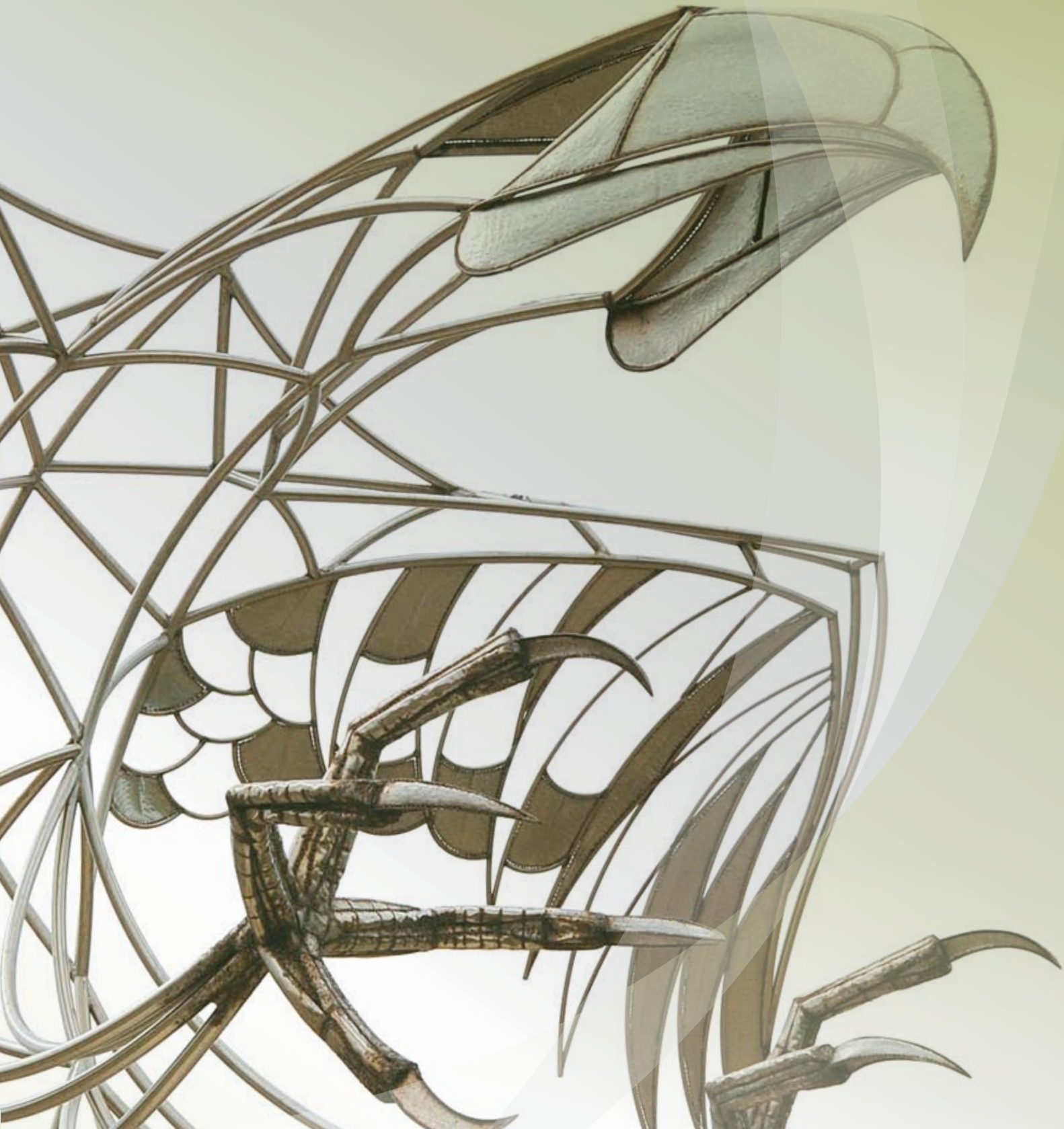




OceanaGold Corporation  
Sustainability Report 2009

# TOWARDS SUSTAINABILITY







The *Towards Sustainability Report* 2009 is an extract from OceanaGold's Annual Report 2009





Heritage and Art Park  
(Macraes)

# Sustainability

## Sustainability Performance Highlights

### Governance and Policy

- Reviewed company wide security procedures.
- Implemented sustainability Key Performance Indicators (KPI) and data collection protocols.
- Developed a 'Sustainable Procurement Guidance Document' and commenced working with company suppliers to improve their management of sustainability issues.

### Environment

- Successfully tracked, documented and reported environmental compliance and management programs, energy and greenhouse, water, waste and biodiversity and rehabilitation performance across all operational business units.
- Maintained and further enhanced the Macraes Wetlands project to ensure optimum biodiversity preservation.
- Produced 7650 trout for release and 50,000 ova (from broodstock) at the Macraes Trout Hatchery.
- Achieved Reefton certification under the Negotiated Greenhouse Gas Agreement with the New Zealand Government. The Company's two New Zealand mines, Macraes and Reefton, now operate under this Agreement.
- Completed another four hectares of rehabilitation planting at the Reefton site. To date, 12.5 hectares of the site has been restored. The Year 6, 2010 Annual Work and Restoration Plan was also approved and an Authority to Enter and Operate granted by the Department of Conservation.
- Recognised for outstanding environmental achievement by the Philippine Department of Environment and Natural Resources (DENR). The 2009 *Best Forestry Program*

by a *Mining Company Award* covers a range of environmental rehabilitation programs within the mining lease and adjoining communities. OceanaGold was selected the award winner from a group of nominee minerals companies who were judged against the criteria contained in the DENR National Executive Committee Circular No. 2008-01.

- Extended the Didipio tree planting program by a further 8.8 hectares and continued the Didipio tree nursery expansion. Since 2007, OceanaGold has planted approximately 60,000 seedlings raised from the nursery. The majority of these seedlings were planted in new reforestation areas, while a smaller portion were used for enrichment planting in old reforestation areas.

### Community

- Allocated over half the operational spend of the Macraes and Reefton operations (52.9 per cent) to suppliers with a base and/or operations in New Zealand via the sustainable procurement strategy.
- Undertook targeted promotion of the Heritage and Art Park at Macraes in New Zealand to build greater public awareness of the initiative and attract more visitors to the area.
- Struck a new partnership agreement with Basketball Otago that will bring a national basketball team back to Dunedin for the first time in many years. The partnership will also develop new, and enhance existing, grassroots level youth basketball programs while encouraging youth participation and athletics development throughout the Otago region.
- Increased funding for the DARE (Decision-making, Assertiveness, Responsibility and Esteem program of the DARE Foundation) West Coast Program in Reefton, New Zealand.
- Maintained funding for 'The Inangahua Vision 2010' project that raises funds for investment into Reefton's local community initiatives.
- Began an ongoing series of 'Medical Missions' in the Philippines in partnership with local health units, municipal and provincial government agencies and Red Cross volunteers. The missions bring free professional medical assistance, dental and optical services and supplies to areas where access to these facilities is limited and/or non-existent. In total, 10 medical missions were undertaken and over 3,500 people treated.
- Remained an active and dedicated member of the Global Fund Movement Against Malaria, with particular focus on the delivery of malaria prevention programs in regions close to the Didipio project in Northern Luzon, Philippines. The effectiveness of the initiative was dramatically demonstrated by the province of Quirino in Northern Luzon where malaria cases fell from a high of 1,230 in 2003, to only five by the close of 2009. This is a 99 per cent reduction in total malaria cases for the province.
- Continued the OceanaGold scholarship program in the Philippines for a fourth year providing a total to date of 143 university scholarships to Filipino students.

