



First Quarter 2017 Results

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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 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, 2016, 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 Resource 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. For further scientific and technical information (including disclosure regarding mineral resources and mineral reserves) relating to the El Dorado property please refer to the reports publicly available on SEDAR (www.sedar.com) prepared for Pacific Rim.



HIGHLIGHTS

- Record quarterly consolidated gold production of 147,956 ounces of gold and produced 5,955 tonnes of copper.
- Record quarterly gold production at Didipio with 62,748 ounces of gold.
- Record quarterly EBITDA of \$101.7 million.
- Net profit after tax of \$36.0 million after recognising an impairment charge of \$17.7 million on the mining assets held in El Salvador. Quarterly net profit before impairment was \$53.7 million.
- Strong balance sheet with immediate liquidity of \$85.8 million including \$70.6 million in cash.
- Consolidated All-In Sustaining Costs of \$521 per ounce on sales of 114,022 ounces of gold (excluding Haile) and 4,148 tonnes of copper.
- Advancing the Haile Gold Mine through commissioning and continue to expect commercial production in the second quarter of 2017. Successfully transitioned the Haile Gold Mine from the Commissioning team to the Operations team.
- Organic growth initiatives through exploration and studies including the Haile Optimisation Study advancing well.
- Didipio recipient of top award for “Best Workplace”, second place for “Environmental Excellence” and third place for “Best Community Program” at the Global CSR Summit Awards.
- Didipio nominated for Best Practices in Mineral Processing by the Mines and Geosciences Bureau of the DENR as the Philippines’ entry to the First ASEAN Mineral Awards.

Notes:

- All statistics are compared to the preceding quarter unless otherwise stated.
- The Company's presentation currency is USD and all numbers in this document are expressed in USD unless otherwise stated.
- Cash Costs, All-In Sustaining Costs, Cash Operating Margin, EBITDA (Earnings before interest, taxes, depreciation and amortisation, excluding gain/(loss) on undesignated hedges) and liquidity are non-GAAP measures. Refer to page 26 for explanation of non-GAAP measures.
- Cash Costs and All-In Sustaining Costs are reported net of by-product credits unless otherwise stated.
- All-In Sustaining Costs are based on the methodology outlined by the World Gold Council. Capital costs associated with expansionary growth are excluded from this calculation.
- OceanaGold's results include the results of Romarco Minerals Inc. and Waihi Gold Mine as from the relevant dates of legal close, which were October 1, 2015 and October 30, 2015, respectively.
- In this first quarter 2017 Management Discussion and Analysis (“MD&A”), all revenue and costs reported do not include the Haile operations. The revenue and costs associated with the Haile Gold Mine have been capitalised and will be reported in the Consolidated Statement of Comprehensive Income after commercial production has been declared which is expected in the second quarter of 2017.



OVERVIEW

Operating Results

In the first quarter, the Company produced a quarterly record 147,956 ounces of gold, which was higher than in the previous quarter due to a significantly stronger quarter from Didipio and start of production from Haile.

On a consolidated basis and excluding Haile gold sales, the Company recorded All-In Sustaining Costs ("AISC") of \$521 per ounce on sales of 114,022 ounces of gold and 4,148 tonnes of copper. Consolidated cash costs were \$306 per ounce sold.

Financial Results

In the first quarter, the Company reported quarterly revenue of \$161.8 million and a record quarterly EBITDA of \$101.7 million, a quarter-on-quarter increase mainly due to higher revenue and lower operating and overhead costs.

As a result of the announcement on March 29, 2017 of the intention of the Government of El Salvador to ban all metallic mining, the Company has reviewed the carrying value of its El Salvador assets and has taken an impairment charge of \$17.7 million.

For the first quarter, the Company achieved a net profit of \$36.0 million inclusive of a non-cash impairment of \$17.7 million in relation to the El Dorado Project. The net profit before impairment was \$53.7 million.

At the end of the quarter, the cash balance was \$70.6 million while total available liquidity was \$85.8 million, exclusive of \$90.2 million of marketable securities held in strategic investments.

Growth

Commissioning activities at Haile continued to advance well. In the first quarter, Haile produced 20,798 ounces during the commissioning phase. In March 2017, formal handover of the operation from the Projects team to the Operations team took place.

Exploration activities continued in the first quarter across the business with brownfields and greenfields activities progressing well. At the end of March, the Company announced a maiden underground resource of 20 koz Indicated Resource and 137 koz Inferred Resource on veins associated with the Martha Project.

The focus for 2017 will continue to be on growing the Company's resource base leading to mine life extensions. The Company also remains focused on delivering organic growth opportunities such as the Haile expansion and the Martha Project.

DENR Audit (Philippines)

As announced on February 14, 2017, the Company received a suspension order from the Philippines Department of Environment and Natural Resources ("DENR") for the Didipio operation. After receiving the suspension order, the Company immediately filed an appeal with the Office of the President ("OP") as well as the requisite accompanying documentation supporting the appeal within the prescribed 30-day timeframe. The matter now sits with the OP for a ruling.

In conjunction with the appeal process, the Mining Industry Co-ordinating Council ("MICC"), a subcommittee of the Philippine cabinet formed five technical working groups to review the closure and suspension orders issued by the DENR. The MICC has committed to completing their review of the 28 mining operations ordered to close or be suspended over a three month period which commenced April 1, 2017.

In the first quarter, the Didipio operation received the top award for "Best Workplace Practices", second place for Environmental Excellence and third place for Best Community Program at the Global CSR Awards held in Malaysia. In addition, the Mines and Geosciences Bureau of the DENR selected the Didipio Mine as the Philippines' entry to the First ASEAN Mineral Awards for Best Practices in Mineral Processing, to be held in Myanmar in late 2017.

Outlook

Looking ahead to the rest of the year, the Company expects gold production in the second half of 2017 to remain broadly in line with the first half as mining is expected to commence at Coronation North and as Haile continues to ramp-up to commercial production, offsetting the expected lower production from Didipio due to the cessation of the final stage of the open pit ahead of the commencement of underground mining at the end of 2017.



Table 1 – Production and Cost Results Summary

		Didipio	Waihi	Macraes	Haile ⁽²⁾	Consolidated	
First Quarter 2017 Results						Q1 2017	Q4 2016
Gold Produced	ounces	62,748	25,860	38,550	20,798	147,956	102,428
Copper Produced	tonnes	5,955	-	-	-	5,955	3,765
Gold Sales	ounces	51,467	26,757	35,798	12,203	126,225 ⁽³⁾	105,658
Copper Sales	tonnes	4,148	-	-	-	4,148	4,960
Cash Costs ⁽¹⁾	\$ per ounce	(193)	517	864	-	306	372
All-In Sustaining Costs ⁽¹⁾	\$ per ounce	(105)	841	1,182	-	521	639

Notes:

1. In this first quarter 2017 MD&A, all revenue and costs reported do not include the Haile operations as these have been capitalised as commercial production is yet to be declared.
2. Haile gold mine commenced selling gold in February 2017. Revenue from the sale of gold is treated as pre-production income.
3. Consolidated first quarter 2017 gold sales include gold sales from Haile.

Table 2 – Consolidated Financial Summary*

		Q1 Mar 31 2017	Q4 Dec 31 2016	Q1 Mar 31 2016
Revenue	US\$'000	161,800	147,432	161,051
Operating Costs	US\$'000	(60,129)	(80,542)	(83,177)
EBITDA	US\$'000	101,671	66,890	77,874
Net Profit before impairment	US\$'000	53,659	42,574	23,531
Net Profit	US\$'000	36,005	42,574	23,531
Average Gold Price Received	\$ per ounce	1,227	1,170	1,197
Average Copper Price Received	\$ per pound	2.73	2.46	2.21

Notes:

- *: In this first quarter 2017 MD&A, all revenue and costs reported do not include the Haile operations as these have been capitalised as commercial production is yet to be declared.

