Management Discussion and Analysis

Full Year 2018 Results

February 19, 2019

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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 decisions, delays in obtaining financing or governmental approvals, inability or delays in obtaining renewal of the Financial or Technical Assistance Agreement 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, 2017, 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

For further scientific and technical information (including disclosure regarding mineral resources and mineral reserves) relating to the Haile Project, the Waihi mine, the Macraes mine and the Didipio mine please refer to the NI 43-101 compliant technical reports available at sedar.com under the Company's name.

The exploration results were prepared in accordance with the standards set out in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") and in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101"). The JORC Code is the accepted reporting standard for the Australian Stock Exchange Limited ("ASX").

Mr Craig Feebrey, Executive Vice President and Head of Exploration of the Company, a qualified person under NI 43-101, has approved the written disclosure of all other scientific and technical information contained in this MD&A.

Highlights

- Revenue of $772.5 million including fourth quarter revenue of $183.3 million.
- Earnings before Interest, Depreciation and Amortisation ("EBITDA") of $363.7 million for the full year including $73.7 million in the fourth quarter.
- Achieved net profit of $121.7 million for the year, including an adjusted net profit of $17.4 million before loss on undesignated hedges in the fourth quarter.
- Generated approximately $121 million in Free Cash Flow in 2018.
- Cash balance of $107.7 million, excluding $55.1 million of marketable securities held as strategic investments.
- Net debt was $68.8 million at the end of 2018, representing 38% and 59% reductions on the previous quarter and year, respectively.
- Subsequent to the quarter end, declared an ordinary semi-annual dividend payment of $0.01 per common share or CDI.
- Achieved production and cost guidance for the seventh consecutive year with consolidated gold production of 533,286 ounces and copper production of 14,999 tonnes.
- Consolidated All-in Sustaining Costs ("AISC") of $767 per ounce on sales of 532,716 ounces of gold and 14,527 tonnes of copper.
- Subsequent to the end of the year, received the permit for the Martha Underground development and Stage 4 of the Martha Open Pit at Waihi.
- Continued positive exploration results from Waihi and WKP in New Zealand.

Period ended 31 December 2018 (US$m)	Q4 2018	Full Year 2018
Gold Production (koz)	**126.7**	**533.3**
Copper Production (kt)	**2.9**	**15.0**
All-In Sustaining Costs ($/oz)	**814**	**767**
Revenue	**183.3**	**772.5**
EBITDA (excluding gain/(loss) on undesignated hedges)	**73.7**	**363.7**
Earnings after income tax and before gain/(loss) on undesignated hedges	**17.4**	**124.1**
Net Profit	**10.9**	**121.7**
Basic earnings per share ($)	**$0.02**	**$0.20**
Diluted earnings per share ($)	**$0.02**	**$0.19**
Net operating cash flow	**95.8**	**346.2**

Notes:

- All numbers in this document are expressed in USD unless otherwise stated.
- Cash Costs, All-In Sustaining Costs, All-In Sustaining Margin, EBITDA and liquidity are non-GAAP measures. Refer to page 28 for explanation of non-GAAP measures.
- Cash Costs and All-In Sustaining Costs are reported on ounces sold and net of by-product credits unless otherwise stated and exclude capital costs associated with expansionary growth.
- The Company's consolidated financial statements for the quarter ended March 31, 2018 include adjustment on the adoption of IFRS 15 (Revenue from contracts with customers) effective from January 1, 2018. Refer to page 30 for monetary value. In this Management Discussion and Analysis report, these adjustments have not been reflected in the operating and physical data and site financial results as these have already been reflected in the quarter ended December 31, 2017.

Results for the Full Year and Fourth Quarter ended December 31, 2018

Health and Safety

At the end of the fourth quarter, the Company achieved a total recordable injury frequency rate ("TRIFR") of 4.5 per million hours worked, down slightly from 4.7 at the end of the previous quarter. The fourth quarter results reflected a trend of improved safety performance with recordable injuries in the second half of 2018 down 30% on the first half of the year.

The Company remains strongly committed to coaching and supporting a strong safety culture with a specific focus on embedding the key strategic programs that fosters positive and visible safety leadership and a workforce that is engaged and empowered to deliver a safe working environment.

Operational and Financial Overview

The Company achieved its full year production and cost guidance with consolidated gold production of 533,286 ounces, including 126,656 ounces produced in the fourth quarter. Consolidated gold production in 2018 included increased production from Macraes and Haile, the latter completing its first full year of commercial operations. Gold production for the fourth quarter of 2018 decreased quarter-on-quarter, primarily due to lower production at Didipio and Haile. The latter was mainly a result of multiple major storm events and sustained above average rainfall that impacted the Haile mining operations.

Full year 2018 copper production was 14,999 tonnes, including 2,881 tonnes produced in the fourth quarter while full year 2018 silver production was 486,779 ounces.

The Company achieved consolidated All-In Sustaining Costs ("AISC") guidance with an AISC of $767 per ounce on sales of 532,716 ounces of gold and 14,527 tonnes of copper in 2018. This reflected a net increase from the previous year due to changes in the composition of gold sale volumes from the various operations. Consolidated AISC for the fourth quarter was $814 per ounce sold, an increase from the previous quarter from higher operating costs and slightly lower sales.

In 2018, the Company achieved revenue of $772.5 million with an EBITDA of $363.7 million and a net profit of $121.7 million. Annual revenue for 2018 was higher year-on-year which reflected the inclusion of a full year's operations at Haile, partly offset by lower sales from Didipio. Fourth quarter revenue was $183.3 million with an EBITDA of $73.7 million and adjusted net profit (before unrealised losses on undesignated hedges) of $17.4 million.

As at December 31, 2018, the Company achieved an annualised return on invested capital ("ROIC") of 7%. The Company delivered an EBITDA margin of 47.1% in the full year.

As at December 31, 2018, the Company's cash balance was $107.7 million, representing a 47% increase over the same period in 2017. Total available liquidity was $157.7 million, including $50 million in undrawn funds under the Company's revolving credit facility. The total liquidity excludes $55.1 million in marketable securities.

At the end of 2018, the Company's available credit facilities reduced from $220 million to $200 million with $150 million remaining drawn. Total debt including equipment leases was $176.5 million. As at the end of 2018, the Company's net debt was $68.8 million.

The Company's hedging program includes New Zealand dollar denominated gold put and call options which cover future gold production from Macraes to December 31, 2019. The U.S. dollar copper price swaps, which covered Didipio's production for 2018, were concluded in the fourth quarter.

The hedging program is summarised below as at December 31, 2018:

Put Option Average Strike Price	Call Option Average Strike Price	Gold Ounces Remaining	Expiry Date
NZ$1,813	NZ$2,000	169,200	Dec 2019

A summary of the marked to market value of derivatives is as per below.

Quarter ended 31 Dec 2018 (US$m)	Hedge	Dec 31 2018	Dec 31 2017
Current Liabilities	Gold	**(2.3)**	(0.9)
Current Liabilities	Copper	**-**	(2.8)
Total		**(2.3)**	**(3.7)**

Capital Expenditure

Group capital expenditure for 2018 totalled $218.0 million, including $55.5 million in the fourth quarter which was similar to the previous quarter. The capital expenditure for the full year of 2018 was near the lower range of the capital program guidance largely due to the timing of spend on growth capital, with some expenditure deferred until 2019.

Investment in growth capital was slightly higher quarter-on-quarter, primarily related to the upgrade of the Haile regrinding circuit and continued development of panel 2 at Didipio Underground. Sustaining capital, including pre-stripping and capitalised mine development, was flat quarter-on-quarter.