**RECOGNISED  
FOR OUTSTANDING**  
environmental achievement  
by the Philippines Department  
of Environment and Natural  
Resources



- Continued financial support to the broader Didipio community through a Memorandum of Agreement with the Didipio Community Development Association (DCDA). Together with the DCDA, the local Barangay Council and community representatives, a number of infrastructure projects were completed by the company including three overflow bridges, the upgrading and rehabilitation of two water systems, a community multi-purpose hall building and perimeter fence and upgrade of 450 metres of circumferential road.

Free education for high school students at the Didipio Green Valley Institute, elementary pupils at the Didipio Elementary School and children attending Didipio's four day care centres was also provided through funds managed by the DCDA.

## Health and Safety

- Standardised health and safety reporting across the Macraes and Reefton sites and contractor compliance was robustly audited to ensure adherence to company health and safety standards.
- Ran numerous training programs across the Macraes and Reefton operations including work and rescue at heights, vertical and rope rescue, pre hospital care training, advanced first aid, BG4 and CABBA breathing apparatus use, confined space and rescue in toxic atmospheres and underground rescue training. A 'Healthy Heart' program was also introduced along with health checks for all employees.

- Introduced a new health and safety policy at the Macraes and Reefton operations requiring all employees to be re-inducted before accessing the process area. This was later expanded to include the induction of all major and minor contractors off site in their own work places to ensure all are satisfactorily inducted before site entry.
- Reduced workers compensation claims at the Macraes and Didipio operations.
- Maintained the Didipio Health and Safety clinic in the Philippines. The clinic comprises Red Cross trained paramedics and is backed by an emergency response team of select security personnel with first aid and life support training. Clinic personnel assisted hundreds of local community members with a range of minor and serious afflictions.

## What Sustainability Means to OceanaGold: Future Generations

OceanaGold is committed to the principles of sustainable development. For OceanaGold, sustainability means operating in a way that protects and supports social integrity, environmental biodiversity and equitable economic development.

Many of the company's programs and projects are now based on these criteria, while further work will be undertaken in the future to more fully integrate sustainability principles into company decision making and management.

OceanaGold is guided by its ethics and held to account by its policies, stakeholders and shareholders.

The company's core sustainability objective is the creation of a positive, lasting legacy that ensures benefits continue well beyond the life cycle of its projects. It aims to meet and where possible, exceed industry benchmarks for excellence in environment, community and health and safety programs.

In 2007, OceanaGold established a roadmap to help it achieve its sustainability goals. Three years on, the results are encouraging and demonstrate the consistent progress OceanaGold has made in implementing a wide range of effective and innovative sustainability initiatives across the business.

## Action

Track data using procedures for inclusion in 2009 report

## Measurement

Compile second 'Towards Sustainability' report

## Accountability

Stakeholder and shareholder feedback

## Key Policy and Process Developments

OceanaGold retained the services of specialist sustainability consultancy, Net Balance, who reviewed the capture of company sustainability data.

This review aimed to ensure that OceanaGold continues to build on the work undertaken in 2008. It will also ensure that the company continues to collect robust performance data over time.

The company's Corporate Social Responsibility (CSR) Policy was approved by the OceanaGold Board in early 2009. This policy outlines the company's sustainability philosophy and can be found on the company's website [www.oceanagold.com](http://www.oceanagold.com)

Through the CSR policy, OceanaGold aims to add value consistent with international best practice in mineral exploration and extraction, environmental stewardship, safety and community engagement. Simply put, OceanaGold believes it can help transform communities in a way that reflects broader global sustainability initiatives centred on economic development, poverty alleviation and improved health outcomes.

OceanaGold's commitment to building strong and lasting partnerships with the local communities in which it operates has seen the company work with a large and varied number of organisations throughout 2009, the primary goal of which has been to deliver long term, positive change.



## CASE STUDY

### SUSTAINABLE PROCUREMENT IN NEW ZEALAND

In 2007, OceanaGold developed its first sustainable procurement strategy via development of a Sustainable Procurement framework. The framework established a focal point for guiding supply and detailed a clear preference for pursuing a local community supply base wherever possible.

Subsequent implementation of the framework at the company's Macraes and Reefton operations in New Zealand also saw development of Supplier Prequalification Forms that sought information on a supplier's financial stability, commitment to OceanaGold company policies, the local community and continuous improvement. Contract schedule sustainability registers were also introduced.

Within two years, these initiatives have enabled Macraes and Reefton to allocate over half their operational spend (52.9 per cent) to suppliers with a base and/or operations in New Zealand including Otago, West Coast, Canterbury, Nelson, Wellington and Auckland. This is a better than anticipated result which the company is set to further expand in 2010.



## CASE STUDY

### OCEANAGOLD WINS TOP PHILIPPINES ENVIRONMENTAL AWARD

The Philippine Department of Environment and Natural Resources (DENR) recognised OceanGold with one of its top environmental awards in 2009.

The '2009 Best Forestry Program by a Mining Company' covers a wide range of environmental rehabilitation programs within the mining lease and adjoining communities.

OceanaGold was selected from a group of minerals companies who were nominated for the award judged against the criteria contained in the DENR National Executive Committee Circular No. 2008-01.

The company received the award at the Philippine Mine Safety and Environment Conference in Baguio City in November. The Conference is staged annually by the Philippine Mine Safety and Environment Association (PMSEA), the Mines and Geosciences Bureau (MGB) and the DENR.

## Environment

OceanaGold places great importance on responsible environmental management at its operations globally. While compliance with all applicable statutory requirements in the countries in which it operates remains the overarching goal, the company has also developed and expanded a number of unique and innovative environmental programs.

OceanaGold is committed to continued improvement in the identification, assessment, mitigation and monitoring of the environmental effects of its operations. The company works hard to plan and implement environmental projects that protect and support the natural environments associated with its operations and that demonstrate its focus on international best practice environmental stewardship.

Clearly, the company's activities can impact the environment and in some cases, create lasting effects. Wherever possible, OceanaGold seeks to ensure a net environmental gain from its activities and is diligent in its adherence to all applicable laws and standards here and offshore.

In 2008, the company undertook a material issues assessment of all its business units and identified the key areas of focus and environmental reporting.

These comprise the following and are reported on in more detail below:

- Compliance
- Energy Use and Greenhouse Gas
- Water
- Waste
- Land Use

OceanaGold now employs a company wide, structured approach to performance monitoring via its environmental management data protocols. A series of KPIs have also been established as part of this approach and relate to the tracking of environmental management in the areas listed above. Tracking this data, year on year, assists the company to better analyse its performance and identify opportunities for improvement and focus in the future.

More specifically, the protocols will enable the company to more accurately report trends in the years to come and adopt a pro-active response to potential risks.

