



Full Year 2016 Results

February 23, 2017

www.oceanagold.com



Management Discussion and Analysis for the full year ended December 31, 2016

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, 2015, which is available on SEDAR at www.sedar.com under the Company’s name. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performance, achievements or events to differ from those anticipated, estimated or intended. Also, many of the factors are outside or beyond the control of the Company, its officers, employees, agents or associates. Forward-looking statements and information contained herein are made as of the date of this Management Discussion & Analysis and, subject to applicable securities laws, the Company disclaims any obligation to update any forward-looking statements and information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information due to the inherent uncertainty therein. All forward-looking statements and information made herein are qualified by this cautionary statement. This Management Discussion & Analysis may use the terms “Measured”, “Indicated” and “Inferred” Resources. U.S. investors are advised that while such terms are recognised and required by Canadian regulations, the Securities and Exchange Commission does not recognise them. “Inferred Resources” have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resources will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into reserves. U.S. investors are also cautioned not to assume that all or any part of an Inferred Resource exists, or is economically or legally mineable. This document does not constitute an offer of securities for sale in the United States or to any person that is, or is acting for the account or benefit of, any U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “Securities Act”)) (“U.S. Person”), or in any other jurisdiction in which such an offer would be unlawful.

Technical Disclosure

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

Management Discussion and Analysis for the full year ended December 31, 2016

HIGHLIGHTS

- Achieved record full year revenue of \$628.6 million and net profit of \$136.5 million.
- Recorded quarterly revenue of \$147.4 million and net profit of \$42.6 million in the fourth quarter.
- Achieved EBITDA of \$283.6 million for the full year and \$66.9 million for the fourth quarter.
- Declared an ordinary semi-annual dividend payment of US\$0.01 per common share or CDI reflecting continued strong performance.
- Continued strong balance sheet with immediate liquidity of \$96.1 million including \$68.9 million in cash.
- Achieved full year gold production guidance range with 416,741 ounces of gold produced and slightly exceeded the top end of the copper guidance range with 21,123 tonnes produced.
- Consolidated full year All-In Sustaining Costs of \$708 per ounce and cash costs of \$452 per ounce on sales of 437,146 ounces of gold and 21,413 tonnes of copper.
- Commenced milling at the Haile Gold Mine in United States in December 2016 as planned.
- Received the prestigious Presidential Award as the most environmentally and socially responsible operation in the Philippines for the second consecutive year.
- Subsequent to the quarter end, signed a letter of intent to enter into a joint venture with Mirasol Resources Ltd, which owns the La Curva Gold Project in Argentina.

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 25 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.

Management Discussion and Analysis for the full year ended December 31, 2016

OVERVIEW

Operating Results

The Company produced 416,741 ounces of gold in 2016, which was within the production guidance range of 385,000 to 425,000 ounces and 21,123 tonnes of copper, which was slightly higher than the top end of the guidance range of 19,000 to 21,000 tonnes.

In the fourth quarter, the Company produced 102,428 ounces of gold, an increase from the previous quarter, as expected and due to higher production at each operation. The Company achieved its AISC guidance with an AISC of \$708 per ounce on sales of 437,146 ounces of gold and 21,413 tonnes of copper. Full year consolidated cash costs were \$452 per ounce sold and slightly below the cost guidance range.

Financial Results

For 2016, the Company achieved record annual revenue of \$628.6 million and EBITDA of \$283.6 million. In the fourth quarter, the Company reported revenue of \$147.4 million and EBITDA of \$66.9 million.

The Company also achieved record annual net profit of \$136.5 million and \$42.6 million for the fourth quarter. The quarter-on-quarter increase in net profit was primarily due to lower operating and depreciation costs and gain on the fair value of undesignated hedges, partly offset by a one-time charge of US\$8 million legal settlement costs for the El Salvador arbitration ruling against the Company. Payment is yet to be made. As at the end of the quarter, the cash balance was \$68.9 million while total available liquidity was \$96.1 million, which did not include \$94.6 million in marketable securities mainly related to equity positions in Gold Standard Ventures and NuLegacy Gold Corporation.

Growth

Commissioning activities at the Haile Gold Mine continued to advance as expected. On December 29, 2016, the Company announced the start of milling and, on January 20, 2017, the Company announced the first gold pour.

In the early stages of milling, the Company has fed predominantly oxide ore and focused on commissioning of the grinding, leaching and refining circuits. Performance of the process plant on oxide ore has delivered better than expected results with low leaching residency times and strong gold recoveries. In February, the Company commenced commissioning of the flotation and fine grinding circuits and began introducing sulphide ore through the plant. The focus now is on achieving optimal settings for the flotation kinetics while delivering appropriate grinding size through the regrind to the leaching circuits. Mining operations continue to progress well with ore mining at the Mill Zone pit and the start of waste stripping at the Snake Pit.

Exploration activities continued in the fourth quarter across the business with both brownfields and greenfields drilling activities progressing well.

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 at Waihi.

Dividend

Following another year of strong operational and financial performance, the Board of Directors has declared an ordinary semi-annual dividend of US\$0.01 per common share payable to shareholders of record on 7 March 2017. The Dividend will be paid on 28 April 2017 and at the election of the shareholder, the Company will pay the dividend in either US Dollars, Canadian Dollars, Australian Dollars, New Zealand Dollars or British Pounds Sterling.

DENR Audit (Philippines)

On February 14, 2017, the Company received a suspension order from the Philippines Department of Environment and Natural Resources ("DENR") for the Didipio operation. Receipt of the order followed a press conference at which the DENR Secretary Lopez named OceanaGold's Didipio operation as the subject of a proposed suspension order citing alleged declining agricultural production. The suspension order repeated allegations previously made by the DENR, 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...".

Subsequent to receiving the suspension order, the Company immediately filed an appeal with the Office of the President ("OP"). The Company has thirty (30) days to provide documentation in support of its appeal and can continue to operate during this period. After 30 days, the DENR is required to provide a response within 15 days before the OP rules on the matter. The Company asserts there is no legal basis for such a suspension order as the Didipio operation has not violated or breached any environmental regulation or Philippines laws. It operates to the highest of standards in the mining sector and in November 2016, the Didipio Mine was awarded, for a second consecutive year, the Philippines Presidential Mineral Industry Environmental Award. The award is presented annually to mining operations that perform to the highest standards of safety, environmental and social management and community engagement.

Outlook

OceanaGold's consolidated production is expected to increase significantly in 2017 as a result of production from Haile and increased production at Macraes. The Company expects production in the second half of the year to be higher than in the first half, and expects the third quarter to be the strongest quarter of production for the year with the second quarter expected to be the weakest.

Management Discussion and Analysis for the full year ended December 31, 2016

Table 1 – Production and Cost Results Summary

		Didipio	Waihi	Macraes and Reefton	Consolidated	
Fourth Quarter 2016 Results					Q4 2016	Q3 2016
Gold Produced	ounces	30,695	29,280	42,453	102,428	88,975
Copper Produced	tonnes	3,765	-	-	3,765	5,114
Gold Sales	ounces	35,260	27,665	42,733	105,658	98,195
Copper Sales	tonnes	4,960	-	-	4,960	5,596
Cash Costs	\$ per ounce	(120)	427	743	372	529
2016 Results					2016	2015 ¹
Gold Produced	ounces	147,150	116,028	153,563	416,741	419,153
Copper Produced	tonnes	21,123	-	-	21,123	23,109
Gold Sales	ounces	149,663	116,169	171,314	437,146	401,350
Copper Sales	tonnes	21,413	-	-	21,413	22,764
Cash Costs	\$ per ounce	1	473	832	452	458
All-In Sustaining Costs	\$ per ounce	239	735	1,099	708	709

1. includes the actual results for Waihi Gold for the six months ended December 31, 2015. This disclosure is for information only, reflecting what the costs would have been, had the legal close of the Waihi Gold acquisition been on July 1, 2015.

