



**OceanaGold Corporation**

**Date of Lodgement: 6/3/12**

**Title: “Company Insight – Operating in Philippines & Updates Didipio”**

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**Highlights of Interview**

- **Outlines corporate vision for 2016.**
- **Construction progress at Didipio – project parameters unchanged.**
- **Experience operating in the Philippines.**
- **OceanaGold’s contribution to community, health, environment & education.**
- **Financial benefits for the Philippines from Didipio.**
- **Interpretation of any possibly legislative changes for mining in the Philippines.**
- **Longer term growth strategy in the Philippines.**

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**Record of interview:**

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OceanaGold Corporation (ASX, TSX, NZX code: OGC; market cap of ~US\$680m) is constructing its Didipio Gold/Copper Project in the Philippines. Before we speak about Didipio and operating in the Philippines in general, can you outline your vision for 2016, how you might get there and the role Didipio will play in achieving the vision?

**MD & CEO, Mick Wilkes**

By 2016 we want to be a major gold mining company in the Asia-Pacific region operating in a number of countries including the Philippines and New Zealand.

Didipio really is the platform for growth in widening our base. Didipio will allow us to build our project development and operating skills in the area and of course it will generate significant cash flow to support that future growth.

I think we will be able to demonstrate our credentials to governments and local stakeholders that we can responsibly develop mines that are world class, and that can significantly add to the wealth and living standards of the region. Didipio is a very significant development for the Philippines, and for our many stakeholder groups.

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Can you give a brief update on construction progress at Didipio? What are some of the recent milestones achieved?

**MD & CEO, Mick Wilkes**

We are very happy with the construction progress at Didipio. We've achieved all the milestones we set in 2011. The project is on track and for commissioning in the fourth quarter this year.

Despite a very wet period we've completed the earth works on the process plant site. We've completed around 30% of the concrete and are now putting up the steel for the processing plant. The mining contractor mobilised to site in December and in January mining and construction of the tailings storage facility commenced.

Overall, the project is going very well. The construction camp is complete and there are around 800 people working currently at site. We have a strong management team with decades of experience building projects in the tropics with all of our contractors being Filipino based contracting groups.

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Are the main project parameters and economic returns unchanged?

**MD & CEO, Mick Wilkes**

Yes, the Didipio Project is expected to be a low cost, high cash flow project. With strong gold and copper prices, this is a very attractive project that will transform OceanaGold.

Our operating cash costs forecasts are unchanged and the production plan remains consistent with what we disclosed to the market in June last year when we commenced construction.

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Operating in the Philippines has, at times, been problematic for some mining companies. What is the OceanaGold experience?

**MD & CEO, Mick Wilkes**

We have been very focused on our relationship with the local community. A month ago I was in the Philippines and came away with a strong sense that we have achieved our social licence to operate. We have a very good team on the ground at Didipio with many of those employees coming from the local and surrounding communities and this has been a key to building confidence in what we plan to achieve at Didipio and more broadly in the Philippines as we move forward.

The challenges for mining in the Philippines are unique in terms of building projects. We've worked very hard to get the project going at all government levels and worked even harder on our relationships at the local level so I hope it pays dividends for all stakeholders in the future.

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Why do you think it has been relatively smooth, from an outsider's perspective, for OceanaGold?

**MD & CEO, Mick Wilkes**

We've focused our efforts on the local community and specifically working towards creating opportunities for future prosperity across an impact area that well exceeds the immediate mining area – that's the key.

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What has OceanaGold contributed in areas such as to the local community, socially, health, environment and education?

**MD & CEO, Mick Wilkes**

We continue to support the local community in several ways – one example is providing medical missions that have benefited more than 8,000 people. Our medical missions bring medical professionals to remote parts of Luzon. Also, re-forestation programs, clean water programs, anti-malaria programs and of course our university scholarship programs where more than 150 scholars from the local communities have been sent to university or college. Some of these scholars are now back working for OceanaGold at the mine site applying their new skills – a true testament to the sustainable solutions that resource projects can bring to communities.

Recently we committed to a social development and management plan where we will spend approximately \$1.5 million per annum benefitting communities in and around Didipio. That has been agreed by all parties and is a significant milestone. The establishment of the ‘Didipio Community Development Corporation’ – or ‘DiCorp’ - was also a significant achievement. This community organisation is now tendering on mine contracts and follows a similar model to one used in Papua New Guinea or the Northern Canada.

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Are you able to quantify the financial benefits for the Philippines from the Didipio Project, including the employment of local workers?

**MD & CEO, Mick Wilkes**

We have 800 people working on site and over 95% of the workforce is Filipinos, and as I said before, all of the contractors are Philippine companies.

In terms of Didipio itself, around 60% of net revenue after the recovery of capital costs and operating costs is shared with the Government and local communities.

I think overall that around \$350 million will be inflowing from our project in taxes and royalties to the Philippines, which is a significant sum of money and only the start. It will give a great boost to the economy of the local province and the Philippines, and it is likely to last for many years to come as we continue to invest in exploration within our FTAA area.

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An article by Bloomberg on 13 February 2012 stated that “The Philippines is considering tightening rules, cutting tax breaks and reviewing resource contracts in what could be the biggest revamp in its mining policy since a 2004 court ruling supporting foreign investment”. What is your interpretation or knowledge of any potential changes?

**MD & CEO, Mick Wilkes**

We’ve been aware that there has been a committee set up by the President’s office to review the mining policy. They are reviewing regulations of large and small scale mining and illegal mining, and the benefits that are flowing back to the people of the Philippines in the form of royalties, taxes and economic development. There has been a draft review released from the Government which is being reviewed by the many stakeholder groups including the mining industry in the Philippines.

I don’t think there will be any detrimental impact on Didipio. We have a contract – recognised by international law – for us to proceed with Didipio and to develop and operate the mine.

We don’t believe that any potential changes the government will make to the laws of the mining industry would be detrimental to mining; in fact I think it will be positive, as it will provide greater certainty for the mining industry to move forward confidently with the Government to grow a strong, sustainable and responsible mining industry in the country.

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What is OceanaGold's strategy for the Philippines business post commissioning at Didipio?

**MD & CEO, Mick Wilkes**

The first thing is to get the Didipio plant up and running and then to expand it. We are doing a feasibility study to increase it from an initial 3.5 million tonnes per annum to 5 million tonnes per annum of ore. We also plan to commence drilling in the wider tenement at Didipio this year and are progressing on a number of other very prospective projects in our portfolio in the country that hold great promise for exploration success. So our plans are to be in the Philippines for a long time off the back of our imminent success at Didipio.

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Thank you Mick.

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For more information about OceanaGold, please visit [www.oceanagold.com](http://www.oceanagold.com) or contact Nova Young, Investor Relations Officer or Darren Klinck, Head of Business Development, OceanaGold Corporation, telephone + 61 3 9656 5300.

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