FINANCIAL AND GOVERNANCE STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

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FINANCIAL REPORT

DECEMBER 31, 2013

OCEANAGOLD CORPORATION

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The financial statements were authorised for issue by the directors on February 20, 2014. The directors have the power to amend and reissue the financial statements.

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of OceanaGold Corporation were prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") which are incorporated in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to the circumstances of OceanaGold Corporation and the entities it controls ("the Group"). The significant accounting policies of the Group are summarised in note 2 to the consolidated financial statements.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfils its financial reporting responsibilities. An Audit and Financial Risk Management Committee assists the Board of Directors in fulfilling this responsibility. The members of the Audit and Financial Risk Management Committee are not officers of the Group. The Audit and Financial Risk Management Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit and Financial Risk Management Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Group's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

James E. Askew
Director
Melbourne, Australia
February 20, 2014

J. Denham Shale
Director
Melbourne, Australia
February 20, 2014

To the Shareholders of OceanaGold Corporation

We have audited the accompanying consolidated financial statements of OceanaGold Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at 31 December 2013 and 31 December 2012 and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of OceanaGold Corporation and its subsidiaries as at 31 December 2013 and 31 December 2012 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants

February 20, 2014
Melbourne

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

(in United States dollars)	Notes	*2013* *$'000*	*2012* *$'000*
ASSETS			
Current assets			
Cash and cash equivalents		24 788	96 502
Trade and other receivables	8	27 665	15 209
Derivatives and other financial assets	9	7 783	4 404
Inventories	10	85 188	65 866
Prepayments		5 764	3 797
Total current assets		151 188	185 778
Non-current assets			
Trade and other receivables	8	44 501	17 961
Derivatives and other financial assets	9	3 004	6 328
Inventories	10	95 753	49 176
Deferred tax assets	6	5 506	5 268
Property, plant and equipment	11	312 414	159 657
Mining assets	12	284 460	607 488
Total non-current assets		745 638	845 878
TOTAL ASSETS		896 826	1 031 656
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		55 993	62 119
Employee benefits	22	6 068	6 971
Derivatives and other financial liabilities	15	-	151
Interest-bearing loans and borrowings	16	67 417	130 172
Total current liabilities		129 478	199 413
Non-current liabilities			
Other obligations		1 965	2 301
Employee benefits	22	1 243	504
Deferred tax liabilities	6	9 565	52 132
Interest-bearing loans and borrowings	16	126 525	136 694
Asset retirement obligations	14	36 320	30 752
Total non-current liabilities		175 618	222 383
TOTAL LIABILITIES		305 096	421 796
SHAREHOLDERS' EQUITY			
Share Capital	17	647 333	636 189
Accumulated losses		(143 911)	(96 054)
Contributed surplus	18	40 332	38 418
Other reserves	19	47 976	31 307
TOTAL SHAREHOLDERS' EQUITY		591 730	609 860
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		896 826	1 031 656

On behalf of the Board of Directors:

James E. Askew
Director
February 20, 2014

J. Denham Shale
Director
February 20, 2014

The accompanying notes to the Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31

(in United States dollars)	*Notes*	*2013 $'000*	*2012 $'000*
Revenue	4	553 612	385 448
Cost of sales, excluding depreciation and amortization	5	(260 651)	(226 039)
Depreciation and amortization		(129 315)	(91 376)
General and administration expenses		(28 423)	(14 911)
Operating profit		**135 223**	**53 122**
Other expenses			
Interest expense and finance costs		(27 416)	(24 145)
Foreign exchange gain/(loss)		1 267	(961)
Gain/(loss) on disposal of property, plant and equipment		(2 663)	(552)
Total Other expenses		**(28 812)**	**(25 658)**
Gain/(loss) on fair value of undesignated hedges		(2 083)	503
Interest income		438	2 635
Other income/(expense)		(782)	1 647
Impairment charge	13	(193 300)	-
Profit/(loss) before income tax		(89 316)	32 249
Income tax benefit/(expense)	6	41 459	(11 577)
Net Profit/(Loss)		**(47 857)**	**20 672**
Other comprehensive income, net of tax:			
Items that may be reclassified to profit or loss:			
Net change in fair value of available-for-sale assets		17	(836)
Currency translation gain/(loss)		16,652	18 116
Total other comprehensive income (net of tax)		16 669	17 280
Comprehensive income/(loss) attributable to shareholders		**(31 188)**	**37 952**
Net earnings/(loss) per share:			
- basic and diluted	7	($0.16)	$0.08

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended December 31

(in United States dollars)	***Share Capital* $'000**	***Contributed Surplus* $'000**	***Other Reserves* $'000**	***Accumulated Losses* $'000**	***Total Equity* $'000**
Balance at January 1, 2013	**636 189**	**38 418**	**31 307**	**(96 054)**	**609 860**
Comprehensive income/(loss) for the period	-	-	16 669	(47 857)	(31 188)
Employee share options:					
Share based payments	-	2 554	-	-	2 554
Forfeiture of options	-	(458)	-	-	(458)
Exercise of options	211	(182)	-	-	29
Issue of shares (net of costs)	10 933	-	-	-	10 933
Balance at December 31, 2013	**647 333**	**40 332**	**47 976**	**(143 911)**	**591 730**
Balance at January 1, 2012	**543 988**	**36 951**	**14 027**	**(116 726)**	**478 240**
Comprehensive income/(loss) for the period	-	-	17 280	20 672	37 952
Employee share options:					
Share based payments	-	2 935	-	-	2 935
Forfeiture of options	-	(277)	-	-	(277)
Exercise of options	1 860	(1 191)	-	-	669
Issue of shares (net of costs)	90 341	-	-	-	90 341
Balance at December 31, 2012	**636 189**	**38 418**	**31 307**	**(96 054)**	**609 860**

The accompanying notes to the Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31

(in United States dollars)	*2013*	*2012*
	$'000	*$'000*
Operating activities		
Net profit/(loss)	(47 857)	20 672
Charges/(credits) not affecting cash		
Depreciation and amortization expense	129 315	91 376
Net (gain)/loss on disposal of property, plant & equipment	2 663	552
Other expense – reclassification of available for sale reserve	911	-
Non-cash interest charges	6 774	5 527
Accrued interest income	-	(25)
Unrealized foreign exchange (gains)/losses	(1 267)	961
Stock based compensation charge	2 097	2 658
Gain/(loss) on fair value of undesignated hedges	2 083	(503)
Non-cash transaction costs	5 415	451
Impairment charge	193 300	-
Future tax expense/(benefit)	(41 459)	11 577
Changes in non-cash working capital		
(Increase)/decrease in trade and other receivables	(30 726)	(25 485)
(Increase)/decrease in inventory	(44 268)	(5 510)
(Decrease)/increase in accounts payable	(15 096)	9 759
(Decrease)/increase in other working capital	(2 456)	3 243
Net cash provided by/(used in) operating activities	159 429	115 253
Investing activities		
Payment for investments	-	(4 286)
Payment for acquisition of subsidiary, net of cash acquired (note 27(b))	181	-
Proceeds from sale of property, plant and equipment	1 024	4
Payments for property, plant and equipment	(17 809)	(20 990)
Payments for mining assets: exploration and evaluation	(4 442)	(7 992)
Payments for mining assets: development	(57 607)	(182 010)
Payments for mining assets: in production	(80 159)	(79 274)
Net cash used in investing activities	(158 812)	(294 548)
Financing activities		
Proceeds from issue of shares	26	95 426
Payment of transaction costs/fees for loans	-	(6 749)
Payments for equity raising costs	(414)	(4 415)
Repayment of finance lease liabilities	(19 014)	(17 325)
Settlement of derivatives	(10 846)	12
Repayments of borrowings and convertible notes	(168 936)	(61 352)
Proceeds from borrowings	115 994	103 322
Net cash (used in)/provided by financing activities	(83 190)	108 919
Effect of exchange rate changes on cash held in foreign currencies gain/(loss)	10 859	(3 111)
Net increase/(decrease) in cash and cash equivalents	(71 714)	(73 487)
Cash and cash equivalents at beginning of period	96 502	169 989
Cash and cash equivalents at end of period	24 788	96 502
Cash interest paid	(20 373)	(17 090)
Cash interest received	438	2 610

Non-Cash Investing and Financing Activities – refer Note 29

The accompanying notes to the Consolidated Financial Statements are an integral part of these financial statements.

1 BASIS OF PREPARATION

OceanaGold Corporation ("OceanaGold") ("The Company") is a company domiciled in Canada. It is listed on the Toronto Stock Exchange, the Australian Stock Exchange and the New Zealand Stock Exchange. The registered address of the Company is c/o Fasken Martineau DuMoulin LLP, 2900-550 Burrard Street, Vancouver, British Columbia V6C 0A3, Canada.

The Company prepares its financial statements in accordance with IFRS as issued by the IASB which are incorporated in the CICA Handbook. The consolidated financial statements of the Company, as at and for the year ended December 31, 2013, comprise of the Company (in its capacity of ultimate parent) and its subsidiaries (together referred to as the "Group"). These financial statements have been prepared under the historic cost convention, as modified by the revaluation of available-for-sale debt instruments; and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The Group is engaged in exploration and the development and operation of gold and other mineral mining activities. OceanaGold is a significant gold producer and is operating two open cut mines and an underground mine at Macraes and Reefton in New Zealand. The Group also operates an open cut Gold-Copper mine at Didipio in the Philippines, which commenced commercial production on April 1, 2013.

2 SIGNIFICANT ACCOUNTING POLICIES

The Group have amended certain accounting policies to take into account the accounting standards which became effective during the year. There were no changes to any of the carrying amounts in the financial statements.

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Bullion Sales

Revenue from sales of gold and silver is recognized when there has been a passing of the significant risks and rewards of ownership, which means the following:

- The product is in a form suitable for delivery and no further processing is required by, or on behalf of the Group;
- The quantity and quality (grade) of the product can be determined with reasonable accuracy;
- The product has been despatched to the customer and is no longer under the physical control of the Group (or title of the product has earlier passed to the customer);
- The selling price is determinable;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction are determinable.

Concentrate sales

Pre-commencement of commercial production

Sales of concentrate during the commissioning phase are treated as pre-production income; as a credit to capitalized mine development costs (refer to note 3vii).

Post-commencement of commercial production

The Group recognizes the sale of gold, copper concentrate and silver when the significant risks and rewards of ownership transfer to the buyer. Sales prices are provisionally set on a specified future date based on market prices. Revenue is recorded under these contracts using forward market gold, copper and silver prices on the expected date that the final sales prices will be fixed based on an agreed quotational period. Variations between the price recorded and the actual final price set are caused by changes in market prices and result in an embedded derivative in accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs. The changes in fair value of this embedded derivative are classified as provisional price adjustments and included in revenue in the statement of comprehensive income. Changes in the fair value over the quotational period and up until final settlement are estimated by reference to forward market prices.

Interest Income

Interest income is recognized on a time proportion basis using the effective interest rate method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

Non current assets are reviewed for impairment if there is an indication that the carrying amount may not be recoverable. Impairment is assessed at the level of cash-generating units which, in accordance with IAS 36 'Impairment of Assets', are identified as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from other assets.

When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use (being the net present value of expected future cash flows of the relevant cash-generating unit in its current condition) and fair value less costs to sell ("FVLCS"). The best evidence of FVLCS is the value obtained from an active market or binding sale agreement. Where neither exists, FVLCS is based on the best information available to reflect the amount the Group could receive for the cash generating unit in an arm's length transaction. This is often estimated using discounted cash flow techniques.

Where recoverable amount is assessed using FVLCS based on discounted cash flow techniques, the resulting estimates are based on detailed "life of mine" and/or production plans. For value in use, recent cost levels are considered, together with expected changes in costs that are compatible with the current condition of the business and which meet the requirements of IAS 36.

The cash flow forecasts for FVLCS purposes are based on management's best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, closure, restoration and environmental clean-up. For the purposes of determining FVLCS from a market participant's perspective, the cash flows incorporate management's price and cost assumptions in the short and long term. In the longer term, operating margins are assumed to remain constant where appropriate, as it is considered unlikely that a market participant would prepare detailed forecasts over a longer term period. The cash flow forecasts may include net cash flows expected to be realised from extraction, processing and sale of mineral resources that do not currently qualify for inclusion in proven or probable ore reserves. Such non-reserve material is only included where there is a reasonable degree of confidence in its economic extraction. This expectation is usually based on preliminary drilling and sampling of areas of mineralisation that are contiguous with existing reserves. Typically, the additional evaluation to achieve reserve status for such material has not yet been done because this would involve incurring costs earlier than is required for the efficient planning and operation of the mine.

As noted above, cost levels incorporated in the cash flow forecasts for fair value purposes are based on the current life-of-mine plan or long term production plan for the cash-generating unit. Because future cash flows are estimates for the asset in its current condition, value in use does not reflect future cash flows associated with improving or enhancing an asset's performance. Anticipated enhancements to assets may be included in FVLCS calculations.

Where the recoverable amount of a cash-generating unit is dependent on the life of its associated orebody, expected future cash flows reflect long term mine plans, which are based on detailed research, analysis and iterative modelling to optimise the level of return from investment, output and sequence of extraction. The mine plan takes account of all relevant characteristics of the orebody, including waste to ore ratios, ore grades, haul distances, chemical and metallurgical properties of the ore impacting on process recoveries and capacities of processing equipment that can be used. The life-of-mine plan is therefore the basis for forecasting production output and production costs in each future year.

The discount rates applied to the future cash flow forecasts represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The Group's weighted average cost of capital is used as a starting point for determining the discount rates, with appropriate adjustments for the risk profile of the countries in which the individual cash-generating units operate as well as the stage of development of the cash generating unit.

For operations with a functional currency other than the US dollar, the impairment review is undertaken in the relevant functional currency. The great majority of the Group's sales are based on prices denominated in US dollars. To the extent that the currencies of countries in which the Group produces commodities strengthen against the US dollar without commodity price offset, cash flows and, therefore, net present values are reduced.

IAS 36 requires that value in use be based on exchange rates current at the time of the assessment.

Non-current assets other than goodwill that have suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

When control of a subsidiary is acquired in stages, its carrying value prior to the acquisition of control is compared with the fair value of the identifiable net assets at that date. If fair value is greater than/less than carrying value, the gain/loss is recorded in the consolidated statement of income.

Consolidation

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Joint arrangements
Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

Joint operations
The Group recognises its direct right to the, and its share of jointly held assets, liabilities, revenues and expenses of joint operations.

Joint ventures
Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

When the Group’s share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary, to ensure consistency with the policies adopted by the Group.