Table 2 – Consolidated Financial Summary

		Q4 Dec 31 2016	Q3 Sep 30 2016	Q4 Dec 31 2015	2016	2015 ¹
Revenue	US\$'000	147,432	150,388	143,612	628,634	507,985
Operating Costs	US\$'000	(80,542)	(88,820)	(86,043)	(345,015)	(314,497)
EBITDA	US\$'000	66,890	61,568	57,569	283,619	193,488
Net Profit	US\$'000	42,574	30,693	22,648	136,452	53,066
Average Gold Price Received	\$ per ounce	1,170	1,290	1,086	1,225	1,136
Average Copper Price Received	\$ per pound	2.46	2.15	2.16	2.22	2.35

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

Table 3 – 2016 Production and Cost Guidance

		Didipio	Waihi	Macraes ⁽¹⁾	Consolidated
Gold Production	ounces	130,000 – 145,000	115,000 – 125,000	140,000 – 155,000	385,000 – 425,000
Copper Production	tonnes	19,000 – 21,000	–	–	19,000 – 21,000
Cash Costs	\$ per ounce	\$20 – \$70	\$480 – \$530	\$750 – \$800	\$460 – \$500
All-In Sustaining Costs ⁽²⁾	\$ per ounce	\$300 – \$350	\$700 – \$750	\$1,000 – \$1,050	\$700 – \$750

- Notes:
- Includes production from Reefton, where stockpiles were forecast to be processed through to the end of February 2016.
 - 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 0.65, Copper price: \$2.00 / lb on average for full year.

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Table 4 – 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 5 – Key Financial Statistics for Didipio Operations

		Q4 Dec 31 2016	Q3 Sep 30 2016	Q4 Dec 31 2015	2016	2015
Gold Sales	ounces	35,260	32,505	31,984	149,663	123,901
Copper Sales	tonnes	4,960	5,596	5,597	21,413	22,764
Silver Sales	ounces	61,171	68,648	50,901	256,020	247,707
Average Gold Price Received	\$ per ounce	1,092	1,286	1,083	1,229	1,137
Average Copper Price Received	\$ per pound	2.46	2.15	2.16	2.22	2.35
Cash Costs	\$ per ounce	(120)	126	(4)	1	17
Cash Operating Margin	\$ per ounce	1,212	1,160	1,087	1,228	1,120

Table 6 – Didipio Mine Operating Statistics

		Q4 Dec 31 2016	Q3 Sep 30 2016	Q4 Dec 31 2015	2016	2015
Gold Produced	ounces	30,695	25,568	33,094	147,150	127,086
Copper Produced	tonnes	3,765	5,114	5,591	21,123	23,109
Silver Produced	ounces	46,779	64,016	65,855	253,161	274,308
Total Ore Mined	tonnes	3,266,073	2,442,109	2,276,383	9,199,375	7,063,642
Ore Mined Grade Gold	g/t	0.96	0.64	0.76	0.92	0.82
Ore Mined Grade Copper	%	0.44	0.45	0.40	0.48	0.47
Total Waste Mined including pre-strip	tonnes	1,885,581	4,347,840	5,746,144	17,332,769	24,554,687
Mill Feed	tonnes	698,993	883,459	905,500	3,499,584	3,581,471
Mill Feed Grade Gold	g/t	1.71	1.02	1.27	1.50	1.24
Mill Feed Grade Copper	%	0.48	0.62	0.65	0.61	0.68
Recovery Gold	%	90.6	89.0	89.3	89.9	89.1
Recovery Copper	%	90.9	94.1	94.6	93.8	94.6

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Table 7 – Key Financial Statistics for Waihi Operations*

		Q4 Dec 31 2016	Q3 Sep 30 2016	Q4 Dec 31 2015	2016	2015
Gold Sales	ounces	27,665	24,842	39,927	116,169	68,268
Average Gold Price Received	\$ per ounce	1,215	1,335	1,099	1,242	1,107
Cash Costs	\$ per ounce	427	461	395	473	399
Cash Operating Margin	\$ per ounce	788	874	704	769	708

*: The economic interest from Waihi began accruing to OceanaGold effective July 1, 2015. Legal close occurred on October 30, 2015 at which point, the results were reported in OceanaGold's consolidated financial statements. Disclosure is for information only.

Table 8 – Waihi Mine Operating Statistics

		Q4 Dec 31 2016	Q3 Sep 30 2016	Q4 Dec 31 2015	2016	2015
Gold Produced	ounces	29,280	23,225	34,987	116,028	69,973
Total Ore Mined	tonnes	127,543	108,304	151,612	478,862	285,599
Ore Mined Grade	g/t	7.76	7.13	8.21	8.07	8.53
Total Waste Mined	tonnes	55,400	47,160	19,684	213,840	55,684
Mill Feed	tonnes	128,756	110,985	148,304	489,300	282,658
Mill Feed Grade	g/t	7.77	7.20	8.03	8.07	8.46
Recovery	%	91.0	90.4	91.3	91.0	91.0

Table 9 – Key Financial Statistics for Macraes and Reefton Operations

		Q4 Dec 31 2016	Q3 Sep 30 2016	Q4 Dec 31 2015	2016	2015
Gold Sales*	ounces	42,733	40,848	53,335	171,314	209,181
Average Gold Price Received	\$ per ounce	1,205	1,266	1,080	1,210	1,139
Cash Costs	\$ per ounce	743	891	735	832	737
Cash Operating Margin	\$ per ounce	462	375	345	378	402

*: Reefton entered Care and Maintenance during the first quarter of 2016 and in the fourth quarter the Company announced the closure of Reefton operations. Stockpiled material continued to be processed until the first quarter 2016 with associated sales concluded in the second quarter of 2016.

