall lift and heavy earth work related to the construction of the PAG waste storage facility.

At Didipio, capital expenditure remains curtailed due to the suspension of operations due to the blockade by the local government units and anti-mining activists. The Company expects to resume capital programs related to the underground and general operations on the recommencement of normal operations. The capital incurred during the quarter relates to mining equipment ordered prior to the suspension of operations now being held in storage for future use.

Second quarter capital expenditure of \$9.7 million at Macraes included ongoing pre-strip at Coronation stage four, which was temporarily suspended to the New Zealand government COVID-19 restrictions. Macraes general operations capital was lower quarter-on-quarter. During the quarter the Company drew down \$7.8 million against a new dedicated \$10 million equipment finance facility with Westpac in respect of the new excavators at Macraes. The finance proceeds are not included below.

Waihi exploration was curtailed during the quarter as a result of restrictions related to COVID-19. Growth capital spend reflects ongoing development of the Martha Underground where 1,342 metres of development were completed during the second quarter.

Quarter ended 30 Jun 2020 (US\$m)	Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	2020 Guidance
General Operations Capital	4.2	9.3	12.1	20 – 30
Pre-strip and Capitalised Mining	12.3	18.3	29.6	55 – 65
Growth Capital (including corporate capital)	33.5	27.1	30.4	135 – 145
Exploration	4.0	4.9	9.9	20 – 25
<b>Capital and exploration expenditure</b>	<b>54.1</b>	<b>59.6</b>	<b>82.0</b>	<b>230 – 265</b>

Capital and exploration expenditure by location are summarised in the following table:

Quarter ended 30 Jun 2020 (US\$m)	Haile	Didipio	Waihi	Macraes
General Operations	1.0	0.2	-	3.0
Pre-strip and Capitalised Mining	7.7	-	-	4.6
Growth Capital	17.4	3.3	11.5	0.6
Exploration	0.6	-	1.9	1.5
<b>Capital and exploration expenditure</b>	<b>26.7</b>	<b>3.5</b>	<b>13.4</b>	<b>9.7</b>

Year to date 30 Jun 2020 (US\$m)	Haile	Didipio	Waihi	Macraes
General Operations	1.9	0.3	0.1	11.3
Pre-strip and Capitalised Mining	16.9	-	-	13.7
Growth Capital	31.0	5.2	21.6	1.0
Exploration	1.4	-	4.5	2.8
<b>Capital and exploration expenditure</b>	<b>51.2</b>	<b>5.5</b>	<b>26.2</b>	<b>28.8</b>

Notes:

- Capital expenditure presented on an accruals basis and excludes current period rehabilitation and closure costs of \$0.7 million at Reefton in the second quarter.
- Capital and exploration expenditure by location includes related regional greenfield exploration where applicable. Corporate capital projects and other greenfield exploration spend including costs associated with Joint Venture arrangements not related to a specific operating region are excluded. These totaled \$0.1 million in the second quarter.

## Income Statement

A summary of the financial performance is provided within the following table:

Quarter ended 30 Jun 2020 (US\$m)	Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Revenue	95.8	138.2	186.0	234.0	365.5
Cost of sales, excluding depreciation and amortization	(61.8)	(74.0)	(99.7)	(135.8)	(200.7)
General and administration – other <sup>(1)</sup>	(20.6)	(19.4)	(11.9)	(40.0)	(23.5)
General and administration – indirect taxes <sup>(2)</sup>	(0.9)	(1.2)	(4.5)	(2.1)	(7.3)
Foreign currency exchange gain/(loss)	(4.3)	(1.3)	0.2	(5.5)	0.0
Other income/(expense)	4.1	0.1	0.6	4.2	1.1
<b>EBITDA (excluding gain/(loss) on undesignated hedges and impairment charge)</b>	<b>12.4</b>	<b>42.4</b>	<b>70.7</b>	<b>54.8</b>	<b>135.1</b>
Depreciation and amortization	(39.4)	(50.1)	(41.7)	(89.5)	(82.1)

Net interest expense and finance costs	(3.1)	(2.8)	(3.5)	(5.9)	(7.1)
<b>Earnings/(loss) before income tax (excluding gain/(loss) on undesignated hedges and impairment charge)</b>	<b>(30.1)</b>	<b>(10.5)</b>	<b>25.5</b>	<b>(40.6)</b>	<b>45.9</b>
Income tax (expense)/ benefit on earnings	(1.5)	(0.2)	(3.4)	(1.7)	(7.8)
<b>Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges and impairment charge</b>	<b>(31.5)</b>	<b>(10.7)</b>	<b>22.1</b>	<b>(42.3)</b>	<b>38.1</b>
Write off exploration/property expenditure / investment <sup>(3)</sup>	(6.8)	-	-	(6.8)	(4.6)
Gain/(loss) on fair value of undesignated hedges	9.6	(21.2)	(9.5)	(11.6)	(8.1)
Tax (expense) / benefit on gain/loss on undesignated hedges	(2.7)	5.9	2.7	3.3	2.3
<b>Net Profit/(loss)</b>	<b>(31.4)</b>	<b>(26.0)</b>	<b>15.3</b>	<b>(57.4)</b>	<b>27.7</b>
Basic earnings/(loss) per share	\$(0.05)	\$(0.04)	\$0.02	\$(0.09)	\$0.04
Diluted earnings/(loss) per share	\$(0.05)	\$(0.04)	\$0.02	\$(0.09)	\$0.04

(1) 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's operational readiness of \$7.9 million in the second quarter of 2020 compared to \$8.4 million in the first quarter of 2020.

(2) Represents production-based taxes in the Philippines specifically excise tax, local business and property taxes.

(3) Impairment expense in relation to land at Haile of \$4.1m and write-off of deferred exploration related costs/investment in Locrian Resources Inc.

The following table provides a quarterly financial summary:

Quarter ended 30 Jun 2020 (US\$m)	Jun 30 2020	Mar 31 2020	Dec 31 2019 <sup>(1)</sup>	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018	Sep 30 2018
Average Gold Price Received (US\$/oz)	1,523	1,509	1,404	1,414	1,331	1,308	1,239	1,202
Average Copper Price Received (US\$/lb)	-	-	-	-	2.60	3.12	3.04	2.95
Revenue	95.8	138.2	152.1	133.6	186.0	179.5	183.3	186.8
EBITDA (excluding gain/(loss) on undesignated hedges and impairment charge)	12.4	42.4	45.2	33.9	70.7	64.4	73.7	79.4
Earnings after income tax and before gain/(loss) on undesignated hedges and impairment charge (net of tax)	(31.5)	(10.7)	(0.7)	(5.3)	22.1	16.0	17.4	20.4
Net Profit/(loss)	(31.4)	(26.0)	8.7	(21.9)	15.3	12.4	10.9	21.7
<b>Net Earnings/(loss) per share</b>								
Basic	\$(0.05)	\$(0.04)	\$0.01	\$(0.04)	\$0.02	\$0.02	\$0.02	\$0.04
Diluted	\$(0.05)	\$(0.04)	\$0.01	\$(0.04)	\$0.02	\$0.02	\$0.02	\$0.03

(1) The Company did not record any revenue or cost of sales from the Didipio mine during the second half of 2019.

## Revenue

The Company's second quarter operating revenue of \$95.8 million was 31% below the prior quarter primarily due to the absence of sales from Didipio and Waihi and lower sales volume from Macraes where production was planned to be lower but was further impacted by the New Zealand Government's COVID-19 restrictions. This was partly offset by higher revenue from Haile despite COVID-19 productivity impact during the quarter.

First half revenue of \$234.0 million was 36% lower than the first half of 2019 mainly due to the limited sales from Didipio and no second quarter sales from Waihi as expected. This was partially offset by a higher average gold price received.

## EBITDA

Analysis of revenue and costs for each operating site is contained within the Business Summary section of this report. The Company recorded first half EBITDA of \$54.8 million including \$12.4 million in the second quarter. First half EBITDA was 59% lower than that of the same period in the prior year mainly due to lower production from New Zealand and limited sales made from Didipio partly offset by an improved first half from Haile. Quarter-on-quarter EBITDA was lower due to the reduction in revenue.

## Depreciation and Amortisation

Depreciation and amortisation charges include amortisation of mine development and deferred pre-stripping costs plus depreciation of property, plant and equipment. Depreciation and amortisation charges are mostly calculated on a mining or processing units of production basis taking into account the life of mine. Amortisation of deferred pre-stripping further considers completion of mining stages. Depreciation of some assets is on a straight-line basis.

First half charges totalled \$89.5 million which was 9% higher than the first half of 2019 mainly due to increased mining and processing rates at Haile, which were materially lower in the prior period in part due to severe rain events materially impacting ground conditions and mining productivity. In addition, the Haile expansion includes a progressive increase in mining fleet capacity and processing plant upgrades. These were partially offset by lower charges at Didipio where operations remain suspended.

