Second Quarter 2014 Results

July 30, 2014

www.oceanagold.com

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

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

Technical Disclosure

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

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

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

Management Discussion and Analysis Report for the Second Quarter ended June 30, 2014

HIGHLIGHTS

- Consolidated first half 2014 production of 147,399 ounces of gold and 11,185 tonnes of copper including 60,831 ounces of gold and 4,706 tonnes of copper in the second quarter.
- Consolidated first half 2014 sales of 166,344 ounces of gold and 12,925 tonnes of copper at All-In Sustaining Costs of $779 per ounce sold net of by-product credits.
- Consolidated sales of 72,294 ounces of gold and 5,173 tonnes of copper at cash costs of $778 per ounce sold in the second quarter.
- Revenue of $297.8 million in the first half 2014 including $127.5 million in the second quarter and first half net profit of $56.8 million including second quarter net loss of $2.1 million.
- First half 2014 free cash flow generation of $71 million including $22 million in the second quarter.
- Strengthened balance sheet through bank debt repayment of $10 million in the second quarter while increasing available liquidity to $128.4 million including $46.2 million in cash.
- Successfully refinanced the corporate debt facilities into a $200 million revolving credit facility with competitive fiscal terms and maturing in June 2017.
- Completed construction of a water treatment plant at Didipio.
- On-track for full year production and cost guidance.

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

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

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

Management Discussion and Analysis Report for the Second Quarter ended June 30, 2014

OVERVIEW

Operating and Financial Results

Consolidated production was 147,399 ounces of gold and 11,185 tonnes of copper in the first half of 2014 and 60,831 ounces of gold and 4,706 tonnes of copper in the second quarter. As previously guided, second quarter production was expected to be lower than the previous quarter on account of mine sequencing whereby lower grade ore was mined and processed at Didipio and the New Zealand operations. A planned shutdown of the Didipio process plant for maintenance resulted in a lower mill feed. Prior to the end of the quarter, mined ore feed to the process plant at Reefton was affected due to access limitations in the open pit. A redesign of the open pit and adjustment to mine production schedule were completed subsequent to the quarter end.

Consolidated cash costs net of by-product credits were $435 per ounce on 166,344 ounces of gold sold in the first half of 2014 and $778 per ounce on 72,294 ounces of gold sold in the second quarter. The quarter on quarter increase in cash costs was attributable to lower overall sales, a stronger New Zealand dollar and higher cost of sales in New Zealand as a result of a drawdown of ore inventories and gold-in-circuit.

On a co-product basis, consolidated cash costs were $695 per ounce on 237,914 gold equivalent ounces sold in the first half of 2014 and $924 per ounce on 100,991 gold equivalent ounces sold in the second quarter. Consolidated All-In Sustaining Costs (“AISC”) net of by-product credits were $779 per ounce in the first half of 2014.

Consolidated revenue in the second quarter was $127.5 million with an EBITDA of $29.6 million and a net loss of $2.1 million.

Consolidated second quarter average gold price received was $1,314 per ounce compared to $1,311 per ounce received in the previous quarter. The average copper price received for the quarter was $6,924 per tonne versus $6,939 per tonne in the previous quarter.

In June 2013, the Company announced that it had put in place a zero-cost collar hedging program at its Reefton operation by purchasing put options for 115,650 ounces of gold at NZ$1,600 per ounce and selling an equal number of call options at NZ$1,787 per ounce over the remaining life of the asset. In January 2014, the Company announced a similar program at Macraes for 208,000 ounces of gold over a two-year period with a zero-cost collar of NZ$1,500 to NZ$1,600 per ounce. With the rising New Zealand dollar and continued lower gold price, these hedges have been designed to operate a cash flow positive business in New Zealand.

The cash balance at the end of the quarter was $46.2 million compared to $42.1 million at the end of the first quarter. In the first half of 2014, the Company repaid approximately $30 million of debt including $10 million in the second quarter. Over the past eighteen months, the Company has repaid over $94 million in debt.

Prior to quarter end, the Company announced the refinancing of its corporate debt whereby the existing facilities which included the undrawn revolving credit facility and the drawn $117.8 million term facility were consolidated into a $200 million revolving credit facility with competitive financial terms and that matures on June 30, 2017.

The Company remains focused on strengthening its balance sheet through further debt repayment in 2014 and increasing its cash balance. The stronger balance sheet and additional liquidity provides the Company with increased operational flexibility and options for growth and sustainable dividends in future.

Production & Cost Guidance

At Didipio for the second half of 2014, the mining operations will advance Stage 3 of the open pit into a higher grade zone of the ore body and will continue with the Stage 4 cutback. The operation will process higher grade ore and mill feed is expected to be higher as throughput rates steadily increase to the planned 3.5 Mtpa rate by the end of the year. The Didipio optimisation study is on schedule for completion by the end of the year while the connection to power grid continues to advance well.

In the second half of the year at Macraes, production in the third and fourth quarters is expected to be similar to the second quarter. The operation will continue to mine at a reduced rate and process a higher proportion of low grade stockpile ore to supplement the mill feed. Prior to the end of the quarter, the operation developed a new plan which involves bringing forward mining of the Coronation pit.

Looking ahead at Reefton, the final cutback of the current mine plan is scheduled to be completed in the third quarter. With the redesign of the open pit to improve access, ore mined and processed will be reduced during the third quarter resulting in lower production for the third quarter and full year. The mine plan has been revised and as a result the Company expects a slight increase in the life of mine production at Reefton and the operation will remain cash flow positive including rehabilitation costs under its revised mine plan.

