



MEDIA RELEASE

6 September 2016

OCEANAGOLD ANNOUNCES ROBUST ECONOMICS FROM HAILE PRELIMINARY UNDERGROUND STUDY

(All financial figures in US Dollars unless otherwise stated)

(MELBOURNE) OceanaGold Corporation (**TSX/ASX/NZX: OGC**) (the “Company”) is pleased to announce the results of its recently completed Preliminary Economic Assessment (“PEA”) on a potential underground operation at the Haile Gold Mine.

Key Highlights of the Haile Underground PEA¹

- After-tax, undiscounted cash flows of US\$861 million based on an open pit with incremental underground cash flows beginning in 2019.
- After-tax IRR improvement of approximately 40%, based on previous NI 43-101 Technical Report economics and incremental impact of the underground at a \$1,250 per ounce gold price.
- Payback period of 3 years on underground capital expenditure.
- Average annual production of 80,000 to 100,000 ounces of gold from the underground (2019 to 2025) to complement approximately 150,000 ounces of annual gold production from the open pit (2017 to 2030).
- Estimated LOM All-In Sustaining Costs of US\$554 per ounce with open pit and incremental impact from underground.

“I am pleased to report the results of the Haile underground PEA that demonstrates the technical viability of an underground operation with strong economics that has the potential to complement the current plan for the Haile Gold Mine,” said Mick Wilkes, President and CEO. “We are now working on the optimisation study which will incorporate the results of the Haile underground PEA and the extensive drilling data that we have collected this year. The optimisation study will determine the optimal mine design for both the open pit and underground while utilising updated commodity assumptions for reserves. We expect this study to be completed by the middle of next year.”

¹ The underground production target is based on Inferred Resources only. The economic analysis presented in this release combines the open pit economics (which are based on Mineral Reserves) with the underground capital and operating costs. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the underground production target itself will be realised. The stated underground production target is based on the company’s current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

The purpose of the Haile underground PEA was to determine whether an underground mining operation at Haile is viable, and can be done concurrently with the existing open pit life of mine plan, which is based on existing mineral reserves. The PEA is modelled on mineralisation located beneath the open pit reserves (Figure 1), almost all of which is included within the open pit resources reported by the Company in the Haile NI 43-101 Technical Report dated October 13, 2015 (“2015 Technical Report”).

The open pit resources in Horseshoe, Mustang and Mill Zone Deeps areas have all been re-evaluated as underground targets (Figure 1), representing 95% of the underground mineralisation evaluated in the PEA. Their individual resource contributions are presented in Table 1. The remaining 5%, totalling approximately 45,000 ounces of gold and located beneath the Horseshoe open pit resource, is in addition to the open pit resources presented in the 2015 Technical Report.

The results of the Company’s extensive drill program at Haile in 2016 have not been included in the PEA.

Figure 1 – East - West Section with UG Resources, Reserve Pits, and OP Resource Reporting Shell

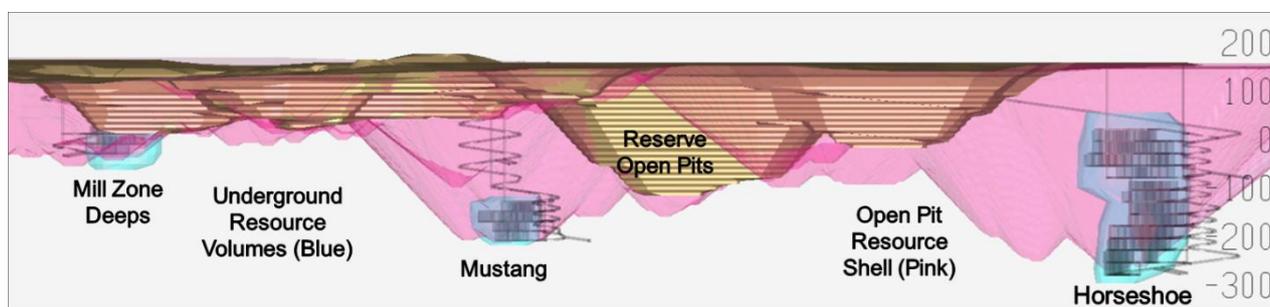


Table 1 – Inferred Resource above cut-off grade

	kt	g/t	koz
Horseshoe	3,680	5.45	645
Mustang	768	4.49	111
Mill Zone Deep	306	5.02	49
Total	4,755	5.27	805

Notes:

