



# OceanaGold Sustainability Report 2012

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Committed to  
Sustainable Mining  
Development



**OCEANA**GOLD







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## Foreword

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Welcome to our latest update on the sustainable development activities being carried out at OceanaGold Corporation.

To grow a strong and profitable gold mining company you have to be good at everything. It is not enough to just be good at producing gold efficiently and generating profits for our shareholders. We must also excel in the softer areas that we collectively call sustainability.

We must strive to achieve the highest standards of safety, protect the environment, create opportunities and improve the wellbeing of our employees. We will continue to ensure that the communities in which we operate are engaged in our mining projects and benefit from these operations, and support Governments in the development of the economy in the countries in which we operate.

OceanaGold has a proud record of sustainable development from 20 years of operating our Macraes mine in New Zealand. Our environmental programs at Macraes set the bench mark for rehabilitation in the industry, and the work we do with the Department of Conservation means that our footprint at Reefton is minimal. We are taking these same principles and operating practices into our new development at Didipio in the Philippines where we plant tens of thousands of trees each year in our region, help communities with agriculture projects. We have created a new business development entity for the community, called DiCorp, which will partake in the ongoing operations contracts at Didipio developing sustainable and transferable work and business skills which deliver more economic benefits directly to the local communities.

We are very committed to the values that underpin responsible mining, and will continue to do so to ensure the sustainable growth of our company in multiple countries around the world.



Mick Wilkes, Managing Director and CEO  
April 2012



In this, OceanaGold's fourth Sustainability Report, the Company's 2011 environment, community, health and safety and workplace performance is reviewed and assessed against targets set in the previous year. This is also the first time that the company has produced a stand alone report detailing performance.

With four years of data now available, the Company's ability to track and compare sustainability performance over the period has allowed us to track performance trends. This information and our sustainability report itself are both extremely valuable tools for identifying risks and opportunities as well as driving continuous improvement.

Our approach:

**Action:**

Track data using procedures for inclusion in this year's report

**Measurement:**

Compile fourth Sustainability Report

**Accountability:**

Stakeholder and shareholder response

## What Sustainability Means to Us

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### Enduring Benefits

Today, the mining industry's future has become inseparable from the global pursuit of sustainable development, a term first used 30 years ago when significant deterioration of the human environment and natural resources prompted the United Nations General Assembly to take the unprecedented step of establishing a specialist commission on sustainable development.

Named after the inaugural Chairman of the Commission, Gro Harlem Brundtland, the Brundtland Commission's mission was to unite and persuade countries around the world to work together in their pursuit of sustainable development.

In its then, ground-breaking role, the Commission produced the most often quoted definition of sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

For the modern day mining companies, the idea of meeting the needs of this generation without compromising the ability of future generations to meet their own needs has become a key concept in the drive to maintain and enhance the industry's essential contribution to society.

For the Australian minerals industry, this means mining projects should not only be financially profitable and technically feasible, but environmentally sound and socially responsible.

OceanaGold's commitment to sustainable development is based on these principles which determine how the Company's projects and programs are undertaken and evaluated. Its focus on innovative and effective sustainability outcomes in the areas of environment, community, health and safety and workplace programs applies across the business.

The Company's efforts to effectively integrate its business objectives with sustainability objectives is ongoing. These efforts will help to create a positive, lasting legacy that ensures benefits continue well beyond the life cycle of its projects. We believe this approach will result in enduring benefits for our business and our stakeholders.

### Key Policy and Process Developments

In 2009, the Company's first Corporate Social Responsibility (CSR) policy was approved by the Board of Directors. The CSR policy guides all Company decision making and management. It outlines OceanaGold's sustainability philosophy and can be found on the Company's website [www.oceanagold.com](http://www.oceanagold.com).

The Company's Sustainability Committee is responsible for implementing the CSR policy and further strengthening OceanaGold's commitment to environmentally sound and responsible resource development and a healthy and safe work environment. The Committee is led by OceanaGold Chairman Jim Askew and includes Board members Denham Shale, Joey Leviste and Bill Myckatyn.

Importantly, the CSR policy applies to all company employees, contractors, business partners and the broader supply chain, regardless of role or position within the Company. It underpins accountability, responsibility and high standards of corporate governance that OceanaGold strives to achieve across its business units and articulates the Company's belief in maintaining a social license to operate.

OceanaGold's work to complement broader global sustainability initiatives that address economic development, poverty relief and better health outcomes is guided the aims of its CSR policy.

By working hard to build strong, lasting partnerships with local communities and associated organisations in 2011, the Company's focus on delivering enduring benefits and economic empowerment within the regions it operates has continued to sharpen and post meaningful gains.

Each year, the Company reviews its governance and policy framework to identify further opportunities to incorporate its sustainability objectives with its broader based business goals.



## Performance Highlights

### Governance and Policy

- Reviewed the Company governance and policy framework to identify further opportunities to integrate sustainability objectives with core business aims.
- Continued to apply the Corporate and Social Responsibility (CSR) policy.
- Continued to track performance against sustainability Key Performance Indicators (KPI) and data collection protocols.
- Commenced a review of existing human rights policies and practices against the requirements of international benchmarks and guidance.
- Implemented the Sustainable Procurement Policy in New Zealand, resulting in 71.5% of the operation spend at Macraes and Reefton with suppliers that are based in New Zealand.

### Environment

- Managed environmental impacts to keep the number of 'Moderate' or 'Major' environmental incidents (i.e. Levels 3 to 5) to zero at all operations.
- Achieved the carbon emission targets set out in the Negotiated Greenhouse Gas Agreement with the New Zealand Government.
- Reviewed and revised the Environmental Policy and Environmental Management Plans as part of the recently implemented Environmental Management System (EMS) at Macraes.
- Reviewed the accessibility of monitoring data, including installation of automatic monitoring equipment to improve the efficiency of data transfer to the compliance authority at Macraes.
- Achieved a 9% reduction in surface water consumption at Macraes. The site also reclaimed approximately 90% of the water used in its processing plant from its tailings impoundments and seepage systems.
- Completed a comprehensive review of mine site post-closure strategy at Macraes.
- Produced 1,000 eight month old trout and 5,533 one to three year olds for release into surrounding lakes and river systems at the Macraes Trout Hatchery.
- Completed a further 1.1 hectares of restoration at Reefton, bringing the total net area now restored to 11.8 hectares.
- Continued to evaluate restoration trials including pit wall programs and undertook further restoration trials to maximise the effectiveness of site rehabilitation at Reefton.
- Won an award in the Philippines Mines and Geosciences Bureau (MGB) 'Best Mining Forest Program' category and was nominated for the 2011 Presidential Minerals Industry and Environmental Awards.

- Maintained OceanaGold's involvement in the Mines Rehabilitation Fund Committee that administers funds for the benefit of Didipio and surrounds.
- Rootballed and transplanted a further 1,036 trees and wildlings at the Didipio tree nursery. Over 103 hectares of reforestation has now taken place at Didipio using 250,000 seedlings.
- Expanded and enhanced the environmental monitoring program in line with increased activity and development at Didipio.

### Community

- Ongoing monetary contributions distributed back into New Zealand's operational regional communities to assist with educational, health and community development programs.
- Continued to hold bi-monthly meetings with Macraes Community Incorporated – the community's local representative group.
- Organised fishing days at the Macraes Trout Hatchery for staff and community members to enjoy.
- Undertook consultation with other key stakeholders including the Department of Conservation, Historic Places Trust, Waitaki District Council, Otago Regional Council, local Iwi and The Otago Fish and Game Council.
- Provided employment to students during the vacation periods in their relevant field of study and provided presentations to school and community groups focusing on all aspects of mining including geology and the environment at Macraes and Reefton.
- Contributed PHP3 million (US\$70,000) to the Didipio Community Development Association Inc. (DCDAI) to implement a range of community development programs and projects in the Philippines.
- Signed a Memorandum of Agreement with Didipio and nine surrounding communities on the allocation of Social Development and Management Plan (SDMP) funding. Approximately US\$1.5 million per annum of Didipio operating costs will be allocated to community programs in education, infrastructure, health, sports and socio-cultural, agriculture and livelihood, organisational development, information and communication and public safety in the Philippines.
- Established the Didipio Community Development Corporation (DiCorp) to assist local community shareholders build the capacity to directly bid on various mine services contracts. As at April 2012, long-term contracts have been awarded for collection of recyclables and waste, provision of the employee shuttle bus service, maintenance of the access road, construction of the tree nursery and supply of labour services.