Second quarter charges were \$39.4 million which were 21% below the first quarter primarily due to the lower charges for Didipio and Waihi.

## Undesignated Hedges Gains/Losses

Unrealised hedge gains and losses reflect the changes in the fair value of the Company's undesignated hedges which are brought to account at the end of each reporting period. These valuation adjustments for the second quarter resulted in a \$9.6 million unrealised gain due to the mark-to-market revaluation of the New Zealand dollar gold hedges related to the second half of 2020. This compared to a \$21.2 million unrealised loss in the prior quarter.

## Taxation

The Company recorded an income tax expense of \$4.1 million in the second quarter which included a tax expense of \$2.7 million associated with the mark-to-market revaluation gain on the gold price hedges.

This compared with an income tax benefit of \$5.7 million in the previous quarter which was mainly a tax benefit of \$5.9 million associated with the mark-to-market revaluation loss of the undesignated hedges.

Accordingly, the underlying tax expense in the second quarter was \$1.4 million compared to an underlying tax expense of \$0.2 million in the previous quarter which had reflected adjustments on lodgement of New Zealand's prior year tax returns. The second quarter recorded a higher tax expense despite a higher overall net loss primarily due to operational profits in New Zealand and unrealised foreign exchange gains on non-New Zealand currency denominated loans and general currency translations. No potential tax benefits associated with costs incurred in maintaining Didipio operations in a state of operations readiness have been recognised.

For the first half of 2020, the Company recorded an income tax benefit of \$1.6 million compared to a tax expense of \$5.5 million for the first half of 2019 due to a higher tax benefit in the USA and lower tax expense for the New Zealand operations.

## Cash Flows

Quarter ended 30 Jun 2020 (US\$m)	Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Cash flows from Operating Activities	16.7	120.6	86.2	137.3	125.2
Cash flows used in Investing Activities	(50.9)	(33.8)	(71.6)	(84.7)	(134.0)
Cash flows from / (used) in Financing Activities	3.5	44.8	(10.1)	48.3	(12.7)

Cash inflows from operating activities for the second quarter of \$16.7 million were significantly below the previous quarter which included the \$78.5 million gold pre-payment arrangement, the sale of Didipio doré inventory and sales from Waihi.



For the first half of 2020, cash inflows from operating activities of \$137.3 million were 10% above the first half of 2019 primarily due to the \$78.5 million gold pre-payment arrangement partly offset by lower operating cash flows from Didipio and Waihi.

Cash used for investing activities of \$50.9 million in the second quarter reflected lower capital expenditure relative to the prior quarter primarily due to decreased capitalised pre-strip at Macraes and proceeds from the sale of mining equipment. The prior quarter also included \$22.1 million received from the sale of Gold Standard Venture ('GSV') shares.

For the first half of 2020, cash used for investing activities of \$84.7 million was 38% below the first half of 2019 primarily due to lower pre-strip costs, proceeds from the sale of GSV shares and mining equipment.

Cash from financing activities for the second quarter of \$3.5 million mainly reflected proceeds from finance leases which were partly offset by finance lease repayments.

For the first half of 2020, cash from financing activities of \$48.3 million mainly reflected the first quarter's \$50 million debt drawdown under the revolving credit facility and proceeds from finance leases partly offset by finance lease repayments of \$11.0 million. This compared to the prior first half's dividend of \$6.3 million and finance lease repayments of \$7.0 million.

## Balance Sheet

Quarter ended 30 Jun 2020 (US\$m)	Q2 30 Jun 2020	Q4 31 Dec 2019
Cash and cash equivalents	147.7	49.0
Other Current Assets	142.6	167.2
Non-Current Assets	1,875.6	1,856.0
<b>Total Assets</b>	<b>2,165.9</b>	<b>2,072.2</b>
Current Liabilities	268.0	202.7
Non-Current Liabilities	397.0	305.9
<b>Total Liabilities</b>	<b>665.0</b>	<b>508.6</b>
<b>Total Shareholders' Equity</b>	<b>1,500.9</b>	<b>1,536.6</b>

Current assets were \$290.3 million as at June 30, 2020 compared to \$216.2 million as at December 31, 2019 mainly due to higher cash balances, partly offset by lower inventory at the operating sites.

Non-current assets decreased to \$1.88 billion as at June 30, 2020 compared to \$1.86 billion as at December 31, 2019, mainly due to a reduction in other financial assets following the sale of GSV shares, partly offset by increase in mining assets and property, plant and equipment.

Current liabilities were \$268.0 million as at June 30, 2020 compared to \$202.7 million as at December 31, 2019. This increase was mainly attributable to the prepaid gold sales contracts of \$78.5 million and unrealised losses in the fair value of undesignated hedges, partially offset by decreased income tax liabilities. During March, income tax of \$4.5 million was paid in New Zealand in relation to the 2018 year.

Non-current liabilities increased to \$397.0 million as at June 30, 2020 from \$305.9 million as at December 31, 2019 mainly due to the drawdown of \$50 million under the revolving credit facility and finance lease liabilities related to the progressive upgrade of the mining fleet at Haile.

## Shareholders' Equity

A summary of the movement in shareholders' equity is set out below:

Quarter ended 30 Jun 2020 (US\$m)	Q2 30 Jun 2020
Total equity at beginning of the quarter	1,507.9
Profit/(loss) after income tax	(31.4)
Movement in other comprehensive income/(loss)	21.8
Movement in contributed surplus	2.4
Issue of shares	0.2
<b>Total equity at end of the quarter</b>	<b>1,500.9</b>

Shareholders' equity decreased by \$7.0 million to approximately \$1.5 billion as at June 30, 2020, mainly due to the movements in other comprehensive income and net loss in the second quarter. Other Comprehensive Income reflects the net changes in the fair value of other financial assets and currency translation differences which arise from the translation of values of assets and liabilities in entities with a functional currency other than USD. A summary of capital resources is set out below:

Quarter ended 30 Jun 2020	Shares Outstanding	Options and Share Rights Outstanding	Fully Diluted Shares Outstanding
July 29, 2020	622,441,373	15,156,436	637,597,809
June 30 2020	622,441,373	15,156,436	637,597,809
December 31, 2019	622,323,696	12,198,187	634,521,883

## Debt Management and Liquidity

As at June 30, 2020, the cash funds held were \$147.7 million compared to \$49.0 million as at December 31, 2019. The increase was mainly due to cash flow from operations, the receipt of \$78.5 million from the forward gold sale, \$23.1 million from the sale of the Company's non-core equity interest in GSV and the drawdown of \$50 million against the Company's revolving credit facility. The Company was in a net current asset position of \$22.3 million as at June 30, 2020 compared to \$13.5 million as at December 31, 2019.

As at June 30, 2020, the Company's total debt facilities remained fully drawn to \$200 million. The Company had immediately available liquidity of \$147.7 million as at June 30, 2020 as compared to \$99.0 million as at December 31, 2019. The Company continues to proactively manage liquidity in light of the ongoing delay in a resumption of operations at Didipio. These actions seek to ensure we can adapt to short term challenges while delivering organic growth projects on the optimal timelines.

## Capital Commitments

Capital commitments relate principally to the purchase of property, plant and equipment mainly at Haile, Waihi and Didipio. The Company's capital commitments as at June 30, 2020 are as follows:

Quarter ended 30 Jun 2020 (US\$m)	Capital Commitments
Within 1 year	7.8

## Selected Annual Information

The following table provides financial data for the Company for each of the three most recently completed financial years:

Quarter ended 30 Jun 2020 (US\$m)	Q2 2020	YTD 2020	2019	2018	2017
Revenue	<b>95.8</b>	<b>234.0</b>	651.2	772.5	724.4
Net Profit/(loss) after Tax	<b>(31.4)</b>	<b>(57.4)</b>	14.5	121.7	171.8
Net Earnings/(loss) per share – Basic	<b>(\$0.05)</b>	<b>(\$0.09)</b>	\$0.02	\$0.20	\$0.28
Net Earnings/(loss) per share – Diluted	<b>(\$0.05)</b>	<b>(\$0.09)</b>	\$0.02	\$0.19	\$0.27
Total assets	<b>2,165.9</b>	<b>2,165.9</b>	2,072.2	2,025.0	2,045.8
Total non-current financial liabilities	<b>317.3</b>	<b>317.3</b>	203.6	166.6	176.5
Cash dividends per share	<b>\$0.00</b>	<b>\$0.00</b>	\$0.01	\$0.03	\$0.02

Across these years, the Company's revenue and earnings have mainly reflected the results of the operations in New Zealand, the Philippines and the United States. The Didipio Mine in the Philippines did not make any sales in the second half of 2019 due to the temporary suspension of operations.