Non-derivative financial assets

Available-for-sale financial assets

Available-for-sale assets are non-derivative financial assets that are designated as available for sale or are not classified as: Financial assets at fair value through profit or loss; Held-to-maturity financial assets; Loans and receivables; or Cash and cash equivalents. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the available-for-sale equity reserve (which forms part of other reserves). When an investment is derecognized, the cumulative gain or loss in equity is reclassified to profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

These consolidated financial statements are expressed in United States dollars (“US$”) which is the reporting currency for OceanaGold Corporation. The functional currency is Australian dollars (“AUD”). The controlled entities of OceanaGold have either US dollars, Australian dollars, New Zealand dollars (“NZ$”), Philippines pesos (“PHP”) or Euros (“EUR”) as their functional currency.

(i) Functional and presentation currency

The financial statements of entities that have a functional currency different from the reporting currency are translated into US$ as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the reporting period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation’s functional currency are recognized in the statement of income.

Estimates

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. Significant areas where management’s judgement is applied are included in Note 3.

Actual results may differ from those estimates. Changes in estimates are recognized in the period in which the changes occur to the extent that they are not errors. Critical estimates and judgements are set out in Note 3.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are initially recorded at the amount of contracted sales proceeds, and then subsequently carried at amortized cost less a provision for impairment. Receivables related to the Emissions Trading Scheme (“ETS”) in New Zealand are initially recorded at cost or deemed cost and subsequently at the lower of cost and net realisable value. For allocations of emissions allowances granted by the New Zealand government, cost is deemed to be equal to the nominal amount originally agreed.

Inventories

Bullion and Ore and Concentrate
Inventories are valued at the lower of weighted average cost and net realisable value. Costs include mining and production costs as well as attributable commercial, environmental and health and safety expenses. Ore inventory that is not expected to be processed within one year is classified as non-current.

Gold in Circuit
Gold in circuit is valued at the lower of weighted average cost and net realisable value. The average cost of production for the month is used and allocated to gold that is in the circuit at period end. These include mining and production costs as well as attributable commercial, environmental and health and safety expenses.

Stores
Inventories of consumable supplies and spare parts are valued at cost less a provision for obsolescence. Cost includes all expenses directly related to the purchase of the stores inventory. Cost is assigned on a weighted average basis

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Subsequent costs are included in the asset's carrying amount, or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance costs are charged to the profit or loss during the reporting period in which they are incurred.

Property, plant and equipment, except freehold land, are depreciated over their estimated useful lives on a straight line, reducing balance or units of production basis, as considered appropriate, commencing from the time the asset is held ready for use.

Depreciation rates used are as follows:

Buildings	5% per annum straight line
Mining equipment	unit of production based on reserves and some resources
Other plant and equipment	8% - 33% per annum straight line
	20% - 30% per annum reducing balance

The asset's residual values, useful lives and amortization methods are reviewed and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is derecognized upon disposal or when no further economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Mining assets

Exploration and Evaluation Expenditure
Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest. Such costs are only carried forward to the extent that they are expected to be recovered through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and where active work is continuing. Accumulated costs in relation to an abandoned area are expensed in profit or loss in the period in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Mining Properties under Development
Mining properties under development are accounted for at cost and are not amortized until production has commenced. Cost includes expenditure that is directly attributable to the development of mining properties and preparing them for production. Mining properties under development also include some tangible assets which will be reclassified to property, plant and equipment upon completion of the construction project.

Mining Properties in Production
Mining properties in production (including exploration, evaluation and development expenditure) are accumulated and brought to account at cost less accumulated amortization in respect of each identifiable area of interest. Amortization of capitalized costs, including the estimated future capital costs over the life of the area of interest, is provided on the units of production basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

Provisions

Provisions are recognized when the Group has a present obligation, it is probable that there will be a future sacrifice of economic benefits and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be recovered from a third party, the receivable is recognized as a separate asset but only when the reimbursement is virtually certain and it can be measured reliably. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability (if not built into the estimated cash flows). The increase in the provision due to the passage of time is recognized as an interest expense.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset Retirement and Environmental Rehabilitation
Asset retirement and environmental rehabilitation provisions include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. The provision is recognized in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments and are subject to formal review at regular intervals.

The amortization or 'unwinding' of the discount applied in establishing the net present value of provisions is accounted for in the statement of income in each accounting period. The amortization of the discount is shown as an interest expense, rather than as an operating cost.

Other movements in the provisions for closure and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the lives of operations and revisions to discount rates are capitalized within property, plant and equipment or mining properties and development, to the extent that any such amount does not exceed the recoverable amount of the asset. Any amount in excess of the recoverable amount is recognized as a loss immediately.

If an adjustment results in an addition to the costs of the related asset, consideration will be given to whether an indication of impairment exists and the impairment policy will apply. These costs are then depreciated over the life of the area of interest to which they relate.

Trade and other payables

Trade and other payables are liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently carried at amortized cost using the effective interest method by taking into account any issue costs and any discount or premium on settlement.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognized in the statement of income as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Convertible notes

For convertible notes, the component of the convertible note that exhibits characteristics of a liability is recognized at fair value as a liability in the statement of financial position, net of transaction costs.

On issuance of the convertible note, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note and this amount is carried as a long-term liability, using the amortized cost basis, until extinguished on conversion or by repayment of debt. The increase in the liability due to the passage of time is recognized as a finance cost in the statement of comprehensive income.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not re-measured in subsequent periods.

Interest on the liability component of the convertible note is recognized as an expense in the statement of income.

Transaction costs are apportioned between the liability and equity components of the convertible note based on the allocation of proceeds to the liability and equity components when the instrument is first recognized.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Wages, Salaries and Annual Leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognized in Other Payables and Employee Benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Defined Contribution Pension Funds
Contributions to defined contribution funds are recognized as an expense in the statement of income as they become payable.

Share based compensation

The Group provides benefits to employees (including directors and other designated persons) in the form of stock based compensation transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the compensation at the date at which they are granted. The fair value of options issued is determined by using appropriate pricing model as per Note 21.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of OceanaGold Corporation ('market conditions').

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period between the grant date and the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognized for equity-settled transactions at each reporting date until vesting date reflects:

(a) the extent to which the vesting period has expired, and
(b) the number of awards that, in the opinion of the directors of the Group, will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Capital leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the statement of operations.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are capitalized and amortized over the lease term.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting

The Group, where deemed appropriate, uses derivative financial instruments to manage commodity price and foreign currency exposures.

Derivative financial instruments are initially recognized in the Statement of Financial Position at fair value and subsequently re-measured at their fair values at each reporting date.

The fair value of gold hedging instruments including forwards, put and call options is calculated by discounting the future value of the hedge contract at the appropriate prevailing quoted market rates at reporting date.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognized asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a forecasted transaction.

The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged.

At the inception of the transaction, the Group documents the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific forecast gold sales.

Changes in the fair value of derivatives that are designated against future production qualify as cash flow hedges and, if highly effective, the gain or loss on the effective portion is recognized in accumulated other comprehensive income. The ineffective portion is recognized in the profit or loss within other income or other expenses. Amounts deferred in Accumulated Other Comprehensive Income are transferred to the income statement and classified as revenue in the same periods during which the hedged sales affect the profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in Accumulated Other Comprehensive Income at that time would remain in Other Comprehensive Income and is recognized when the committed or forecast production is ultimately recognized in the income statement. However, if the committed or forecast production is no longer expected to occur, the cumulative gain or loss reported in Other Comprehensive Income is immediately transferred to the statement of income.

When the hedged commitment results in the recognition of an asset or a liability, the associated gains or losses, previously recognized in accumulated other comprehensive income, are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. Cash received or paid on the settlement or maturity of gold derivatives are recorded as operating cash flows.

The net gains and losses that relate to contracts not designated for hedge accounting purposes are recognized in the income statement.

Borrowing costs

Borrowing costs are expensed as incurred with the exception of borrowing costs directly associated with the construction, purchase or acquisition of a qualifying asset, which are capitalized as part of the cost of the asset.

Earnings per share

Basic earnings/loss per share is calculated by dividing the profit/loss by the weighted average number of shares outstanding during the period. Diluted earnings/loss per share is calculated by dividing the earnings/loss by the weighted-average number of shares outstanding during the period, assuming that all potentially dilutive securities were exercised. The company's potentially dilutive securities comprise stock options granted to employees and directors, and convertible notes.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Tax on income in interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred stripping

Stripping costs that are incurred in the production phase of mining operations are included in the costs of inventory produced in the period in which they are incurred, except when the charges represent a future benefit representing better access to the ore body that will be produced in future periods that would not have been accessible without the stripping activity. When charges are capitalised, the charges are amortized over the component accessed by the stripping activity using the units of production method.

Sales taxes

Revenues, expenses and assets are recognized net of the amount of sales tax, unless the sales tax incurred is not recoverable from the relevant taxation authority. In this case, it is recognized as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of sales tax receivable or payable. The net amount of sales tax recoverable from or payable to, the relevant taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The sales tax components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the relevant taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of sales tax recoverable from, or payable to, the relevant taxation authority. The net of sales tax payable and receivable is remitted to the appropriate tax body in accordance with legislative requirements.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

The following accounting policies are effective for future periods:

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

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A 'simple' debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

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

All fair value movements on financial assets must be recognised in profit or loss except for equity investments that are not held for trading (short-term profit taking), which may be recorded in other comprehensive income (FVOCI). However, in December 2012, the IASB proposed limited amendments which would introduce a FVOCI category for certain eligible debt instruments.

For financial liabilities that are measured under the fair value option, entities will need to recognise the part of the fair value change that is due to changes in the entity's own credit risk in other comprehensive income rather than profit or loss.

New hedging rules will also be included in the standard. These will make testing for hedge effectiveness easier which means that more hedges are likely to be eligible for hedge accounting. The new rules will also allow more items to be hedged and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments.

This standard is effective for years beginning on/after January 1, 2015. The Group has not assessed the impact of this new standard.

IAS 39 – Financial instruments
Amended to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty ("CCP") meets specified criteria.

This amendment is effective for years beginning on/after January 1, 2014. Since the Group has not novated any hedging contracts in the current or prior periods, applying the amendments will not affect any of the amounts recognised in the financial statements.

IAS 36 – Impairment of assets
The IASB has made small changes to some of the disclosures that are required under IASB 136 Impairment of Assets.

This amendments is effective for years beginning on/after January 1, 2014. These may result in additional disclosures if the group recognises an impairment loss or the reversal of an impairment loss during the period. They will not affect any of the amounts recognised in the financial statements. The group intends to apply the amendment from 1 January 2014.

IFRIC 21 – Levies
The standard sets out the accounting for an obligation to pay a levy imposed by a government in accordance with legislation. It clarifies that a liability must be recognised when the obligating event occurs, being the event that triggers the obligation to pay the levy.

This standard is effective for years beginning on/after January 1, 2014. The impact of this new standard is immaterial to the company.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 2 – Share-based payment
The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

This standard is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. The Group has not assessed the impact of this amendment.

IFRS 3 – Business combinations

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

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

IAS 32 - "Financial instruments" – presentation

This standard has been amended to clarify requirements for offsetting of financial assets and financial liabilities. This standard is effective for annual periods beginning on/after January 1, 2014. It is not expected to affect the treatment of offsetting arrangements or have a material effect on the Group.

3 CRITICAL ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Mining assets

The future recoverability of mining assets (Note 12) including capitalized exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related tenements itself or, if not, whether it successfully recovers the related mining assets through sale.

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

Exploration and evaluation expenditure

Exploration and evaluation expenditure (Note 12) is capitalized if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. These assets are allocated based on the geographical location of the asset. To the extent that capitalized exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

(ii) Impairment of assets

The Group assesses each Cash-Generating Unit (CGU), at least annually, to determine whether there is any indication of impairment or reversal. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value less costs to sell and value in use calculated in accordance with accounting policy Note 2. These assessments require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, future operating development and sustaining capital requirements and operating performance (including the magnitude and timing of related cash flows).

An impairment charge of $193.3million was recognized for the full year, with $85.5million recognised during the quarter ended June 30, 2013 and $107.8million during the quarter ended December 31, 2013. Further details are as per Note 13 below.

3 CRITICAL ESTIMATES AND JUDGEMENTS (continued)

(iii) Net realizable value of inventories

The Group reviews the carrying value of its inventories (Note 10) at each reporting date to ensure that the cost does not exceed net realizable value. Estimates of net realizable value include a number of assumptions and estimates, including grade of ore, commodity price forecasts, foreign exchange rates and costs to process inventories to a saleable product.

(iv) Asset retirement obligations

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

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

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

(v) Determination of ore reserves and resources

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

(vi) Taxation

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

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

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

(vii) Didipio commencement of commercial production

The Group assessed the Didipio mine progress to determine when the mine moved into the commercial production stage. The criteria used to assessed the start date were determined based on the unique nature of the mine including its complexity and location. The Group considered various relevant criteria to assess when the mine was substantially complete and ready for its intended use and had moved into the production stage. The major criteria considered included, but were not limited to, the following: (1) all major capital expenditures to bring the mine to name plate capacity had been completed; (2) at least 5,000 tonnes of concentrate had been produced that met specifications; (3)

3 CRITICAL ESTIMATES AND JUDGEMENTS (continued)

the process plant, power plant and other facilities had been transferred to the control of the operations team from the commissioning team; (4) the mine or mill had reached 80 percent of design capacity; (5) gold and copper recoveries were at or near expected levels; (6) the open pit mine had the ability to sustain ongoing production of ore at the required cutoff grade; and (7) costs were under control or within expectations. In line with the above, the commencement of commercial production was determined to be April 1, 2013. Upon commencement of commercial production stage, the capitalization of certain mine construction and operation costs ceased and costs have been either attributed to inventory or expensed in the period in which they are incurred, except for capitalized 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 capitalization. At this point depreciation and amortization of previously capitalized costs also commenced.

(viii) Non-Controlling Interest

A third party has a contractual right to an 8% free carried 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 free carried 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 free carried interest. At December 31, 2013 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 recognized after the issue of shares and after the full recovery of pre-operating expenses.

4 REVENUE

	December 31 2013 $'000	December 31 2012 $'000
Gold sales		
Spot market sales	363 830	385 448
Concentrate sales	58 212	-
	422 042	385 448
Copper sales		
Concentrate sales	157 223	-
Silver sales		
Concentrate sales	4 436	-
	583 701	385 448
Less concentrate treatment, refining and selling costs	(13 554)	-
Less concentrate sales capitalized (Note 3(vii))	(16 535)	-
Total Revenue	553 612	385 448

Provisional Sales
We have provisionally priced copper concentrate sales for which price finalization subject to quotational periods is outstanding at the reporting date. For the period ended December 31, 2013, our provisionally priced copper concentrate sales included a provisional pricing loss of $0.8 million (2012: nil).

At December 31, 2013, our provisionally priced copper and gold sales subject to final settlement were recorded at average prices of $7,203/t and $1,207/oz, respectively.