Table 10 – Consolidated Operating Statistics for Macraes and Reefton

		Q4 Dec 31 2016	Q3 Sep 30 2016	Q4 Dec 31 2015	2016	2015
Gold Produced	ounces	42,453	40,182	51,419	153,563	222,093
Total Ore Mined	tonnes	1,769,496	1,372,609	974,722	4,971,248	5,608,026
Ore Mined Grade	g/t	1.00	1.05	1.27	1.04	1.37
Total Waste Mined including pre-strip	tonnes	8,914,830	9,262,496	5,508,847	27,052,932	27,717,355
Mill Feed	tonnes	1,476,780	1,469,115	1,911,957	6,067,798	7,751,911
Mill Feed Grade	g/t	1.04	0.99	1.03	0.96	1.10
Recovery	%	86.2	86.0	81.7	83.5	80.8

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Table 11 – Macraes Goldfield Operating Statistics

		Q4 Dec 31 2016	Q3 Sep 30 2016	Q4 Dec 31 2015	2016	2015
Gold Produced	<i>ounces</i>	42,453	40,182	37,924	149,086	150,877
Total Ore Mined	<i>tonnes</i>	1,769,496	1,372,609	932,870	4,971,248	3,675,189
Ore Mined Grade	<i>g/t</i>	1.00	1.05	1.26	1.04	1.35
Total Waste Mined including pre-strip	<i>tonnes</i>	8,914,830	9,262,496	5,508,847	27,052,932	23,434,933
Mill Feed	<i>tonnes</i>	1,476,780	1,469,115	1,456,788	5,866,286	5,964,836
Mill Feed Grade	<i>g/t</i>	1.04	0.99	0.99	0.94	0.98
Recovery	<i>%</i>	86.2	86.0	81.9	83.7	80.4

Table 12 – Reefion Operating Statistics*

		Q4 Dec 31 2016	Q3 Sep 30 2016	Q4 Dec 31 2015	2016	2015
Gold Produced	<i>ounces</i>	-	-	13,495	4,477	71,216
Total Ore Mined	<i>tonnes</i>	-	-	41,852	-	1,932,837
Ore Mined Grade	<i>g/t</i>	-	-	1.50	-	1.42
Total Waste Mined including pre-strip	<i>tonnes</i>	-	-	-	-	4,282,422
Mill Feed	<i>tonnes</i>	-	-	455,169	201,512	1,787,075
Mill Feed Grade	<i>g/t</i>	-	-	1.10	1.40	1.51
Recovery	<i>%</i>	-	-	81.2	78.1	82.2

*: Reefion entered Care and Maintenance during the first quarter of 2016 and in the fourth quarter the Company announced the closure of Reefion operations. Stockpiled material continued to be processed until the first quarter 2016 with associated sales concluded in the second quarter of 2016.

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OPERATIONS

Summary

On a consolidated basis, the Company produced 416,741 ounces of gold in 2016, broadly in line with 2015 production and within the production guidance range of 385,000 to 425,000 ounces. Copper production of 21,123 tonnes was slightly higher than the top end of the guidance range of 19,000 to 21,000 tonnes. In the fourth quarter, consolidated gold production was 102,428 ounces, an increase from the previous quarter, as expected and due to higher production at each operation.

On a consolidated basis, the Company achieved its AISC guidance with an AISC of \$708 per ounce on gold sales of 437,146 ounces and copper sales of 21,413 tonnes. Full year consolidated cash costs were \$452 per ounce sold and slightly below the cost guidance range.

Health & Safety

During the fourth quarter the Company recorded a Total Recordable Injury Frequency Rate ("TRIFR") of 3.99 per million man hours, up from 3.64 in the third quarter and up from 2.69 during the previous year.

Didipio Mine (Philippines)

At the end of 2016, the Didipio operation reported a TRIFR of 1.76 per million man hours worked, down from 1.87 in the third quarter.

For the 2016 full year, Didipio slightly exceeded both its 2016 gold and copper production guidance range with 147,150 ounces of gold and 21,123 tonnes of copper. The year-on-year increase in gold production was a result of increased head grade from mining high grade ore from Stage 5 of the open pit in the first half of the year.

During the fourth quarter, the Didipio operation produced 30,695 ounces of gold and 3,765 tonnes of copper. The quarter-on-quarter increase in gold production was expected resulting from a higher gold head grade. The increased production was partially offset by lower mill feed following a scheduled plant shut-down for planned maintenance and upgrade works, which were completed before the end of the year.

In the fourth quarter, total material mined was 5.2 million tonnes, a decrease of 24% on the previous quarter due to mining mostly ore from the final stage of the open pit.

The total ore mined in the fourth quarter was 3.3 million tonnes compared to 2.4 million tonnes in the previous quarter. Most of the ore mined in the quarter was stockpiled and as at the end of the year, the Company had nearly 22 million tonnes of stockpiled ore available for future processing.

In the fourth quarter, Didipio processed 698,993 tonnes of ore compared to 883,459 tonnes in the third quarter, with the decrease due to the extended plant shutdown for planned maintenance and upgrade works.

Quarter-on-quarter gold head grade increased to 1.71 g/t while copper head grade of 0.48% in the fourth quarter was slightly lower than in the third quarter. Gold recoveries were similar to the previous quarter while copper recoveries decreased due to lower copper head grade.

During the fourth quarter, the Company made two shipments of concentrate, totalling 20,073 dry metric tonnes to smelters in Asia. Additionally, the Company delivered 9,192 ounces of gold in Dore to the mint in Perth, Australia.

On February 14, 2017, the Company received a suspension order from the Philippines DENR for the Didipio operation. Receipt of the order followed a press conference at which the DENR Secretary Lopez named OceanaGold's Didipio operation as the subject of a proposed suspension order citing alleged declining agricultural production.

The suspension order repeated allegations previously made by the DENR, 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..."

Subsequent to receiving the suspension order, the Company immediately filed an appeal with the Office of the President ("OP"). The Company has thirty (30) days to provide documentation in support of its appeal and can continue to operate during this period. After 30 days, the DENR is required to provide a response within fifteen (15) days before the OP rules on the matter.

The Company asserts there is no legal basis for such a suspension order as the Didipio operation has not violated or breached any environmental regulation or Philippines laws as clearly demonstrated by the recently completed audit by the Mines and Geosciences Bureau ("MGB"). It operates to the highest of standards in the mining sector and in November 2016, the Didipio Mine was awarded, for a second consecutive year, the Philippines Presidential Mineral Industry Environmental Award. The award is presented annually to mining operations that perform to the highest standards of safety, environmental and social management and community engagement.

Waihi Mine (New Zealand)

At the end of 2016, the Waihi operation reported a TRIFR of 5.51 per million man hours worked. During the fourth quarter, there were no recordable health and safety incidents.

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Gold production at Waihi for the 2016 full year was 116,028 ounces including 29,280 ounces produced in the fourth quarter. The quarter-on-quarter increase in production was a result of increased mill feed and head grade.

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

Total ore mined in the fourth quarter increased by 18% quarter-on-quarter to 127,543 tonnes with less waste mined and more ore available. Mill feed increased to 128,756 tonnes on the back of higher mined ore.

Gold head grade for the quarter was 7.77 g/t compared to 7.20 g/t in the previous quarter. The increase in head grade was a result of mine sequencing. Gold recovery of 91.0% was slightly higher than in the previous quarter due to the higher head grade.

Macraes Goldfield (New Zealand)

At the end of 2016, the Macraes operation reported a TRIFR of 6.87 per million man hours worked, in-line with the previous quarter.

Gold production at Macraes and Reefton for the full year was 153,563 ounces, a decrease from the previous year due to Reefton being placed on care and maintenance early in 2016. During the fourth quarter, gold production increased to 42,453 ounces, a 6% increase on the previous quarter. The quarter-on-quarter improvement in production was expected and a result of increased head grade and mill feed and better gold recoveries.

Total material mined for the fourth quarter was 10.7 million tonnes, in-line with the third quarter. However during the fourth quarter, ore mined increased by 29% to 1.8 million tonnes due to lower strip ratios within all three operational open pits.

During the fourth quarter, mill feed and head grade remained broadly in-line with the third quarter at 1.5 million tonnes milled with a head grade of 1.04 g/t.

