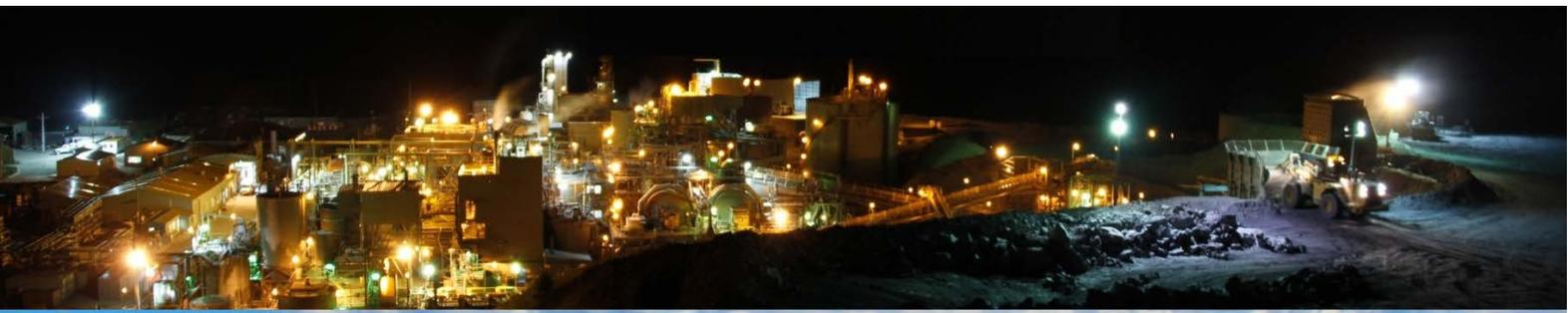




**UNDER EMBARGO UNTIL 8:00PM (AEDT) ON October 30,  
2014, 5:00AM (EDT) ON October, 30 2014**

Third Quarter 2014 Results  
October 30, 2014

[www.oceanagold.com](http://www.oceanagold.com)



# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

## 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](http://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 M. Holmes, 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. M. Holmes, 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. C. Bautista is a member of the AIG and is a "qualified person" for the purposes of NI 43-101. Messrs Holmes, Moore, Doyle, 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](http://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 Dorado Project please refer to the reports publicly available on SEDAR ([www.sedar.com](http://www.sedar.com)) prepared for Pacific Rim.

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

## HIGHLIGHTS

- Didipio YTD 2014 gold production of 71,473 ounces; tracking to exceed 2014 production guidance for Didipio.
- Consolidated YTD 2014 production of 214,751 ounces of gold and 18,263 tonnes of copper including 67,352 ounces of gold and 7,078 tonnes of copper from the third quarter.
- Consolidated YTD 2014 sales of 230,585 ounces of gold and 19,615 tonnes of copper at All-In Sustaining Costs of \$818 per ounce sold net of by-product credits.
- Consolidated sales of 64,241 ounces of gold and 6,690 tonnes of copper at cash costs of \$441 per ounce sold in the third quarter.
- Revenue of \$122.8 million with an EBITDA of \$43.5 million and a net profit of \$16.9 million for the third quarter.
- Completed the Didipio Optimisation Study and updated the Didipio Technical Report which further demonstrated the strong financial and operational attributes of the Didipio operation.
- Received the exploration permit renewal of the Paco tenements in north eastern Mindanao.
- Completed the Blackwater Preliminary Economic Assessment in the third quarter. Results demonstrate potential value from organic growth opportunity in New Zealand.

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 20 for explanation of non GAAP measures.

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

## OVERVIEW

### Operating and Financial Results

Consolidated production for year-to-date (“YTD”) 2014 was 214,751 ounces of gold and 18,263 tonnes of copper including 67,352 ounces of gold and 7,078 tonnes of copper in the third quarter. As previously guided, third quarter production was higher than the previous quarter on account of mine sequencing whereby higher grade ore was mined and processed at Didipio. The production increase can also be attributed to a higher mill feed at Didipio from better mill availability and higher throughput rates. The production increase was partly offset by decreased production at Reefton from a lower mill feed and head grade which was expected as the operation focused on the pit redesign following the minor pit wall failure resulting in less ore available for processing early in the quarter.

On a consolidated basis, YTD 2014 cash costs net of by-product credits were \$437 per ounce on sales of 230,585 ounces of gold and 19,615 tonnes of copper. Consolidated cash costs, net of by-product credits for the third quarter were \$441 per ounce on sales of 64,241 ounces gold and 6,690 tonnes copper. Cash costs were lower in the third quarter than in the previous quarter due mainly to higher copper by-product credits and to a weaker New Zealand dollar partly offset by lower gold sales in New Zealand.

On a co-product basis, consolidated cash costs were \$712 per ounce on 339,122 gold equivalent ounces sold for YTD 2014 and \$746 per ounce on 102,006 gold equivalent ounces sold for the third quarter. Consolidated All-In Sustaining Costs (“AISC”) net of by-product credits were \$818 per ounce for YTD 2014.

Consolidated revenue in the third quarter was \$122.8 million with an EBITDA of \$43.5 million and a net profit of \$16.9 million.

Consolidated third quarter average gold price received was \$1,271 per ounce compared to \$1,314 per ounce received in the previous quarter. The average copper price received for the quarter was \$6,932 per tonne versus \$6,924 per tonne in the previous quarter.

The cash balance at the end of the quarter was \$46.8 million compared to \$46.2 million at the end of the second quarter. The cash balance increased slightly during the third quarter due to lower cost of sales offset by lower sales revenue, the continued build-up of ore stocks at Didipio and capital expenditure to ramp up Didipio to 3.5 Mtpa. Lower gold sales in New Zealand were partly offset by higher gold and copper sales in the Philippines. Lower operating costs in New Zealand were also assisted by a weaker New Zealand dollar. With stronger production expected in the fourth quarter and lower costs in New Zealand, the Company expects to increase its cash position and repay additional debt.

For the YTD 2014, the Company has repaid \$30 million in debt.

In June 2013 and January 2014, the Company announced that it had put in place zero-cost collar hedging programs at its Reefton and Macraes operations respectively. These hedges are designed to cover all costs associated with capitalised mining, rehabilitation and operations so that the New Zealand operations remain cash flow positive over this period in a lower gold price environment. Subsequent to the quarter end, the Company expanded its hedging program in New Zealand through a zero-cost collar for 153,498 ounces. Under this program, the Company purchased put options at a strike price of NZ\$1,600 per ounce and sold an equal number of call options at a strike price of NZ\$1,736 per ounce. The expanded hedging program covers 80% of the expected gold production from New Zealand for a two-year period beginning in January 2015.

In the third quarter of 2014, the Company completed the Didipio Optimisation Study and subsequent to the quarter end, the Company published an updated National Instrument (“NI”) 43-101 Technical Report. The results of the study demonstrate the strong operational and financial attributes of the new mine plan for Didipio which includes a larger underground mine design and a significantly smaller open pit mine while bringing forward access to high grade underground feed by two years.