5 COST OF SALES BY NATURE OF EXPENSES

	December 31 2013 $'000	December 31 2012 $'000
Cost of sales consists of:		
Materials and consumables costs	177 434	138 967
Employee benefits expenses	64 401	63 252
Other direct costs	18 816	23 820
	260 651	226 039

6 INCOME TAX

Major components of income tax expense:

	December 31 2013 $'000	December 31 2012 $'000
Statement of operations		
Current income tax		
Income tax expense relating to tax losses utilized	19 266	1 618
Deferred income tax		
Origination and reversal of temporary differences	(62 353)	10 102
Adjustments in respect of deferred income tax of previous years	1 628	(143)
Income tax (benefit)/ expense reported in statement of comprehensive income	(41 459)	11 577

Numerical reconciliation between aggregate tax expense recognized in the statement of operations and the tax expense calculated per the statutory income tax rate

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended December 31 is as follows:

Accounting earnings/(loss) before tax from continuing operations	(89 316)	32 249
At the statutory income tax rate of 25% (2012: 25%)	(22 329)	8 062
Adjustments in respect of income tax of previous years	1 628	(143)
Expenditure/income not allowable/(assessable) for income tax purposes	(3 747)	1 559
Tax losses not recognized	1 013	1 402
Effect of differing tax rates between Canada, Australia, New Zealand and Philippines	(18 024)	697
Income tax expense/(benefit) reported in the statement of comprehensive income	(41 459)	11 577

The statutory income tax rates in Australia and New Zealand are respectively 30% and 28% (2012: 30% and 28%). In Philippines, the company is currently in a tax incentive period.

Deferred income tax

Deferred income tax at December 31 relates to the following:

	December 31 2013 $'000	December 31 2012 $'000
Deferred tax assets		
Losses available for offset against future taxable income	37 011	56 277
Provisions	12 210	9 341
Other	(1 624)	-
Gross deferred tax assets	47 597	65 618
Set-off deferred tax liabilities	(42 091)	(60 350)
Net non-current deferred tax assets	5 506	5 268
Deferred tax liabilities		
Mining assets	(16 365)	(63 123)
Property, plant and equipment	(35 291)	(44 234)
Inventory	-	(2 077)
Interest receivable	-	(50)
Accrued revenue	-	(1 996)
Convertible notes	-	(1 002)
Gross deferred tax liabilities	(51 656)	(112 482)
Set-off deferred tax assets	42 091	60 350
Net non-current deferred tax liabilities	(9 565)	(52 132)

Due to uncertainty in utilization of tax losses in the foreseeable future, a deferred tax asset has not been recognized in respect of tax losses in the Group and its Australian and Philippines subsidiaries, amounting to $71.6 m (2012: $59.4m). The ability to use tax losses is subject to generating taxable income in future periods and complying with the tax legislation requirements prevailing at the time of utilization. During the year, tax losses of nil (2012: nil) were utilized which were not previously recognized as a deferred tax asset.

7 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income for the year, attributable to common equity holders of the parent, by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net income attributable to common shareholders (after adding back interest on the convertible notes) by the weighted average number of common shares outstanding during the year (adjusted for the effects of dilutive options and dilutive convertible notes where the conversion of potential common shares would decrease earnings per share or increase loss per share).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	December 31 2013 $'000	*December 31 2012 $'000*
Numerator:		
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of basic and diluted earnings per share)	(47 857)	20 672
Interest on convertible notes	-	8 048
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)	(47 857)	28 720
	Thousands	*Thousands*
Denominator:		
Weighted average number of common shares (used in calculation of basic earnings per share)	294 187	263 964
Effect of dilution:		
Share options	4 721	3 863
Convertible notes	-	28 423
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	298 908	296 250
Net earnings/(loss) per share:		
- basic and diluted	($0.16)	$0.08

For the years ended December 31, 2012 and 2013, the conversion of employee share options and convertible notes was anti-dilutive as they increased earnings per share.

8 TRADE AND OTHER RECEIVABLES

	December 31 2013 $'000	*December 31 2012 $'000*
Current		
Trade receivables	21 642	10 207
Interest receivable	-	25
Other receivables	6 023	4 977
	27 665	15 209
Non-Current		
Other receivables	44 501	17 961
	44 501	17 961

Other receivables include deposits at bank in support of environmental bonds, deposits set out for rental of properties, input tax credits and carbon tax credits.

9 DERIVATIVES AND OTHER FINANCIAL ASSETS

	December 31 2013 $'000	*December 31 2012 $'000*
Current		
Forward rate agreements[1]	-	552
Gold put/call options[2]	7 501	89
Other assets[3]	282	3 763
	7 783	4 404
Non-Current		
Other Assets[3]	52	1 985
Available-for-sale financial assets[4]	333	4 343
Gold put/call options[2]	2 619	-
	3 004	6 328
	10 787	10 732

1. Represents forward rate agreements to sell specified amounts of US$ at specified amounts of A$ which expired on December 16, 2013. The purpose of these agreements was to eliminate foreign exchange risk to ensure that US$ bank facility drawdowns would be sufficient to repay the A$ convertible notes that fell due during the period.

2. Represents a series of bought gold put options with a strike price of NZ$1,600 per ounce and a series of sold gold call options with a strike price of NZ$1,787 per ounce expiring June 2015 for 84,690 ounces of gold remaining outstanding at December 31, 2013. (2012: Represented a series of gold put options concluded June 26, 2013 with a strike price of US$1,400 per ounce for 55,332 ounces of gold that were outstanding at December 31, 2012).

3. Represents the unamortized portion of establishment fees and other costs incurred in obtaining US$ banking facilities. These fees are being amortized to reflect an approximate pattern of consumption over the terms of the facilities.

4. Represents investments in listed companies.

10 INVENTORIES

	December 31 2013 $'000	*December 31 2012 $'000*
Current		
Gold in circuit	14 675	11 911
Ore – at cost	28 415	21 832
Gold on hand	667	-
Gold and copper concentrate	7 265	-
Maintenance stores	34 166	32 123
	85 188	65 866
Non-Current		
Ore – at cost	49 814	48 729
Ore – at net realizable value	45 939	447
	95 753	49 176
Total inventories	180 941	115 042

During the year, ore inventories were written down by $17.6m (2012:$0.8m reversal of write-down).

11 PROPERTY, PLANT AND EQUIPMENT

	Year ended December 31, 2013				
	Land	Buildings	Plant and equipment	Rehabilitation	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Net book value					
At January 1, 2013:					
Cost	15 562	9 368	357 497	23 985	406 412
Accumulated depreciation	-	(4 639)	(233 304)	(8 812)	(246 755)
January 1, 2013	15 562	4 729	124 193	15 173	159 657
Movement for the year:					
Additions	9	1 248	26 635	5 453	33 345
Additions through acquisition of entity	-	-	13	-	13
Transfers	-	22 710	169 160	-	191 870
Disposals/write-off	(3 059)	-	(934)	(350)	(4 343)
Impairment charge	-	-	(15 809)	-	(15 809)
Depreciation for the year	-	(1 698)	(46 306)	(2 904)	(50 908)
Exchange differences	(59)	(32)	(1 271)	(49)	(1 411)
At December 31, 2013	12 453	26 957	255 681	17 323	312 414
At December 31, 2013:					
Cost	12 453	31 728	542 949	29 106	616 236
Accumulated depreciation	-	(4 771)	(287 268)	(11 783)	(303 822)
	12 453	26 957	255 681	17 323	312 414

	Year ended December 31, 2012				
	Land	Buildings	Plant and equipment	Rehabilitation	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Net book value					
At January 1, 2012:					
Cost	9 714	8 349	314 031	19 208	351 302
Accumulated depreciation	-	(3 962)	(191 381)	(6 766)	(202 109)
January 1, 2012	9 714	4 387	122 650	12 442	149 193
Movement for the year:					
Additions	5 014	471	24 581	3 646	33 712
Additions through acquisition of entity	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals/write-off	-	-	(159)	(231)	(390)
Depreciation for the year	-	(420)	(30 434)	(1 613)	(32 467)
Impairment charge	-	-	-	-	-
Exchange differences	834	291	7 555	929	9 609
At December 31, 2012	15 562	4 729	124 193	15 173	159 657
At December 31, 2012:					
Cost	15 562	9 368	357 497	23 985	406 412
Accumulated depreciation	-	(4 639)	(233 304)	(8 812)	(246 755)
	15 562	4 729	124 193	15 173	159 657

Plant and equipment includes assets under capital lease net of accumulated depreciation of $45.8m (2012: $59.4m). The assets under capital leases are pledged as security for capital lease liabilities.

12 MINING ASSETS

	Year ended December 31, 2013			
	Exploration and evaluation phase *$'000*	**Development phase** *$'000*	**In production** *$'000*	**Total** *$'000*
Net book value				
At January 1, 2013:				
Cost	21 051	373 565	578 400	973 016
Accumulated amortization	-	-	(365 528)	(365 528)
At January 1, 2013	21 051	373 565	212 872	607 488
Movement for the period:				
Additions	4 441	44 502	93 879	142 822
Addition through acquisitions of entity	17 654	-	-	17 654
Transfers	-	(327 636)	141 300	(186 336)
Capitalized revenue	-	(16 535)	-	(16 535)
Disposals/Write-off	-	(2 205)	-	(2 205)
Impairment charge	-	-	(160 094)	(160 094)
Amortization for the period	-	-	(112 530)	(112 530)
Exchange differences	(288)	13	(5 529)	(5 804)
At December 31, 2013	42 858	71 704	169 898	284 460
At December 31, 2013:				
Cost	42 858	71 704	727 906	842 468
Accumulated amortization	-	-	(558 008)	(558 008)
	42 858	71 704	169 898	284 460

	Year ended December 31, 2012			
	Exploration and evaluation phase *$'000*	**Development phase** *$'000*	**In production** *$'000*	**Total** *$'000*
Net book value				
At January 1, 2012:				
Cost	13 406	182 962	465 307	661 675
Accumulated amortization	-	-	(281 898)	(281 898)
January 1, 2012	13 406	182 962	183 409	379 777
Movement for the year:				
Additions	7 992	190 537	83 063	281 592
Addition through acquisitions of entity	-	-	-	-
Transfers	-	-	-	-
Capitalized revenue	-	-	-	-
Disposals/write-offs	(946)	-	(306)	(1 252)
Impairment charge	-	-	-	-
Amortization for the year	-	-	(65 289)	(65 289)
Exchange differences	599	66	11 995	12 660
At December 31, 2012	21 051	373 565	212 872	607 488
At December 31, 2012:				
Cost	21 051	373 565	578 400	973 016
Accumulated amortization	-	-	(365 528)	(365 528)
	21 051	373 565	212 872	607 488

Borrowing costs

There are no borrowing costs capitalized into the cost of assets held on the statement of financial position at December 31, 2013 (2012: nil). The Group has not capitalised borrowing costs relating to the construction of Didipio as the exemption on transition to IFRS under IAS 23(r) was applied in respect of qualifying assets for which the commencement date for capitalisation is before the effective date of the standard (being January 1, 2009).

The recovery of the costs deferred in respect of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation of the respective areas of interest.

13 IMPAIRMENT OF ASSETS

Impairments testing

Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be fully recoverable. At December 31, 2013, the Group identified two potential indicators of impairment. Firstly, the company's market capitalization was below the carrying value of net assets during the previous six months. Secondly, market prices of gold remained subdued resulting in a decision to initiate a two year reduction in the previously announced mine life at Macraes. In the second quarter, Reefton mine life had been reduced, which resulted in impairment.

The Group has two cash generating units (CGUs), New Zealand and Philippines. It is to be noted that the Philippines CGU is a low cost gold-copper mine still in its first year of operations with another 15 years of life to 2028 with potential for further cost optimisations. The Group has determined that there is no indicator of impairment for the Philippines CGU on the basis that the Company's long term outlook for gold and copper prices has not changed. The Group has further analysed the indicators of impairment and isolated the potential impairment to the New Zealand CGU. As a result of these indicators, an impairment assessment on the company's New Zealand CGU was performed.

The carrying value of the New Zealand CGU has been assessed using the Fair Value Less Costs to Sell (FVLCS) approach, using discounted cash flows.

Key assumptions and sensitivities

The FVLCS of the New Zealand CGU has been prepared including production from certain identified exploration targets where there is a higher degree of confidence in the economic extraction of minerals, although these do not currently qualify for inclusion in proven or probable ore reserves. Should these projects prove to be uneconomic, the carrying value of the New Zealand CGU could be further impaired by a significant amount.

The company has not disclosed any individual sensitivities for the key assumptions below as the Company believes that such disclosure may be misleading. This is because in practice the factors do not move in isolation and therefore, it is not practicable to calculate such sensitivities. It is reasonably possible, on the basis of existing knowledge, that should outcomes during the next financial year significantly differ from the assumptions made with respect to current and future projects, it could require a material adjustment to the carrying value of the New Zealand CGU.

The table below summaries the key assumptions used in the 2013 end of year carrying value assessments.

	2013	
	2014-2018	**Long term (2019+)**
Gold (US$ per ounce)	From $1,270 to $1,157	$1,350
Tungsten 65% concentrate (US$ per ton)	$21,000	$21,000
NZD:USD exchange rate	From $0.81 to $0.69	$0.67
Discount rate (%)	NZ$ assets 8.9% to 11.1%	

Commodity prices and exchange rates
Commodity price and foreign exchange rates are estimated with reference to external market forecasts including brokers' average for the short term and medium term (excluding tungsten where it is not available), and views of management for the long term.

Discount rate
In determining the Fair Value of the New Zealand CGU, the future cash flows were discounted using rates based on the Group's estimated real after tax weighted average cost of capital, pursuant to the Capital Asset Pricing Model, with an additional premium applied having regard to the geographic location of the CGU, as well as the stage of development of the asset.

Operating and capital costs
Life-of-mine operating and capital cost assumptions are based on the Group's latest budget, five year plan and life of mine plans for operating pits. For non-operating pits, those assumptions are management's best estimates based on experience and cost structures of similar mines.

The impairment assessment for the New Zealand CGU resulted in an impairment charge being recognized of $193.3 million of which an amount of $85.5million had been recognized in the second quarter.

14 ASSET RETIREMENT OBLIGATIONS

	December 31 2013 $'000	*December 31 2012 $'000*
Non-Current		
Rehabilitation	36 320	30 752
Movement:		
At January 1	30 752	21 175
Arising during the year	5 104	8 428
Accretion	1 281	926
Utilized	(834)	(1 251)
Exchange adjustment	17	1 474
At December 31	36 320	30 752

Rehabilitation
A provision for rehabilitation is recorded in relation to the gold/copper mining operations for the rehabilitation of the disturbed mining area to a state acceptable to various regulatory authorities. While rehabilitation is ongoing, final rehabilitation of the disturbed mining area is not expected until the cessation of mining for Macraes, Reefton and Didipio.

Rehabilitation provisions are based on rehabilitation plans estimated on survey data, external contracted rates and the timing of the current mining schedule. Provisions are discounted using a risk free rate with the cash flows adjusted for risks.

Rehabilitation provisions are subject to an inherent amount of uncertainty in both timing and amount and as a result are continuously monitored and revised.