Non-current liabilities reflected the phase of growth with the Company increasing its equipment leases for the upgraded mining fleet at Haile in 2019 and 2020. In March 2020, the Company drew down the remaining \$50 million of the revolving credit facility to maximise cash reserves and reduce liquidity risk.

## Business Summary

A summary of the operational performance of the operations is presented below.

Quarter ended 30 Jun 2020		Haile	Didipio	Waihi	Macraes	Consolidated	
						Q2 2020	Q1 2020
Gold Produced	koz	30.7	-	-	27.9	<b>58.7</b>	80.7
Gold Sales	koz	31.7	-	-	30.2	<b>61.9</b>	91.4
Average Gold Price	US\$/oz	1,712	-	-	1,729	<b>1,523<sup>(1)</sup></b>	1,509 <sup>(1)</sup>
Copper Produced	kt	-	-	-	-	-	-
Copper Sales	kt	-	-	-	-	-	-
Average Copper Price	US\$/lb	-	-	-	-	-	-
Material Mined	kt	10,155	-	3.8	10,495	<b>20,654</b>	21,185
Waste Mined	kt	9,416	-	0.7	9,218	<b>18,635</b>	18,839
Ore Mined	kt	738	-	3.1	1,277	<b>2,019</b>	2,346
Mill Feed	kt	934	-	-	1,247	<b>2,181</b>	2,264
Mill Feed Grade	g/t	1.33	-	-	0.88	<b>1.07</b>	1.37
Gold Recovery	%	77.1	-	-	79.2	<b>78.3</b>	80.9
Cash Costs	US\$/oz	994	-	-	896	<b>946</b>	802
Site All-In Sustaining Costs <sup>(2)</sup>	US\$/oz	1,410	-	-	965	<b>1,265</b>	1,218
Year to date 30 Jun 2020		Haile	Didipio	Waihi	Macraes	Consolidated	
						YTD 2020	YTD 2019
Gold Produced	koz	60.1	-	12.2	67.1	<b>139.4</b>	255.0
Gold Sales	koz	65.0	6.8	13.5	68.0	<b>153.3</b>	246.8
Average Gold Price	US\$/oz	1,645	1,652	1,572	1,654	<b>1,515<sup>(1)</sup></b>	1,320
Copper Produced	kt	-	-	-	-	-	7.9
Copper Sales	kt	-	-	-	-	-	6.9
Average Copper Price	US\$/lb	-	-	-	-	-	2.85
Material Mined	kt	18,757	-	57	23,028	<b>41,842</b>	37,618
Waste Mined	kt	17,357	-	1	20,117	<b>37,475</b>	31,701
Ore Mined	kt	1,399	-	56	2,911	<b>4,366</b>	5,917
Mill Feed	kt	1,803	-	57	2,585	<b>4,446</b>	6,738
Mill Feed Grade	g/t	1.34	-	7.21	1.00	<b>1.22</b>	1.40
Gold Recovery	%	77.2	-	87.9	80.4	<b>79.2</b>	83.6
Cash Costs	US\$/oz	1,073	443	432	784	<b>860</b>	686
Site All-In Sustaining Costs <sup>(2)</sup>	US\$/oz	1,482	444	376	1,106	<b>1,237</b>	1,073

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

(2) Site AISC are exclusive of Corporate general and administrative expenses and have been restated in prior periods accordingly; Consolidated AISC is inclusive of Corporate general and administrative expenses.

A reconciliation of Cash Costs and consolidated All-In Sustaining Costs is presented below.

Quarter ended 30 Jun 2020		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Cost of sales, excl. D&A and including indirect taxes <sup>(1)</sup>	USDm	59.6	73.3	103.4	133.0	206.3
Selling costs	USDm	0.3	0.3	4.8	0.6	9.3
By-product credits	USDm	(1.3)	(0.4)	(22.2)	(1.7)	(46.4)
Cash Costs (net of by-product credits)	USDm	58.6	73.3	85.9	131.9	169.3
Sustaining capital expenditure	USDm	12.8	30.2	44.6	43.0	76.9
Corporate general & administration	USDm	4.5	5.6	8.4	10.0	15.9
Other	USDm	2.5	2.3	1.5	4.7	2.7
All-In Sustaining Costs	USDm	78.4	111.3	140.4	189.7	264.7
Gold sales	koz	61.9	91.4	125.6	153.3	246.8
<b>Cash Costs</b>	<b>US\$/oz</b>	<b>946</b>	802	684	<b>860</b>	686
<b>All-In Sustaining Costs</b>	<b>US\$/oz</b>	<b>1,265</b>	1,218	1,051	<b>1,237</b>	1,009

(4) In accordance with the World Gold Council's updated methodology for AISC calculation, as from January 1, 2019, the Company has included production taxes paid in the AISC – specifically excise tax, local business and property taxes paid in the Philippines

## Outlook

At Macraes, lower first quarter plant performance combined with COVID-19 restrictions having a longer and more material impact than initially anticipated, the Company now expects the timing of access to higher grade material later in the year to be delayed until early 2021. Due to this, Macraes production guidance has been reduced from 160,000 to 170,000 to 140,000 to 150,000 ounces while AISC guidance has increased to \$1,100 to \$1,150 per ounce sold. Haile production and cash cost guidance remains unchanged, while its AISC guidance range has been reduced from \$1,080 to \$1,130 to \$1,020 to \$1,070 per ounce. Waihi guidance remains unchanged.

As a result, the Company has revised its full year production guidance and now expects production to range between 340,000 and 360,000 ounces of gold, excluding Didipio. Consolidated AISC, which is presented on a per ounce sold basis, has been reduced to \$1,050 to \$1,100 per ounce sold. Consolidated cash costs remain unchanged at \$675 to \$725 per ounce sold. This outlook assumes no further material change to the current operating or regulatory environment at the Company's operations due to the COVID-19 pandemic.

The Company expects to increase 2020 growth investments by approximately \$25 million to accelerate Waihi District opportunities and continue waste infrastructure builds at Haile previously planned for 2021. This is partially offset by an expected reduction of approximately \$15 million in sustaining capital, mainly pre-strip and capitalised mining. As a result, total capital remains broadly within the originally guided range with growth capital guidance increased to \$135 million to \$145 million from \$110 million to \$120 million, and pre-strip and capitalised mining guidance reduced to \$55 million to \$65 million from \$70 million to \$80 million.

The Company continues to maintain Didipio in a state of operational readiness for rapid re-start on the expectation that a resumption of normal operations could be achieved in 2020, either through lifting of restrictions imposed on access, or completion of a renewal of the FTAA. In the first half of the year, the Company made tangible progress with respect to the FTAA renewal, including continued positive engagement with regulators and a re-endorsement of the renewal by the Department of Environment and Natural Resources ("DENR") to the Office of the President ("OP"). In mid-April, in light of COVID-19 movement restrictions, the Company commenced the temporary lay-off its Didipio workforce and as at the end of the second quarter, this resulted in approximately two thirds of its 750 direct workforce being temporarily laid-off. Under Philippine law, the temporary lay-offs can be maintained for up to six months after which the Company will need to either re-instate or permanently terminate these workers. In the meantime, the Company continues to maintain environmental safeguards as well as safety and security at site. The FTAA renewal remains with the Office of the President with no definitive timeline provided for a decision.

# Haile

## Production statistics

		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Gold Produced	koz	<b>30.7</b>	29.4	37.2	<b>60.1</b>	62.9
Material Mined	kt	<b>10,155</b>	8,602	5,583	<b>18,757</b>	9,425
Waste Mined	kt	<b>9,416</b>	7,941	4,966	<b>17,357</b>	8,242
Ore Mined	kt	<b>738</b>	661	617	<b>1,399</b>	1,183
Ore Mined Grade	g/t	<b>1.27</b>	1.68	2.31	<b>1.46</b>	2.04
Mill Feed	kt	<b>934</b>	869	757	<b>1,803</b>	1,506
Mill Feed Grade	g/t	<b>1.33</b>	1.36	1.91	<b>1.34</b>	1.65
Gold Recovery	%	<b>77.1</b>	77.3	79.4	<b>77.2</b>	77.8

At the end of the second quarter, Haile recorded a TRIFR of 6.3 per million hours worked, similar to first quarter 2020 results. For the first half of 2020, Haile reported TRIFR of 2.7 per million hours worked, which represents a significant improvement in safety performance and reflects the ongoing focus on safety leadership and employee engagement.

At Haile, the operation enforced strict protocols whereby all employees and contractors entering the site were required to undergo a health screening process. Strict social distancing measures were enforced, and shift changes were staggered. Since the beginning of March and through the end of the second quarter approximately 164 employees and contractors were required to self-isolate for two weeks with two testing positive for COVID-19 as at the end of the quarter.