For the full year, the Company guidance is unchanged at 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. See Table 2 for full guidance.

Table 1 – Production and Cost Results Summary

		Didipio	New Zealand	Group
Second Quarter 2014 Results				
Gold Produced	*ounces*	14,786	46,045	60,831
Copper Produced	*tonnes*	4,706	–	4,706
Gold Sales	*ounces*	17,746	54,548	72,294
Copper Sales	*tonnes*	5,173	–	5,173
Average Gold Price Received	*$ per ounce*	1,294	1,321	1,314
Average Copper Price Received	*$ per tonne*	6,924	–	6,924
Cash Costs	*$ per ounce*	(254)[1]	1,114	778[1]
First Half 2014 Results				
Gold Produced	*ounces*	45,266	102,133	147,399
Copper Produced	*tonnes*	11,185	–	11,185
Gold Sales	*ounces*	54,010	112,334	166,344
Copper Sales	*tonnes*	12,925	–	12,925
Average Gold Price Received	*$ per ounce*	1,309	1,314	1,312
Average Copper Price Received	*$ per tonne*	6,933	–	6,933
Cash Costs	*$ per ounce*	(412)[1]	843	435[1]
All-In Sustaining Costs[2]	*$ per ounce*	(150)[1]	1,226	779[1]

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

Table 2 – 2014 Production and Cost Guidance

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

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

Philippines Overview

Production in the first half of 2014 at Didipio was 45,266 ounces of gold and 11,185 tonnes of copper including 14,786 ounces of gold and 4,706 tonnes of copper in the second quarter. As previously guided, the Company expected a decrease in production from the previous quarter on account of mine sequencing whereby lower grade ore was mined and processed as well as a lower mill feed at Didipio due to planned maintenance of the process plant.

Didipio's gold equivalent production was 104,506 ounces in the first half of 2014 including 39,967 ounces in the second quarter.

Second quarter cash costs, net of by-product credits at Didipio were negative ($254) per ounce on gold sales of 17,746 ounces and copper sales of 5,173 tonnes. The increase in cash costs from the previous quarter was a result of lower sales. Didipio's second quarter co-product cash costs were $702 per gold equivalent ounce sold. For the first half of 2014, Didipio's AISC were negative ($150) per ounce, net of by-product credits.

The total material mined in the second quarter of 2014 was 6.1 million tonnes including 1.4 million tonnes of ore. During the quarter, the operation mined lower grade zones in Stage 3 of the open pit while pre-stripping Stage 4 and providing competent waste rock for the Tailings Storage Facility ("TSF") lift.

Mill feed in the second quarter was 640,617 tonnes, lower than the previous quarter on account of a planned shutdown of the process plant for maintenance.

Mill feed grade for the second quarter was 0.80 g/t gold and 0.79% copper, lower than in the previous quarter as a result of lower grade ore mined. Recovery for the second quarter was 89.4% for gold and 93.3% for copper.

New Zealand Overview

In New Zealand, consolidated gold production in the first half of 2014 was 102,133 ounces including 46,045 ounces in the second quarter. As expected, production in the quarter was lower than in the first quarter due to lower grade ore processed across each operation.

Consolidated New Zealand cash costs were $843 per ounce on gold sales of 112,334 ounces in the first half of 2014 and $1,114 per ounce on gold sales of 54,548 ounces in the second quarter. New Zealand cash costs were higher than in the first quarter on account of lower sales, a stronger New Zealand dollar and higher operating costs due to a drawdown of ore inventories and gold-in-circuit. New Zealand's AISC for the first half of 2014 was $1,226 per ounce sold.

As mentioned, the New Zealand dollar denominated zero-cost collar hedges were put in to place at Reefton and Macraes to ensure a cash flow positive business at these operations in a lower gold price environment and as they transition in to a care and maintenance phase over the next four years.

The total material mined at the New Zealand operations in the second quarter was 5.4 million tonnes, a 43% decrease from the previous quarter. The decrease was a result of the suspension of mining activities at the Macraes open pit following the pit wall failure announced early in the quarter and while a new mine plan was being developed.

Mill feed in New Zealand was 1.8 million tonnes for the second quarter, which was slightly higher than in the previous quarter. The increase was due primarily to better mill availability at Macraes but partly offset by a lower feed at Reefton where less ore was mined due to geotechnical instability of one of the pit walls, which resulted in less ore available for processing.

Mill feed grade was 0.98 g/t for the second quarter, lower than in the previous quarter due to an increase of low grade stockpile ore processed at Macraes. The overall recovery for the New Zealand operations was 82.5%, which was similar to the previous quarter.

Project Development

Debottlenecking of the Didipio process plant to achieve the planned 3.5 Mtpa throughput rate continued to progress well and is on schedule for completion by year-end. In the quarter, the Company completed construction of the water treatment plant at Didipio and commissioning will take place in the third quarter. The Didipio power grid connection continues to advance well and the Didipio optimisation study is on schedule for completion by the end of the third quarter.

In New Zealand, the Round Hill and Blackwater studies are on schedule for completion in the third quarter.

Sustainability Overview

During the second quarter, the Company invested approximately $0.5 million on community initiatives and other development programs within Didipio and neighbouring communities.

As in previous quarters, most of this investment was on infrastructure projects such as farm to market access roads and water related infrastructure, education and health.