The company's environmental policies and programs are regularly reviewed and for the latest version of the OceanaGold's environmental policy go to [www.oceanagold.com](http://www.oceanagold.com)

### Environmental Compliance and Management Programs

OceanaGold's environmental management program is based on the complete mine life cycle, from exploration through development and operation, to eventual decommissioning, closure and site rehabilitation. The company seeks to not only meet, but consistently exceed regulatory requirements in place to protect the environment for future generations and safeguard the sustainability of nearby communities.

The comprehensive environmental monitoring programs in place at each company site means it can monitor effectively, various key environmental factors including:

- Potential seepage from tailings dams and waste rock stacks;
- Groundwater quality
- Surface water quality
- Stream sediments
- Site biodiversity
- Aquatic biological diversity
- Noise
- Dust

## Environmental Performance

OceanaGold's environmental performance against the goals set in 2008 is detailed below:

Business Unit	2009 Target	Status
Macraes	Obtain or better carbon emission targets set out in the Negotiated Greenhouse Gas Agreement with the New Zealand Government.	Refer to Footnote 1
	Continue to accurately report environmental incidents in a timely fashion, maintaining the number of Moderate, Significant and Major Impact (levels 3 to 5) environmental incidents at 0.	A
	Complete rehabilitation work on 40 hectares in line with the area available for rehabilitation and apply maintenance fertiliser to 40 hectares of the site.	NA
	Produce 10,000 trout for release from the Macraes Flat Trout Hatchery.	PA
	Maintain the Macraes township and the Heritage and Art Park features to a high standard to encourage tourism in the local community.	A
Reefton	Bring the site in under the Negotiated Greenhouse Gas Agreement with the New Zealand Government.	A
	Continue to accurately report environmental incidents in a timely fashion.	A
	Maintain the number of Moderate, Significant and Major Impact (levels 3 to 5) environmental incidents at 0.	NA
	Complete 4.75 hectares of rehabilitation in line with the area available for rehabilitation.	PA
	Assess pit perimeter restoration trials.	A
Philippines	Stabilise and/or rehabilitate disturbed areas as soon as areas become available.	A
	Maintain the site tree nursery.	A
	Maintain the tree planting program.	A
	Expand and enhance the environmental monitoring program in line with increased activity and development on site.	Refer to Footnote 2

(A) Achieved      (PA) Partially Achieved      (NA) Not Achieved

<sup>1</sup> OceanaGold submitted a draft milestone report to the New Zealand Government on time, in April 2009. The report has been reviewed by an external party on behalf of the Ministry for the Environment–Climate Change Office and some interim recommendations implemented. At the time of printing, the Government was yet to finalise the milestone report which, once done, will allow OceanaGold to complete its annual Negotiated Greenhouse Gas report and post to the company website: [www.oceanagold.com](http://www.oceanagold.com)

<sup>2</sup> Due to the Philippines project being on care and maintenance throughout 2009, environmental reporting was in line with expectations for reduced activity at site. Once the project moves out of care and maintenance, tracking and reporting of environmental performance will recommence at the same company standard for operations. This will be undertaken using the same systems and data management protocols that have been applied across the New Zealand Business Units.





## CASE STUDY

### DIDIPIO TREE NURSERY (PHILIPPINES)

In 2006, OceanaGold established a pioneering and highly productive tree nursery at its Didipio Gold-Copper project in the Philippines.

In 2009, the nursery and associated tree planting program was further expanded. Since 2007, OceanaGold has planted approximately 60,000 seedlings of various tree species raised from the nursery. The majority of these seedlings were planted in new reforestation areas, while a smaller portion were used for enrichment planting in old reforestation areas.

The company's 2009 Philippines environmental award recognised the significant reforestation achievements of OceanaGold's Didipio tree nursery. (See previous case study).

OceanaGold is dedicated to the ongoing success and continued expansion of its tree nursery and reforestation initiatives, both of which showcase the company's world's best practice approach to environmental management in mineral provinces.

The widespread use of environment induction programs has also helped better define responsibilities and duty of care in relation to the environment at each of the company's sites.

OceanaGold has invested substantial resources in fostering a culture of continuous improvement in environmental management. The company's commitment to setting a high environmental benchmark is reflected in management of its operations globally.

The Macraes operation recorded three non-compliance events. All three were classified 'minor' and did not exceed the 'moderate', 'significant' or 'major' categories (levels 3 to 5). The incidents related to depositional dust, water samples and water flow. Two of the incidents have been resolved to the satisfaction of the regulator, while the water samples non-compliance is being addressed by OceanaGold in partnership with the regulator.

The Reefion operations also recorded three non-compliances related to suspended solid exceedances in discharge water. Fines were issued, incident reports forwarded to the West Coast Regional Council and site inspections undertaken.

Following the incidents, OceanaGold recognised that a major water management improvement would result from installing a full capacity clean water bypass from the Empress pit diversion through to downstream of the main sediment retention pond. A new pipeline became operational on 14 September 2009 and no exceedances of downstream sediment load limits have been recorded since then. The median sediment load has also fallen to about half of the stipulated level.

The Philippines project did not record any environmental non-compliance incidents in 2009.

### Energy and Greenhouse

OceanaGold is focused on reducing greenhouse emissions across the company. Wherever possible it implements procurement initiatives designed to significantly reduce its largest source of direct emissions – transport (diesel) and stationary fuel (LPG) consumption. To illustrate, purchase of more fuel efficient trucks in 2008 is forecast to save millions of litres of fuel over the life of the New Zealand mines while delivering a large and tangible greenhouse benefit.

OceanaGold is a partner to a Negotiated Greenhouse Gas Agreement with the New Zealand Government to minimise greenhouse emissions.

Results for its 2009 performance are currently being finalised and will be published on the company's website once available.

In the Philippines, tracking fuel and energy use at Didipio continued using the data management protocols outlined. This data will be useful when establishing the required systems and quantifying emissions once the project is recommenced.

## Water

Water quality and water use are both monitored and managed through the company's established data management protocols. The water use data gathered to date has provided a valuable baseline and will determine company water conservation and management efforts into the future.

As the 2009 results illustrate, the Macraes operation is responsible for the bulk of the company's water consumption. While 2009 saw a reduction in potable water used at Macraes – from 1917 ML to 1806 ML, it was matched by a slight increase in surface water consumed from 1869 ML to 2099 ML.

Macraes' substantially higher water usage when compared to the other operations stems from increased milling operations at the site. The difference in water use is also reflective of the site processing ore from both the Macraes and Reefton operations.

Water use in the Philippines has remained low and is not expected to increase notably until such time as the project is recommenced.

OceanaGold's water sources and water use are outlined in the graph to the right.

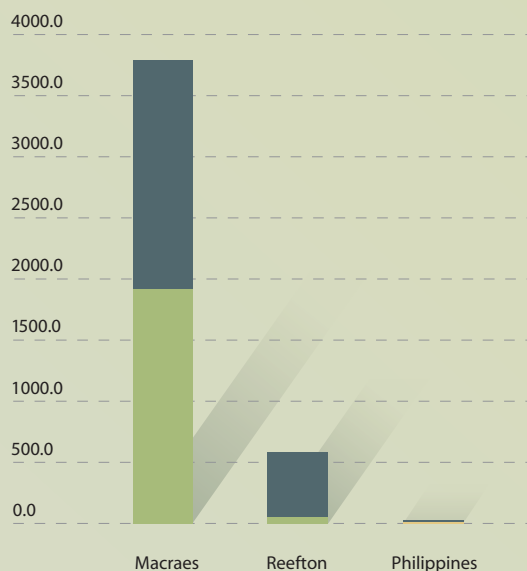
## Waste

Although waste management systems have been in place for many years at the New Zealand operations, implementation of a formal waste data management protocol in 2008 permitted the company to more effectively track and monitor the type of waste it generates and its methods of disposal.