Although the operation has demonstrated quarter-on-quarter and year-on-year productivity improvements, productivity has been impacted more than anticipated by COVID-19 despite no mandated business closure. This included additional health related protocols in place, changes to the way staff interact, and most material resourcing impacts where self-isolation and quarantining, even precautionary in nature, was required by members of the workforce.

Gold production for the second quarter of 2020 was 30,746 ounces, a slight increase on the previous quarter from higher mill throughputs. Production decreased over the same period of 2019 on lower head grades and recoveries, partially offset by an increase in total mill feed. Access to higher grade zones of the open pits was delayed due to lower than expected mining progress from record rainfall in May and COVID-19 productivity impacts. As a result, the operation was required to feed a higher proportion of lower grade stockpiles.

Total second quarter mining movements doubled year-on-year and increased 18% quarter-on-quarter, reflecting continued improvement in mining productivity despite the impact of COVID-19 and above average rainfall on productivity during the quarter. Second quarter ore mined increased year-on-year and quarter-on-quarter with activities focused on ore mining at Red Hill and pre-stripping waste in Snake phase two.

The Company is scheduled to deploy four additional Komatsu 730E haul trucks in the third quarter to further support material movements. Above average rainfall in the first half of the year has impacted access to some areas of the open pit for pre-stripping ahead of ore mining in the second half. The addition of the haul trucks and slight revisions to the mine plan are mitigation strategies to increase mining movements.

The Company has also deferred stripping of Mill Zone phase two to 2021 to allow focused mining on Red Hill, Snake phase two and Ledbetter phase one. In the second quarter, the Company commenced stripping of the Haile open pit.

Mill feed was 23% higher year-on-year and 7% higher quarter-on-quarter as a result of continuous improvement programs focused on grinding circuit throughput, higher mill utilisation and improved maintenance practices.

The average feed grade was similar to the previous quarter with the resulting recoveries broadly consistent with the feed grade. The stable average feed grade quarter-on-quarter reflects limited access to higher grade ore blocks in Red Hill due to weather and included processing of low-grade supplemental ore stocks to maximise mill feed.

## Financial statistics

		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Gold Sales	koz	31.7	33.3	34.0	65.0	58.8
Silver Sales	koz	68.7	-	21.3	68.7	37.1
Average Gold Price Received	US\$/oz	1,712	1,581	1,317	1,645	1,310
Cash Costs	US\$/oz	994	1,147	710	1,073	902
Site All-In Sustaining Costs <sup>(1)</sup>	US\$/oz	1,410	1,551	1,327	1,482	1,492
<b>Site All-In Sustaining Margin</b>	<b>US\$/oz</b>	<b>302</b>	<b>30</b>	<b>(10)</b>	<b>163</b>	<b>(182)</b>

(1) Site AISC are exclusive of Corporate general and administrative expenses and have been restated in prior periods accordingly.

Unit Costs		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Mining Cost <sup>(1)</sup>	US\$/t mined	2.25	2.89	3.78	2.55	4.44
Processing Cost	US\$/t milled	11.07	12.82	15.10	11.92	14.42
Site G&A Cost	US\$/t milled	5.47	5.78	5.69	5.62	6.08

(1) Mining unit costs are inclusive of any capitalised mining costs.

Haile unit costs		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
<b>Cash Costs (gross)</b>		<b>32.7</b>	<b>38.0</b>	<b>24.4</b>	<b>70.7</b>	<b>53.5</b>
Less: by-product credits	USDm	(1.2)	(0.0)	(0.3)	(1.2)	(0.6)
Add: Freight, treatment and refining charges	USDm	0.1	0.1	0.1	0.2	0.1
<b>Cash Costs (net)</b>	<b>USDm</b>	<b>31.6</b>	<b>38.2</b>	<b>24.2</b>	<b>69.7</b>	<b>53.1</b>
Add: General capital and leases	USDm	4.9	3.4	4.7	8.4	9.2
Add: Pre-strip and capitalised mining	USDm	7.7	9.2	15.2	16.9	23.3
Add: Brownfields exploration	USDm	0.6	0.8	1.0	1.4	2.3
<b>Site All-In Sustaining Costs (net)</b>	<b>USDm</b>	<b>44.8</b>	<b>51.6</b>	<b>45.1</b>	<b>96.3</b>	<b>87.8</b>
Gold sales	koz	31.7	33.3	34.0	65.0	58.8
<b>Cash cost per ounce sold</b>	<b>US\$/oz</b>	<b>994</b>	<b>1,147</b>	<b>710</b>	<b>1,073</b>	<b>902</b>
<b>Site All-In Sustaining Costs per ounce sold</b>	<b>US\$/oz</b>	<b>1,410</b>	<b>1,551</b>	<b>1,327</b>	<b>1,482</b>	<b>1,492</b>

Second quarter average mining and processing unit costs were \$2.25 per tonne mined and \$11.07 per tonne milled, respectively, and site-based G&A unit costs were \$5.47 per tonne milled.

Mining unit costs decreased 22% quarter-on-quarter and 43% over the prior year period, reflecting increased productivity from improved mine planning and full utilisation of the upgraded mining fleet. Processing unit costs per tonne milled decreased 14% quarter-on-quarter and 17% year-over-year, and site-based G&A unit costs were down 5% quarter-on-quarter, both on higher mill feed and process plant improvements.

Second quarter AISC was \$1,410 per ounce sold with cash costs of \$994 per ounce sold. The quarter-on-quarter decrease reflects improvements in underlying costs as a result of mine productivity enhancements and maximising throughput capacity at the plant. Year-on-year, the decrease in AISC reflects lower pre-stripping capital and lower cash costs from significant productivity improvements in mining.

For the balance of 2020, the Company expects two-thirds of Haile's production as compared to one-third of production delivered in the first half of the year. The variability in production is primarily related to mine sequencing whereby lower grades were mined and processed in the first half. The Company expects the fourth quarter to deliver the highest quarter of production with the lowest corresponding AISC as compared to the first quarter, which delivered the lowest production at the highest AISC expected in 2020.

The Company continues to expect to produce between 180,000 and 190,000 ounces of gold at cash costs ranging from \$650 to \$700 per ounce sold. The Company has lowered Haile's site AISC between \$1,020 and \$1,070 per ounce sold in 2020. The Company notes that the Haile outlook could be adversely impacted by additional challenges related to the COVID-19 pandemic.

## Exploration

In the second quarter 2020, exploration expenditure and other related costs were approximately \$0.6 million for a total of 3,184 metres drilled. Drilling focused on reserve pits at Ledbetter, Snake and Haile to tighten drill hole spacing in high-grade zones that drive pit bottom designs. Drilling of inferred blocks on the edge of the Upper Horseshoe ore body was completed to provide more accurate stope design with drill results supporting the block model. The mid-year geologic and block models were updated for the open pits and Horseshoe.

A total of approximately 11,000 metres of drilling is planned during 2020 with a focus on the Ledbetter, Snake, Haile and Small deposits.

In the second quarter there was an impairment write-down in relation to land at Haile of \$4.1 million.

## Projects

Optimisation of the Horseshoe Underground Mine continued during the quarter with detailed mining schedules produced for the preferred mining scenarios; surface infrastructure layout designed; and cost information collated from suppliers and contractors. Cost modelling commenced with the intent of completing a feasibility level economic analysis of all mining scenarios by the end of the year. The Company continues to evaluate automation and digital enhancements for mine development including the application of battery electric equipment versus diesel for the mining fleet. Portal development for Horseshoe Underground is expected to start in 2021 as the optimisation study and feasibility level economic analysis progresses through the balance of 2020.

Field construction activities for the Tailings Storage Facility ("TSF") stage two wall lift continued through the quarter and the project was on schedule and approximately 85% complete at end of the second quarter. The embankment will be lifted by approximately three metres following completion of the project. The Company is seeking to optimise construction costs while further increasing water retention capacity by transitioning into the next stage of TSF lift in the second half of 2020 for completion in the first quarter of 2021. This lift was previously planned in 2021 and is expected to bring forward approximately \$15 million of capital from 2021.

The Company continued heavy earth work activities on the next phase of the PAG waste storage facility which is expected to be brought in to service in the fourth quarter of 2020.

The Company is in the final stage of the Supplemental Environmental Impact Statement ("SEIS") permit process to expand the Haile operation. The SEIS will allow continued development of the existing Haile footprint, expansion of the TSFs and waste dumps, and a commitment of mining from the Horseshoe mine. To date, there have been no objections by any stakeholder group to the SEIS, and at this stage, the Company anticipates a successful Record of Decision and completion of the process before year-end.



