

PROPERTY POLICY

The following programmes will be offered by OceanaGold as the Project Martha Property Policy.

This policy contains six parts:

- We Break, We Pay
- Top Up
- Amenity Effect Programme
- BRANZ Inspections
- Property Support Purchases and Payments
- Waihi Community Forum

We Break We Pay

We know from community consultation, Correnso submissions, Social Impact Assessments and the operation of our underground mines that there is concern around what OceanaGold would do if blasting or other mine-related effects caused property damage. In recognition of this concern, the consent conditions for Project Martha include limits and processes designed to avoid property damage. For example, limits on vibration from blasting have been set well below the level where cosmetic property damage could occur.

In addition, we have a specific process to be followed if a property owner perceives there may have been damage to their property. This was included in the Correnso Underground Mine consent conditions and is now part of the new consents granted for Project Martha.

The process is:

- Details of the complaint are logged by OceanaGold as the consent holder and must be investigated within five business days or as soon as practicable thereafter unless the matter is considered urgent.
- If the resident does not agree with the findings of the consent holder's initial investigation, the consent holder may engage a third party to investigate the complaint for both the home owner and the company and report back within 30 days. Alternatively, the resident may contact Hauraki District Council (HDC) and if the Council determines that a third-party investigation is warranted then OceanaGold shall commission and meet the reasonable costs of the investigation.
- If it is determined that the property damage is attributable to OceanaGold activities the Company will remedy the damage as soon as practicable in accordance with any recommendations made by the third party.

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- If any dispute arises the consent holder will offer the resident the opportunity to enter into arbitration through HDC. If the resident does not want to participate then the consent holder's obligations under this condition are at an end.

Example #1:

Ron and Cheryl Landowner notice that a concrete wall in their garage has cracked. There is mining 300 metres away from their property, so they come to us. We engage independent experts to investigate. They find that there is an old drainage pipe running through the property which collapsed and was refilled before mining operations began and this is the most likely cause of the cracking. If Ron and Cheryl are not satisfied by the outcome of these investigations, they can refer the issue to HDC.

Example #2:

Joy and Eric Lifestyler contact us to say that water has flooded on to their property from the mine site during heavy rain and left silt in their orchard. We investigate and find that a drainage pipe on our land has cracked and storm water is flowing on to the Lifestyler's property. We repair the drain, remove the silt from the orchard, and reseed the grass.

Top Up

Top Up is designed to avoid distortions in the property market due to adverse perceptions of mining effect and encourages ongoing private ownership.

The Top Up programme is based on the concept of a fair price and a fair offer. A 'fair price' would be an asking price that is not out of step with market value for similar properties in Waihi and more distant from mining activity. A 'fair offer' would have to be in the range that could be reasonably expected, given market conditions at that time. OceanaGold may seek advice from an independent, registered valuer, based on recent sales of equivalent Waihi properties in areas remote from mining as a check on both.

Only one Top Up is available per property. A purchaser, having bought a property with the benefit of a Top Up from OceanaGold, cannot then resell that property and rely on the second purchaser receiving a second Top Up to make up any difference in the price offered and market value. The first purchaser has benefited through buying the property at a lower cost to them, which has then been 'topped up' by the company, and has done so with full knowledge of the proximity of the property to the mining activity. The first purchaser (and any later owner) may however be eligible for on-going payments under the Amenity Effect Programme (AEP).

Summary

- Makes up the difference between the fair price offered by a purchaser and the fair market value sought by a vendor, by OGNZL paying the purchaser a 'top up' to add to the purchase price already offered and that is then paid to the vendor.
- The property should be on the market for at least 4 months following the announcement of Project Martha on 28 March 2018; OGNZL would establish if the asking price was reasonable, through engaging an independent registered valuation if necessary.
- Available to all properties within the Rex area defined in technical reports as shown on the attached map. There are two areas, 'above' and 'adjacent'; variable depending on timing and proximity to mine.
- There is a limit of two applications per property for the one sale.
- Only one Top Up payment will be made per property.
- Real estate commission, legal fees and moving costs are to be paid by the purchaser and vendor in the usual manner.

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- The Top Up programme may be terminated by OGNZL when actual property sales generally match the market values.

