# First Quarter 2014 Results

April 29, 2014

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION IN MANAGEMENT DISCUSSION & ANALYSIS

This Management Discussion & Analysis contains “forward-looking statements and information” within the meaning of applicable securities laws which may include, but is not limited to, statements with respect to the future financial and operating performance of the Company, its subsidiaries and affiliated companies, its mining projects, the future price of gold, the estimation of mineral reserves and mineral resources, the realisation of mineral reserve and resource estimates, costs of production, estimates of initial capital, sustaining capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of the development of new mines, costs and timing of future exploration and drilling programs, timing of filing of updated technical information, anticipated production amounts, requirements for additional capital, governmental regulation of mining operations and exploration operations, timing and receipt of approvals, consents and permits under applicable mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements and information can be identified by the use of words such as “may”, “plans”, “expects”, “projects”, “is expected”, “budget”, “scheduled”, “potential”, “estimates”, “forecasts”, “intends”, “targets”, “aims”, “anticipates” or “believes” or variations (including negative variations) of such words and phrases, or may be identified by statements to the effect that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements and information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries and/or its affiliated companies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, future prices of gold; general business, economic and market factors (including changes in global, national or regional financial, credit, currency or securities markets), changes or developments in global, national or regional political and social conditions; changes in laws (including tax laws) and changes in GAAP or regulatory accounting requirements; the actual results of current production, development and/or exploration activities; conclusions of economic evaluations and studies; fluctuations in the value of the United States dollar relative to the Canadian dollar, the Australian dollar, the Philippines Peso or the New Zealand dollar; changes in project parameters as plans continue to be refined; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability or insurrection or war; labour force availability and turnover; adverse judicial decision, delays in obtaining financing or governmental approvals or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled “Risk Factors” contained in the Company’s Annual Information Form in respect of its fiscal year-ended December 31, 2013, which is available on SEDAR at www.sedar.com under the Company’s name. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performance, achievements or events to differ from those anticipated, estimated or intended. Also, many of the factors are outside or beyond the control of the Company, its officers, employees, agents or associates. Forward-looking statements and information contained herein are made as of the date of this Management Discussion & Analysis and, subject to applicable securities laws, the Company disclaims any obligation to update any forward-looking statements and information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information due to the inherent uncertainty therein. All forward-looking statements and information made herein are qualified by this cautionary statement. This Management Discussion & Analysis may use the terms “Measured”, “Indicated” and “Inferred” Resources. U.S. investors are advised that while such terms are recognised and required by Canadian regulations, the Securities and Exchange Commission does not recognise them. “Inferred Resources” have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resources will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into reserves. U.S. investors are also cautioned not to assume that all or any part of an Inferred Resource exists, or is economically or legally mineable. This document does not constitute an offer of securities for sale in the United States or to any person that is, or is acting for the account or benefit of, any U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “Securities Act”)) (“U.S. Person”), or in any other jurisdiction in which such an offer would be unlawful.

## Technical Disclosure

The Mineral Resources for Didipio were prepared by, or under the supervision of, J. G. Moore, whilst the Mineral Resources for Macraes and Reefton were prepared by S. Doyle. The Mineral Reserves for Didipio were prepared under the supervision of R.Corbett, while the Mineral Reserves for Macraes and Reefton were prepared by, or under the supervision of, K Madambi. C. Bautista is Exploration Manager for the Philippines. S. Doyle, K. Madambi, and J. G. Moore are Members and Chartered professionals with the Australasian Institute of Mining and Metallurgy and each is a “qualified person” for the purposes of NI 43-101. R. Corbett is a Registered Professional Engineer (Ontario) and is a “qualified person” for the purposes of NI 43-101. C. Bautista is a member of the AIG and is a “qualified person” for the purposes of NI 43-101. Messrs Moore, Doyle, Corbett, Madambi and Bautista have sufficient experience, which is relevant to the style of mineralisation and type of deposits under consideration, and to the activities which they are undertaking, to qualify as Competent Persons as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (“JORC Code”).

The resource estimates for the El Dorado Project were prepared by Mr. Steven Ristorcelli, C.P.G., of Mine Development Associates, Reno, Nevada (who is an independent Qualified Person as defined in NI 43-101) and conforms to current CIM Standards on Mineral Resources and Reserves.

For further scientific and technical information (including disclosure regarding mineral resources and mineral reserves) relating to the Reefton Project, the Macraes Project and the Didipio Project please refer to the NI 43-101 compliant technical reports available at sedar.com under the Company’s name. For further scientific and technical information (including disclosure regarding mineral resources and mineral reserves) relating to the El Salvador Project please refer to the reports publicly available on SEDAR (www.sedar.com) prepared for Pacific Rim.

# Management Discussion and Analysis Report for the First Quarter ended March 31, 2014

## HIGHLIGHTS

- Record quarterly revenue of $170.4 million, EBITDA[1] of $101.0 million and net profit of $58.9 million.
- Strengthened balance sheet through net repayment of borrowings of $20 million and increased liquidity from cash and available facilities to $92.1 million including $42.1 million in cash.
- Gold production of 86,568 ounces, including a record quarterly gold production from Didipio of 30,480 ounces.
- Copper production of 6,479 tonnes with copper sales of 7,752 tonnes.
- Cash costs[1] of $170 per ounce and All-in Sustaining Costs[1] of $450 per ounce both net of by-product credits.
- Over 10 million man hours worked without a Lost Time Injury at the Didipio operation.
- Received the strong support and official consent from the National Commission of Indigenous Peoples to conduct exploration activities at the Mayag tenement in the Philippines.
- Awarded the Gold Award for Women Empowerment during the Sixth Annual Global Corporate Social Responsibility Summit and Awards ceremony.

All statistics are compared to the corresponding 2013 period unless otherwise stated.

OceanaGold has adopted USD as its presentation currency and all numbers in this document are expressed in USD unless otherwise stated.

1. *Cash costs, All-In Sustaining Costs and EBITDA (earnings before interest, taxes, depreciation and amortisation, excluding gain/(loss) on undesignated hedges) are non GAAP measures. Refer to page 19 for explanation of non GAAP measures.*


## OVERVIEW

### Production and Costs Results

The Company reported recorded revenue of $170.4 million, EBITDA of $101.0 million and net profit of $58.9 million in the first quarter of 2014.

During the quarter, the Company produced 86,568 ounces of gold, a 25% decrease from the previous quarter on account of lower production from the New Zealand operations, partly offset by record quarterly gold production from Didipio. First quarter copper production at Didipio was 6,479 tonnes.