Top: Aerial view of Reefton, New Zealand with OceanaGold's Reefton Goldfield in the background  
Below: Emergency response training at Didipio Project in Luzon, northern Philippines

### Health and Safety

- Achieved a Lost Time Injury Frequency Rate lower than the Australian average across the Company's combined operations.
- Achieved general improvement in injury type and frequency across all operations.
- Expanded the Macraes emergency response team to 45 members and conducted two 'Rookies' emergency response training courses for the new additions to the team.
- Undertook a wide range of health and safety training programs at Macraes and Reefton including emergency response, advanced first aid, fire fighting, underground rescue and BG4 and CABBA breathing apparatus use.
- Continued drug and alcohol education and policy enforcement at Macraes and Reefton.
- Undertook root cause analysis training for select supervisors in New Zealand.
- Development of a new induction package for the Company's New Zealand operations is underway.
- Completed a Job Safety Analysis across the Reefton operation with area audits carried out in addition to safety observation walks.
- Continued operating the community health and safety clinic at Didipio.
- Conducted basic life support and standard first aid training in partnership with the Philippines National Red Cross at Didipio. The project's Central Safety Committee also oversaw implementation of a site specific emergency management plan and a range of training initiatives including emergency response, risk management, hazard identification, workplace inspection and fire extinguisher training.

### Workplace

- Increased New Zealand full time employees from 506 in 2010, to 738 in 2011, a 46% increase due to transition from contract mining to owner mining at Frasers Underground and Reefton Open Pit mines.
- Increased Philippines full time employees from 101 in 2010 to 251 in 2011. An additional 615 contractors were also employed, up from 116 the previous year.
- Increased Melbourne head office full time employees from 12 to 15 in 2011.
- Expanded the innovative Mind4Gold program at the Company's New Zealand operations. Mind4Gold now forms the cornerstone of all staff development in New Zealand.
- In September/October 2011 launched an Intercultural Competence Training (ICT) program for staff and management teams at the Didipio Project site in the Philippines.





Aerial view of Macraes  
Goldfield and surrounding  
landscape



An aerial photograph of a rugged, mountainous landscape. The terrain is characterized by steep, rolling hills and valleys. The vegetation is a mix of vibrant green and earthy brown, suggesting different types of flora or perhaps the effects of erosion. Several winding roads are visible, snaking through the valleys and up the slopes. A prominent river or stream flows through the lower right portion of the image, its path marked by a mix of light and dark tones. The overall scene conveys a sense of wild, natural beauty and environmental complexity.

# Environment

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## Environment

OceanaGold is committed to managing environmental impacts, an imperative step to maintaining the Company's license to operate.

A material issues assessment of the Company's business units in 2008 identified the following key areas for environmental reporting that are used to evaluate OceanaGold's environmental management performance each year:

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

The Environmental Management System (EMS) used by OceanaGold's business units are based on accepted ISO 14001 standards. The Company monitors its performance with environmental management data protocols. Key performance indicators are assessed to identify areas in need of improvement and longer term trends, enabling a more pro-active approach to possible risks.

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

## Environmental Compliance

OceanaGold's environmental compliance and management program applies across its mine life cycle and includes exploration, development and operation, decommissioning, closure and site rehabilitation. Environmental monitoring programs operate at each site and allow the Company to address key environmental factors which include:

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

In 2011, the Company's largest operation, Macraes, implemented an Environmental Management System (EMS) consistent with ISO 14001. Associated with the Macraes EMS was a review and update of the Environmental Policy, compilation of an environmental risk register, implementation of three operational management procedures and development of a site standard for hydrocarbon storage.

Resource consents were also granted for the Macraes Phase III project that will allow mining to continue until 2020.

During 2011, OceanaGold reviewed induction programs to clarify environmental responsibilities and duty of care obligations at each Company site.

## Environmental Performance

OceanaGold's environmental performance against the goals set in 2010 is detailed below:

Business Unit	2011 Target	Status	
Macraes	Achieve or better the carbon emission targets set out in the Negotiated Greenhouse Gas Agreement with the New Zealand Government.	✓	A
	Construct a multi-use track from Macraes Village to provide linkages to the key attractions near the village and enhance the amenity value of the Macraes area.	✓	PA
	Review and revise the Environmental Policy and Environmental Management Plans as part of the recently implemented Environmental Management System (EMS) to ensure continual environmental improvement.	✓	A
	Review the accessibility of monitoring data, including installation of automatic monitoring equipment to improve the efficiency of data transfer to the compliance authority.	✓	A
	Manage environmental impacts to maintain the number of 'Moderate' or 'Major' environmental incidents (i.e. Levels 3 to 5) at zero.	✓	A
Reefton	Achieve zero environmental non compliance incidents.	X	NA
	Complete four hectares of restoration in line with available areas.	✓	PA
	Continue to evaluate restoration trials including pit wall restoration trials and undertake further restoration trials to maximise the effectiveness of site rehabilitation.	✓	A
Philippines	Maintain established environmental measures.	✓	A
	Expand tree planting program outside the Didipio Project footprint.	✓	A
	Stabilise and/or rehabilitate disturbed areas as soon as they become available.	✓	A
	Expand and enhance the environmental monitoring program in line with expected increased activity and development on site.	✓	A

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



## Case Study 01: Supporting Local Suppliers

OceanaGold's sustainable procurement policy was established in 2007 to promote robust economic growth and development within the communities surrounding its operations. The policy advocates a clear preference for pursuing a local community supply base wherever possible and since its establishment has achieved record local supplier support. In New Zealand, over 70% of all operational expenditure is allocated to suppliers based in the country.

Similarly, in 2009 a transportation program was developed with local supplier East Coast Passenger Services to afford sustainable, fuel efficient transport for OceanaGold staff living in the Waikouaiti, Palmerston, Oamaru, Dunedin, and Warrington/Waitati areas.

Today, approximately 225 staff and contractors are transported by East Coast Passenger Service buses to and from work daily.

In 2010, the success of this program saw an identical initiative introduced on the West Coast to support staff and contractors at OceanaGold's Reefton operation. As with services to Macraes, the transport services developed for Reefton coordinate around a standardised shift roster schedule to improve productivity and mine production. Staff, contractors and local community across the 105 kilometres between Greymouth and Reefton benefit from smooth shift changeover, reduced driver fatigue, reduced road congestion and fuel costs.



*OceanaGold employee bus,  
New Zealand*

## Environmental Non Compliance

Business Unit	2011	2010	2009	2011 Event Classification
Macraes	2	2	3	Minor
Reefton	4	1	3	Minor
Didipio	0	0	0	N/A

Macraes operations recorded two non compliance events in 2011 which were classified as 'minor' and did not exceed the 'moderate', 'significant' or 'major' categories (levels 3 to 5). These incidents related to depositional dust and water samples. The depositional dust incident occurred on three occasions. A review of the results and dust control practices noted that the site is located up wind and distant from current mine operations and is likely to be influenced by farming activities. Although the incident has been resolved, the results will be reviewed further in the Company's 2011 Dust Report.

Reefton operations recorded four 'minor' non compliance incidents in 2011, compared with one non compliance event in 2010.

Two incidents related to the discharge of tailings water from the base of a saddle embankment to a local surface water tributary. Additional seepage also occurred through historic coal workings into the nearby tributary. Both incidents were resolved via the installation of a pumping system to return seepage to the tailings impound and a program of works to seal, backfill and grout voids that were located in the western ridge of the tailings impoundment. There were no detectable or measurable off site impacts stemming from these incidents.

The third incident involved extreme rainfall resulting in a landslide which temporarily exceeded surface water total suspended solids, but required no enforcement action. The fourth incident was a minor breach of the accepted antimony standard from a compliance figure of 1.6 grams per cubic metre to 1.8 grams and was resolved by daily monitoring of antimony to allow the water treatment plant throughput to be altered to reduce the concentration of antimony in the discharge water.

The Didipio Project did not record any environmental non compliance incidents in 2011.

## Case Study 02: Better Bananas

In March 2011, OceanaGold sponsored a pilot program aiming to provide the community with high yield disease resistant banana crops as part of its commitment to sustainable agriculture in the surrounding regional Didipio area.

Luzon was previously a self sufficient banana grower until the "Banana Bushy Top Virus" disease damaged a significant amount of the lakatan banana crop, with the disease still prevalent in many parts of the northern Philippines.

As part of the program, local farmers and members of the Didipio Community Development Association Inc (DCDAI) started planting 4,000 tissue cultured lakatan banana plantlets provided by OceanaGold and developed by Nueva Vizcaya State University (NVSU). The farmers were also provided with around 4,000kg of rich compost.

OceanaGold also sponsored a training program to provide members of the DCDAI with the skills required to grow and manage production of the tissue cultured plantlets and a three day workshop was run by NVSU to complement this training.

Economically, bananas remain one of the most important agricultural fruit crops in the Philippines and with year round availability, the aim of the pilot program is for local and small scale farmers to be able to generate a steady source of income.

