

OCEANAGOLD WAIHI SOCIAL IMPACT MANAGEMENT PLAN (SIMP)

IN BRIEF

The SIMP is an annual report designed to identify, assess, monitor, manage and re-assess the social effects of OGNZL's mining operations on the community. The report contains management plans for six themes, which also form the structure of the report:

- Economy
- Employment
- Property
- Community
- Health and Wellbeing
- Future of Waihi

The report itself is regulated by Hauraki District Council (HDC) and is constructed with the views, opinions and statistics collected from various stakeholders including (but not limited to) Waihi residents, community representatives, local business operators and 's workforce.

For each of the above themes the report outlines the following: OGNZL's objective, the potential impact of mining operations, OGNZL's performance goals, mitigation and management activities and indicators covering the drivers and outcomes of the potential impacts. Results from the previous year and baseline year (2014) are also presented in the report for context.

WHERE DO WE SOURCE THE DATA?

Most data is provided by OceanaGold and its management and personnel. An annual staff survey is conducted by OGNZL to obtain data relating to staff demographic and perceptions. This is written and conducted by OGNZL and the data is collated by Phoenix Research Ltd which collates and assembles this information into a report.

In parts of the report, data on community perception is presented. This data is collated from an annual Waihi Perceptions Survey conducted by Phoenix Research. The community perceptions surveys have used a range of different sample sizes. A larger sample for the resident survey was used in 2017 (361) compared with the sample of 150 used for the 2016 survey. The larger sample size in 2017 was used to give a higher level of accuracy of results by providing smaller margins of error. The sample sizes for the surveys of businesses have remained the same each year.

SIX THEMES

Economy

Manage OGNZL's contribution to the economy to maximise mutual benefits while minimising negative impacts, including dependency.

Examples of Potential Impacts:

- Continued contribution to the economy by OGNZL.
- Continued financial reliance on OGNZL.

Performance goals:

- Build an in-depth understanding of the local economic impacts and opportunities of OGNZL, and the Correnso development in particular, including reliance on this contribution.
- Ensure proactive steps are in place to identify and provide business opportunities to local stakeholders thereby ensuring their inclusion wherever possible in opportunities that can deliver mutual benefits to local stakeholders and OGNZL.
- Support government and business stakeholders in their work to manage economic dependencies.

Summary of 2017 findings:

Indicator data presented in this chapter show that OGNZL continues to support the local, regional and national economy, for example through payroll, procurement, taxes, royalties and rates. OGNZL's continued contribution to the local economy is also evident in its ongoing commitment to using local suppliers. This is consistent with the findings from the perceptions survey showing that both residents and businesses view the mining in Waihi as contributing positively to the local economy.

The company's plans to extend the life of the mine, evidenced by its increased exploration work over the last year, implies a long-term commitment to mining in Waihi, with ongoing input to the local economy accordingly.

OGNZL is aware of the need to develop a workable mechanism for capturing and reporting the data related to Ec-I-5, the only economy indicator where data has so far not been able to be provided. This concerns the proportion of businesses dependent on OGNZL to the extent of more than half their revenue coming from the company. Progress has been made on this and it will be developed and reviewed with HDC with a view to inclusion in the 2018 SIMP annual monitoring report.

Employment

Manage direct and indirect local employment and training opportunities as associated benefits within OGNZL's operating and commercial requirements.

Examples of Potential Impacts:

- Continued provision of employment.
- Continued contribution to the economy by OGNZL's employees and contractors.
- Continued provision of training programmes.

Performance Goals:

- Promote the local sourcing of employees and contractors, and associated training and development opportunities.
- Build an understanding of the local employment and training impacts and opportunities of OGNZL, and Correnso in particular, including reliance on this contribution.

Summary of 2017 findings:

With the transition of site ownership to OceanaGold in 2016, and the implementation of the owner-operator approach to employment, onboarding of contractor employees to become direct employees of the company was begun in 2016 and continued in 2017. This was partially offset by the increase in

exploration in 2017, undertaken by a contractor, which in resulted in an increase in the number of contractor employees in 2017.

The overall result has been a significant change in the ratio of contractor employees and employees employed at the site from 2014 to 2016, but with no increase in the proportion of OGNZL employees from 2016 to 2017.

Overall growth in employee numbers was required because of the changing nature of mining work to be done, including the remedial work on the north wall of the Martha Pit, raising the wall of the tailing storage facility, and increased exploration.

This recent growth in employee numbers occurred in a context which had seen a decrease before that in the number of contractor employees on site with the halt to mining in the Martha pit following the slips in 2015 and 2016.

A development over the last year has been an increase in the proportion of the workforce living locally. OGNZL has a target of 70% of employees living locally. This figure now stands at 79%. The extent of those employed by contractors living locally has moved up substantially from 2016 (when it was 60%) to 2017 (81%), which strongly supports the company's target of its direct employees living locally.

Diversity in the workforce continues to show a strong skew to males among both OGNZL and contractor employees. The proportions of the workforce identifying as Māori remain very similar to last year, at 14% among OGNZL employees and 27% among contractor employees.

The company continues to provide extensive training of its employees, across a wide range of subjects, and they rate this training positively. The company is also seen by the community, both residents and businesses, as making a positive impact on employment opportunities in Waihi.

Property

Manage property programs in a way that builds community confidence and minimizes stress related to local property.

Examples of Potential Impacts:

- Structural property damage and reduced amenity.
- Changes in property values and market activity.
- Distribution of financial compensation.

Performance Goals:

- Monitor the Waihi property market to understand what effect OGNZL's operations may be having.
- Manage and minimise OGNZL's negative impacts on property and the property market.
- Promote a high level of community understanding of OGNZL's approach to managing its impacts on property.