During the quarter, the Company completed the Blackwater Preliminary Economic Assessment (“PEA”) and released it in mid-October. The PEA results demonstrate robust economics that are however based on the Inferred Resource.

### Production & Cost Guidance

Looking ahead to the fourth quarter of 2014, production is expected to increase from the third quarter.

At Didipio, the mining operations will continue to advance Stage 3 of the open pit into a higher grade zone of the ore body while progressing Stage 4. The Company will make preparations for the construction of the underground portal and surface facilities which are expected to commence in the first quarter of 2015.

At Macraes, production is expected to be similar to the third and second quarters. At Reefton, production is expected to increase as mining and processing rates have returned to normal levels. The Company maintains its guidance range of 275,000 to 305,000 ounces of gold and 21,000 to 24,000 tonnes of copper at cash costs of \$400 to \$450 per ounce and AISC of \$750 to \$850 per ounce both net of by-product credits. The Didipio operation is tracking to exceed its 2014 production guidance. See Table 2 for full guidance.

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

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

		Didipio	New Zealand	Group
<b>Third Quarter 2014 Results</b>				
Gold Produced	ounces	26,207	41,145	67,352
Copper Produced	tonnes	7,078	–	7,078
Gold Sales	ounces	23,412	40,829	64,241
Copper Sales	tonnes	6,690	–	6,690
Average Gold Price Received	\$ per ounce	1,265	1,275	1,271
Average Copper Price Received	\$ per tonne	6,932	–	6,932
Cash Costs	\$ per ounce	(636) <sup>1</sup>	1,058	441 <sup>1</sup>
<b>YTD 2014 Results</b>				
Gold Produced	ounces	71,473	143,278	214,751
Copper Produced	tonnes	18,263	–	18,263
Gold Sales	ounces	77,422	153,163	230,585
Copper Sales	tonnes	19,615	–	19,615
Average Gold Price Received	\$ per ounce	1,296	1,303	1,301
Average Copper Price Received	\$ per tonne	6,933	–	6,933
Cash Costs	\$ per ounce	(480) <sup>1</sup>	900	437 <sup>1</sup>
All-In Sustaining Costs <sup>2</sup>	\$ per ounce	(166) <sup>1</sup>	1,315	818 <sup>1</sup>

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) <sup>1</sup>	\$840 – \$925 <sup>2</sup>	\$400 – \$450 <sup>1,2</sup>
All-In Sustaining Costs <sup>3</sup>	\$ per ounce	(\$240) – (\$210) <sup>1</sup>	\$1,170 – \$1,290 <sup>2</sup>	\$750 – \$850 <sup>1,2</sup>

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

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

## Philippines Overview

Didipio YTD 2014 production was 71,473 ounces of gold and 18,263 tonnes of copper. This included 26,207 ounces of gold and 7,078 tonnes of copper from the third quarter. Didipio's YTD 2014 gold equivalent production was 169,171 ounces including 64,993 ounces in the third quarter. As previously guided, the Company expected an increase in production at Didipio from the second quarter on account of mine sequencing whereby higher grade ore was mined and processed and on a higher mill feed and throughput rates.

Third quarter cash costs, net of by-product credits at Didipio were negative (\$636) per ounce on sales of 23,412 ounces of gold and 6,690 tonnes of copper. Didipio's third quarter co-product cash costs were \$537 per gold equivalent ounce sold. For YTD 2014, Didipio's AISC were negative (\$166) per ounce, net of by-product credits. The decrease in cash costs from the previous quarter was due primarily to higher sales.

The total material mined in the third quarter of 2014 was 6.6 million tonnes including 2.8 million tonnes of ore. During the quarter, the operations mined higher grade zones of the ore body from Stage 3 of the open pit while continuing to pre-strip Stage 4 and providing competent waste rock for the Tailings Storage Facility ("TSF") lift.

Mill feed in the third quarter was 849,656 tonnes, higher than the previous quarter on account of better mill availability and higher throughput rates achieved from debottlenecking activities.

Mill feed grade for the third quarter was 1.09 g/t gold and 0.90% copper, higher than in the previous quarter as a result of higher grade ore mined. Recovery for the third quarter was 88.3% for gold and 92.3% for copper.

## New Zealand Overview

In New Zealand, consolidated YTD 2014 gold production was 143,278 ounces including 41,145 ounces in the third quarter. As previously guided, third quarter production was expected to be lower than the previous quarter due mainly to decreased production at Reefton from a lower mill feed and head grade. In the second quarter, geotechnical instability of one of the pit walls at Reefton impacted access to the open pit. The Company redesigned the pit which was completed early in the third quarter. During this time, less ore was available for processing and as a result, the process plant was shut down while ore supplies were replenished.

Consolidated New Zealand YTD 2014 cash costs were \$900 per ounce on gold sales of 153,163 ounces and \$1,058 per ounce on gold sales of 40,829 ounces for the third quarter. New Zealand cash costs were slightly lower than in the second quarter due mainly to a weaker New Zealand dollar partly offset by lower sales.

New Zealand's YTD 2014 AISC was \$1,315 per ounce sold.

The Company's hedging program for the New Zealand operations are designed to cover all costs associated with capitalised mining, rehabilitation and operations to ensure a cash flow positive business in a lower gold price environment as the operations transition in to a care and maintenance phase over the next four years. New Zealand costs are expected to be lower next quarter on account of higher production and lower capitalised mining costs for Reefton.

The total material mined at the New Zealand operations in the third quarter was 5.3 million tonnes, similar to the previous quarter and significantly lower than the same period in 2013. Mill feed in New Zealand was 1.7 million tonnes for the third quarter, which was lower than in the previous quarter on account of lower mill feed at Reefton. The decrease was partly offset by an increase in mill feed at Macraes.

Mill feed grade was 0.90 g/t for the third quarter, lower than in the previous quarter due to low grade ore mined at Macraes and Reefton and to an increased proportion of low grade stockpile ore processed at Macraes. The overall recovery for the New Zealand operations was 83.2%, higher than the previous quarter from better recoveries at Macraes and Reefton.

## Project Development

During the quarter, the Company completed the Didipio Optimisation Study and subsequent to the quarter end, released an updated NI 43-101 Technical Report. Under the optimised mine plan, the underground portion of the operation will commence earlier by one year with development of the underground portal and surface facilities scheduled for the first quarter of 2015. Under the optimised design, the depth of the underground has increased by 250 vertical metres while the open pit has reduced significantly in size with the elimination of approximately 67 million tonnes of waste from the original mine plan.

Through the study, the Company has increased the resource for Didipio, improved the design of the operation and enhanced the economics through cost savings, lower unit costs and stronger cash flow profile. The Company has increased its Reserves at Didipio by 3.35 million tonnes of ore resulting in an increase of 180,300 ounces of gold and 8,480 tonnes of copper in total Reserves after depletion. Refer to the updated Technical Report at [www.oceanagold.com](http://www.oceanagold.com)

During the quarter, the Company completed the PEA on the Blackwater Project. The PEA results demonstrate robust economics that are however, based on the Inferred Resource. An exploration decline and further drilling is required to elevate the project to a feasibility stage.