The total Company cash costs net of by-product credits for the first quarter were $170 per ounce on 94,050 ounces of gold sold. The decrease in cash costs from the previous quarter was due mainly to higher gold and copper sales from Didipio and lower operating costs in New Zealand, partly offset by lower gold sales from New Zealand and a stronger New Zealand dollar. The Company's All-In Sustaining Costs ("AISC") for the quarter was $450 per ounce sold net of by-product credits.

On a co-product basis, the Company's cash costs for the first quarter were $524 per ounce on 136,907 gold equivalent ounces sold.

The Company's first quarter average gold price received was $1,311 per ounce compared to $1,262 per ounce received in the fourth quarter of 2013. The average copper price received for the quarter was $6,939 per tonne versus $7,291 per tonne in the previous quarter.

The cash balance at the end of the quarter was $42.1 million compared to $24.8 million at the end of the fourth quarter in 2013. The net increase in cash was a result of higher sales from Didipio and lower operating costs in New Zealand and financing costs, partly offset by net repayment of borrowings of $20 million.

### Production & Cost Guidance

In 2014, the Company is expecting to produce 275,000 to 305,000 ounces of gold at cash costs of $400 to $450 per ounce net of by-product credits and AISC of $750 to $850 per ounce net of by-product credits. Copper production from Didipio is expected to be between 21,000 to 24,000 tonnes of copper in concentrate. Guidance remains unchanged. See Table 2 for full guidance.

Looking ahead at Didipio, the operation will be mining and processing lower gold grades and mining less ore as a result of increased pre-stripping from Stage 4 of the pit. In the second quarter, there is a shutdown of the process plant for planned maintenance. The Company expects to mine more ore and at higher gold grades at the end of the second quarter through to the end of the year. Throughput rates are also expected to steadily increase during the year through debottlenecking to achieve the planned 3.5 Mtpa rate by the end of the year.

Looking ahead at Reefton, the Company expects to mine and process higher grades beginning in early third quarter. Additionally, the final cutback at Reefton will be completed early in the third quarter.

Subsequent to the quarter end at Macraes on April 19, a pit wall failure due to heavy rain resulted in a temporary suspension of mining activities at the open pit and underground. There were no injuries and production was unaffected as stockpile ore was fed through the mill. Production from the underground resumed on April 24 and the Company is currently developing a new mine plan for the open pit. The Company expects minimal impact from this event as the current mine plan included mining less ore and at lower grades with an increasing proportion of low grade stockpile ore being processed.

Overall, the Company expects to achieve its production guidance for 2014.



**Table 1 – Q1 2014 Production and Cost Results Summary**

| | | Didipio | New Zealand | Group |
|---|---|---|---|---|
| Gold Produced | *ounces* | 30,480 | 56,088 | 86,568 |
| Copper Produced | *tonnes* | 6,479 | – | 6,479 |
| Gold Sales | *ounces* | 36,264 | 57,786 | 94,050 |
| Copper Sales | *tonnes* | 7,752 | – | 7,752 |
| Average Gold Price Received | *$ per ounce* | 1,317 | 1,307 | 1,311 |
| Average Copper Price Received | *$ per tonne* | 6,939 | – | 6,939 |
| Cash Costs | *$ per ounce* | (490)[1] | 584 | 170[1] |
| All-In Sustaining Costs[2] | *$ per ounce* | (332)[1] | 941 | 450[1] |

1. *Net of by-product credits*
2. *Based on the World Gold Council methodology, expansionary and growth capital expenditures are excluded from the AISC*

**Table 2 – 2014 Production and Cost Guidance**

| | | Didipio | New Zealand | Group |
|---|---|---|---|---|
| Gold Production | *ounces* | 85,000 – 95,000 | 190,000 – 210,000 | 275,000 – 305,000 |
| Copper Production | *tonnes* | 21,000 – 24,000 | – | 21,000 – 24,000 |
| Cash Costs | *$ per ounce* | ($725) – ($650)[1] | $840 – $925[2] | $400 – $450[1,2] |
| All-In Sustaining Costs[3] | *$ per ounce* | ($240) – ($210)[1] | $1,170 – $1,290[2] | $750 – $850[1,2] |

1. *Net of copper by-product credits at $3.20/lb copper*
2. *NZD/USD $0.80 exchange rate*
3. *Based on the World Gold Council methodology, expansionary and growth capital expenditures are excluded from the AISC*



**Philippines Overview**

First quarter production at Didipio was 30,480 ounces of gold and 6,479 tonnes of copper. Gold production was higher than in the previous quarter due to higher grades processed and better recoveries while copper production was lower on account of lower copper grades processed. First quarter gold equivalent production was 64,616 ounces.

First quarter cash costs, net of by-product credits at Didipio were negative ($490) per ounce on sales of 36,264 ounces gold and 7,752 tonnes copper. Didipio's co-product cash costs were $483 per ounce for the quarter on 78,619 gold equivalent ounces sold. Didipio's AISC on a co-product basis was $556 per gold equivalent ounces sold.

The total material mined in the first quarter of 2014 was 6.1 million tonnes including 1.7 million tonnes of ore, most of which was stockpiled. During the quarter, the operation completed mining Stage 2 of the open pit and continued to provide competent waste rock for the Tailings Storage Facility (TSF) lift.

Mill feed in the first quarter was 750,626 tonnes of ore grading 1.40 g/t gold and 0.90% copper. Gold recovery for the first quarter was 90.2%, higher than the previous quarter due to higher gold grades processed and better flotation and gravity recoveries. Copper recovery was 95.4%, similar to the previous quarter.

In the second quarter, the focus of mining operations will be on mining Stage 3 and pre-stripping from Stage 4 of the pit. The operation continues to focus on increasing productivity and optimisation to further reduce costs. Didipio is on track to achieve its production and cost guidance for the year.

**New Zealand Overview**

In New Zealand, combined production for the first quarter was 56,088 ounces of gold, which was lower than in the fourth quarter of 2013 due mainly to lower grades processed and lower mill feed. This result was expected as changes to the Macraes mine plan early in 2014 included mining less waste and ore and processing lower grades.

The first quarter cash costs at the New Zealand operations were $584 per ounce on 57,786 ounces of gold sold. Cash costs were higher than the previous quarter due mainly to lower sales and a stronger New Zealand dollar but partly offset by lower operating costs as a result of the changes that had been made to mine plans at Macraes early in the year and at Reefton in the June 2013. New Zealand's AISC for the first quarter was $941 per ounce sold.

The total material mined at the New Zealand operations in the first quarter was 9.4 million tonnes, a 37% decrease from the previous quarter due mainly to less waste and ore mined at Macraes and less ore mined at Reefton.