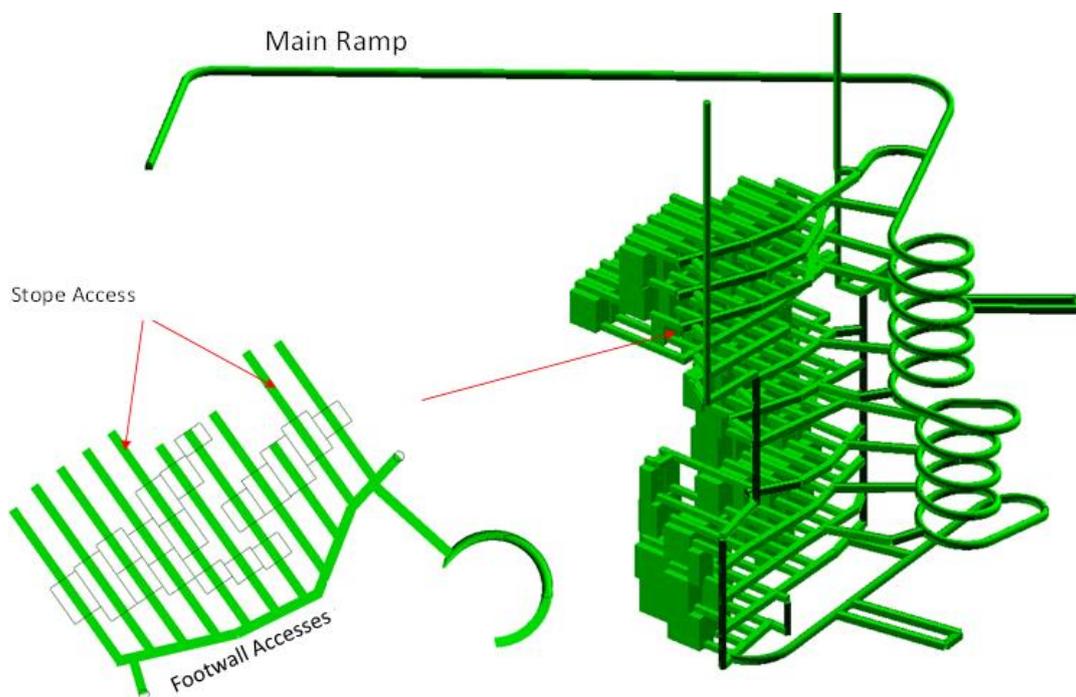
- Resources constrained to volumes expanded around underground design volumes.
- Based on an underground cut-off grade of 1.3 g/t Au.

The focus of the Haile underground PEA has been on identifying potential mining methods, a high-level capital and operation cost estimate and potential cash flow generation. In addition, the Company has included a high-level review of plant modifications required to increase throughput rates from 6,350 to 8,274 tonnes per day (7,000 to 9,120 short tons per day).

Open stoping with rock backfill was chosen as the most appropriate mining method, on the basis of relatively high recovery and productivity and low cost. Mining has been assumed to progress bottom-up with the design including a sill pillar at the mid-point of the Horseshoe resource and two concurrent mining phases at Horseshoe. The upper limit of the Horseshoe deposit is approximately 150 metres below surface and has a vertical extent of about 280 metres (Figure 2). For Mustang, mining (not including declining for access)

commences 300 metres below surface and extends 80 metres vertically, while for Mill Zone Deeps, mining commences 150 metres below surface, at the base of the Mill Zone pit, and extends 55 metres vertically. Importantly, mining of the underground mineralisation as stipulated by the PEA, would not impact mining of the open pit reserves as set out in the 2015 Technical Report.

Figure 2 – Horseshoe Underground Layout



The Company expects that mill feed will be a blend of open pit and underground material and would require a plant expansion from 6,350 to 8,274 tonnes per day (7,000 to 9,120 short tons per day). The incremental mill feed of 1,924 tonnes (2,120 short tons) would be sourced predominately from underground ore.

The Company expects that a modification to Haile’s mining permit would be required before commencement of underground operations.

The Haile underground PEA is based on inferred resources only and as such, the economic analysis which assumes the start of the underground development in the first quarter of 2018 is only preliminary. Nevertheless, the PEA demonstrates robust economics that support further investigation of an underground operation to complement the open pit. The Company has commenced an optimisation study to determine an optimised plan for combined open pit and underground mines at Haile.

Based on the PEA, the total pre-production capital expenditure required for underground development and the procurement of underground equipment would be approximately \$53 million with life of mine sustaining capital cost requirements of approximately \$45 million (Table 2).

Table 2 – Capital Cost Estimates – Underground

USDm	Pre-Production Capex	LoM Sustaining Capex	Total Capex
Mining Equipment/Assets	33.0	8.7	41.7
Mine Development	20.1	26.3	46.4
Equipment Rebuilds	–	9.5	9.5
Capital Costs	53.1	44.5	97.6

Table 3 – Operating Costs - Underground

Description	US\$/t UG Processed	LoM (USDm)
Mining Costs including Sustaining Capex	30.80	133.5
Processing Costs (UG tons only)	10.58	45.8
G&A Costs	7.89	34.2
Total	49.27	213.5

With the completion of the PEA, the Company will update its 2015 Technical Report to include the results of the PEA in a new section 24 named “Other Relevant Data and Information”. The Company expects the updated technical report to be released within 45 days.

In the meantime, the optimisation study will focus on enhancing the Net Present Value of the entire Haile project through potential modifications to the open pit design, incorporation of an underground mine and upgrade to the Reserves and Resources based on the extensive drilling carried out in 2016 coupled with the use of higher gold price assumptions to reflect current market conditions. Upon completion of the optimisation study, which is expected in the middle of 2017, the Company expects to provide a more comprehensive technical update on the Haile Gold Mine.