Plant recovery for the 2016 full year improved to 83.5% with the cessation of processing Reefton material contributing to the higher recoveries. In the fourth quarter, gold recoveries of 86.2% was similar to the previous quarter. Going forward, the Company expects that recoveries will range between 80% and 83%.

Reefton Mine (New Zealand)

During the fourth quarter of 2016, the Reefton operation remained under care and maintenance with activity focused on water treatment and asset maintenance. Total gold produced for the year was 4,477 ounces.

On December 19, 2016, the Company announced that the Reefton operation would be permanently closed and over the next few years, closure and rehabilitation activities will be carried out.

Management Discussion and Analysis for the full year ended December 31, 2016

EXPLORATION

New Zealand

Exploration expenditure in New Zealand was \$4.1 million for the fourth quarter including \$0.7 million at Macraes and \$3.4 million at Waihi. Exploration expenditure in New Zealand was \$4.1 million for the fourth quarter including \$0.7 million at Macraes and \$3.4 million at Waihi. The full year expenditure in New Zealand was \$15.1 million including \$3.9 million at Macraes and \$11.2 million at Waihi.

Macraes

Exploration drilling at Macraes during the fourth quarter totalled 4,753 metres and focused on previous targets Nunns, Mt Highlay, Coronation North, Coronation and Frasers Underground mine and at new targets Trimbells, Golden Point and Deepdell (Figure 1).

During the fourth quarter, the Company reported an upgraded Measured, Indicated and Inferred Resource for Coronation North of approximately 356 koz gold including a 60% increase in the Measured and Indicated Resource totalling approximately 218 koz gold. As reported in the Company's December 2016 exploration update, drilling at Coronation, Nunns and Frasers Underground continued to provide encouraging results.

Drilling at Nunns has been completed and an updated resource estimate is expected in the first quarter of 2017. Initial results from Golden Point drilling were encouraging and further drilling there and at Deepdell is planned for later in the year.

In the fourth quarter, phase two soil sampling continued at Lot's Wife, located southwest of the Macraes process plant, with 90% of the sampling completed. The Company is currently working to gain the necessary consents to enable drilling in 2017.

In the first quarter of 2017, the Company expects to drill three targets within the Macraes Goldfield including Coronation North and Golden Point.

Waihi

At Waihi, exploration drilling during the fourth quarter was conducted using five surface and three underground diamond drill rigs, for a total of 9,341 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.

As reported in the December exploration update, reserve and resource conversion drilling continues to deliver significant intercepts and is expected to convert incremental additions to the resource base in the underground mines at Correnso, Empire and Daybreak.

Additional resources have been defined on extensions of the Daybreak, Christina and Empire veins.

Exploration continues to test the resource potential of major lodes, linking veins and stockwork zones beneath the current open pit and continued to deliver encouraging intercepts as reported in the December exploration update.

During the fourth quarter, drill testing the resource potential of Gladstone Hill and upper levels of Favona commenced. Initial results support ongoing exploration in 2017.

Exploration of additional targets within the Waihi vein camp was conducted utilising CSAMT resistivity and gravity geophysical surveys and included 2,118 metres of drilling.

Regional exploration is progressing well with geological mapping, geochemical sampling and preparation to undertake geophysical surveys in 2017. All regulatory consents, authorities and access arrangements were granted during the fourth quarter of 2016, enabling the initiation of ecological studies ahead of the commencement of drilling in the first quarter of 2017.

In 2017, the Company will continue its near mine reserve and resource drilling from both the surface and underground. Additionally, the Company expects to commence drilling at the regional WKP target located north of the Waihi mine.

United States

Exploration expenditure at the Haile Gold Mine was \$2.4 million for the fourth quarter and \$7.4 million for the full year.

Drilling at Haile utilised four diamond drill rigs, drilling 23 holes for a total of 9,914 metres. The majority of these drill holes, targeted Palomino, Snake, and Horseshoe (Figure 2). Seven diamond drill holes, for a total of 1,567 meters, were drilled on the Longleaf Project, targeting vein-hosted and disseminated orogenic-style gold. Assays are expected in the first quarter of 2017.

A new Horseshoe resource estimate incorporating all assay results from the 2016 drilling program is under review and will be integrated into the Haile expansion study that is currently underway. The Company does not expect to include the updated Horseshoe resource in its annual Resource and Reserve update.

Historic geophysical data sets were evaluated for both local and regional target potential. These included 3D magnetic inversion models, regional aeromagnetics, induced polarity and resistivity surveys, and gravity data.

Management Discussion and Analysis for the full year ended December 31, 2016

Philippines

Exploration expenditure in the Philippines was US\$0.9 million for the fourth quarter and US\$3.1 million for the full year. A total of 4,536 metres were drilled in the fourth quarter utilizing 4 diamond drill rigs.

Activities focused on underground drilling at Didipio to test depth extensions of the ore body, drilling of near mine targets, and drilling and surface work on targets in the broader FTAA area. Assay results are pending.

Underground resource extension drilling at Didipio was undertaken with three holes drilled for 1,583 meters.

Underground resource definition drilling commenced with eight holes drilled for 1,629 meters on two sections

from the 2430mRL underground development level. Disseminated Cu-Au mineralisation was intersected.

Three holes totalling 791 metres were drilled in the near-mine area testing the Luminag, Didipio South, and Morning Star totalling 791 metres.

Within the broader FTAA exploration recommenced following government approval of the Community Development Programs. Initial drilling tested coincident Cu-Au anomalies at the Mogambos prospect, four kilometres north of Didipio. Two holes were drilled totalling 533 metres. While in other parts of the FTAA, detailed mapping, soil and rock chip sampling continued including the TNN, Papaya, and D'Fox prospects.

Figure 1 - Location of Macraes Exploration Drilling.