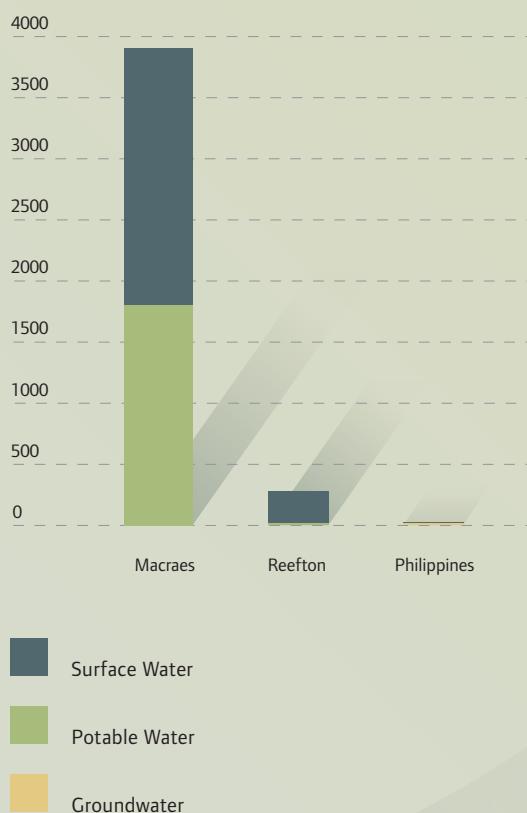
At both New Zealand sites, OceanaGold now tracks waste by type and method of disposal. This information will be used to formulate a baseline and to guide waste management programs in the future.

Wherever possible, OceanaGold's waste is recycled, with the remainder being sent to landfill. Recycling initiatives employed by the company include scrap metal, drums, cardboard and paper. In instances where hazardous waste is generated, it is handled by specialty waste removalists.

2008 Water Use by Source (ML)



2009 Water Use by Source (ML)





## Biodiversity and Rehabilitation

Biodiversity preservation at and around OceanaGold's operations is a key environmental target for the company. OceanaGold's business units are equipped with plans to track and monitor the health of ecosystems, while its commitment to ensuring a positive legacy post mining has seen it thoroughly rehabilitate disturbed land and implement closure planning processes that also take into account ongoing employment, social and community benefits.

In 2009, four hectares of rehabilitation planting was completed at the Reefton site. To date, 12.5 hectares of the site has been restored. The Year 6, 2010 Annual Work and Restoration Plan was also approved and an Authority to Enter and Operate granted by the Department of Conservation.

The Macraes mining schedule prevented any substantial rehabilitation works from being undertaken in 2009, however development of a detailed site closure plan was commenced, coupled with further work on a comprehensive site rehabilitation plan.

Although the Didipio project in the Philippines was on care and maintenance in 2009, OceanaGold maintained its involvement in the Mines Rehabilitation Fund Committee which continued to meet quarterly to address various aspects of the planned project and continue interaction with local communities regarding eventual closure and restoration plans. At present, the Fund contains US\$124,144.

A further 8.8 hectares of reforestation was also planted within the vicinity of the Didipio project site. This substantial and ongoing initiative contributed to OceanaGold's 2009 environmental award from the Philippines Government.



## CASE STUDY

### MACRAES WETLANDS PROJECT

A Macraes Wetland Walkway was developed in 2002 to enhance the Macraes area by restoring a heavily modified 13.6 hectare site adjacent to the township. The site was alluvial mined during the late 1890's through to the 1930's and then used for agricultural activities including, at one stage, a race horse training track. As a result, the site was essentially void of any native vegetation and heavily overgrown with gorse and broom.

OceanaGold established a series of ponds and drainage channels running through the site and with the north branch of the Waikouaiti River adjacent, the area was naturally damp and swampy, lending itself to a comprehensive wetland development.

Initial development by the company included clearing the gorse and broom and installation of a 2.2 kilometre gravel and boardwalk track. A bird hide and interpretation signage were then installed to provide educational resources. The main wetland pond was deepened in places by raising the outlet bund and excavating islands for bird habitat in the centre pond area and native plantings were completed with a view to restoring the area to a mixed tussock grassland with shrub land pockets.

The wetlands project is regularly maintained by OceanaGold staff and further plantings are ongoing to enhance the project.

The Wetland Walkway now provides refuge for an array of native and introduced wildlife and forms part of the OceanaGold's broader Heritage and Art Park.

## 2010 Environmental Targets

### Macraes

- Achieve or better the carbon emission targets set out in the Negotiated Greenhouse Gas Agreement with the New Zealand Government.
- Renew the wetland walkway and replace informative signage to enhance the amenity value of this natural attraction.
- Conduct a three year review of mine site rehabilitation activities (2007-2009), detailing successful rehabilitation/restoration to date, and recommendations for rehabilitation strategies moving forward.
- Implement a web-based digital framework to support Environmental Management Conditions and compliance with statutory requirement and environmental permits.
- Develop and finalise the Environmental Management System to provide a systematic approach to achieving environmental objectives and continual environmental improvement.
- Manage environmental impacts to maintain the number of 'Moderate' or 'Major' environmental incidents (i.e. Levels 3 to 5) at zero.

### Reefton

- Achieve zero environmental non-compliance incidents.
- Complete five hectares of restoration in line with available areas.
- Evaluate the potential installation of automatic monitoring equipment for real-time monitoring at four water sampling locations on and around the mine site.

### Philippines

- Maintain the site tree nursery.
- Maintain the tree planting program.
- Maintain established environmental control measures.
- Continue to comply with relevant provisions of environment permits.
- Conduct internal audit on the implementation of relevant environment procedures.

## Community

OceanaGold takes pride in the partnerships forged and benefits delivered to local communities at each of its operations. Looking beyond social corporate donations, OceanaGold strives to create opportunities for ongoing growth and development in host country communities. Whether it be malaria eradication and medical missions in the Philippines, or art parks and sports sponsorship in New Zealand, the company is committed to continued improvement in its community programs and initiatives.

Company growth will further expand OceanaGold's ability to invest in the social and economic well-being of its communities, a major and abiding priority for the company.

## CASE STUDY

### OCEANAGOLD HELPS WIN FIGHT AGAINST MALARIA

Until recently, three Filipinos died each day of malaria. With well over 1000 malaria fatalities annually, the disease was the eighth leading cause of death in the Philippines and a large percentage of its victims were children and adolescents.

In 2006, OceanaGold joined the Global Fund Movement Against Malaria, the Philippine Shell Foundation and the Cabarroguis Municipal Health Authority to combat this devastating, yet preventable disease.

The aim of the Global Fund Movement Against Malaria was simple, reduce malaria related deaths by 70 per cent by 2010.

Today, OceanaGold is an active and dedicated member of the Provincial Management Committee of the Global Fund Movement Against Malaria and is particularly focused on the delivery of malaria prevention programs in regions close to its Didipio gold-copper project in Northern Luzon, Philippines.