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

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

	Q3 Sep 30 2014	Q2 Jun 30 2014	Q3 Sep 30 2013	YTD Sep 30 2014	YTD Sep 30 2013 <sup>2</sup>
Gold Sold (ounces)	23,412	17,746	20,827	77,422	31,913
Copper Sold (tonnes)	6,690	5,173	8,207	19,615	13,280
Silver Sold (ounces)	74,054	63,130	127,945	234,582	206,482
Average Gold Price Received (\$ per ounce)	1,265	1,294	1,339	1,296	1,315
Average Copper Price Received (\$ per tonne)	6,932	6,924	7,017	6,933	7,047
Cash Operating Costs <sup>1</sup> (\$ per ounce)	(636)	(254)	(1,336)	(480)	(1,076)
<b>Cash Operating Margin (\$ per ounce)</b>	<b>1,901</b>	<b>1,548</b>	<b>2,675</b>	<b>1,776</b>	<b>2,391</b>

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 Mine Operating Statistics**

	Q3 Sep 30 2014	Q2 Jun 30 2014	Q3 Sep 30 2013	YTD Sep 30 2014	YTD Sep 30 2013 <sup>*</sup>
Gold Produced (ounces)	26,207	14,786	18,011	71,473	38,564
Copper Produced (tonnes)	7,078	4,706	6,150	18,263	15,523
Silver Produced (ounces)	82,787	56,436	75,227	215,423	254,530
Total Ore Mined (tonnes)	2,785,511	1,404,959	2,602,651	5,864,566	6,169,046
Ore Mined Grade Gold (grams/tonne)	0.60	0.47	0.58	0.63	0.54
Ore Mined Grade Copper (%)	0.52	0.48	0.55	0.54	0.60
Total Waste Mined (tonnes) including pre-strip	3,793,036	4,675,419	3,832,560	12,913,331	10,925,601
Mill Feed (dry milled tonnes)	849,656	640,617	672,921	2,240,899	1,849,174
Mill Feed Grade Gold (grams/tonne)	1.09	0.80	0.97	1.11	0.78
Mill Feed Grade Copper (%)	0.90	0.79	0.97	0.87	0.93
Recovery Gold (%)	88.3	89.4	86.2	89.2	80.8
Recovery Copper (%)	92.3	93.3	94.2	93.6	90.0

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

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

	Q3 Sep 30 2014	Q2 Jun 30 2014	Q3 Sep 30 2013	YTD Sep 30 2014	YTD Sep 30 2013
Gold Sales (ounces)	40,829	54,548	54,762	153,163	172,967
Average Price Received (\$ per ounce)	1,275	1,321	1,331	1,303	1,453
Cash Operating Cost (\$ per ounce)	1,058	1,114	882	900	828
<b>Cash Operating Margin (\$ per ounce)</b>	<b>217</b>	<b>207</b>	<b>449</b>	<b>403</b>	<b>625</b>

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

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

	Q3 Sep 30 2014	Q2 Jun 30 2014	Q3 Sep 30 2013	YTD Sep 30 2014	YTD Sep 30 2013
Gold Produced (ounces)	41,145	46,045	56,686	143,278	171,949
Total Ore Mined (tonnes)	991,379	602,092	2,315,658	3,347,267	6,090,757
Ore Mined Grade (grams/tonne)	1.27	1.35	1.25	1.27	1.21
Total Waste Mined (tonnes) including pre-strip	4,278,361	4,766,500	13,900,056	16,710,104	44,108,181
Mill Feed (dry milled tonnes)	1,704,453	1,773,665	1,835,140	5,171,829	5,465,485
Mill Feed Grade (grams/tonne)	0.90	0.98	1.20	1.04	1.21
Recovery (%)	83.2	82.5	80.1	82.6	80.7

**Table 7 – Macraes Goldfield Operating Statistics**

	Q3 Sep 30 2014	Q2 Jun 30 2014	Q3 Sep 30 2013	YTD Sep 30 2014	YTD Sep 30 2013
Gold Produced (ounces)	35,403	35,641	42,199	111,712	130,401
Total Ore Mined (tonnes)	653,672	397,419	1,878,700	2,354,723	4,936,537
Ore Mined Grade (grams/tonne)	1.38	1.46	1.19	1.30	1.15
Total Waste Mined (tonnes) including pre-strip	1,794,455	740,603	9,061,894	5,470,013	30,887,344
Mill Feed (dry milled tonnes)	1,468,187	1,401,993	1,493,679	4,145,928	4,398,948
Mill Feed Grade (grams/tonne)	0.90	0.96	1.10	1.01	1.14
Recovery (%)	83.3	82.8	79.7	83.0	80.6

**Table 8 – Reefton Mine Operating Statistics**

	Q3 Sep 30 2014	Q2 Jun 30 2014	Q3 Sep 30 2013	YTD Sep 30 2014	YTD Sep 30 2013
Gold Produced (ounces)	5,742	10,404	14,487	31,566	41,548
Total Ore Mined (tonnes)	337,707	204,673	436,958	992,544	1,154,220
Ore Mined Grade (grams/tonne)	1.04	1.14	1.51	1.21	1.48
Total Waste Mined (tonnes) including pre-strip	2,483,906	4,025,897	4,838,162	11,240,091	13,220,837
Mill Feed (dry milled tonnes)	236,266	371,672	341,461	1,025,901	1,066,537
Mill Feed Grade (grams/tonne)	0.92	1.07	1.61	1.16	1.48
Recovery (%)	82.6	81.4	81.8	81.2	81.4

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

## PRODUCTION

For the YTD 2014, the Company had produced 214,751 ounces of gold and 18,263 tonnes of copper. YTD 2014 cash costs net of by-product credits were \$437 per ounce on sales of 230,585 ounces of gold and 19,615 tonnes of copper. The Company's AISC net of by-product credits were \$818 per ounce sold for YTD 2014.

In the third quarter, the Company produced 67,352 ounces of gold and 7,078 tonnes of copper. As previously guided, third quarter production was expected to be higher than the previous quarter on account of mine sequencing whereby higher grade ore was mined and processed at Didipio. The production increase can also be attributed to a higher mill feed at Didipio from better mill availability and higher throughput rates. The production increase was partly offset by a decrease in production at Reefton on account of a lower mill feed and head grade which was expected as the operation was focused on the pit redesign following the minor pit wall failure resulting in less ore available for processing early in the quarter.

The Company's consolidated cash costs net of by-product credits for the third quarter were \$441 per ounce on sales of 64,241 ounces of gold and 6,690 tonnes of copper.

### Didipio Mine (Philippines)

The Didipio operation recorded no lost time injuries ("LTI") during the quarter and at the end of the third quarter it had achieved approximately 2.3 million man hours without an LTI.