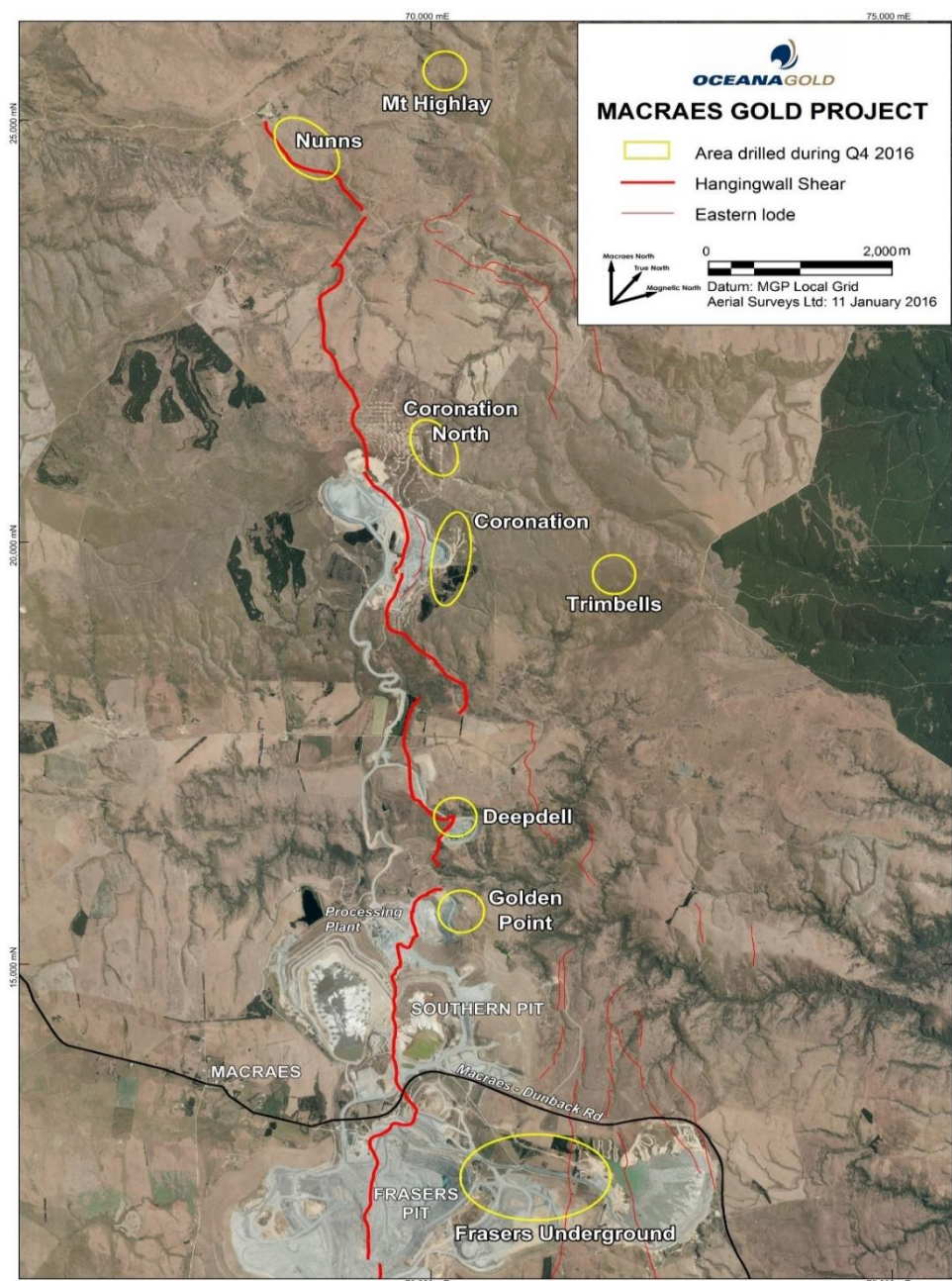
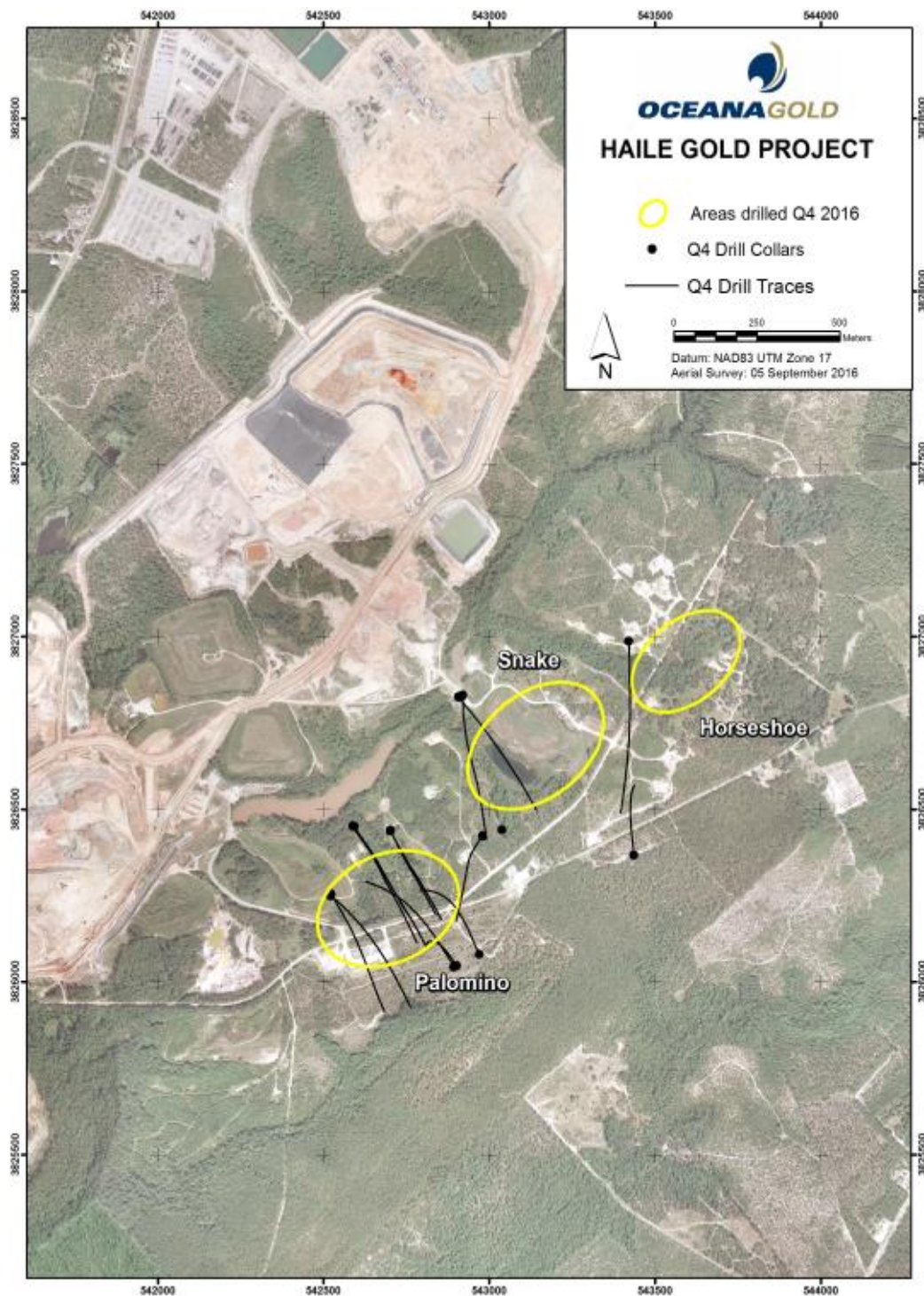


Figure 2 - Location of Haile Exploration Drilling.



Management Discussion and Analysis for the full year ended December 31, 2016

DEVELOPMENT

United States

Construction and commissioning of the Haile Gold Mine continues to advance well, with the site moving from construction into commissioning activities at the end of 2016.

At the end of the fourth quarter, the Company had spent the \$380 million estimated construction cost at Haile.

During the fourth quarter, mining at Haile achieved steady state production with the Mill Zone pit which has now advanced to beneath the transition ore zone and into the main Sulphide ore body. Haul road and water management infrastructure is now in place allowing for increased production during adverse weather conditions. The ROM pad is fully stocked with ore and ore feed to crusher commenced during December commissioning activities.

The ore processing operations team has been fully integrated into plant commissioning activities and all operational activities for processing are now complete.

In the early stages of milling, the Company has fed predominantly oxide ore and focused on commissioning of the grinding, leaching and refining circuits. Performance of the process plant on oxide ore has resulted in better than expected with low leaching residency times and strong gold recoveries. In February, the Company commenced commissioning of the flotation and fine grinding circuits and began introducing sulphide ore through the plant. The focus now is on achieving optimal settings for the flotation kinetics while delivering appropriate grinding size through the regrind to the leaching circuits.