Capital and exploration expenditure are summarised in the following table:

Quarter ended 31 Dec 2018 (US$m)	Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017	2018 Guidance
General Operations and Corporate Capital (1)	**6.7**	6.6	2.8	24.4	(40.1)	20 – 27
Growth Capital	**27.9**	24.8	46.3	94.1	232.6	102 – 116
Pre-strip and Capitalised Mining	**12.4**	15.2	16.7	68.8	46.8	64 - 78
Exploration	**8.5**	7.9	7.0	30.8	29.3	24 - 34
Capital and exploration expenditure	**55.5**	54.4	72.8	**218.0**	268.6	**210 - 255**

(1) *The 2017 and Q4 2017 figures include $76.9 million and $9.7 million respectively of capitalised revenue associated with gold sales from Haile prior to the commencement of commercial production.*

Capital and exploration expenditure by site are summarised in the following table:

Quarter ended 31 Dec 2018 (US$m)	Haile	Didipio	Waihi	Macraes
General Operations and Corporate Capital	1.8	1.8	0.9	2.3
Growth Capital	12.7	5.0	4.6	0.7
Pre-strip and Capitalised Mining	3.5	1.8	1.1	6.0
Exploration	1.7	–	5.5	1.2
Capital and exploration expenditure	**19.7**	**8.6**	**12.1**	**10.2**
2018 (US$m)	**Haile**	**Didipio**	**Waihi**	**Macraes**
General Operations and Corporate Capital	9.5	3.6	4.3	6.7
Growth Capital	37.5	32.2	13.2	1.9
Pre-strip and Capitalised Mining	24.0	3.8	3.9	37.1
Exploration	6.3	–	19.1	4.5
Capital and exploration expenditure	**77.3**	**39.6**	**40.5**	**50.2**

Notes:
- *The Company has also spent $4.8 million of closure and rehabilitation costs at Reefton.*
- *Site capital expenditure includes sustaining, pre-stripping/capitalised mining and both brownfields and greenfield regional exploration. Corporate capital projects and exploration costs associated with Joint Venture agreements are not included.*

Income Statement

To provide clarity into the underlying performance of the Company, a summary of the financial performance is provided within the following table:

Quarter ended 31 Dec 2018 (US$m)	Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018[2)]	2017[(1)]
Revenue	**183.3**	186.8	246.1	**772.5**	724.4
Cost of sales, excluding depreciation and amortisation	**(95.3)**	(92.3)	(85.3)	**(355.5)**	(275.4)
General and administration – other	**(12.7)**	(12.3)	(12.7)	**(47.9)**	(44.8)
General and administration – indirect taxes [(3)]	**(3.1)**	(4.0)	(0.1)	**(12.0)**	(4.9)
Foreign currency exchange gain/(loss)	**0.6**	0.7	0.2	**3.1**	0.9
Gain on sale of available-for-sale assets	**-**	-	-	**-**	5.3
Other income/(expense)	**0.9**	0.5	0.3	**3.5**	2.9
EBITDA (excluding gain/(loss) on undesignated hedges and impairment charge)	**73.7**	79.4	148.6	**363.7**	408.4
Depreciation and amortization	**(45.3)**	(46.6)	(60.4)	**(191.0)**	(192.3)
Net interest expense and finance costs	**(2.8)**	(4.0)	(4.0)	**(14.2)**	(17.1)
Earnings before income tax (excluding gain/(loss) on undesignated hedges and impairment charge)	**25.6**	28.8	84.2	**158.5**	198.9
Income tax expense on earnings	**(8.2)**	(8.4)	9.5	**(34.5)**	0.4
Earnings after income tax and before gain/(loss) on undesignated hedges and impairment charge	**17.4**	20.4	93.7	**124.1**	199.3
Impairment charge	**-**	-	-	**-**	(17.7)
Write off deferred exploration expenditure	**(1.2)**	-	-	**(4.2)**	-
Gain/(loss) on fair value of undesignated hedges	**(5.9)**	1.4	(5.8)	**1.5**	(12.0)
Tax (expense) / benefit on gain/loss on undesignated hedges	**0.6**	(0.1)	0.9	**0.4**	2.6
Share of loss from equity accounted associates	**(0.1)**	(0.0)	(0.1)	**(0.3)**	(0.5)
Net Profit	**10.9**	21.7	88.6	**121.7**	171.8
Basic earnings per share	**$0.02**	$0.04	$0.14	**$0.20**	$0.28
Diluted earnings per share	**$0.02**	$0.03	$0.14	**$0.19**	$0.27

(1) For the nine months ended September 30, 2017, all revenue and costs reported did not include the Haile operations as these were capitalised as commercial production was declared effective from October 1, 2017.
(2) The Company's consolidated financial results for the quarter ended March 31, 2018 reflected adjustments on adoption of IFRS 15 effective from January 1, 2018.
(3) Represents indirect taxes in the Philippines – specifically excise tax (expensed as from April 1, 2018), local business and property taxes.

The following table provides a quarterly financial summary:

Quarter ended 31 Dec 2018 (US$m)	Dec 31 2018	Sep 30 2018	Jun 30 2018	Mar 31 2018[(1)]	Dec 31 2017	Sep 30 2017	Jun 30 2017	Mar 31 2017
Revenue	**183.3**	186.8	205.7	196.7	246.1	144.8	171.7	161.8
EBITDA (excluding gain/(loss) on undesignated hedges and impairment charge)	**73.7**	79.4	109.7	100.9	148.6	73.3	84.6	101.7
Earnings after income tax and before gain/(loss) on undesignated hedges and impairment charge (net of tax)	**17.4**	20.4	47.7	38.6	93.7	21.3	24.8	59.5
Net Profit	**10.9**	21.7	44.6	44.5	88.6	21.7	25.4	36.0
Net Earnings per share								
Basic	**$0.02**	$0.04	$0.07	$0.07	$0.14	$0.04	$0.04	$0.06
Diluted	**$0.02**	$0.03	$0.07	$0.07	$0.14	$0.03	$0.04	$0.06

(1) The Company's consolidated financial results for the quarter ended March 31, 2018 reflect adjustments on adoption of IFRS 15 effective from January 1, 2018. Please refer to page 30 for further information

Revenue

In 2018, the Company achieved annual operating revenue of $772.5 million, which was 7% higher than 2017. The primary drivers for the year-on-year increase are a higher average gold price received and increased sales volumes from Haile, which completed its first full year of commercial operation, partly offset by lower sales volumes from Didipio in-line with lower grades as expected.

EBITDA

Analysis of revenue and costs for each operating site is contained within the Business Summary section of this report on page 11.

EBITDA in the year ended December 31, 2018 was 11% lower than the previous year mainly due to decreased sales from Didipio and higher operating costs partly offset by the inclusion of Haile as a commercial operation from October 1, 2017.

Depreciation and Amortisation

Depreciation and amortisation charges include amortisation of mine development and deferred pre-stripping costs plus depreciation of plant and equipment. Depreciation and amortisation charges are mostly calculated on a unit of production basis and totalled $45.3 million for the fourth quarter, broadly consistent with the third quarter. This reflected similar total ounces sold quarter-on-quarter, albeit with a different sales mix with a reduction at Didipio offset by higher Macraes sales.

Depreciation and amortisation charges for the full year were $191.0 million, broadly in line with the previous year, mainly due to inclusion of charges for Haile which achieved commercial production as of October 1, 2017, which was partially offset by lower charges in the Philippines and New Zealand.

Undesignated Hedges Gains/Losses

Unrealised gains and losses reflect the changes in the fair value adjustment of the Company's undesignated hedges which are brought to account at the end of each reporting period.

These valuation adjustments for the fourth quarter resulted in a $5.9 million unrealised loss due to mark-to-market revaluation of the 2019 New Zealand dollar gold hedges and the close out of the copper price hedges for 2018. This compared to a $1.4 million unrealised gain, mainly on the copper hedges, in the previous quarter.

For the full year 2018, there was an unrealised gain of $1.5 million on the close out of the copper price hedges partly offset by an unrealised loss on the completed gold price hedges.

Taxation expense

The Company recorded an income tax expense related to the New Zealand and United States operations of $7.6 million in the fourth quarter and $34.1 million for the full year 2018.

This compared to an income tax benefit of $3.0 million for the full year 2017 which mainly reflected the initial recognition of net deferred tax assets of $17.7 million in relation to the Haile Gold Mine. This was partly offset by income tax expense for New Zealand following the utilisation of all immediately remaining available tax losses to partially offset taxable income.

An income tax holiday continued to apply to the Philippines operations in 2018.

Cash Flows

Quarter ended 31 Dec 2018 (US$m)	Q4 Dec 31 2018	Q3 Sep 30 2018	Q4 Dec 31 2017	2018	2017
Cash flows from Operating Activities	**95.8**	64.3	178.8	**346.2**	357.7
Cash flows used in Investing Activities	**(51.2)**	(58.7)	(74.5)	**(229.0)**	(262.6)
Cash flows used in Financing Activities	**(3.3)**	(63.3)	(79.7)	**(79.3)**	(89.5)

In 2018, the Company generated free cash flow of $121.4 million, 5% lower than 2017.

Cash inflows from operating activities for the fourth quarter of $95.8 million were higher than the previous quarter mainly due to favourable working capital movements. In 2018, cash inflows from operating activities of $346.2 million were broadly in line with the previous year.

Cash used for investing activities of $51.2 million in the fourth quarter and $229.0 million in the full year were lower respectively than over the same comparable periods.