*Banana plantation near  
Didipio Project, Philippines*



## Energy and Greenhouse Gas

OceanaGold's energy and greenhouse objectives are guided by the Company's Environmental Policy. OceanaGold's procurement policy also aims to lower transport (diesel) and stationary fuel (LPG) consumption, which together comprise OceanaGold's largest source of direct greenhouse emissions. (Refer to Case Study 01: Supporting Local Suppliers).

OceanaGold is also a partner to a Negotiated Greenhouse Gas Agreement with the New Zealand Government to minimise its greenhouse emissions. The Company met its Negotiated Greenhouse Gas Agreement reporting obligations for the 2011 period and submitted its Milestone Report in March 2011 to the New Zealand Government. OceanaGold's next Milestone Report was completed in March 2012.

In 2011, greenhouse gas emissions increased at both the Macraes and Reefton operations. This was due to higher volumes of diesel being used in the extraction process. At Macraes, the ore is located at increasingly greater depths and thus requires longer haul distances. Greenhouse gas emissions generated by the Philippines operations increased slightly as construction activity ramped up.

## Water

OceanaGold's water quality and use objectives are guided by the Company's Environmental Policy. Water quality and water use data is managed through the Company's EMS and data management protocols.

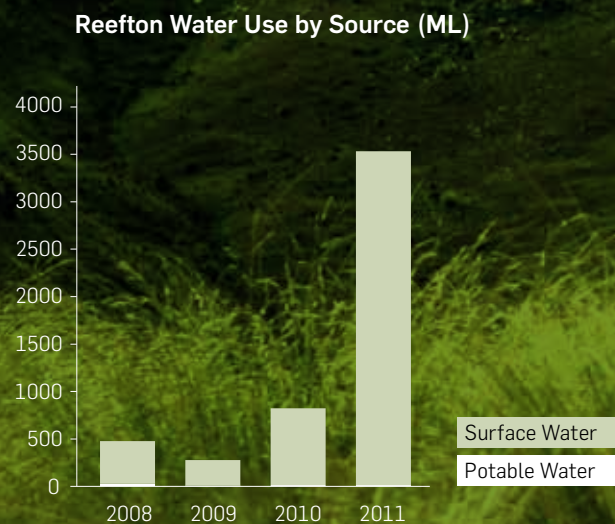
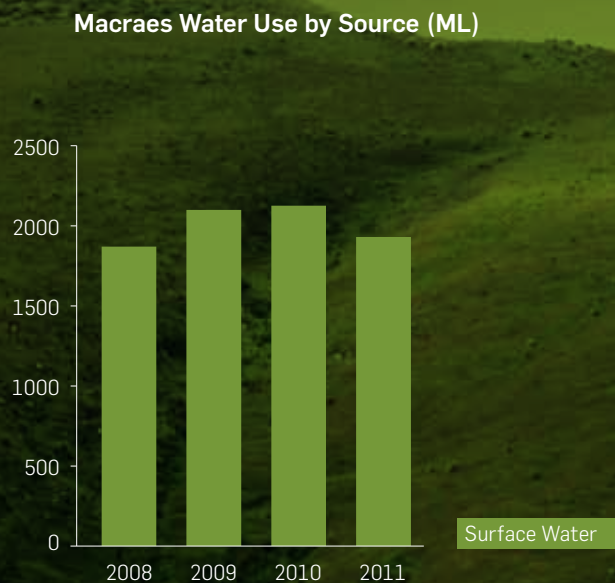
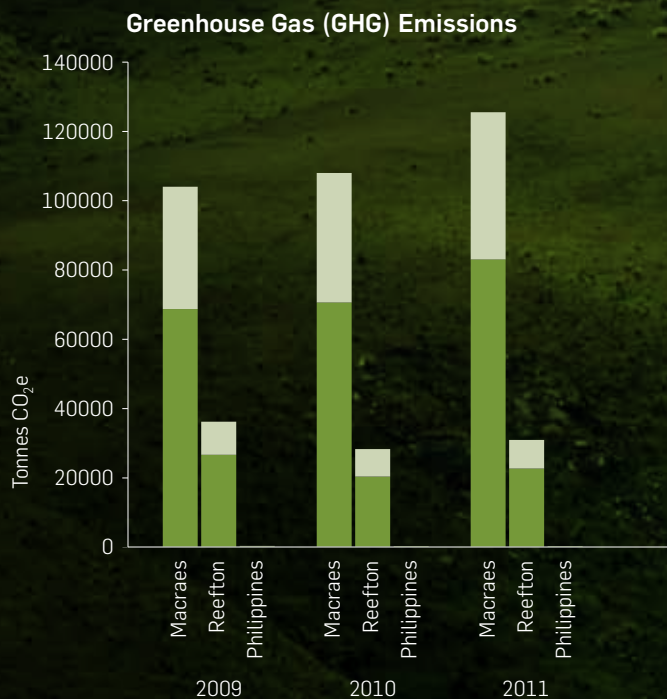
Macraes is OceanaGold's primary gold operation with substantial milling operations and dust suppression requirements. Macraes achieved a 9% reduction in surface water consumption from 2,125 ML in 2010 to 1,930 ML in 2011. The site also reclaims approximately 90% of the water used in its processing plant from its tailings impoundments and seepage systems.

Cyanide is destroyed by oxidation using an INCO process in the Macraes plant before pumping to the tailings dam. Daily samples including return water are analysed to ensure that cyanide readings are below INCO destruction detection limits.

The Reefton operation consumed 3,516 ML of surface water for processing in 2011, compared with 807 ML in 2010. In 2011 more water was discharged from site based on an updated water treatment plant capacity required to accommodate a larger operational footprint. Data recording practices have also improved at the site. Reefton's 2011 surface water use includes a mixture of fresh surface water from catchment, returned water from tailings, and feed water for the water treatment plant. Of Reefton's surface water use, 21.6 ML was reclaimed from treated water in the site's discharge lagoon for use in dust suppression. An estimated 15 ML of potable river water was also utilised at Reefton. This river water was accessed via the Inangahua River gravels.

Didipio receives 3,000 – 4,000 mm of rainfall per year. The Company plans to recycle water for the process plant from the operation's tailings pond when the plant is commissioned in late 2012. Make-up water for the processing plant will be taken from boreholes around the open pit area. This extraction is located away from residential areas and therefore not inferred to affect residents' water sources. In 2011, the Philippines groundwater consumption rose with recommencement of construction of the Didipio Project.





Background: Snow tussock grassland planted near Macraes Goldfield to restore original landscape

## Waste

OceanaGold's waste objectives are guided by the Company's Environmental Policy. Waste data is managed through the Company's EMS and data management protocols.

OceanaGold's New Zealand operations have established a comprehensive recycling program that aims to reduce the quantity of waste sent to landfill each year. The program includes scrap metal, drums, cardboard and paper and has delivered consistent waste minimisation outcomes each year.

In 2011, the Macraes operations successfully reduced the volume of waste sent to landfill. At Reefton solid waste management was previously managed and controlled by a mining contractor. Following the transition from contract mining to owner mining during 2011, managing and tracking the waste generated at the site is now being managed in house and as a result shows an increase in landfill volumes. In New Zealand, a review of the Company's Waste Management Plan is scheduled to occur during 2012.

The Didipio Project continued its waste segregation and recycling program. Waste to landfill in 2011 increased marginally at the Philippines operations due to the recommencement of construction during the year.

## Land Use

OceanaGold's New Zealand and Philippines operations offer a rich and varied natural environment. Land use, heritage, biodiversity and rehabilitation are all guided by the Company's Environment Policy. These areas are also managed through the Company's EMS, data management protocols and closure plans.

Research and implementation of specific programs are designed to enhance and support the biodiversity and heritage which is unique to each site. The Company is committed to delivering enduring benefits to local communities and the environment beyond the life cycle of the project. The closure planning processes go beyond the rehabilitation of disturbed land, to include ways of providing ongoing employment and other long-term social and community benefits within the surrounding communities.