Mining operations continue to progress well with ore mining at the Mill Zone pit and the start of waste stripping at the Snake Pit. To date, the Company has achieved strong grade and tonnage reconciliation with grades generally in line with the block model and tonnage slightly ahead.

The schedule remains unchanged and the Company expects to achieve commercial production early in 2017.

Philippines

During the fourth quarter, development of the Didipio Underground progressed nearly 1,000 meters and as at the end of the fourth quarter, development of the decline had advanced a total of 2,127 metres (Figure 5).

During the fourth quarter the Company completed the second portal, a construction activity originally planned for later in the mine life but brought forward to further optimise waste haulage cycle times, improve ventilation airflows and act as a second means of egress from the mine.

Raiseboring works continued ahead of schedule with the final two return air vent shafts completed during the quarter. Additionally, a second raisebore machine was commissioned to commence construction of an emergency escape shaft for the underground mine. Civil works for the construction of the primary ventilation infrastructure and the surface capital pump station were completed during the fourth quarter.

Planning for the paste fill plant remains on track, with the fabrication of the Horizontal Belt Filter advancing per schedule. Earthworks required to enable the commencement of the paste fill plant are expected to commence in the first quarter of 2017.

Subsequent to the year end, the Company announced that the pre-production capital expenditure for the Didipio Underground was expected to be \$133 million compared to the original cost of \$116 million. The additional costs, which are recoverable under the FTAA, are related to the procurement of an enhanced paste fill plant, earlier start to the development of the second mining domain, and additional scope which has been brought forward in the mine plan. The slight increase in costs is more than offset by a reduction in sustaining capital costs over the life of mine related to a decrease in the number of stopes.

The Company expects first feed of underground ore in late 2017. Mining of the open pit is expected in the third quarter of 2017 at which point, the Company is expected to have over 25 million tonnes of stockpiled ore, which will be used to supplement the mill feed.

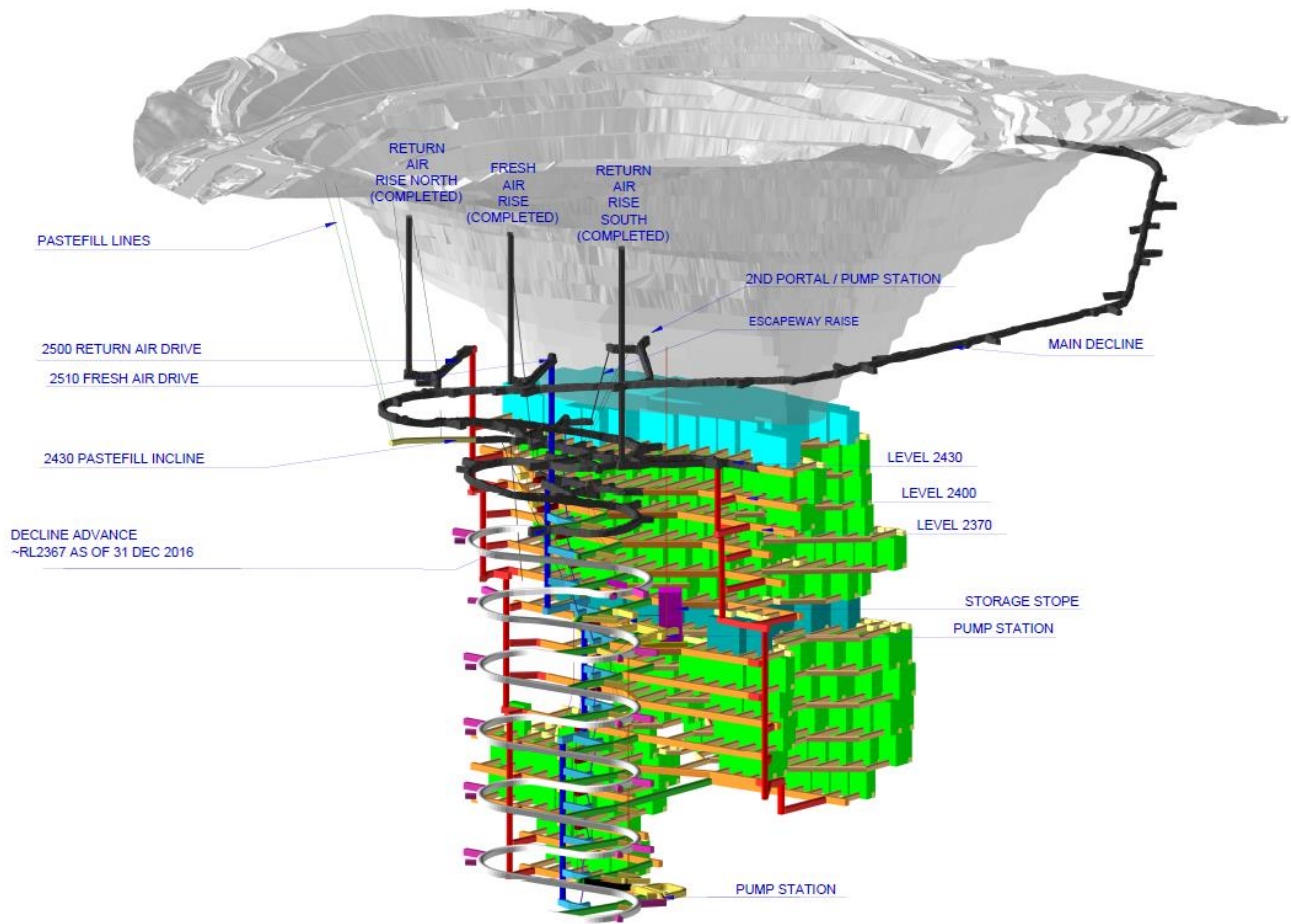
Figure 3 – Process Plant Overview



Figure 4 – Haile Aerial Photo of Mining Area



Figure 5 – Cross-section of Didipio Underground Design and Construction Phase



Management Discussion and Analysis for the full year ended December 31, 2016

ENVIRONMENT & COMMUNITY

Health & Safety

At 31 December, 2016, the Company recorded a TRIFR of 3.99 per million man hours.

During the fourth quarter, the company completed a review of the Organisations Safety maturity including the development of a three-year Strategic Plan to drive safety improvement across the organisation.

Environment

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

During the fourth quarter, the Didipio Mine was recognised for its excellent environmental performance with the receipt of the 2016 Presidential Mineral Industry Environmental Award (PMIEA) as well as recognition in the Excellence in Ecology and Economy award and Best in Mining Forest Award. This achievement was the second consecutive year that the Didipio operation was recognised as the most environmentally and socially responsible mining operation in the Philippines.

Community

There were no significant community related incidents recorded during the fourth quarter. Site engagement remains positive and all planned engagements were undertaken.

The development of a stakeholder register and compliance database has been undertaken through the 2016 calendar year and will be used to improve Site engagement processes and focus in 2017.