In 2009, the effectiveness of the initiative was dramatically demonstrated by the province of Quirino in Northern Luzon where malaria cases have fallen from a high of 1,230 in 2003, to only five by the close of 2009. This is a 99 per cent reduction in total malaria cases for the province.

Malaria, while deadly, is an entirely preventable disease. The Global Fund Movement Against Malaria has given the Philippines its best opportunity yet to eradicate malaria fatalities permanently through widespread education and professional medical care.



## Community Performance

OceanaGold's community performance against the goals set in 2008 is detailed in the table below:

Business Unit	2009 Target	Status
Macraes	Continue to hold bi-monthly meetings with Macraes Community Incorporated – the local communities representative group – and continue to consult with local Iwi (Maori).	A
	Continue to organise fishing days at Macraes which staff and the community are invited to attend.	A
	Ongoing consultation will be undertaken with other key stakeholders including the Department of Conservation, Historic Places Trust, Waitaki District Council, Otago Regional Council and Otago Fish and Game Council.	A
Reefton	Continue to provide presentations to schools and community groups focusing on all aspects of mining including geology and the environment.	A
	Continue to meet financial commitments to the Inangahua Vision 2010 project (subject to resolution of project organisational issues).	A
	Remain actively involved with community groups.	A
	Run an open house day at the Reefton mine site for local community members and visitors.	A
	Consider any request to subsidise school groups from all regions of New Zealand on commercial tours on a per head basis to encourage visits to the mine.	A
	Continue funding community sports and activity groups within the Reefton and wider Inangahua district on consideration of specific requests.	A
	Increase funding for the DARE (Decision-making, Assertiveness, Responsibility and Esteem program of the DARE Foundation) West Coast Program in Reefton.	A
Philippines	Continue assisting the Global Fund Movement Against Malaria program.	A
	Continue sponsoring students through the scholarship program, and to which the Company has committed funding to March 2010.	A
	Continue working with the local council in partnership for infrastructure improvements such as public roads, upgrades and maintenance.	A

(A) Achieved

(PA) Partially Achieved

(NA) Not Achieved

OceanaGold ran 10 targeted medical missions in the Philippines bringing professional **MEDICAL, DENTAL AND OPTICAL** assistance to local communities in need

# CASE STUDY

## HERITAGE AND ART PARK (MACRAES)

The gold mining industry is the unlikely canvas in a visionary collaboration with artists that is paving the way for a mind shift in land use.

OceanaGold has teamed up with New Zealand artists to create an outdoor art park on land once used for mining at its Macraes gold mine in Otago, New Zealand.

An unprecedented Australasian mining industry initiative, the Heritage and Art Park is a unique visitor attraction based on heritage sites, local ecology and stunning, large scale contemporary artworks. It marks a radical departure from traditional mine site rehabilitation and has enabled OceanaGold to deliver an innovative and iconic asset to the local community.

Land use in the Macraes Flat region of New Zealand prior to modern mining was predominantly sheep and cattle farming. Rehabilitating OceanaGold's mine site back to farmland however, offered little in the way of local community sustainability or benefits for the wider community.

Alternatively, creation of an attraction that would bring visitors to the region and generate local jobs was viewed by OceanaGold as a superior outcome for the area and formed the genesis of the Heritage and Art Park.

The decision was taken to build an iconic series of small, medium and large scale contemporary artworks to be scattered over the former mine site. They would be completely unique and therefore comprise a "must see" tourist destination.

The artworks drew on the talents of recognised local artists with national and international reputations and in 2004 the first work, a planting of snow tussocks in a grid pattern by artist, John Reynolds, was completed.

Despite being his first venture into outdoor artwork, John Reynolds went on to complete a second planting work of 15,000 golden spaniards – another striking, tussock like plant. The logistics of installing this work were very challenging given no one had previously cultivated such a vast number of spaniards, let alone planted them out. In this case, the East Otago Rugby Club formed the planting team. Both the snow tussock and golden spaniard plantings are said to be the largest art works in New Zealand.

Other exceptional art installations were completed in the following years including print media artist, Gavin Hipkins, 'The Mine', Jae Hoon Lee's light boxes in the old Catholic Church on Macraes Flat which display images of subtly manipulated photos taken in the area, and Mark Hill's breathtaking, nine metre high stainless steel, 'Haast Eagle'.

OceanaGold has invested considerable time and resources developing the Heritage and Art Park which will provide an enduring and positive legacy for the region.







## CASE STUDY

### CREATING EDUCATION AND CAREER DEVELOPMENT OPPORTUNITIES

In partnership with local community groups and educational institutions, OceanaGold has developed a scholarship program that provides scholarships to local students to attend college or university at Nueva Vizcaya State University (NVSU), Quirino State College, St Mary's University and St Louis University.

To date, 143 tertiary scholarships have been awarded to local students, 15 of whom have graduated with a university qualification. The scholarships are made on merit and cover tuition and all other miscellaneous school fees. Areas of study include Environmental Science, Forestry, Agriculture, Chemistry, Education and Hotel and Restaurant management.

One of the many beneficiaries of OceanaGold's scholarship program has been Oliver Donato, a 25-year old resident of the Didipio Valley. Oliver is one of seven children who live with their mother. Oliver had wanted to attend college and secure a job to support his mother and siblings. Through Oliver's hard work and determination he was awarded an OceanaGold scholarship to attend NVSU.

According to Oliver, the scholarship has not only allowed him to attend university, but also become actively engaged in a number of extra-curricular college activities including being a member of the school's academic organisation – Society of Future Foresters Environmentalists and Agro-Foresters as well as the Zeta Beta Rho Honor Fraternity. As a member of these organisations, Oliver is able to participate in many community programs including tree planting, cleaning and other sustainability and forest management projects.

"I am determined to finish university in 2010 and then I hope to obtain a job at OceanaGold's Didipio Project with the environmental team so that I can fully utilise my new skills and help support my family," said Oliver.

OceanaGold will continue to support and fund its scholarship program in partnership with local organisations and the Philippines Department of Education.

## Supporting Philippines Communities

OceanaGold support of the communities in which it operates begins from the early exploration and development stages. In the Philippines, the company's work is underpinned by a comprehensive five year Social Development Management Program (SDMP) which forms an essential element of the required permitting for the Didipio Project. The SDMP seeks to provide sustained improvement in the living standards of the host and neighbouring communities by helping them define, fund and implement the development program. The SDMP will continue to be implemented during the life of the mine and after mine closure.

In 2009, and under the auspices of its SDMP, OceanaGold launched a new and innovative medical initiative in the Philippines.

Partnering with local health units, municipal and provincial government agencies and Red Cross volunteers, OceanaGold commenced an ongoing series of 'Medical Missions' that bring free professional medical assistance and in some cases dental and optical services and supplies, to areas where access to these facilities is limited and/or non-existent.

In May 2009, together with the Kasibu Municipal Rural Health Unit of Nueva Vizcaya and the Red Cross, OceanaGold hosted a Medical Mission at the Barangay Didipio Elementary School. Over 260 community residents were treated for various medical conditions. Approximately 20% received dental work and 23% received reading glasses.