Investing activities in 2018 included capitalised mine development and pre-stripping, general operating capital and growth capital including the installation of a pebble crusher and upgraded tailings thickener and regrinding circuit as part of the Haile expansion. It also included development of panel two in the Didipio underground and advancing the Martha project at Waihi. Finally, the Company continued to invest in exploration across multiple targets within its business and via strategic investments in and joint venture arrangements with junior exploration companies.

Cash used in financing activities for the fourth quarter was $3.3 million relating to finance lease repayments.

For the full year, cash used in financing activities was $79.3 million mainly reflected debt repayments of $50 million, dividends paid of $18.6 million and finance lease payments. For the previous year, cash used in financing activities of $9.8 million mainly reflected finance lease repayments and dividends paid of $6.1 million partly offset by proceeds from the issue of shares.

Dividend

After consideration of the company's second half performance, including in particular the fourth quarter performance challenges at Haile combined with the company's commitment to fund its substantial organic growth program across the operations, subsequent to the year-end the Board of Directors approved the declaration of an ordinary semi-annual dividend of US$0.01 per common share payable to shareholders of record on March 7, 2019. The dividend will be paid on April 26, 2019 and at the election of the shareholder, the Company will pay the dividend in either US Dollars, Canadian Dollars, Australian Dollars or New Zealand Dollars.

Balance Sheet

Quarter ended 31 Dec 2018 (US$m)	Q4 Dec 31 2018	Q4 Dec 31 2017
Cash and cash equivalents	**107.7**	73.2
Other Current Assets	**144.6**	152.3
Non-Current Assets	**1,772.7**	1,820.3
Total Assets	**2,025.0**	2,045.8
Current Liabilities	**182.7**	225.3
Non-Current Liabilities	**275.6**	329.6
Total Liabilities	**458.3**	554.9
Total Shareholders' Equity	**1,566.7**	1,490.9

Current assets were $252.3 million as at December 31, 2018 compared to $225.5 million as at December 31, 2017. The increase was mainly due to increased cash balances and higher inventory at Haile partly offset by a reduction in trade debtors.

Non-current assets were $1.77 billion as at December 31, 2018 compared to $1.82 billion as at December 31, 2017. The reduction was mainly due to lower deferred tax assets, property, plant and equipment and financial assets at fair value through other comprehensive income ('other financial assets').

Current liabilities were $182.7 million as at December 31, 2018 compared to $225.3 million as at December 31, 2017. This decrease was mainly due to the debt repayment of $50 million and lower trade payables partly offset by increased tax liabilities in New Zealand. During January 2019, $25 million of New Zealand provisional income tax was deferred to be paid on final assessment in March 2020 under the tax pooling arrangements entered into in New Zealand.

Non-current liabilities were $275.6 million as at December 31, 2018 compared to $329.6 million as at December 31, 2017. This decrease was mainly due to lower asset retirement obligations, finance lease liabilities and deferred tax liabilities.

Shareholders' Equity

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

Quarter ended 31 Dec 2018 (US$m)	Q4 Dec 31 2018
Total equity at beginning of the quarter	**1,573.3**
Profit after income tax	**10.9**
Movement in other comprehensive income	**(19.7)**
Movement in contributed surplus	**1.8**
Issue of shares	**0.4**
Total equity at end of the quarter	**1,566.7**

Shareholders' equity decreased by $6.6 million to $1.57 billion as at December 31, 2018, mainly due to the movement in other comprehensive income partly offset by net profit after tax of $10.9 million. Other Comprehensive Income reflects the net changes in the fair value of other financial assets and currency translation differences which arise from the translation of entities with a functional currency other than USD.

A summary of capital resources is set out below:

Quarter ended 31 Dec 2018	Shares Outstanding	Options and Share Rights Outstanding
February 18, 2019	618,723,498	13,548,430
December 31, 2018	618,623,496	13,648,432
December 31, 2017	615,933,084	12,153,421

Debt management and liquidity

As at December 31, 2018, the cash funds held were $107.7 million compared to $73.2 million as at December 31, 2017.

The Company was in a net current asset position of $69.6 million as at December 31, 2018 compared to a net current asset position of $0.3 million as at December 31, 2017.

As at December 31, 2018, the Company's total debt facilities reduced from $220 million to $200 million of which $150 million remained drawn. The Company had immediately available liquidity of $157.7 million with $107.7 million in cash and $50 million of available undrawn credit facilities. In addition, the Company held $55.1 million in marketable securities being strategic investments in listed junior exploration companies.

Capital Commitments

Capital commitments relates principally to the purchase of property, plant and equipment and the development of mining assets mainly at Didipio and Haile. The Company's capital commitments as at December 31, 2018, are as follows:

Quarter ended 31 Dec 2018 (US$m)	Capital Commitments
Within 1 year	**17.4**

Selected Annual Information

The following table provides financial data for the Company for each of the three most recently completed financial years:

Quarter ended 31 Dec 2018 (US$m)	Q4 2018	2018	2017	2016
Revenue	**183.3**	**772.5**	724.4	628.6
Net Profit after Tax	**10.9**	**121.7**	171.8	136.5
Net Earnings per share – Basic	**$0.02**	**$0.20**	$0.28	$0.22
Net Earnings per share – Diluted	**$0.02**	**$0.19**	$0.27	$0.22
Total assets	**2,025.0**	**2,025.0**	2,045.8	1,915.7
Total non-current financial liabilities	**166.6**	**166.6**	176.5	238.0
Cash dividends per share	**$0.00**	**$0.03**	$0.02	$0.04

Between 2015 and 2017, revenue, net profit and total assets increased after the Company acquired the Waihi Gold Mine in New Zealand on October 30, 2015 and the Haile Gold Mine in South Carolina, USA where commercial production was declared effective from October 1, 2017. Non-current liabilities reflected the phase of growth with the Company drawing on its debt facilities during the construction phase at Haile and the Didipio underground. In 2018, the Company repaid $50 million of debt.

Business Summary

A summary of the financial performance of the operations is presented below.

Quarter ended 31 Dec 2018		Haile	Didipio	Waihi	Macraes	Consolidated	
						Q4 2018	Q4 2017
Revenue	US$m	34.4	50.7	24.8	73.3	**183.3**	246.1
EBITDA (1)	US$m	16.5	15.3	11.9	55.4	**73.7**	148.6
Operating Costs (2)	US$m	(22.7)	(32.0)	(12.7)	(27.9)	**(95.3)**	(85.3)
Mining Cost (Open Pit) (3)	US$/t mined	5.55	-	-	1.37	**2.31**	1.07
Mining Cost (U/G)	US$/t mined	-	45.10	50.32	37.84	**43.58**	31.19
Processing Cost	US$/t milled	14.81	8.85	29.26	6.59	**9.78**	8.43
Site G&A Cost	US$/t milled	5.41	6.47	23.12	2.00	**4.53**	4.93
Full Year 2018		**Haile**	**Didipio**	**Waihi**	**Macraes**	**Consolidated**	
						2018 (4)	2017
Revenue	US$m	168.3	235.0	112.3	251.4	**772.5**	724.4
EBITDA (1)	US$m	104.8	101.4	56.5	144.9	**363.7**	408.4
Operating Costs (2)	US$m	(65.7)	(120.7)	(55.8)	(113.3)	**(355.5)**	(275.4)
Mining Cost (Open Pit) (5)	US$/t mined	3.20	32.68	-	1.30	**1.83**	1.63
Mining Cost (U/G) (6)	US$/t mined	-	42.94	58.39	41.14	**46.07**	32.06
Processing Cost	US$/t milled	14.92	6.88	29.85	7.39	**9.50**	8.29
Site G&A Cost	US$/t milled	5.74	6.07	21.97	1.90	**4.55**	4.51

(1) This represents the segment result for EBITDA (excluding unrealized hedge gains/losses) related to operations only.
(2) Cost of sales, excludes depreciation and amortisation for operations only.
(3) Mining unit costs are inclusive of pre-strip and capitalized underground mining development
(4) The Company's consolidated financial results for the quarter ended March 31, 2018 reflect adjustments on adoption of IFRS 15 effective from January 1, 2018. Please refer to page 30 for further information.
(5) Didipio open pit mining costs in the first quarter included works required to install and maintain life of mine infrastructure.
(6) During the first quarter 2018, Didipio underground mining primarily consisted of ore and waste development plus commissioning of the stoping sequence and therefore does not provide an indicative stoping unit cost.

A summary of the operational performance of the operations is presented below.