Mill feed in New Zealand was 1.7 million tonnes for the first quarter, which was lower than in the previous quarter. For a period of three weeks in early March, throughput rates at Macraes were reduced due to mechanical repairs made to a mill motor that had been damaged during a weather event. These repairs were completed prior to the end of the first quarter.

Mill feed grade was 1.23 g/t for the first quarter, lower than in the previous quarter due to lower grades mined at Macraes and Reefton and to an increase in low grade stockpiles processed at Macraes. The overall recovery for the New Zealand operations was 82.2%, slightly lower than the previous quarter due to lower grades processed at both operations but offset slightly by higher carbon-in-leach (CIL) recoveries at Macraes.

The Company expects the New Zealand operations to achieve its production guidance for the year.

**Project Development**

At Didipio, on-going project development activities include the TSF lift which the Company will continue to build over the next five years to its ultimate life of mine capacity, debottlenecking of the process plant to the planned 3.5 Mtpa throughput rate, the development of the Didipio power grid connection and the Didipio optimisation study.

In New Zealand, the Round Hill and Blackwater studies are progressing well.

**Sustainability Overview**

During the first quarter, the Company invested nearly $1.0 million on community initiatives and other development programs within Didipio and neighbouring communities.

In the quarter, the Company continued to focus on infrastructure development and education. The Company's education program saw twelve of its scholars including one post-graduate student successfully complete their university programs.

Subsequent to the quarter end, the Company was awarded the Gold Award for Woman Empowerment at the Sixth Annual Global CSR Summit and Awards in Bali, Indonesia. This event recognises Corporate Social Responsibility and Environment excellence and is hosted in Asian countries each year.

**Table 3 – Key Financial Statistics for Didipio Operations**

| | Q1 Mar 31 2014 | Q4 Dec 31 2013 | Q1[2] Mar 31 2013 |
|---|---|---|---|
| Gold Sold (ounces) | 36,264 | 20,900 | 2,791 |
| Copper Sold (tonnes) | 7,752 | 6,461 | 1,549 |
| Average Gold Price Received ($ per ounce) | 1,317 | 1,244 | 1,629 |
| Average Copper Price Received ($ per tonne) | 6,939 | 7,291 | 8,070 |
| Cash Operating Costs[1] ($ per ounce) | (490) | (1,081) | N/A |
| **Cash Operating Margin ($ per ounce)** | **1,807** | **2,325** | **N/A** |

1. *Net of by-product credits*
2. *Commercial production was declared effective April 1, 2013 at Didipio and operating costs and net revenue received prior to this date were capitalised.*

**Table 4 – Didipio Operating Statistics**

| | Q1 Mar 31 2014 | Q4 Dec 31 2013 | Q1* Mar 31 2013 |
|---|---|---|---|
| Gold Produced (ounces) | 30,480 | 27,713 | 6,877 |
| Copper Produced (tonnes) | 6,479 | 7,536 | 3,663 |
| Total Ore Mined (tonnes) | 1,674,096 | 2,618,832 | 1,837,081 |
| Ore Mined Grade Gold (grams/tonne) | 0.83 | 0.69 | 0.49 |
| Ore Mined Grade Copper (%) | 0.61 | 0.53 | 0.65 |
| Total Waste Mined (tonnes) including pre-strip | 4,444,876 | 3,473,327 | 2,750,042 |
| Mill Feed (dry milled tonnes) | 750,626 | 729,121 | 448,703 |
| Mill Feed Grade Gold (grams/tonne) | 1.40 | 1.33 | 0.59 |
| Mill Feed Grade Copper (%) | 0.90 | 1.09 | 0.92 |
| Recovery Gold (%) | 90.2 | 88.7 | 79.8 |
| Recovery Copper (%) | 95.4 | 95.0 | 88.6 |

* *Note: operating statistics at Didipio before April 1, 2013 are pre-commercial production*

**Table 5 – Key Financial Statistics for New Zealand Operations**

| | Q1 Mar 31 2014 | Q4 Dec 31 2013 | Q1 Mar 31 2013 |
|---|---|---|---|
| Gold Sales (ounces) | 57,786 | 79,510 | 58,585 |
| Average Price Received ($ per ounce) | 1,307 | 1,267 | 1,632 |
| Cash Operating Cost ($ per ounce) | 584 | 550 | 687 |
| **Cash Operating Margin ($ per ounce)** | **723** | **717** | **945** |

**Table 6 – Combined Operating Statistics for New Zealand**

| | Q1<br>Mar 31 2014 | Q4<br>Dec 31 2013 | Q1<br>Mar 31 2013 |
|---|---|---|---|
| Gold Produced (ounces) | 56,088 | 87,506 | 60,586 |
| Total Ore Mined (tonnes) | 1,753,796 | 2,559,315 | 1,985,330 |
| Ore Mined Grade (grams/tonne) | 1.25 | 1.53 | 1.31 |
| Total Waste Mined (tonnes) including pre-strip | 7,665,243 | 12,436,112 | 16,389,898 |
| Mill Feed (dry milled tonnes) | 1,693,711 | 1,824,732 | 1,798,616 |
| Mill Feed Grade (grams/tonne) | 1.23 | 1.79 | 1.28 |
| Recovery (%) | 82.2 | 83.2 | 79.8 |

**Table 7 – Macraes Goldfield Operating Statistics**

| | Q1<br>Mar 31 2014 | Q4<br>Dec 31 2013 | Q1<br>Mar 31 2013 |
|---|---|---|---|
| Gold Produced (ounces) | 40,668 | 68,419 | 48,139 |
| Total Ore Mined (tonnes) | 1,303,632 | 2,026,193 | 1,643,432 |
| Ore Mined Grade (grams/tonne) | 1.21 | 1.55 | 1.28 |
| Total Waste Mined (tonnes) including pre-strip | 2,934,955 | 7,838,100 | 12,393,410 |
| Mill Feed (dry milled tonnes) | 1,275,748 | 1,412,920 | 1,462,409 |
| Mill Feed Grade (grams/tonne) | 1.19 | 1.79 | 1.27 |
| Recovery (%) | 82.9 | 84.1 | 80.2 |

**Table 8 – Reefton Goldfield Operating Statistics**

| | Q1<br>Mar 31 2014 | Q4<br>Dec 31 2013 | Q1<br>Mar 31 2013 |
|---|---|---|---|
| Gold Produced (ounces) | 15,420 | 19,087 | 12,447 |
| Total Ore Mined (tonnes) | 450,164 | 533,122 | 341,898 |
| Ore Mined Grade (grams/tonne) | 1.38 | 1.45 | 1.47 |
| Total Waste Mined (tonnes) including pre-strip | 4,730,288 | 4,598,012 | 3,996,488 |
| Mill Feed (dry milled tonnes) | 417,963 | 411,812 | 336,207 |
| Mill Feed Grade (grams/tonne) | 1.38 | 1.79 | 1.35 |
| Recovery (%) | 80.2 | 80.3 | 78.3 |


**PRODUCTION**

In the first quarter of 2014, the Company produced 86,568 ounces of gold, a 25% decrease from the previous quarter on account of lower production from the New Zealand operations partly offset by increased gold production from Didipio. First quarter copper production of 6,479 tonnes was 14% lower than in the previous quarter due mainly to lower grade copper processed at Didipio.