In the third quarter of 2014, Didipio produced 26,207 ounces of gold and 7,078 tonnes of copper. The increase in production on the previous quarter was due to higher grades processed as mining operations were focused on a higher grade zone of the ore body. Additionally, the production increase was a result of better mill availability and higher throughput rates from debottlenecking activities.

In the third quarter, the operations were focused on balancing ore mining from Stage 3 of the open pit with pre-stripping of Stage 4 and providing competent waste rock to the next stage of the TSF lift.

The total material mined in the third quarter was 6.6 million tonnes, an increase on the previous quarter due primarily to increased equipment utilisation and mining efficiencies. The total ore mined in the quarter was 2.8 million tonnes compared to 1.4 million tonnes in the second quarter. This increase can be attributed to mine sequencing where more ore than waste was available within Stage 3 of the open pit. Most of the ore mined was delivered to stockpiles and as at the end of the quarter, nearly 11 million tonnes of ore had been stockpiled for future processing.

Total mill feed in the third quarter was 849,656 tonnes, an increase of 33% from the previous quarter and the highest quarterly throughput the operation has recorded to date. The increase can be attributed to better mill availability following an extended process plant shutdown in the second quarter for planned maintenance and debottlenecking activities. With the installation of a new tailings delivery line and process plant upgrades through debottlenecking, the process plant operated at a higher throughput during the quarter. Debottlenecking of the process plant continues to advance well and the Company is on track to achieve a steady-state throughput rate of 3.5 Mtpa by the end of 2014.

Mill feed grade for the third quarter was 1.09 g/t for gold and 0.90% for copper, both higher than in the previous quarter on account of mining higher grade ore from Stage 3 of the ore body. Gold and copper recoveries were slightly lower at 88.3% and 92.3% respectively, due to the processing a portion of oxidized ore.

In the third quarter, the Company made three shipments of concentrate totalling 15,779 dry metric tonnes to smelters in Asia and delivered over 3,600 ounces of gold in Dore bars to the mint in Perth, Australia.

Looking ahead to the fourth quarter of 2014, the mining operations at Didipio will continue to advance Stage 3 of the open pit into a higher grade zone of the ore body while continuing to pre-strip Stage 4.

With the completion of the Didipio Optimisation Study and subsequent updated NI 43-101 Technical Report, the Company will make preparations for the construction of the underground portal and surface facilities which are expected to commence in the first quarter of 2015.

With stronger production results coming through the third quarter, Didipio is tracking to exceed its 2014 production guidance.

### Macraes Goldfield (New Zealand)

There were no LTI's during the quarter for the Macraes operations.

Gold production from the Macraes goldfield for the quarter was similar to the previous quarter at 35,403 ounces.

The total material mined at Macraes for the third quarter was 2.4 million tonnes, more than double that of the previous quarter. Following the pit wall failure in April, mining operations resumed at the Frasers open pit with the construction of a new haul road to access the southern end of the pit late in the second quarter while mining of ore recommenced early in the third quarter. During the quarter, the operation also mined a small

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

cutback located on the west wall of the Innes Mills open pit.

The Company commenced the construction of a haul road to the Coronation pit, located on a ridgeline about five kilometres north of the process plant in the third quarter. The haul road was completed late in the quarter and mining of waste rock commenced ahead of schedule.

Ore mined from the Frasers underground was 270,512 tonnes, a 31% increase on the previous quarter. The increased production was a result of bringing a large number of stopes online in Panel 2 and from the establishment of three ore passes in the 4M panel.

Mill feed was 1.47 million tonnes, an increase of 5% on the previous quarter due to better plant availability. The mill feed grade was 0.90 g/t compared to 0.96 g/t in the previous quarter. The decrease in head grade was a result of mining lower grade ore and processing a higher proportion of low grade stockpile ore.

Overall plant recovery of 83.3% was better than the recovery of 82.8% from the previous quarter, mainly due to increased flotation recoveries and continued strong Carbon-In-Leach ("CIL") recoveries but partly offset by a lower head grade.

Looking ahead to the fourth quarter of 2014, production at Macraes is expected to be similar to the third and second quarters. The operation will continue to feed low grade stockpile ore in addition to the feed from the mining operations. Mining is planned at the south end of the Frasers open pit and at the Innes Mills West open pit. At Coronation, only a small amount of ore is planned to be mined in the fourth quarter as the primary focus there is on overburden removal.

The Company is on track to deliver on its Macraes guidance for the year.

## Reefton Mine (New Zealand)

In the third quarter of 2014, three LTIs were recorded at the Reefton operation when two employees sustained injuries to their hands while the other injured his lower leg. All injuries were a result of not following standard operating procedures. The Company has increased its task based observations and provided additional training to its workforce to mitigate future occurrences.

Gold production at Reefton was 5,742 ounces, a 45% decrease from the second quarter. As previously guided by the Company, the decrease in production was expected on account of a lower mill feed and head grade as the operation was focused on the pit redesign and following the minor pit wall failure resulting in less ore available for processing early in the quarter.

As reported in the second quarter, geotechnical instability of one of the pit walls affected access to the

open pit. As a result, the Company redesigned the open pit to include a new alignment of the internal access road and revised its mine plan for Reefton. The development of the open pit with the internal haul road alignment was completed early in the third quarter.

Under the new mine plan, production at Reefton is expected to be lower for the full year than originally planned. However, the overall life of mine production has increased. Mining and process rates returned to planned levels in the third quarter and with the completion of the final cutback at Reefton, ore production with a significantly lower stripping ratio will maintain mill capacity for the remainder of the current mine plan.

Total material mined from the open pit was 2.8 million tonnes, a decrease of 33% from the previous quarter while total ore mined was 337,707 tonnes, a 65% increase from the previous quarter. The increase is a result of the haul road realignment which exposed increased ore left within the berms late in the third quarter.

Mill feed for the quarter was 236,266 tonnes, down 36% from the previous quarter. With the realignment of the access road into the open pit, less ore was available for processing and as a result, the process plant was shut down for a period of six weeks at the beginning of the third quarter. During this time, opportune maintenance activities were completed while stockpiles were replenished.

The mill feed grade in the third quarter was 0.92 g/t versus 1.07 g/t in the previous quarter. The decrease was on account of lower grade ore mined due to restricted access to the high grade section of the pit.

Gold recovery for the quarter was 82.6%, higher than in the previous quarter on account of better flotation recoveries and stockpile blending to provide consistent material type but partly offset by a lower head grade.

Looking ahead at Reefton, production is expected to increase as operational rates have returned to planned levels. The updated pit design provides increased ore exposure and gold production profile which will enable the operation to remain cash flow positive after rehabilitation costs for the remaining mine plan out to the end of 2015.

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

## EXPLORATION

Exploration expenditure for the third quarter totalled \$1.2 million.