Asset retirement obligations are initially recorded as a liability at present value of estimated future costs, assuming a risk free discount rate of 3.55% to 6.11% (2012: 3.86% to 5%). The liability for retirement and remediation on an undiscounted basis is estimated to be approximately $42.6m (2012: $39.9m).

15 DERIVATIVES AND OTHER FINANCIAL LIABILITIES

	December 31 2013 $'000	*December 31 2012 $'000*
Current		
Forward rate agreements[1]	-	151
	-	151

1. Represents forward rate agreements to sell specified amounts of US$ at specified amounts of A$ which expired on December 16, 2013. The purpose of these agreements was to eliminate foreign exchange risk to ensure that US$ bank facility drawdowns would be sufficient to repay the A$ convertible notes that fell due.

16 INTEREST-BEARING LOANS AND BORROWINGS

	Maturity	*December 31 2013 $'000*	*December 31 2012 $'000*
Current			
Capital leases[1]	(note 26)	16 427	17 407
7.00% Convertible notes (A$70m)[2]	12/22/2013	-	78 757
7.00% Convertible notes (A$30m)[2]	12/22/2013	-	33 079
Other loan	04/30/2014	990	929
US$ banking facilities[3]	06/30/2014	25 000	-
US$ banking facilities[3]	12/31/2014	25 000	-
		67 417	130 172
Non-current			
Capital leases[1]	(note 26)	28 725	36 594
US$ banking facilities[3]	06/30/2015	97 800	100 100
		126 525	136 694

16 INTEREST-BEARING LOANS AND BORROWINGS (continued)

1. *Capital Leases*
   The Group has capital lease facilities in place with ANZ Banking Group, Caterpillar Finance, GE Finance, and Cable Price. These facilities have maturities between January 2014 to March 2018.

2. *7.00% Convertible notes (Unsecured)*

   These convertible notes matured and were repaid in December 2013.

3. *US$ banking facilities*
   Term and revolving credit facilities, totaling US$177.8m were put in place to be used, for repayment of the above convertible notes maturing in December 2012 and December 2013 and for general working capital purposes. These facilities have been negotiated with a multinational banking syndicate, have common terms and will mature on June 30, 2015. Interest on these facilities is based on floating US$ LIBOR plus a margin. The first principal repayment was made on December 20, 2013 with the next one due June 30, 2014. At December 31, 2013, the Group had term and revolving credit facilities owing of US$147.8m and available undrawn facilities of US$30m.

4. *Other capital facilities*
   In 2012, the Group entered into an additional $US25m Convertible Revolving Credit Facility whereby it had the option to repay any drawn down funds with the issuance of ordinary shares under this facility, subject to the ASX listing rules. This facility was never drawn upon and expired on 10 September 2013.

Assets Pledged

The banking syndicate for the Group's US$ banking facilities have been granted real property mortgages over titles relevant to the Macraes and Reefton Mines. Furthermore, subsidiaries Oceana Gold Limited and Climax Mining Pty Ltd have created encumbrances in favour of the banking syndicate over shares that they own in various other subsidiaries of the Group.

17 SHARE CAPITAL

Movement in common shares on issue

	December 31 2013 Thousand shares	*December 31 2013 $'000*	*December 31 2012 Thousand shares*	*December 31 2012 $'000*
Balance at the beginning of the period	293 518	636 189	262 643	543 988
Shares issued	6 762	11 349	30 000	94 757
Options exercised	70	211	875	1 860
Share issue costs	-	(416)	-	(4 416)
Balance at the end of the period	300 350	647 333	293 518	636 189

Common shares holders have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Common shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Common shares have no par value and are all fully paid. The Company has not established a maximum number for authorized shares.

Each CHESS Depository Interests ("CDIs") represents a beneficial interest in a common share in the Company. CDI holders have the same rights as holders of common shares except that they must confirm their voting intentions by proxy before the meeting of the company.

The Company has share option and rights schemes under which options and rights to subscribe for the company's shares have been granted to executives and management. At the Company's 2012 annual meeting, shareholders approved the issue of up to 6% of the Company's issued and outstanding shares.

On December 19, 2012, the Company issued a total of 30,000,000 shares represented by 5,817,200 common shares in Canada at C$3.11 per share (A$3.00 per share) and 24,182,800 CDI in Australia at an issue price of A$3.00 per CDI.

On November 27, 2013, the Company issued a total of 6,762,209 shares to Pacific Rim shareholders for the acquisition of the remaining issued and outstanding Pacific Rim shares that it did not already own. The Pacific Rim shareholders obtained 0.04006 of a common share of the Company for each Pacific Rim common share at an issue price of C$1.77 per share.

18 CONTRIBUTED SURPLUS MOVEMENT

	December 31 2013 $'000	*December 31 2012 $'000*
Balance at start of period	38 418	36 951
Share based compensation expense	2 555	2 935
Forfeited options	(458)	(277)
Exercised options	(183)	(1 191)
Balance at end of period	40 332	38 418
Contributed surplus		
Employee stock based compensation	10 289	8 375
Shareholder options (lapsed on January 1, 2009)	18 083	18 083
Equity portion of convertible notes	11 960	11 960
	40 332	38 418

19 OTHER RESERVES

	December 31 2013 $'000	*December 31 2012 $'000*
Foreign currency translation reserve[1]	48 796	32 143
Available-for-sale equity reserve[2]	(820)	(836)
Total other reserves	47 976	31 307

1. *Foreign currency translation reserve*
   The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

2. *Available-for-sale equity reserve*
   The available-for-sale equity reserve is used to record fair value differences on available-for-sale equity instruments. When an investment is derecognized, the cumulative gain or loss in equity is reclassified to profit or loss.

20 SEGMENT INFORMATION

The Group's operations are managed on a regional basis. The two reportable segments are New Zealand and the Philippines. The business segments presented reflect the management structure of the Group and the way in which the Group's management reviews business performance.

	New Zealand	Philippines	All other segments	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
Year Ended December 31, 2013					
Revenue					
Sales to external customers	354 090	199 522	-	-	553 612
Inter segment management and gold handling fees	-	-	6 840	(6 840)	-
Total segment revenue	354 090	199 522	6 840	(6 840)	553 612
Result					
Segment result excluding impairment unrealized hedge losses and depreciation and amortization	160 406	118 213	(16 260)	-	262 359
Depreciation and amortization	(109 462)	(19 819)	(34)	-	(129 315)
Inter segment management and gold handling fees	(6 840)	-	6 840	-	-
Gain/(loss) on fair value of derivative instruments	9 972	-	(12 055)	-	(2 083)
Impairment charge	(193 300)	-	-	-	(193 300)
Total segment result before interest and tax	(139 224)	98 394	(21 509)	-	(62 339)
Net Interest expense					(26 977)
Income tax benefit/(expense)					41 459
Net profit/(loss) for the year					(47 857)
Assets					
Additions to property, plant, equipment and mining assets	119 023	56 833	311	-	176 167
Total Segment assets	338 831	542 039	15 956	-	896 826

	New Zealand	Philippines	All other segments	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
Year Ended December 31, 2012					
Revenue					
Sales to external customers	385 448	-	-	-	385 448
Inter segment management and gold handling fees	-	-	6 943	(6 943)	-
Total segment revenue	385 448	-	6 943	(6 943)	385 448
Result					
Segment result excluding unrealized hedge losses and depreciation and amortization	154 959	289	(10 616)	-	144 632
Depreciation and amortization	(91 180)	(165)	(31)	-	(91 376)
Inter segment management and gold handling fees	(6 943)	-	6 943	-	-
Gain/(loss) on fair value of derivative instruments	1 150	-	(647)	-	503
Total segment result before interest and tax	57 986	124	(4 351)	-	53 759
Net interest expense					(21 510)
Income tax benefit/(expense)					(11 577)
Net profit/(loss) for the year					20 672
Assets					
Additions to property, plant, equipment and mining assets	122 877	192 369	58	-	315 304
Total segment assets	536 674	415 225	79 757	-	1 031 656

Income derived in the New Zealand segment is from the sale of gold.

21 STOCK-BASED COMPENSATION

(a) Executive share options plan

Directors, executives and certain senior members of staff of the Group hold options over the common shares of the Company, OceanaGold Corporation. Each option entitles the holder to one common share upon exercise. The options were issued for nil consideration and have a maximum term of eight years. Granted options vest in three equal tranches over three years and vesting is subject only to continuity of employment.

The options cannot be transferred without the Company's prior approval and the Company does not intend to list the options. No options provide dividend or voting rights to the holders. Under the 2007 stock based compensation plan approved by OceanaGold shareholders the company can issue up to 10% of issued common and outstanding shares.

(i) Stock option movements
The following table reconciles the outstanding share options granted under the executive share option scheme at the beginning and end of the year:

WAEP = weighted average exercise price

	December 31, 2013		*December 31, 2012*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the year	6 084 138	A$2.51	7 404 540	A$2.38
Granted	-	-	410 000	A$2.30
Forfeited	(228 162)	A$2.87	(385 090)	A$2.43
Expired	(2)	A$0.00	(470 000)	A$3.58
Exercised	(69 999)	A$0.43	(875 312)	A$0.74
Balance at the end of the year	**5 785 975**	A$2.52	**6 084 138**	**A$2.51**
Exercisable at the end of the year	**4 849 328**	A$2.53	**3 524 514**	**A$2.42**

Options granted were priced using a binomial option pricing model. Where options had a single exercise date the Black Scholes valuation model was used. Where options do not have a performance hurdle they were valued as American style options using the Cox Rubenstein Binomial model.

The expected life used in the model has been based on the assumption that employees remain with the company for the duration of the exercise period and exercise the options when financially optimal. This is not necessarily indicative of exercise patterns that may occur.

Historical volatility has been used for valuation purposes. Expected volatility is based on the historical share price volatility using three years of traded share price data. As a result it reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the outcome.

Dividend yield is assumed to be nil on the basis that no dividends have been declared for the 2013 or 2012 financial years due to the large ongoing capital commitment.

(ii) Balance at end of the period

The share options on issue at the end of the financial period had an exercise price of between A$0.00 and A$3.94 and a weighted average remaining life of 3.66 years.

At December 31, 2013, $0.3m (2012: $0.9m) remains to be expensed over the life of the options.

21 STOCK-BASED COMPENSATION (continued)

(b) Performance Share Rights Plan

On July 12, 2012, the Managing Director and certain employees of the Group, as designated by the Board of Directors, were granted rights to common shares of the Company, OceanaGold Corporation. Each right entitles the holder to one common share upon exercise. The rights were issued for nil consideration and are subject to market-based performance conditions (based on various Total Shareholder Return (TSR) hurdles) and continuity of employment. The performance period is between January 1, 2012 and December 31, 2014 and the vesting and award date is March 31, 2015. The rights cannot be transferred without the Company's prior approval and right holders are not entitled to dividends of unvested rights.

(i) Performance share rights plan movements
The following table reconciles the outstanding rights granted under the performance share rights plan at the beginning and the end of the year:

WAEP = weighted average exercise price

	December 31, 2013		*December 31, 2012*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the year	2 186 270	A$0.00	-	-
Granted	2 047 623	A$0.00	2 186 270	A$0.00
Forfeited	(651 268)	A$0.00	-	-
Exercised	-	-	-	-
Balance at the end of the year	**3 582 625**	**A$0.00**	**2 186 270**	**A$0.00**
Exercisable at the end of the year	**-**	**-**	**-**	**-**

Rights granted were priced using Monte Carlo simulation (using the Black-Scholes framework) to model the Company's future price and TSR performance against the comparator group at vesting date. Monte Carlo simulation is a procedure for randomly sampling changes in market variables in order to value derivatives. This simulation models the TSR of the comparator group jointly by taking into account the historical correlation of the returns of securities in the comparator group.

The expected life used in the model has been based on the assumption that right holders will act in a manner that is financially optimal and will remain with the company for the duration of the rights' life.

Historical volatility has been used for the purposes of the valuation. Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period and is measured as the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. The expected volatility of the Company and each company in the comparator group has been calculated using three years of historical price data. As a result it reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the outcome.

Dividend yield has been assumed to be nil on the basis that no dividends have been declared for the 2013 or 2012 financial years due to the large ongoing capital commitment.

The following table gives the assumptions made in determining the fair value of the performance share rights granted in the financial year:

Grant Date	**Dividend Yield**	**Expected Volatility**	**Risk-Free Interest Rate**	**Expected Life of Option (years)**	**Option Exercise Price**	**Share Price at Grant Date**	**Weighted Average Fair Value**
13/02/2013	0%	55.41%	3.12%	3	0.00	2.54	1.7609
17/05/2013	0%	58.28%	2.88%	3	0.00	1.83	1.3639

(c) Employee share acquisition plan

Under the OceanaGold Corporation Employee Share Acquisition Plan (the "Plan"), the Company offered eligible employees of the Group (other than directors of the Company) the opportunity to purchase shares in OceanaGold. Eligible employees were able to direct up to 10% of their gross salary to acquire shares, with the Company matching the employee contribution on a dollar for dollar basis.

Plan shares were acquired at market price and held in trust for the participating employees by a dedicated corporate trustee. While the Trustee held the shares, the employees were entitled to full dividends and voting rights on the shares beneficially held on their behalf. A comprehensive Plan Terms and Conditions and Trust Deed set out the basis of operation of the Plan, pursuant to relevant Corporations Act and taxation legislation requirements.

This plan ceased to operate from December 31, 2012. Prior to cessation, all unvested shares were vested to the existing members. Members either sold or transferred the shares into their names. At December 31, 2013, no shares transfer remained outstanding.

21 STOCK-BASED COMPENSATION (continued)

Details of the employee share plan for the Group are as follows:

	Opening Shares Held by Trustee	Shares Acquired by the Trustee During the Year		Shares Transferred from the Trustee During the Year		Forfeited Shares sold by Trustee	Closing Shares Held by the Trustee	
	Number	Number [1]	Fair Value [2]	Number [3]	Fair Value [4]	Number [3]	Number	Fair Value [5]
2012	199,324	73 587	A$210,247	257,583	A$833,303	-	15,328	A$42,305
2013	15,328	74 633	A$154,975	89,961	A$178 098	-	-	-

Notes:
1. The Trustee acquired shares throughout the year, following receipt of contributions from employees and the Group.
2. The fair value of shares acquired by the Trustee is equal to the market price paid by the Trustee for acquisitions of OceanaGold Corporation shares throughout the year. The fair value comprises 50% contribution from employees and 50% contribution from the Company.
3. OceanaGold Corporation began winding up the ESAP in the second half of 2012. As part of the termination arrangement, all unvested shares were deemed vested, and existing members were given the choice to either sell or transfer the shares into their own names. The ESAP was formally terminated on December 31, 2012.
4. The fair value of the shares transferred out by the Trustee during the year is represented by the market value of the OceanaGold Corporation shares at the time of transfer.
5. The fair value of the shares held by the Trustee at reporting date has been determined by reference to the last sale price of OceanaGold Corporation shares at reporting date.