The total Company cash costs net of by-product credits for the first quarter were $170 per ounce on 94,050 ounces of gold sold. On a co-product basis, the Company's cash costs for the first quarter were $524 per ounce on 136,907 gold equivalent ounces sold.

**Didipio Mine (Philippines)**

The Didipio operation incurred no lost time injuries ("LTI") in the first quarter and as at the end of March 2014, it had recorded over 10 million man hours worked without an LTI.

In the first quarter, the operation achieved record quarterly gold production of 30,480 ounces, an increase on the previous quarter due to higher gold grades processed and a higher gold recovery. Copper production for the first quarter was 6,479 tonnes, lower than in the fourth quarter of 2013 on account of lower copper grades processed.

In the first quarter of 2014, the mining operations focused on delivering ore mainly from Stage 2 of the open pit. At the end of the quarter, the operation completed mining Stage 2 and commenced pre-stripping of Stage 4 while continuing to mine from Stage 3. Mining operations also continued to supply competent waste rock for the construction of the TSF lift.

The total material mined in the first quarter was 6.1 million tonnes including 1.7 million tonnes of ore, most of which was stockpiled while higher grade ore was delivered to the ROM pad for processing. The total ore mined in the first quarter was lower than in the previous quarter as a result of varying mine schedules whereby more ore and less waste was mined in the fourth quarter of 2013. In addition, pre-stripping of Stage 4 began in the first quarter of 2014 resulting in more waste mined than in the previous quarters. As at the end of the quarter, approximately 8.3 million tonnes of ore of varying grades were stockpiled for future processing.

The total feed through the mill in the first quarter was 750,626 tonnes, an increase on the previous quarter on account of better mill availability. Debottlenecking activities to achieve the planned 3.5 Mtpa throughput rate continues to advance well and is on track for completion by the end of the year.

Mill feed grade for the quarter was 1.40 g/t for gold and 0.90% for copper. Gold recovery for the first quarter was 90.2%, higher than the previous quarter due to higher gold grades processed and better flotation and gravity recoveries. Copper recovery was 95.4%, similar to the previous quarter.

In the first quarter, the Company made four shipments of concentrate totalling approximately 30,152 dry metric tonnes from the San Fernando port on the west coast of Luzon to smelters in Asia. In the previous quarter, a high demand for ships in Indonesia resulted in fewer ships available to transport the Didipio concentrate thus requiring the operation to stockpile concentrate at port and at site. As at the end of the first quarter 2014, nearly this entire inventory had been cleared.

Looking ahead to the second quarter of 2014, the mining operation will focus on mining Stage 3 to expose higher grade gold and copper deeper in the pit which is expected to begin in the third quarter and also on the Stage 4 cutback. In the next quarter, the process plant will be shut down for a period of approximately one week for improvements to be made on the ball mill and to install a third tailings delivery line, which is part of the debottlenecking activities. As such, the Company expects second quarter production to be lower than in the first quarter.

**Macraes Goldfield (New Zealand)**

There was one LTI during the first quarter at the Macraes operation (open pit and underground). An underground operator sprained an ankle when he tripped on a grout basket used by a forklift. The Company has modified the grout basket that was being operated to avoid a recurrence.

Gold production from the Macraes Goldfield for the first quarter was 40,668 ounces and in line with the Company's expectations. First quarter production was lower than the previous quarter on account of lower grade ore mined and processed and less mill feed. As previously reported, the mine plan at Macraes was re-optimised early in 2014 to ensure a sustainable business plan in a lower gold price environment. As a result, less ore and waste will be mined in 2014 while low grade stockpiled ore will be processed to supplement the mill feed.

Total material mined from the open pit was 4.2 million tonnes for the quarter, approximately 57% less than in the previous quarter due to the changes made to the mine plan. During the quarter, mining operations continued in the Frasers 5 pit and the cutback on the west wall while a smaller Frasers 6 cutback recommenced. Development of Frasers 6 will support the exposure of ore that will be mined over the balance of the mine life.

At the Frasers Underground, mining was undertaken in Panels 1 and 2 in the quarter. Total ore mined for the

quarter was 210,201 tonnes, a 6% decrease over the previous quarter due mainly to lower productivity.

Mill feed was 1.28 million tonnes compared to 1.41 million tonnes in the previous quarter. In early March, high winds dislodged a power line from a nearby transmission pole which resulted in a power surge at the process plant. This caused a partial burnout of one of the main mill motors resulting in reduced throughput rates to approximately 65% of normal operating rates for a period of 3 weeks whilst the motor was repaired. The repair to the motor was completed by the end of the first quarter.

Mill feed grade for the quarter was 1.19 g/t, lower than the previous quarter due mainly to lower grade ore mined from the open pit mine.

The process plant recovery was 82.9% in the quarter, which was lower than the previous quarter on account of a lower head grade partly offset by a higher carbon-in-leach (CIL) recovery.

Looking ahead to the second quarter, less ore and at lower grades will be mined from the open pit than in the first quarter and the operation will process lower grades as a result of processing a larger proportion of low grade stockpile ore.

**Reefton Goldfield (New Zealand)**

In the first quarter of 2014, no LTI's were recorded at the Reefton operation.

Gold production at the Reefton Goldfield for the first quarter was 15,420 ounces, a decrease of 19% from the previous quarter but in line with expectations. This decrease was attributable to lower grade ore mined and processed.

The total material mined in the quarter was 5.2 million tonnes, similar to the previous quarter. The total ore mined for the first quarter was 450,164 tonnes, a 15% decrease on the previous quarter. High tonnage and high grade zones within the lower levels of the pit were mined early in the first quarter. The operation is now mining within Stages 6 and 7 of the pit with minor ore zones being extracted until development exposes high grade, high tonnage zones early in the third quarter.

Mill feed was 417,963 tonnes in the first quarter, a slight increase on the previous quarter due to processing a larger amount of low grade stockpile ore.

The mill feed grade in the first quarter was 1.38 g/t versus 1.79 g/t in the previous quarter as a result of lower grade ore mined and processing of low grade stockpile ore.

Gold recovery for the quarter was 80.2%, similar to the previous quarter.