Exploration activities for the third quarter were mainly focussed on the geophysical survey of the near mine site area around Didipio. Additionally, the Company began preparation for a geophysical survey at its Paco tenement in Mindanao after it had received the exploration permit renewal.

### Philippines

Third quarter 2014 exploration expenditure in the Philippines was \$0.7 million.

During the quarter, the Company carried out a geophysical survey of the near mine-site area around Didipio. The survey is designed to locate deep-seated mineralisation within the Didipio mining area at depths between 500 and 1,000 metres from surface.

As at the end of the third quarter, the Company completed 28 kilometres of the geophysical survey at 200 to 400 metre line spacing (Figure 1). Preliminary results demonstrate high chargeability targets to the northwest and southeast of the Didipio ore body.

The majority of the results of the survey are pending and will be used in conjunction with the previous near mine drilling data to determine additional drill targets.

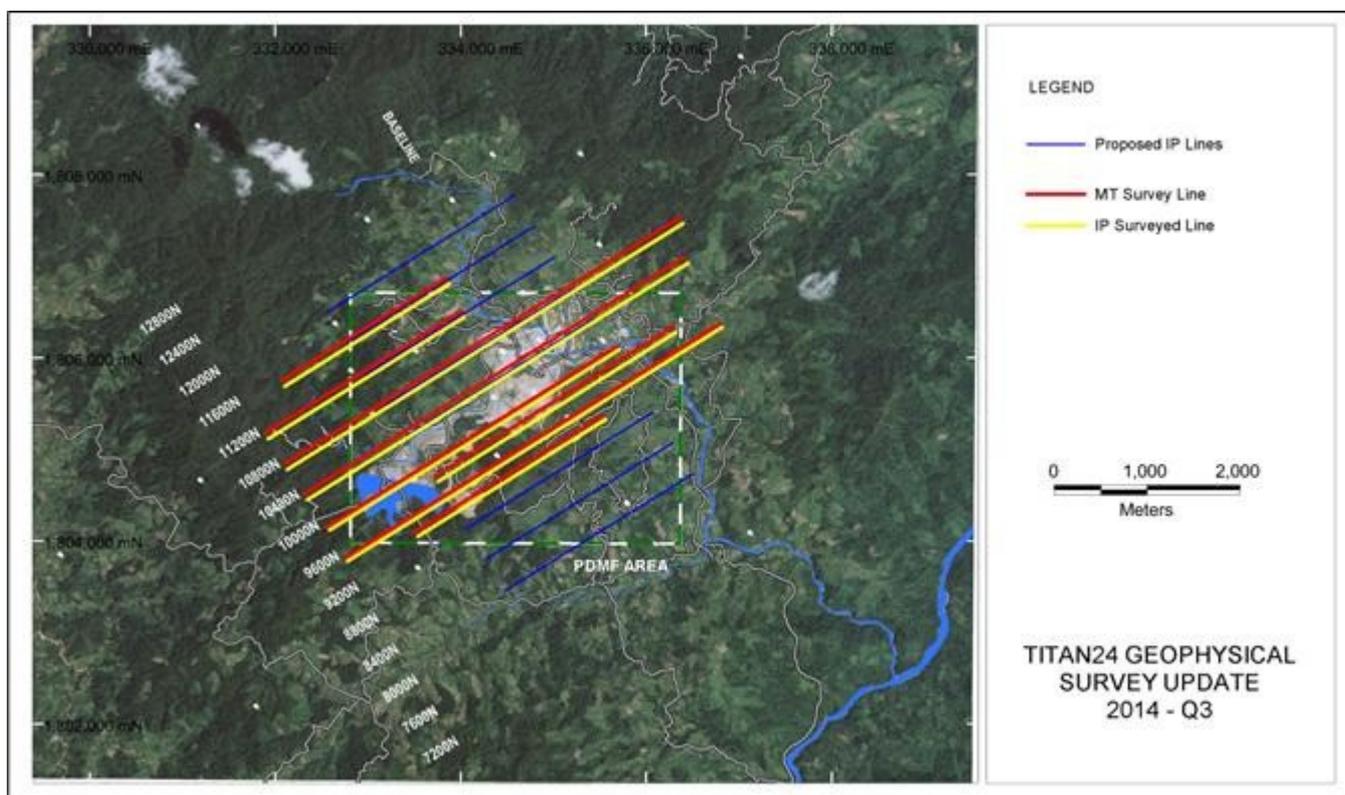
Prior to the quarter end, the Company received the renewal for two of its exploration permits at its tenements in Paco, which is located in north eastern Mindanao. Subsequent to the quarter end, the Company commenced the exploration program at Paco to identify buried porphyry systems beneath young volcanic and sedimentary formations. The tenements are immediately to the west of the Silangan porphyry copper-gold deposits. Both of these deposits occur beneath the same formation.

The Company has completed reconnaissance works in anticipation for a geophysical survey planned at Paco in the fourth quarter.

### Australia

In late August, Climax Australia Pty Ltd ("CAPL"), a wholly owned subsidiary of OceanaGold Corporation elected to contribute to the annual exploration expenditure of the Second Junction Reefs Joint Venture, totalling circa A\$200,000. The Second Junction Reefs Joint Venture was formed in 2000 between subsidiaries of OceanaGold, Newcrest Mining and Barrick Gold.

Figure 1: Location of the Titan 24 IP-MT survey lines in the Didipio FTAA area



# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

## Project Development

During the quarter, the Company completed the Didipio Optimisation Study and updated the Didipio Technical Report subsequent to the quarter. Under the updated mine plan, the Didipio underground development will commence one year earlier than planned with surface facilities and underground portal development commencing in the first quarter of 2015.

In the optimised Didipio mine plan the interface (crown pillar) between the underground and the open pit was lifted higher by 80 metres resulting in the elimination of 68 million tonnes of waste resulting in a cost savings of \$215 million from 2018 to 2020. The Company also extended the depth of the underground by 170 metres thus increasing the overall size of the underground portion of the mine plan by 250 metres. With these changes, the Company has enhanced the economics of the asset resulting in an after-tax cash flow of \$944 million and an increased Reserve of 3.35 million tonnes of ore.

During the quarter, the debottlenecking activities of the Didipio process plant to achieve the planned 3.5 Mtpa throughput rate continued to advance well. The Company will install and commission the pebble crusher circuit in early November while the power grid connection development continues to advance well.

In New Zealand, the Company completed the Blackwater PEA during the third quarter. The results of the study, which are based on an Inferred Resource indicate robust economics under the base case assumptions. In order to advance the project into a pre-feasibility stage, additional drilling is required. The next phase of the project includes the development of an exploration decline and subsequent drilling program to further define the ore body and advance the project to a feasibility level study. The cost of this phase is estimated to be \$40 million over a two year period.

The Round Hill Study continues to advance with further test work underway while the Company investigates tungsten offtake opportunities with tungsten suppliers.

## Sustainability

In the third quarter, the Company invested approximately \$1.5 million on community initiatives and programs mostly within Didipio and neighbouring communities and in El Salvador.

