

The Amenity Effect Programme

AEP payments of just over \$240,000 for the second half of 2016 will be delivered this month to 400 properties. In this Update we explain what AEP is, how it works, and who is eligible.

What is the AEP?

The Amenity Effect Programme (AEP) was started several years ago as an informal agreement between the company and residents living in defined areas close to the open pit, and later, underground operations. The programme was set up as a voluntary initiative with no legal status.

The AEP acknowledged that mine-related effects such as vibration could have the potential to affect people's quality of life (their amenity). It was designed to recognise that some people may perceive some effect on amenity despite the mining operations being conducted within consent compliance limits.

The Correnso Underground Mine Consent Conditions incorporated AEP, at the same rates as the voluntary scheme had established. Now, the programme is a part of our operating consents and so is mandatory. AEP was also incorporated into the SUPA consent conditions.

HOW does it work?

We use BlastHub monitoring results to assess the vibration effects that may be experienced at residences and to calculate payments.

Each six-month period, detailed vibration reports for the locations are exported from BlastHub. The data are filtered to identify the qualifying properties. A qualifying property is one that registers two or more blast events with a vibration level of 1.5mm/s (peak particle velocity) or greater in any calendar month during that six-month period.

THE PROGRAMME

An initial, one-off enrolment payment of \$500 is made to qualifying residents who join the programme, with additional payments made each six months for the life of the mine if that property qualifies within that period. The payment is calculated based on measured effects as monitored and recorded by OceanaGold during the preceding six months.

WHO is Eligible?

If monitoring results identify a property where the AEP qualifying criteria have been triggered, the resident is contacted by OceanaGold staff.

Participation is voluntary. While the majority of residents are happy to receive AEP payments, we understand that some may choose not to be part of the programme. A resident who initially decides not to join the programme will still have the option of joining at any subsequent time as long as the qualifying criteria have been met.

WHAT are the qualifying criteria?

Two or more blasts in a calendar month with ground vibration equal to or greater than 1.5mm/s in magnitude will trigger an AEP payment.

To qualify for AEP, tenants of rental accommodation must have lived at the address for a minimum period of six months. There is no waiting period for people who own and live in a property. New resident owners of properties receive a pro rata payment based on the time they have lived in the house in the six-month payment period. When either tenants or owners move out of the area they also receive a pro rata payment for the six-month period.

WHAT ARE THE PAYMENT RATES?

Payments are based on OceanaGold Waihi's monitoring results and a schedule of rates that increases payments with increasing magnitudes of vibration.

While the payments will vary depending on the mine-related effects experienced, a minimum

payment of \$250 has been established that will apply to all qualifying residents in any six-month period.

Rates are adjusted annually in line with the Consumer Price Index (CPI).

Year	Jan 2014	Jan 2015	Jan 2016
CPI annual movement	1.6%	0.8%	0.1%
Measured vibration (mm/s)			
1.5 - ← 3.5	\$17.98	\$18.13	\$18.27
3.5 - ← 5.0	\$53.85	\$54.28	\$54.71
5.0 - ← 6.0	\$179.83	\$181.27	\$182.72
→ 6.0	\$357.63	\$360.49	\$363.38

Consumer Price Index adjustment data for the 2016 year will be issued by Statistics New Zealand in February 2017.

ARE payments taxable?

IRD has issued a product ruling which states that payments received by persons under the AEP are not taxable income and it is not necessary to declare this money. Work and Income advises us that qualifying residents receiving national superannuation or a benefit should talk with their case manager prior to receiving any payment.

WHEN are payments made?

Payments are usually made in August and February about six weeks after the end of the six-month monitoring periods which end in June and December. AEP payments for the second half of 2016 have been calculated and letters have been sent out to residents. Cheques will be ready for delivery shortly.