Management Discussion and Analysis for the full year ended December 31, 2016

FINANCIAL SUMMARY

Table 13 – Financial Summary*

\$'000	Q4 Dec 31 2016	Q3 Sep 30 2016	Q4 Dec 31 2015	2016	2015
Revenue	147,432	150,388	143,612	628,634	507,985
Cost of sales, excluding depreciation and amortisation	(63,406)	(77,524)	(71,080)	(292,461)	(265,058)
General & administration – merger and acquisition	-	-	(1,604)	-	(8,522)
General & administration** – legal settlement	(8,000)	-	-	(8,000)	-
General & administration - other	(10,203)	(11,361)	(11,743)	(49,497)	(36,806)
Foreign currency exchange gain/(loss)	(547)	(604)	(173)	2,117	(2,802)
Other income/(expense)	1,614	669	(1,443)	2,826	(1,309)
Earnings before interest, tax, depreciation and amortisation (EBITDA) (excluding gain/(loss) on undesignated hedges)	66,890	61,568	57,569	283,619	193,488
Depreciation and amortisation	(28,807)	(31,973)	(36,164)	(122,564)	(124,960)
Net interest expense and finance costs	(2,112)	(2,538)	(5,001)	(9,376)	(12,051)
Earnings before income tax and gain/(loss) on undesignated hedges	35,971	27,057	16,404	151,679	56,477
Tax (expense) / benefit on earnings	(4,318)	(2,587)	(5,654)	(17,711)	461
Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges	31,653	24,470	10,750	133,968	56,939
Gain/(loss) on fair value undesignated hedges	15,343	8,852	16,525	4,062	(5,379)
Tax (expense)/benefit on gain/loss on undesignated hedges	(4,296)	(2,478)	(4,627)	(1,137)	1,506
Share of profit/(loss) from equity accounted associates	(126)	(151)	-	(441)	-
Net Profit	42,574	30,693	22,648	136,452	53,066
Basic earnings per share	\$0.07	\$0.05	\$0.04	\$0.22	\$0.14
CASH FLOWS					
Cash flows from Operating Activities	79,765	29,440	62,152	232,328	171,441
Cash flows used in Investing Activities	(120,698)	(116,342)	(41,008)	(463,276)	(125,501)
Cash flows from / (used in) Financing Activities	26,116	70,607	120,529	111,583	89,932

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

**reflects expensed costs of \$8 million following the arbitration ruling against Pacific Rim by the International Centre for the Settlement of Investment Disputes.

BALANCE SHEET \$'000	As at Dec 31 2016	As at Dec 31 2015
Cash and cash equivalents	68,859	185,466
Other Current Assets	119,750	138,076
Non-Current Assets	1,727,111	1,220,315
Total Assets	1,915,720	1,543,857
Current Liabilities	240,860	135,474
Non-Current Liabilities	339,609	268,574
Total Liabilities	580,469	404,048
Total Shareholders' Equity	1,335,251	1,139,809

Management Discussion and Analysis for the full year ended December 31, 2016

RESULTS OF OPERATIONS

Net Earnings

For the full year, the Company reported record annual revenue of \$628.6 million and EBITDA (excluding gain/loss on undesignated hedges) of \$283.6 million.

During the fourth quarter, the Company reported EBITDA (excluding gain/loss on undesignated hedges) of \$66.9 million compared to \$61.6 million in the previous quarter. The quarter-on-quarter increase in EBITDA was mainly due to lower operating costs and a gain on the fair value of undesignated hedges, partly offset by lower gold prices and higher general and administrative costs mainly due to the expensing of \$8 million legal settlement costs related to the El Salvador arbitration ruling.

The Company reported record annual net profit of \$136.5 million for the full year and \$42.6 million for the fourth quarter.

Sales Revenue

Philippines

Fourth quarter concentrate sales revenue, net of concentrate treatment, refining and selling costs, was \$61.3 million of which copper revenue was \$26.9 million. In the fourth quarter, the average gold price received at Didipio was \$1,092 per ounce compared to \$1,286 per ounce in the previous quarter and the average copper price received was \$2.46 per pound compared to \$2.15 per pound in the previous quarter.

Fourth quarter sales at Didipio were 35,260 ounces of gold compared to 32,505 ounces in the previous quarter. Copper sales of 4,960 tonnes and silver sales of 61,171 ounces were lower than the previous quarter's sales.

New Zealand

Fourth quarter revenue was \$86.1 million in New Zealand. Gold sales in the fourth quarter of 70,398 ounces were higher than the previous quarter of 65,690 ounces due to higher production. The average gold price received in the fourth quarter was \$1,209 per ounce compared to \$1,292 per ounce received in the previous quarter.

Operating Costs and Margins per Ounce

Philippines

Operating cash costs at Didipio were negative \$120 per ounce sold for the fourth quarter compared to \$126 per ounce sold in the previous quarter. On a co-product basis, the operating cash costs were \$388 per ounce on 60,691 equivalent gold ounces sold compared to \$591 per ounce sold in the previous quarter. The decrease in costs per ounce were a result of decreased mining costs

due to the planned extended shutdown during the fourth quarter.

New Zealand

Operating cash costs in New Zealand were \$618 per ounce sold for the fourth quarter compared to \$729 per ounce sold in the previous quarter. The decrease was due mainly to decreased expensed mining costs and increased gold sales.

Depreciation and Amortisation

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

Depreciation and amortisation charges are mostly calculated on a unit of production basis and totalled \$28.8 million for the fourth quarter compared to \$32.0 million in the previous quarter. This decrease was mainly due to lower pre-stripping cost amortisation at Didipio following end of pre-stripping activity.

General and administration costs

General and administration costs of \$18.2 million were \$6.8 million higher than the previous quarter which was mainly due to \$8 million legal settlement costs expensed following the arbitration ruling against Pacific Rim.

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 fourth quarter reflect a gain of \$15.3 million compared to a gain of \$8.9 million in the previous quarter. The gain mainly reflects a further reduction in the New Zealand dollar spot gold price at December 31, 2016 compared to September 30, 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 December 31, 2016, are summarised below under "Derivative Assets / Liabilities".

Management Discussion and Analysis for the full year ended December 31, 2016

DISCUSSION OF CASH FLOWS

Operating Activities

Cash inflows from operating activities for the fourth quarter totalled \$79.8 million compared to \$29.4 million in the previous quarter. The increase was mainly due to lower operating costs, a decrease in trade debtors at Didipio as opposed to an increase in trade debtors in the previous quarter and an increase in payables in the fourth quarter mainly due to the accrual of legal settlement costs of \$8 million. There was no income tax paid during the fourth quarter compared to \$7.3 million paid in the third quarter.

Investing Activities

Cash used for investing activities totalled \$120.7 million in the fourth quarter compared to \$116.3 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.

Financing Activities

Financing net inflows for the fourth quarter were \$26.1 million mainly due to the drawdown of external debt of \$30.0 million partly offset by finance lease repayment.

DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

Company's funding and capital requirements

The Company recorded a net profit of \$42.6 million for the quarter ended December 31, 2016. As at December 31, 2016, the cash funds held were \$68.9 million. The Company was in a net current liability position of \$52.3 million as there is a repayment of \$72.8 million of interest bearing debt 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 are currently classified as non-current assets due to their strategic nature.

On 23 November 2016, the Company drew down \$30.0 million under its revolving credit facility to support the financing of construction of the Haile Gold Mine. At December 31, 2016, the Company's revolving credit facility stood at \$300 million, of which \$272.8 million was drawn.