(d) Stock Options

An evergreen incentive stock option plan was introduced into the Group following the acquisition of Pacific Rim. The plan was adopted by Pacific Rim on August 29, 2006, whereby the maximum number of shares reserved for grant to Eligible Parties under the 2006 Plan is equal to 10% of the number of shares outstanding at the time of the grant. This plan remains a Pacific Rim plan but the options are exercisable into OceanaGold shares at the ratio of 0.04006 for every Pacific Rim option in accordance with the Plan of Arrangement.

(i) Evergreen incentive stock option plan movements

The following table reconciles the outstanding rights granted under the evergreen incentive stock option plan at the beginning and the end of the year:

WAEP = weighted average exercise price

	December 31, 2013		*December 31, 2012*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the year	16,235,000	C$0.23	12,700,000	C$0.28
Granted	-	-	3,860,000	C$0.11
Forfeited	(958,333)	C$0.17	-	-
Expired	(3,355,000)	C$0.46	(325,000)	C$1.07
Balance at the end of the year	**11,921,667**	**C$0.16**	**16,235,000**	**C$0.23**
Exercisable at the end of the year	**11,921,667**	**C$0.16**	**13,065,000**	**C$0.25**

Options granted were valued using the Black-Scholes option pricing model. For employees, the Company recognizes stock-based compensation expense based on the estimated fair value of the options on the date of the grant. For non-employees, the fair value of the options is based on the fair value of services received and recognized at the time of services rendered. The fair value of the options is recognized over the vesting period of the options granted as stock-based compensation expense and corresponding adjustment to contributed surplus. The number of options expected to vest is periodically reviewed and the estimated option forfeiture rate is adjusted as required throughout the life of the option. Upon exercise these amounts are transferred to share capital.

The expected life of the option is based on the historical activity of each specific class of option holder which includes directors, officers, employees and consultants.

Historical volatility has been used for the purposes of the valuation. Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period and is measured as the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. The expected volatility of the Company has been calculated using historical price data based on the estimated life of the options. As a result it reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the outcome.

21 STOCK-BASED COMPENSATION (continued)

Dividend yield has been assumed to be nil on the basis that no dividends have been declared for the 2013 or 2012 financial years.

The risk-free rate for the expected term of the option was based on the Government of Canada yield curve in effect at the time of the grant.

(ii) Balance at end of the period

The share options on issue at the end of the financial period had an exercise price of between C$0.11 and C$0.21 and a weighted average remaining life of 2.05 years.

At December 31, 2013, $Nil (2012: $0.18m) remains to be expensed over the life of the options.

22 EMPLOYEE BENEFITS

(a) Leave entitlements liability

	December 31 2013 $'000	*December 31 2012 $'000*
Aggregate employee benefit liability is comprised of:		
Employee benefits provision - current	6 068	6 971
Employee benefits provision - non-current	1 242	504
	7 310	7 475

Employee Benefits Provision - Current

	December 31 2013 $'000	*December 31 2012 $'000*
Balance at beginning	6 971	5 382
Arising during the year	5 941	7 356
Utilized	(6 885)	(5 809)
Exchange rate adjustment	41	42
Closing Balance	6 068	6 971

Employee Benefits Provision - Non-Current

	December 31 2013 $'000	*December 31 2012 $'000*
Balance at beginning	504	187
Arising during the year	739	317
Utilized	-	-
Exchange rate adjustment	-	-
Closing Balance	1 243	504

(b) Defined Contribution Plans

The Group has defined contribution pension plans for certain groups of employees. The Group's share of contributions to these plans is recognized in the statement of comprehensive income in the year it is earned by the employee.

23 FINANCIAL INSTRUMENTS

Financial Risk Management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk.

Financial Risk Management Objectives and Policies

The Board has the overall responsibility for the establishment and oversight of the Group's financial risk management framework. A Financial Risk Management Policy has been established, which has been approved by and is subject to annual review by the Board. This policy establishes a framework for managing financial risks.

In line with this policy, the Group does not enter into financial instruments, including derivative financial instruments for trade or speculative purposes. The term "derivative" has been adopted to encompass all financial instruments that are not directly traded in the primary physical market.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents and hedging instruments (specifically the gold put options and forward rate agreements that were in place during the year.

The Board approves all hedging transactions and has established a Financial Risk Management Policy which includes a hedging policy that limits the level and tenor of hedging activity.

Maximum credit risk of cash and cash equivalents, gold call/put options and forward rate agreements are the carrying amounts recorded in the statement of financial position.

The Group is not materially exposed to any individual counterparty because it has limited its exposure by spreading contracts for these instruments across several different counterparties.

At December 31, 2013, the Group's cash was mainly held with two major banks with the largest exposure being 71% (2012:71%). At December 31, 2013, the Group's gold call/put options were with two financial institutions.

No financial assets were deemed overdue or impaired.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure cost effective continuity in funding and trading liquidity. Funding liquidity is maintained through the use of the US$ term and revolving credit facilities, capital leases, operating leases and trade financing. Trading liquidity is maintained by an effective spread between the counterparties with which the Group enters into derivative transactions.

The Group's funding liquidity risk policy is to source debt or equity funding appropriate to the use of funds. Examples include equipment leases to finance the mining fleet and the US$ term and revolving credit facilities to repay the convertible notes, finance the development of new mines and provide for general working capital needs.

The Group's trading risk policy is to ensure derivative transactions, if any, are spread between at least two secured counterparties acknowledging both volume and tenor of the derivative to reduce the risk of trading illiquidity arising as a result of the inability to close down existing derivative positions, or hedge underlying risks incurred in normal operations.

23 FINANCIAL INSTRUMENTS (continued)

The following are the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting arrangements:

Year ended December 31, 2013	*Carrying amount*	*Contractual cash flows*	*12 months or less*	*1-3 years*	*3+ years*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Non-derivative financial liabilities					
Capital leases	45 152	48 705	18 798	25 518	4 389
US$ banking facilities	147 800	158 091	57 143	100 948	-
Insurance loans	990	990	990	-	-
	193 942	207 786	76 931	126 466	4 389

For the year ended December 31, 2013, there were no outstanding derivative financial liabilities.

Year ended December 31, 2012	*Carrying amount*	*Contractual cash flows*	*12 months or less*	*1-3 years*	*3+ years*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Non-derivative financial liabilities					
Capital leases	54 001	59 021	19 884	30 146	8 991
Convertible notes	111 836	123 132	123 132	-	-
US$ banking facilities	100 100	116 400	7 100	109 300	-
Insurance loans	929	929	929	-	-
	266 866	299 482	151 045	139 446	8 991
Derivative financial liabilities					
Forward rate agreements:					
Outflow	151	158 310	158 310	-	-
Inflow	(552)	(158 665)	(158 665)	-	-
	(401)	(355)	(355)	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow and outflow amounts for derivatives that have simultaneous gross cash settlement (e.g. forward rate agreements).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Commodity price risk and foreign exchange risk

Prices for the Group's commodity products (gold bullion and copper) are determined on international markets and quoted in US dollars. All hedging programs are managed in accordance with policies approved by the Board. Performance under these policies is regularly reported to the Board.

The Group entered into a series of bought gold put options with a strike price of NZ$ 1,600 per ounce and a series of sold gold call options with a strike price of NZ $1,787 per ounce expiring June 2015 to eliminate commodity price risk over 115,650 ounces of gold. These options were mandatory conditions for the US$ banking facilities (refer to note 16). At December 31, 2013 there were 84,690 ounces of gold options remaining.

Foreign exchange risk is managed by holding cash and cash equivalents in different currencies in line with the anticipated requirements of the business and achieving the diversified holding mainly through selling gold in the currencies needed.

Sensitivity analysis

At December 31, 2013 if the US dollar had depreciated/ appreciated by 10% with all other variables remaining constant, the effect on the loss would be $1.0m lower/higher (2012: $5.9m profit higher/lower) due to exchange gains/ losses on cash and cash equivalents. The impact on other equity will be $1.5m (2012: $2.7m).

Interest rate risk

The Group's approach to managing the risk of adverse changes in interest rates is to manage the identified net exposure through variable and fixed rate arrangements.

23 FINANCIAL INSTRUMENTS (continued)

The Group's policy is to manage interest rate risk in a cost efficient manner having regard to the net interest rate exposure after offsetting interest bearing financial assets with interest accruing financial liabilities.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was as follows:

Sensitivity analysis

At December 31, 2013 if interest rates had increased/decreased by 100 basis points from the year end rates with all other variables held constant, the loss for the year would have been $1.0m lower/higher (2012:$ $0.8m higher/lower), as a result of higher/lower interest income from cash and cash equivalents and higher/lower interest expense from the US$ banking facilities and capital leases. The impact on other equity is nil for both 2013 and 2012.

The Group's exposure to interest rate risk classes of financial assets and financial liabilities, both recognized and unrecognized at the reporting date, is set out below:

	Carrying amount 2013 $'000	2012 $'000
Fixed rate		
Financial Assets		
Trade and Other receivables	72 166	33 170
	72 166	33 170
Financial Liabilities		
Trade payables	55 993	62 119
Insurance loan	990	929
Capital leases	42 912	37 797
Convertible notes	-	111 836
	99 895	212 681
Floating rate		
Financial Assets		
Cash and cash equivalents	24 788	96 502
	24 788	96 502
Financial Liabilities		
Capital leases	2 238	16 204
US$ banking facilities	147 800	100 100
	150 038	116 304

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates and 10% in foreign currency exchange rates would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

December 31, 2013		**Interest rate risk** -100 bps		+100 bps		**Foreign exchange risk** -10%		+10%	
	Carrying amount $'000	Profit/ (Loss) $'000	Other equity $'000	Profit/ (Loss) $'000	Other equity $'000	Profit/ (Loss) $'000	Other equity $'000	Profit/ (Loss) $'000	Other equity $'000
Financial assets									
Cash and cash equivalents	24 788	-	-	-	-	1 036	-	(1 036)	-
Other assets	72 166	-	-	-	-	-	-	-	-
Financial Liabilities									
Capital leases	45 150	27	-	(27)	-	-	(1 531)	-	1 531
Other liabilities	204 783	981	-	(981)	-	-	-	-	-
Total	346 887	1 008	-	(1 008)	-	1 036	(1 531)	(1 036)	1 531

23 FINANCIAL INSTRUMENTS (continued)

December 31, 2012		**Interest rate risk**				**Foreign exchange risk**			
		-100 bps		**+100 bps**		**-10%**		**+10%**	
	Carrying amount $'000	Profit/ (Loss) $'000	Other equity $'000	Profit/ (Loss) $'000	Other equity $'000	Profit/ (Loss) $'000	Other equity $'000	Profit/ (Loss) $'000	Other equity $'000
Financial assets									
Cash and cash equivalents	96 502	(965)	-	965	-	5 851	-	(5 851)	-
Other assets	33 170	-	-	-	-	-	-	-	-
Financial Liabilities									
Capital leases	54 001	162	-	(162)	-	-	(2 700)	-	2 700
Other liabilities	277 285	6		(6)	-	-	-	-	-
Total	460 958	(797)	-	797	-	5 851	(2 700)	(5 851)	2 700

24 CAPITAL DISCLOSURE

The Group's objective when managing capital is to:

- manage the entity's ability to continue as a going concern; and
- in the medium to long term, provide adequate return to shareholders

The Group manages capital in the light of changing economic circumstances and the underlying risk characteristics of the Group's assets. In order to meet its objective, the Group manages its dividend declarations and may undertake capital restructuring including: sale of assets to reduce debt; additional funding facilities and equity raising.

The Group monitors capital on the basis of debt-to-equity ratio. The components and calculation of this ratio is shown below.

	December 31 2013 $'000	*December 31 2012 $'000*
Total Debt (as shown in the statement of financial position)*	193 942	266 866
Less: Cash and cash equivalents	(24 788)	(96 502)
Net Debt	169 154	170 364
Total Equity (as shown in the statement of financial position)	591 730	609 860
Debt to equity ratio	0.29	0.28

* Interest bearing liabilities

The debt-to-equity ratio is in line with prior year.

The Group is subject to a number of externally imposed capital requirements relating to financing agreements; as at December 31, 2013 and 2012 the Group was in compliance with all requirements.

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2). Valuations are obtained from issuing institutions.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

25 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

December 31, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring measurements				
Derivatives embedded in accounts receivable	-	(797)	-	(797)
Available for sale financial assets	333	-	-	333
Forward rate agreements	-	-	-	-
Gold put/call options	-	10 120	-	10 120
Total assets	333	9 323	-	9 656
Forward rate agreements	-	-	-	-
Total liabilities	-	-	-	-

December 31, 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring measurements				
Derivatives embedded in accounts receivable	-	-	-	-
Available for sale financial assets	4 343	-	-	4 343
Forward rate agreements	-	552	-	552
Gold put/call options	-	89	-	89
Total assets	4 343	641	-	4 984
Forward rate agreements	-	151	-	151
Total liabilities	-	151	-	151

There are no unrecognized financial instruments held by the Group at December 31, 2013 (2012: nil).

26 COMMITMENTS

(a) Lease commitments under non-cancellable operating leases:

	December 31 2013 $'000	*December 31 2012 $'000*
Within 1 year	4 578	5 341
Within 1 to 2 years	754	3 445
Within 2 to 3 years	356	456
Within 3 to 4 years	75	75
Within 4 to 5 years	-	-
	5 763	9 317

Operating leases are used to fund the acquisition of minor items of plant and equipment. No leases have escalation clauses other than in the event of payment default. No lease arrangements create restrictions on other financing transactions.

(b) Lease commitments under capital leases:

	December 31 2013 $'000	*December 31 2012 $'000*
Within 1 year	18 798	19 884
Within 1 to 2 years	15 735	17 474
Within 2 to 3 years	9 783	12 672
Within 3 to 4 years	2 118	8 003
Within 4 to 5 years	2 272	988
More than five years	-	-
	48 706	59 021
Future finance charges	(3 554)	(5 020)
Present value of minimum lease payments	45 152	54 001
Reconciled to:		
Current interest bearing liability (Note 16)	16 427	17 407
Non-Current interest bearing liability (Note 16)	28 725	36 594
Total	45 152	54 001

26 COMMITMENTS (continued)

Capital leases are used to fund the acquisition of plant and equipment, primarily mobile mining equipment. Rental payments are subject to monthly or quarterly interest rate adjustment.

(c) Gold Production

The Group had certain obligations to pay royalties on gold production at prescribed levels in 2013 which are expected to continue in 2014. In future these royalties represent 1% to 2% of gold sales and were $7.3m in 2013 (2012: $8.9m).

(d) Capital commitments

At December 31, 2013, the Group has commitments of $19.9m (2012: $33.1m), principally relating to the purchase of property, plant and equipment and the development of mining assets mainly in Philippines.

The commitments contracted for at reporting date, but not provided for:

	December 31 2013 $'000	*December 31 2012 $'000*
Within one year:		
- purchase of property, plant and equipment	11 137	20 652
- development of mining assets	8 777	12 484
	19 914	33 136

The Group is committed to annual expenditure of approximately $0.3m (2012: $0.3m) to comply with regulatory conditions attached to its New Zealand prospecting, exploration and mining permits.

