

OceanaGold Corp.⁶

BUY

OGC-TSX

May 14, 2020

Last: C\$2.56
Target: C\$4.25**In line 1Q20; 2020 guidance reaffirmed despite impacts to New Zealand operations**

Production and costs pre-released, financials in line. Production of 80.7koz in 1Q20 at a cash cost/AISC of \$802/\$1,218 per ounce was released to market earlier last week. Clean EPS of \$(0.02)/sh was in line with us and the street at \$(0.02)/sh. Adjustments were for undesignated hedges (~90koz Au of NZ production hedged at put/call options of NZ\$2,000-NZ\$2,100 per ounce). CFPS before changes in working capital and adjusted for the gold prepay (OGC entered into a prepay agreement in February for 48koz Au at ~\$1635/oz for ounces to be delivered between September and December of 2020) was \$0.07/sh, in line with us and the street at \$0.07/sh. OGC ended 1Q20 with cash of \$177mm and net debt of \$121mm after drawing down the remaining \$50mm on its RCF (\$200mm) due December 2021.

2020 outlook reaffirmed. OGC 2020 production/cost guidance has been well communicated to the street and has been reaffirmed; detail mentioned herein has all been guided to earlier in the year. 2Q20 production is expected to be lower than 1Q20 on the processing of stockpiles at Macraes for the majority of the first half of the quarter. Haile grades are expected to improve slightly QoQ, with 2H20 production expected to represent 2/3 of the assets total annual production. Cash costs and AISC are expected to trend lower alongside, with 4Q20 expected to be both Macraes' and Haile's strongest quarter. OGC realizes the risks associated with the coronavirus situation are still very real, however early preventive action at Haile and the nation-wide response in New Zealand have been effective in minimizing impacts to operations. Given that tourism is a significant part of the NZ economy, the government is looking for other industries to kick start the economy and mining continues to be valued.

Catalysts expected for New Zealand operations. The Golden Point U/G study for Macraes is expected to be released in 2H20. At Waihi, the district PEA is expected in 2Q20/3Q20; the slight delay realized thus far has come due to the company not being able to conduct its desired level of public consultation due to coronavirus related restrictions. The Waihi district currently has a global resource of 2.6mm oz Au, inclusive of the high grade WKP deposit (global resource of 1.14mm oz @ 12.5 g/t Au). Details around this project will paint the forward growth picture for NZ operations. Target of \$4.25/sh via a 1.05x NAV multiple.

What's Changed	Old	New
Rating	BUY	n.c.
Target	C\$4.25	n.c.
Gold Production 2019A (k)	470	n.c.
Gold Production 2020E (k)	431	372
Gold Production 2021E (k)	487	n.c.

Share Data	
Share o/s (mm, basic/f.d. itm)	622/638
52-week high/low	C\$4.17/C\$1.16
Market cap (m)	C\$1,562
EV (m)	\$1,232
Net debt (m)	\$121.1
Projected return	66%
NAV0%/share	C\$7.32
NAV8%/share	C\$3.88
P/NAV0%	0.35x
P/NAV8%	0.66x

Financial Data			
YE Dec. 31	2019A	2020E	2021E
Gold production (k oz)	470	372	487
Cash costs (\$/oz)	\$733	\$754	\$729
EPS	\$0.06	\$0.01	\$0.18
CFPS	\$0.33	\$0.24	\$0.56
P/E	28.4x	268.5x	9.8x
P/CF	5.4x	7.5x	3.2x

[Current Chart](#)[Previous Research](#)Ilan Parkinson
iparkinson@stifel.com

(416) 943-6639

Cole McGill
cmcgill@stifel.com

(416) 943-6631

Prepared by Stifel Nicolaus Canada Inc.

Stifel does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

All relevant disclosures and certifications appear on the last three pages of this report.