Looking ahead at Reefton, the final cutback of the mine plan is expected to be completed in early third quarter. As a result, the operation will be mining mostly ore for the remainder of its mine plan out to the third quarter of 2015.

## EXPLORATION

Exploration expenditure for the first quarter of 2014 was $0.6 million.

Exploration activities for the first quarter were focused mainly on near mine site drilling at Didipio and target identification within the broader FTAA area.

**Philippines**

Exploration expenditure in the Philippines for the first quarter of 2014 totalled $0.4 million.

Exploration drilling resumed in February at the San Pedro prospect, 1.4 kilometers northwest of the Didipio pit. During the quarter, a total of 606 metres were drilled from two holes. The drill holes were testing for potential copper-gold porphyry mineralisation beneath areas of extensive alluvial gold mining. The completed holes intersected intrusive rocks that are variably altered to propylitic, potassic, and argillic assemblages with only occasional and sparse copper mineralisation along fractures. Assay results are pending.

Two to three additional drill holes are planned at the San Pedro prospect for this year. Additional drilling is planned in the broader FTAA area upon renewal of the FTAA exploration period.

In the broader Philippines, the Company received the strong support and official consent from the National Commission of Indigenous Peoples ("NCIP") for its Mayag tenement in northern Mindanao. The official consent was received in the form of a "Certificate of Compliance" also referred to as a "Certification of Precondition", which evidences to the Philippine regulatory bodies that the Company has complied with all NCIP conditions including the free and prior informed consent ("FPIC") of the indigenous peoples in Mayag. Receipt of the Certificate of Compliance is a major milestone for the Company in the process to be granted exploration permits for its Mayag tenement.



**Project Development**

At Didipio, debottlenecking of the process plant to achieve the planned 3.5 Mtpa throughput rate is on track. This includes the installation of a pebble crushing circuit and replacement of some drive motors.

Construction of Stage 3 of the TSF lift including the flow through waste rock intake is on track for completion in the middle of 2014. The Company expects to complete the construction of the Didipio TSF to its ultimate life of mine capacity over the next five years at a total estimated capital cost of $35 million which is tracking on budget.

The development of the Didipio power grid connection continued to advance well. By connecting to the power grid, the Company will reduce its power costs at the operation beginning in 2015.

The Company continues to identify opportunities to increase productivity and efficiencies. The Didipio optimisation study continues to advance well and the Company expects the study to be completed in the fourth quarter of 2014.

In New Zealand, the Round Hill gold / tungsten study at Macraes and the Blackwater study near Reefton are progressing well.

**Sustainability**

During the first quarter, the Company invested nearly $1.0 million on community initiatives and other development programs within Didipio and neighbouring communities. Much of the focus in the quarter was on infrastructure development, which continued to be the largest component of sustainability expenditure for the Company. Infrastructure projects in the first quarter included: day care centres, school buildings, several road improvements, water systems and rehabilitation of a hanging bridge.

The Company’s education programs included scholarships and teachers’ salaries and subsidies. As of the end of the school year in March 2014, twelve company scholars successfully graduated with eleven completing their baccalaureate degrees while one completed her Master’s Degree in Education. The Company also continued investing in and supporting health, enterprise development and capacity building programs.

During the first quarter, site development of the Company’s primary tree nursery in barangay Tucod transitioned to full operation. In 2014, the Company expects that 100,000 seedlings will be propagated from this nursery while seedling production is expected to commence early in the second quarter. The Company is currently surveying additional areas for tree plantations in the municipalities of Kasibu, Nueva Vizcaya and Cabarroguis, Quirino.

Late in the first quarter, the Company participated in the 11th Philippine Multi-Sectoral Forum on Watershed Management, which brings together global stakeholders in water management to discuss best practices and effective river basin management. The Company also became a member of the Philippine Watershed Management Coalition.

Subsequent to the quarter end, the Company was awarded the Gold Award for Women Empowerment at the Sixth Annual Global CSR Summit and Awards in Bali, Indonesia. Each year at this event, companies with operations in Asia are recognised for Corporate Social Responsibility and Environment excellence.



## FINANCIAL SUMMARY

| STATEMENT OF OPERATIONS | Q1 Mar 31 2014 $000 | Q4 Dec 31 2013 $000 | Q1 Mar 31 2013 $000 |
|---|---|---|---|
| Sales | 170,355 | 170,142 | 95,639 |
| Cost of sales, excluding depreciation and amortisation | (63,183) | (64,089) | (39,875) |
| General & Administration | (8,315) | (8,602) | (6,162) |
| Foreign Currency Exchange Gain/(Loss) | 2,916 | 526 | (418) |
| Other income/(expense) | (743) | (1,480) | (2,108) |
| **Earnings before interest, tax, depreciation & amortisation (EBITDA) (excluding gain/(loss) on undesignated hedges and impairment charge)** | **101,030** | **96,497** | **47,076** |
| Depreciation and amortisation | (33,366) | (34,855) | (29,547) |
| Net interest expense and finance costs | (2,430) | (7,991) | (6,376) |
| **Earnings/(loss) before income tax and gain/(loss) on undesignated hedges and impairment charge** | **65,234** | **53,651** | **11,153** |
| Tax (expense)/ benefit on earnings/loss | (5,365) | (7,841) | (4,663) |
| **Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges and impairment charge** | **59,869** | **45,810** | **6,490** |
| Impairment charge | - | (107,800) | - |
| Gain/(loss) on fair value undesignated hedges | (1,283) | 5,210 | 813 |
| Tax (expense)/benefit on gain/loss on undesignated hedges and impairment | 359 | 28,621 | (244) |
| **Net Profit/(loss)** | **58,945** | **(28,159)** | **7,059** |
| Basic earnings per share | $0.20 | $(0.10) | $0.02 |
| Diluted earnings per share | $0.19 | $(0.10) | $0.02 |
| **CASH FLOWS** | | | |
| Cash flows from Operating Activities | 73,288 | 89,023 | 21,441 |
| Cash flows used in Investing Activities | (24,147) | (33,200) | (64,982) |
| Cash flows used in Financing Activities | (25,198) | (50,017) | (25,710) |

| BALANCE SHEET | As at Mar 31 2014 $000 | As at Dec 31 2013 $000 |
|---|---|---|
| Cash and cash equivalents | 42,060 | 24,788 |
| Other Current Assets | 143,173 | 126,400 |
| Non-Current Assets | 759,421 | 745,638 |
| **Total Assets** | **944,654** | **896,826** |
| Current Liabilities | 122,803 | 129,478 |
| Non-Current Liabilities | 158,902 | 175,618 |
| **Total Liabilities** | **281,705** | **305,096** |
| **Total Shareholders' Equity** | **662,949** | **591,730** |



## RESULTS OF OPERATIONS

### Net Earnings

In the first quarter, the Company reported a record quarterly net profit of $58.9 million versus a net loss of $28.2 million in the previous quarter.