Following a request from the Barangay Council of Dibibi, a second mission was organised to coincide with the area's three-day Annual Barangay Fiesta. Held at the local school gymnasium and public market in Dibibi, Quirino, OceanaGold together with members of the Quirino Provincial Government, Cabarroguis Municipal Government, Didipio Barangay Council, Barangay Council of Dibibi and the Rural Health Unit of Cabarroguis, helped treat more than 500 people. Approximately 376 community members were treated for medical complaints and 130 treated for optical needs.

The Honorable Narciso Kitan, Barangay Captain, who opened the fiesta commented, "OceanaGold's sponsorship of the Medical Mission and food assistance has definitely contributed to the fiesta's success. Even though the company has currently suspended its operations at Didipio, OceanaGold's assistance is still felt and appreciated by the people."

In June, two further medical missions were run in Alimit and Upper Tucod, Kasibu. In these, OceanaGold partnered with the Rural Health Unit of Kasibu, the Kasibu Municipal Local Government Unit, Alimit Barangay Council and the Upper Tucod Council. Over 300 community members attended the medical clinics and of those that attended, 280 people received medical assistance and 55 dental examinations.

“ In 2009, OceanaGold launched a new and innovative medical initiative in the Philippines. ”





Following the mission, Upper Tucod Barangay Captain, Jose Dulnuan, commented "Our community is located far away from the hospital so we are thankful for this help. To OceanaGold, we thank you for granting our request for medicine and for coming to our area to see our situation."

Between commencement of the program in May through to December 2009, OceanaGold sponsored 10 medical missions in the Philippines which treated over 3,500 community members.

Aside from physical checkups, community residents also received free medicine including vitamins and reading glasses via the missions.

OceanaGold will continue to work closely with community leaders and the local rural health units in Nueva Vizcaya and Quirino to examine ways these successful programs can be expanded to ensure they continue to meet the medical needs of local communities.

In the words of Aniceta Baguilat, a Barangay Tucod health worker, "We thank you for these medical missions. We need them as this is the time when our children start getting sick. We badly need these medicines as our hospital is located very far from our community and we rely on these things being brought to us. I am thankful that you have been able to come to this far away place of ours and I believe that you will come again and visit us here in Tucod."

OceanaGold also continued its financial support to the broader Didipio community through a Memorandum of Agreement with the Didipio Community Development Association (DCDA) in 2009. Together with the DCDA, the local Barangay Council and community representatives, a number of infrastructure projects were completed by the company including three overflow bridges, the upgrading and rehabilitation of two water systems, and the construction of a community multi-purpose community hall.



## CASE STUDY

### OCEANAGOLD NUGGETS

In 2009, OceanaGold struck a new partnership agreement with Basketball Otago that will bring a National Basketball team back to Dunedin after one year of absence.

National Basketball League Chairman, Sam Rossiter-Stead described the sponsorship deal as “a major step in securing the team’s future”, adding that it was beneficial for the entire league and not just the Otago basketball community.

As a significant employer and contributor to the Otago regional community, OceanaGold is particularly excited about the opportunities this partnership will provide to develop new, and enhance existing, grassroots level youth basketball programs throughout the region.

Community programs such as this will encourage youth participation and athletics development throughout the Otago region.

#### Supporting New Zealand Communities

The establishment of data management protocols for community investment activities at its New Zealand operations, has enabled OceanaGold to accurately track how it engages with and supports local communities. The community investment spend is the Key Performance Indicator that allows the company to measure the level of direct monetary support it provides. This does not include the many instances where ‘in kind’ support is provided for various community programs and initiatives, nor does it cover the cost of staff committed to manage and contribute to the programs.

#### Business Unit Community Spend

New Zealand (Dunedin, Macraes & Reefton)  
\$91,434

Philippines  
\$143,708

Some of the community members, organisations and programs that benefited from company support in 2009 include:

#### New Zealand

- East Otago Community Sports & Cultural Centre Trust
- Otago Life Education Trust
- Buller Arts and Recreation Trust
- Buller, Reefton and Cashmere High schools
- The Kids Foundation
- Reefton Senior Citizens
- DARE West Coast Inc.
- Local Sporting Clubs
- Blacks Point Museum
- Inangahua Tourism
- Waikouaiti Primary School and East Otago High School
- Cancer Society and Epilepsy Foundation of NZ
- Otago Goldfields Heritage Trust
- Australian Mining History Association

#### Philippines

- Didipio residents and neighbouring communities
- Didipio and Dingasan Elementary Schools
- Local teachers, college and university students
- Didipio Tree Nursery
- Philippines National Red Cross

## Community Feedback

In 2009, OceanaGold continued to refine and streamline its formal and informal pathways for community consultation and engagement.

Stakeholder feedback provided via these pathways is viewed by OceanaGold as critical to its ability to build strong and trustworthy relationships with local communities.

All company business units are equipped with feedback and grievance mechanisms which community members or organisations can use to express their views and/or concerns. Again, the data protocols established in 2008 have allowed the company to track and collate this information for reporting purposes. This information will also be used to determine future stakeholder engagement activities and identify ongoing opportunities.

Business Unit	Number of Complaints	Number of complaints remaining unresolved at the end of the year (2009)
Macraes	0	0
Reefton	2	0
Philippines*	16	13

\* Of the 16 complaints received in the Philippines, one was settled in favour of the company and two cases were not completely mediated as the complainant failed to present the necessary documents. Of the 13 unresolved complaints, two were previously filed in the proper courts, while nine require resolution with the panel of arbitrators as these cases involve surface rights acquisition. The remaining two complaints are pending as the company and complainants seek a resolution.

## 2010 Community Targets

### Macraes

- Continue to hold bi-monthly meetings with Macraes Community Incorporated – the local community's representative group – and continue to consult with local Iwi (Maori).
- Continue to organise fishing days at Macraes which staff and the community are invited to attend.
- Undertake consultation with other key stakeholders including the Department of Conservation, Historic Places Trust, Waitaki District Council, Otago Regional Council and Otago Fish and Game Council.
- Consider requests to subsidise school groups from all regions of New Zealand on commercial tours on a per head basis to encourage visits to the Macraes mine site.
- Provide a limited number of places for university students to access experience in their relevant fields of study through the employment of students during the vacation periods.

### Reefton

- Continue presentations to school and community groups focusing on all aspects of mining, including geology and the environment.
- Remain actively involved with community groups.
- Run an open day at Reefton Globe Progress mine site for local community members and visitors.
- Consider any request to subsidise school groups to encourage visits to the mine.
- Continue funding for community sports, activity and other groups within the Reefton and wider Inangahua district.
- Aim for zero complaints in 2010. If this cannot be achieved, ensure complaints are resolved in a timely fashion.
- Offer time and human resources to assist predator control at the Blue Penguin Trust Program and the Maruia Pest Control Program.

### Philippines

- Meet funding commitments to the DCDA managed community development programs and projects.
- Continue to support community initiatives on infrastructure improvements, health and sports development.
- Continue to sponsor education programs in partnership with local schools and universities.



## Health and Safety

OceanaGold places enormous importance on the health and safety of its employees, contractors and the communities in which it operates. Looking after their wellbeing forms part of the company's licence to operate and is the foundation on which its business success is built.

Improving OceanaGold's health and safety performance is an ongoing priority and the company strives to create a mindset in which its workforce believes that an incident and injury free workplace is an achievable goal in today's mining industry.