OceanaGold Corporation (OGC CN)

Stock Rating: BUY
 Target Price: \$4.25
 Share Price: \$2.56
 Implied Return: 66.0%
 Market Cap (\$MM): \$1,562

Ian Parkinson
 iparkinson@stifel.com
 +1 (416) 943-6631
 Cole McGill
 cmcgill@stifel.com
 +1 (416) 943-6631

Company Summary
 OceanaGold Corporation is a multinational gold and copper producer with operations in the USA, New Zealand and the Philippines. Its flagship operation is the Didipio Mine located in the northern Philippines which commenced commercial production on April 1, 2013 and has a current mine life to 2030. In New Zealand on the South Island, OceanaGold operates the country's largest gold operation at the Macraes Goldfield and the Waihi Operation. In the USA, Oceana operates the Haile mine that commenced commercial production in 2H17.

Reserves	Tonnes (k's)	Au g/t	Au oz Koz
Macraes	33,792	1.01	1,100
Didipio	43,100	0.91	1,260
Waihi	920	3.38	100
Haile	47,500	1.87	2,860

Stifel GMP Metal Forecast	2018A	2019A	2020E	2021E	2022E
Gold Price (US\$/oz)	1,272	1,395	1,596	1,650	1,650
Silver Price (US\$/oz)	15.72	16.20	17.34	18.20	18.20

Investment Thesis & Catalysts

OceanaGold is a low cost intermediate gold producer. The Waihi District PEA, Haile Underground, and throughput boost at the Haile processing plant are the next sources of growth.

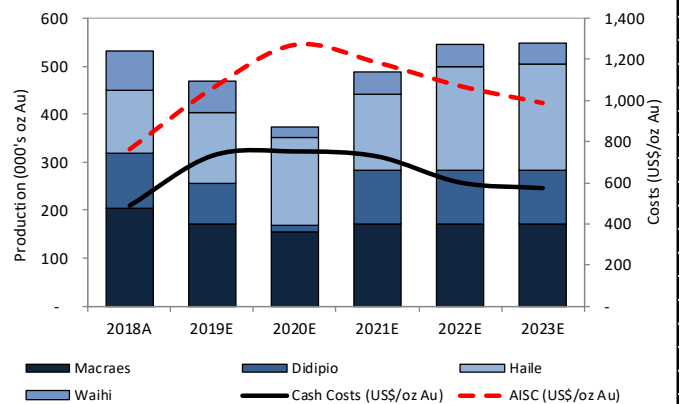
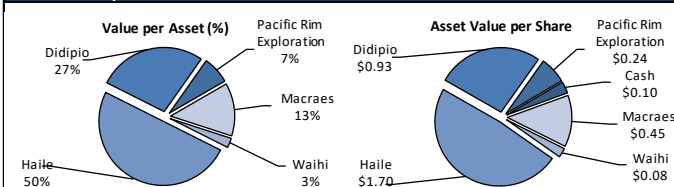
Production (100% basis)	2018A	2019A	2020E	2021E	2022E
Gold Production (000's oz)	533	470	372	487	545
Total Cash Costs (US\$/oz Au)	\$490	\$733	\$754	\$729	\$603

Financial Data	2018A	2019A	2020E	2021E	2022E
Cash	107.7	49.0	65.9	133.7	515.3
Debt	205.9	228.4	287.2	72.6	58.1
Total Debt / Total Assets	10%	11%	13%	3%	2%
EPS (Adjusted)	0.19	0.06	0.01	0.18	0.28
CFPS	0.56	0.33	0.24	0.56	0.72
P/E	9.8x	28.4x	268.5x	9.8x	6.6x
P/CF	3.2x	5.4x	7.5x	3.2x	2.5x
EV/EBITDA	3.7x	6.2x	5.4x	3.4x	2.6x