During the quarter, the Company sowed more than 36,000 seeds from its primary tree plantation. The Company was an active participant in the Philippines' Environment Month in June and was a sponsor of Arbor Day on June 25 when the Company planted over 1,200 seedlings throughout its communities.

Table 3 – Key Financial Statistics for Didipio Operations

	Q2 Jun 30 2014	Q1 Mar 31 2014	Q2 Jun 30 2013	Half Year Jun 2014	Half Year Jun 2013[2]
Gold Sold (ounces)	17,746	36,264	11,086	54,010	13,877
Copper Sold (tonnes)	5,173	7,752	5,073	12,925	6,622
Average Gold Price Received ($ per ounce)	1,294	1,317	1,270	1,309	1,330
Average Copper Price Received ($ per tonne)	6,924	6,939	7,094	6,933	7,160
Cash Operating Costs[1] ($ per ounce)	(254)	(490)	(586)	(412)	(227)
Cash Operating Margin ($ per ounce)	**1,548**	**1,807**	**1,856**	**1,721**	**1,557**

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

	Q2 Jun 30 2014	Q1 Mar 31 2014	Q2 Jun 30 2013	Half Year Jun 2014	Half Year Jun 2013*
Gold Produced (ounces)	14,786	30,480	13,676	45,266	20,553
Copper Produced (tonnes)	4,706	6,479	5,710	11,185	9,373
Total Ore Mined (tonnes)	1,404,959	1,674,096	1,729,314	3,079,055	3,566,395
Ore Mined Grade Gold (grams/tonne)	0.47	0.83	0.55	0.67	0.52
Ore Mined Grade Copper (%)	0.48	0.61	0.64	0.55	0.64
Total Waste Mined (tonnes) including pre-strip	4,675,419	4,444,876	4,342,999	9,120,295	7,093,041
Mill Feed (dry milled tonnes)	640,617	750,626	727,550	1,391,243	1,176,253
Mill Feed Grade Gold (grams/tonne)	0.80	1.40	0.75	1.12	0.69
Mill Feed Grade Copper (%)	0.79	0.90	0.91	0.85	0.91
Recovery Gold (%)	89.4	90.2	77.5	89.8	77.8
Recovery Copper (%)	93.3	95.4	87.3	94.4	87.7

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

Table 5 – Key Financial Statistics for New Zealand Operations

	Q2 Jun 30 2014	Q1 Mar 31 2014	Q2 Jun 30 2013	Half Year Jun 2014	Half Year Jun 2013
Gold Sales (ounces)	54,548	57,786	59,620	112,334	118,205
Average Price Received ($ per ounce)	1,321	1,307	1,422	1,293	1,526
Cash Operating Cost ($ per ounce)	1,114	584	918	843	804
Cash Operating Margin ($ per ounce)	**207**	**723**	**504**	**450**	**722**

Table 6 – Combined Operating Statistics for New Zealand

	Q2 Jun 30 2014	Q1 Mar 31 2014	Q2 Jun 30 2013	Half Year Jun 2014	Half Year Jun 2013
Gold Produced (ounces)	46,045	56,088	54,677	102,133	115,263
Total Ore Mined (tonnes)	602,092	1,753,796	1,789,769	2,355,888	3,775,099
Ore Mined Grade (grams/tonne)	1.35	1.25	1.06	1.28	1.19
Total Waste Mined (tonnes) including pre-strip	4,766,500	7,665,243	13,818,227	12,431,743	30,208,125
Mill Feed (dry milled tonnes)	1,773,665	1,693,711	1,831,729	3,467,376	3,630,345
Mill Feed Grade (grams/tonne)	0.98	1.23	1.12	1.10	1.20
Recovery (%)	82.5	82.2	82.1	82.4	81.1

Table 7 – Macraes Goldfield Operating Statistics

	Q2 Jun 30 2014	Q1 Mar 31 2014	Q2 Jun 30 2013	Half Year Jun 2014	Half Year Jun 2013
Gold Produced (ounces)	35,641	40,668	40,063	76,309	88,202
Total Ore Mined (tonnes)	397,419	1,303,632	1,414,405	1,701,051	3,057,837
Ore Mined Grade (grams/tonne)	1.46	1.21	0.96	1.27	1.13
Total Waste Mined (tonnes) including pre-strip	740,603	2,934,955	9,432,040	3,675,558	21,825,450
Mill Feed (dry milled tonnes)	1,401,993	1,275,748	1,442,860	2,677,741	2,905,269
Mill Feed Grade (grams/tonne)	0.96	1.19	1.04	1.07	1.16
Recovery (%)	82.8	82.9	81.8	82.8	81.0

Table 8 – Reefton Mine Operating Statistics

	Q2 Jun 30 2014	Q1 Mar 31 2014	Q2 Jun 30 2013	Half Year Jun 2014	Half Year Jun 2013
Gold Produced (ounces)	10,404	15,420	14,614	25,824	27,061
Total Ore Mined (tonnes)	204,673	450,164	375,364	654,837	717,262
Ore Mined Grade (grams/tonne)	1.14	1.38	1.45	1.30	1.46
Total Waste Mined (tonnes) including pre-strip	4,025,897	4,730,288	4,386,187	8,756,185	8,382,675
Mill Feed (dry milled tonnes)	371,672	417,963	388,869	789,635	725,076
Mill Feed Grade (grams/tonne)	1.07	1.38	1.41	1.23	1.38
Recovery (%)	81.4	80.2	83.1	80.8	81.2

PRODUCTION

In the first half of 2014, the Company produced 147,399 ounces of gold and 11,185 tonnes of copper. First half 2014 cash costs net of by-product credits were $435 per ounce on 166,344 ounces of gold sold and 12,925 tonnes of copper sold. The Company's AISC net of by-product credits were $779 per ounces sold in the first half of 2014.