Table 3 – 2017 Production and Cost Guidance

		Didipio	Waihi	Macraes	Haile ⁽¹⁾	Consolidated
Gold Production	ounces	110,000 – 130,000	110,000 – 120,000	180,000 – 190,000	150,000 – 170,000	550,000 – 610,000
Copper Production	tonnes	15,000 – 17,000	–	–	–	15,000 – 17,000
Cash Costs	\$ per ounce	(\$20) – \$40	\$460 – \$510	\$600 – \$650	\$400 – \$450	\$370 – \$420
All-In Sustaining Costs ⁽²⁾	\$ per ounce	\$130 – \$180	\$740 – \$790	\$950 – \$1,000	\$500 – \$550	\$600 – \$650

Notes:

1. Haile guidance reflects full year expected production and cost guidance. Production and costs prior to declaration of commercial production will be capitalised and reflected on the balance sheet.
2. AISC calculation conforms to the methodology outlined by the World Gold Council. It includes all cash costs, corporate G&A, maintenance capital expenditures, capitalised mining expenditures and exploration. It excludes development capital expenditures such as the development of the Haile Gold Mine and Didipio Underground.

Assumptions: NZD: USD exchange rate of 0.70, Copper price: \$2.50 / lb on average for full year.



Table 4 – Key Financial Statistics for Didipio Operations

		Q1 Mar 31 2017	Q4 Dec 31 2016	Q1 Mar 31 2016
Gold Sales	<i>ounces</i>	51,467	35,260	37,061
Copper Sales	<i>tonnes</i>	4,148	4,960	4,745
Silver Sales	<i>ounces</i>	53,138	61,171	55,288
Average Gold Price Received	<i>\$ per ounce</i>	1,233	1,092	1,257
Average Copper Price Received	<i>\$ per pound</i>	2.73	2.46	2.21
Cash Costs	<i>\$ per ounce</i>	(193)	(120)	(1)
Cash Operating Margin	<i>\$ per ounce</i>	1,426	1,212	1,258

Table 5 – Didipio Mine Operating Statistics

		Q1 Mar 31 2017	Q4 Dec 31 2016	Q1 Mar 31 2016
Gold Produced	<i>ounces</i>	62,748	30,695	46,811
Copper Produced	<i>tonnes</i>	5,955	3,765	5,972
Silver Produced	<i>ounces</i>	73,945	46,779	70,204
Total Ore Mined	<i>tonnes</i>	2,748,502	3,266,073	1,844,945
Ore Mined Grade Gold	<i>g/t</i>	1.50	0.96	1.02
Ore Mined Grade Copper	<i>%</i>	0.52	0.44	0.51
Total Waste Mined including pre-strip	<i>tonnes</i>	137,913	1,885,581	5,564,339
Mill Feed	<i>tonnes</i>	1,008,602	698,993	945,870
Mill Feed Grade Gold	<i>g/t</i>	2.10	1.71	1.72
Mill Feed Grade Copper	<i>%</i>	0.62	0.48	0.66
Recovery Gold	<i>%</i>	91.6	90.6	89.6
Recovery Copper	<i>%</i>	94.7	90.9	95.3


Table 6 – Key Financial Statistics for Waihi Operations

		Q1 Mar 31 2017	Q4 Dec 31 2016	Q1 Mar 31 2016
Gold Sales	ounces	26,757	27,665	36,758
Average Gold Price Received	\$ per ounce	1,218	1,215	1,186
Cash Costs	\$ per ounce	517	427	452
Cash Operating Margin	\$ per ounce	701	788	734

Table 7 – Waihi Mine Operating Statistics

		Q1 Mar 31 2017	Q4 Dec 31 2016	Q1 Mar 31 2016
Gold Produced	ounces	25,860	29,280	36,983
Total Ore Mined	tonnes	109,607	127,543	134,011
Ore Mined Grade	g/t	8.13	7.76	8.72
Total Waste Mined	tonnes	83,410	55,400	40,440
Mill Feed	tonnes	107,321	128,756	143,361
Mill Feed Grade	g/t	8.25	7.77	8.80
Recovery	%	90.8	91.0	91.2

Table 8 – Key Financial Statistics for Macraes Operations

		Q1 Mar 31 2017	Q4 Dec 31 2016	Q1 Mar 31 2016
Gold Sales	ounces	35,798	42,733	43,568*
Average Gold Price Received	\$ per ounce	1,224	1,205	1,156
Cash Costs	\$ per ounce	864	743	793
Cash Operating Margin	\$ per ounce	360	462	363

Notes:

*: Includes sales from Reefton which entered Care and Maintenance during the first quarter of 2016 and in the fourth quarter the Company announced the closure of Reefton operations.



Table 9 – Consolidated Operating Statistics for Macraes and Reefton

		Q1 Mar 31 2017	Q4 Dec 31 2016	Q1 Mar 31 2016
Gold Produced	<i>ounces</i>	38,550	42,453	38,988
Total Ore Mined	<i>tonnes</i>	1,080,393	1,769,496	810,338
Ore Mined Grade	<i>g/t</i>	1.18	1.00	1.16
Total Waste Mined including pre-strip	<i>tonnes</i>	9,850,739	8,914,830	6,649,961
Mill Feed	<i>tonnes</i>	1,375,270	1,476,780	1,657,281
Mill Feed Grade	<i>g/t</i>	1.05	1.04	0.96
Recovery	<i>%</i>	83.3	86.2	81.3

Table 10 – Macraes Goldfield Operating Statistics

		Q1 Mar 31 2017	Q4 Dec 31 2016	Q1 Mar 31 2016
Gold Produced	<i>ounces</i>	38,550	42,453	34,511
Total Ore Mined	<i>tonnes</i>	1,080,393	1,769,496	810,338
Ore Mined Grade	<i>g/t</i>	1.18	1.00	1.16
Total Waste Mined including pre-strip	<i>tonnes</i>	9,850,739	8,914,830	6,649,961
Mill Feed	<i>tonnes</i>	1,375,270	1,476,780	1,455,769
Mill Feed Grade	<i>g/t</i>	1.05	1.04	0.90
Recovery	<i>%</i>	83.3	86.2	81.7



OPERATIONS

Summary

On a consolidated basis, the Company produced a quarterly record 147,956 ounces of gold in the first quarter of 2017, representing a 44% quarter-on-quarter increase. The quarter-on-quarter increase was primarily driven by strong production from Didipio and first production from Haile, partially offset by lower production from Macraes and Waihi.

Copper production for the first quarter was 5,955 tonnes, a 58% quarter-on quarter increase.

On a consolidated basis and excluding Haile gold sales, the Company recorded an AISC of \$521 per ounce on sales of 114,022 ounces of gold and 4,148 tonnes of copper. Consolidated cash costs were \$306 per ounce of gold sold.

Health & Safety

At the end of the first quarter, the Company recorded a Total Recordable Injury Frequency Rate ("TRIFR") of 4.91 recordable injuries per million man hours, up from 3.99 in the fourth quarter. The Company has implemented a number of specific programs to drive improved safety performance.

Additionally, senior leadership across all sites will increase their safety engagement activities with task observations and workplace inspections. To support this, the Company will roll out workforce engagement programs, focused on improving safety behaviours as well as improving the quality of incident investigations and the associated corrective / preventative actions.

Didipio Mine (Philippines)

At the end of the first quarter, Didipio operations did not report any recordable injuries.

During the first quarter, the Didipio operation achieved record quarterly gold production of 62,748 ounces and produced 5,955 tonnes of copper. The quarter-on-quarter increase in gold and copper production was expected and primarily related to higher head grades and a quarter-on-quarter increase in mill feed.

In the first quarter, total material mined was 2.9 million tonnes, which represented a quarter-on-quarter decrease of 44% due to mining less waste and mostly ore from the final stage of the open pit.

The total ore mined in the first quarter was 2.7 million tonnes compared to 3.3 million tonnes in the previous quarter. Most of the ore mined during the quarter was stockpiled and, as at the end of the first quarter, the Company had nearly 23 million tonnes of stockpiled ore available for future processing.

With mining activities advancing ahead of schedule, the Company now expects completion of the open pit by the end of the second quarter of 2017, at which point, approximately 24 million tonnes of stockpiled ore will be available for primary mill feed until the commencement of underground mining activities at the end of 2017.

In the first quarter, Didipio processed 1,008,602 tonnes of ore compared to 698,993 tonnes in the previous quarter. The quarter-on-quarter increase was due to strong plant availability following successful planned maintenance and upgrade works completed in the fourth quarter of 2016.