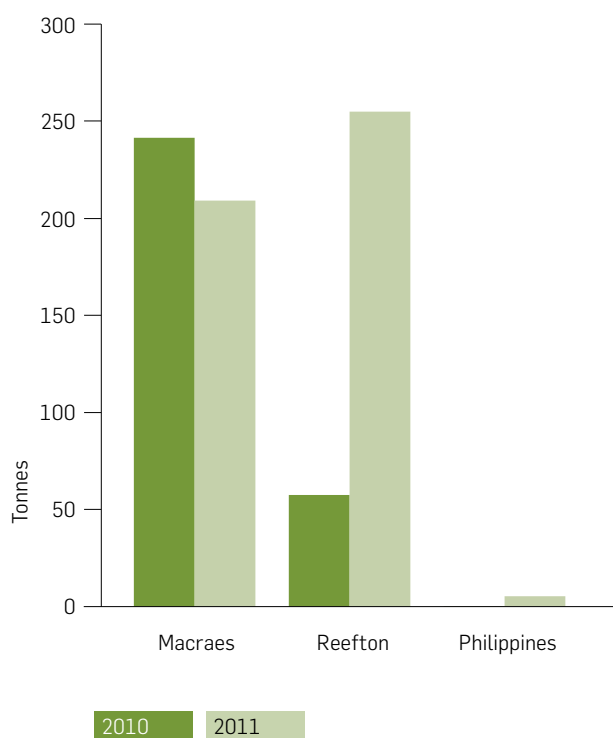
At Macraes, the comprehensive review of mine site rehabilitation undertaken in 2011 identified successful rehabilitation and restoration achieved to date and a plan was formulated for rehabilitation strategies and initiatives going forward.

These initiatives include:

- An archaeological survey of the Macraes Township to be completed in 2012;
- An Ecology Management Plan to be prepared in 2012 to cover the protection and enhancement of ecological areas set aside as part of the Macraes Phase III development;
- The establishment of three ecological zones covering tussock grassland, scrubland and indigenous vegetation formally protected by covenants. The combined area of the three zones will be a minimum of 155 hectares;
- Update of the existing Heritage Management Plan to cover the Macraes Phase III development.

In partnership with Fish & Game New Zealand, OceanaGold's Macraes Trout Hatchery produced 1,000 eight month old trout and 5,533 one to three year olds for release into surrounding lakes and river systems during 2011.

**Waste to Landfill**





Reefton lodged a NZ\$12.3 million (US\$9.7 million) joint environmental bond covering 178.8 hectares with the Department of Conservation, the Buller District Council and the West Coast Regional Council. A further 1.1 hectares of rehabilitation planting was also completed at the Reefton site, and net of stockpile creation, 11.8 hectares of the site have now been restored. Reefton has reviewed and submitted a restoration plan to the Department of Conservation for approval.

At the Didipio Project, OceanaGold maintained its involvement in the Mines Rehabilitation Fund Committee (MRF) which consists of the following funds:

- Environmental Trust Fund - US\$2,414
- Monitoring Trust Fund - US\$3,536
- Rehabilitation Cash Fund - US\$130,925

The MRF Committee meets quarterly to address key components of the Didipio Project and to continue interaction with local communities on eventual closure and restoration plans. Redesign of a mine closure plan began in 2011 due to change in project design which, when complete, will be used by the Philippines Mines and Geosciences Bureau to determine the size of the MRF going forward.

Other biodiversity and rehabilitation programs at Didipio related to its longstanding tree nursery and reforestation programs. In 2011, 1,036 trees and seedlings were transplanted. During tree cutting, the number of vulnerable species were counted and 10 times the number of seedlings were planted for each vulnerable plant removed. OceanaGold directly funded the planting of 3,871 seedlings and donated an additional 9,591 seedlings to the program. To date, over 103 hectares of reforestation has taken place at Didipio using 250,000 seedlings.

## 2012 Environmental Targets

### Macraes

- Coordinate the transition to the Macraes Phase III (MPIII) consents to ensure the timely submission and approval of new management plans and operational manuals.
- Rationalise the environmental monitoring program to ensure all MPIII consented compliance monitoring is achieved.
- Complete all scheduled rehabilitation as proposed in the 2012 Project Overview and Work and Rehabilitation Program.
- Manage environmental impacts to maintain the number of 'moderate' or 'Major' environmental incidents (i.e. Levels 3 to 5) at zero.

### Reefton

- Implement an EMS, to ensure continual environmental improvement.
- Install continuous down-stream surface water quality equipment.
- Continue restoration trials and undertake investigation into rehabilitation material stockpiling issues.
- Complete five hectares of restoration in line with available areas.
- Manage environmental impacts with the aim of having zero environmental impacts that have a "Moderate" or "Major" impact.

### Philippines

- Complete 75% of the requirements to obtain ISO 14001 Certification.
- Reforest 100 hectares under OceanaGold's commitment to the Philippine National Greening Program.
- Achieve 100% compliance with all the environmental provisions within Didipio's environmental permits.
- Construct settling pond in Dinauyan River and dry haul road crossing to Run of Mine pad.
- Achieve mean daily turbidity of 350 NTU (nephelometric turbidity units) in Q4 2012 at the Dupit water quality measurement station on the Didipio River.



Left: Low impact exploration program at Reefton, New Zealand



*Didipio* tree nursery,  
northern Luzon, Philippines





# Community

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## Community

OceanaGold views the commitment of Company resources and effort to the development and nurture of local community partnerships at its operations as one of its most important investments.

While corporate donations are a primary component of the Company's community contribution program, OceanaGold's involvement in programs that will provide ongoing economic growth and development in New Zealand and the Philippines is comprehensive and expanding.

In New Zealand, the Company's involvement with sponsorship and funding within the regions' operational communities continues to assist with community, educational activities and health funding awareness.

In the Philippines, a large and diverse number of community development programs that have been initiated or supported by OceanaGold include school scholarships and equipment provision, health and medical programs, infrastructure construction and agricultural assistance.

As OceanaGold continues to grow in the years ahead, its capacity to invest in the social and economic health of its communities, beyond the lifespan of its projects, will grow in equal measure.

### Case Study 03:

#### Economic Empowerment In The Philippines

To coincide with OceanaGold's construction and planned 2012 commissioning of the Didipio Project, the Company, in 2011 embarked on a community initiative designed to deliver significant economic growth for local communities.

Modelled on the success of similar community corporations in Papua New Guinea and northern Canada, the Didipio Community Development Corporation (DiCorp) was established by OceanaGold. The DiCorp shareholders are all long term residents of Didipio.

DiCorp provides its members with the assistance to build the capacity required to directly bid on various mine services contracts. As at April 2012, long-term contracts have been awarded for the collection of recyclables and waste, provision of the employee shuttle bus services, maintenance of the access road, construction of the tree nursery and supply of labour services. The local DiCorp cooperative is expected to bid on additional services contracts in the future, with the potential value of contracts over Didipio's mine life expected to be in the tens of millions of dollars.

OceanaGold has set itself the goal of awarding at least three long-term service contracts to DiCorp members over the next twelve months valued at US\$1 million per year in aggregate.



*Above: Didipio elementary school, sponsored by OceanaGold  
Right: Didipio community agricultural program*





## Community Performance

Business Unit	2011 Target	Status	
Macraes	Continue to hold bi-monthly meetings with Macraes Community Incorporated – the community's local representative group – and continue to consult with local Iwi.	✓	A
	Continue to organise fishing days at Macraes which staff and community are invited to attend.	✓	A
	Undertake consultation with other key stakeholders including the Department of Conservation, Historic Places Trust, Waitaki District Council, Otago Regional Council and The Otago Fish and Game Council.	✓	A
	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.	✓	A
	Provide a number of places for university students to access experience in their relevant fields of study through the employment of students during the vacation periods.	✓	A
Reefton	Continue to provide presentations when requested to school and community groups focusing on all aspects of mining including geology and the environment.	✓	A
	Remain actively involved with community groups.	✓	A
	Organise an open day at Reefton Globe Progress mine site for local community members and visitors.	✓	A
	Aim for zero complaints in 2011. Where this is not achieved, ensure complaints are resolved in a timely fashion.	✓	A
	Consider all requests to subsidise school groups to encourage visits to the mine.	✓	A
Philippines	Continue funding, and aim to increase overall level of funding for community sports, activity and other groups within Reefton and the Inangahua district plus some wider area initiatives.	✓	A
	Strengthen engagement with upstream and downstream communities.	✓	A
	Meet funding commitments to the DCDAI managed community development programs and projects.	✓	A
	Continue to support community initiatives on infrastructure improvements, health and sports development through partner institutions and community based organisations.	✓	A
	Continue to sponsor education programs in partnerships with local schools and universities.	✓	A

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

## Supporting New Zealand Communities

In New Zealand, the community investment initiatives undertaken by OceanaGold help form the foundation on which its operations in Macraes and Reefton are based. OceanaGold's Corporate Social Responsibility (CSR) policy guides its community investment and engagement programs.

The community data management protocols introduced in 2008 have enabled OceanaGold to track the success of its engagement with local communities and to more effectively target opportunities to better deliver timely and useful community programs.

OceanaGold provides direct monetary support to New Zealand communities. Additionally, Company staff provide a significant degree of 'in kind' support for a range of community programs.

In 2011, approximately NZ\$450,000 (US\$360,000) was distributed back into regional communities, reflecting the Company's commitment to assist sustainable projects and programs within New Zealand.