In the second quarter, the Company produced 60,831 ounces of gold and 4,706 tonnes of copper. As previously guided, the Company expected a decrease in production from the previous quarter on account of mine sequencing whereby lower grades were mined and processed across all operations as well as a lower mill feed at Didipio due to planned maintenance of the process plant. Production also decreased from the previous quarter on account of lower mill feed at Reefton due to restricted access of the open pit.

The total Company cash costs net of by-product credits for the second quarter were $778 per ounce on sales of 72,294 ounces of gold and 5,173 tonnes of copper.

Didipio Mine (Philippines)

The Didipio operation recorded one lost time injury ("LTI") during the quarter when a contractor was injured while performing a standard duty. Following this injury, the Company reinforced the importance of following standard operating procedures and provided additional training to its workforce. Prior to this LTI, the Didipio operation achieved approximately 10.4 million man hours worked without an LTI.

In the second quarter, Didipio produced 14,786 ounces of gold and 4,706 tonnes of copper. The decrease in production was expected due to mine sequencing whereby the operations mined a lower grade zone of the ore body and processed lower grade ore. Additionally, mill feed was lower than in the previous quarter due to a shutdown of the process plant for planned maintenance and debottlenecking activities.

In the second quarter, the mining operation was focused on mining low grade ore from Stage 3 of the open pit while pre-stripping of Stage 4 and providing competent waste rock to the TSF lift.

The total material mined in the second quarter was 6.1 million tonnes similar to the previous quarter. The total ore mined in the quarter was 1.4 million tonnes, most of which was delivered to stockpiles. As at the end of the quarter, 9.1 million tonnes of ore had been stockpiled for future processing.

Total mill feed in the second quarter was 640,617 tonnes, lower than the previous quarter as expected. During the quarter, the process plant was shut down for a period of six days at the end of May for planned maintenance, which included relining the SAG mill and modifying the ball mill. Additionally, the Company installed a third stage tailings delivery pump, began the installation of a new tailings delivery line and poured the foundation for a pebble crusher as part of the debottlenecking activities to increase the throughput rate to 3.5 Mtpa by the end of 2014.

Mill feed grade for the second quarter was 0.80 g/t for gold and 0.79% for copper, both slightly lower than in the previous quarter on account of lower grade ore mined. Gold recovery was 89.4% while copper recovery was 93.3% both slightly lower than previous quarter on account of lower grades processed but partly offset by better floatation recoveries.

In the second quarter, the Company made four shipments of concentrate totalling 23,804 dry metric tonnes to smelters in Asia and shipped over 4,000 ounces in Dore bars to the mint in Perth, Australia.

Looking ahead to the second half of 2014, the mining operations at Didipio will advance Stage 3 of the open pit into a higher grade zone of the ore body and will continue with the Stage 4 cutback. The operation will process higher grade ore and mill feed is expected to be higher as throughput rates steadily increase to the planned 3.5 Mtpa rate by the end of the year. The Didipio optimisation study is on schedule for completion by the end of the third quarter while the connection to power grid continues to advance well.

With the strong production results to start the first half of 2014, Didipio is well on track to achieve its 2014 guidance.

Macraes Goldfield (New Zealand)

There were no LTIs during the second quarter at the Macraes operation (open pit and underground).

Gold production from the Macraes Goldfield for the quarter was 35,641 ounces, which was lower than the previous quarter as expected and on account of processing a higher proportion of low grade stockpile ore, which resulted in a lower head grade.

Total material mined from the open pit was 1.1 million tonnes for the quarter, 73% lower than in the previous quarter due to the stoppage of mining operations after the pit wall failure early in the second quarter. This event also displaced part of the access road to the underground portal and as a result, the underground operations were suspended for eight days whilst a new access road was reinstated. Mining of the underground resumed immediately after the road was reinstated.

Open pit mining re-commenced late in the second quarter with earthworks that included the construction of a new haul road to access the southern end of the pit. Mining of ore from the open pit recommenced subsequent to the quarter end.

At the Frasers Underground, mining was undertaken in both panels 1 and 2 in the quarter. Total ore mined for the quarter was 205,915 tonnes, lower than the previous quarter due to the stoppage of operations following the pit wall slump. The decrease was partly offset by increased equipment productivity.

Mill feed was 1.40 million tonnes compared to 1.28 million tonnes in the previous quarter, an increase due to better plant availability. In the first quarter, throughput rates had been reduced to 65% of normal operating rates as a result of a burnout of a motor in one of the mills. These repairs were completed at the end of the first quarter and throughput rates returned to normal levels.

Mill feed grade for the quarter was 0.96 g/t, which was lower than the previous quarter as expected on account of processing a higher proportion of low grade stockpile ore.

The process plant recovery was 82.8% in the quarter, similar to the previous quarter on account of better Carbon-in-Leach (“CIL”) recoveries and changes made to increase the gold electro-winning efficiency but partly offset by the lower head grade.