## Macraes

		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Gold Produced	koz	<b>27.9</b>	39.2	37.8	<b>67.1</b>	89.1
Total Material Mined	kt	<b>10,495</b>	12,531	14,465	<b>23,028</b>	26,683
Waste Mined	kt	<b>9,218</b>	10,898	13,116	<b>20,177</b>	23,248
Ore Mined	kt	<b>1,277</b>	1,633	1,349	<b>2,910</b>	3,435
Ore Mined Grade	g/t	<b>0.88</b>	0.95	0.96	<b>0.92</b>	1.01
Mill Feed	kt	<b>1,247</b>	1,338	1,526	<b>2,585</b>	2,981
Mill Feed Grade	g/t	<b>0.88</b>	1.12	0.93	<b>1.00</b>	1.12
Gold Recovery	%	<b>79.2</b>	81.6	82.8	<b>80.4</b>	83.2

### Production statistics

In the second quarter of 2020, the Macraes operation reported one recordable injury, its first for 2020 and a site record low TRIFR of 1.5 per million hours worked. The operation continues to see a reduction in the number and severity of injuries, with a continued strong focus on leading indicators and site engagement.

During the second quarter, the New Zealand Government placed the country into Level 4 lockdown on March 25 due to the COVID-19 pandemic. During Level 4, only essential businesses were able to operate, with gold mining deemed non-essential. As such, the Company was required to curtail operations to meet regulatory requirements, including the suspension of mining operations. The processing plant was restricted to the minimum throughput capacity required to safely maintain the autoclave and required the shutdown of laboratory services including testing and assaying that are typically used to manage plant operations. The mine resumed normal operations at full capacity a week later than originally anticipated at beginning in early May after the New Zealand Government eased restrictions on April 27.

Macraes produced 27,932 ounces of gold in the second quarter, down year-on-year and quarter-on-quarter primarily due to the COVID-19 restrictions and operation's protocols that resulted in the suspension of mining activities requiring the feed of a higher proportion of low-grade stockpiles and oxide materials which also impacted recoveries and lower mill feed.

Open pit waste movements decreased year-on-year and quarter-on-quarter also due to the COVID-19 restrictions that limited open pit mining movements. Subsequent to the resumption of normal operations, mining focused on pre-stripping at Coronation North stage four and Innes Mills.

Total underground material movement was down quarter-on-quarter due to COVID-19 restrictions stopping mining activities and limiting underground operations to hazard management activities only.

Total mill feed decreased quarter-on-quarter due to the COVID-19 restrictions combined with harder ore feed from Coronation stage five. The plant only returned to full operating capacity in early May, with maintenance activities not allowed during the COVID-19 shutdown completed immediately after the easing of restrictions on April 27.

Head grade decreased quarter-on-quarter due to processing a higher proportion of low-grade stockpiles due to the COVID-19 mining restrictions. The decrease in head grade and feed of oxide materials led to lower slightly quarter-on-quarter recoveries.

As a result of lower first quarter plant performance, combined with COVID-19 restrictions having a longer and more material impact than initially anticipated, the Company now expects the timing of access to higher grade material later in the year to be delayed until early 2021. As a result, the Macraes operation is now expected to produce between 140,000 and 150,000 ounces of gold at an AISC of between \$1,100 and \$1,150 per ounce. The Company continues to expect the fourth quarter to deliver the highest production in 2020.

## Financial statistics

		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Gold Sales	koz	30.2	37.8	39.7	68.0	91.9
Average Gold Price Received <sup>(2)</sup>	US\$/oz	1,729	1,595	1,319	1,654	1,307
Cash Costs	US\$/oz	896	695	786	784	682
Site All-In Sustaining Costs <sup>(1)</sup>	US\$/oz	965	1,218	1,292	1,106	1,040
<b>Site All-In Sustaining Margin</b>	<b>US\$/oz</b>	<b>764</b>	<b>377</b>	<b>27</b>	<b>548</b>	<b>267</b>

<sup>(1)</sup> Site AISC are exclusive of Corporate general and administrative expenses and have been restated in prior periods accordingly.

<sup>(2)</sup> Realised gains and losses on gold hedging are not included in Macraes' average gold price received.

Unit Costs		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Mining Cost (Open Pit) <sup>(1)</sup>	US\$/t mined	0.86	1.15	1.09	1.02	1.17
Mining Cost (U/G)	US\$/t mined	40.29	44.22	40.44	42.36	40.94
Processing Cost	US\$/t milled	6.63	6.64	7.03	6.64	7.01
Site G&A Cost	US\$/t milled	2.10	2.15	2.03	2.13	2.02

<sup>(1)</sup> Mining unit costs are inclusive of any capitalised mining costs.

Macraes unit costs		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
<b>Cash Costs (gross)</b>		<b>27.0</b>	26.1	31.1	<b>53.1</b>	62.3
Less: by-product credits	USDm	(0.1)	0.0	(0.1)	(0.1)	(0.1)
Add: Freight, treatment and refining charges	USDm	0.2	0.2	0.2	0.4	0.3
<b>Cash Costs (net)</b>	USDm	<b>27.1</b>	26.2	31.2	<b>53.3</b>	62.6
Add: General capital and leases	USDm	(4.0)	9.3	7.5	5.3	13.8
Add: Pre-strip and capitalised mining	USDm	4.6	9.1	12.3	13.7	18.9
Add: Brownfields exploration	USDm	1.6	1.4	0.3	3.0	0.2
<b>Site All-In Sustaining Costs (net)</b>	USDm	<b>29.2</b>	46.0	51.3	<b>75.3</b>	95.5
Gold sales	koz	30.2	37.8	39.7	68.0	91.9
<b>Cash cost per ounce sold</b>	US\$/oz	<b>896</b>	695	786	<b>784</b>	682
<b>Site All-In Sustaining Costs per ounce sold</b>	US\$/oz	<b>965</b>	1,218	1,292	<b>1,106</b>	1,040

Second quarter open pit unit mining costs were \$0.86 per tonne mined, underground unit mining costs were \$40.29 per tonne mined, processing unit costs were \$6.63 per tonne milled and site G&A unit costs were \$2.10 per tonne milled.

Open pit costs per tonne mined improved both quarter-on-quarter and year-on-year, reflecting improvements in mining productivity including the use of the newly purchased excavators and lower operating costs, including diesel.

The underground cost per tonne mined returned to normalized levels as a result of improved movement levels over the last two months of the quarter. Processing costs were lower quarter-on-quarter and year-on-year due to lower maintenance costs. G&A costs per tonne milled trended higher quarter-on-quarter and year-on-year with lower milled tonnes for the quarter.

Macraes' second quarter AISC was \$965 per ounce sold, which included approximately \$255 per ounce credit for the refinance of the two previously purchased EX3600 excavators.

## **Exploration**

In the second quarter, exploration expenditure and other related costs were approximately \$1.5 million for a total of 10,265 metres drilled. Brownfields exploration focused at Golden Point and Deepdell with resource conversion drilling at Gay Tan. At Deepdell, sterilisation drilling has commenced in preparation for a proposed overburden rock stack for the currently designed pit, testing for extensions to the Deepdell ore shoot. At Gay Tan, the drill program is focused on resource conversion.

Exploration activities in 2020 will continue to focus on Golden Point, Gay Tan and Frasers Underground with approximately 31,000 metres of drilling planned for the year.

## **Projects**

During the quarter, construction began on mine life extension opportunities, including realignment of the public road and the detailed design and procurement for the site office move. Work progressed on the pre-feasibility study for the Golden Point Underground which is expected to be completed in the fourth quarter of 2020.

Work also commenced on an open pit prefeasibility study for Round Hill/Golden Point. As part of this, an evaluation will be undertaken to compare open pit and underground mining options for the existing resource.

# Waihi

## Production statistics

		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Gold Produced	koz	0.0	12.2	21.2	12.2	36.3
Material Mined	kt	3.8	52.7	195.2	56.5	343
Waste Mined	kt	0.7	0.3	72.0	1.0	125
Ore Mined	kt	3.1	52.5	123.2	55.6	218
Ore Mined Grade	g/t	5.10	7.34	5.96	7.21	5.86
Mill Feed	kt	0.0	57.4	126.4	57.4	221
Mill Feed Grade	g/t	0.0	7.44	5.99	7.44	5.88
Gold Recovery	%	0.0	87.9	86.9	87.9	86.6

The Waihi operation reported a 12MMA TRIFR of 5.3 per million hours worked, up slightly from 4.2 per million hours recorded at the end of the first quarter. Waihi recorded a single recordable injury during the second quarter.

There was no gold production during the quarter as the processing plant remains in care and maintenance until mill feed resumes in the fourth quarter when ore from narrow vein mining will be processed.