Income Statement	2018A	2019A	2020E	2021E	2022E
Revenue	772.5	651.2	615.3	861.9	967.1
EBITDA	357.1	213.6	248.1	388.4	510.2
EBIT	166.1	45.0	55.6	184.9	260.2
Net Income	120.2	14.5	4.3	117.4	174.6
EPS (Adjusted)	0.19	0.06	0.01	0.18	0.28
EBITDA/Share	0.58	0.34	0.40	0.62	0.82
Basic Shares Outstanding	618.6	622.3	622.3	622.3	622.3
Options & Warrants	14.9	12.2	12.2	12.2	12.2
Fully Diluted Shares Outstanding	633.5	634.5	634.5	634.5	634.5

Cash Flow	2018A	2019A	2020E	2021E	2022E
Net Income	120.2	14.5	4.3	117.4	174.6
Depreciation	189.3	168.6	192.5	203.5	250.0
Other	35.2	21.2	32.1	107.2	99.1
Operating Cash Flow	344.7	204.3	228.8	428.0	523.7
Investing Cash Flow	(229.0)	(239.7)	(228.2)	(135.0)	(125.0)
Financing Cash Flow	(79.3)	(21.0)	19.4	(225.2)	(17.1)
Cash Increase/Decrease	34.5	(58.7)	16.9	67.8	381.6
Ending Cash	107.7	49.0	65.9	133.7	515.3
Free Cash Flow	122.1	(35.4)	(22.1)	293.0	398.7

Asset Value Layout



NAV Valuation	Ownership	Discount	Multiple	USD MM	USD/Sh
Assets					
Cash			1.0x	65.9	0.10
Operating Assets					
New Zealand			1.20x		
Macraes	100%	5%		289.6	0.45
Waihi	100%	5%		52.6	0.08
Total New Zealand				342.2	0.54
United States			1.20x		
Haile	100%	5%		1,087.2	1.70
Total United States				1,087.2	1.70
Philippines			0.70x		
Didipio	92%	10%		594.7	0.93
Total Philippines				594.7	0.93
Pacific Rim Exploration			1.00x	150.0	0.24
Total Assets				\$2,240.0	3.51
Liabilities					
Long-term Debt				287.2	0.45
Total Liabilities				\$287.2	0.45
Net Asset Value				\$1,952.8	3.06
P/NAV Weighted Multiple					1.05x
Exchange Rate C\$/US\$					0.71
Price Target					C\$4.25

Company Management

Michael Holmes CEO
 Ian Reid Chairman
 Scott McQueen CFO

Source: Company Reports, Stifel GMP, Bloomberg, FactSet

Important Disclosures and Certifications

Each research analyst and associate research analyst who authored this document and whose name appears herein certifies that: (1) the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed herein that are within their coverage universe; and (2) no part of their compensation was, is or will be, directly or indirectly, related to the provision of specific recommendations or views expressed herein.

All relevant disclosures required by regulatory rules (including The Investment Industry Regulatory Organization of Canada) and Stifel Canada's recommendation statistics and research dissemination policies can be obtained at www.Stifel.com/Research or by calling Stifel Canada's Compliance Department.

Stifel Canada will provide, upon request, a statement of its financial condition and a list of the names of its Directors and senior officers.

The superscript(s) following the issuer name(s) mentioned in this report refers to the company-specific disclosures below. If there is no such superscript, then none of the disclosures are applicable and/or required.

Company-Specific Disclosures:

1. Stifel Canada or an affiliate has, within the previous 12 months, provided paid investment banking services to the issuer.
2. Stifel or an affiliate act as corporate broker and/or adviser to the Company.
3. Stifel Canada or an affiliate owns 1% or more of this issuer's securities.
4. An officer, director, or an employee of Stifel Canada or an affiliate is on the board of directors of the Company.
5. The analyst is related to an officer, director or advisory board member of this issuer.
6. The analyst has viewed the material operations of this issuer and the issuer paid all or a portion of the travel expenses associated with the analyst's site visit to its operations.
7. The analyst has viewed the material operations of this issuer.
8. The analyst and/or a member of their household has a position in this issuer's securities.
9. A member of the Board of Directors of this issuer is also a member of the Board of Directors of Stifel Canada.
10. The analyst owns this issuer's securities in a managed account but has no involvement in the investment decisions for that managed account.
11. Stifel Canada or an affiliate managed or co-managed a public offering of securities for the subject company in the past 12 months.
12. Stifel Canada or an affiliate expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months.
13. Stifel Canada or an affiliate is a market maker or liquidity provider in the securities of the subject company.