(e) Didipio Financial or Technical Assistance Agreement

The Didipio Project is held under a Financial or Technical Assistance Agreement ("FTAA") granted by the Philippines Government in 1994. The FTAA grants title, exploration and mining rights with a fixed fiscal regime. Under the terms of the FTAA, after a period in which the Group can recover development expenditure, capped at 5 years from the start of production, the Company is required to pay the Government of the Republic of the Philippines 60% of the "net revenue" earned from the Didipio Project. For the purposes of the FTAA, "net revenue" is generally the net revenues derived from mining operations, less deductions for, amongst other things, expenses relating to mining, processing, marketing, depreciation and certain specified overheads. In addition, all taxes paid to the Government and certain specified amounts paid to specified land claim owners shall be included as part of the 60% payable.

27 BUSINESS COMBINATION

(a) Summary of acquisition

On November 27, 2013 the Group acquired an additional 80.02% of the issued and outstanding common shares of Pacific Rim Mining Corp. ("Pacific Rim") making it a 100% owner in line with the Group's strategy to add high grade gold projects to its portfolio of assets. Prior to November 27, 2013, the Group owned shares in Pacific Rim representing 19.98% of its issued and outstanding common shares.

Pacific Rim is an explorer company which owns a 100% interest in the mineral property known as El Dorado and certain other exploration licenses located in El Salvador, and carries out other exploration activities in the United States and Central America. The El Dorado Project is an established high grade gold-silver resource adding to the portfolio of the Group.

Details of the purchase consideration and the net assets acquired are as follows:

	Year ended December 31, 2013 $'000	**December 31, 2012 $'000**
Purchase consideration		
Issue of 6.76 million common shares	11,349	-
Acquisition date fair value of the previously held equity interest	2,798	-
Total purchase consideration	14,147	-

(i) Common shares issued

The fair value of the 6.76 million common shares issued as part of the consideration paid for Pacific Rim (US$11.3m) was based on the published share price on November 27, 2013 on the TSX.

27 BUSINESS COMBINATION (continued)

(ii) Re-measurement of previously held equity interest to its acquisition-date fair value

At acquisition date, the 19.98% equity interest in Pacific Rim was fair valued at $2.8 million. The group recognised a loss of $0.9 million as a result of measuring at fair value its 19.98% equity interest in Pacific Rim held prior to the acquisition date. The loss has been included in Other Expense in the Statement of Comprehensive Income.

(iii) Fair value of net assets acquired

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value
	US$'000
Cash	181
Other receivables	70
Prepayments	45
Other assets	25
Property, plant and equipment	13
Mining assets	17,654
Total assets	17,988
Trade and other payables	(2,913)
Provision for employee entitlements	(928)
Total liabilities	(3,841)
Net identifiable assets acquired	14,147

There were no acquisitions in the year ending December 31, 2012.

(i) Acquired receivables

The fair value of acquired other receivables is $0.1 million and the full amount is expected to be recoverable.

(ii) Revenue and profit contribution

The acquired business contributed revenue of $nil and net loss of $0.3 million to the group for the period from November 27, 2013 to December 31, 2013.

If the acquisition had occurred on January 1, 2013, consolidated revenue and loss for the year ended December 31, 2013 would have been $553.7 million and $53.3 million respectively. These amounts have been calculated using the Group's accounting policies and required no additional adjustment.

(b) Purchase consideration – cash

	US$'000	US$'000
	2013	2012
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	-	-
Less: Balance acquired - cash	181	-
Inflow of cash - investing activities	181	-

Acquisition-related costs

Acquisition-related costs of $0.9 million are included in other expenses in the statement of comprehensive income and in operating cash flows in the statement of cash flows.

28 RELATED PARTIES

There are no related party transactions other than those with key management personnel as noted below.

(a) Compensation of Key Management

Key management includes directors (executive and non-executive) and some members of the Executive Committee. The compensation paid or payable to key management for employee services is shown below:

	Year ended December 31, 2013 $'000	December 31, 2012 $'000
Salaries and short-term employee benefits	4 526	4 176
Post-employment benefits	176	127
Share-based payments	1 017	1 363
Termination benefits	331	-
Total	6 050	5 666

(b) Loans to key management personnel

There are no loans to key management personnel during the year (December 2012: Nil).

(c) Other transactions with key management personnel

There are no other transactions with key management personnel during the year (December 2012: Nil).

29 NON CASH INVESTING AND FINANCING ACTIVITIES

	Year ended December 31, 2013 $'000	December 31, 2012 $'000
Acquisition of plant and equipment by means of finance leases	9 984	9 644

30 CONTINGENCIES

(a) The Group has issued bonds in favour of various New Zealand authorities (Ministry of Economic Development – Crown Minerals, Otago Regional Council, Waitaki District Council, West Coast Regional Council, Buller District Council, Timberlands West Coast Limited and Department of Conservation) as a condition for the grant of mining and exploration privileges, water rights and/or resource consents, and rights of access for the Macraes Gold Mine and the Globe Progress Mine at the Reefton Gold Project which amount to approximately $36.6 million (2012: $31.1 million).

(b) The Group has provided a cash operating bond to the New Zealand Department of Conservation of $0.4 million (2012: $0.4 million) which is refundable at the end of the Globe Progress mine. This amount is included in the total referred to in (a) above.

(c) In the course of normal operations the Group may receive from time to time claims for damages including workers compensation claims, motor vehicle accidents or other items of similar nature. The Group maintains specific insurance policies to transfer the risk of such claims. No provision is included in the accounts unless the Directors believe that a liability has been crystallised. In those circumstances where such claims are of material effect, have merit and are not covered by insurance, their financial effect is provided for within the financial statements.

(d) The Group has provided a guarantee in respect of a capital lease agreement for certain mobile mining equipment entered into by a controlled entity. At December 31, 2013 the outstanding rental obligations under the capital lease are $48.7 million (2012: $54.0 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

(e) The Group has provided guarantees in respect of the US$177.8 million banking facilities (note 16). At December 31, 2013 the total outstanding balance under these facilities is US$147.8 million (December 31, 2012: 100.1 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

(f) The Department of Environment and Natural Resources of the Philippines ("DENR"), along with a number of mining companies (including OceanaGold Philippines Inc.), are parties to a case that began in 2008 whereby a group of Non-Governmental Organisations (NGOs) and individuals challenged the constitutionality of the Philippines Mining Act ("Mining Act") and the Financial or Technical Assistance Agreements ("FTAAs") in the Philippines Supreme Court. After some years of slow development, the case has recently progressed to oral hearing, which is currently continuing.

30 CONTINGENCIES (continued)

Notwithstanding the fact that the Supreme Court has previously upheld the constitutionality of both the Mining Act and the FTAAs, the Company is mindful that litigation is an inherently uncertain process and the outcome of the case may adversely affect the operation and financial position of the Company. At this stage, it is not possible to identify the potential orders of the Court nor to quantify the possible impact. The Company is working closely with the DENR, the other respondents in the case, and the mining industry to defend the Mining Act and the validity of its FTAA.

(g) The Company operates in a number of jurisdictions. In the normal course of operations, the Company is occasionally subject to claims or litigations. The Company deals with these claims as and when they arise. At the date of this report, there are no such claims that the Company believes will result in material losses.

(h) In 2009, the newly acquired subsidiary, Pacific Rim, filed an arbitration claim with the International Centre for the Settlement of Investment Disputes (ICSID) in Washington District of Columbia, seeking monetary compensation under the Investment Law of El Salvador. This followed the passive refusal of the Government of El Salvador to issue a decision on Pacific Rim's application for environmental and mining permits for El Dorado. The matter is now in the final phase of arbitration and a decision is expected after the submissions and testimonies. Notwithstanding the current arbitration, OceanaGold will also continue to seek a negotiated resolution to the El Dorado permitting impasse. If the Company is unsuccessful in obtaining a permit for El Dorado or in its arbitration claim, or is impacted by other factors beyond the control of the Company, this would adversely impact operations in El Salvador or result in impairment.

31 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the year end, the Company announced that in response to the continued lower gold price environment, it had re-optimised the mine schedule at the Macraes Open Pit and Frasers Underground mines in New Zealand. As a result, the current Macraes Open Pit mine plan goes until the end of 2017 while the Frasers Underground is expected to end in mid-2015. Additionally, the Company partially hedged gold production at Macraes utilising a zero-cost collar hedge covering 208,000 ounces of gold over the next two years of production with purchased put options at an exercise price of NZ$1,500 per ounce which were financed through selling an equal number of call options at NZ$1,600 per ounce.

Other than the matter noted above, there have been no subsequent events that have arisen since the end of the financial year to the date of this report.

SECTION B

MANAGEMENT DISCUSSION & ANALYSIS

Fourth Quarter & Full Year 2013 Results

February 20, 2014

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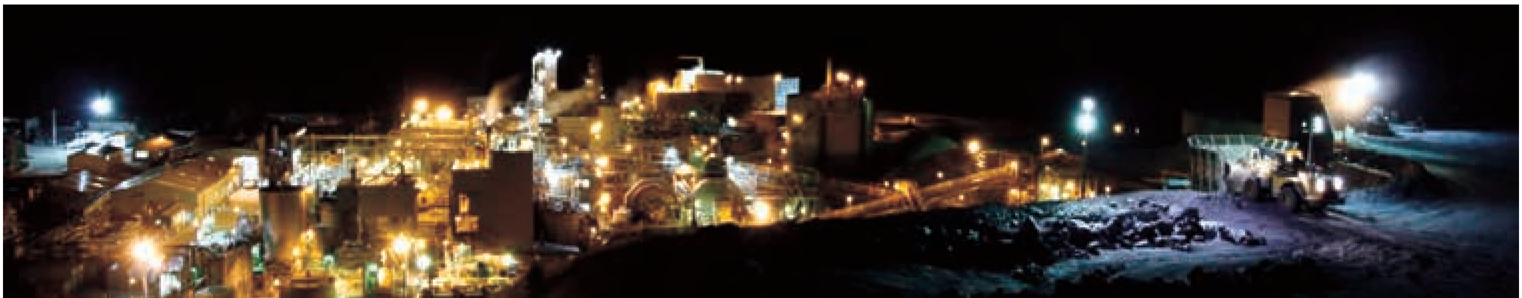

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Management Discussion & Analysis contains “forward-looking statements and information” within the meaning of applicable securities laws which may include, but is not limited to, statements with respect to the future financial and operating performance of the Company, its subsidiaries and affiliated companies, its mining projects, the future price of gold, the estimation of mineral reserves and mineral resources, the realisation of mineral reserve and resource estimates, costs of production, estimates of initial capital, sustaining capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of the development of new mines, costs and timing of future exploration and drilling programs, timing of filing of updated technical information, anticipated production amounts, requirements for additional capital, governmental regulation of mining operations and exploration operations, timing and receipt of approvals, consents and permits under applicable mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements and information can be identified by the use of words such as “may”, “plans”, “expects”, “projects”, “is expected”, “budget”, “scheduled”, “potential”, “estimates”, “forecasts”, “intends”, “targets”, “aims”, “anticipates” or “believes” or variations (including negative variations) of such words and phrases, or may be identified by statements to the effect that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements and information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries and/or its affiliated companies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, future prices of gold; general business, economic and market factors (including changes in global, national or regional financial, credit, currency or securities markets), changes or developments in global, national or regional political and social conditions; changes in laws (including tax laws) and changes in GAAP or regulatory accounting requirements; the actual results of current production, development and/or exploration activities; conclusions of economic evaluations and studies; fluctuations in the value of the United States dollar relative to the Canadian dollar, the Australian dollar, the Philippines Peso or the New Zealand dollar; changes in project parameters as plans continue to be refined; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability or insurrection or war; labour force availability and turnover; adverse judicial decision, delays in obtaining financing or governmental approvals or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled “Risk Factors” contained in the Company’s Annual Information Form in respect of its fiscal year-ended December 31, 2012, which is available on SEDAR at www.sedar.com under the Company’s name. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performance, achievements or events to differ from those anticipated, estimated or intended. Also, many of the factors are outside or beyond the control of the Company, its officers, employees, agents or associates. Forward-looking statements and information contained herein are made as of the date of this Management Discussion & Analysis and, subject to applicable securities laws, the Company disclaims any obligation to update any forward-looking statements and information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information due to the inherent uncertainty therein. All forward-looking statements and information made herein are qualified by this cautionary statement. This Management Discussion & Analysis may use the terms “Measured”, “Indicated” and “Inferred” Resources. U.S. investors are advised that while such terms are recognised and required by Canadian regulations, the Securities and Exchange Commission does not recognise them. “Inferred Resources” have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resources will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into reserves. U.S. investors are also cautioned not to assume that all or any part of an Inferred Resource exists, or is economically or legally mineable. This document does not constitute an offer of securities for sale in the United States or to any person that is, or is acting for the account or benefit of, any U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “Securities Act”)) (“U.S. Person”), or in any other jurisdiction in which such an offer would be unlawful.

Technical Disclosure

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

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

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

Management Discussion and Analysis Report for the Fourth Quarter and the Full Year ended December 31, 2013

HIGHLIGHTS

Fourth Quarter 2013

- Record gold production of 115,219 ounces, a 54% increase over the previous quarter.
- Copper production of 7,536 tonnes, a 23% increase compared to the previous quarter.
- Net repayment of borrowings $45 million.
- Revenue of $170.1 million with a net loss of $28.2 million after a pre-tax impairment charge of $107.8 million and a net profit of $49.5 million before impairment.
- Added the El Dorado[2] high grade, gold-silver project in El Salvador to portfolio of assets through the completed acquisition of Pacific Rim Mining Corp.
- Awarded the annual “Most Environment Compliant” by the regional office of the Environment Management Bureau, a supporting body of the Department of Environment and Natural Resources (“DENR”) in the Philippines.

Full Year 2013

- Record gold production of 325,732 ounces, slightly ahead of gold production guidance.
- Strong copper production of 23,059 tonnes, exceeding copper production guidance.
- Net repayment of borrowings $64 million.
- Revenue of $553.6 million and EBITDA[1] of $262.4 million with a net loss after impairment of $47.9 million and a net profit before impairment of $91.3 million.
- Cash costs[1] net of by-product credits of $426 per ounce, lower than the cash cost guidance.
- All-In Sustaining Costs[1] net of by-product credits of $868 per ounce.
- Over 8.8 million man hours worked without a lost time injury at Didipio as at the end of 2013.

All statistics are compared to the corresponding 2012 period unless otherwise stated.