Quarter ended 31 Dec 2018		Haile	Didipio	Waihi	Macraes	Consolidated	
						Q4 2018	Q4 2017
Gold Produced	koz	27.5	23.3	17.6	58.2	**126.7**	166.2
Gold Sales	koz	27.6	25.2	19.6	59.7	**132.2**	168.6
Average Gold Price	US$/oz	1,236	1,279	1,229	1,226	**1,239**	1,275
Copper Produced	kt	-	2.9	-	-	**2.9**	3.7
Copper Sales	kt	-	3.1	-	-	**3.1**	4.8
Average Copper Price	US$/lb	-	3.04	-	-	**3.04**	3.17
Total Ore Mined	kt	415	211	107	1,947	**2,679**	2,797
Tonnes Processed	kt	682	677	103	1,515	**2,978**	2,976
Gold Grade Processed	g/t	1.62	1.42	6.11	1.38	**1.61**	2.01
Gold Recovery	%	77.2	90.1	86.2	86.4	**85.0**	86.4
Cash Costs	US$/oz	814	466	620	469	**563**	300
All-In Sustaining Costs	US$/oz	1,181	711	783	698	**814**	564

2018		Haile	Didipio	Waihi	Macraes	Consolidated	
						2018	2017
Gold Produced	koz	131.8	115.0	83.5	203.0	**533.3**	574.6
Gold Sales	koz	130.5	116.9	86.5	198.9	**532.7**	555.6
Average Gold Price	US$/oz	1,277	1,268	1,262	1,264	**1,268**	1,261
Copper Produced	kt	-	15.0	-	-	**15.0**	18.4
Copper Sales	kt	-	14.5	-	-	**14.5**	18.1
Average Copper Price	US$/lb		3.05			**3.05**	2.78
Total Ore Mined	kt	2,780	991	434	6,314	**10,518**	12,020
Tonnes processed	kt	2,392	3,500	429	5,897	**12,219**	11,686
Gold grade processed	g/t	2.11	1.18	6.82	1.24	**1.59**	1.81
Gold Recovery	%	81.0	89.6	88.6	86.1	**86.0**	84.5
Cash Costs	US$/oz	499	271	615	557	**489**	347
All-In Sustaining Costs	US$/oz	903	427	763	879	**767**	617

A reconciliation of Cash Costs and All-In Sustaining Costs is presented below.

Quarter ended 31 Dec 2018		Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017[1]
Cost of sales, excl. depreciation and amortisation [1] [2]	US$m	**95.3**	91.7	85.3	**355.5**	275.4
Deduct adjustment on adoption of IFRS 15	US$m	N/A	N/A	N/A	**(3.0)**	N/A
Cost of sales, excl. depreciation and amortisation	**US$m**	**95.3**	91.7	85.3	**352.5**	275.4
Selling costs and other non-cash adjustments	US$m	**1.5**	4.9	1.6	**13.3**	15.4
By-product credits	US$m	**(22.4)**	(29.4)	(36.4)	**(105.1)**	(118.9)
Total Cash Costs (net of by-product credits)	US$m	**74.4**	67.2	50.6	**260.7**	171.9
Gold sales from operating mines	Koz	**132.2**	134.1	168.6	**532.7**	495.4
Cash Costs	**US$/oz**	**563**	501	300	**489**	347
Sustaining capital expenditure	US$/oz	**170**	183	173	**196**	166
Corporate general & administration	US$/oz	**60**	57	54	**58**	63
Other	US$/oz	**20**	21	37	**24**	41
All-In Sustaining Costs	**US$/oz**	**814**	761	564	**767**	617

(1) Excludes gold sales from the Haile Gold Mine for the nine months ended September 30, 2017 given that the associated costs were capitalised
(2) The Company's consolidated results for the quarter ended March 31, 2018 reflect adjustments on adoption of IFRS 15 effective from January 1, 2018. Please refer to page 30 for further information,

Outlook

The Company expects to generate strong operating cash flow from its suite of assets in 2019 while continuing to prudently invest capital to advance value accretive growth opportunities and targeted exploration programs. Improved production and cost performance is expected at Haile as mitigating actions to improve ground conditions and mining productivity, plus continued recruitment strategies, are implemented in combination with advancing the broader expansion program. Didipio production is expected to increase on better grades through the continued ramp-up of underground operations. With receipt of the permits for the Martha Underground Project at Waihi, the Company will focus on advancing the project through the course of the year. At Macraes, production is expected to be slightly lower on grades while further mine life extension options remain a focus.

		Haile	Didipio	Waihi	Macraes	Consolidated
Gold Produced	koz	145 – 160	120 – 130	60 – 70	175 – 190	500 – 550
Copper Produced	kt	-	14 – 15	-	-	14 – 15
Cash Costs	US$/oz	540 – 590	420 – 470	740 – 790	670 – 720	580 – 630
All-In Sustaining Costs	US$/oz	850 – 900	625 – 675	875 – 925	1000 – 1050	850 – 900

Haile

Production statistics

		Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017
Gold Produced	koz.	**27.5**	28.6	50.1	**131.8**	118.5
Total Waste Mined (1)	kt.	**2,692**	3,466	3,902	**13,913**	16,475
Total Ore Mined	kt.	**415**	588	1,170	**2,780**	2,710
Ore Mined Grade	g/t	**1.55**	1.49	2.06	**1.74**	2.05
Mill Feed	kt.	**682**	579	619	**2,392**	1,836
Mill Feed Grade	g/t	**1.62**	1.85	3.05	**2.11**	2.67
Recovery	%	**77.2**	82.7	82.6	**81.0**	75.1

(1) Includes pre-strip.

At the end of the fourth quarter, Haile recorded a TRIFR of 13.0 per million hours worked, slightly up from 12.8 per million hours worked at the end of the third quarter. In the fourth quarter, the Company implemented a behaviour-based safety program to improve workplace safety engagement. This program is a key part of the 2019 safety improvement plan at Haile.

Gold production for the full year 2018 was 131,819 ounces, including 27,528 ounces in the fourth quarter, up 11% compared to full year 2017 and down 4% on the previous quarter. The year-on-year increase mainly reflects 2018 being the first full year of commercial operations at Haile combined with planned plant improvements.

The quarter-on-quarter reduction in gold production resulted from lower mining productivity and head grades. Productivity was impacted by severe storm events and sustained heavy rainfall over the last three months of the year which impacted ground conditions and delayed access to higher-grade zones of the Mill Zone pit.

This included Tropical Storm Florence and Hurricane Michael, plus continued above average rainfall that saturated the site. Specifically in response to tropical Storm Florence, mining operations were ceased for three days for the safety of employees. Mining resumed at the Snake Pit, however the Mill Zone pit required additional dewatering and was expected to recommence after an additional 2-3 days. However, subsequent storms and heavy rain persisted, which led to further accumulations of water in Mill Zone restricting access to the pit. From September 2018 to the end of 2018, the Haile site received approximately 40 inches of rainfall which was approximately four times the typical average rainfall.

Under these conditions, ore mining was largely limited to lower grade zones in the Snake Pit with operations in Mill Zone largely curtailed due to flooding. As a result, total material mined for the full year 2018 was down 13% relative to 2017, while total material mined in the fourth quarter was down 23% quarter-on-quarter.

The lower quarter-on-quarter head grades also reflected a negative reconciliation on the lower grade (upper areas) of the Snake Pit. This reconciliation risk was known based on confidence in the historic drilling methodology and data in those zones. The company continues to update the geological model based on mining progress and further drilling and does not believe there is any material variation relative to the broader resource. The lower head grade was partially offset by 18% higher mill feed and better mill utilisation of 95% for the quarter, which compares to 90% in the third quarter.

Mill feed for the full year 2018 was 2.4 million tonnes, a 30% increase over 2017. Fourth quarter mill feed was 0.68 million tonnes, up 18% compared to the previous quarter on higher utilisation rates. The Company is on track to commission the upgraded regrinding circuit, including the Tower mill and the IsaMill, during the first half of 2019. The upgraded regrinding circuit is designed to allow sustained higher throughput rates while enhancing gold recoveries and further improving plant stability.

Mill feed grade for the full year 2018 was 2.11 g/t including 1.62 g/t in the fourth quarter. The lower grade in the fourth quarter related to the weather events mentioned above. Recoveries reduced quarter-on-quarter due mainly to the need to blend stockpiled oxide ore which had lower recovery to make up for the shortfall in run of mine ore.

Financial statistics

		Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017
Gold Sales	koz.	**27.6**	27.3	49.3	**130.5**	49.3
Silver Sales	koz.	**15.8**	21.1	33.0	**105.1**	33.0
Average Gold Price Received	US$/oz.	**1,236**	1,213	1,273	**1,277**	1,273
Cash Costs	US$/oz.	**814**	550	272	**499**	272
All-In Sustaining Costs	US$/oz.	**1,181**	1,081	509	**903**	509
All-In Sustaining Margin	**US$/oz.**	**55**	132	764	**374**	764

(1) Haile achieved commercial production at the beginning of the fourth quarter 2017. As such all revenue and costs are reported and expensed.