Mining of narrow veins in the upper part of Correnso is continuing until the end of the year, and ore from these narrow veins is being stockpiled ahead of batch processing in the fourth quarter expected to produce approximately 7,000 to 8,000 ounces of gold. The plant will then temporarily halt and is expected to restart in the second quarter of 2021 with mill feed sourced exclusively from Martha Underground.

The Company expects 2020 production at Waihi to be approximately 18,000 to 20,000 gold ounces at cash costs ranging from \$700 to \$750 per ounce sold and site AISC of \$715 to \$765 per ounce sold.

## Financial statistics

		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Gold Sales	koz	0.0	13.5	20.2	13.5	35.3
Average Gold Price Received	US\$/oz	0.0	1,572	1,316	1,572	1,309
Cash Costs	US\$/oz	0.0	432	648	432	698
Site All-In Sustaining Costs <sup>(1)</sup>	US\$/oz	0.0	376	751	376	822
<b>Site All-In Sustaining Margin</b>	<b>US\$/oz</b>	<b>0.0</b>	<b>1,196</b>	<b>565</b>	<b>1,196</b>	<b>487</b>

(1) Site AISC are exclusive of Corporate general and administrative expenses and have been restated in prior periods accordingly.

Unit Costs		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Mining Cost <sup>(1)</sup>	US\$/t mined	87.03	42.50	46.03	45.04	52.21
Processing Cost <sup>(2)</sup>	US\$/t milled	-	33.26	25.99	33.26	27.57
Site G&A Cost <sup>(2)</sup>	US\$/t milled	-	34.92	19.23	34.92	21.92

(1) Mining unit costs are inclusive of any capitalised mining costs.

(2) Milling was idle in the second quarter as Martha Underground development continued.

Waihi unit costs		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
<b>Cash Costs (gross)</b>		<b>0.0</b>	6.2	13.6	<b>6.2</b>	25.5
Less: by-product credits	USDm	<b>0.0</b>	(0.4)	(0.6)	<b>(0.4)</b>	(1.0)
Add: Freight, treatment and refining charges	USDm	<b>0.0</b>	0.0	0.1	<b>0.0</b>	0.1
<b>Cash Costs (net)</b>	USDm	<b>0.0</b>	5.8	13.1	<b>5.8</b>	24.6
Add: General capital and leases	USDm	<b>0.0</b>	(0.8)	0.5	<b>(0.8)</b>	1.4
Add: Pre-strip and capitalised mining	USDm	<b>0.0</b>	0	1.6	<b>0</b>	3.0
Add: Brownfields exploration	USDm	<b>0.0</b>	0	0.0	<b>0</b>	0
<b>Site All-In Sustaining Costs (net)</b>	USDm	<b>0.0</b>	5.1	15.2	<b>5.1</b>	29.1
Gold sales	koz	<b>0.0</b>	13.5	20.2	<b>13.5</b>	35.3
<b>Cash cost per ounce sold</b>	US\$/oz	<b>0.0</b>	432	648	<b>432</b>	698
<b>Site All-In Sustaining Costs per ounce sold</b>	US\$/oz	<b>0.0</b>	376	751	<b>376</b>	822

## Exploration

In the second quarter, exploration expenditure and other related costs were approximately \$1.9 million for a total of 4,627 metres drilled. Drilling focused in the Martha Underground where 4,275 metres were completed on resource definition drilling from underground with three diamond drill rigs as drilling recommenced following the countrywide lockdown due to COVID-19. At the WKP project, 351 metres was drilled in a step-out hole on southwestern strike extensions of the East Graben vein.

A total of approximately 32,250 metres of drilling is planned in 2020 at Waihi, with approximately 20,000 metres of drilling expected in the second half of the year with a focus on resource definition at Martha Underground and WKP.

## Projects

Development of the Martha Underground continued, with 1,342 metres of mine development completed in the second quarter, concentrating on mining of the planned declines adjacent to the Empire and Edward lodes and an access drive to the Rex lode. Further work was undertaken on the dewatering system with lining of four dewatering wells with steel casing and installation of the dewatering pipeline. The dewatering wells are expected to be operational in the third quarter.

Development of the Martha Underground was temporarily suspended on March 25 due to New Zealand government COVID-19 restrictions. The lockdown was lifted on April 27 and development resumed shortly thereafter.

Feasibility level studies on the Martha Underground were progressed ahead of completion in the first half of 2021. In support, 4,275 metres of resource conversion drilling to upgrade resource classification were completed.

The existing SAG mill shell assembly in the process plant is being replaced as part of mine life extension works. The procurement of the mill shell assembly is complete and is planned for installation in the first quarter of 2021 prior to the restart of the plant for processing of Martha Underground production.

At WKP, the environmental baseline studies continued as well as planning for commencing additional environmental and social engagement activities in the second half of 2020. Also, during the quarter, assessment of the Mining Permit application for WKP lodged by the Company continued.

## **Waihi District Study Preliminary Economic Assessment**

Subsequent to quarter end, the Company delivered the Preliminary Economic Assessment (“PEA”) of the Waihi District. The PEA indicated the potential for a mine life extension at Waihi to 2036 with 2.2 million ounces of gold produced at LOM cash costs and AISC of \$557 and \$627 per ounce, respectively. The production profile is underpinned by the Martha Underground beginning in 2021 and three additional mining areas, including WKP Underground, Gladstone Open Pit and a cutback of the existing Martha Open Pit. Average annual gold production is estimated to be approximately 150,000 ounces, peaking to approximately 300,000 ounces in 2028. Total capital expenditure of \$602 million is forecast to be progressively invested over the life of mine(s) as the various mines are developed but also includes closure costs and upsizing of the existing mill facilities at Waihi. Optionality for further expansion in processing capacity exists but is dependent on ongoing exploration success at Martha and WKP Underground.

The Waihi District project economics assumed a long-term \$1,500 per ounce gold price and NZD:USD exchange rate of 0.65. Based on these parameters, the project yields an after-tax IRR of 51% and NPV of \$665 million.

The PEA is a preliminary technical and economic study of the potential viability for the Waihi District project. The production target and financial forecast referred to in the PEA are comprised of 51% Indicated Mineral Resources and 49% Inferred Mineral Resources. Inferred Mineral Resources are considered too geologically speculative to have economic considerations applied to them in order to be categorized as Mineral Reserves. There is no certainty that further drilling will convert Inferred Resources to Indicated Mineral Resources or that the PEA will be realised. Further drilling, evaluation and studies are required to provide any assurance of an economic development case. Mineral resources that are not mineral reserves do not have a demonstrated economic viability.

The Company expects to initiate a feasibility and pre-feasibility level assessments of the Waihi District over the course of the next few years.

# Didipio

## Production statistics

		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Gold Produced	koz	-	-	33.1	-	66.7
Copper Produced	kt	-	-	4.0	-	7.9
Material Mined	kt	-	-		-	1,168
Waste Mined	kt	-	-	44	-	86
Ore Mined	kt	-	-	747	-	1,082
Ore Mined Grade Gold	g/t	-	-	1.72	-	1.84
Ore Mined Grade Copper	%	-	-	0.56	-	0.56
Mill Feed	kt	-	-	1,022	-	2,029
Mill Feed Grade Gold	g/t	-	-	1.14	-	1.16
Mill Feed Grade Copper	%	-	-	0.43	-	0.43
Gold Recovery	%	-	-	88.1	-	88.1
Copper Recovery	%	-	-	90.4	-	88.5

Didipio achieved a TRIFR of 1.5 per million hours worked at the end of the second quarter, a slight decrease of 0.1 per million hours worked in the first quarter of 2020. The operation had a total of one recordable injury for the quarter, and the TRIFR remains at an industry-leading standard.

There was no production in the second quarter due to the suspension of operations as a result of the local government unit and anti-mining activist's blockade of the access road.

As previously reported, underground mining was suspended in mid-July 2019 due to the depletion of consumable mining supplies. Geotechnical, hydrological and other environmental management activities are ongoing for health and safety purposes, to ensure ongoing environmental compliance and to ensure the mine is maintained in a state of operational readiness for a rapid resumption of normal mining operations.

No gold-copper concentrate was sold in the second quarter due to the restrictions on material movements.

As previously reported, on July 25, 2019, the Regional Trial Court of Nueva Vizcaya ('NV') denied OceanaGold's petition for a preliminary injunction against the Provincial Government of Nueva Vizcaya and local government units from interfering with Didipio operations. The Company appealed the Regional Trial Court decision to the Court of Appeals in Manila. A hearing took place on September 18, 2019 and the parties have subsequently filed their respective memorandum as required by the Court of Appeals. On July 11, the Court of Appeals denied the Company's petition for a temporary injunction against the Governor's order. The Company has appealed this decision.