In the Philippines, the majority of this investment was spent on infrastructure projects such as community road network and elementary school classroom upgrades, construction and rehabilitation of water systems and construction of a basketball court and a health centre.

The Company continued to provide support to community education programs through salary subsidisation and access to training and seminars for educators. Assistance was also provided for the procurement of instructional materials, equipment and logistics for school competitions and activities.

During the third quarter, the Company launched the Leadership Enhancement and Attitude Development (LEAD) Program. The program is designed to provide the Company's university scholars with an opportunity to develop new skills that would in turn help them perform better in school and prepare them to join the workforce upon graduation. Twenty nine scholars participated in a three day LEAD Program which was organized in partnership with the Pilipinas Shell Foundation Inc. ("PSFI").

During the quarter, the Company made considerable investments in enterprise development to support the establishment of new community enterprises such as a new hardware store in Didipio. For the third quarter, the Didipio Community Development Corporation ("DiCorp") generated \$1.4 million in revenue from the mine services it provides to the Didipio operations.

The Company's tree nursery continued to advance well with the addition of 88,000 seeds of various forest and fruit bearing trees sown during the quarter while a total of nearly 33,000 seedlings have been readied for the fourth quarter.

In El Salvador, the Company continues to make investments in programs and initiatives based on the requirements identified by the local stakeholder groups within the El Dorado Project and neighbouring communities.

Most of the investment was made in education programs such as English, computer and literacy classes and to skills development such as stonemasonry. The Company continued to provide tuition support to its employees seeking to further their education. Investments were also made to recreational facilities such as parks and to health programs for women.

The Company was also focused on promoting entrepreneurship within its local communities by conducting workshops that demonstrated manufacturing of consumer products such as multipurpose soap and cleaning products such as shampoos.

Finally, the Company made investments on infrastructure projects that include upgrades to local schools, support for a compost plant and road repair.

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

## FINANCIAL SUMMARY

STATEMENT OF OPERATIONS	Q3 Sep 30 2014 \$000	Q2 Jun 30 2014 \$000	Q3 Sep 30 2013 \$000	YTD Sep 30 2014 \$000	YTD Sep 30 2013 \$000
Sales	122,838	127,480	156,617	420,673	383,470
Cost of sales, excluding depreciation and amortisation	(68,995)	(88,543)	(76,249)	(220,721)	(196,562)
General & Administration	(7,870)	(9,431)	(6,895)	(25,616)	(19,821)
Foreign Currency Exchange Gain/(Loss)	(2,509)	116	2,688	523	741
Other income/(expense)	41	(20)	130	(722)	(1,965)
<b>Earnings before interest, tax, depreciation &amp; amortisation (EBITDA) (excluding gain/(loss) on undesignated hedges and impairment charge)</b>	<b>43,505</b>	<b>29,602</b>	<b>76,291</b>	<b>174,137</b>	<b>165,863</b>
Depreciation and amortisation	(30,651)	(31,433)	(25,089)	(95,450)	(94,460)
Net interest expense and finance costs	(2,980)	(2,844)	(6,287)	(8,254)	(18,987)
<b>Earnings/(loss) before income tax and gain/(loss) on undesignated hedges and impairment charge</b>	<b>9,874</b>	<b>(4,675)</b>	<b>44,915</b>	<b>70,433</b>	<b>52,416</b>
Tax (expense)/ benefit on earnings/loss	10,814	5,668	(1,790)	11,117	(5,449)
<b>Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges and impairment charge</b>	<b>20,688</b>	<b>993</b>	<b>43,125</b>	<b>81,550</b>	<b>46,967</b>
Impairment charge	-	-	-	0	(85,500)
Gain/(loss) on fair value undesignated hedges	(5,284)	(4,328)	871	(10,895)	(7,293)
Tax (expense)/benefit on gain/loss on undesignated hedges and impairment	1,480	1,212	(261)	3,051	26,128
<b>Net Profit/(loss)</b>	<b>16,884</b>	<b>(2,123)</b>	<b>43,735</b>	<b>73,706</b>	<b>(19,698)</b>
Basic earnings per share	\$0.06	\$(0.01)	\$0.15	\$0.25	\$(0.07)
Diluted earnings per share	\$0.05	\$(0.01)	\$0.14	\$0.24	\$(0.07)
<b>CASH FLOWS</b>					
Cash flows from Operating Activities	28,209	52,730	39,101	154,227	70,406
Cash flows used in Investing Activities	(27,641)	(31,091)	(35,412)	(82,879)	(125,612)
Cash flows used in Financing Activities	(2,092)	(12,603)	(3,004)	(39,893)	(33,173)

BALANCE SHEET	As at Sep 30 2014 \$000	As at Dec 31 2013 \$000
Cash and cash equivalents	46,821	24,788
Other Current Assets	114,439	126,400
Non-Current Assets	748,819	745,638
<b>Total Assets</b>	<b>910,079</b>	<b>896,826</b>
Current Liabilities	97,314	129,478
Non-Current Liabilities	155,578	175,618
<b>Total Liabilities</b>	<b>252,892</b>	<b>305,096</b>
<b>Total Shareholders' Equity</b>	<b>657,187</b>	<b>591,730</b>

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

## RESULTS OF OPERATIONS

### Net Earnings

In the third quarter, the Company reported a quarterly net profit of \$16.9 million versus a net loss of \$2.1 million in the previous quarter. The Company reported quarterly EBITDA (excluding gain/loss on undesignated hedges) of \$43.5 million in the third quarter compared to \$29.6 million in the second quarter. The increase from the previous quarter was attributed to lower operating costs mainly in New Zealand, a weaker New Zealand dollar and higher copper sales, partly offset by lower gold sales in New Zealand and lower average gold price received.

### Sales Revenue

#### Philippines

Third quarter concentrate sales revenue net of concentrate treatment, refining and selling costs in Philippines was \$66.9 million of which copper revenue was \$46.4 million while gold bullion revenue was \$3.8 million. In the third quarter, the average gold price received at Didipio was \$1,265 per ounce compared to \$1,294 per ounce in the previous quarter and the average copper price received was \$6,932 per tonne compared to \$6,924 per tonne in the previous quarter. Third quarter sales at Didipio were 23,412 ounces of gold and 6,690 tonnes of copper, an increase on the previous quarter as a result of higher production. Silver sales for the quarter were 74,054 ounces compared with 42,550 ounces in the previous quarter.

During the quarter, the Company shipped 15,779 dry metric tonnes of concentrate to smelters in Asia.

#### New Zealand

In New Zealand, third quarter revenue was \$52.0 million which was lower than the previous quarter on account of a lower average gold price received and decreased sales from lower production at Reefton.

The average gold price received in New Zealand in the third quarter was \$1,275 per ounce compared to \$1,321 per ounce received in the previous quarter. Gold sales in the third quarter were 40,829 ounces compared to 54,548 ounces in the previous quarter.