In the second half of the year at Macraes, production in the third and fourth quarters is expected to be similar to the second quarter. The operation will continue to mine at a reduced rate and process a higher proportion of low grade stockpile ore to supplement the mill feed. Prior to the end of the quarter, the operation developed a new plan which involves bringing forward mining of the Coronation pit.

Reefton Mine (New Zealand)

In the second quarter of 2014, no LTIs were recorded at the Reefton operation.

Gold production at Reefton was 10,404 ounces, a decrease from the previous quarter due primarily to lower grades mined and processed and less ore available for processing.

Total material mined from the open pit was 4.2 million tonnes, a decrease of 18% from the previous quarter while total ore mined was 204,673 tonnes, a 54% decrease from the previous quarter. During the quarter, geotechnical instability of one of the pit walls affected access in the open pit resulting in less material including less ore mined and available for processing.

Mill feed for the quarter was 371,672 tonnes, down 11% from the previous quarter. The reduced ore availability resulted in a process plant shutdown for a period of twelve days. During this time, opportune maintenance activities were completed.

The mill feed grade in the second quarter was 1.07 g/t versus 1.38 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 81.4%, slightly better than the previous quarter on account of improved ore characteristics and better CIL recoveries.

Looking ahead at Reefton, the final cutback of the current mine plan is scheduled to be completed in the third quarter. With the redesign of the open pit to improve access, ore mined and processed will be reduced during the third quarter resulting in lower production for the third quarter and full year. The mine plan has been revised and as a result the Company expects a slight increase in the life of mine production at Reefton and the operation will remain cash flow positive including rehabilitation costs under its revised mine plan.

EXPLORATION

Exploration expenditure for the second quarter totalled $0.9 million.

Exploration activities for the second quarter were focused mainly on near mine site drilling at Didipio and preparation for a geophysical survey of the near mine area.

Philippines

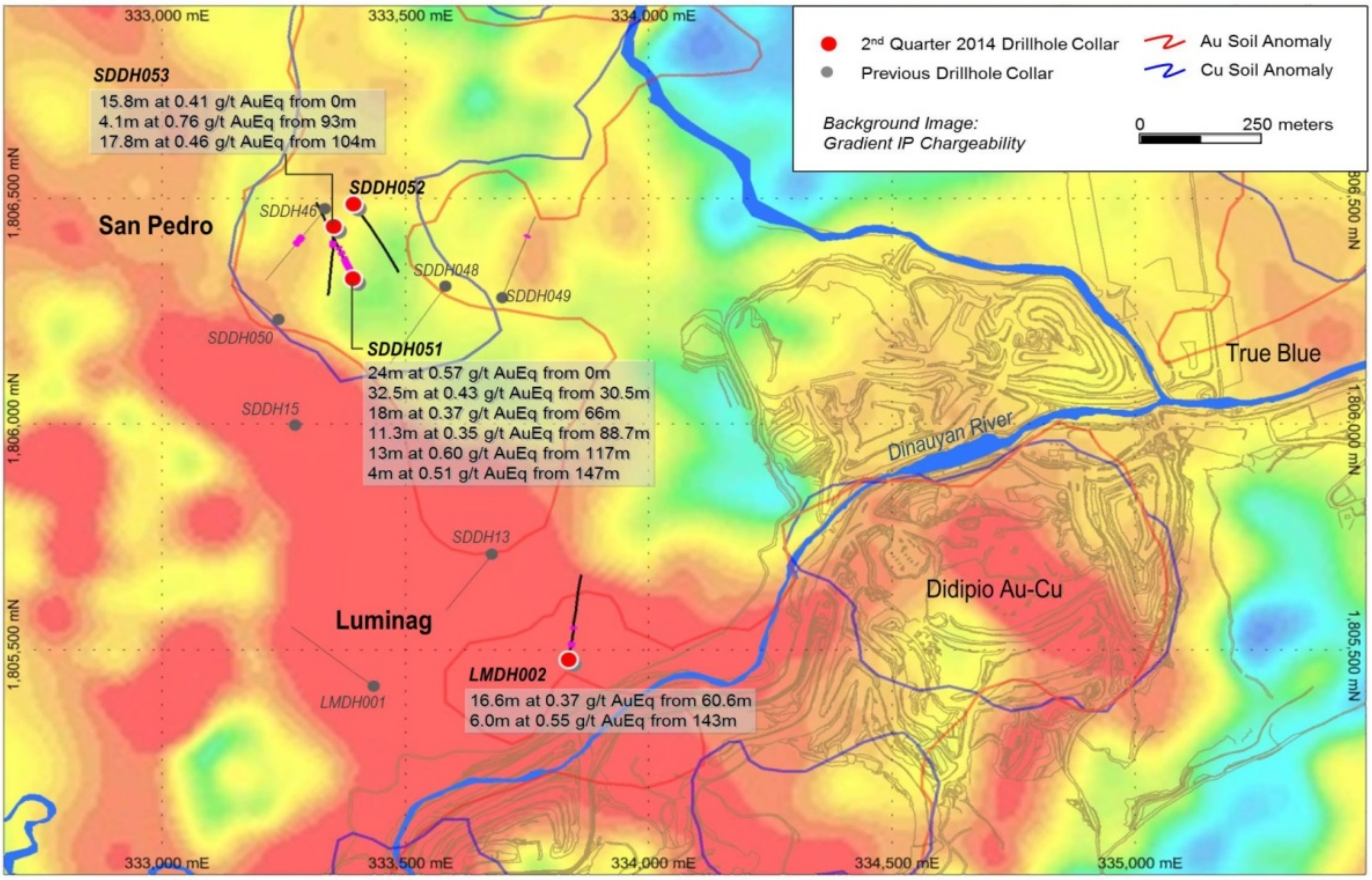
Exploration expenditure in the Philippines for the second quarter was $0.7 million.