As at December 31, 2016, the Company had immediately available liquidity of \$96.1 million with \$68.9 million in cash and \$27.2 million available under the revolving credit facility.

As at the end of the fourth quarter, the Company held \$94.6 million in marketable securities from strategic investments in listed junior exploration companies.

Commitments

The Company's capital commitments as at December 31, 2016, are as follows:

Table 14 – Capital Commitments

\$'000	Dec 31 2016
Within 1 year	27,853

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

Financial Position

Current Assets

Current assets were \$188.6 million as at December 31, 2016 compared to \$323.5 million as at December 31, 2015. The decrease was mainly due to cash utilised for the construction of the Haile Gold Mine during the year and a decrease in ore inventories mainly at the Reefion mine and a decrease in concentrate stocks at Didipio.

Non-Current Assets

Non-current assets were \$1.7 billion as at December 31, 2016 compared to \$1.2 billion as at December 31, 2015. The increase was mainly due to increased mining assets at Haile and Didipio, increased ore inventories at Didipio and increase in strategic investments.

Current Liabilities

Current liabilities were \$240.8 million as at December 31, 2016 compared to \$135.5 million as at December 31, 2015. This was mainly due to \$72.8 million of external debt being classified as a current liability in view of the finance facility limit step down to \$200 million on 31 December 2017. New finance lease were also entered into. Trade and other payables increased by \$25.4 million mainly due to increased liabilities at Haile and the accrual of El Dorado arbitration legal settlement costs of \$8 million.

Non-Current Liabilities

Non-current liabilities were \$339.6 million as at December 31, 2016 compared to \$268.6 million as at December 31, 2015. This was mainly due to an increase of \$17.2 million in external debt, increases in finance lease liabilities at Haile and Macraes of \$24.8 million and \$8.1 million respectively and an increase of \$17.9 million in the asset rehabilitation provisions at Haile.

Management Discussion and Analysis for the full year ended December 31, 2016

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 December 31, 2016, 155,400 ounces of gold production remained as part of the gold price hedging program as illustrated below.

Table 15 – New Zealand Gold Hedging Program (Macraes Goldfield)

Put Option Strike Price*	Call Option Strike Price*	Gold Ounces Remaining	Expiry Date
\$1,650	\$1,810	77,700	Dec 2017
\$1,650	\$1,810	77,700	Dec 2017
Total		155,400	

* Note – Put and call options strike prices are denominated in New Zealand dollars.

As at December 31, 2016, 306,310 barrels remained hedged as illustrated below.

Table 16 – Fuel Hedging Program

	Swap Price USD/bbl	Volume Remaining (barrel)	Expiry Date
Singapore Gasoil Platts Asia Pacific	50.25	240,000	Dec 2017
US Gulf Coast Ultra Low Sulphur	54.34	66,310	Dec 2017
Total		306,310	

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 17 – Marked to Market Derivatives Summary

\$'000	Hedge	Dec 31 2016	Dec 31 2015
Current Assets	Gold	2,484	5,777
Current Assets	Fuel	5,725	-
Total		8,209	5,777

Shareholders' Equity

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

Table 18 – Movement of Shareholders' Equity Summary

\$'000	Dec 31 2016
Total equity at beginning of the quarter	1,321,688
Profit/(loss) after income tax	42,574
Movement in other comprehensive income	(30,369)
Movement in contributed surplus	1,358
Issue of shares/ (equity raising costs)	-
Total equity at end of the quarter	1,335,251

Shareholders' equity increased by \$13.6 million to \$1.3 billion as at December 31, 2016, mainly due to a net profit after tax of \$42.6 million partly offset by losses 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 19 – Capital Resources Summary

	Shares Outstanding	Options and Share Rights Outstanding
23 February 2017	611,315,338	14,360,450
31 December 2016	611,024,600	14,669,052
31 December 2015	603,618,550	17,678,116

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

i. Mining assets

The future recoverability of mining assets including 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.

The Group defers mining costs incurred during the production stage of its operations which are calculated in accordance with relevant accounting policy. 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

Management Discussion and Analysis for the full year ended December 31, 2016

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 value 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 and repeated allegations previously made by the DENR 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...”.

Subsequent to receiving the suspension order, the Company immediately filed an appeal with the Office of the President (“OP”). The Company has 30 days to provide documentation in support of its appeal and can continue to operate during this period. 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

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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. 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.

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 December 31, 2016 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.

viii. Estimation of fair values in business combination

The Group has applied estimates and judgements in order to determine the fair values of assets acquired and liabilities and contingent liabilities assumed by way of a business combination. The Group engaged an external third party to determine the fair values of the cash generating units ('CGUs') acquired.

ix. 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 December 31, 2016, 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

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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, 2016 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.

IAS 12 – Income Taxes

This standard has been amended to clarify the requirements for recognising deferred tax assets on unrealised losses, deferred tax where an asset is measured at a fair value below the asset's tax base and certain other aspects of accounting for deferred tax assets. The amendments are effective for years beginning on/after January 1, 2017 and the Group will apply the amendments accordingly.

IAS 7 – Statement of cash flows

This standard has been amended to require additional disclosures that will enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective for years beginning on/after January 1, 2017 and the Group will apply the amendment accordingly.

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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. 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 20 sets forth unaudited information for each of the eight quarters ended March 31, 2015 through to December 31, 2016. 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 the next page.

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

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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 December 31, 2016, 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 20 - Quarterly Financial Summary*

	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	Mar 31 2015 \$000
Revenue	147,432	150,388	169,763	161,051	143,612	109,581	125,486	129,306
EBITDA (excluding gain/(loss) on undesignated hedges)	66,890	61,568	77,286	77,874	57,569	35,068	40,110	60,740
Earnings after income tax and before gain/(loss) on undesignated hedges (net of tax)	31,653	24,470	41,136	36,710	10,750	4,841	10,145	31,203
Net Profit/(Loss)	42,574	30,693	39,655	23,531	22,648	6,924	(971)	24,465
Net Earnings/(Loss) per share								
Basic	\$0.07	\$0.05	\$0.07	\$0.04	\$0.04	\$0.02	\$(0.00)	\$0.08
Diluted	\$0.07	\$0.05	\$0.06	\$0.04	\$0.04	\$0.02	\$(0.00)	\$0.08

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

Table 21 – Reconciliation of Cash Costs and All-In Sustaining Costs

		Q4 Dec 31 2016	Q3 Sep 30 2016	Q4 Dec 31 2015	2016	2015*
Cost of sales, excluding depreciation and amortisation	\$'000	63,406	77,524	71,080	292,461	265,058
Selling costs	\$'000	4,701	3,354	6,460	18,745	24,208
By-product credits	\$'000	(28,802)	(28,933)	(28,168)	(113,604)	(122,599)
Total cash costs (net of by-product credits)	\$'000	39,305	51,945	49,372	197,590	166,667
Gold sales from operating mines	ounces	105,658	98,195	112,209	437,146	359,972
Cash Costs	\$/ounce	372	529	440	452	463
Capitalised mining	\$/ounce				80	103
Sustaining capital expenditure	\$/ounce				79	96
Corporate general & administration - other	\$/ounce				61	64
Exploration and other	\$/ounce				36	6
All-In Sustaining Costs	\$/ounce				708	732

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

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