### Operating Costs and Margins per Ounce

#### Philippines

Operating cash costs at Didipio were negative (\$636) per ounce sold, net of by-product credits for the third quarter compared to negative (\$254) per ounce sold in the previous quarter. On a co-product basis, the operating cash costs were \$537 per ounce of 61,177 equivalent gold ounces sold compared to \$702 per

ounce in previous quarter. The decrease in cash costs was due mainly to higher copper by-product credits.

#### New Zealand

Operating cash costs in New Zealand were \$1,058 per ounce sold for the third quarter compared to \$1,114 per ounce in the previous quarter. The decrease from the previous quarter was due mainly to decreased costs and a weaker New Zealand dollar, partly offset by lower sales.

### 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 \$30.6 million for the third quarter compared to \$31.4 million in the previous quarter. The decrease reflects the decreased production from New Zealand in the quarter, partly offset by higher production in Philippines.

### Net Interest Expense and Finance Costs

The net interest expense and finance costs of \$3.0 million for the quarter were in line with the previous quarter.

### 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 September 30, 2014, reflect a loss of \$5.3 million compared to a loss of \$4.3 million in the previous quarter.

Details of the derivative instruments held by the Company at quarter end are summarised below under "Derivative Assets/ Liabilities".

## DISCUSSION OF CASH FLOWS

### Operating Activities

Cash inflows from operating activities were \$28.2 million for the third quarter compared to \$52.7 million in the previous quarter. The decrease was due primarily to lower sales in New Zealand from decreased production at Reefton, partly offset by increased sales in Philippines. The decrease can also be attributed to net increases in receivables and inventories mainly in Philippines and less drawdown of inventories in New Zealand.

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

## Investing Activities

Cash used for investing activities totalled \$27.6 million in the third quarter compared to \$31.1 million in the previous quarter.

Investing activities included expenditures in capitalised mining and on sustaining and expansionary capital.

## Financing Activities

Financing net outflows for the third quarter were \$2.1 million compared to a net outflow of \$12.6 million in the previous quarter. In previous quarter, borrowings were repaid of \$10.0 million.

## DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

### Company's funding and capital requirements

For the quarter ended September 30, 2014, the Company recorded a net profit of \$16.9 million. As at the end of the quarter, the cash funds held were \$46.8 million and net current assets were \$63.9 million at quarter end.

In the second quarter, the Company had refinanced its corporate debt whereby the existing facilities which included the drawn \$117.8 million term facility were consolidated into a \$200 million revolving credit facility. This revolving credit facility consists of competitive financial terms and standard corporate debt covenants and matures on June 30, 2017. No further drawdown was required during the third quarter.

As at the end of the third quarter, the Company had immediate available liquidity of \$129.0 million including \$46.8 million in cash.

### Commitments

The Company's capital commitments as at September 30, 2014 are as follows:

	Sep 30 2014 \$000
Within 1 year	10,250

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

## Financial Position

### Current Assets

Current assets were \$161.3 million as at September 30, 2014 compared to \$151.2 million as at December 31, 2013. The variance in the current assets was due mainly to an increase in cash generated from operations as well as increased trade receivables partly

offset by a decrease in inventories mainly in New Zealand.

### Non-Current Assets

Non-current assets were \$748.8 million as at September 30, 2014 compared to \$745.6 million as at December 31, 2013. The variance is due mainly to increases in inventories mainly in Philippines, input tax credits paid and capitalised mining costs but partly offset by depreciation and amortisation.

### Current Liabilities

Current liabilities were \$97.3 million as at September 30, 2014 compared to \$129.5 million as at December 31, 2013. This decrease was attributed mainly to the repayment of \$30 million in debt in the first half of 2014.

### Non-Current Liabilities

Non-current liabilities were \$155.6 million as at September 30, 2014 compared to \$175.6 million as at December 31, 2013. The decrease was mainly due to a reduction in finance lease liability, decrease in deferred tax liabilities which was offset against deferred tax assets, and decrease in asset retirement obligations in New Zealand following utilisation and re-assessment of requirements.

### Derivative Assets / Liabilities

In 2013, the Company 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 Reefton for the period from July 2013 to June 2015. As at the end of the third quarter of 2014, the balance of gold production under this agreement was 38,250 ounces.

Early in the first quarter, the Company entered into another 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 from Macraes over a two-year period ending December 2015. As at the end of the third quarter of 2014, the balance of gold production under this agreement was 127,751 ounces.

Subsequent to the quarter end, the Company expanded its hedging program in New Zealand through a zero-cost collar for 153,498 ounces. Under this program, the Company purchased put options at a strike price of NZ\$1,600 per ounce and sold an equal number of call options at a strike price of NZ\$1,736 per ounce. This expanded hedging program covers 80% of the expected gold production from New Zealand from a two-year period beginning in January 2015.

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

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:

	Sep 30 2014 \$000	Dec 31 2013 \$000
<b>Current Assets</b>		
Gold put/call options	286	7,501
<b>Non-Current Assets</b>		
Gold put/call options	-	2,619
<b>Total Assets</b>	<b>286</b>	<b>10,120</b>
<b>Non-Current Liabilities</b>		
Gold put/call options	842	-
<b>Total Liabilities</b>	<b>842</b>	<b>-</b>

## Shareholders' Equity

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

	Period Ended Sep 30 2014 \$000
Total equity at beginning of the quarter	664,872
Profit/(loss) after income tax	16,884
Movement in other comprehensive income	(26,661)
Movement in contributed surplus	466
Issue of shares/ (Equity raising costs)	1,626
<b>Total equity at end of financial period</b>	<b>657,187</b>

Shareholder's equity has decreased by \$7.7 million to \$657.2 million at September 30, 2014, mainly as a result of currency translation differences reflected in "Other Comprehensive Income" that arise from the translation of entities with a functional currency other than USD. This was partly offset by the issuance of

shares as employees exercised shares options and a net profit after tax for the period of \$16.9 million.

## Capital Resources

As at September 30, 2014, the share and securities summary was:

Shares outstanding	301,520,186
Options and share rights outstanding	9,225,037

As at October 30, 2014, there was no change in shares and securities:

Shares outstanding	301,520,186
Options and share rights outstanding	9,225,037

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

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

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

### i. Mining assets

The future recoverability of mining assets including capitalized exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related tenements itself or, if not, whether it successfully recovers the related mining assets through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices and foreign exchange rates.

Exploration and evaluation expenditure is capitalized if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. These assets are allocated based on the geographical location of the asset. To the extent that capitalized exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

### ii. Impairment of assets

The Group assesses each Cash-Generating Unit (CGU), to determine whether there is any indication of impairment or reversal. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value less costs to sell and value in use calculated in accordance with accounting policy. These assessments require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, future operating development and sustaining capital requirements and operating performance (including the magnitude and timing of related cash flows).