During the quarter, exploration drilling continued at the San Pedro and Luminag near mine prospects (see Figure 1). At San Pedro, the drilling is within an area of extensive alluvial mining where some limonitic veinlets are exposed. During the quarter, three additional holes were drilled at San Pedro for an aggregated 1,150 metres. At Luminag, one hole for 402 metres was drilled during the quarter.

The drilling intersected a broad zone of low grade gold-copper mineralisation along the contact zone of monzonite and diorite intrusions, characterised by breccia zones with pyrite-chalcopyrite veinlets. Mineralised intercepts are shown in Figure 1 below.

Also in the quarter, the Company began preparations for a geophysical survey of the Didipio area, which is scheduled to take place in the third quarter. The proposed survey will scan depths greater than 500 metres to locate deep-seated mineralisation. The results of the survey will give greater clarity of the low-grade mineralised intersections from the recent drilling and will allow the Company to determine where additional drill testing is required.

Figure 1: Drill hole location and summary of intersected mineralised zones, Q2 2014
(Au eq = Au g/t + %Cu X 1.67)



Project Development

At Didipio, debottlenecking activities of the process plant to achieve the planned 3.5 Mtpa throughput rate included the installation of a third stage tailings delivery pump and a new tailings delivery line, construction of the pebble crusher foundation and replacement of drive motors. The work is advancing well and on schedule for completion by the end of 2014.

During the quarter, the Company completed the construction of the water treatment plant at Didipio and commissioning is expected to be completed in the third quarter. Construction of Stage 3 of the TSF lift including the flow through drainage was completed ahead of schedule and under budget. The Company expects to complete the construction of the Didipio TSF to its ultimate life of mine capacity over the next five years.

The Didipio power grid connection project continues to advance well. By connecting to the power grid, the Company expects to significantly reduce its power costs at the operation starting in 2016.

The Didipio optimisation study, which includes the timing and design of the underground development, continues to advance well and is on schedule for completion by the end of the third quarter of 2014.

In New Zealand, the Round Hill study at Macraes and the Blackwater study near Reefton are both on schedule for completion in the third quarter of 2014.

Sustainability

In the second quarter, the Company invested approximately $0.5 million on community initiatives and programs within Didipio and neighbouring communities. Most of this investment was on infrastructure projects such as construction of farm to market access roads, bridges, classrooms and school facilities, water systems, sports facilities and a health centre.

The Company continued to support local educators through salary subsidisation while the Company's scholarship program increased to 114 university scholars. During the quarter, nearly 800 residents from five local communities benefitted from four Company medical missions.

For the quarter, the Didipio Community Development Corporation ("DiCorp"), the fastest growing enterprise in the province of Nueva Vizcaya generated gross revenues of $1.2 million from mine services provided to the Didipio Mine.

Seedling production at the Company's primary tree nursery resulted in the sowing of more than 36,000 seeds of various forest and fruit bearing trees in the quarter. Surveying of a new tree plantation in the municipality of Kasibu is near completion. The new plantation will provide new employment opportunities and a new source of income for local farmers.

In support and recognition of the environment, the Company was an active participant during the month of June. On June 25, 2014, OceanaGold sponsored and participated in the Philippines Arbor Day by leading tree planting activities at the mine site and planting over 1,200 tree seedlings including 300 narra (Philippines' National Tree) seedlings on school grounds and throughout the host communities.

FINANCIAL SUMMARY

STATEMENT OF OPERATIONS	Q2 Jun 30 2014 $000	Q1 Mar 31 2014 $000	Q2 Jun 30 2013 $000	Half Year Jun 2014 $000	Half Year Jun 2013 $000
Sales	127,480	170,355	131,213	297,835	226,852
Cost of sales, excluding depreciation and amortisation	(88,543)	(63,183)	(80,437)	(151,726)	(120,312)
General & Administration	(9,431)	(8,315)	(6,764)	(17,746)	(12,926)
Foreign Currency Exchange Gain/(Loss)	116	2,916	(1,528)	3,032	(1,947)
Other income/(expense)	(20)	(743)	11	(763)	(2,097)
Earnings before interest, tax, depreciation & amortisation (EBITDA) (excluding gain/(loss) on undesignated hedges and impairment charge)	**29,602**	**101,030**	**42,495**	**130,632**	**89,570**
Depreciation and amortisation	(31,433)	(33,366)	(39,824)	(64,799)	(69,371)
Net interest expense and finance costs	(2,844)	(2,430)	(6,322)	(5,274)	(12,698)
Earnings/(loss) before income tax and gain/(loss) on undesignated hedges and impairment charge	**(4,675)**	**65,234**	**(3,651)**	**60,559**	**7,501**
Tax (expense)/ benefit on earnings/loss	5,668	(5,365)	1,004	303	(3,659)
Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges and impairment charge	**993**	**59,869**	**(2,647)**	**60,862**	**3,842**
Impairment charge	-	-	(85,500)	-	(85,500)
Gain/(loss) on fair value undesignated hedges	(4,328)	(1,283)	(8,977)	(5,611)	(8,164)
Tax (expense)/benefit on gain/loss on undesignated hedges and impairment	1,212	359	26,633	1,571	26,389
Net Profit/(loss)	**(2,123)**	**58,945**	**(70,491)**	**56,822**	**(63,433)**
Basic earnings per share	$(0.01)	$0.20	$(0.24)	$0.19	$(0.22)
Diluted earnings per share	$(0.01)	$0.19	$(0.24)	$0.19	$(0.22)
CASH FLOWS					
Cash flows from Operating Activities	52,730	73,288	9,864	126,018	31,305
Cash flows used in Investing Activities	(31,091)	(24,147)	(25,218)	(55,238)	(90,200)
Cash flows used in Financing Activities	(12,603)	(25,198)	(4,459)	(37,801)	(30,169)

