LANE ASSOCIATES LTD
Planning and Management Consultants

31 August 2026

General Manager
Oceana Gold (NZ) Ltd
PO Box 84, Palmerston
New Zealand

Attention: Simone Creedy
Senior Advisor – Project Consenting

Dear Simone,

Subject: Macraes Phase 4 Project - Bond Process

We set out below a general description of the process that would be applied to calculating bonds for the Macraes Phase 4 project, hereafter referred to as the Project.

1. Introduction

The method of setting an appropriate bond quantum for the Project will follow a well-established process that has been in practice in New Zealand since 1999 and has been applied at the Macraes operation since 2012. Previously, the bond estimate was produced by others. The current process remains leading edge, globally.

The approach will be to annually assess the combined areas of disturbance planned for the current operation plus that associated with the Project, less any areas of completed rehabilitation, to derive the cost of closure, rehabilitation and aftercare for the total site.

The method of establishing the scope and quantum of a bond is understood and accepted by the Dunedin City Council, the Otago Regional Council and the Waitaki District Council that together have held the bond for the Macraes operation for more than a decade.

The following provides a general overview of the bond process, its scope and the method of calculating its quantum. It is anticipated that a detailed estimate will be required under the conditions of consents prior to the start of the Project. The initial estimate will need to account for all existing and planned areas of disturbance during the first year of operation plus any other commitments required by the conditions, e.g. any offset environmental programme costs. The full details of such obligations will not be known until the consents are granted.

2. The Regulators

The Dunedin City Council, the Otago Regional Council and the Waitaki District Council (collectively the Regulators) will be the administrators of the resource consents under which the Project will be undertaken. The expectation is that the Project closure liabilities would be covered by a bond established in favour of the Regulators and held securely by one of the parties (the bond is a single contract document) on behalf of all.

This practice is a continuation of that existing for the Macraes operation throughout most of its life, work on which started in 1990.

3. The Applicants

The Macraes project is owned, operated and managed by Oceana Gold (NZ) Ltd (OceanaGold).

OceanaGold's responsibility in the bond process is to establish the surety. However, once a bond is established, or replaced with an updated surety, OceanaGold ceases to have any direct involvement with it. The bond exists as an arrangement between the bondsman, being the party that is required to provide the money on request, and the Regulators, which can call on that money at any time.

4. Bond Purpose

The purpose of the bond is to indemnify ratepayers and taxpayers of New Zealand against the cost of rehabilitating the Project site, and managing the rehabilitated site for a period after closure, in the unlikely event that OceanaGold defaults on its statutory obligations and abandons the site prior to completing its closure and rehabilitation responsibilities.

Under such circumstances, the bond provides the Regulators with immediate access to adequate funds to provide for the completion of closure of the Project site by a suitably qualified contractor under their management.

To accommodate scope changes due to increases in disturbance area, and reductions following completion of rehabilitation of previously disturbed areas, the bond quantum is typically reviewed and updated annually.

5. Calling on the Bond

Calling on the bond should be the Regulators' last option, to be pursued only in the event that OceanaGold fails financially. Any lesser breach of consent conditions should be able to be resolved through discussion, negotiation and, if necessary, implementation of enforcement options that are available to the Regulators through existing legislation, e.g. the Resource Management Act 1991.

In the unlikely event that it becomes necessary for the Regulators to call on a bond, it is expected that they would do so together. It would be inappropriate for one of the Councils to make a call on a bond without consulting and reaching agreement with the others to do so.

Once a call is made, it is the Regulators' obligation to ensure the efficient use of the available funds to achieve the desired environmental outcome in closing the site. Any attempt to split parts of the quantum between the regulators, as has occurred in the past, serves no beneficial function. Doing so is meaningless in terms of the bond purpose and is more likely to be an impediment to the efficient use of the funds, and therefore to the indemnification that a bond is intended to provide. This supports the posting of the bond(s) in the joint names of the Regulators.

6. Setting the Bond Quantum

The method of setting the bond quantum involves estimating the costs to complete the rehabilitation and aftercare components of closure. The objective is to ensure that the closed site would be left in a safe, stable and self-sustaining rehabilitated state.

The method is well established and straightforward. It involves;

1. Establishing a maximum extent of the mine-related disturbance based on each Annual Work Plan to set a conservative scope of works for the activities required to rehabilitate the site from its current state to one that meets the operation's closure obligations.
2. Estimating the quantity (volume, area, hours etc.) of work involved in completing each activity, which in general terms needs to provide for:
    a. Demolition and removal of plant and buildings;
    b. Rehabilitation of areas of mine disturbance by re-contouring, spreading sub-soils and topsoil, and planting;
    c. Establishing and armouring water control infrastructure such as channels and open pit outlets;
    d. Installing fencing and signage around any areas that pose a safety hazard;
    e. A period of site aftercare that typically includes care and maintenance of newly vegetated areas, weed management, water treatment and environmental and geotechnical monitoring.
3. Assigning a unit rate to each measurement of quantity (dollars per unit measure of volume, area, time etc.).
4. Estimating the costs of management and monitoring for the period of the works.

On the basis that the works would be carried out by a contractor, the costs are based on standard contract rates for similar works in the vicinity of the Project rather than on the rates applicable to the mining activity. The costs also need to provide for mobilisation and demobilisation of the contractor's earthmoving equipment to and from the site.

For those areas of the overall site where substandard water quality arises from mining-related remnants and prevents direct discharge to natural waterways for a period, there may be a need for long-term water treatment. Such water treatment costs are included in the estimate.

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For the Macraes site, as for many other mine sites around New Zealand, a contingent liability fund (risk cost) to cover the occurrence of risk events that could compromise the environmental and geotechnical stability of rehabilitated site if they were to occur is also required and included in the bond quantum.

The total closure cost estimate is calculated from the resulting schedule of quantities by multiplying the component quantities and unit rates to derive a cost for each activity then summing the activity costs. The estimate, which includes an appropriate contingency, is updated each year based on the existing measured and future predicted areas and types of disturbance, and to accommodate other factors such as inflation.

A schedule for the Project will be developed along similar lines to cover the first year of disturbance and will thereafter be updated annually to include planned new areas of disturbance and completed rehabilitation for review and acceptance by the Regulators on each anniversary of the grant of consent.

7. Summary

The method of calculating appropriate bond quanta for mining projects is well established throughout New Zealand, is the leading-edge practice globally, and is familiar to both OceanaGold and the Regulators. The inclusion of the Macraes Phase 4 works in future bonds will provide for any necessary increase associated with the new elements of the operation but will otherwise be a continuation of past practice.

Yours sincerely
For and on behalf of
LANE ASSOCIATES LTD.

Malcolm Lane

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