The Company reported record quarterly EBITDA (excluding gain/loss on undesignated hedge and impairment charge) of $101.0 million in the first quarter of 2014 compared to $96.5 million in the fourth quarter of 2013. The increase is attributed to higher gold and copper sales from the Philippines, higher average gold price received and lower costs, partly offset by lower gold sales from New Zealand and lower copper price received.

The earnings before income tax and before gain/(loss) on undesignated hedges and impairment charge was $65.2 million for the first quarter compared to $53.7 million in the previous quarter. The increase is attributable to a higher EBITDA, coupled with lower interest and finance charges.

### Sales Revenue

***Philippines***

First quarter concentrate sales revenue net of concentrate treatment, refining and selling costs in Philippines was $85.2 million of which copper revenue was $53.8 million while gold bullion revenue was $7.6 million. In the first quarter, the average gold price received at Didipio was $1,317 per ounce compared to $1,244 per ounce in the previous quarter and the average copper price received was $6,939 per tonne compared to $7,291 per tonne in the previous quarter. Gold sold in the first quarter was 36,264 ounces while copper sold was 7,752 tonnes. Silver sales for the quarter were 117,955 ounces compared with 76,813 ounces in the previous quarter.

In the previous quarter, a high demand for ships in Indonesia resulted in fewer ships available to transport the Didipio concentrate thus requiring the operation to stockpile concentrate at site. As at the end of the first quarter 2014, nearly this entire inventory had been cleared.

***New Zealand***

In New Zealand, first quarter revenue was $75.6 million compared to revenue in the fourth quarter 2013 of $100.7 million. This 25% decrease was due mainly to lower ounces of gold sold partly offset by a slightly higher average gold price received.

The average gold price received in New Zealand in the first quarter was $1,307 per ounce compared to $1,267 per ounce received in the previous quarter. Gold sold in the first quarter was 57,786 ounces compared to 79,510 ounces in the previous quarter. This decrease was due mainly to decreased production at both Macraes and Reefton.

### Operating Costs and Margins per Ounce

***Philippines***

Operating cash costs at Didipio were negative ($490) per ounce sold, net of by-product credits for the first quarter compared to negative ($1,081) per ounce sold in the previous quarter. On a co-product basis, the operating cash costs were $483 per ounce of gold sold compared to $434 per ounce in previous quarter. The gold equivalent ounces have been calculated by converting copper and silver revenue using an average gold price received of $1,317 per ounce for the quarter.

***New Zealand***

Operating cash costs in New Zealand were $584 per ounce sold for the first quarter compared to $550 per ounce sold in the previous quarter. This result was mainly due to lower ounces of gold sold in the quarter and a stronger New Zealand dollar but partly offset by lower mining costs.

The average cash margin in New Zealand was $723 per ounce for the first quarter versus $717 for the fourth quarter 2013. The slight increase was a result of a higher average gold price received partly offset by a higher cash cost per ounce sold.

### Depreciation and Amortisation

Depreciation and amortisation charges include amortisation of mine development, deferred pre-stripping costs and depreciation on equipment.

Depreciation and amortisation charges are mostly calculated on a unit of production basis and totalled $33.4 million for the first quarter of 2014 compared to $34.9 million in the previous quarter. The decrease reflects the lower production from New Zealand in the quarter.

### Net Interest Expense and Finance Costs

The net interest expense and finance costs of $2.4 million for the quarter were significantly lower than the previous quarter of $8.0 million due mainly to less debt on the balance sheet and lower financing rates.

### Undesignated Hedges Gains/Losses

Unrealised gains and losses calculated as a fair value adjustment of the Company’s undesignated hedges are brought to account at the end of each reporting period and reflect changes in the spot gold price. These valuation adjustments for the quarter ending March 31, 2014, reflect a loss of $1.3 million compared to a gain of $5.2 million in the previous quarter.


Details of the derivative instruments held by the Company at year end are summarised below under “Derivative Assets/ Liabilities”.

**DISCUSSION OF CASH FLOWS**

**Operating Activities**

Cash inflows from operating activities were $73.3 million for the first quarter of 2014 compared to $89.0 million in the previous quarter. The decrease was mainly due to lower gold sales in New Zealand, lower average copper price received and an increase in working capital, partly offset by higher sales from the Philippines.

**Investing Activities**

Cash used for investing activities totalled $24.1 million in the first quarter compared to $33.2 million in the previous quarter.

Investing activities comprised expenditures for capitalised mining expenditure, sustaining and expansionary capital and exploration expenditure at both the New Zealand and Philippines operations.

**Financing Activities**

Financing net outflows for the first quarter were $25.2 million compared to a net outflow of $50.0 million in the previous quarter. This reflects a net repayment of borrowings of $20 million during the quarter, in addition to repayment of finance leases.

**DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY**

**Company's funding and capital requirements**

For the quarter ended March 31, 2014, the Company recorded a net profit of $58.9 million. As at the end of the quarter, the cash funds held were $42.1 million. Net current assets were $62.4 million at quarter end. The Company repaid $20.0 million of its drawn revolving credit facility prior to the end of the quarter.

At March 31, 2014, undrawn funds from the revolving credit facility established in 2012 were $50.0 million. Together with cash, the Company has immediate available liquidity of $92.1 million.

**Commitments**

The Company’s capital commitments as at March 31, 2014 are as follows:

| | Mar 31 2014 $000 |
|---|---|
| Within 1 year | 14,592 |

This includes mainly contracts supporting the operations of the Didipio Mine.

**Financial Position**

***Current Assets***

Current assets at the end of the first quarter of 2014 were $185.2 million compared to $151.2 million at the end of fourth quarter 2013. The variance in the current assets was due mainly to an increase in cash generated from operations as well as increases in inventories and trade receivables mainly in Philippines.

***Non-Current Assets***

Non-current assets were $759.4 million at the end of the quarter compared to $745.6 million at December 31, 2013. The variance is due to increases in inventories, input tax credits paid and capitalised mining costs and to additions to property, plant and equipment, partly offset by depreciation and amortisation.

***Current Liabilities***

Current liabilities were $122.8 million as at March 31, 2014 compared to $129.5 million as at December 31, 2013. This decrease was attributed mainly to a decrease in trade creditors and the repayment of capital leases.

***Non-Current Liabilities***

Non-current liabilities were $158.9 million as at the end of the first quarter compared to $175.6 million at the end of the previous quarter. The decrease was due mainly to the repayment of $20 million of the revolving credit capital facility, partly offset by an increase in deferred tax liabilities.

