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OceanaGold allots bulk of 2015 capex for Philippine mine operations

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MANILA - Australia's OceanaGold Corp is ramping up production at its Philippine mine next year.

In a statement, OceanaGold said it will spend US\$67 million in 2015 for its Philippine operations, including exploration at prospective sites that the government would open up.

For its Didipio copper-gold mine, the company is earmarking \$63 million, including \$23 million for underground development and \$10 million for connection to the power grid.

OceanaGold expects to produce 100,000 to 120,000 ounces of gold, and 21,000 to 23,000 metric tons of copper from the Didipio next year.

"2015 will be another significant year for the company as we commence development of the underground decline at Didipio which will enable access to the very high grade core of the ore body earlier in the mine plan. Additionally, the power grid connection at Didipio will further reduce our operating costs by the end the year," said Mick Wilkes, managing director and chief executive of OceanaGold.

Another \$4 million will be allocated to exploration activities in the event the government would issue exploration permits for new areas. All told, OceanaGold's capital spending for the Philippines comprises close to 70 percent of its 2015 budget.

"After another year of strong production performance in 2014, we expect to continue delivering significant value to our shareholders in 2015 through increased gold production from our high quality Didipio operation, and from improved margins in New Zealand where the zero-cost collar hedges have ensured a meaningful cash margin despite the current weak gold price," Wilkes said.

Besides the Philippines, OceanaGold also operates mines in New Zealand.

"In this volatile and persistently challenging environment for gold producers, OceanaGold is uniquely positioned as one of the lowest cost producers globally underpinning strong free cash flows from our business. Our team is committed to executing on our clear and defined strategy, delivering positive results to our shareholders and stakeholders in a safe and sustainable manner and we will continue to evaluate value enhancing opportunities to complement our current asset mix," Wilkes said.

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