In New Zealand, the Dunedin head office assisted with broader regional funding opportunities, such as Otago regional basketball youth development via sponsorship of the OceanaGold Nuggets in the 2011 National Basketball League, Otago Highlanders Rugby Franchise, the Otago Medical Research Foundation and the Australasian Institute of Mining and Metallurgy (AusIMM) New Zealand Branch Annual Conference sponsorship.

The Macraes Gold Tours continued to provide an informative outing for overseas tourists and local visitors wanting to see an 'active mine' up close, with the addition of a tour of the Macraes Trout Hatchery and access to walking tracks throughout the Heritage and Art Park located opposite the Macraes township.

The Macraes and Reefton operations govern their own community spend via monthly funding/sponsorship committee meetings. Requests for funding and/or sponsorship are defined by three categories (community, education and health), with education being the more dominant of requests received.

Requests that received a higher monetary portion and will be of greater assistance to the wider communities include:

### Otago Medical Research Foundation:

Provides Otago-based researchers with the opportunity to conduct research into a wide variety of medical and health-related subjects. OceanaGold sponsored William Parkyn who furthered research into 'Skin problems in the lower legs of morbidly obese patients and the possible role of bariatric surgery'. William was one of three joint winners to be awarded the PK Renshaw prize whose work was deemed to have been most meritorious.

### Waihemo Wastebusters:

A non-profit incorporated society that provides a recycling service for approximately 80% of households in the Palmerston and surrounding local catchment areas, including Macraes Flat. In 2011 OceanaGold Macraes assisted with the necessary financial support to enable the centre to continue encouraging its communities to recycle and reduce personal and community waste through the waste minimisation and resource recovery services they provide.

### Otago Rescue Helicopter Trust:

Provides a permanent standby 24/7 service for the emergency needs of the entire population of the lower South Island: spread over an area of 66,500 square kilometres, it is the largest geographical area in the country. The terrain is as varied as the population, from rolling remote farmland through to high snow covered mountains. The Trust flew 19 missions within the East Otago region in 2011, and OceanaGold's funding purchased portable ultra sound units to assist with potentially life threatening internal bleeding or collapsed lungs from trauma in a pre-hospital situation amongst other items.

### Regional New Zealand Volunteer Fire Services:

Play a major role in providing emergency response within their communities. Most of these communities depend on volunteers for their every day fire protection. Men and women from many walks of life are volunteer firefighters, including OceanaGold staff from both the Macraes and Reefton operations. Ongoing monetary donations assisted four local branches situated close to the Macraes and Reefton operations: Palmerston, Waikouaiti, Ikamatua and Reefton Volunteer Fire Service Brigades.



## Supporting Philippines Communities

OceanaGold's involvement in surrounding communities begins at the early exploration and development stages of a project and is guided by its Corporate Social Responsibility (CSR) policy.

As part of its Financial or Technical Assistance Agreement (FTAA) at the Didipio Project in the Philippines, OceanaGold has developed a Social Development and Management Plan (SDMP) which commits 1.5% of the Didipio Project operating cost to funding initiatives under the SDMP. The SDMP benefits are then shared among the Didipio community in addition to nine neighbouring communities.

The SDMP's objective is clear and straightforward – provide sustained improvement in the living standards of the host and neighbouring communities by helping them to define, fund and implement the community development program. A Memorandum of Agreement between Didipio, the nine surrounding communities and the Company on how to allocate the SDMP funding was signed in 2011. (Refer to Case Study 04: "Building Stronger Communities").

In 2011, 157 Didipio Valley students were awarded college scholarships, 41 of which graduated with university degrees. OceanaGold has also continued to provide funding for teacher salaries that have benefited over 600 school children in surrounding communities. In 2011, internet connections were installed at the Municipal Hall in Kasibu and in the Barangay Hall in Didipio to facilitate better communication with government leaders and agencies.

In the area of health, 30 medical missions providing free medical, dental, optical consultation and the provision of medicine have been undertaken throughout the region and surrounding areas since the establishment of the program in 2007. These missions have directly benefited more than 8,500 people to date, while OceanaGold's partnership with the Global Fund Movement Against Malaria has achieved over 95% reduction in the incidence of malaria and dengue fever in the local region.

In 2011, OceanaGold also released PHP3 million (US\$70,000) to the Didipio Community Development Association Inc (DCDAI), in concert with the local Barangay Council to implement a range of community development programs throughout the region.

A new and important part of OceanaGold's sustainability strategy in the Philippines is the assistance provided to the Didipio community in building capacity to directly bid on various mine services contracts. In 2011, the Didipio Community Development Corporation (DiCorp), whose shareholders are the long term residents of Didipio was formed. (Refer to Case Study 03: Economic Empowerment In The Philippines).

## Case Study 04: Building Stronger Communities

In 2011, a Memorandum of Agreement (MOA) was signed between OceanaGold, Didipio and the nine surrounding communities on how to allocate the Social Development and Management Plan (SDMP) funding that comprises 1.5% of OceanaGold's Didipio Project annual operating costs each year.

This is a significant financial contribution of approximately US\$1.5 million and will be used each year to undertake projects in health, education, infrastructure, livelihood, environment, sport and culture and public safety for the benefit of local communities.

The MOA will see the host community, Didipio, receive 45% of SDMP funds to be used for community programs and first preference in employment. Neighbouring communities, ie, those upstream and downstream along OceanaGold's access roads will also receive a combined 45% of SDMP funds, while each Barangay Council will receive an additional PHP2 million (US\$46,000) per year for social development projects and second preference in employment after Didipio. This initiative will triple current local Council income from the Philippines Government.

While the SDMP remains the cornerstone of OceanaGold's community contribution and involvement in the Philippines, value-adding initiatives will only continue to enhance and broaden its effectiveness at building strong, multi-dimensional communities well into the future.

*Below: OceanaGold Nuggets sponsored sports team, Didipio, Philippines*



## Community Feedback

Formal and informal mechanisms are provided at all OceanaGold operations for community consultation and comment regarding its activities in New Zealand and the Philippines, guided by the Company's Corporate Social Responsibility (CSR) policy.

Stakeholder feedback is regarded by OceanaGold as essential to the effectiveness of its community development programs which govern its social license to operate.

Any community member and stakeholder group is able to express their view and/or concern in a timely and effective way through use of the Company's feedback and grievance procedures. A formal grievance management procedure to address project related concerns in the Philippines has been drafted and will be finalised and implemented in the coming year.

The Company tracks community feedback and the information is a key determinant in the selection of appropriate future stakeholder engagement activities.

Business Unit	Number of Complaints	Number of complaints remaining unresolved at the end of the year (2011)
Macraes	0	0
Reefton	0	0
Philippines	57	39

Macraes mine management meets regularly with Macraes Community Incorporated, the local community's representative group.

Reefton recorded no complaints in 2011, an improvement on 2010's one registered complaint. A successful site open day was held at Reefton to give local community members a better understanding of all aspects of Reefton's operation. The Reefton General Manager is actively involved in various local community committees to ensure a good understanding of local community issues and requirements.

With the recommencement of construction at the Didipio Project in 2011, complaints in the Philippines increased commensurate with the increased activity at the project site. The majority of the complaints related to commercial discussions and negotiations associated with land purchases for the Didipio Project. Resolution of the outstanding complaints is a priority for the Company with many of these having been resolved subsequent to year end. As in the past, the Company continues to work with the local government unit (Barangay Council) in addition to the individuals themselves in this regard.

## Human Rights

OceanaGold is committed to respecting human rights in all its areas of operation. To demonstrate how this commitment translates in practice some of the current initiatives are described below.

### Treatment of Indigenous People

In the Philippines in 1997, Republic Act No. 8371 or The Indigenous Peoples Rights Act of 1997 (IPRA) was enacted to recognise and promote all the rights of indigenous cultural communities (ICCs) and indigenous peoples (IPs) as enshrined in the Philippine Constitution. Generally, the IPRA aims to protect the rights of the ICCs and IPs to their ancestral domains and in the process recognise, respect, protect, and preserve their cultures, traditions, and institutions. These rights include the affirmation of the right to stay, the right in case of displacement, the right to regulate the entry of migrants, and the right to ownership and redemption. The law requires the free and prior informed consent (FPIC) of ICCs and IPs prior to the opening of their ancestral land to mining operations and the grant of any royalty payment from mining operations. OceanaGold is committed to upholding the IPRA as it looks to develop future operations in the Philippines.

The Macraes and Reefton Gold Projects are on land over which the Iwi (Maori people) of the Ngāi Tahu tribe have an interest. The sub-tribe, Kāti Huirapa ki Puketeraki is mana whenua (people of the land) for Macraes and the Te Rūnanga o Ngāti for Reefton. Both have specific interests in relation to OceanaGold's operations and ongoing liaison and consultation is maintained with both groups by the Company from the initial consenting stage through operations and any associated expansion.