***Derivative Assets / Liabilities***

In 2013, the Company had entered into a gold bullion zero cost collar agreement to purchase gold put options at an exercise price of NZ$1,600 per ounce, which were financed by an equal number of gold call options sold at an exercise price of NZ$1,787 per ounce for 115,650 ounces of production at the Reefton operation for the period from July 2013 to June 2015. As at the end of the first quarter of 2014, the balance of Reefton gold production under this agreement was 69,210 gold ounces.

Early in the first quarter, the Company entered into a gold bullion zero cost collar agreement to purchase gold put options at an exercise price of NZ$1,500 per ounce, which were financed by an equal number of gold call options sold at an exercise price of NZ$1,600 per ounce for 208,000 ounces of production at the Macraes operation over a two-year period.

The above hedges are undesignated and do not qualify for hedge accounting.

A summary of the Company's marked to market derivatives is as per below:

| | Mar 31 2014 $000 | Dec 31 2013 $000 |
|---|---|---|
| Current Assets | | |
| Gold put/call options | 8,748 | 7,501 |
| Non-Current Assets | | |
| Gold put/call options | 581 | 2,619 |
| **Total Assets** | **9,329** | **10,120** |

***Shareholders' Equity***

A summary of the movement in shareholders' equity is set out below:

| | Period Ended Mar 31 2014 $000 |
|---|---|
| Total equity at beginning of financial period | 591,730 |
| Profit/(loss) after income tax | 58,945 |
| Movement in other comprehensive income | 11,498 |
| Movement in contributed surplus | 206 |
| Issue of shares/ (Equity raising costs) | 570 |
| Total equity at end of financial period | 662,949 |

Shareholder's equity has increased by $71.2 million to $662.9 million at March 31, 2014, mainly as a result of a net profit after tax for the year of $58.9 million, and currency translation differences reflected in "Other Comprehensive Income" that arise from the translation of entities with a functional currency other than USD.

***Capital Resources***

As at March 31, 2014, the share and securities summary was:

| | |
|---|---|
| Shares outstanding | 300,567,375 |
| Options and share rights outstanding | 9,541,312 |

As at April 29, 2014, there was no change in shares and securities:

| | |
|---|---|
| Shares outstanding | 300,567,375 |
| Options and share rights outstanding | 9,541,312 |

As at December 31, 2013, the share and securities summary was:

| | |
|---|---|
| Shares outstanding | 300,350,127 |
| Options and share rights outstanding | 9,846,182 |

## CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes.

### Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and active work is continuing.

Accumulated costs in relation to an abandoned area are written off to the Statement of Operations in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

### Mining Properties in Production or Under Development

Expenditure relating to mining properties in production and development are accumulated and brought to account at cost less accumulated amortisation in respect of each identifiable area of interest. Amortisation of capitalised costs, including the estimated future capital costs over the life of the area of interest, is provided on the production output basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

Costs associated with the removal of overburden and other mine waste materials that are incurred in the production phase of mining operations are included in the costs of inventory in the period in which they are incurred, except when the charges represent getting better access to a component of the mineral property.

Charges are capitalised when the stripping activity provides better access to components of the ore body and reserves that will be produced in future periods that would not have been accessible without the stripping activity. When charges are deferred in relation to such activity, the charges are amortised over the reserve in the betterment accessed by the stripping activity using the units of production method.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Should the carrying value of expenditure not yet amortised exceed its estimated recoverable amount, the excess is written off to the Statement of Comprehensive Income.

### Asset Retirement Obligations

OceanaGold recognises the present value of future asset retirement obligations as a liability in the period in which it incurs a legal obligation associated with the retirement of long-lived assets that results from the acquisition, construction, development and/or normal use of the assets. OceanaGold concurrently recognises a corresponding increase in the carrying amount of the related long-lived asset that is depreciated over the life of the asset.

The key assumptions on which the present value of the asset retirement obligations are based include the estimated risk-adjusted future cash flows, the timing of those cash flows and the risk-free rate or rates on which the estimated cash flows have been discounted. Subsequent to the initial measurement, the liability is accreted over time through periodic charges to earnings. The amount of the liability is subject to re-measurement at each reporting period if there has been a change to the key assumptions.

### Asset Impairment Evaluations

The carrying values of exploration, evaluation, mining properties in production or under development and plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the discounted future cash flows from these assets, the assets are written down to the fair value of the estimated future cash flows based on OceanaGold's weighted average cost of capital.

Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be fully recoverable.

### Derivative Financial Instruments/Hedge Accounting

The consolidated entity has used derivative financial instruments to manage commodity price and foreign currency exposures from time to time. Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently re-measured at their fair values at each reporting date.

The fair value of gold hedging instruments is calculated by discounting the future value of the hedge contract at the appropriate prevailing quoted market rates at the reporting date. The fair value of forward exchange contracts is calculated by reference to the current


forward exchange rate for contracts with similar maturity profiles.

**Stock Option Pricing Model**

Stock options granted to employees or external parties are measured by reference to the fair value at grant date and are recognised as an expense in equal instalments over the vesting period and credited to the contributed surplus account. The expense is determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradable nature of the option, the current price and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

**Income Tax**

The Group follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets including tax losses are recognised to the extent that it is probable that the Company will generate sufficient future taxable income. Utilisation of the tax losses also depends on the ability of the entities to satisfy certain tests at the time the losses are recouped.

**Foreign Currency Translation**

The consolidated financial statements are expressed in United States dollars (“USD”) and have been translated to USD using the current rate method described below. The controlled entities of OceanaGold have either Australian dollars (“AUD”), New Zealand dollars (“NZD”) or United States dollars (“USD”) as their functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation’s functional currency are recognised in the statement of income.

Significant areas where Management’s judgment is applied include ore reserve and resource determinations, exploration and evaluation assets, mine development costs, plant and equipment lives, contingent liabilities, current tax provisions and future tax balances and asset retirement obligations. Actual results may differ from those estimates.

## RISKS AND UNCERTAINTIES

This document contains some forward looking statements that involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by those forward looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things: volatility and sensitivity to market prices for gold; replacement of reserves; possible variations of ore grade or recovery rates; changes in project parameters; procurement of required capital equipment and operating parts and supplies; equipment failures; unexpected geological conditions; political risks arising from operating in certain developing countries; inability to enforce legal rights; defects in title; imprecision in reserve estimates; success of future exploration and development initiatives; operating performance of current operations; ability to secure long term financing and capital, water management, environmental and safety risks; seismic activity, weather and other natural phenomena; failure to obtain necessary permits and approvals from government authorities; changes in government regulations and policies including tax and trade laws and policies; ability to maintain and further improve labour relations; general business, economic, competitive, political and social uncertainties and other development and operating risks.