Gold head grade increased to 2.10 g/t while copper head grade increased to 0.62% with ore sourced from the high grade zone of the open pit. Both gold and copper recoveries increased due to higher head grades.

During the first quarter, the Company made two shipments of concentrate, totaling 19,417 dry metric tonnes, to smelters in Asia. Additionally, the Company delivered 18,371 ounces of gold in doré to the Perth Mint, Western Australia.

As announced on February 14, 2017, the Company received a suspension order from the Philippines DENR and immediately filed an appeal with the Office of the President ("OP"). The Company submitted documentation to the OP to have the suspension order overturned and continues to operate unimpeded during this period. The matter now sits with the OP for a ruling with no timeframe for this decision.

In conjunction with the appeal process, and pursuant to Executive Order No. 79, the Mining Industry Coordinating Council ("MICC"), a sub-committee of the cabinet announced the formation of five independent technical review teams ("TRT") under the MICC technical working group ("TWG") to review the suspension and closure orders issued by the DENR.

Each TRT will cover five aspects that involve technical, legal, social, environmental, and economic impact of the mining operations. The results of the review will be submitted to the TWG, which will verify the report, and present the findings and submit its recommendations to the Office of the President. The MICC has committed to completing this review within three months.

In March 2017 at the Global CSR Summit Awards held in Malaysia, the Didipio Mine received the top award for "Best Workplace Practices", second place award for Environmental Excellence and third place award for Best Community Program. In addition, during the quarter, the Mines and Geosciences Bureau of the DENR selected the Didipio Mine for Best Practices in Mineral Processing



and the Philippines' entry to the First ASEAN Mineral Awards, to be held in Myanmar in late 2017.

Looking ahead to the remainder of the year, production at Didipio is expected to be significantly higher in the first half of 2017 than in the second half. Upon completion of the open pit during the second quarter, the operation will feed stockpiled ore until first production from the underground which is expected at the end of 2017.

Waihi Mine (New Zealand)

At the end of the first quarter, Waihi operations did not report any recordable injuries.

Gold production was 25,860 ounces, a 12% quarter-on-quarter decrease due to low equipment availability in the underground mine.

During the quarter, ore was sourced exclusively from the underground mine where stoping continued in the Correnso and Daybreak veins. Ore drives continued to be developed in the Empire and Christina veins.

Total ore mined for the quarter was 109,607 tonnes, a 14% decrease quarter-on-quarter due to lower loader availability following extended equipment maintenance activities. Correspondingly, mill feed also decreased quarter-on-quarter to 107,321 tonnes.

Gold head grade for the quarter was 8.25 g/t compared to 7.77 g/t in the previous quarter. The increase in head grade was a result of mine sequencing. Gold recovery of 90.8% was broadly in line with the previous quarter.

Gold production is expected to continue to strengthen throughout the remaining three quarters, with the second half expected to be stronger than the first half.

Macraes Goldfield (New Zealand)

At the end of the first quarter, the Macraes operation reported a TRIFR of 9.35 per million man hours worked, up from 6.87 per million man hours in the previous quarter. The Company continues to investigate each incident, with specific and individual corrective and preventative actions assigned. The Company is implementing a number of specific programs to drive improved safety performance focusing on leadership and safety behaviours.

During the first quarter, gold production was 38,550 ounces, a 9% quarter-on-quarter decrease that was primarily driven by a planned extended shutdown of the autoclave for maintenance activities and due to harder ore from the Coronation pit.

During the quarter, mining activities took place at the Coronation pit, the Frasers Innes Mills ("FRIM") mining

area (the northern area of the Frasers Pit) and within the Frasers Underground.

Total material mined for the quarter was 10.9 million tonnes. Total ore mined was 1.1 million tonnes, a 39% decrease quarter-on-quarter primarily due to mine sequencing.

Ore mined from the Frasers Underground for the quarter was 215,959 tonnes at a grade of 1.91 g/t, both slightly lower compared to the previous quarter. The Company expects that Frasers Underground will continue to contribute approximately 20% of ore mined for the rest of 2017.

Mill feed for the quarter was 1.4 million tonnes, comprised of approximately 85% material from the open pit and 15% from the higher grade underground material. The quarter-on-quarter decrease was due to the need to manage throughput and gold inventory through the CIL tanks during the planned autoclave shutdown. Gold head grade of 1.05 g/t was in line with the previous quarter.

As guided to in the previous quarter, gold recovery was 82.8%. The Company expects that gold recoveries will remain between 80% and 83%.

Looking forward for the rest of the year, gold production will remain consistent during the second and third quarters, with the fourth quarter expected to be the strongest



EXPLORATION

New Zealand

Exploration expenditure in New Zealand was \$4.1 million for the first quarter including \$0.8 million at Macraes and \$3.3 million at Waihi.

Macraes

Exploration drilling at Macraes during the first quarter totaled 6,377 metres at Coronation North, Coronation, Golden Point, Frasers West and Frasers Underground (Figure 1).

On March 30, 2017, the Company provided an exploration update as well as an annual Resource and Reserve Statement update. At the end of 2016, the Company reported a Proven and Probable (“P&P”) Reserve at Macraes of 1.22 million ounces of gold including 0.14 million ounces of gold at the Frasers Underground with increases in reserves from Coronation and Coronation North offsetting mine depletion.

Furthermore, the Company reported encouraging drilling results from target extensions to known mineralisation at Coronation North, Coronation and Golden Point and as a result, drilling activities in the second quarter will continue in Coronation, Coronation North, Frasers West, Golden Point as well as at Nunns and Trimbells Gully.

Waihi

As reported in March 2017, at the end of 2016, P&P Reserves at Waihi totaled 0.27 million ounces of gold and 0.54 million ounces of silver in the underground and 0.08 million ounces of gold and 0.77 million ounces of silver in the open pit. Open pit reserves remained stable while underground reserves decreased 12% due to mine depletion. The Company also announced a maiden underground resource of 20 koz Indicated Resource and 137 koz Inferred Resource on veins associated with the Martha Project which contributed to a 22% increase in total resources at Waihi to 0.53 million ounces (0.37 million ounces Measured and Indicated and 0.16 million ounces Inferred) after mine depletion.

Exploration drilling at Waihi during the first quarter was conducted using up to five surface drills and three underground diamond drill rigs, for a total of 10,821 metres drilled. Drilling focused primarily on reserve and resource conversion of Correnso, Empire, Christina, Daybreak, Gladstone Hill, Favona and potential extensions of the Martha vein system.

In the first quarter, drilling continued to return promising widths and grades across multiple targets, adding incremental ounces to vein extensions that are currently being mined at Correnso, Empire, Christina and Daybreak.

The Company received encouraging widths and grades within the Favona and Gladstone areas, indicating the potential to extend the life of mine at Waihi. Follow-up drilling of the Rex vein is continuing.

Development of the underground exploration drives continued during the quarter, with completion of these drives expected in the second half of 2017.

Regional exploration progressed and included geological mapping, geochemical sampling, and geophysical surveys on several prospects. All regulatory consents, authorities and access arrangements were granted during 2016 to allow drilling on selected projects. Ecological studies of selected regional targets commenced in the first quarter pursuant to commencement of drilling.

United States

Exploration expenditure at the Haile Gold Mine was \$2.5 million for the first quarter.

Exploration drilling at Haile during the first quarter was conducted using four diamond drill rigs for a total of 9,892 metres, targeting Palomino, Snake, Mustang and the Hayworth Waste Dump (Figure 2). Six diamond holes were drilled for 3,792 metres at the Palomino target. Assays received to date demonstrate extensions to the mineralisation along strike from this by 300-metre long underground target that is 300 metres below surface.

Additionally, the Company tested extensions to known mineralization at the Snake Pit (Figure 2) with five diamond holes for 2,530 metres. Assays are pending.

At the Mustang target, a 44-hole, 16,000 metre resource delineation diamond drill program commenced to test extensions to mineralisation north of the Chase Hill and Ledbetter resources. This program is expected to continue through 2017.

Additionally, during the second quarter, the Company expects to commence four infill holes for a total of 1,500 metres at the Mill Zone Deepes.

Geophysical data processing and evaluation of magnetic, EM, gravity and IP data are being integrated with geology and drilling to identify additional near mine exploration targets.

