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Didipio sitting on more gold -- Australian miner OceanaGold

MELBOURNE-based OceanaGold Corp. said on Tuesday that the Didipio mine -- its flagship project in the Philippines -- could be holding gold in amounts more than previously thought after it completed a "geophysical survey" of the area in 2014.



A WORKER at the Didipio mine does maintenance work on an equipment used to crush ore. The mine's Australian operator OceanaGold Corp. yesterday said Didipio holds 1.70 million ounces of gold, more than initially thought. -- WWW.OCEANAGOLD.COM

In its report to the Australian Securities Exchange, the miner said overall reserves at the Didipio mine increased to 47.6 million tons from 45.6 million tons.

Specifically, gold reserves rose to 1.70 million ounces from 1.59 million ounces -- with a slight increase in reserve grade to 1.11 grams per ton.

The Didipio mine -- which covers an area of roughly 129 square kilometers in the provinces of Nueva Vizcaya and Quirino -- started commercial production in April 2013 and is held under a financial or technical assistance agreement between OceanaGold and the Philippine government which allows for 100% foreign ownership of the mining operations, according to the Australian miner's Web site.

It has an estimated mine life of until 2028, but the new findings potentially could extend that as in the case of OceanaGold's Frasers Underground mine in New Zealand whose mine life was extended by another year to 2016 after also finding additional reserves there.

OceanaGold said more gold reserves at Didipio helped offset the decline in reserves at its mines elsewhere. Apart from its project in the Philippines, the miner has been operating for over 24 years in New Zealand.

On a consolidated basis -- which counts both its Philippine and New Zealand operations -- the company's total "proven and probable" gold, silver and copper reserves stand at 85.9 million tons at end-December last year.

"This represents a slight decrease from the previous year as a result of mine depletion but partly offset from an increase to Didipio reserves following the Didipio optimization study," the company said in its report.

"At Didipio in the Philippines... reserves were slightly higher due to an at depth expansion of the underground mine design."

The Philippine mine also has copper reserve, which it said "remained steady year on year after depletion."

The miner said it completed the geophysical survey of the Didipio area in 2014 to determine new drill targets.

"In 2015, the Company continued drilling within the mine area to find additional sources of mill feed with some promising early results," read OceanaGold's report.

Mick Wilkes, OceanaGold managing director and chief executive officer, said the company is preparing its Paco tenement for a geophysical survey and drilling later this year.

The company late last year received the renewal of its exploration permit for the Paco tenement in northeastern Mindanao.

The miner, Mr. Wilkes said, will continue to drill the Didipio and follow-up on its recent drilling activities.

"Once we have transitioned to the underground at Didipio, we will carry out infill drilling to convert inferred resources and drill the ore body at depth, which we believe is open," Mr. Wilkes said.

In January, OceanaGold reported it surpassed production targets last year after it ended 2014 with 307,463 ounces of gold and 25,010 tons of copper output.

Production targets of 275,000 ounces to 305,000 ounces of gold and 21,000 tons to 24,000 tons for copper were set for that year.

For this year, the company expects higher production from both Didipio and New Zealand operations -- pegging gold production between 295,000 ounces and 335,000 ounces for this year, and copper between 21,000 tons and 23,000 tons.

OceanaGold allotted \$100 million for its capital and exploration expenditures for this year.

Bulk of the investment -- or around \$67 million -- will be allotted to the gold-copper Didipio mine in Nueva Vizcaya (\$63 million) and other exploration activities (\$4 million).

The remaining \$33 million of its budget will go to its projects in New Zealand, where it operates the largest gold operation at the Macraes Goldfield and the Reefton Gold Mine on

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