Full year 2018 average mining and processing costs were $3.20 per tonne mined and $14.92 per tonne milled respectively. Site-based G&A costs were $5.74 per tonne milled. The higher mining costs in the second half of 2018 mainly reflected the poor ground conditions combined with labour shortages reflecting the competitive labour market conditions in the U.S. and are not indicative of future performance benchmarks.

In light of the recent performance, the operation is focussed on several key work streams aimed at delivering immediate and sustained improvement to the mine productivity including:

- workforce recruitment, onboarding and training to bridge people and skill gaps;
- improvement plans and standards to improve core mining disciplines – drill and blast, management of variable ore types including clays and weathered materials, de-watering and construction of all-weather roads;
- enhancing mobile equipment maintenance procedures and supplier engagement; and
- evaluation, tendering and selection of larger mine equipment as part of the planned expansion of the open pit mine.

Full year 2018 AISC was $903 per ounce sold with cash costs of $499 per ounce sold. The AISC in the fourth quarter was $1,181 per ounce sold, up quarter-on-quarter due to the lower head grade, high proportion of fixed operating costs and lower mine productivity.

Haile unit costs (US$m)	Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017
Cash Costs (gross)	**22.6**	15.3	13.8	**66.5**	13.8
Less: by-product credits	**(0.2)**	(0.3)	(0.6)	**(1.7)**	(0.6)
Add: Freight, treatment and refining charges	**0.1**	N/A	0.1	**0.3**	0.1
Cash Costs (net)	**22.5**	15.0	13.4	**65.1**	13.4
Gold sales (koz)	**27.6**	27.3	49.3	**130.5**	49.3
Cash cost per ounce sold (US$)	**814**	550	272	**499**	272
Add: General operations capital	**3.6**	4.9	2.8	**15.3**	2.8
Add: Pre-strip and capitalised mining	**3.6**	6.3	5.3	**24.0**	5.3
Add: Brownfields exploration	**1.0**	1.5	2.0	**5.0**	2.0
Add: Corporate General and Administration (G&A) and other	**1.9**	1.9	1.7	**8.4**	1.7
All-In Sustaining Costs (net)	**32.6**	29.5	25.1	**117.8**	25.1
Gold sales (koz)	**27.6**	27.3	49.3	**130.5**	49.3
All-In Sustaining Costs per ounce sold (US$)	**1,181**	1,081	509	**903**	509

Exploration

Exploration expenditure in 2018, including greenfield and other related exploration costs was $6.4 million, including $1.7 million in the fourth quarter.

During the fourth quarter, exploration drilling focused in and around the Ledbetter, Mill Zone and Snake pits to expand and/or infill inferred blocks and to optimize ultimate pit designs.

Projects

During the fourth quarter, construction of the Tower Mill was completed while commissioning commenced early in 2019 and is expected to be completed in the first half. The IsaMill construction progressed and will continue into early 2019 with commissioning targeted for the first half.

Engineering design activities were completed for the next tranche of upgrade projects of the process plant. These upgrades include a better feed well for the tailings thickener, and an additional cyanide destruct unit, which will allow for improved residence time at higher throughput rates.

Figure 1 – Haile Tower Mill at Night

Figure 2 – Haile IsaMill

Didipio

Production statistics

		Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017
Gold Produced	Koz	**23.3**	32.8	39.3	**115.0**	176.8
Copper Produced	Kt	**2.9**	4.3	3.7	**15.0**	18.4
Total Waste Mined (1)	Kt	**40**	93	-	**267**	240
Total Ore Mined	Kt	**211**	153	-	**991**	3,764
Ore Mined Grade Gold	g/t	**2.16**	1.57	0.91	**2.25**	1.09
Ore Mined Grade Copper	%	**0.74**	0.75	0.41	**0.62**	0.44
Mill Feed	Kt	**677**	959	727	**3,500**	3,500
Mill Feed Grade Gold	g/t	**1.42**	1.19	1.88	**1.18**	1.77
Mill Feed Grade Copper	%	**0.40**	0.49	0.53	**0.46**	0.56
Recovery Gold	%	**90.1**	89.5	92.4	**89.6**	90.9
Recovery Copper	%	**91.5**	91.2	91.6	**91.1**	92.3

(1) Includes pre-strip.

At the end of the fourth quarter, Didipio recorded a TRIFR of 0.6 per million hours worked, down from 0.8 per million hours worked in the third quarter of 2018. This result continues the record of excellent safety performance at the operation.

Gold production for the full year 2018 was 114,985 ounces of gold and 14,999 tonnes of copper, including 23,344 ounces of gold and 2,881 tonnes of copper in the fourth quarter. Quarter-on-quarter production was lower as expected due to lower mill feed as production rates were reduced to align with the Company's permitted annual treatment volume of 3.5 million tonnes.

The underground operation continued its ramp-up during the quarter with the total material mined 2% higher quarter-on-quarter. The mine continues to focus on the development of access and infrastructure for Panel 2, water management and mine dewatering along with optimising the stope mining and backfill sequence as the mining fronts expand.

Mill feed during the fourth quarter included 168,694 tonnes of underground ore, representing approximately 25% of the feed blend. This compares to 16% in the third quarter.

Full year 2018 gold mill feed grade was 1.18 g/t, down 31% compared to 2017 following the completion of open pit material at the end of the second quarter in 2017. Gold mill feed grade in the fourth quarter was 1.42 g/t, a 20% increase quarter-on-quarter due to the higher proportion of underground ore treated. The underground ore mill feed grade in the fourth quarter was 1.78 g/t, up 17% compared to the third quarter.

During the quarter, 5,000 tonnes of breccia stabilisation project material was processed. At the end of the year, approximately 70,639 tonnes, at an average grade of 2.48 g/t gold and 0.52% copper remained on hand for processing in 2019.

Gold and copper recoveries remained steady.

Financial statistics

		Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017
Gold Sales	Koz	**25.2**	32.2	43.3	**116.9**	167.7
Copper Sales	kt.	**3.1**	4.2	4.8	**14.5**	18.1
Silver Sales	koz.	**30.1**	51.2	59.7	**170.6**	211.0
Average Gold Price Received	US$/oz.	**1,279**	1,168	1,282	**1,268**	1,261
Average Copper Price Received	US$/lb.	**3.04**	2.95	3.17	**3.05**	2.78
Cash Costs	US$/oz.	**466**	312	(72)	**271**	(92)
All-In Sustaining Costs	US$/oz.	**711**	449	155	**427**	70
All-In Sustaining Margin	**US$/oz.**	**568**	719	1,127	**841**	1,191

Revenue at Didipio for 2018 was $235.0 million (on 116,898 ounces of gold sold and 14,527 tonnes of copper sold). This revenue includes realised gains on copper hedges.

Full year average underground mining costs were $42.58 per tonne mined. Processing costs and site G&A costs were $6.87 per tonne milled and $6.06 per tonne milled respectively. The unit cost of underground mining is expected to trend downward in 2019 as the underground ore production increases.

Didipio's full year 2018 AISC was $427 per ounce sold with Cash Costs of $271 per ounce sold. The increase in 2018 compared to 2017 reflects lower sales volumes. In the fourth quarter, AISC was $711 per ounce sold which was higher quarter-on-quarter on lower sales, higher operating costs and higher sustaining capital expenditures. Didipio's AISC also includes a non-cash inventory movement expense of $129 per ounce sold for the full year related to processing of stockpiled ore inventory.

Didipio unit costs (US$m)	Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017
Cash Costs (gross)	**29.0**	33.7	25.0	**114.6**	74.9
Less: By-product credits	**(21.3)**	(28.2)	(34.9)	**(100.1)**	(114.3)
Add: Freight, treatment and refining charges	**4.0**	4.5	6.6	**17.2**	23.9
Cash Costs (net)	**11.7**	10.0	(3.1)	**31.7**	(15.5)
Gold sales (koz)	**25.2**	32.2	43.3	**116.9**	167.7
Cash Cost per ounce sold (US$)	**466**	312	(72)	**271**	(92)
Add: General operations capital	**1.7**	1.1	6.8	**3.5**	12.9
Add: Pre-strip and capitalised mining	**1.8**	0.8	-	**3.7**	-
Add: Brownfields exploration	**0.1**	0.1	-	**0.3**	-
Add: Corporate General and Administration (G&A) and other	**2.6**	2.4	3.0	**10.7**	14.4
All-In Sustaining Costs (net)	**17.9**	14.5	6.7	**49.9**	11.8
Gold sales (koz)	**25.2**	32.2	43.3	**116.9**	167.7
All-In Sustaining Costs per ounce sold (US$)	**711**	449	155	**427**	70

Exploration

Exploration expenditures in 2018, including greenfield and other related exploration costs was $0.9 million with approximately $0.2 million in the fourth quarter.