Philippines

Exploration expenditure in the Philippines was \$1.3 million for the first quarter.

As reported in March 2017, at the end of 2016, P&P Reserves at Didipio totaled 1.46 Moz of gold, 3.73 Moz of silver and 0.18 Mt of copper; a 6% and 2% year-on-



year decrease in gold and copper respectively, due to mine depletion. Silver reserves increased by 0.51 Moz net of mine depletion due to revised estimates of the silver content in the ore stockpiles.

During the quarter, an initial program of underground resource extension drilling was completed. This program comprised three holes for a total of 2,554 metres drilled, confirming the continuation of mineralisation.

Additionally, during the quarter, underground resource definition drilling continued with 21 holes drilled for a total of 4,412 metres within five sections, intersecting breccia and monzonite on the north-west side of the 2430mRL underground development level. Mineralisation was

intersected in all holes and drilling is expected to continue through 2017.

Exploration continued within the broader FTAA area with the drilling of the Mogambos and Morning Star prospects for a total of 734m. At the Mogambos prospect, initial drilling was completed and tested a large Au-Cu soil anomaly associated with diorite and monzonite intrusives. Narrow zones of mineralisation were intersected.

Detailed surface exploration was also conducted at the D'Fox, Napartan (part of TNN), Binogawan (part of MMB), and Capisaan-Belet prospects.



Figure 1 – Location of Macraes 2017 Drilling Targets

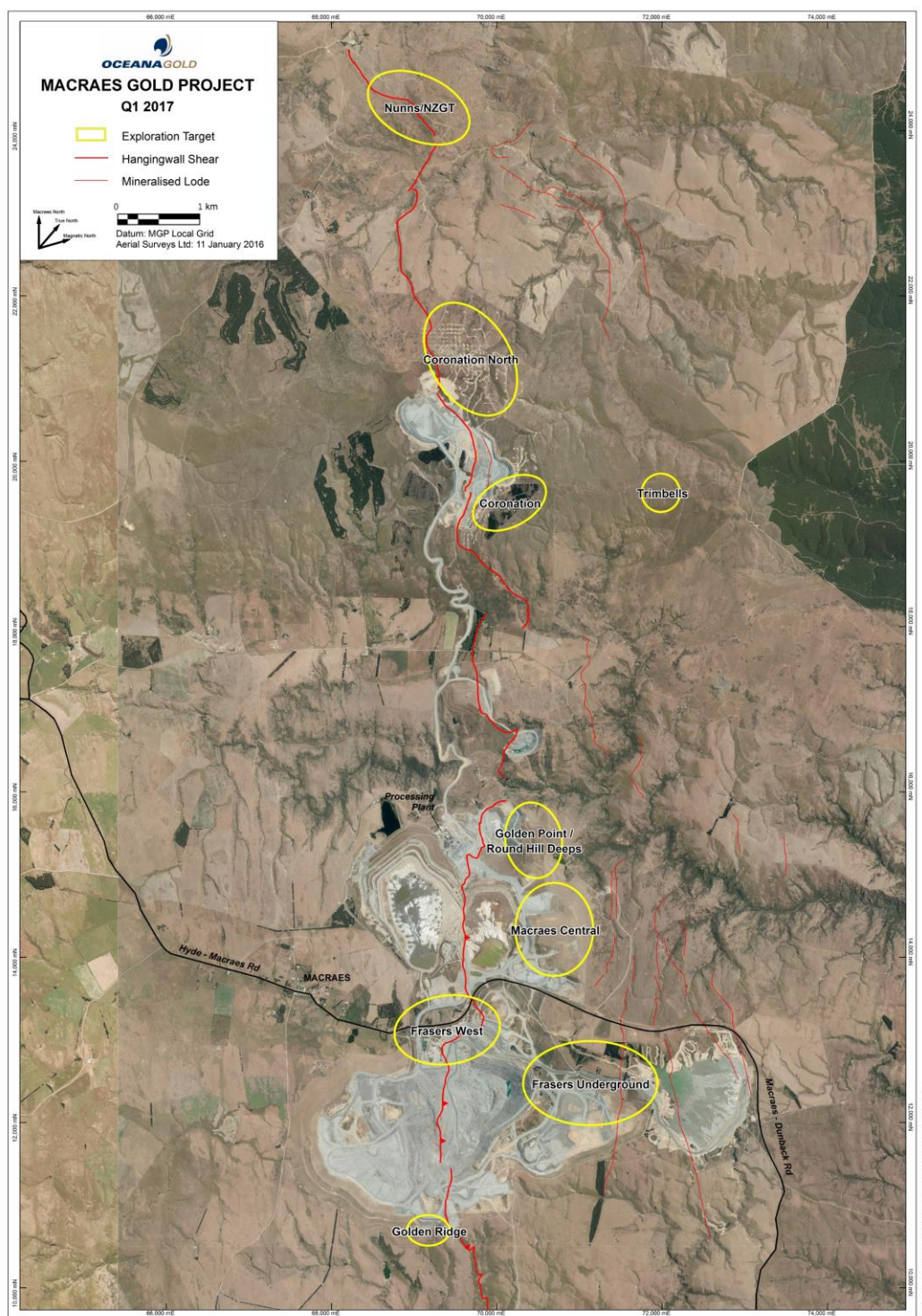
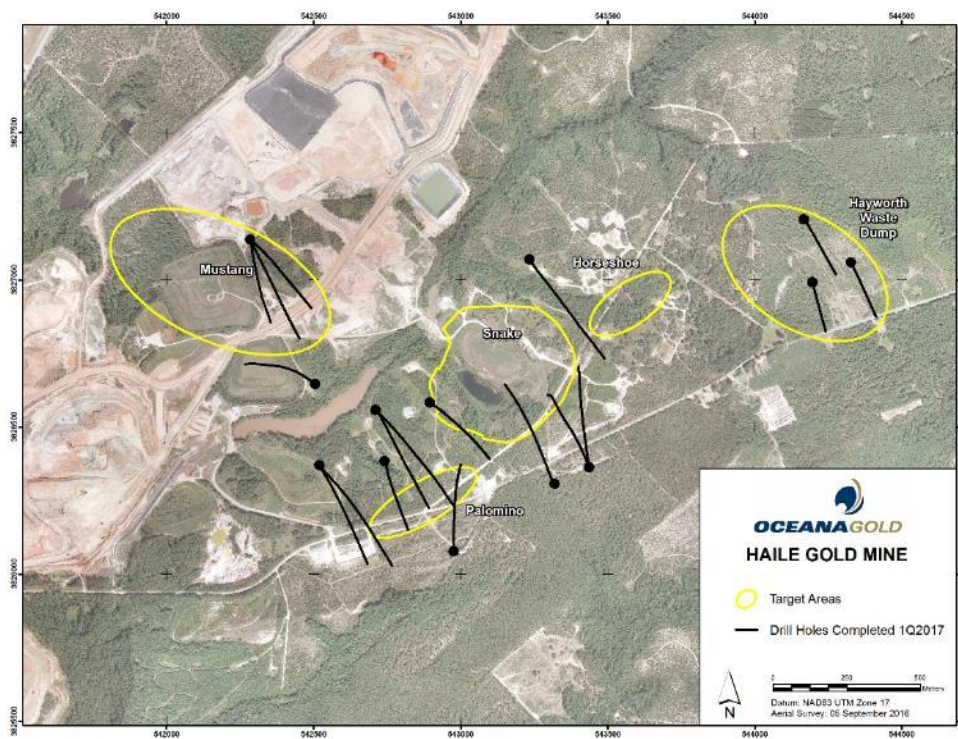




Figure 2 – Location of Haile Exploration Drilling





DEVELOPMENT

United States

Haile Gold Mine

During the quarter, the Company continued to commission and optimise the performance of the process plant, with all works advancing as planned. As announced on January 20, 2017, the Company poured its first doré bars from the operation, with the first shipment of gold to the Metalor Refinery in Massachusetts, United States, completed in February 2017.

During the quarter, the Haile Gold Mine produced 20,798 ounces of gold with ore sourced exclusively from the first stage of the Mill Zone Pit. At the end of the quarter, total material mined was 5.0 million tonnes. Total ore mined for the quarter totaled 376,805 tonnes grading 1.68 g/t. In the first quarter, the Company commenced mining at the Snake Pit, four months ahead of schedule. The Snake Pit is the second pit in the sequence of several pits that will be mined through the life of the operation.