In the meantime, OceanaGold's main petition in the Regional Trial Court where the Company is seeking the Court to (a) declare as null and void the Nueva Vizcaya Governor's restraining order, and (b) prohibit local government units from restraining the Didipio operations is undergoing pre-trial conference. Following this, the case is expected to proceed to trial of the substantive issues.

## Financial statistics

		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Gold Sales	koz	-	6.8	31.7	<b>6.8</b>	60.8
Copper Sales	kt	-	-	3.6	-	6.9
Average Gold Price Received	US\$/oz	-	1,652	1,400	<b>1,652</b>	1,359
Average Copper Price Received	US\$/lb	-	-	2.60	-	2.87
Cash Costs	US\$/oz	-	443	552	<b>443</b>	476
Site All-In Sustaining Costs <sup>(1)</sup>	US\$/oz	-	444	644	<b>444</b>	601
<b>Site All-In Sustaining Margin</b>	<b>US\$/oz</b>	-	<b>1,208</b>	<b>756</b>	<b>1,208</b>	<b>758</b>

(1) Site AISC are exclusive of Corporate general and administrative expenses and have been restated in prior periods accordingly.

Unit Costs		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
Mining Cost (Open Pit) <sup>(1)</sup>	US\$/t mined	-	-	7.33	-	11.91
Mining Cost (U/G)	US\$/t mined	-	-	33.53	-	34.77
Processing Cost	US\$/t milled	-	-	5.58	-	5.63
Site G&A Cost	US\$/t milled	-	-	5.74	-	5.65

(1) Mining unit costs are inclusive of any capitalised mining costs.

Didipio unit costs		Q2 30 Jun 2020	Q1 31 Mar 2020	Q2 30 Jun 2019	YTD 30 Jun 2020	YTD 30 Jun 2019
<b>Cash Costs (gross)</b>		<b>0.0</b>	2.6	29.7	<b>2.6</b>	57.5
Less: by-product credits	USDm	<b>0.0</b>	-	(21.3)	-	(44.8)
Less: production taxes	USDm	<b>0.0</b>	0.5	4.6	<b>0.5</b>	7.4
Add: Freight, treatment and refining charges	USDm		-	4.5	-	8.8
<b>Cash Costs (net)</b>	USDm	<b>0.0</b>	3.0	17.5	<b>3.0</b>	28.9
Add: General capital and leases	USDm	<b>0.0</b>	-	2.4	-	6.4
Add: Pre-strip and capitalised mining	USDm	<b>0.0</b>	-	0.5	-	1.1
Add: Brownfields exploration	USDm	<b>0.0</b>	-	-	-	0.1
<b>Site All-In Sustaining Costs (net)</b>	USDm	<b>0.0</b>	3.0	20.4	<b>3.0</b>	36.5
Gold sales	koz	<b>0.0</b>	6.8	31.7	<b>6.8</b>	60.8
<b>Cash cost per ounce sold</b>	US\$/oz	<b>0.0</b>	443	552	<b>443</b>	476
<b>Site All-In Sustaining Costs per ounce sold</b>	US\$/oz	<b>0.0</b>	444	644	<b>444</b>	601

During the second quarter, \$7.9 million of operating costs were expensed as part of consolidated Corporate General and Administration - other, which related to maintaining Didipio in a state of operational readiness for the resumption of normal operations.

Operating costs included costs to maintain dewatering activities in the underground mine and maintaining the process plant during the suspension. It also included continued payments of employee salaries while the FTAA renewal process continues. In the quarter, approximately 500 of the operation's 750 direct employees were temporarily laid-off due to the ongoing delay of the FTAA renewal.

Didipio recorded no physical sales during the quarter.



## Financial or Technical Assistance Agreement

The initial term of the FTAA ended on June 20, 2019. The FTAA is renewable for another 25 years and the Company lodged the application for the renewal in March 2018. The renewal process has continued during this duration and is currently under review with the Office of the President (OP) after being reindorsed for a second time by the Secretary of DENR and by the Mines and Geosciences Bureau (“MGB”). The MGB has confirmed in writing in a letter dated June 20, 2019 that the Didipio mine is permitted to continue its mining operations pending the completion of the renewal process.

The Company continued with proactive engagement with the various Government agencies, including the DENR and MGB, Office of the President (“OP”) and National Commission on Indigenous Peoples (“NCIP”) on the FTAA renewal process until Government shutdown due to COVID-19 pandemic on March 16, 2020.

In December 2019 the Department of Interior and Local Government (“DILG”) sent a letter to the Nueva Vizcaya (“NV”) governor informing him that the checkpoint being used as a restriction of access to Didipio requires a permit which has not been granted and therefore the checkpoint should be removed. The NV governor replied and argued the non-renewal of the FTAA. The DILG sent a second letter to the NV governor reiterating their position on the unauthorized status of the checkpoint.

On January 21, 2020, the OP granted authority for the Company to deliver diesel to the Didipio Mine for dewatering activities. On April 6, 2020 approximately 100,000 litres of diesel were delivered with the assistance of the Philippine National Police, which ensured that the fuel tank trucks were not stopped at checkpoints.

As at June 30, 2020, the Company believes there has been no significant adverse change since the prior reporting period in the economic and legal environment, or the way the Didipio mine is intended to be used. The mine and associated facilities continued to be maintained by the Company in a state of operational readiness for rapid restart.

Commencing in mid-April, OGPI implemented the a progressive temporary lay-off of approximately 500 employees (excludes additional lay-offs to contracted workforce). Under Philippine law, the temporary lay-offs can be maintained for up to six months after which time the Company will need to either re-instate or permanently terminate these employees.

The entire Philippines is still in community quarantine. Government continues to focus on managing the COVID-19 pandemic and the situation continues to present limitations on Government’s usual operations.

The FTAA renewal remains with the Office of the President with no definitive timeline provided for a decision. With the COVID-19 pandemic continuing, the Company concludes that there is an increased risk that resolution to the above matter(s) may take longer than previously anticipated.

Notwithstanding the operational readiness state of the asset, the Company has considered the potential impact further delays to a restart of normal operations may have on the recoverability of the carrying value of the asset. Based on that assessment, the Company believes that should a restart of normal operations occur as expected within the 2020 calendar year, the current carrying value of the asset remains appropriate. Should circumstances arise where the Company believes this is no longer probable, the asset may be impaired.

# Sustainability

## Environment and Community

The 2019 Global Reporting Initiative (GRI) Sustainability Report was released on 19 June 2020, with independent verification of material data by Bureau Veritas. The Sustainability Report is available on the OceanaGold website at [www.oceanagold.com](http://www.oceanagold.com) and the GRI website at <https://database.globalreporting.org/>.

The Company did not record any significant environmental incidents in the second quarter of 2020 and environmental performance remains consistently strong. The focus is on delivering against the updated Environmental statements of position and standards to continuously enhance governance and performance across the Company.

At the end of the second quarter 2020, the Company achieved a total recordable injury frequency rate (12MMA “TRIFR”) of 2.7 per million hours worked, down from 3.0 per million hours in the first quarter. There were seven recordable injuries for the year to date compared to 15 for the same period in 2019.

The Company commenced an internal assurance audit against the requirements of the World Gold Council Responsible Mining Principles to identify any gaps which will be addressed prior to external assurance commencing in 2023. There was also an audit of the corporate standard for sponsorships and donations. A revised standard will be launched across the Company in the second half of the year.

The Company continues to be ranked in the top five for ESG performance in the gold industry among the top third-party rating agencies.

## Response to COVID-19

In response to the unprecedented global COVID-19 pandemic the Company is taking the necessary precautions to minimise and prevent the spread of COVID-19 and maintain the wellbeing of our global team, operations and host communities. As at the end of the second quarter, the company registered two positive cases of COVID-19 amongst employees and contractors at the Haile Gold Mine. The operation responded immediately in line with company and regulatory protocols and there was no impact to operations at the mine.

The Company’s focus remains on prevention, preparedness, response and recovery for all our workplace and community activities. Response measures fall into three key areas minimizing the risk of employee exposure, keeping the workforce well informed and reducing exposure risks to the workforce and their families, and maintaining specific and stringent operational continuity plans that reflect the local reality in each jurisdiction.

Management for the potential impact of COVID-19 requires a fluid and adaptable approach that reflects the local reality. The Company is in regular communication with the regulatory agencies in each operational jurisdiction and is consistently reviewing industry best practice to assess opportunities to reduce exposure to the virus.

More information about the company’s response is available on the OceanaGold website at <https://oceanagold.com/oceanagold-coronavirus-covid-19-update/>.

## Haile

In response to the COVID-19 pandemic the operation supported community organizations, providing support for members of the community who are more vulnerable to health complications if they contract the virus and students graduating under the stay in place order. The operation also supported local businesses with campaigns encouraging all employees to shop and eat locally.