Projects

In the fourth quarter, the Company continued to ramp-up underground mining operations at Didipio while advancing the development of panel 2. Construction of panel 2 is expected to be completed at the end of 2019 and mining from both underground mine panels is expected to increase mining rates to 1.6 million tonnes per year in 2020.

Financial or Technical Assistance Agreement

The Didipio Financial or Technical Assistance Agreement (FTAA) is renewable for another 25 years under the same terms and conditions in June 2019. The Company has commenced the renewal process with its regulatory stakeholders, including the Department of Environment and Natural Resources ("DENR") and Mines and Geosciences Bureau ("MGB").

OceanaGold Philippines Inc. lodged an application for the renewal of the FTAA with the DENR which has been accepted. MGB Regional Office No. II was tasked with reviewing the renewal application and has now endorsed it to the MGB Central Office who will review the endorsement and coordinate the renewal process moving forward.

The Company is currently working with the government and other stakeholders and partners to complete the renewal process.

Waihi

Production statistics

		Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017
Gold Produced	Koz	**17.6**	26.6	31.8	**83.5**	119.1
Total Waste Mined	Kt	**67.1**	49.6	94.6	**205.9**	377.1
Total Ore Mined	Kt	**106.5**	119.8	119.5	**433.6**	473.7
Ore Mined Grade	g/t	**6.09**	7.80	9.19	**6.77**	8.62
Mill Feed	Kt	**103.5**	118.0	121.7	**429.3**	472.5
Mill Feed Grade	g/t	**6.11**	7.86	9.09	**6.82**	8.61
Recovery	%	**86.2**	89.3	91.9	**88.6**	91.2

At the end of the fourth quarter, the Waihi operation reported a TRIFR of 8.6 per million hours worked, up from 6.8 per million hours worked in the third quarter of 2018. There were no lost time injuries at Waihi in 2018.

Full year production was 30% lower than 2017 reflecting mining from lower grade zones of the underground. As expected, quarter-on-quarter production decreased 34% mainly due to lower grades, which were in line with the mine sequence. In addition, mill feed was down 12% due mainly to planned maintenance activities.

Total 2018 ore mined was down 8% compared to the same period of 2017 due to lower equipment availability that hampered productivity in the first quarter of 2018. Consequently, mill feed for the full year was also down 9% to 429,349 tonnes, compared to 2017.

Ore continued to be sourced from the Correnso, Daybreak, Empire and Christina veins, with a gold head grade of 6.11 g/t in the fourth quarter, down 22% quarter-on-quarter. Gold recovery for 2018 was 88.6% consistent with expectations.

Financial statistics

		Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017
Gold Sales	Koz	**19.6**	26.0	30.1	**86.5**	117.7
Silver Sales	Koz	**46.6**	61.8	56.0	**200.6**	244.8
Average Gold Price Received	US$/oz.	**1,229**	1,241	1,276	**1,262**	1,260
Cash Costs	US$/oz.	**620**	510	436	**615**	471
All-In Sustaining Costs	US$/oz.	**783**	603	680	**763**	759
All-In Sustaining Margin	**US$/oz.**	**446**	638	596	**499**	501

For the 2018 year, Waihi generated $112.3 million in revenue which was lower than over the same period of 2017 on lower sales partially offset by a higher average gold price received. Fourth quarter revenue was $24.8 million which was lower than the previous quarter with lower average gold prices and lower sales volumes.

Full year 2018 underground mining costs were $58.38 per tonne mined, processing costs were $29.85 per tonne milled and site G&A costs were $23.48 per tonne milled. Year-on-year mining and milling costs are higher reflecting the lower volumes mined and milled on the largely fixed cost base.

Full year 2018 AISC was $763 per ounce sold which was only slightly higher than the previous year due to lower gold sales. For the fourth quarter, AISC was $783 per ounce sold which was higher than in the previous quarter also due to lower gold sales.

Waihi unit costs (US$m)	Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017
Cash Costs (gross)	**12.7**	14.0	13.9	**55.9**	59.2
Less: By-product credits	**(0.7)**	(0.9)	(0.9)	**(3.1)**	(4.1)
Add: Freight, treatment and refining charges	**0.1**	0.1	0.1	**0.4**	0.4
Cash Costs (net)	**12.1**	13.2	13.1	**53.2**	55.5
Gold sales (koz)	**19.6**	26.0	30.1	**86.5**	117.7
Cash Cost per ounce sold (US$)	**620**	510	436	**615**	471
Add: General operations capital	**0.9**	0.5	1.2	**3.7**	7.9
Add: Pre-strip and capitalised mining	**1.1**	0.7	1.5	**3.9**	6.2
Add: Brownfields exploration	**0.1**	0.1	2.6	**0.6**	11.7
Add: Corporate General and Administration (G&A) and other	**1.1**	1.2	2.1	**4.5**	8.0
All-In Sustaining Costs (net)	**15.3**	15.7	20.4	**65.9**	89.3
Gold sales (koz)	**19.6**	26.0	30.1	**86.5**	117.7
All-In Sustaining Costs per ounce sold (US$)	**783**	603	680	**763**	759

Exploration

In 2018, exploration expenditure, including greenfield and other related exploration costs was $19.1 million, including approximately $5.5 million in the fourth quarter.

Exploration activities during 2018, including Greenfields, utilised up to seven surface and five underground diamond drill rigs, for a total of 208 drill holes and 57,944 metres drilled, including 57 holes for 16,664 metres drilled in the fourth quarter.

Brownfields exploration in the fourth quarter continued to focus on resource definition at the Martha Underground Project. The 920-level drill drive was completed and a breakthrough drive from this level into the open pit was 86% complete at year end. The 800-level drill drive is advancing ahead of schedule and was 85% complete at the end of 2018.

Resource definition drilling utilised four drill rigs from drill cuddies off both the 920-level and 800-level drill drives complemented by up to five surface rigs. Further drilling results support the Company’s confidence in the potential resource and continues to identify areas of high-grade mineralisation that lie deeper and laterally to the exploration target.

Drilling at the regional WKP prospect located approximately ten kilometres to the north of Waihi utilised two diamond drill rigs for most of 2018with drilling focussed on the East Graben vein, one of three known and significant veins identified to date.

Exploration activities in the first quarter of 2019 will continue to focus on the Martha Underground Project and WKP prospect with approximately 60,000 metres of drilling budgeted.

Projects

Development of the Martha underground drill drives continued in the fourth quarter with the 800-drill drive 85% complete. Subsequent to the end of 2018, the drive connecting the 920-drill drive and the Martha open pit was completed breaking into the Martha open pit creating a second access to the underground mine.

Also subsequent to the year end, the Company received the permits to develop the Martha Underground Project. As such, the Company will develop management plans and detailed mine plans as part of an implementation of the project. In the meantime, extensive drilling will continue to increase mineral reserves.

Macraes

Production statistics

		Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017
Gold Produced	Koz	**58.2**	50.0	45.1	**203.0**	160.3
Total Waste Mined (1)	Kt	**9,025**	8,332	10,491	**38,613**	37,069
Total Ore Mined	Kt	**1,947**	2,089	1,506	**6,314**	5,072
Ore Mined Grade	g/t	**1.32**	1.17	1.15	**1.31**	1.13
Mill Feed	Kt	**1,515**	1,459	1,508	**5,897**	5,878
Mill Feed Grade	g/t	**1.38**	1.23	1.13	**1.24**	1.04
Recovery	%	**86.4**	86.2	82.3	**86.1**	81.2

(1) Includes pre-strip.

In the fourth quarter of 2018 the Macraes operation reported a TRIFR of 4.4 per million hours worked, down from 5.8 per million hours worked in the third quarter. Safety performance at Macraes continues to trend lower.

The full year gold production increased 27% compared to 2017 due to higher grades from Coronation North. Quarter-on-quarter production was 17% higher due mainly to a higher head grade and mill feed.

Total 2018 waste mined was up 4% on 2017 mainly reflecting a higher average strip ratio in the first part of 2018. Total material mined in the fourth quarter was up 5% quarter-on-quarter due to shorter hauls distances and improved equipment availability.