Training and education are the key to development of this mindset and to highlighting the principle that all incidents and injuries are preventable. OceanaGold's objective is to increase the level of health and safety awareness and in so doing, make its goals in this area a reality.

### Health and Safety Performance

OceanaGold's health and safety performance against the goals set in 2008 is detailed below:

Business Unit	2009 Target	Status
New Zealand	Objective to decrease Lost Time Injury Frequency Rate and maintain a rate that is below the Australian average.	NA
	Standardise health and safety reporting across all the company sites.	A
	Continue to implement auditing of contractor compliance to OceanaGold health and safety standards and requirements.	A
	First aid and basic fire fighting skills training for all employees.	A
	Conduct bi-annual internal Accident Compensation Corporation (ACC) workplace safety management plan audit.	A
	Sponsor at least two mock drills at site during the year.	PA
	Require at least 90 per cent attendance at OHSC committee meetings by available members.	A
	Conduct 'healthy heart' health checks for employees.	A
Philippines	Continue operating the Health and Safety Clinic at site which provides medical care to the local community.	A

(A) Achieved

(PA) Partially Achieved

(NA) Not Achieved

Standardised  
**HEALTH  
AND SAFETY**  
reporting across  
the Macraes, Frasers  
and Reefton sites

OceanaGold's health and safety management principles dictate that a combined effort is necessary requiring not only a commitment from management, but a similar dedication from its employees and contractors.

To achieve this, OceanaGold's annual improvement targets are set out to be Specific, Measurable, Achievable, Realistic and Time framed, or 'SMART'.

The company has developed specific KPIs that refer back to the SMART targets and help track its health and safety performance over time. These include:

- Lost Time Injury Frequency Rate (LTIFR)
- Injury Type
- Workers Compensation Claims

Tracking this data year on year assists OceanaGold to effectively analyse its performance and identify opportunities for further improvement, training and development. The company has used the 2008 data protocols and its health and safety systems to help track and report this information.

## Health and Safety Training

At the Macraes and Reefton operations in New Zealand, a number of new health and safety training initiatives were undertaken including Training for Responders which involved work and rescue at heights, vertical and rope rescue, pre hospital care training, advanced first aid, BG4 and CABBA breathing apparatus use, confined space and rescue in toxic atmospheres and underground rescue training.

A 'Healthy Heart' program was also run at both sites in conjunction with the company health provider and district health board. An annual health check for all employees was introduced, in addition to back care training, first aid and fire extinguisher training, driver skid training and ongoing drug and alcohol testing.

The New Zealand Macraes operation enacted a new health and safety policy requiring all employees to be re-inducted before they are able to enter the process area. This policy was further extended to include the induction of all major and minor contractors off site in their own work places to ensure all are inducted before coming on site. Additional back care and correct lifting courses were also run for all New Zealand sites and associated contractors with more courses planned for those who have missed out so far.

In the Philippines, an Emergency Response Team refresher course was conducted under the auspices of the broader Emergency Management Plan currently in place.

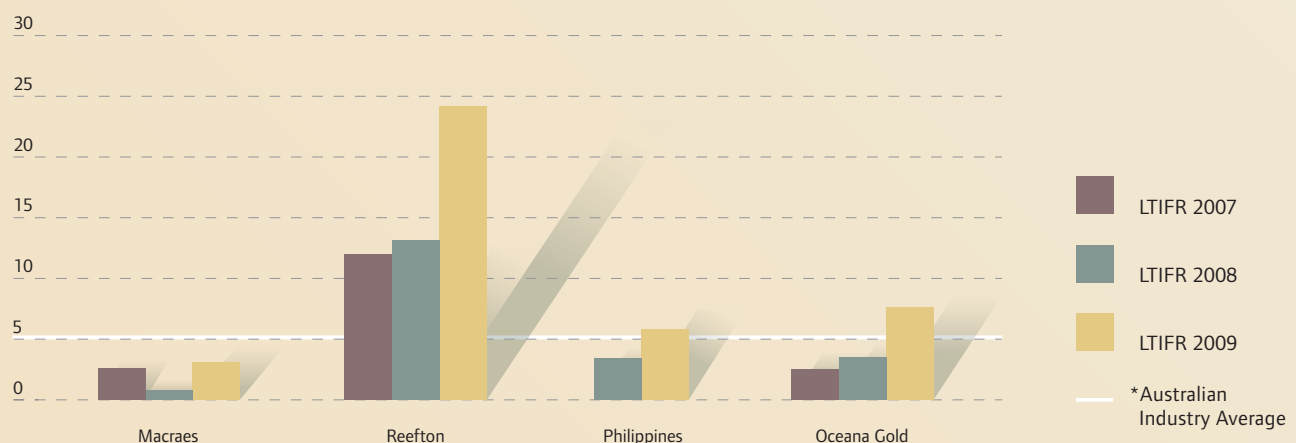
Basic life support and standard first aid training was also undertaken in conjunction with the Philippine National Red Cross, while an occupational health and safety training course was attended by two staff safety inspectors.

In 2009, a health and safety incident was experienced at the company's Didipio project in the Philippines. The incident resulted in the fatal shooting of an OceanaGold security contractor. It has not yet been determined who was responsible for the shooting, however OceanaGold continues to assist the Philippines police with its investigation. As the investigation remains ongoing at the time of print, the fatality has not been included in this year's Health and Safety statistics. The deceased contractor was a respected member of the Didipio project team and OceanaGold offered its sincere condolences to his family and friends.

OceanaGold's company Lost Time Injury Frequency Rate (LTIFR) increased from 3.57 (per million man hours) in 2008, to 8.12 in 2009. This is higher than the Australian mining industry average of 5.

## Health and Safety Statistics

### Lost Time Injury Frequency Rate (per million man hours)



While all sites experienced increases in their LTIFR figures, Reefton reported a 54% increase in its number from 13.11 in 2008, to 24.17 in 2009. The majority of the LTIFR increase was attributable to minor soft tissue injuries with several involving only a single day off work. The availability of good medical care and support on the West Coast of New Zealand continues to be an issue for the Reefton operation.

The Reefton workforce also lives in towns as diverse as Hokitika, Greymouth, Nelson and Christchurch, which has added to the difficulty of providing care for employees and fulfilling the goals of the New Zealand Accident Compensation Commission's 'Stay at Work' program.

Operations across the Reefton site were shut down in February and again in December to hold a series of site-wide meetings to reinforce the importance of reliably achieving the company's goal of 'zero harm'. The Reefton site is committed to the prevention of incidents and injuries by having the best risk management and risk mitigation systems available in place through a range of methods.