During the first half of the quarter, oxide ore was processed through the direct leach circuit. However in February, the Company successfully commissioned the flotation and fine-grind circuits and began introducing sulphide material through the plant. Currently sulphide material continues to be processed and mill utilization rates have been improving, achieving greater than 80% during the quarter.

In the second quarter, the Company will continue to focus on commissioning, optimization and de-bottlenecking of the process plant as well as to continue stripping waste material at the Snake Pit. Commercial production for the Haile Gold Mine is expected in the second quarter of 2017.

During the first quarter, the Company successfully commissioned the flotation and fine grind circuits of the process plant and as a result, introduced sulphide ore into the processing circuit. The focus of remaining commissioning activities is on optimizing each circuit of the process plant, increasing throughput and achieving planned recoveries and stable operations.

The operations team is now operating the plant, with some personnel from commissioning still onsite to provide technical support as needed. A process plant ramp-up and de-bottlenecking team has been established to help identify and implement projects to further increase plant throughput from 2.0 Mtpa nameplate capacity to 3.0 Mtpa before the end of the year.

For the remainder of the year, it is expected that the production profile will continue to strengthen each quarter with last quarter expected to be the strongest.

Philippines

Development of the Didipio Underground progressed more than 1,200 metres in the first quarter. As at the end of the quarter, development of the decline had advanced 2,445 metres from the portal (Figure 3).

During the quarter, the second Fresh Air Raise was completed as was the second emergency escape shaft. Construction of the surface primary vent fans progressed with structural and mechanical installation works completed and commissioning expected in the second quarter of 2017.

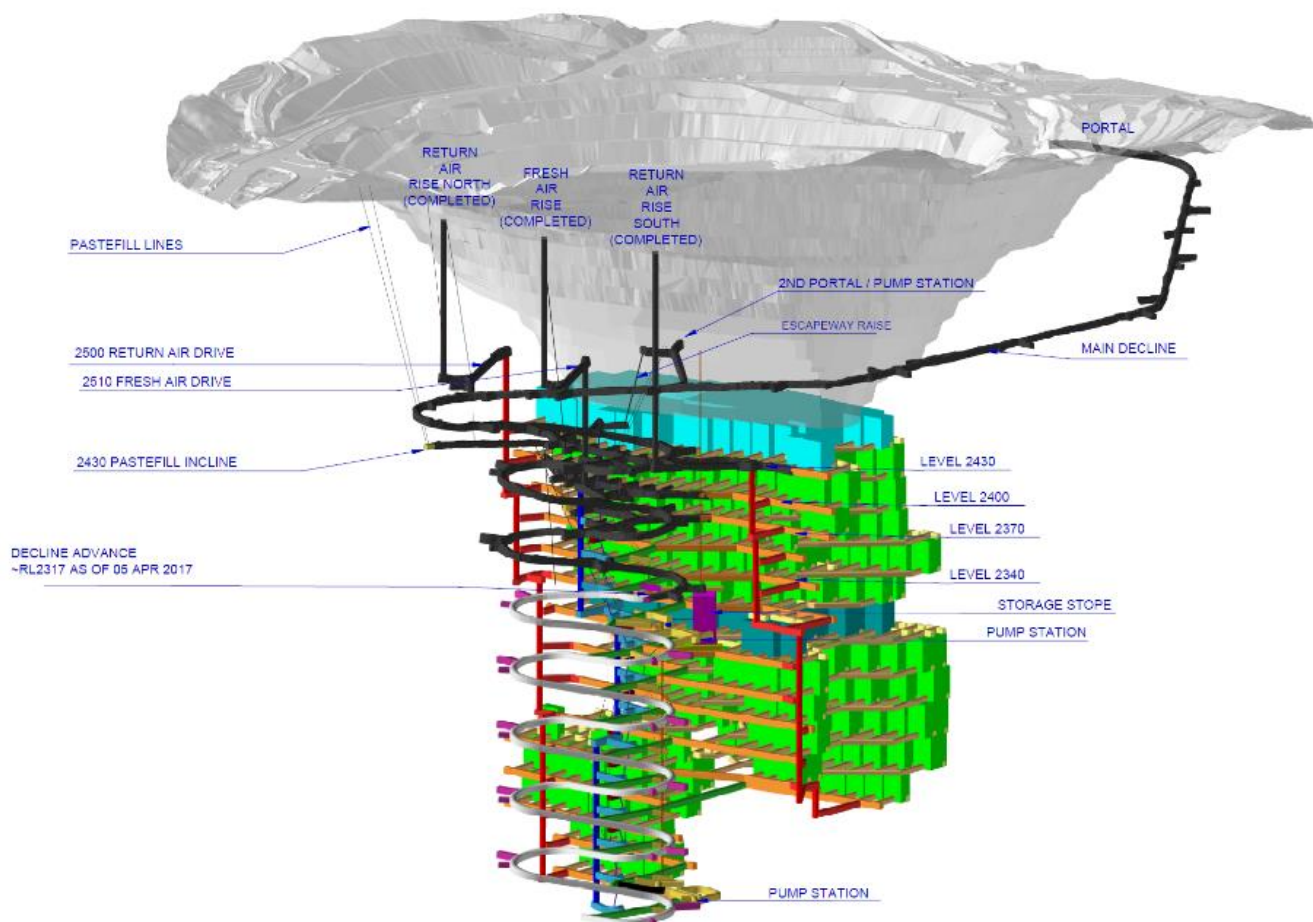
During the quarter, the high voltage reticulation and compressed air supply infrastructure was completed and commissioned. All structural, mechanical and piping infrastructure associated with the pump station located at the second portal were completed. The Company expects to commission the pump station in the second quarter of 2017 with a capacity of 450 litres per second once operational.

During the quarter, civil works for the paste fill plant commenced and the contract for the structural, mechanical works awarded with the contractor mobilising to site. The paste fill plant remains on schedule to be completed in the third quarter of 2017.

The Company expects first feed of underground ore at the end of 2017.



Figure 3 – Cross-section of Didipio Underground Design and Construction Phase





SUSTAINABILITY

Environment

There were no significant environmental incidents recorded during the first quarter.

In 2017, the Company reviewed its approach to sustainability and stakeholder engagement to further improve its corporate governance systems surrounding stakeholder engagement as well as to enable inclusion of a wider range of stakeholders.

Additionally, the Company established the Responsible Mining Leadership Program across each of its operations. This program is overseen by the Responsible Mining Committee which is chaired by the Executive Vice President and Chief Operating Officer with representatives from each Business Unit, established in 2014.

The Responsible Mining Committee reports to the Board's Sustainability Committee and is charged with embedding a culture of responsible mining across all areas of our business while monitoring performance improvement and reporting programs for safety, environment, community relations, new country entry as well as both government and employee relations.

In the Philippines, the Company continues to seek a stronger resolve by each community to protect the environment and adopt improved catchment management practices to protect local waterways, improve biodiversity and reduced land contamination from poor local practices such as illegal mining, land clearing and waste management. This is being achieved through education and infrastructure improvements

In the first quarter, the Company completed the implementation of the "We Care Agriculture Program", resulting in the establishment of 13 Co-operatives and the opening of a consumers store which provides a banking centre where farmers can deposit money and obtain loans to buy fertilizers, pesticides and seeds.

In New Zealand, the Company is currently implementing a National Environment, Community and Government Relations Program called 'A Leading Business' Program.

The Leading Business Program has been developed to facilitate continuous improvement of the already robust practices in the core areas of environment, conservation and biodiversity, job creation, community engagement and government relations.

In the first quarter, and as a part of the Leading Business Program, the Company developed the Macraes Dust Management Community Group and the Macraes Sulphate Mitigation Working Group to increase Community engagement and awareness of these subject matters.

Community

In the Philippines, the "We Care" program which was highly successful in 2015 and 2016, evolved to the "Building Responsible Mining through Developing Companions to Mining" program.

The major change relates to the six Community Steering Committees which have now succeeded into sustaining project/program delivery organisations supported by strong governance practices which facilitate community and environmental services that are designed to benefit all community members.