BALANCE SHEET	As at Jun 30 2014 $000	As at Dec 31 2013 $000
Cash and cash equivalents	46,207	24,788
Other Current Assets	116,850	126,400
Non-Current Assets	773,216	745,638
Total Assets	**936,273**	**896,826**
Current Liabilities	81,467	129,478
Non-Current Liabilities	189,934	175,618
Total Liabilities	**271,401**	**305,096**
Total Shareholders' Equity	**664,872**	**591,730**

RESULTS OF OPERATIONS

Net Earnings

In the second quarter, the Company reported a quarterly net loss of $2.1 million versus a net profit of $58.9 million in the previous quarter. The Company reported quarterly EBITDA (excluding gain/loss on undesignated hedges and impairment charge) of $29.6 million in the second quarter compared to $101.0 million in the first quarter. The decrease from the previous quarter was attributed to lower overall sales, lower average gold price and copper price received in the Philippines, a stronger New Zealand dollar and higher cost of sales in New Zealand as a result of a drawdown of ore inventories and gold-in-circuit

Sales Revenue

Philippines

Second quarter concentrate sales revenue net of concentrate treatment, refining and selling costs in Philippines was $51.0 million of which copper revenue was $35.8 million while gold bullion revenue was $4.4 million. In the second quarter, the average gold price received at Didipio was $1,294 per ounce compared to $1,317 per ounce in the previous quarter and the average copper price received was $6,924 per tonne compared to $6,939 per tonne in the previous quarter. In the second quarter 17,746 ounces of gold and 5,173 tonnes of copper were sold. The quarter on quarter decrease in sales was expected and due primarily to lower production at Didipio. Silver sales for the quarter were 42,550 ounces compared with 117,955 ounces in the previous quarter.

During the quarter, the Company shipped 23,804 dry metric tonnes of concentrate to smelters in Asia.

New Zealand

In New Zealand, second quarter revenue was $72.1 million which was slightly lower than the previous quarter on account of lower sales but partly offset by a slightly higher average gold price received.

The average gold price received in New Zealand in the second quarter was $1,321 per ounce compared to $1,307 per ounce received in the previous quarter. Gold sales in the second quarter were 54,548 ounces compared to 57,786 ounces in the previous quarter.

Operating Costs and Margins per Ounce

Philippines

Operating cash costs at Didipio were negative ($254) per ounce sold, net of by-product credits for the second quarter compared to negative ($490) per ounce sold in the previous quarter. On a co-product basis, the operating cash costs were $702 per ounce of gold sold compared to $483 per ounce in previous quarter. The increase in cash costs can be attributed to a decrease in sales.

New Zealand

Operating cash costs in New Zealand were $1,114 per ounce sold for the second quarter compared to $584 per ounce in the previous quarter. The increase from the previous quarter was due to slightly lower sales, a stronger New Zealand dollar and higher cost of sales in New Zealand as a result of a drawdown of ore inventories and gold-in-circuit.

The average cash margin in New Zealand was $207 per ounce sold for the second quarter versus $723 per ounce in the first quarter. The decrease was a result of higher costs of sales and lower ounces sold, offset partly by a slightly higher average gold price received.

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 $31.4 million for the second quarter compared to $33.4 million in the previous quarter. The decrease reflects the lower production from the Philippines and New Zealand in the quarter, offset partly by a stronger New Zealand dollar.

Net Interest Expense and Finance Costs

The net interest expense and finance costs of $2.8 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 June 30, 2014, reflect a loss of $4.3 million compared to a loss of $1.3 million in the previous quarter.

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

DISCUSSION OF CASH FLOWS

Operating Activities

Cash inflows from operating activities were $52.7 million for the second quarter compared to $73.3 million in the previous quarter. The decrease was due primarily to lower overall sales.

Investing Activities

Cash used for investing activities totalled $31.1 million in the second quarter compared to $24.1 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 second quarter were $12.6 million compared to a net outflow of $25.2 million in the previous quarter. This reflects a net repayment of borrowings of $10.0 million during the quarter, in addition to repayment of finance leases.

DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

Company's funding and capital requirements

For the quarter ended June 30, 2014, the Company recorded a net loss of $2.1 million. As at the end of the quarter, the cash funds held were $46.2 million and net current assets were $81.6 million at quarter end. The Company repaid $10.0 million of core debt prior to the end of the quarter.

Prior to quarter end, the Company announced the refinancing of its corporate debt whereby the existing facilities which included the undrawn revolving credit facility and the drawn $117.8 million term facility were consolidated into a $200 million revolving credit facility. The new revolving credit facility consists of competitive financial terms and standard corporate debt covenants and matures on June 30, 2017.