To ensure any Iwi concerns are addressed in this process, OceanaGold has commissioned Cultural Impact Assessments (CIA) for both projects. These CIAs are prepared by the Iwi and deal with how the Company's operations may have an impact on Iwi values such as Wahi tapu (places of specific importance such as a cemetery or place of battle) Mahinga kai (traditional area to gather food and resources) Wahi taonga (a treasured place) and Taonga (a treasure).

To formalise its commitment to consultation and working collaboratively, OceanaGold has a Memorandum of Understanding (MOU) in place with Kāti Huirapa and is in the process of completing a MOU with Ngāti Waewae.

### Child Labour

In the Philippines, it is the declared policy of the State to provide special protection to children from conditions prejudicial to their development, including child labour. Under OceanaGold's Human Resource policy in the Philippines, the Company specifically monitors and enforces the minimum age of employment within the group. Consistent with Philippines legislation, no individual below 18 years of age shall be employed by the Company unless they are an apprentice as defined under the Labour Code. This policy extends to all contractors and consultants employed by OceanaGold which is clearly outlined in the services contract which is strictly monitored and enforced.



### Human Rights Due Diligence

OceanaGold is currently considering the implementation of a human rights due diligence approach in the Philippines. This will include revising policy, accountability, training, monitoring and remedy mechanisms. Some of this work is already underway and is outlined below:

### Training on Human Rights

To ensure OceanaGold's commitment to human rights is understood and lived through the Company, OceanaGold is currently reviewing opportunities to train employees, contractors and business partners in this area. Two specific projects to date have included:

1. On November 17, 2011, OceanaGold and its security contractor in the Philippines invited the Commission on Human Rights (Region 2) to hold a human rights seminar entitled "Capacitating Security Personnel and Barangay Officials on Human Rights and Pertinent Laws" for the security personnel assigned at the Didipio Project site and Barangay Didipio officials. The seminar was attended by OceanaGold employees, security personnel and the Barangay Council.
2. In September/October 2011 OceanaGold launched an Intercultural Competence Training (ICT) program for its staff and management teams at the Didipio Project site. OceanaGold also intends to make the training available for contractors at site.

### Monitoring of Human Rights

OceanaGold continues to monitor human rights impacts of the Didipio Project through consultation with local communities undertaken by the Commission on Human Rights of the Philippines Regional Office. Progress has been made in this area as the Commission on Human Rights recently commended the Company's Philippines operations "for the inclusion of a more human rights responsive policy and approach towards its programs, plans and activities."

## 2012 Community Targets

### Macraes

- Coordinate an interactive Archaeological Open Day on site at Macraes (Robinson Farm Complex) for the Macraes Community, local schools and general public in conjunction with the New Zealand Historic Places Trust.
- Continue to fund/sponsor community, education and health initiatives in the Macraes and wider East Otago communities.
- Complete remedial works to the historic Stanley's Hotel and Gay Tan Cottage in consultation with the New Zealand Historic Places Trust and Macraes Community.
- Complete an archaeological survey of the Macraes Township in consultation with the Macraes Community Incorporated members.
- Support and promote a local volunteer recycling business (Waihemo Wastebusters) by expanding recycling services on site, and within the local Macraes Community.

### Reefton

- Continue to provide presentations when requested to school and community groups focusing on all aspects of mining including geology and the environment.
- Remain actively involved with community groups.
- Organise an open day at Reefton Globe Progress mine site for local community members and visitors.
- Aim for zero complaints in 2011. Where this is not achieved, ensure complaints are resolved in a timely fashion.
- Consider all requests to subsidise school groups to encourage visits to the mine.
- Continue funding, and aim to increase overall level of funding for community sports, activity and other groups within Reefton and the Inangahua district plus some wider area initiatives.

### Philippines

- Sustain partnerships with host and adjacent communities.
- Individual MOAs signed by the 10 partner Barangays.
- Meet funding commitments to host and adjacent communities through the advance payment of 30% of the SDMP fund allocation.
- Complete five year community development plan covering the host and 9 adjacent Barangays.
- Implement a community grievance management program.
- Support sustainable enterprise development in the community by awarding at least three long-term service contracts to a local community owned corporation valued at US\$1 million per year in aggregate.
- Spend at least US\$500,000 on capital infrastructure construction and improvements in the Didipio community including roads, canals, schools and other community infrastructure.
- Increase purchasing from Nueva Vizcaya based businesses and contractors by 100%.





*Macraes Goldfield  
rehabilitation of waste  
rock stacks*





# Health & Safety + Workplace

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## Health and Safety

Ensuring the health and safety of all OceanaGold employees, contractors and the communities in which it operates is of paramount importance to the Company.

Substantial time and resource is allocated each year to improving the Company's health and safety performance with a key objective of an incident and accident free workplace for all participants.

In recent years, targeted training and education has been used as an effective means of achieving this goal. The desire to instill in its employees and contractors a belief that all incidents and injuries are avoidable is at the forefront of its health and safety policies and programs.

Experience has shown that to achieve these objectives, management commitment must be matched by an equal commitment from the Company's employees and contractors if its health and safety performance is to continue to improve. To this end, OceanaGold has developed a health and safety framework containing annual improvement targets marked as Specific, Measurable, Achievable, Realistic and Time framed, or 'SMART'.

Key performance indicators that refer back to the SMART targets are then used to help track its health and safety performance over time for further improvement, training and development. These include:

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

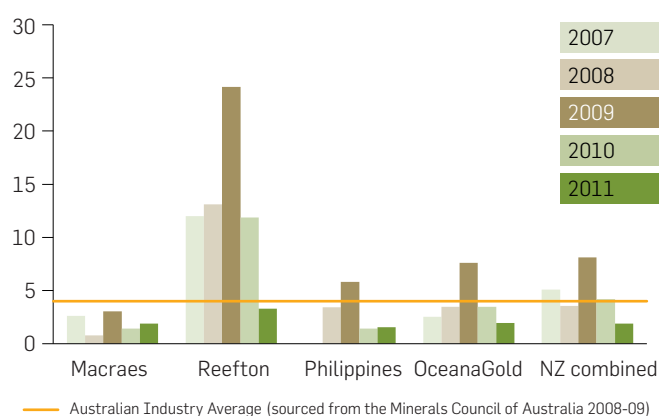
### Health and Safety Statistics

OceanaGold's Lost Time Injury Frequency Rate (LTIFR) dropped from 3.45 (per million man hours) in 2010, to 1.94 in 2011. This is considerably lower than the Australian mining industry average of 4 and a further improvement on the previous year.

While Macraes and Philippines reported minor increases in LTIFR in 2011, Reefton again reported a significant drop from 11.87 in 2010 to 3.31. This figure includes 1 lost time injury for exploration. Excluding this, the Reefton mining operations LTIFR was 1.84 in 2011. Together with the Company's combined LTIFR decrease demonstrates the effectiveness of OceanaGold's focus on health and safety awareness and training for all staff and contractors in recent years.

A comparison of the Company's LTIFR (per million man hours) for the previous five years benchmarked to the Australian industry average is detailed in the graph below.

LTIFR (per million man hours)



### Health and Safety Performance

Business Unit	2011 Target	Status	
New Zealand	Achieve LTI rate lower than the Australian average	✓	A
	Reduce injury rate on the previous year.	X	NA
	Monitor and review implementation of the PASS program to ensure maximum effectiveness.	✓	A
	Utilise the local police serious crash unit to deliver safety messages and education to the Company workforce.	✓	A
	Continue drug and alcohol education and policy enforcement.	✓	A
	Continue fire extinguisher, first aid and manual handling training for the workforce.	✓	A
	Ensure safety task observations are conducted.	✓	A
	Undertake root cause analysis training for select supervisors.	✓	A
	Develop a new induction package for New Zealand operations.	✓	A
Philippines	Continue operating the health and safety clinic at site.	✓	A
	Conduct continuous training of the emergency response team.	✓	A
	Review membership to the central safety committee.	✓	A
	Review safety management system in preparation for the increased level of activities on the project.	✓	A

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

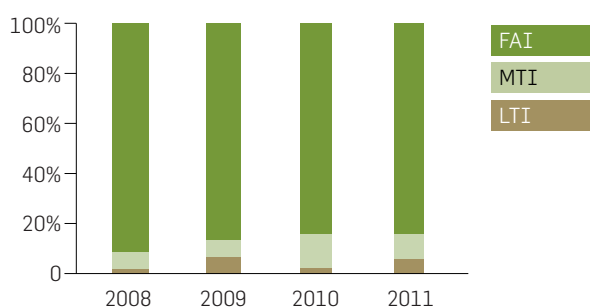
At the Didipio Project, Typhoon Pedring passed directly over the site in late September with winds in excess of 175 km/hour. Regrettably, one security contractor was fatally injured during Typhoon Pedring and immediate and ongoing support and counselling was provided to the family and employees in relation to the incident.