This is a significant milestone as the Didipio Leadership Team has transitioned skills and knowledge in corporate governance, project and budget management as well as quality assurance and safety to community members, local businesses and leaders allowing for the full collaboration and ownership of the programs by the host community.

At Haile, as the operation matures further, the Company is establishing its environment and community operating programs. These programs will be developed with leaders and members of the community to focus on environmental and community performance transparency.

At Waihi, the Company initiated an on-site cultural diversity group called the Tatau Tuwhera ('opening doors') in order to facilitate a greater understanding of the diverse cultural beliefs and sensitivities present within the site.



FINANCIAL SUMMARY

Table 11 – Financial Summary*

\$'000	Q1 Mar 31 2017	Q4 Dec 31 2016	Q1 Mar 31 2016
Revenue	161,800	147,432	161,051
Cost of sales, excluding depreciation and amortisation	(56,834)	(63,406)	(71,889)
General & administration – legal settlement	-	(8,000)	-
General & administration – other	(8,950)	(10,203)	(12,368)
Foreign currency exchange gain/(loss)	(221)	(547)	725
Gain on sale of available-for-sale assets	5,314	-	-
Other income/(expense)	562	1,614	355
Earnings before interest, tax, depreciation and amortisation (EBITDA) (excluding gain/(loss) on undesignated hedges and impairment charge)	101,671	66,890	77,874
Depreciation and amortisation	(36,403)	(28,807)	(33,769)
Net interest expense and finance costs	(4,557)	(2,112)	(2,189)
Earnings before income tax and gain/(loss) on undesignated hedges and impairment charge	60,711	35,971	41,916
Tax (expense) / benefit on earnings	(1,318)	(4,318)	(5,206)
Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges and impairment charge	59,393	31,653	36,710
Impairment charge	(17,654)	-	-
Gain/(loss) on fair value of undesignated hedges	(7,874)	15,343	(18,304)
Tax (expense)/benefit on gain/loss on undesignated hedges	2,205	(4,296)	5,125
Share of profit/(loss) from equity accounted associates	(65)	(126)	-
Net Profit	36,005	42,574	23,531
Basic earnings per share	\$0.06	\$0.07	\$0.04
CASH FLOWS			
Cash flows from Operating Activities	52,343	79,765	31,673
Cash flows used in Investing Activities	(65,910)	(120,698)	(103,740)
Cash flows from / (used in) Financing Activities	10,545	26,116	2,033
BALANCE SHEET \$'000			
	As at Mar 31 2017	As at Dec 31 2016	
Cash and cash equivalents	70,590	68,859	
Other Current Assets	185,855	119,750	
Non-Current Assets	1,698,057	1,727,111	
Total Assets	1,954,502	1,915,720	
Current Liabilities	249,262	240,860	
Non-Current Liabilities	337,713	339,609	
Total Liabilities	586,975	580,469	
Total Shareholders' Equity	1,367,527	1,335,251	

Note:

*: In this first quarter 2017 MD&A, all revenue and costs reported do not include the Haile operations as these have been capitalised as commercial production is yet to be declared.



RESULTS OF OPERATIONS

In this first quarter 2017 Management Discussion and Analysis ("MD&A"), all revenue and costs reported do not include the Haile operation. The revenue and costs associated with the Haile Gold Mine have been capitalised and will be reported in the Consolidated Statement of Comprehensive Income after commercial production has been declared which is expected in the second quarter of 2017.

Net Earnings

In the first quarter of 2017, the Company reported revenue of \$161.8 million and a record EBITDA (excluding gain/loss on undesignated hedges and impairment charge) of \$101.7 million.

The quarter-on-quarter increase in EBITDA was mainly due to higher revenue combined with lower operating costs and general and administrative costs given the prior quarter included legal settlement costs of \$8 million. The first quarter's result also included a gain of \$5.3 million from the sale of approximately 2.5 million shares the Company held in Gold Standard Ventures.

The first quarter net profit (before impairment charge) was \$53.7 million compared to a net profit of \$42.6 million in the fourth quarter. This quarter-on-quarter increase was mainly due to the higher EBITDA partly offset by higher depreciation, amortisation and interest charges and a loss on the fair value of undesignated hedges.

The net profit after impairment was \$36.0 million. The Company reviewed the carrying value of its El Salvador assets and took a non-cash impairment charge of \$17.7 million.

Sales Revenue

Philippines

First quarter concentrate sales revenue, net of concentrate treatment, refining and selling costs, was \$84.7 million of which copper revenue was \$25.0 million. In the first quarter, the average gold price received at Didipio was \$1,233 per ounce compared to \$1,092 per ounce in the previous quarter and the average copper price received was \$2.73 per pound compared to \$2.46 per pound in the previous quarter.

First quarter sales at Didipio were 51,467 ounces of gold compared to 35,260 ounces sold in the previous quarter enabled by record production. Copper sales of 4,148 tonnes and silver sales of 53,138 ounces were lower than the previous quarter's sales.

New Zealand

First quarter revenue was \$77.1 million in New Zealand. Gold sales in the first quarter of 62,555 ounces were lower than the previous quarter of 70,398 ounces due to lower production. The average gold price received in the first quarter was \$1,222 per ounce compared to \$1,209 per ounce received in the previous quarter.

Operating Costs and Margins per Ounce

Philippines

Operating cash costs at Didipio were negative \$193 per ounce sold for the first quarter compared to negative \$120 per ounce sold in the previous quarter. On a co-product basis, the operating cash costs were \$221 per ounce on 72,521 equivalent gold ounces sold compared to \$388 per ounce sold in the previous quarter. The decrease in costs per ounce were due to lower mining costs partly offset by lower by-product credits compared to the previous quarter.

New Zealand

Operating cash costs in New Zealand were \$715 per ounce sold for the first quarter compared to \$618 per ounce sold in the previous quarter. The increase was due mainly to lower ounces sold, higher expensed mining costs and higher NZD:USD exchange rate.

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 totaled \$36.4 million for the first quarter compared to \$28.8 million in the previous quarter. This increase was mainly due to higher amortisation at Didipio in line with higher production.

General and Administration Costs

General and administration costs of \$9.0 million were lower than the previous quarter which included legal settlement costs of \$8.0 million expensed following the arbitration ruling against Pacific Rim.

Net Interest Expense and Finance Costs

The net interest expense and finance costs of \$4.6 million in the first quarter were higher than the previous quarter as expenses increased in line with higher borrowings.



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 on the gold and fuel hedges for the first quarter reflect a loss of \$7.9 million compared to a gain of \$15.3 million in the previous quarter. The loss mainly reflects an increase in the New Zealand dollar spot gold price at March 31, 2017 compared to December 31, 2016. The undesignated gold hedges cover future gold production from the Macraes Goldfield to the end of 2017.

Details of the derivative instruments held by the Company at March 31, 2017, are summarised below under "Derivative Assets / Liabilities".

Tax Expense/Benefit

The Company recorded a tax benefit of \$0.9 million in the first quarter. The tax benefit arose mainly due to losses on the fair value of undesignated hedges partly offset by tax expense in relation to the gain on the sale of GSV shares. The Company utilised remaining available tax losses to offset taxable income in New Zealand and was on an income tax holiday in the Philippines.

DISCUSSION OF CASH FLOWS

Operating Activities

Cash inflows from operating activities for the first quarter were \$52.3 million compared to \$79.8 million in the previous quarter. The decrease was mainly due to higher EBITDA offset by an increase in trade debtors at Didipio as compared to a decrease in the prior quarter. There was also a further build in inventory and an income tax payment of \$7.0 million made by the Waihi Gold Mine in the first quarter.

Investing Activities

Cash used for investing activities were \$65.9 million in the first quarter compared to \$120.7 million in the previous quarter. Investing activities included expenditure on capitalised mining including pre-stripping, sustaining capital and expansionary capital including open pit development at Haile and underground development at Didipio.

During the first quarter, proceeds of \$6.6 million were received from the sale of a parcel of shares in GSV.

Financing Activities

Financing net inflows were \$10.5 million in the first quarter which mainly reflected the drawdown of external debt of \$12 million partly offset by finance lease repayments. Financing net inflows were \$26.1 million in the fourth quarter due to the drawdown of external debt of \$30 million partly offset by finance lease repayments.

DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

Company's funding and capital requirements

The Company recorded a net profit of \$36.0 million for the quarter ended March 31, 2017. As at March 31, 2017, the cash funds held were \$70.6 million. The Company was in a net current asset position of \$7.2 million. Total repayment of \$84.8 million of interest bearing debt is due by December 31, 2017. The Company forecasts that sufficient operating cash flows will be generated to fund this repayment. Furthermore, the Company has other options to enhance liquidity including various Financing possibilities or in the extreme the disposal of strategic investments. These continue to be classified as non-current assets due to their strategic nature.

On March 23, 2017, the Company drew down \$12.0 million under its revolving credit facility for general working capital purposes. At March 31, 2017, the Company's revolving credit facility stood at \$300 million, of which \$284.8 million was drawn.

As at March 31, 2017, the Company had immediately available liquidity of \$85.8 million with \$70.6 million in cash and \$15.2 million available under the revolving credit facility.

As at the end of the first quarter, the Company held \$90.2 million in marketable securities from strategic investments in listed junior exploration companies.

Commitments

The Company's capital commitments as at March 31, 2017, are as follows:

Table 12 – Capital Commitments

\$'000	Mar 31 2017
Within 1 year	16,690

This relates principally to the purchase of property, plant and equipment and the development of mining assets mainly in Didipio.



Financial Position

Current Assets

Current assets were \$256.4 million as at March 31, 2017 compared to \$188.6 million as at December 31, 2016. The increase was mainly due to increases in stocks and trade debtors at Didipio.

Non-Current Assets

Non-current assets were \$1.7 billion as at March 31, 2017 compared to \$1.73 billion as at December 31, 2016. The decrease was mainly due to the impairment of mining assets in El Salvador, a reclassification of Didipio's ore stockpile and the sale of a parcel of shares in GSV.

Current Liabilities

Current liabilities were \$249.3 million as at March 31, 2017 compared to \$240.8 million as at December 31, 2016. The increase was mainly due to the drawdown of \$12.0 million under the revolving credit facility, required to be repaid by December 31, 2017, and the provision for a dividend, payable on April 28, 2017. There were also gold hedge liabilities recognised due to a higher New Zealand dollar denominated gold price at March 31, 2017 as compared to December 31, 2016. This was partly offset by lower trade payables and lower tax liability.

Non-Current Liabilities

Non-current liabilities were \$337.7 million as at March 31, 2017 compared to \$339.6 million as at December 31, 2016. This was mainly due to finance lease repayments partly offset by increased asset rehabilitation provision at Haile.

Derivative Assets / Liabilities

The Company's hedging programs cover the future gold production from the Macraes Goldfield and swap agreements to buy specified volume of fuel at specified prices for 90% of the Company's fuel consumption in 2017. As at March 31, 2017, 116,550 ounces of gold production remained as part of the gold price hedging program as illustrated below.

Table 13 – New Zealand Gold Hedging Program (Macraes Goldfield)

Put Option Strike Price*	Call Option Strike Price*	Gold Ounces Remaining	Expiry Date
\$1,650	\$1,810	58,275	Dec 2017
\$1,650	\$1,810	58,275	Dec 2017
Total		116,550	

* Note – Put and call options strike prices are denominated in NZD.

As at March 31, 2017, 232,643 barrels remained hedged as illustrated below.

Table 14 – Fuel Hedging Program

	Swap Price USD/bbl	Volume Remaining (barrel)	Expiry Date
Singapore Gasoil	50.25	180,000	Dec 2017
Platts Asia Pacific			
US Gulf Coast	54.34	52,643	Dec 2017
Ultra Low Sulphur			
Total		232,643	

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.

Table 15 – Marked to Market Derivatives Summary

\$'000	Hedge	Mar 31 2017	Dec 31 2016
Current Assets	Gold	-	2,484
Current Assets	Fuel	3,228	5,725
Current Liabilities	Gold	(2,633)	-
Total		595	8,209

Shareholders' Equity

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

Table 16 – Movement of Shareholders' Equity Summary

\$'000	Mar 31 2017
Total equity at beginning of the quarter	1,335,251
Profit/(loss) after income tax	36,005
Movement in other comprehensive income	(6,815)
Movement in contributed surplus	(1,386)
Issue of shares	4,472
Total equity at end of the quarter	1,367,527

Shareholders' equity increased by \$32.3 million to \$1.37 billion as at March 31, 2017, mainly due to a net profit after tax of \$36.0 million and shares issued from the exercise of options which was partly offset by a reduction in the fair value of available-for-sale assets. "Other Comprehensive Income" reflects the net changes in the fair value of available-for-sale assets and currency translation differences which arise from the translation of entities with a functional currency other than USD.



Capital Resources

Table 17 – Capital Resources Summary

	Shares Outstanding	Options and Share Rights Outstanding
27 Apr 2017	614,430,323	14,001,387
31 Mar 2017	613,821,594	11,663,705
31 Dec 2016	611,024,600	14,669,052

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

i. Mining assets

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

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

Exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made. As a result of the announcement on March 29, 2017, by the Government of El Salvador to ban all mining for gold and other metals, Management considered this to be an impairment indicator and concluded the value of the mining assets it held in El Salvador has been impaired. An impairment charge of \$17.7 million was recognised in the first quarter for El Salvador assets and there is no associated tax impact.

The Group defers mining costs incurred during the production stage of its operations and these are amortised over the life of the components of the ore body to which they relate. Changes in an individual mine's design will result in changes to the life of component ratios of production. Changes in other technical or

economic parameters that impact reserves will also have an impact on the life of component production and cost profile even if they do not affect the mine design. Changes to deferred mining resulting from change in life of component ratios are accounted for prospectively.

ii. Impairment of assets

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

The recoverable values of the New Zealand CGU and United States CGU are dependent on production from certain identified exploration targets in New Zealand and successful commencement of commercial production at the Haile Gold Mine respectively. Should these projects prove to be uneconomic, the carrying value of the CGU could be impaired by a significant amount.

The recoverable amount of the exploration assets is dependent on various factors including technical studies, further exploration and the eventual granting of mining permits. Should these be unsuccessful, the exploration assets could be impaired.

On February 2, 2017, the Philippines Department of Environment and Natural Resources ("DENR") held a press conference at which OceanaGold's Didipio operation was named as the subject of a proposed suspension order citing alleged declining agricultural production.

On February 14, 2017, the Company received an order from the DENR calling for the suspension of the Didipio operations citing "... petition of the Local Government of Nueva Vizcaya for the cancellation of the FTAA; alleged damages to houses caused by the blasting operation; and the potential adverse impact to the agricultural areas of the Province..." as reasons for this decision.

Subsequent to receiving the suspension order, the Company immediately filed an appeal with the Office of the President ("OP"). On March 15, 2017, the Company filed the Appeal Memorandum with the OP substantiating



its grounds for appeal. The Didipio operation is expected to continue to operate during the appeal process. After 30 days, the DENR is required to provide a response within 15 days before the OP rules on the matter. Should the appeal fail and operations suspended for a prolonged period, the Didipio operation could face impairment.

iii. Net realisable value of inventories

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

iv. Asset retirement obligations

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

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

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

v. Determination of ore reserves and resources

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

exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for rehabilitation.

vi. Taxation

The Group's accounting policy for taxation requires management's judgment in relation to the application of income tax legislation. There may be some transactions and calculations undertaken during the ordinary course of business where the ultimate tax determination is uncertain. The Group recognises liabilities for tax, and if appropriate taxation investigation or audit issues, based on whether tax will be due and payable. Liabilities are not recognised until they are determined with reasonable certainty. Where the taxation outcome of such matters is different from the amount initially recorded, such difference will impact the current and deferred tax positions in the period in which the assessment is made.

In addition, certain deferred tax assets for deductible temporary differences and carried forward taxation losses have been recognised. In recognising these deferred tax assets, assumptions have been made regarding the Group's ability to generate future taxable profits from current operations from reaching commercial production and successful development of certain identified exploration targets where there are higher degrees of confidence in the economic extraction of minerals.

Utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests such as substantial change of control tests at the time the losses are recouped. If the entities fail to satisfy the tests, the carried forward losses that are currently recognised as deferred tax assets would have to be written off to income tax expense. There is an inherent risk and uncertainty in applying this judgement and a possibility that changes in legislation or corporate merger and acquisition activity will impact upon the carrying amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position.

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

Certain input tax credits in overseas subsidiaries have been recognised as a non-current receivable. The input tax credits are initially measured at cost, based on the



interpretation of the terms and conditions of the relevant tax and investment law which allow for the recoverability of input taxes paid.

In assessing the classification and recoverability of these input tax credits, the Group makes a number of assumptions which are subject to risk and uncertainty including the timing and likelihood of success in working through the required legal process in the relevant jurisdiction. The Group views these input tax credits as recoverable via a tax refund or a tax credit. Should management determine that, all or some of the input tax will not be recoverable via tax refund or credit in the future, the Group would reclassify eligible amounts to other components of non-current assets as allowable under the relevant accounting standard. Non-eligible amounts, where so determined, may have to be expensed in the relevant period.

vii. Non-Controlling Interest

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

At the same time, the third party is also involved in a legal dispute with another party over the ownership of the 8% interest. At March 31, 2017, no such equity has been issued to any third party due to the uncertainty. Consequently, no non-controlling interest has been recognised. A non-controlling interest is intended to be recognised after the issue of shares. This requirement has not yet been satisfied due to a court restriction resulting from litigation challenging the claim of this third party from a party not related to the Group

viii. Haile commencement of commercial production

The Group is assessing the Haile mine progress to determine when the mine moves into commercial production. The criteria used to assess the start date are determined based on the unique nature of the mine including its complexity and location. The Group has adopted various relevant criteria to assess when the mine is substantially complete and ready for its intended use and has moved into the production stage.

The major criteria adopted include the following: (1) all major capital expenditures to bring the mine to nameplate capacity have been completed; (2) the process plant, power plant and other facilities have been transferred to the control of the Operations team from the Commissioning team; (3) the mill has reached 80 percent of initial design capacity; (4) gold recoveries are at or near expected levels; (5) the open pit mine has the ability to sustain ongoing production of ore at the required cut-off grade; and (6) costs are under control or within expectations.

When the Haile mine moves into commercial production, the capitalisation of certain mine construction and operation costs will cease and costs will either be attributed to inventory or expenses in the period in which they are incurred, except for capitalised costs related to property, plant and equipment additions or improvements, open pit stripping activities that provide a future economic benefit, and exploration and evaluation expenditure that meets the criteria for capitalisation. It is also at this point that depreciation and amortisation of previously capitalised costs commences.

Until the date of commencement of commercial production, any revenues recognised from the sale of gold are credited as a reduction to development costs capitalised. At March 31, 2017, the Group assessed that the Haile mine had not reached commercial production.

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 AND STANDARDS INCLUDING INITIAL ADOPTION

The Group did not adopt any new and/or revised standards, amendments and interpretation from January 1, 2017 which had a material effect on the financial position or performance of the Group.

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: amortised 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. 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 are also 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.

It also contains a new impairment model which will result in earlier recognition of losses. The amendment also modifies the relief from restating prior periods. As part of this relief, the board published an amendment to IFRS 7, 'Financial instruments: Disclosure', to require additional disclosures on transition from IAS 39 to IFRS 9. This standard is effective for years beginning on/after January 1, 2018. Preliminary assessment by the Group indicates a minimum impact of this new standard. A more detailed assessment is ongoing.

IFRS 7 – Financial instruments – Disclosure

This standard has been amended to require additional disclosures on transition from IAS 39 to IFRS 9. It is effective on adoption of IFRS 9. The mandatory effective date for IFRS 9 is for the years beginning on/after January 1, 2018. The Group will apply the standard accordingly.

IFRS 15 – Revenue from contracts with customers

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. Preliminary assessment by the Group indicates a minimum impact of this new standard. A more detailed assessment is ongoing.

IFRS 16 – Leases

This standard will replace IAS 17, Leases and related interpretations. IFRS 16 establishes principles for recognition, measurement, presentation and disclosures of leases. The standard provides a single lessee accounting model which requires the lessee to recognise almost all lease contracts on the balance sheet; the only optional exemptions are for certain short-term leases and leases of low-value assets. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for years beginning on/after January 1, 2019. Preliminary assessment by the Group indicates minimum impact of this new standard. A more detailed assessment is ongoing.

IAS 28 – Investments in associates and joint ventures



This standard is amended to address the inconsistency between IFRS 10 and IAS 28. The main consequence of the amendments is that a full gain or loss is recognised when the transaction involves a business combination, and whereas a partial gain is recognised when the transaction involves assets that do not constitute a business. The amendment was originally effective for years beginning on/after January 1, 2016. However, the effective date has been deferred indefinitely by the IASB. The Group will apply the standard accordingly when effective.

IFRS 2 – Share-based payments

This standard has been amended to address certain issues related to the accounting for cash settled awards, and the accounting for equity settled awards that include a ‘net settlement’ feature in respect of employee withholding taxes. The amendments are effective for years beginning on/after January 1, 2018 and the Group will apply the amendment accordingly.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

Table 18 sets forth unaudited information for each of the eight quarters ended June 30, 2015 through to March 31, 2017. 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 results are the volatility of the gold price and copper price, the variability in the grade of ore mined from the Macraes, Waihi and Didipio 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 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) - a reconciliation of this measure to Net Profit / (Loss) is provided on page 18.

All-In Sustaining Costs per ounce sold is based on the World Gold Council methodology.

Cash costs per ounce sold - a reconciliation of these measures to cost of sales, is provided on page 28.

Cash operating margin refers to the difference between average gold price received, and cash cost (net of by-product credits) per ounce of gold sold.

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 facility.

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 December 31, 2016. 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, 2016 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 using the framework set forth in Internal Control - Integrated Framework published by The Committee of Sponsoring Organisations of the Treadway Commission (1992).



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, 2016. 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 March 31, 2017, 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.



Table 18 - Quarterly Financial Summary*

	Mar 31 2017 \$'000	Dec 31 2016 \$'000	Sep 30 2016 \$'000	Jun 30 2016 \$'000	Mar 31 2016 \$'000	Dec 31 2015 \$'000	Sep 30 2015 \$'000	Jun 30 2015 \$'000
Revenue	161,800	147,432	150,388	169,763	161,051	143,612	109,581	125,486
EBITDA (excluding gain/(loss) on undesignated hedges and impairment charge)	101,671	66,890	61,568	77,286	77,874	57,569	35,068	40,110
Earnings after income tax and before gain/(loss) on undesignated hedges and impairment charge (net of tax)	59,393	31,653	24,470	41,136	36,710	10,750	4,841	10,145
Net Profit/(Loss)	36,005	42,574	30,693	39,655	23,531	22,648	6,924	(971)
Net Earnings/(Loss) per share								
Basic	\$0.06	\$0.07	\$0.05	\$0.07	\$0.04	\$0.04	\$0.02	\$(0.00)
Diluted	\$0.06	\$0.07	\$0.05	\$0.06	\$0.04	\$0.04	\$0.02	\$(0.00)

*Note: includes results for Romarco Minerals and Waihi Gold from 1 and 30 October 2015 respectively.

Table 19 – Reconciliation of Cash Costs and All-In Sustaining Costs*

		Q1 Mar 31 2017	Q4 Dec 31 2016	Q1 Mar 31 2016
Cost of sales, excluding depreciation and amortisation	\$'000	56,834	63,406	71,889
Selling costs	\$'000	4,706	4,701	4,452
By-product credits	\$'000	(26,649)	(28,802)	(25,161)
Total cash costs (net of by-product credits)	\$'000	34,891	39,305	51,181
Gold sales from operating mines*	ounces	114,022	105,658	117,387
Cash Costs	\$/ounce	306	372	436
Capitalised mining	\$/ounce	58	43	63
Sustaining capital expenditure	\$/ounce	69	105	143
Corporate general & administration - other	\$/ounce	50	78	42
Exploration and other	\$/ounce	38	41	32
All-In Sustaining Costs	\$/ounce	521	639	716

*Note: excludes gold sales from the Haile Gold Mine for the first quarter given that the associated costs have been capitalised as commercial production is yet to be declared.

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