As at the end of the second quarter, the Company has immediate available liquidity of $128.4 million including $46.2 million in cash.

Commitments

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

	Jun 30 2014 $000
Within 1 year	10,016

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

Financial Position

Current Assets

Current assets were $163.1 million as at June 30, 2014 compared to $151.2 million as December 31, 2013. The variance in the current assets was due mainly to an increase in cash generated from operations offset partly by a decrease in inventories mainly in New Zealand.

Non-Current Assets

Non-current assets were $773.2 million as at the June 30, 2014 compared to $745.6 million as at December 31, 2013. The variance is due 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 $81.5 million as at June 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 and the reclassification of the drawn amount of the revolving credit facility from current to non-current following the refinancing.

Non-Current Liabilities

Non-current liabilities were $189.9 million as at June 30, 2014 compared to $175.6 million as at December 31, 2013. The increase was due mainly to a reclassification of the credit facility from current liabilities to non-current liabilities following the refinancing. The increase in non-current liabilities from the end of 2013 was partly offset by a slight decrease in deferred tax liabilities.

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 second quarter of 2014, the balance of gold production under this agreement was 53,730 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 November 2015. As at the end of the second quarter of 2014, the balance of gold production under this agreement was 154,502 ounces.

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:

	Jun 30 2014 $000	Dec 31 2013 $000
Current Assets		
Gold put/call options	5,501	7,501
Non-Current Assets		
Gold put/call options	-	2,619
Total Assets	**5,501**	**10,120**
Non-Current Liabilities		
Gold put/call options	486	-
Total Liabilities	**486**	**-**

Shareholders' Equity

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

	Period Ended Jun 30 2014 $000
Total equity at beginning of the quarter	662,949
Profit/(loss) after income tax	(2,123)
Movement in other comprehensive income	2,083
Movement in contributed surplus	(167)
Issue of shares/ (Equity raising costs)	2,130
Total equity at end of financial period	**664,872**

Shareholder's equity has increased by $1.9 million to $664.9 million at June 30, 2014, mainly as a result of employees exercising shares and currency translation differences reflected in "Other Comprehensive Income" that arise from the translation of entities with a functional currency other than USD, offset partly by a net loss after tax for the period of $2.1 million.

Capital Resources

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

Shares outstanding	301,345,184
Options and share rights outstanding	9,504,287

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

Shares outstanding	301,345,184
Options and share rights outstanding	9,504,287

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

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

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

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

Exploration and Evaluation Expenditure

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

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

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

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

Mining Properties in Production or Under Development

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

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

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

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

Asset Retirement Obligations

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

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

Asset Impairment Evaluations

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

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

Derivative Financial Instruments/Hedge Accounting

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

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

forward exchange rate for contracts with similar maturity profiles.

Stock Option Pricing Model

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

Income Tax

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

Foreign Currency Translation

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

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

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

RISKS AND UNCERTAINTIES

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

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

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Adoption of new accounting policies

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

Accounting policies effective for future periods

The following accounting policies are effective for future periods:

IFRS 9 – *Financial instruments*

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

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

collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

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

All fair value movements on financial assets must be recognised in profit or loss except for equity investments that are not held for trading (short-term profit taking), which may be recorded in other comprehensive income (FVOCI). 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.

IFRS 2 – Share-based payment

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

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

It has no material impact on the Group.

IFRS 3 – Business combinations

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

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

IAS 19 – Defined benefit plans and employee contributions

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

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

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 IAS41.

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.

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended September 30, 2012 through to June 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	Jun 30 2014 $000	Mar 31 2014 $000	Dec 31 2013 $000	Sep 30 2013 $000	Jun 30 2013 $000	Mar 31 2013 $000	Dec 31 2012 $000	Sep 30 2012 $000
Sales Revenue	127,480	170,355	170,142	156,617	131,213	95,639	119,018	91,153
EBITDA (excluding gain/(loss) on undesignated hedges and impairment charge)	29,602	101,030	96,497	76,291	42,495	47,076	67,100	28,614
Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges (net of tax and impairment charge)	993	59,869	45,810	43,125	(2,647)	6,490	23,120	328
Net Profit/(Loss)	(2,123)	58,945	(28,159)	43,735	(70,491)	7,059	24,197	(397)
Net earnings/(loss) per share								
Basic	$(0.01)	$0.20	$(0.10)	$0.15	$(0.24)	$0.02	$0.09	$(0.00)
Diluted	$(0.01)	$0.19	$(0.10)	$0.14	$(0.24)	$0.02	$0.09	$(0.00)

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

NON-GAAP MEASURES

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

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

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

Statement of Operations		Q2 Jun 30 2014	Q1 Mar 31 2014	Q2 Jun 30 2013	Half Year Jun 2014	Half Year Jun 2013*
Cost of sales, excluding depreciation and amortisation	*$000*	88,543	63,183	80,437	151,726	120,312
Selling costs and sundry general and administration	*$000*	4,797	8,573	3,786	13,370	4,151
By-product credits	*$000*	(37,095)	(55,768)	(35,988)	(92,863)	(35,988)
Total cash costs (net of by-product credits)	*$000*	56,245	15,988	48,235	72,233	88,475
Gold sales from operating mines	*ounces*	72,294	94,050	70,706	166,344	129,291
Cash operating costs	*$/ounce*	778	170	682	435	684

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

ADDITIONAL INFORMATION

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

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at June 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 June 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 June 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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