Total 2018 material mined within the Frasers Underground was in line with 2017. Total material mined in the fourth quarter was an increase of 8% on the previous quarter due to much improved equipment and stope availability.

In the fourth quarter of 2018, total ore mined was slightly lower quarter-on-quarter due to a higher strip ratio waste to ore at Coronation North.

Mill feed for the full year 2018 was largely in line with 2017 while the fourth quarter was 4% higher quarter-on-quarter.

The mill feed grade for 2018 was up 19% compared 2017 on higher grades from Coronation North. Mill feed grade for the fourth quarter was 12% higher than the previous quarter.

The trend of higher recoveries reflecting steady circuit operation and ore blend amenable to flotation and leaching conditions continued in the fourth quarter with gold recoveries of 86.4% and 86.1% for the fourth quarter and full year respectively.

Financial statistics

		Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017
Gold Sales	koz.	**59.7**	48.6	45.9	**198.9**	160.7
Average Gold Price Received	US$/oz.	**1,226**	1,215	1,284	**1,264**	1,264
Cash Costs	US$/oz.	**469**	594	593	**557**	737
All-In Sustaining Costs	US$/oz.	**698**	874	933	**879**	1,115
All-In Sustaining Margin	**US$/oz.**	**528**	341	351	**385**	149

Macraes recorded full year revenue of $251.4 million on gold sales of 198,850 ounces, higher than 2017 on increased sales volumes reflecting the mining of the higher-grade Coronation North ore.

Full year 2018 open pit mining costs were $1.30 per tonne mined, underground mining costs were $41.14 per tonne mined, processing costs were $7.39 per tonne milled and site G&A costs were $1.90 per tonne milled. Year-on-year open pit mining costs were in line with 2017 while underground costs have trended higher due to additional ground support required.

The full year 2018 Macraes AISC was $879 per ounce sold while Cash Costs were $557 per ounce sold. The reduction in unit cost predominantly reflects the higher grades at Coronation North and increased sales.

Macraes unit costs (US$m)	Q4 31 Dec 2018	Q3 30 Sep 2018	Q4 31 Dec 2017	2018	2017
Cash Costs (gross)	**27.9**	28.7	27.1	**110.0**	118.0
Less: By-product credits	**(0.1)**	-	(0.1)	**(0.1)**	(0.1)
Add: Freight, treatment and refining charges	**0.2**	0.2	0.2	**0.8**	0.6
Cash Costs (net)	**28.0**	28.8	27.2	**110.7**	118.5
Gold sales (koz)	**59.7**	48.6	45.9	**198.9**	160.7
Cash Cost per ounce sold (US$)	**469**	594	593	**557**	737
Add: General operations capital	**3.8**	2.8	1.7	**13.1**	12.0
Add: Pre-strip and capitalised mining	**6.0**	7.4	9.9	**37.1**	35.2
Add: Brownfields exploration	**1.3**	1.0	1.5	**4.9**	5.4
Add: Corporate General and Administration (G&A) and other	**2.5**	2.3	2.4	**9.1**	8.0
All-In Sustaining Costs (net)	**41.7**	42.5	42.9	**174.8**	179.2
Gold sales (koz)	**59.7**	48.6	45.9	**198.9**	160.7
All-In Sustaining Cost per ounce sold (US$)	**698**	874	933	**879**	1,115

Exploration

In 2018, exploration expenditure and other related costs was $4.5 million, including approximately $1.2 million in the fourth quarter.

Exploration activities for the year utilised up to three surface rigs (two diamond and one RC) and one underground rig drilling at Coronation North and Golden Point. At Coronation North, the drill program has been completed and an updated resource estimate will be produced in the New Year. The Company continues to intersect mineralisation down dip of the Golden Point deposit with encouraging widths and grades.

Projects

The Company is currently investigating opportunities to increase mine life at Macraes. To this end, the Company continues to invest in exploration with drilling activities across multiple targets within the Macraes Goldfield and through further mine planning.

The Company is also advancing a study looking at developing another standalone underground operation at Golden Point which would replace the Frasers Underground Mine supporting a potential extension of the mine life in its current form.

Sustainability

Environment and Community

The Company did not record any significant environmental incidents for 2018 and successfully managed extreme weather events at the Didipio and Haile Operations to prevent any impacts to local and regional watersheds.

The Corporate Health, Safety and Environment ("EHS") Management System Standards have been revised and reformatted to meet the requirements of ISO14001 (Environment) and ISO 45001 (Safety) Management System requirements. The re-formatted Integrated Management System (IMS) Standards allow for the inclusion of other responsible mining requirements.

The IMS and the OGC Corporate management system have been audited by a third party to assess compliance to ISO14001 (Environment) and ISO 45001 (Safety) with a final report confirming that "OceanaGold corporate office has met the relevant corporate requirements of OceanaGold's IMS Standards and the requirements of JAS-ANZ approved third-party certification to the ISO14001:2015 Standard and/or ISO45001:2018 Standard".

The Company continued work to develop the management systems framework for External Affairs and Social Performance. The Company also tracked the passing of Australia's Modern Slavery act which passed both Houses of Parliament on November 29. The Act requires certain businesses to make annual public reports (Modern Slavery Statements) on their actions to address modern slavery risks in their operations and supply chains. The Company will need to comply with the Act by issuing its first modern slavery statement in as part of its annual results reporting in 2020.

To prepare for compliance with the Modern Slavery Act, the Company participated in information workshops led by Global Compact. The Company also participated in the UN-led consultation with business and civil society to apply a gender lens to the UN Guiding Principles on Business and Human Rights.

Haile

Sustained rainfall at Haile, following Tropical Storm Florence and Hurricane Michael was well managed with no environmental non-conformances or exceedances from the contact water ponds, receiving stream beds or surrounding wetland areas.

Aquatic life studies in Haile Gold Mine Creek were recently completed with positive results showing all populations in the test areas are surviving and thriving.

Ongoing environmental activities included the completion of avian studies at the TSF, development of a revised reclamation plan and the development of a Site Water Model and Water Balance in support of the Haile expansion project (Supplementary Environmental Impact Study – SEIS). The Company also submitted a US EPA Title V air permit application in compliance with the Operational Air Permit obligation with air quality management continuing to be a major focus.

The Company continued to focus on community engagement to improve communities' understanding of the Haile expansion project, and over the last 12 months has held 9 Community engagement meetings (370 attendees), 28 site visits (219 attendees), participated/sponsored 41 community events and delivered 46 media publications. Haile representatives have also held regular meetings with town, County and the State officials to update information on the Supplemental Environmental Impact Statement (SEIS).

Permission was received through a judicial process for the permanent closure of a County road in support of the Mine optimization (SEIS). This permit is the 32nd uncontested County Government Action undertaken by the Haile Operation. Two other permit modifications were recently concluded with no opposition from any stakeholder or group, following extensive public notification.

Didipio

At Didipio, the operation was awarded the Excellence in Ecology and Economy (E3) Award from the Philippine Chamber of Commerce and Industry (PCCI).

Ongoing environmental activities included routine water monitoring and reporting with a focus on water quality from underground dewatering activities, biological monitoring of Tilapia populations from the Didipio TSF and scoping the potential to establish an agroforestry demonstration farm to supplement the site reforestation and national greening program ("NGP") plantations in Kasibu and Cabarroguis.

The Company continued to focus on community engagement to improve communities' understanding of the mining activities and impacts. The operation hosted 387 individuals for educational tours including the Quirino Provincial Council and the Nueva Vizcaya Mayor's League. The management team also presented a Didipio Mine Operations update to local government units.

Infrastructure development activities remain underway with a joint-project between OGPI and the Local Government Units ('LGUs') confirmed following the signing of a Memorandum of Agreement with the LGUs of Kasibu and Didipio for a Sanitary Landfill Facility at Kasibu.

Waihi

Permitting activities remain a focus at Waihi with additional studies being undertaken in support of understanding local and regional biodiversity including a proposal to the Frog Recovery Group (FRG) for joint research projects into the abundance, distribution and biology of the Archey's frog. FRG is an advisory group to the Department of Conservation (DOC).

A focus on water management through the period resulted in a formal review of the site water management plan and the formation of site focus team that identified water management champions from each work area to co-ordinate the management of water across site activities and areas.

The Company continued to facilitate fortnightly meetings with the Hauraki District Council and Waikato Regional Council to discuss consenting plans for the Martha Project and the opportunity for a crest raise of the Tailings Storage Facility (TSF2).

There has been a structured campaign to liaise with the local community regarding the Martha Underground Project submissions including meetings, radio feedback, face to face discussions, social media and newsletters. Regular planned meetings were also held with local council staff. A six-monthly Correnso community meeting was held with no new issues raised.