For further detail and discussion of risks and uncertainties refer to the Annual Information Form available on the Company’s website.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

**Adoption of new accounting policies**

The accounting policies adopted during the period are consistent with those of the previous financial year and corresponding reporting period.

**Accounting policies effective for future periods**

The following accounting policies are effective for future periods:

IFRS 9 – *Financial instruments*

This standard will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two classification categories: amortized cost and fair value.

Classification of debt assets will be driven by the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A ‘simple’ debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other financial assets, including investments in complex debt instruments and equity investments must be measured at fair value.

All fair value movements on financial assets must be recognised in profit or loss except for equity investments that are not held for trading (short-term profit taking), which may be recorded in other comprehensive income (FVOCI). However, in December 2012, the IASB proposed limited amendments which would introduce a FVOCI category for certain eligible debt instruments.

For financial liabilities that are measured under the fair value option, entities will need to recognise the part of the fair value change that is due to changes in the entity's own credit risk in other comprehensive income rather than profit or loss.

New hedging rules will also be included in the standard. These will make testing for hedge effectiveness easier which means that more hedges are likely to be eligible for hedge accounting. The new rules will also allow more items to be hedged and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments.

This standard is effective for years beginning on/after January 1, 2015. The Group has not assessed the impact of this new standard.

*IFRIC 21 ‑ Levies*

The standard sets out the accounting for an obligation to pay a levy imposed by a government in accordance with legislation. It clarifies that a liability must be recognised when the obligating event occurs, being the event that triggers the obligation to pay the levy.

This standard is effective for years beginning on/after January 1, 2014. It has no material impact on the Group.

IFRS 2 – Share-based payment

The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

This standard is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

It has no material impact on the Group.

IFRS 3 – Business combinations

The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39.

The amendment is effective for business combinations where the acquisition date is on or after 1 July 2014. The Group will apply the standard accordingly.

IAS 19 – Defined benefit plans and employee contributions

Amended to clarify the application of IAS 19 to plans that require employees or third parties to contribute toward the cost of benefits. This amendment does not affect accounting for voluntary contributions.

The amendment is effective for years commencing on or after 1 July 2014. The Group does not expect any material impact of this amendment.


**SUMMARY OF QUARTERLY RESULTS OF OPERATIONS**

The following table sets forth unaudited information for each of the eight quarters ended June 30, 2012 through to March 31, 2014. This information has been derived from our unaudited consolidated financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of our financial position and results of operations for those periods.

| STATEMENT OF OPERATIONS | Mar 31 2014 $000 | Dec 31 2013 $000 | Sep 30 2013 $000 | Jun 30 2013 $000 | Mar 31 2013 $000 | Dec 31 2012 $000 | Sep 30 2012 $000 | Jun 30 2012 $000 |
|---|---|---|---|---|---|---|---|---|
| Sales Revenue | 170,355 | 170,142 | 156,617 | 131,213 | 95,639 | 119,018 | 91,153 | 86,719 |
| EBITDA (excluding gain/(loss) on undesignated hedges and impairment charge) | 101,030 | 96,497 | 76,291 | 42,495 | 47,076 | 67,100 | 28,614 | 25,632 |
| Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges (net of tax and impairment charge) | 59,869 | 45,810 | 43,125 | (2,647) | 6,490 | 23,120 | 328 | 735 |
| Net Profit/(Loss) | 58,945 | (28,159) | 43,735 | (70,491) | 7,059 | 24,197 | (397) | 735 |
| Net earnings/(loss) per share | | | | | | | | |
| Basic | $0.20 | $(0.10) | $0.15 | $(0.24) | $0.02 | $0.09 | $(0.00) | $0.00 |
| Diluted | $0.19 | $(0.10) | $0.14 | $(0.24) | $0.02 | $0.09 | $(0.00) | $0.00 |

The most significant factors causing variation in the results are the volatility of the gold price and copper price, the variability in the grade of ore mined from the Macraes, Reefton and Didipio mines, the timing of waste stripping activities, movements in inventories and large movements in foreign exchange rates between the USD and the NZD.

**NON-GAAP MEASURES**

Throughout this document, we have provided measures prepared according to IFRS ("GAAP") as well as some non-GAAP performance measures. As non-GAAP performance measures do not have a standardised meaning prescribed by GAAP, they are unlikely to be comparable to similar measures presented by other companies.

We provide these non-GAAP measures as they are used by some investors to evaluate OceanaGold's performance. Accordingly, such non-GAAP measures are intended to provide additional information and should not be considered in isolation, or a substitute for measures of performance in accordance with GAAP.

Earnings before interest, tax, depreciation and amortisation (EBITDA) is one such non-GAAP measure and a reconciliation of this measure to net Profit / (Loss) is provided on page 12.

All-In Sustaining Costs per ounce sold is based on the World Gold Council methodology and is a non-GAAP measure.

Cash costs per ounce is another such non-GAAP measures and a reconciliation of these measures to cost of sales, is provided on the next page.


| Statement of Operations | | Q1 Mar 31 2014 | Q4 Dec 31 2013 | Q1* Mar 31 2013 |
|---|---|---|---|---|
| Cost of sales, excluding depreciation and amortisation | *$000* | 63,183 | 64,089 | 39,875 |
| Selling costs and Sundry General and Administration | *$000* | 8,573 | 5,663 | 365 |
| By-product credits | *$000* | (55,768) | (48,666) | - |
| Total Cash Costs (Net of by-product credits) | *$000* | 15,988 | 21,086 | 40,240 |
| Gold Sales from operating mines (ounces) | *$000* | 94,050 | 100,410 | 58,585 |
| Cash Operating Costs ($/ounce) | *$ per ounce* | 170 | 210 | 687 |

** Note: Commercial production was declared effective April 1, 2013 at the Didipio Mine and costs net any revenue received prior to this date were capitalised. Ounces sold reflect Didipio's contribution for the period from April 1, 2013 to December 31, 2013*

**ADDITIONAL INFORMATION**

Additional information referring to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com and the Company's website at www.oceanagold.com.

**DISCLOSURE CONTROLS AND PROCEDURES**

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at March 31, 2014. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at March 31, 2014 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management of OceanaGold, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting and disclosure controls and procedures as of March 31, 2014. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that they were effective at a reasonable assurance level.

There were no significant changes in the Company's internal controls, or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls requiring corrective actions.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that its disclosure controls and internal controls over financial reporting will prevent all errors and fraud. A cost effective system of internal controls, no matter how well conceived or operated, can provide only reasonable not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

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