During the quarter the South Carolina Department of Health and Environmental Control, Environmental Protection Agency and US Army Corp of Engineers conducted site inspections covering mining, air and surface water and our National Pollution Discharge Elimination System with no citations issued.

## Didipio

With the temporary suspension of mining and processing activities, the environmental focus remained on compliance-driven monitoring and reporting. Progressive rehabilitation continued.

The Financial or Technical Assistance Agreement remains with the Office of the President of the Philippines for renewal. The operation continues to engage with the Provincial Government of Nueva Vizcaya and the Didipio Local Government Unit to resolve their current position which is restricting the mine's ability to get supplies in or transport copper concentrate out.

In response to the COVID-19 pandemic the operation has supported host and adjacent communities and medical service providers with food packages and much needed personal protective and medical equipment.

The operation hosted a compliance and monitoring meeting with the Multi-Partite Monitoring Team. This team consists of representations from local, provincial and national government and is responsible for compliance against environmental requirements.

## **Waihi**

In response to the COVID-19 pandemic the operation partnered with the Salvation Army to distribute food packs, educational supplies and raise money for vulnerable families within the community.

The initial baseline monitoring program for the Wharekirauponga Underground ("WKP") north of the Waihi Operation was completed. The operation commenced developing an extended baseline monitoring program and biodiversity net gains program.

## **Macraes**

The operation commenced a Social Change Assessment, to study the social context surrounding the operation and enhance social management planning.

In response to the COVID-19 pandemic the operation donated two respiratory fit test kits to support staff at the hospital maintain correctly fitting respirators.

Consent applications for Golden Point Underground, Frasers West extension and the Frasers underground infrastructure relocation were lodged.

## **Reefton Restoration Project**

Following the easing of restrictions in New Zealand the Reefton Restoration Project recommenced closure and rehabilitation activity, including stockpile re-shaping and wetland development.

The closure project continues monitoring and reporting to assess the effectiveness of environmental controls and to meet compliance needs.

Under the joint partnership between OceanaGold, the Buller Regional Council and the Reefton Site Information centre, the project continued the upgrade of the Reefton Site Interpretation Centre to celebrate the region's rich gold mining history. The upgraded Centre will be completed in the third quarter.

## Other Information

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### Investments

As at June 30, 2020, the Company held \$4.4 million in marketable securities in exploration companies listed on the Venture Stock Exchange in Toronto including a 10.3% equity position in NuLegacy (NUG), which holds prospective exploration tenements in the main producing gold belts of Nevada, United States.

### Joint Ventures

Three projects are under Option/Joint Venture Agreement. In Nevada, USA, the Highland and Spring Peak Projects continue under option agreements with Bravada Gold Corporation and Renaissance Gold Inc., respectively. Diamond drilling is being planned and scheduled for the 2020 field season commencing late August. In the Catamarca Province of Argentina, the Pedernales project continues under an option agreement with a private Argentine exploration company, Rio De Oro. Field activities are currently on hold.

# Accounting & Controls Information

## Corporate Governance

As previously announced during the second quarter, the Company's Board of Directors appointed Mr. Michael Holmes as the President and Chief Executive Officer of OceanaGold Corporation.

The current members of the Board's Committees are:

<b>Audit and Financial Risk Committee</b>	<b>Remuneration Committee</b>	<b>Sustainability Committee</b>	<b>Governance and Nomination Committee</b>
Paul B. Sweeney (Chair) Dr. Geoff Raby Catherine Gignac	Craig J. Nelsen (Chair) Paul B. Sweeney Ian M. Reid	Dr. Geoff Raby (Chair) Craig J. Nelsen Catherine Gignac	Catherine Gignac (Chair) Paul B. Sweeney Dr. Geoff Raby

## Risks and Uncertainties

This document contains some forward-looking statements that involve risks, uncertainties and other factors that could cause actual results, performance, prospects, opportunities and continued mining operations to differ materially from those expressed or implied by those forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things: ongoing potential impacts of the COVID-19 global pandemic, failure to obtain necessary permits and approvals from government authorities including failure or delay in obtaining renewal of the Financial or Technical Assistance Agreement; extended suspension of mining and processing activities at the Didipio operation; inability to access critical supplies which in the event of an emergency may impact Didipio's ability to meet all ongoing compliance obligations; volatility and sensitivity to market prices for gold and copper; replacement of reserves; possible variations of ore grade or recovery rates; changes in project parameters; procurement of required capital equipment and operating parts and supplies; equipment failures; unexpected geological conditions; political risks arising from operating in certain developing countries; inability to enforce legal rights; defects in title; imprecision in reserve estimates; success of future exploration and development initiatives; operating performance of current operations; ability to secure long term financing and capital, water management, environmental and safety risks; seismic activity, weather and other natural phenomena; changes in government regulations and policies including tax and trade laws and policies; ability to maintain and further improve labour relations; general business, economic, competitive, political and social uncertainties and other development and operating risks. For further detail and discussion of risks and uncertainties refer to the Annual Information Form available on the Company's website.

## Summary of Quarterly Results of Operations

The Income Statement section of this report sets forth unaudited information for each of the eight quarters ended September 30, 2018 to June 30, 2020. This information has been derived from our unaudited consolidated financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of our financial position and results of operations for those periods. The most significant factors causing variation in the result are the volatility of the gold and copper price, the variability in the grade of ore mined from the Haile, Didipio, Waihi and Macraes mines, gold and copper recoveries, the timing of waste stripping activities, movements in inventories and large movements in foreign exchange rates between the USD and NZD. In the current quarter the restrictions on material movements at Didipio imposed by the provincial and local government units have continued to cause variation in the results of operations.

## Non-GAAP Financial Information

Throughout this document, we have provided measures prepared according to IFRS (“GAAP”) as well as some non-GAAP performance measures. As non-GAAP performance measures do not have a standardised meaning prescribed by GAAP, they are unlikely to be comparable to similar measures presented by other companies. We provide these non-GAAP measures as they are used by some investors to evaluate OceanaGold’s performance. Accordingly, such non-GAAP measures are intended to provide additional information and should not be considered in isolation, or a substitute for measures of performance in accordance with GAAP.

- Earnings before interest, tax, depreciation and amortisation (EBITDA) a non-GAAP measure and a reconciliation of this measure to Net Profit / (Loss) is provided in the Income Statement section of this report
- All-In Sustaining Costs (‘AISC’) per ounce sold is based on the World Gold Council methodology, is a non-GAAP measure and a Group reconciliation of these measures to cost of sales, is provided in the Business Summary section of this report.
- Cash Costs per ounce sold is a non-GAAP measure and a Group reconciliation of these measures to cost of sales, is provided in the Business Summary section of this report.
- All-In Sustaining margin refers to the difference between average gold price received, and AISC per ounce of gold sold.
- Net debt has been calculated as total interest-bearing loans and borrowings less cash and cash equivalents.
- Liquidity has been calculated as cash and cash equivalents and the total of funds which are available to be drawn under the Company’s loan facilities.
- Adjusted net profit / (loss) is defined as Earnings / (Loss) after income tax and before gain/(loss) on undesignated hedges and impairment charge as calculated in the Income Statement of this report. Adjusted earnings / (loss) per share represents the adjusted net profit / (loss) on a per share basis.

## Transactions with Related Parties

There were no significant related party transactions during the period.

## No Offer of Securities

Nothing in this release should be construed as either an offer to sell or a solicitation of an offer to buy or sell OceanaGold securities in any jurisdiction or be treated or relied upon as a recommendation or advice by OceanaGold.

## Reliance on Third Party Information

The views expressed in this release contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. This release should not be relied upon as a recommendation or forecast by OceanaGold.

## Additional Information

Additional information referring to the Company, including the Company’s Annual Information Form, is available at SEDAR at [www.sedar.com](http://www.sedar.com) and the Company’s website at [www.oceanagold.com](http://www.oceanagold.com).

## **Disclosure Controls and Procedures**

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at June 30, 2020. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at December 31, 2019 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities. These controls were designed and evaluated based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (2013 framework).

## **Internal Control Over Financial Reporting**

Management of OceanaGold, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting and disclosure controls and procedures as of December 31, 2019. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that they were effective at a reasonable assurance level.

There were no significant changes in the Company's internal controls, or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls requiring corrective actions.

During the three months ended June 30, 2020, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that its disclosure controls and internal controls over financial reporting will prevent all errors and fraud. A cost-effective system of internal controls, no matter how well conceived or operated, can provide only reasonable not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

## **Critical Accounting Estimates and Judgements**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. Please refer to Note 3 of OGC's consolidated financial statements for the year ended December 31, 2019 for further information.

## **Accounting Policies**

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.