Macraes

Ongoing environmental activities included development of a Site Water Model for planning and consenting, installation of flow monitoring stations at waste rock stack locations, environmental sensitivity tests on native fish species and a review of current rehabilitation practices aimed at integrating local farmers interests into how rehabilitation is planned and executed.

During the quarter, the Company undertook several engagement activities including conducting interviews for the Common Ground Project, investigating community opinions on conservation and land use between the local community, the regulators and the Company as well as hosting site visits to share information on the extent, nature and performance of the Macraes Operation.

Reefton Rehabilitation Project

In the fourth quarter, the Company completed the engineered backfill for the capping of the Chemist Shop Fault which allows for the continued filling of the Globe Pit. During the quarter, earthworks for the pit spillway commenced and this work is expected to continue into 2019 with a target completion in the second quarter. In the quarter, the Company completed the topsoil and subsequent tree planting of the capped Souvenir Pit, along with tree planting of the re-contoured areas around the pit. A total of 106,000 trees were planted at Reefton in 2018.

In 2019, the focus of rehabilitation and closure works at Reefton will focus on major earthworks activities including the Globe Pit spillway, installation of the passive water treatment system, rock and soil capping of the tailings facility and tree planting of the tailings facility in the third and fourth quarters of 2019. This year, the Company will commence the demobilisation of infrastructure onsite, including planning for process plant removal and provide final tree planting areas for 2020 and 2021.

Figure 3 – Globe Pit Rehabilitation

Figure 4 – Union Creek Waste Rock Stack Rehabilitation

Other Information

Strategic Investments

As at December 31, 2018, the Company held $55.1 million in marketable securities from strategic investments in junior exploration companies listed on the Venture Stock Exchange in Toronto.

These strategic investments include a 15.6% equity position in Gold Standard Ventures (GSV) and a 16.2% equity position in NuLegacy (NUG), both of which hold prospective exploration tenements in the main producing gold belts of Nevada, United States.

These strategic investments represent potential longer-term growth opportunities for the Company located in a recognised and significant gold producing jurisdiction.

Joint Ventures

In late 2018, the Company entered into an Option Agreement with Bravada Gold Corporation to explore the Highland project located in the Walker Lane district of Nevada, USA. Under the terms of the agreement, the Company can earn an initial 51% in the property with a minimum aggregate expenditure of US$4 million over 5 years. Following completion of a 51% earn in interest, the Company can make a one-time payment of US$200,000 and earn an additional aggregate total of 75% by expending an additional US$6 million over 4 years. The Company continues to review prospective joint venture opportunities with the aim of building a pipeline of projects within the Great Basin of western USA.

The Company continues to advance exploration on both the La Curva and Claudia projects located in Santa Cruz Province, Argentina where the Company has two separate Option Agreements with Mirasol Resources. In the fourth quarter of 2018, a second phase of exploration drilling was completed on the La Curva project including 3,251 metres of drilling in 18 holes testing four targets. Results of this drilling will be available in early 2019. The Company also advanced the Claudia project with further target generation activities including mapping, sampling and ground geophysics.

Accounting & Controls Information

Risks and uncertainties

This document contains some forward-looking statements that involve risks, uncertainties and other factors that could cause actual results, performance, prospects, opportunities and continued mining operations 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 including failure or delay in obtaining renewal of the Financial or Technical Assistance Agreement and the potential cessation of operations; 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.

Summary of quarterly results of operations

Page 6 of this report sets forth unaudited information for each of the eight quarters ended March 31, 2017 to December 31, 2018. 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. The most significant factors causing variation in the result are the volatility of the gold and copper price, the variability in the grade of ore mined from the Haile, Didipio, Waihi and Macraes mines, gold and copper recoveries, the timing of waste stripping activities, movements in inventories and large movements in foreign exchange rates between the USD and NZD.

Non-GAAP financial information

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) a non-GAAP measure and a reconciliation of this measure to Net Profit is provided on page 6.
- All-In Sustaining Costs ('AISC') per ounce sold is based on the World Gold Council methodology, is a non-GAAP measure and a Group reconciliation of these measures to cost of sales, is provided on page 12.
- Cash Costs per ounce sold is a non-GAAP measure and a Group reconciliation of these measures to cost of sales, is provided on page 12.
- All-In Sustaining margin refers to the difference between average gold price received, and AISC per ounce of gold sold.
- Net debt has been calculated as total interest-bearing loans and borrowings less cash and cash equivalents.
- Liquidity has been calculated as cash and cash equivalents and the total of funds which are available to be drawn under the Company's loan facilities.
- Free Cash Flow has been calculated as cash flows from operating activities before movements in working capital less cash flows used in investing activities.
- Adjusted net profit is defined as Earnings after income tax and before gain/(loss) on undesignated hedges and impairment charge as calculated on page 6.
- Annualised return on invested capital is defined as annualised net profit divided by total shareholders' equity plus interest bearing debt.

Transactions with related parties

There were no significant related party transactions during the period.

No offer of securities

Nothing in this release should be construed as either an offer to sell or a solicitation of an offer to buy or sell OceanaGold securities in any jurisdiction or be treated or relied upon as a recommendation or advice by OceanaGold.

Reliance on third party information

The views expressed in this release contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. This release should not be relied upon as a recommendation or forecast by OceanaGold.

Additional information

Additional information referring to the Company, including the Company's Annual Information Form, is available at 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 December 31, 2018. 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 December 31, 2018 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. These controls were designed and evaluated based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (2013 framework).

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 December 31, 2018. 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.

During the three months ended December 31, 2018, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. 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.

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. Please refer to Note 3 of OGC's consolidated financial statements for the quarter ended December 31, 2018 for further information.

Changes in accounting policies and standards including initial adoption

The Group adopted the following accounting standards for the first time for the annual reporting period commencing January 1, 2018:

IFRS 9 – Financial Instruments

The adoption of IFRS 9 did not have any impact on the amounts recognised in prior periods and current period. Its equity investments are strategic investments and continue to be Fair Value through Other Comprehensive Income (FVOCI). The gold and copper hedges are undesignated cash flow hedges and continue to be fair value through profit and loss. The Group does not have material financial assets for which there is an expected credit loss. It only sells to reputable banks, refiners and commodity traders.

IFRS 15 – Revenue from contracts with customers

Revenue is generated from the sale of gold bullion and gold, copper and silver concentrates. Under IFRS 15, Revenue is recognised when control is transferred to the customer which replaced the notion of transfer of risks and rewards in IAS 18 – Revenue (superseded on January 1, 2018).

The Group applied the new standard IFRS 15 using the Modified Retrospective approach which recognises the cumulative effect of initial adoption as an adjustment to the opening balance of Retained Earnings at 1 January 2018, without having to adjust comparatives in the current year reporting.

The impact on the consolidated financial statements upon the adoption of IFRS 15 from January 1, 2018 under the Modified Retrospective approach is as follows:

- Bullion sales – Gold sales of 4,166 ounces that occurred in December 2017 met the revenue recognition criteria under the then prevailing IAS 18 and was correctly recognised in the prior year. The same sale however would not have met the recognition criteria under IFRS 15. Therefore, upon adoption of IFRS, the standard requires an adjustment to the opening Retained Earnings of the current year and a recognition of that sale in the current year which results in the below impacts on the Consolidated Statement of Comprehensive Income for the quarter ended March 31, 2018.
- Concentrate sales – recognition of those sales was not impacted by IFRS 15. The adoption only resulted in a separate disclosure of revenue arising from the provisional pricing adjustments.

Extracts of the Consolidated Statement of Comprehensive Income for the quarter ended March 31, 2018 (US$m)	Under IFRS 15 (as reported)	Under IAS 18	Impact of adoption Increase/ (decrease)
Revenue	196.7	191.2	5.5
Cost of sales, excluding depreciation and amortisation	(84.7)	(81.7)	3.0
Depreciation and amortisation	(51.4)	(49.7)	1.7
Operating profit	48.3	47.5	0.8
Profit before income tax	51.7	50.9	0.8
Income tax (expense)	(7.2)	(7.0)	0.2
Net profit	44.5	43.9	0.6

The adjustment has no impact on the fourth quarter ended December 31, 2018.

In this Management Discussion and Analysis report, these adjustments have not been reflected in the operating and physical data and site financial results as these have already been reflected in the quarter ended December 31, 2017.

Accounting standards effective for future periods

The following accounting policy is effective for future periods.

IFRS 16 - Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Group has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

Please refer to Note 2 of OGC's consolidated financial statements for the quarter ended December 31, 2018 for further information.