Summary of 2017 findings:

The potential for the Correnso development to have a negative impact on property in Waihi East was raised as a key concern in the Correnso SIA Engagement (2014). This is reflected in the number and scope of the property-related mitigation actions contained within the SIMP.

Results and trends in this year's report are mixed in terms of those concerns. The 2016 SIMP report noted that concerns from residents associated with property reduced over the period from 2014 to 2016 and also noted that the Top Up Programme was concluded.

However, residents' views on how the mine is managing any impacts on local property became less positive by 2017. Many factors could have influenced that rating, including the inferences people may have made about the instability of the north wall in the pit (even though it was fully stabilised by the end of 2017), and the appearance of exploration drilling rigs at a number of locations throughout the town.

Data suggesting that property concerns are perceptions is countered by data that shows sales of residential properties in Waihi East continue to account for close to 10% of all sales in Waihi, and the gap between average house sales prices in Waihi East compared with Waihi West is reducing.

The 2016 Annual Perceptions Survey investigated opinions about property in more detail and found that a quarter of Waihi East home-owners perceive that their property had been physically affected by mining, which combined with the above points suggests that ongoing monitoring of property impacts is required.

It will be important to continue to monitor the number and price of house sales in Waihi East so that proactive measures could be used if negative trends were to be seen, even if only as part of any slowing of the NZ property boom or changes in residents' perceptions regarding property-related impacts with the end of the Top Up Programme or continued mining in Correnso.

Community

Contribute positively to the Waihi Community through sustainable community investment.

Examples of Potential Impacts:

- Continued investment into the community.
- Increased community division and dissention.
- Continued participation of OGNZL's employees and contractors in community life.

Performance Goals:

- Provide for continued and sustainable investment in the community.
- Support community cohesion.
- Support employee participation in community life.

Summary of 2017 findings:

The data presented in the Community section indicates that OGNZL continues to support the community through community investment while also recognising the importance of periodically reviewing its approach to community investment. Over the last year, OGNZL has reviewed its financial and in-kind support and how this support benefits the community, as seen in relation to indicators C-I-4 and C-I-5, and reallocated funding based on this review.

OGNZL's decision to review and decrease its funding of Waihi East School over time (see indicator C-I-6) illustrates one way in which it is acting to manage the risks associated with dependence and the potential negative impacts of funding.

The data also indicates that OGNZL has maintained a commitment to working with the community, as seen in the ongoing positive ratings of OGNZL's community relationships in the annual perceptions surveys. The high levels of participation by OGNZL and contractor employees in voluntary community activities further support OGNZL's engagement with the community.

Health and Wellbeing

Respond to community anxiety and uncertainty regarding OGNZL's operations and future plans and respond to negative experiences of mining noise and vibration.

Examples of Potential Impacts:

- Uncertainty over future mining plans and financial stress relating to property.
- Anxiety regarding mining noise and vibration.

Performance Goals:

- Build OGNZL's understanding of its role in relation to health and wellbeing impacts.
- Promote community understanding of OGNZL's operations, including mining noise, vibration and future plans.
- Build confidence in OGNZL's approach to managing its health and wellbeing impacts.
- Develop management responses where appropriate, such as the blast notification programme.

Summary of 2017 findings:

In terms of community health and wellbeing, residents' responses to the Perception Survey indicate that the community has become somewhat less positive about how well OGNZL is managing any health and wellbeing impacts of mining. There has been an upsurge in the proportion of residents neutral on this point. This may be attributable to the lesser familiarity with mining of people who have moved to Waihi over the last few years.

This finding is supported by increased numbers of complaints and concerns expressing that people are stressed or frightened by the effects of OGNZL operations, even though that increase could in turn be a result of extraneous factors. These two points taken in combination suggest that strategies aimed at reducing uncertainty about mining and its future may be effective in reducing these concerns.

It will clearly be appropriate for OGNZL to continue to monitor community responses to health and wellbeing closely and continue to manage these issues proactively where possible.

Future of Waihi

Understand and manage the impact of OGNZL's operations including consideration of community, the economy, environmental impacts and rehabilitation.

Examples of Potential Impacts:

- Continued environmental impacts including the delay of the Martha Pit rehabilitation.
- Delayed realisation of the future economic opportunities because of reliance on mining.

Performance Goals:

- Take measures to promote a high level of community understanding in relation to the physical environment and rehabilitation and confidence in OGNZL's approach, in the short and long-term.
- Engage with Iwi to ensure their interests in environmental impacts and rehabilitation, during mining and in relation to closure are responded to.
- Proactively support employees and contractors in employment transitions resulting from eventual OGNZL mine closure.
- Identify opportunities for OGNZL to contribute to the transition to a post-mine economy.

Summary of 2017 findings:

The most significant factor that has influenced the theme of the future of Waihi and the legacy of the mine over the last two years has been the sale of OGNZL to OceanaGold in 2015, and increased understanding and working through over these two years of OceanaGold's commitment to continued exploration and mining in Waihi. (That is in contrast to the previous owner, NWG, having the expectation of closing the mine in the near future).

OceanaGold's commitment to a long-term life of mine means that the community and local businesses have needed to process this new knowledge and any positive or negative implications it may have for them. The current data suggests while residents are still processing this, businesses have become more confident about planning for the future of Waihi, and the company's assistance with this.

Times of transition lead to significant uncertainty, and thus it will be important to continue to monitor the perception data over time, given some decline in the extent to which residents feel that OGNZL is assisting with planning for the future of Waihi.

It will be important to continue monitoring the environmental impacts associated with OGNZL's operations, considering residents continue to report issues associated with noise, vibration and dust in 2017, although to a smaller degree than previously.