### iii. Net realizable value of inventories

The Group reviews the carrying value of its inventories at each reporting date to ensure that the cost does not exceed net realizable value. Estimates of net realizable value include a number of assumptions and estimates, including grade of ore, commodity price forecasts, foreign exchange rates and costs to process inventories to a saleable product.

### iv. Asset retirement obligations

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques and experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results. These estimates are reviewed annually and adjusted where necessary to ensure that the most up to date data is used.

### v. Determination of ore reserves and resources

Ore reserves and resources are based on information compiled by a Competent Person as defined in accordance with the Australasian Code of Mineral Resources and Ore Reserves (the JORC code) and in accordance with National Instrument 43-101-Standards of Disclosure for Mineral Projects ("NI-43-101") under the guidelines set out by the Canadian Institute of Mining, Metallurgy and Petroleum. There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Such changes in reserves could impact on depreciation and amortization rates, asset carrying values and provisions for rehabilitation.

### vi. Taxation

The Group's accounting policy for taxation requires management's judgment in relation to the application of income tax legislation. There may be some transactions and calculations undertaken during the ordinary course of business where the ultimate tax determination is uncertain. The Group recognizes liabilities for tax, and if appropriate taxation investigation or audit issues, based on whether tax will be due and payable. Where the taxation outcome of such matters is different from the amount initially recorded, such difference will impact the

# Management Discussion and Analysis Report for the Third Quarter ended September 30, 2014

current and deferred tax positions in the period in which the assessment is made.

In addition, certain deferred tax assets for deductible temporary differences and carried forward taxation losses have been recognized. In recognizing these deferred tax assets, assumptions have been made regarding the Group's ability to generate future taxable profits. Utilization of the tax losses also depends on the ability of the tax consolidated entities to satisfy certain tests at the time the losses are recouped. If the entities fail to satisfy the tests, the carried forward losses that are currently recognized as deferred tax assets would have to be written off to income tax expense. There is an inherent risk and uncertainty in applying these judgments and a possibility that changes in legislation will impact upon the carrying amount of deferred tax assets and deferred tax liabilities recognized on the statement of financial position.

Moreover, in certain jurisdictions, tax losses may be restricted and only available to offset future profits generated from the same mining permit area. In this case, the recovery of the losses depends on the successful exploitation of the relevant project. Restricted losses could be forfeited if the project did not proceed.

## vii. Non-Controlling Interest

A third party has a contractual right to an 8% interest in the operating vehicle that is formed to undertake the management, development, mining and processing of ore, and marketing of products as part of the Didipio mine in the Philippines. This 8% interest in the common share capital of the operating vehicle has similar voting and dividend rights to the remaining majority, subject to the operating vehicle having fully recovered its pre-operating costs. A subsidiary of the Company is currently involved in arbitration proceedings with the third party over certain payment claims.

At the same time, the third party is also involved in a legal dispute with another party over the ownership of the 8% interest. At September 30, 2014 no such equity has been issued to any third party. Consequently, no non-controlling interest has been recognised. A non-controlling interest is intended to be recognized after the issue of shares and after the full recovery of pre-operating expenses.

## 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.

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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). 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.

## IAS 16 – Property Plant and Equipment

The amendments distinguish bearer plants from other biological assets as bearer plants are solely used to grow produce over their productive lives. Bearer plants are seen as similar to an item of machinery in a manufacturing process and therefore will be classified as Property Plant and Equipment and accounted for under IAS 16 instead of IAS 41.

The standard is also amended to clarify that the use of a revenue-based depreciation method is not appropriate.

Both of the amendments are effective for years beginning on/after January 1, 2016. The Group does not expect any material impact of this amendment.

## IAS 38 – Intangible assets

This standard is amended to clarify that the use of a revenue-based amortization method is not appropriate and the presumption may only be rebutted in certain limited circumstances.

The standard is effective for years beginning on/after January 1, 2016. The Group does not expect any material impact of this amendment.

## IFRS 11 – Joint arrangements

The standard is amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation.

This standard is effective for years beginning on/after January 1, 2016. The Group will apply the standard accordingly.

## IFRS 15 – Revenue from contracts with customers

This is a new standard on revenue recognition, will supersede IAS 18, Revenue, IAS 11, Construction Contracts related interpretations.

This standard is effective for first interim periods within years beginning on/after January 1, 2017. The Group has not assessed the impact of this new standard.

## IAS 27 – Separate Financial Statements

This standard is amended to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

This amendment is effective for years beginning on/after January 1, 2016. The Group does not expect any material impact of this amendment.

## IAS 28 – Investments in associates and joint ventures

This standard is amended to address the inconsistency between IFRS 10 and IAS 28. The main consequence of the amendments is that a full gain or loss is recognised when the transaction involves a business combination, and whereas a partial gain is recognised when the transaction involves assets that do not constitute a business.

This amendment is effective for years beginning on/after January 1, 2016. The Group will apply the standard accordingly.

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## SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended December 31, 2012 through to September 30, 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	Sep 30 2014 2014 \$000	Jun 30 2014 2014 \$000	Mar 31 2014 2014 \$000	Dec 31 2013 2013 \$000	Sep 30 2013 2013 \$000	Jun 30 2013 2013 \$000	Mar 31 2013 2013 \$000	Dec 31 2012 2012 \$000
Sales Revenue	122,838	127,480	170,355	170,142	156,617	131,213	95,639	119,018
EBITDA (excluding gain/(loss) on undesignated hedges and impairment charge)	43,505	29,602	101,030	96,497	76,291	42,495	47,076	67,100
Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges (net of tax and impairment charge)	20,688	993	59,869	45,810	43,125	(2,647)	6,490	23,120
Net Profit/(Loss)	16,884	(2,123)	58,945	(28,159)	43,735	(70,491)	7,059	24,197
Net earnings/(loss) per share								
Basic	\$0.06	\$(0.01)	\$0.20	\$(0.10)	\$0.15	\$(0.24)	\$0.02	\$0.09
Diluted	\$0.05	\$(0.01)	\$0.19	\$(0.10)	\$0.14	\$(0.24)	\$0.02	\$0.09

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, Reefion 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 13.

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

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Statement of Operations		Q3 Sep 30 2014	Q2 Jun 30 2014	Q3 Sep 30 2013	YTD Sep 30 2014	YTD Sep 30 2013
Cost of sales, excluding depreciation and amortisation	\$000	68,995	88,543	76,249	220,721	196,562
Selling costs and sundry general and administration	\$000	7,127	4,797	4,608	20,497	8,759
By-product credits	\$000	(47,792)	(37,095)	(60,407)	(140,655)	(96,395)
Total cash costs (net of by-product credits)	\$000	28,330	56,245	20,450	100,563	108,926
Gold sales from operating mines	ounces	64,241	72,294	75,589	230,585	204,880
Cash operating costs	\$/ounce	441	778	271	437	532

\* 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](http://www.sedar.com) and the Company's website at [www.oceanaGold.com](http://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 Sept 30, 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 September 30, 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 September 30, 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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