Example #1:

Phil Resident has a house with a market value of \$300,000. He has the property listed for sale at \$320,000. It has been on the market for nine months. He receives a firm offer of \$280,000. Phil approaches OGNZL which agrees to top up the offer by \$20,000. Phil accepts the offer at \$300,000. The \$20,000 is paid to the purchaser to top up the offer, and Phil receives market value (\$300,000). Because the house sold at market value, there is no consequential reduction of values in the neighbourhood. The new owner gets a property for the value of his/her offer.

Example #2:

Jenny Houseowner has a house with a market value of \$300,000. She has the property listed for sale at \$320,000. It has been on the market for nine months. She receives a firm offer of \$250,000. She asks OGNZL to Top Up the difference between the offer and her asking price. The company declines to make a Top Up payment of \$50,000 because it is not a fair offer.



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Amenity Effect Programme (AEP)

The AEP already exists and applies to all areas of our operations. Although we continue to operate within consent limits we are aware that some members of the community feel affected by our operations. The AEP scheme recognises the potential or perceived effects of our operations on residents' amenity. It is based on payments determined by measured effects from our operations. As operations move or change, AEP payments also change.

We will continue to monitor vibration effects and use the monitoring data to adjust the payments accordingly. Payment will vary during the life of the consent, for example as operations move, a property which will no longer be above a production area may receive less. Payments will be annually adjusted for inflation. We will publish a summary of the AEP payments on an annual basis. AEP will be available to all residential properties in an area defined by vibration monitors. Legal residences in commercial properties will also be eligible for AEP. More information about AEP may be found on our website www.waihigold.co.nz

BRANZ Inspections

All properties in the Rex area will be offered BRANZ inspections. The Building Research Association of New Zealand (BRANZ) is an independent industry organisation. They will conduct a comprehensive survey of all properties above Rex (subject to the consent of each owner) and produce a video recording for each property. This survey will cover the interior and exterior of each property, and include driveways and paths. It will provide a useful benchmark for property owners if, later, they consider that their property has been affected by our operations. These inspections will be offered prior to any tunnelling or mining starting.

Property Support Purchases and Payments

This part of the Property Policy was provided for under Conditions 84 - 98 of the Project Martha land use consent. Before we construct a development drive (a tunnel) beneath any residential property we will contact the owner and offer an ex gratia payment equal to 5% of the market valuation of the property. Before we stope (mine) beneath any residential property we will contact the owner and offer to purchase the property at market valuation or provide the ex gratia payment. If we construct a spiral decline below a residential property we will also offer to purchase. Market valuation will be determined by two independent registered valuers, one chosen by the owners and one chosen by OceanaGold. All valuations are conducted as if Project Martha has not been announced. If a property owner elects to sell at market value they will also receive assistance with legal and moving costs as stated in the consent conditions.

OceanaGold will also pay any financial institution mortgage break penalty fees associated with the property. If you decide to sell your property to us you may still wish to live there, in which case you can rent it back.

Property owners who are offered purchase and elect not to sell and instead take the 5% ex gratia payment can request OceanaGold to purchase their property at any time while mining activities are occurring under this consent on the same terms. The ex gratia payment would be deducted from the market value purchase price.

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Example #1:

We plan to construct a development drive under Alice Gardener's property. We contact her to advise of this and our intention to offer a 5% ex gratia payment. She says she wishes to receive this payment and gives us permission to engage a registered valuer to value her property. The valuer returns with a valuation of \$250,000. We pay Alice \$12,500.

Example #2:

We plan to mine (stope) ore under Jim Mower's property. We contact Jim to advise him of this and offer to either purchase his property or make an ex gratia payment. Jim agrees to have his property valued. The valuer provides a valuation of \$280,000. We offer to purchase Jim's house for this amount, plus a total of \$24,500 for moving and legal costs and as an inconvenience payment, or to provide him with an ex gratia payment of \$14,000.

Waihi Community Forum

The Waihi Community Forum was set up for the Correnso project and has worked well as a very effective conduit between the company and the community. This group will continue. The current Forum members will seek members from the Project Martha area to join them. OceanaGold is pleased that Forum members see the value of this group and are keen to continue.

The Forum is funded by OceanaGold and is made up of two representatives from OceanaGold, two from Hauraki District Council and up to five members drawn from the Waihi community. More details about the Forum and the group's original Terms of Reference can be found on their website:

www.waihicomunityforum.co.nz