Stifel Canada Analysts are compensated competitively based on several criteria. The Analyst compensation pool is comprised of several revenue sources, including secondary trading commissions, new issue commissions, investment banking fees, and directed payments from institutional clients.

The Stifel Canada research recommendation structure consists of the following ratings:

Buy: A Buy rating reflects 1) bullish conviction on the part of the analyst; and 2) typically a 15% or greater return to target.

Speculative Buy: A Speculative Buy rating reflects 1) bullish conviction on the part of the analyst accompanied by a substantially higher than normal risk, including the possibility of a binary outcome; and 2) typically a 30% or greater return to target.

Hold: A Hold rating reflects 1) a lack of bullish or bearish conviction on the part of the analyst; and 2) typically a return of 0 to 20%.

Reduce: A Reduce rating reflects 1) bearish conviction on the part of the analyst; and 2) typically a 5% or lower return to target.

Tender: Clients are advised to tender their shares to a takeover bid or similar offer.

Additional Disclosures

Please visit the Research Page at www.Stifel.com/Research for the current research disclosures.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Past performance should not and cannot be viewed as an indicator of future performance.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.

Affiliate Disclosures

This report has been prepared by Stifel Nicolaus Canada Inc. ("Stifel Canada"), which is authorized and regulated by the Investment Industry Regulatory Organization of Canada ("IIROC").

"Stifel", shall include our group affiliate companies: (i) Stifel, Nicolaus & Company, Incorporated ("SNC"); (ii) Keefe, Bruyette & Woods, Incorporated ("KBWI"), which are both U.S. broker-dealers registered with the United States Securities and Exchange Commission ("SEC") and members of the Financial Industry National Regulatory Authority ("FINRA"), respectively; (iii) Stifel Nicolaus Europe Limited ("SNEL"), which is authorised and regulated by the United Kingdom Financial Conduct Authority ("FCA") (FRN 190412) and is a member of the London Stock Exchange and also trades under the name Keefe, Bruyette & Woods Europe ("KBW Europe"); (iv) our MainFirst affiliates (collectively "MAINFIRST"): MainFirst Bank AG, which is regulated by the German Federal Financial Services Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; "BaFin"), MainFirst Schweiz AG, which is regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"), and MainFirst Securities US Inc. which is a U.S. broker-dealer registered with the SEC and a member of FINRA; and (v) Stifel Nicolaus Canada, Inc. ("Stifel Canada") which is authorised and regulated by Investment Industry Regulatory Organization of Canada (IIROC), and also trades under the names Stifel GMP & Stifel First Energy.

Registration of non-US Analysts: Any non-US research analyst employed by Stifel Canada contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Country Specific and Jurisdictional Disclosures:

Canada: Stifel Canada is a member of IIROC and a participant of the TSX, and TSX Venture Exchange. 145 King Street West, Suite 300 Toronto, Ontario M5H 1J8 Tel: (416) 367-8600.

United States: Research produced and distributed by Stifel Canada is distributed by Stifel Canada to "Major US Institutional Investors" as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended.

UK and European Economic Area (EEA): This report is distributed in the EEA by Stifel Canada. Research produced by Stifel Canada is not intended for use by and should not be made available to non-professional clients.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

The securities discussed in this report may not be available for sale in all jurisdictions and may have adverse tax implications for investors. Clients are advised to speak with their legal or tax advisor prior to making an investment decision.

Other countries: circulation of this report may be restricted by laws and regulations in other countries and persons in receipt of this document must satisfy any relevant legal requirements in that country.

Additional Information is Available Upon Request

© 2020 Stifel Canada. This report is produced for the use of Stifel Canada customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Stifel Canada.