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

1. *Cash costs, All-In Sustaining Costs and EBITDA (earnings before interest, taxes, depreciation and amortisation, excluding gain/(loss) on undesignated hedges and impairment) are non GAAP measures. Refer to page 20 for explanation of non GAAP measures.*
2. *Refer to OceanaGold news release dated 8 October 2013 at www.oceanagold.com for full details of acquisition and details on the El Dorado Project including the current arbitration claim.*

OVERVIEW

Production and Costs Results

The Company recorded revenue of $170.1 million and a net loss after impairment of $28.2 million and a net profit of $49.5 million before impairment in the fourth quarter of 2013. For the full year 2013, Company revenue was $553.6 million with a net loss of $47.9 million after impairment and a net profit of $91.3 million before impairment.

In the fourth quarter, strong performance across all operations resulted in a record 115,219 ounces of gold produced, a 54% increase from the previous quarter on account of processing higher grade ore across all operations. Fourth quarter copper production of 7,536 tonnes was 23% higher than in the previous quarter. For the full year 2013, the Company achieved record gold production with 325,732 ounces, slightly exceeding the Company's 2013 gold production guidance range of 285,000 to 325,000 ounces. The Company exceeded its 2013 copper production guidance range of 18,000 to 20,000 tonnes with 23,059 tonnes produced. See table 1 for fourth quarter and full year 2013 production and cost results.

The total Company cash cost net of by-product credits for the fourth quarter was $210 per ounce on 100,410 ounces of gold sold. The decrease in cash costs was due mainly to an increase in gold ounces sold and reduced expenditures in New Zealand.

For the full year, the Company's cash cost net of by-product credits was $426 per ounce on 305,290 ounces of gold sold, which excludes Didipio gold ounces sold prior to commercial production on April 1, 2013. This result was better than the 2013 cash cost guidance and significantly lower than 2012 cash costs of $940 per ounce of gold. Higher gold production and strong copper by-product credits from Didipio contributed to the year-over-year decrease in cash costs. The Company's full year All-In Sustaining Costs ("AISC") was $868 per ounce net of by-product credits.

The Company's fourth quarter average gold price received was $1,262 per ounce compared to $1,333 per ounce received in the third quarter. The average copper price received by the Company for the quarter was $7,291 per tonne versus $7,017 per tonne in the previous quarter. For the full year, the Company's average gold price received was $1,382, lower than the average gold price received of $1,675 per ounce in 2012.

The cash balance at the end of the quarter was $24.8 million compared to $14.7 million at the end of the third quarter. The net increase in cash was a result of increased sales and reduced costs in New Zealand partly offset by a net repayment of borrowings of $45 million and lower sales at Didipio which had an increase in concentrate inventories.

As a result of the continued lower gold price environment and changes made to the mine schedule at Macraes (announced on January 7, 2014), the Company has reviewed the carrying value of its assets and has taken a pre-tax impairment charge of $107.8 million. Further details are outlined on page 17.

Production & Cost Guidance

In 2014, the Company is planning to produce 275,000 to 305,000 ounces of gold at cash costs of $400 to $450 per ounce net of copper by-product credits and AISC of $750 to $850 per ounce net of copper by-product credits. Copper production from Didipio is expected to be between 21,000 to 24,000 tonnes of copper in concentrate. See table 2.

In New Zealand, production for 2014 is expected to be lower than in 2013 as a result of changes made to the mine schedule at Macraes. The Company expects to mine less ore and at lower grades from the open pit at Macraes and the operation will supplement the mill feed with low grade stockpile ore resulting in a lower head grade than in 2013. The Company expects production at Macraes to be higher in the first half of the year than in the second half.

At Didipio in the Philippines, the Company expects to increase gold production while maintaining strong copper production. By the end of 2014, the Company expects to achieve the planned ramp-up throughput rate of 3.5 Mtpa.

Pacific Rim Acquisition

On November 27, 2013, the Company announced the successful completion of the plan of arrangement to acquire all remaining outstanding shares of Pacific Rim Mining Corp ("Pacific Rim") in an all-share transaction.

The acquisition aligns well with the Company's strategy to invest in high quality, low cost assets and utilise its proven mine development capabilities and experience to advance the project. The Company will seek to develop and invest in a number of community initiatives in El Salvador by engaging with key stakeholders to unlock the significant opportunity that exists at the El Dorado Project for the Salvadoran people.

In 2009, Pacific Rim filed an arbitration claim with the International Centre for the Settlement of Investment Disputes (ICSID) in Washington District of Columbia, seeking monetary compensation under the Investment Law of El Salvador. This followed the passive refusal of the Government of El Salvador to issue a decision on Pacific Rim's application for environmental and mining permits for El Dorado. The matter is now in the final phase of arbitration and a decision is expected after the submissions and testimonies. Notwithstanding the current arbitration, OceanaGold will also continue to seek a negotiated resolution to the El Dorado permitting impasse.

Table 1 – Q4 & FY2013 Production and Cost Results Summary

		Didipio[2]	New Zealand	Group
Q4 2013 Results				
Gold Produced	*ounces*	27,713	87,506	115,219
Copper Produced	*tonnes*	7,536	-	7,536
Gold Sales	*ounces*	20,900	79,510	100,410
Copper Sales	*tonnes*	6,461	-	6,461
Average Gold Price Received	*$ per ounce*	$1,244	$1,267	$1,262
Average Copper Price Received	*$ per tonne*	$7,291	-	$7,291
Cash Costs	*$ per ounce*	(1,081)[1]	550	210[1]
Full Year 2013 Results				
Gold Produced	*ounces*	66,277	259,455	325,732
Copper Produced	*tonnes*	23,059	-	23,059
Gold Sales	*ounces*	55,604	252,477	308,081
Copper Sales	*tonnes*	21,290	-	21,290
Average Gold Price Received	*$ per ounce*	$1,287	$1,402	$1,382
Average Copper Price Received	*$ per tonne*	$7,127	-	$7,127
Cash Costs	*$ per ounce*	(1,078)[1]	740	426[1,2]
All-In Sustaining Costs	*$ per ounce*	(688)[1]	1,194	868[1,2]

1. *Net of by-product credits*
2. *Commercial production was declared effective April 1, 2013 at Didipio and operating costs net of revenue received prior to this date were capitalised. As such, Didipio's 2013 cash costs and AISC reflects the costs from April 1, 2013 to December 31, 2013 whilst production statistics are for the full year 2013*

Table 2 – 2014 Production and Cost Guidance

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

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

Philippines Overview

In the fourth quarter, production at Didipio was 27,713 ounces of gold and 7,536 tonnes of copper, an increase from the previous quarter on account of increased mill throughput along with higher grade ore processed and improved recoveries for both gold and copper. On April 1, 2013, commercial production began at Didipio and for the year, Didipio produced 66,277 ounces of gold, in line with guidance and 23,059 tonnes of copper, which exceeded guidance.

Fourth quarter cash costs net of by-product credits at Didipio were negative ($1,081) per ounce on 20,900 ounces of gold sold and 6,461 tonnes of copper sold. Didipio's cash costs net of by-product credits for the nine months of commercial production in 2013 were negative ($1,078) per ounce on 52,813 ounces of gold sold and 19,741 tonnes of copper sold. Didipio's co-product cash costs were $434 per ounce for the quarter and $532 per ounce for the year. See page 14 for the gold equivalent ounces calculation. Didipio's 2013 AISC at Didipio was negative ($688) per ounce net of by-product credits.

The total material mined in the fourth quarter was 6.1 million tonnes including 2.6 million tonnes of ore, most of which was stockpiled. During the quarter, mining operations also continued to provide competent waste rock to the build-out of the stage 3 Tailings Storage Facility (TSF).

Mill throughput in the fourth quarter was 729,121 tonnes of ore grading 1.33 g/t gold and 1.09% copper. Throughput for the year was 2.58 million tonnes grading 0.94 g/t gold and 0.98% copper. Fourth quarter recoveries of 88.7% gold and 95.0% copper were slightly higher than in the previous quarter on account of higher gold and copper grades processed. The full year recoveries were 83.0% for gold and 91.5% for copper.

For 2014, the Company expects Didipio to mill approximately 3.0 million tonnes of ore and achieve the planned throughput rate of 3.5 Mtpa by the end of the year.

New Zealand Overview

In New Zealand, strong performance at Macraes and Reefton resulted in a combined fourth quarter gold production of 87,506 ounces, a 54% increase from the previous quarter. This increase was attributable to mining of higher grade ore at Macraes, processing higher grade ore at both operations and increased throughputs at Reefton. The increase in production was partly offset by a slightly lower throughput at Macraes and lower recoveries at Reefton. For the full year, New Zealand operations exceeded its gold production guidance with 259,455 ounces of gold produced.

The fourth quarter cash costs at the New Zealand operations were $550 per ounce on 79,510 ounces of gold sold. Cash costs were lower than the previous quarter due mainly to an increase in gold ounces sold and from cost reductions made at both operations through mine optimisation. The full year 2013 cash costs at New Zealand were $740 per ounce on 252,477 ounces of gold sold, which were significantly lower than its cash costs of $940 per ounce in 2012. New Zealand's full year AISC was $1,194 per ounce.

The total material mined at the New Zealand operations for the fourth quarter was 15 million tonnes, lower than in the previous quarter on account of less waste mined at Macraes and Reefton but partly offset by increased ore mined at both operations. For the full year, the total material mined at New Zealand was 65.2 million tonnes, which was 6% higher than in the previous year but lower than planned. During the year, the Company deferred a major cutback at Macraes and put the final cutback at Reefton on hold in response to the decline in the gold price.

Mill throughput in New Zealand was 1.8 million tonnes for the fourth quarter and 7.3 million tonnes for the year. Mill feed grade was 1.79 g/t for the fourth quarter and 1.35 g/t for the year. The overall recovery for the New Zealand operations was 83.2% for the fourth quarter and 81.3% for the year.

Subsequent to the year end, the Company announced that in response to the continued lower gold price environment, it had re-optimised the mine schedule at the Macraes Open Pit and Frasers Underground. As a result, the current Macraes Open Pit mine plan continues until the end of 2017 while the Frasers Underground is expected to end in mid-2015. Additionally, the Company partially hedged gold production at Macraes utilising a zero-cost collar hedge covering 208,000 ounces of gold over the next two years of production with purchased put options at an exercise price of NZ$1,500 per ounce which were financed through selling an equal number of call options at NZ$1,600 per ounce.

Sustainability Overview

During the fourth quarter, the Company continued investments in community initiatives which were implemented within Didipio and neighbouring communities. As in previous quarters following on with local community priority initiatives, the largest component of the expenditure was on infrastructure development.

In the fourth quarter, the Company dispatched its Didipio Emergency Response Team ("ERT") to provide rescue and relief assistance to two major natural disasters that had caused mass destruction and devastation in the Visayas region of the Philippines: the earthquake on the island of Bohol and the category five super typhoon Haiyan that struck Tacloban City.

Table 3 – Key Financial Statistics for Didipio Operations

	Q4 Dec 31 2013	Q3 Sep 30 2013	Q2 Jun 30 2013	Q1[2] Mar 31 2013	Year 2013[2]
Gold Sold (ounces)	20,900	20,827	11,086	2,791	55,604
Copper Sold (tonnes)	6,461	8,207	5,073	1,549	21,290
Average Gold Price Received ($ per ounce)	1,244	1,339	1,270	1,629	1,287
Average Copper Price Received ($ per tonne)	7,291	7,017	7,094	8,070	7,127
Cash Operating Costs[1,2] ($ per ounce)	(1,081)	(1,336)	(586)	N/A	(1,078)
Cash Operating Margin ($ per ounce)	**2,325**	**2,675**	**1,856**	**N/A**	**2,365**

1. *Net of by-product credits*
2. *Commercial production was declared effective April 1, 2013 at Didipio and operating costs net of revenue received prior to this date were capitalised. As such, Didipio's 2013 average commodity prices received and cash costs reflect the gold ounces and copper tonnes sold and costs from April 1, 2013 to December 31, 2013.*

Table 4 – Didipio Operating Statistics

	Q4 Dec 31 2013	Q3 Sep 30 2013	Q2 Jun 30 2013	Q1* Mar 31 2013	Year 2013*
Gold Produced (ounces)	27,713	18,011	13,676	6,877	66,277
Copper Produced (tonnes)	7,536	6,150	5,710	3,663	23,059
Total Ore Mined (tonnes)	2,618,832	2,602,651	1,729,314	1,837,081	8,787,878
Ore Mined Grade Gold (grams/tonne)	0.69	0.58	0.55	0.49	0.58
Ore Mined Grade Copper (%)	0.53	0.55	0.64	0.65	0.58
Total Waste Mined (tonnes) including pre-strip	3,473,327	3,832,560	4,342,999	2,750,042	14,398,928
Mill Feed (dry milled tonnes)	729,121	672,921	727,550	448,703	2,578,295
Mill Feed Grade Gold (grams/tonne)	1.33	0.97	0.75	0.59	0.94
Mill Feed Grade Copper (%)	1.09	0.97	0.91	0.92	0.98
Recovery Gold (%)	88.7	86.2	77.5	79.8	83.0
Recovery Copper (%)	95.0	94.2	87.3	88.6	91.5

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

Table 5 – Key Financial Statistics for New Zealand Operations

	Q4 Dec 31 2013	Q3 Sep 30 2013	Q4 Dec 31 2012	Year 2013	Year 2012	Year 2011
Gold Sales (ounces)	79,510	54,762	69,761	252,477	230,119	249,261
Average Price Received ($ per ounce)	1,267	1,331	1,706	1,402	1,675	1,587
Cash Operating Cost ($ per ounce)	550	882	638	740	940	875
Cash Operating Margin ($ per ounce)	**717**	**449**	**1,068**	**662**	**735**	**712**

Table 6 – Combined Operating Statistics for New Zealand

Combined Operating Statistics for New Zealand Operations	Q4 Dec 31 2013	Q3 Sep 30 2013	Q4 Dec 31 2012	Year 2013	Year 2012	Year 2011
Gold Produced (ounces)	87,506	56,686	76,844	259,455	232,909	252,499
Total Ore Mined (tonnes)	2,559,315	2,315,658	2,219,617	8,650,072	6,872,686	8,103,693
Ore Mined Grade (grams/tonne)	1.53	1.25	1.60	1.31	1.34	1.21
Total Waste Mined (tonnes) including pre-strip	12,436,112	13,900,056	14,059,837	56,544,293	54,580,473	59,176,017
Mill Feed (dry milled tonnes)	1,824,732	1,835,140	1,826,880	7,290,217	7,432,375	7,588,354
Mill Feed Grade (grams/tonne)	1.79	1.20	1.59	1.35	1.20	1.25
Recovery (%)	83.2	80.1	82.8	81.3	81.0	82.9

Table 7 – Macraes Goldfield Operating Statistics

	Q4 Dec 31 2013	Q3 Sep 30 2013	Q4 Dec 31 2012	Year 2013	Year 2012	Year 2011
Gold Produced (ounces)	68,419	42,199	58,872	198,820	169,609	174,851
Total Ore Mined (tonnes)	2,026,193	1,878,700	1,815,587	6,962,730	5,558,056	6,589,904
Ore Mined Grade (grams/tonne)	1.55	1.19	1.57	1.27	1.29	1.07
Total Waste Mined (tonnes) including pre-strip	7,838,100	9,061,894	9,496,424	38,725,444	36,363,043	44,407,352
Mill Feed (dry milled tonnes)	1,412,920	1,493,679	1,454,089	5,811,868	5,789,255	5,817,001
Mill Feed Grade (grams/tonne)	1.79	1.10	1.52	1.30	1.12	1.12
Recovery (%)	84.1	79.7	83.2	81.4	81.1	83.3

Table 8 – Reefton Goldfield Operating Statistics

	Q4 Dec 31 2013	Q3 Sep 30 2013	Q4 Dec 31 2012	Year 2013	Year 2012	Year 2011
Gold Produced (ounces)	19,087	14,487	17,972	60,635	63,300	77,648
Total Ore Mined (tonnes)	533,122	436,958	404,030	1,687,342	1,314,630	1,513,789
Ore Mined Grade (grams/tonne)	1.45	1.51	1.71	1.47	1.56	1.80
Total Waste Mined (tonnes) including pre-strip	4,598,012	4,838,162	4,563,413	17,818,849	18,217,430	14,768,665
Mill Feed (dry milled tonnes)	411,812	341,461	372,791	1,478,349	1,643,120	1,771,353
Mill Feed Grade (grams/tonne)	1.79	1.61	1.84	1.57	1.48	1.67
Recovery (%)	80.3	81.8	81.1	81.1	80.6	81.4

PRODUCTION

In the fourth quarter, strong performance across all operations resulted in a record 115,219 ounces of gold produced, a 54% increase from the previous quarter on account of processing higher grade ore across all operations. Fourth quarter copper production of 7,536 tonnes was 23% higher than in the previous quarter. For the full year 2013, the Company achieved record gold production with 325,732 ounces, slightly exceeding the Company's 2013 gold production guidance range of 285,000 to 325,000 ounces. The Company exceeded its 2013 copper production range of 18,000 to 20,000 tonnes with 23,059 tonnes produced.