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Competent / Qualified Persons Statement

This release was prepared in accordance with the standards set out in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") and in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101"). The JORC Code is the accepted reporting standard for the Australian Stock Exchange Limited ("ASX") and the New Zealand Stock Exchange Limited ("NZX").

Information relating to Haile underground PEA in this document has been verified by, is based and fairly represents information compiled by or prepared under the supervision of Joanna Poeck, a Registered Member of the Society for Mining, Metallurgy and Exploration and an employee of SRK Consulting (U.S.) Inc., as well as Jonathan Moore, a Member and Chartered professional with the Australasian Institute of Mining and Metallurgy and an employee of OceanaGold. Both J. Poeck and J. Moore have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code and both are Qualified Persons for the purposes of the NI 43-101. Ms. Poeck and Mr. Moore consent to the inclusion in this release of the matters based on their information in the form and context in which it appears.

Assumptions relating to Production Targets and Forecast Financial Information derived from Production Targets

The production targets appearing in this release are based on the rate assumptions shown in table below:

Production Rates ⁽¹⁾

Activity Type	Dimensions	Rate ⁽¹⁾
Main Ramps – 1 st year of mining (single headings)	16 ft x 18 ft	18.1 ft/d
Main Ramps – subsequent years (single headings)	16 ft x 18 ft	21.4 ft/d
Level Development (single headings)	16 ft x 18 ft	21.6 ft/d
Drifting top/bottom stope accesses (multiple headings)	15 ft x 15 ft	43.4 ft/d
Stoping ⁽²⁾	-	2,864 st/d
Raisebored Raise	16 ft diameter	13.3 ft/d
Slot Raises	13 ft x 13 ft	32.8 ft/d
Other mass excavations	-	9,464 ft ³ /d
Backfilling	-	52,972 ft ³ /d

(1) All rates are per face. Multiple areas/faces are mined together to generate the production schedule.

(2) Includes slot, drilling, blasting, and mucking.

Source: SRK, 2016

A delay of seven days was used prior to driving on cemented rock fill ("CRF") and a 14-day delay prior to mining adjacent to a CRF filled stope. The mining operation schedule is based on 365 days/year, 7 days/week, with two 12 hour shifts each day. A production rate of 2,120 st/d was targeted with ramp-up to full production as quickly as possible.

The indicative economic results shown in this release are based on the following market prices:

Gold (US\$/oz)	\$1,250
Silver (US\$/oz)	\$20

About OceanaGold

OceanaGold Corporation is a mid-tier, low-cost, multinational gold producer with assets located in the Philippines, New Zealand and the United States. The Company's assets encompass its flagship operation, the Didipio Gold-Copper Mine located on the island of Luzon in the Philippines. On the north island of New Zealand, the Company operates the high-grade Waihi Gold Mine while on the south island of New Zealand, the Company operates the largest gold mine in the country at the Macraes Goldfield which is made up of a series of open pit mines and the Frasers underground mine. In the United States, the Company is currently constructing the Haile Gold Mine, a top-tier asset located in South Carolina along the Carolina Terrane. The Company expects the Haile Gold Mine to commence commercial production in early 2017. OceanaGold also has a significant pipeline of organic growth and exploration opportunities in the Australasia and Americas regions.

OceanaGold has operated sustainably over the past 25 years with a proven track record for environmental management and community and social engagement. The Company has a strong social license to operate and works collaboratively with its valued stakeholders to identify and invest in social programs that are designed to build capacity and not dependency.

In 2016, the Company expects to produce 385,000 to 425,000 ounces of gold from the combined New Zealand and Didipio operations and 19,000 to 21,000 tonnes of copper from the Didipio operation at All-In Sustaining Costs of US\$700 to US\$750 per ounce.

Cautionary Statement for Public Release

Certain information contained in this public release may be deemed "forward-looking" within the meaning of applicable securities laws. Forward-looking statements and information relate to future performance and reflect the Company's expectations regarding the feasibility of an underground operation at Haile Gold Mine Project, the generation of free cash flow, execution of business strategy, future growth, future production, estimated costs, results of operations, business prospects and opportunities of OceanaGold Corporation and its related subsidiaries. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those expressed in the forward-looking statements and information. They include, among others, the accuracy of mineral reserve and resource estimates and related assumptions, inherent operating risks and those risk factors identified in the Company's most recent Annual Information Form prepared and filed with securities regulators which is available on SEDAR at www.sedar.com under the Company's name. There are no assurances the Company can fulfil forward-looking statements and information. Such forward-looking statements and information are only predictions based on current information available to management as of the date that such predictions are made; actual events or results may differ materially as a result of risks facing the Company, some of which are beyond the Company's control. Although the Company believes that any forward-looking

statements and information contained in this press release is based on reasonable assumptions, readers cannot be assured that actual outcomes or results will be consistent with such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements and information, whether as a result of new information, events or otherwise, except as required by applicable securities laws. The information contained in this release is not investment or financial product advice.

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