The overall ongoing health and safety improvements in 2011 are due in part to OceanaGold's contractor educational awareness initiatives applicable to the processing and mining components of each operation. These initiatives include a series of refresher inductions to ensure new and current contractors are fully informed of the Company's health and safety standards.

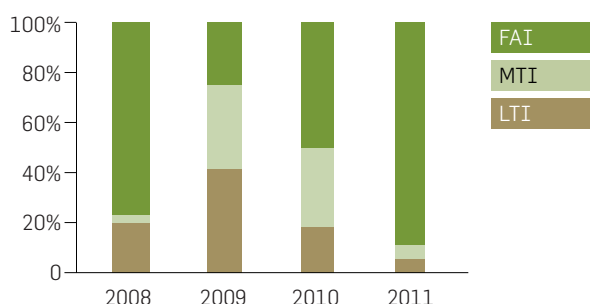
When added to annual review of all Company health and safety policies and its comprehensive training programs, these awareness initiatives also appear to be positively influencing the Company's health and safety performance.

OceanaGold's injury type results from 2008 to 2011 for each operation are detailed in the graphs below.

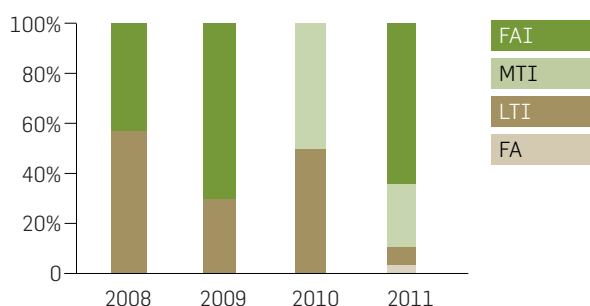
**Macraes Injury Type Data**



**Reefton Injury Type Data**



**Philippines Injury Type Data**



FAI - First Aid Injury  
MTI - Medical Treatment Injury  
LTI - Lost Time Injury  
FA - Fatality

## Case Study 05: The Root Cause

The Incident Cause Analysis Method (ICAM) health and safety training program employed by OceanaGold at its New Zealand operations is a system originally developed by BHP as a tool to enable an investigation team to determine the root cause of an incident and whether more than a single root cause contributed.

ICAM also takes into account organisational factors, tasks and environmental conditions, individual and team actions and defenses as part of a health and safety system which must all be investigated to determine why an event has happened or may occur.

In 2010, OceanaGold researched the ICAM system and decided to trial it on site in New Zealand by initially training a selection of senior staff and specialised safety staff in its use. This training and subsequent assessment of the program's impact demonstrated its success and effectiveness as a whole of the Company's health and safety system.

Today, the ICAM system is used throughout OceanaGold's New Zealand operations and is in the process of being implemented at Didipio in the Philippines. It has also been widely adopted throughout the global mining industry.

All the Company's senior staff, supervisors, acting supervisors and safety representatives have, or will be trained in ICAM which will provide a thorough knowledge base and understanding within the investigation teams as they are formed.

*Below: Emergency response training at Macraes operation, New Zealand*

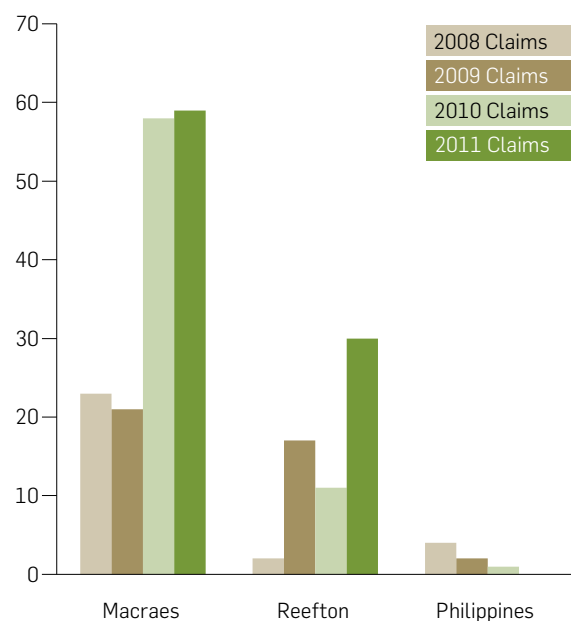




Workers compensation claims include of all FAI, MTI and LTI injuries in the total claim number for each operation. OceanaGold is examining strategies to permanently reduce workers compensation claims across its New Zealand operations and aims to post a meaningful reduction in claim numbers next year.

An error in data capture for 2010 workers compensation claims at the Macraes and Reefton operations has been identified and adjusted accordingly.

### Workers Compensation Claims



### Health and Safety Training

The Macraes emergency response team was expanded to 45 members in 2011 and two 'Rookies' emergency response training courses were conducted for the new additions to the team. Introduced in 2010, the Rookies training courses are two weeks in duration and encompass all aspects of the requirements for the emergency response team from basic first aid to underground rescue in low visibility using BG4 breathing apparatus.

Other ongoing health and safety training at the Company's Macraes and Reefton operations is summarised below:

### Health and Safety Initiatives

#### Macraes

- Emergency response training
- Intensive fire fighting
- Patient extraction (light vehicles and mining equipment)
- Use of lifting bags
- Work and rescue at heights
- Vertical and rope rescue
- Pre hospital care training
- Advanced and general first aid
- BG4 and CABBA breathing apparatus use
- Confined space and rescue in toxic atmospheres
- Underground rescue training
- Flu inoculations and employee health checks
- Fire extinguisher training
- Fire warden and building warden training
- Underground staff evacuation
- Drug and alcohol sample collection training

#### Reefton

- Light vehicle skid control
- Crane and telehandler training
- Pre hospital care training
- Advanced and general first aid
- Respiratory awareness
- BG4 and CABBA breathing apparatus use
- Confined space and rescue in toxic atmospheres
- Coordinated incident management

In 2011, the Macraes operation made changes to its drug and alcohol policy to better reflect the prevalence and use of synthetic cannabis type drugs within the wider community. Select Macraes staff also completed more Incident, Cause, Analysis, Method (ICAM) system of root cause analysis training. The ICAM system was implemented by OceanaGold in 2010 to provide root cause analysis of all health and safety incidents across the Company's New Zealand operations. (*Refer to Case Study 05: "The Root Cause"*). Additionally, the internal bi-annual ACC audit was conducted on site at Macraes in preparation for the external audit due in 2012 and internal audits of all business units were carried out to ensure compliance with the health and safety management system.

At Reefton, random drug and alcohol testing was carried out on all staff and contractors, with blanket alcohol and random drug testing implemented for all new inductees as part of a review of the induction process. The OSPAT (Occupational Safety Performance Assessment Technology) fitness for work system was also run across the mining operation with plans to expand the system site-wide in 2012. Priority was placed on completion of Job Safety Analysis across the Reefton operation, with the creation of area audits carried out in addition to safety observation walks.

In 2012, up-skilling of emergency responders at Reefton will include alternative pain relief and adrenaline for anaphylactic shock, bringing training in line with that at the Macraes operation.

At the Didipio Project, the Central Safety Committee oversees a site specific emergency management plan. In 2011, basic life support and standard first aid training was conducted in partnership with the Philippines National Red Cross.

Other training initiatives included:

- Risk management
- Hazard identification
- Daily pre-shift toolbox meetings
- Workplace inspections
- Fire extinguisher training
- Departmental risk register completion

Didipio's emergency response capabilities and programs comprise:

- Two ambulances and medical clinic on site
- A full-time medical doctor on site
- An emergency management plan
- An emergency response team

Additionally, the Central Safety Committee membership was renewed, coupled with the project's broader safety management system in preparation for the increased level of activity on site.

### **Contribution to Health and Safety in the Community**

OceanaGold's emergency response teams also assist wherever possible at off site medical emergencies occurring within the communities around OceanaGold's New Zealand operations.

In 2011, members of the Macraes emergency response team members attended incidents within the local community including suspected heart issues, allergic reactions, a high speed vehicle collision resulting in two patients being airlifted to Dunedin hospital, a medical event at a local farmhouse, a dislocated pelvis and a high speed rollover which saw the driver also airlifted to Dunedin hospital. The installation of two dedicated helicopter landing pads on site has dramatically improved the ability of the Macraes team to respond swiftly and effectively to health and safety emergencies at its operations and within surrounding communities.

A number of OceanaGold staff from both the Macraes and Reefton operations are also committed volunteers with organisations such as the local fire brigade and the St John ambulance service, demonstrating a strong commitment to the communities in which they live and work.