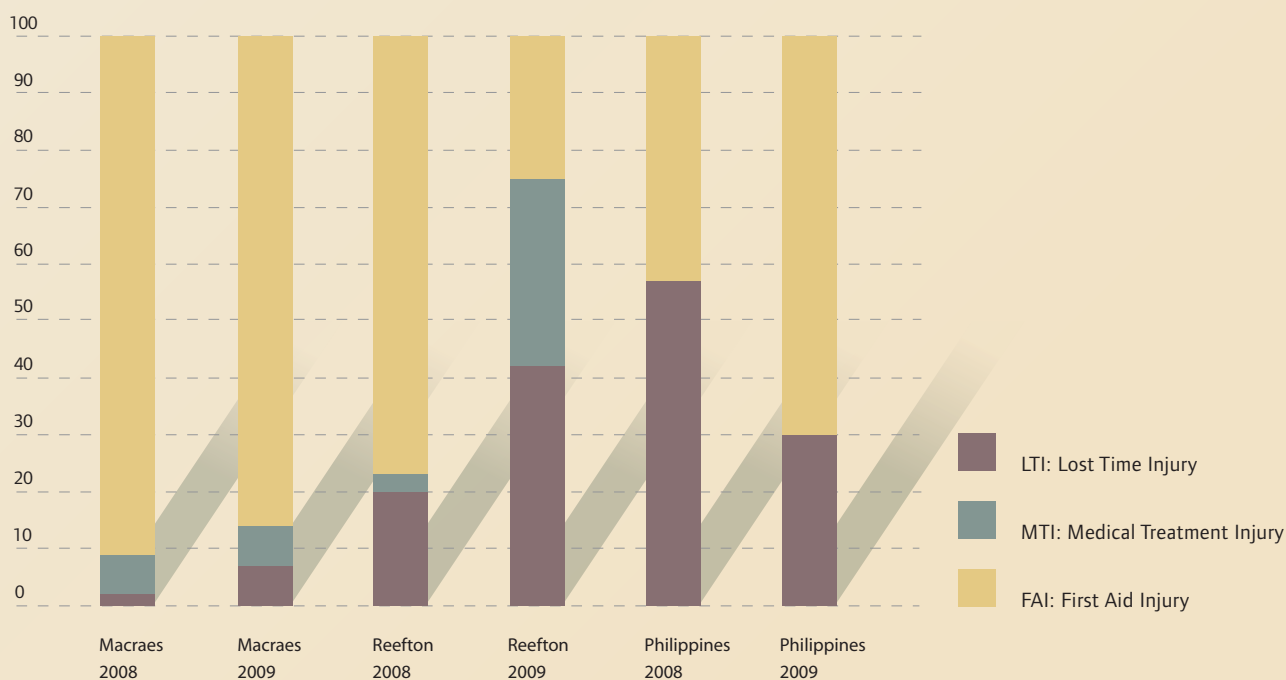
In 2010, OceanaGold will intensify its efforts to improve Reefton's performance in this area to bring it back in line with industry best practice results, while paying particular attention to contractor performance.

To better understand the company's injury profile, OceanaGold has carried out analysis of the company's 2009 Injury Types. This analysis is detailed in the graph below.

All operations saw a reduction in first aid injuries in 2009, however all sites recorded an increase in medical treatment and lost time injuries. Clearly, additional company focus will be applied to achieving a marked reduction in the number of medical treatment and lost time injuries experienced in 2010.

Previous OceanaGold analysis of incident trends in New Zealand revealed a need for stronger promotion of contractor educational awareness within the process and mining domains of the various operations. This initiative commenced in third quarter 2008 and continued through 2009. This included a series of refresher inductions that ensure new and current contractors are more aware of the health and safety standards OceanaGold requires be adhered to in order to prevent injuries and incidents. It is anticipated that this program coupled with ongoing review of all contractors health and safety policies and training programs generally will help contractor personnel achieve the company's goals in this important area.

## Injury Type





In the Philippines, injuries recorded were within the lost time and first aid injury categories. Difficulties associated with traversing challenging terrain in adverse weather conditions contributed to various slips and minor vehicle incidents that resulted in the bulk of lost time injuries reported.

Workers compensation claims are detailed in the graph to the right.

Workers compensation claims saw a reduction in Macraes claims from 23 in 2008, to 21 in 2009, and a reduction in Philippines claims from 4 in 2008, to 2 in 2009. Reefton recorded an increase in claims from 2 in 2008, to 17 in 2009. This increase in claims is directly linked to the increase in Reefton's increased LTIFR. While the majority of Reefton's claims related to minor strain injuries and are managed by the Accident Compensation Corporation, the company is determined to reduce the number across all its operations and will make this an area of focus in 2010.

## Contribution to Health and Safety in the Community

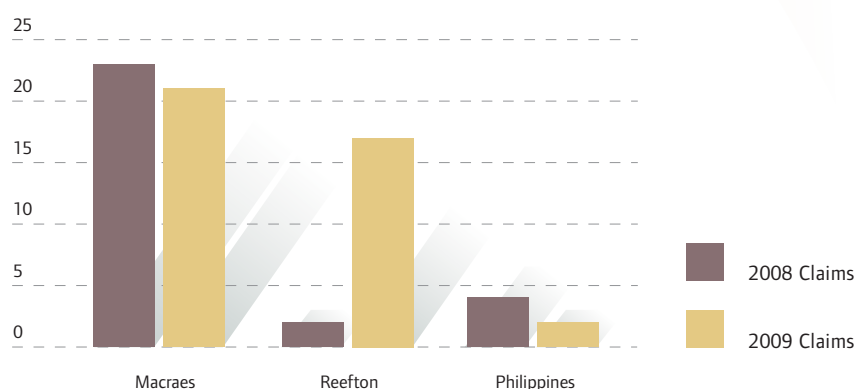
The company's first response teams are not only on call to assist at incidents on site, but also routinely provide aid to off site incidents that occur from time to time within the communities surrounding the Company's operations in New Zealand.

In 2009, the Macraes emergency response team assisted with four emergencies in the local community. Due to the relatively remote nature of the Macraes operation, the company's emergency response teams are more accessible and quicker to respond than civil services.

In addition to being first response or mine rescue members, many company staff are also dedicated volunteers outside of work with organisations such as the local fire brigade and the St John ambulance service. This preparedness to volunteer within a range and number of independent community organisations illustrates the unique individual commitment company employees have to the communities in which they live and work.

Despite the Didipio project moving to care and maintenance in 2009, the Health and Safety clinic established there in 2006 was maintained by the company.

## Workers Compensation Claims



The clinic staff comprise Red Cross trained paramedics and is backed by an emergency response team of select security personnel with first aid and life support training. Clinic personnel also provide house calls when patients are unable to attend the clinic themselves. Since the clinic's inception, thousands of local community members have been treated for afflictions ranging from coughs, fever, body pains and minor cuts and burns wounds, through to trauma and other major ailments which are given immediate treatment and then referred to the nearest hospital using the Company ambulance.

- Complete internal audit of ACC Workplace Safety Management Program.
- Develop and implement critical site safety standards.
- Conduct yearly health checks, back care training and flu inoculations for all staff.
- Ensure health and safety compliance across site.
- Undertake quarterly emergency response exercises and fire evacuation trials.

## Philippines

- Continue operating the Health and Safety clinic at site which provides medical services to the local community.
- Achieve at least 80 per cent attendance at the central safety committee meetings by available members.
- Deliver relevant occupational safety training to at least 80 per cent of the members of the Central Safety Committee.
- Conduct internal audit on the implementation of relevant safety procedures.

## 2010 Health and Safety Targets

### New Zealand

- Introduce the Positive Attitude Safety System ("PASS").
- Implement the Incident Cause Analysis Method ("ICAM") to assist in determining how incidents occur and how to prevent them.
- Achieve nil lost time injuries.
- Achieve zero notifiable serious harm incidents.

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