In the Philippines, the Health and Safety clinic established in 2006 was maintained by the Company. Clinic staff include paramedics from SOS International and are backed by an emergency response team of select security personnel with first aid and life support training. Since establishment of the clinic, thousands of local community members have been treated for a range of medical conditions some of whom are transferred to the nearest hospital using the Company ambulance.

## **2012 Health and Safety Targets**

### **New Zealand**

- Complete a safety systems audit process across New Zealand sites.
- Complete internal audits of business units compliance with the health and safety management system.
- Monitor occupational health for all staff.
- Complete external ACC audit this year.
- Continue incident root cause analysis training for key staff.
- Continue random drug and alcohol testing across all sites.
- Reduce damage and injuries from 2011.
- Achieve LTI rate lower than the Australian mining industry average.

### **Philippines**

- Zero fatalities.
- Total Recordable Injury Frequency Rate to be < 9.
- Ensure all hazards are reported.
- Behavioral Based Workplace Observations to be >100.
- 90% of employees to receive basic first aid, hazard identification and risk assessment training.
- An external audit of the Emergency Response Procedure including helicopter medivac with local and regional government stakeholders.
- A quarterly update and review of site and departmental Risk Registers.
- Develop auditing and performance management systems to ensure supervisors effectively manage safety as a line management function.
- Implement 50 Safe Work Procedures.
- Develop and implement a program for Management Team safety activities including:
  1. Contribution to toolbox meetings;
  2. Safety tours / walkround;
  3. Participation in investigations; and
  4. High visibility compliance (pre-starts etc).
- Implement a Crisis Management Plan.

*Below: Reefton processing plant,  
New Zealand*





## Workplace

OceanaGold's people are the key to its business success now and in the future. People and workplace productivity are managed by the Company's Corporate People policy which focuses on the following areas:

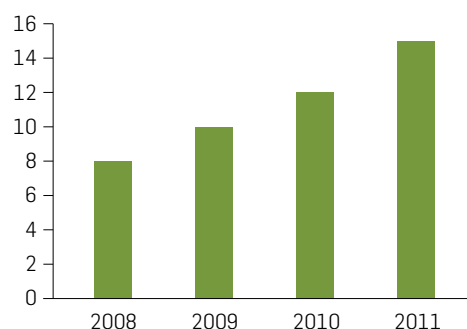
- Honesty and integrity
- Values
- Diversity
- Equity
- Harassment
- Talent management

The policy is applied throughout the Company and is practically managed via its people policy and procedure manuals in New Zealand and the Philippines. This transparent approach ensures that while high level goals and objectives are openly communicated to all staff, implementation on the ground is specifically tailored to each site.

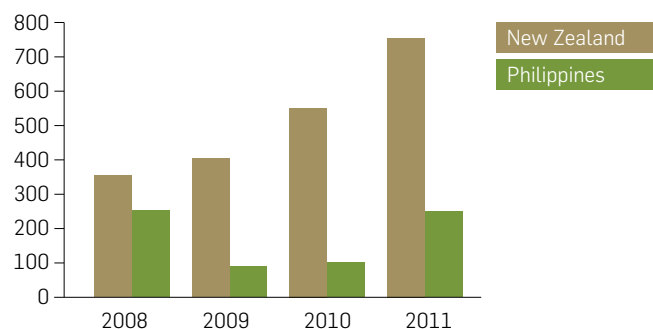
OceanaGold is also engaged in the ongoing professional development of its people and works hard to develop strategies aimed at staff retention across the business.

### Full time employee figures at all operations

#### Head Office (People numbers FTE)



#### New Zealand & Philippines (People numbers FTE)



## Workplace Profile and Diversity

### Employment Status

New Zealand full time employees increased from 551 in 2010, to 755 in 2011, while contractor numbers fell from 258 in 2010 to 132 in 2011 reflecting the transition from contract mining to owner mining at Frasers Underground and Reefton Open Pit mines.

The New Zealand operations part-time and casual employee number remained steady at 17 in 2011.

Philippines full time employees rose from 101 in 2010 to 251 in 2011. An additional 615 contractors were employed by the Company, up from 116 the previous year, along with 10 casual employees. These workplace increases stem directly from construction activity at Didipio during 2011 and comprise predominantly local community members. (Refer to Case Study 06: 'Looking Local').

Melbourne head office full time employees also increased from 12 to 15 in 2011, with a corresponding 50% jump in female head office employees. This increase reflects Company expansion and its growing requirement for appropriately qualified executive staff.

### Staff Turnover

Staff turnover in New Zealand rose from 9% in 2010 to 24% in 2011. This increase in turnover is reflective of the booming mining industry and demand for experienced labour. OceanaGold is committed to achieving a better staff retention rate in future years via the continuance and implementation of key employee initiatives that include more flexible, family friendly shift schedules, greater professional and personal development and specialised training opportunities.

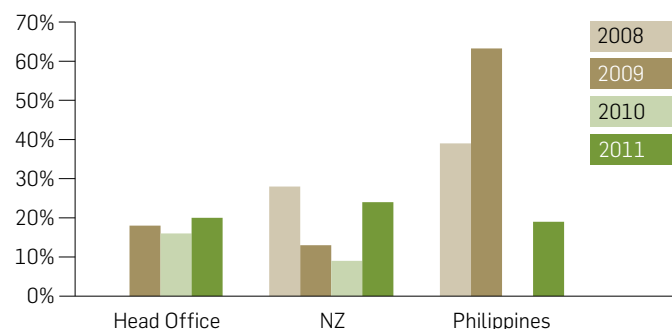
Philippines staff turnover was 19% in 2011, an increase on the previous year's relatively stable staff base.

Melbourne head office employee turnover rose from 16% in 2010 to 20% in 2011.

### Gender Diversity

Male employees still account for the majority of OceanaGold's New Zealand full time workforce due to mining related roles being historically held by males. In 2011, female staff dropped slightly and now comprise 12% of the Company's employees in New Zealand, compared with 15% in 2010. In the Philippines, 32% of the full time employee population is female, versus 34% in the prior year.

### Employee Turnover



## Talent Management

Personal and professional employee development is a shared responsibility and commitment involving individual employees, their managers, supervisors and the Company. At OceanaGold, talent management is governed by the Company's overarching Corporate People Policy and at site level, implementation of tailored initiatives supports its policy statements in this area.

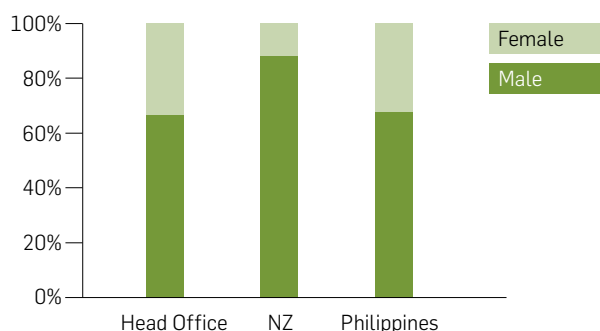
In New Zealand, the innovative Mind4Gold program has formed the cornerstone of the Company's staff development. Introduced in 2009 to better assess, deliver and monitor training, development and succession planning, the program has delivered the various training and development outcomes required and is regarded as one of the Company's most successful workplace initiatives to date. As part of the Mind4Gold program in 2011 the following courses were offered to New Zealand employees:

- Turning Point:  
Personal development for leaders
- The Learning Wave:  
Core skills, supervisory and front line management
- Key Skills:  
Computer training
- Human Resources Seminars  
Internal training and performance management coaching

In the Philippines, focus has been placed on maintaining health and safety training for all staff given recommencement of the project construction in 2011. OceanaGold's focus on staff development also saw the Company register 10 participants for the 2011 Mining Symposium (Safety, Health, Environment and Social Development) in the Philippines.

**For more information on OceanaGold's sustainability policy and current programs please visit the Company website: [www.oceanagold.com](http://www.oceanagold.com)**

### Gender Diversity (2011)



## Case Study 06: Looking Local

From the outset of the Didipio Project recommencement of construction in 2011, OceanaGold has set itself a clear policy of local recruitment wherever possible. This policy reflects the Company's commitment to human rights and its desire to economically empower the lives of those within the communities surrounding its operations.

At Didipio, specific targets governing local recruitment have been set and are being actively implemented by its dedicated Human Resources team.

These targets include a Didipio workforce comprising 60% local community members during the project's first year of operation, rising to 80% local in year two following training of the initial locally sourced employees in a variety of mining trades.

This policy also applies to Didipio's burgeoning contractor workforce which has increased considerably in line with construction and commissioning of the project in late 2012. At present over 70% of contractors working at Didipio are local, with this percentage likely to increase as the operation matures.

*Below: OceanaGold employees and contractors on site at Didipio Project in Philippines*







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