The total Company cash costs net of by-products for the fourth quarter were $210 per ounce on 100,410 ounces of gold sold. For the full year, the Company's cash costs net of by-product credits were $426 per ounce on 305,290 ounces of gold sold. This is inclusive of the nine months of Didipio commercial production. The Company's full year AISC was $868 per ounce of gold sold.

Didipio Mine (Philippines)

The Didipio Mine incurred no lost time injuries ("LTI") during the fourth quarter and as at the end of the year 2013, the operations had recorded over 8.8 million man hours worked without a LTI.

In the fourth quarter, production in the Philippines was 27,713 ounces of gold and 7,536 tonnes of copper, an increase from the previous quarter on account of increased throughput along with higher grade ore processed and improved recoveries for both gold and copper. For the year, Didipio produced 66,277 ounces of gold, in line with guidance and 23,059 tonnes of copper, which exceeded guidance.

In the fourth quarter, the mining operations focused on delivering ore from stages 2 and 3 of the open pit and commencing the stage 4 cutback. The mining operations continued to supply competent waste rock for stage 3 of the Tailings Storage Facility ("TSF") lift, which the Company expects to continue building over the next six years to reach its ultimate life of mine capacity.

The total material mined in the fourth quarter was 6.1 million tonnes including 2.6 million tonnes of ore, most of which was stockpiled while higher grade ore was delivered to the ROM pad for processing. As at the end of the year, approximately 7.5 million tonnes of ore of varying grades was stockpiled for future processing.

The total feed through the mill in the fourth quarter was 729,121 tonnes, an increase of 8% from the previous quarter on account of better mill availability. For the year, the total mill feed was 2.58 million tonnes. Mill feed grade for the quarter was 1.33 g/t gold and 1.09% copper.

Recoveries in the fourth quarter were 88.7% for gold and 95.0% for copper, slightly higher than the previous quarter due to higher grade ore processed.

In the fourth quarter, the Company made five shipments of concentrate totalling approximately 26,000 dry metric tonnes from the San Fernando port on the west coast of Luzon to smelters in Asia. The Company also made two shipments of gold doré bars to the Perth Mint in Australia. A significant increase in nickel exports from Indonesia resulted in an increased demand for cargo ships. As a result, fewer ships were available to transport the Didipio concentrate and as at the end of the year, the Company had nearly 10,000 dry metric tonnes of concentrate stockpiled at port and 8,000 dry metric tonnes of concentrate at the mine site.

The focus of the operations in the first quarter of 2014 is to continue improving on process plant availability, ramping up mill throughput rates and increasing gold recoveries. For 2014, the Company expects Didipio to mill approximately 3.0 million tonnes of ore and achieve the planned throughput rate of 3.5 Mtpa by the end of the year.

The Company has previously reported on the progress of the constitutional challenge against the Department of Environment and Natural Resources of the Philippines and a number of FTAA holders in the Philippines Supreme Court. There has been no significant progress on the substantive case since the last quarter and the matter remains before the Court for a decision. The Company has been and will continue to closely monitor the situation.

Macraes Goldfield (New Zealand)

There were no LTIs during the fourth quarter and three LTIs recorded for the full year at the Macraes Goldfield. For each incident, the Company performed root cause analysis and the results were used to further enhance training and awareness programs. The Company continues to focus on further enhancing its health and safety initiatives through increasing the number of task-based observations and providing additional supervisor safety training.

Production from the Macraes Goldfield in the fourth quarter was 68,419 ounces of gold, an increase of 62% from the previous quarter. The increase was attributable to higher grade ore mined and processed with better recoveries, partly offset by a slightly lower throughput. In 2013, a wall movement in January and inclement weather in June restricted access to the higher grade areas of the open pit. As a result of these events, the Company had revised its mine schedule whereby mining of the high grade zone commenced late in the third quarter. For the full year 2013, the Macraes operation produced 198,820 ounces of gold, higher than in 2012 on account of processing higher grade ore.

In the fourth quarter, 9.9 million tonnes of material was mined at the Macraes Goldfield, which was 10% lower than in the previous quarter due to less waste being mined but partly offset by increased ore mined. For the full year 2013, the total material mined was 45.7 million tonnes versus 41.9 million tonnes in 2012. The increase was due to more waste mined in the first half of 2013 and higher ore mined for the full year. The Frasers 6 cutback was deferred in 2013, which resulted in a reduction in the amount of material that was planned to be mined during the year.

Open pit mining activities continued in the Frasers 5 and Frasers West areas. At Frasers Underground, mining was undertaken in both Panel 1 and 2 throughout the year. Total ore mined from the underground for the quarter was 222,987 tonnes, similar to the previous quarter. The total ore mined from the underground was 880,956 tonnes for 2013, a 21% increase over the previous year due mainly to increased productivity in the second half of 2013.

Mill throughput in the fourth quarter was 1.41 million tonnes compared to 1.49 million tonnes in the previous quarter. The decrease was due to higher quartz content in the feed resulting in harder ore processed thus slightly reducing capacity of the mill. The full year throughput was 5.81 million tonnes compared to 5.79 million tonnes in 2012. Mill feed grade for the fourth quarter was 1.79 g/t, significantly higher than the previous quarter due to higher grade ore mined from the open pit. The full year mill feed grade was 1.30 g/t which was 16% higher than 2012 due to higher grade ore mined.

The process plant recovery was 84.1% in the fourth quarter compared to 79.7% in the previous quarter due to higher grade ore processed and to higher flotation recoveries. The full year recovery of 81.4% was similar to 2012.

Subsequent to the year end, the Company announced that in response to the continued lower gold price environment, it had re-optimised the mine schedule at the Macraes Open Pit and Frasers Underground. As a result, the current Macraes Open Pit mine plan continues until the end of 2017 while the Frasers Underground is expected to end in mid-2015. Additionally, the Company partially hedged gold production at Macraes utilising a zero-cost collar hedge covering 208,000 ounces of gold over the next two years of production with purchased put options at an exercise price of NZ$1,500 per ounce which were financed through selling an equal number of call options at NZ$1,600 per ounce.

As a result of these changes to the mine schedule, the open pit mine plan for 2014 involves a 60% reduction in material to be mined. Underground mining is planned to continue down dip in Panel 2 and in Panel 1 with pillar robbing of remnant stopes.

Throughput rates at Macraes are expected to be similar to 2013. However, feed grade will be lower than in 2013 as the operation will be mining lower grade ore and feeding low grade stockpiles as a supplement to less ore being mined. As a result, production and recovery rates are expected to be lower in 2014 and production at Macraes is expected to be stronger in the first half of the year than in the second half.

Reefton Goldfield (New Zealand)

In the fourth quarter of 2013, the Reefton operation recorded one LTI when a mechanical fitter was injured while disembarking from a heavy truck. The Reefton operation recorded five LTIs for 2013. For each incident, the Company performed root cause analysis and the results were used to further enhance training and awareness programs. The Company continues to focus on further enhancing its health and safety initiatives through increasing the number of task-based observations and providing additional supervisor safety training.

In the fourth quarter of 2013, the Reefton Goldfield produced 19,087 ounces of gold, an increase of 32% from the previous quarter. This increase was attributable to increased mill throughput and higher grade ore processed which was partly offset by lower recoveries. The total full year gold production at Reefton was 60,635 ounces compared to 63,300 ounces in 2012. Mining activities in the fourth quarter continued with the development of the stage 6 and stage 7 cutbacks and in the extraction of ore from within the pit floor. The stage 6 and 7 developments support the exposure of ore, which will be mined over the balance of the mine life.

The total material mined in the quarter was 5.1 million tonnes, a slight decrease than the previous quarter on account of less waste mined due to longer haul cycle times to the waste stacks. The decrease was partly offset by an increase in ore mined. Total material mined for the year was 19.5 million tonnes which was similar to the previous year.

The total ore mined for the fourth quarter was 533,122 tonnes, a 22% increase on the previous quarter. Total ore mined for 2013 was 1.69 million tonnes, an increase of 28% on the previous year. The increase was due to favourable ore to waste stripping ratios in the lower parts of the pit.

Mill throughput was 411,812 tonnes in the fourth quarter versus 341,461 tonnes in the previous quarter. The increase was a result of improved mill availability following the repair of the mill gear box which had restricted throughput rates to approximately 75% of the normal operating rate in the previous quarter. Total mill throughput for 2013 was 1.48 million tonnes, lower than the 1.64 million tonnes in 2012 due to restricted throughput rates of the mill.

Mill feed grade in the fourth quarter was 1.79 g/t versus 1.61 g/t in the previous quarter as a result of blending higher grade stockpiled ore with mined ore. Mill feed grade for the full year was 1.57 g/t versus 1.48 g/t in 2012.

Gold recovery for the quarter decreased from 81.8% in the previous quarter to 80.3%. This decrease was due mainly to an overall increase in the amount of stibnite rich ore and to lower floatation recoveries. The decrease was partly offset by a higher head grade. The gold recovery for 2013 was 81.1%, slightly better than the previous year.

EXPLORATION

Exploration expenditure for the fourth quarter was $1.4 million and $6.7 million for 2013.

In the Philippines during the fourth quarter and for much of 2013, the focus of the exploration program was on target identification within the broader FTAA area and on near mine site drilling.

The exploration activities in New Zealand focused on regional mapping and target generation in the Reefton region and on drilling of the Scotia/Gallant prospect near Blackwater.

Philippines

Exploration expenditure in the Philippines for the fourth quarter of 2013 totalled $0.8 million and $2.5 million for the full year.

The exploration activities during the full year were focused on identifying drilling targets within the broader FTAA area and on drilling near mine. The Company also conducted additional drilling of the Didipio ore body to better define the high grade zones.

During the quarter, the Company drilled four holes for a total of 997 metres. At D'Beau and Luminag, the Company continued drilling activities with one additional hole at each location producing no significant results. At Chinichinga, two holes were drilled with varying results with additional assay results pending.

In 2014, the Company plans to drill the near mine prospect of San Pedro and the broader FTAA area should the renewal of the FTAA exploration permits be granted.

New Zealand

Exploration expenditure in New Zealand for the fourth quarter was $0.6 million and $4.2 million for 2013.

Reefton Goldfield

For much of the fourth quarter, the Company continued its diamond drilling program at the Scotia/Gallant prospect, which is located south of the current Reefton Mine. In total, six diamond drill holes were complete for 1,291 metres. Further drilling and assay testing required and initial results demonstrate potential of Blackwater style mineralisation.

In 2013, exploration at Reefton focused on greenfields and brownfields drilling with programs near the historic Blackwater Mine and the Globe Progress Mine. For 2013 at Reefton, 18 diamond drill holes were completed for 3,701 metres. In January 2013, the deep drilling program at Blackwater that commenced in November 2011 was completed.

During the year, regional mapping and target generation continued to advance, following the recognition of several important structural attributes that appears critical for the formation of economic gold deposits in the Reefton Goldfield. The Company will continue identifying additional targets for potential drilling programs.

Macraes Goldfield

No significant exploration activities took place at Macraes in the fourth quarter. Drilling activities at the Coronation and Deepdell prospects took place during the year and the results will be included in the updated resource statement, which will be released in the first quarter of 2014.

Project Development

At Didipio, construction of the third stage of the TSF lift commenced early in the fourth quarter with the construction of the flow through dam. The Company expects to complete the construction of the Didipio TSF to its ultimate life of mine capacity over the next six years at a total estimated capital cost of $40 million, lower than previously estimated.

During the quarter, the Company advanced its Didipio high voltage power line study. By connecting to the power grid, the Company expects to reduce its power costs at the operation. A decision on whether to proceed with construction of the power line is expected in the middle of 2014.

In New Zealand, the Blackwater technical study is near completion with a decision expected in the first half of 2014. At Macraes, the Round Hill gold / tungsten study is advancing well with resource definition on track for completion in 2014.

Sustainability

During the fourth quarter, the Company continued investments in community initiatives through the Social and Development Management Plan (“SDMP”) and other development programs which were implemented within Didipio and neighbouring communities. As in previous quarters, the largest component of the expenditure was on infrastructure development.

Education assistance through scholarships, teachers’ salaries and subsidies, health, enterprise development and capacity building of development partners are among the other programs that the company continued to support during the fourth quarter. As at the end of the year, the Company had been subsidising the salaries of 36 teachers and providing scholarships and financial education assistance to 189 students.

Assistance with enterprise development focused on the assessment and identification of suitable livelihood projects for the communities. For Didipio, the Didipio Community Development Corporation (“DiCorp”) generated approximately $1.5 million in revenues for the quarter as a result of the contracts with the Didipio Mine operations. The Company has provided DiCorp with over $40 million in contracts for mine services over the life of mine. DiCorp currently has 400 shareholders, all of whom are long-term residents of Didipio and continues to be one of the largest employers in Nueva Vizcaya and Quirino provinces.

During the quarter, additional forest plantations were established both in the municipalities of Kasibu and Cabarroguis. These plantations generated seasonal incomes to several households who participated in the seedling production and tree planting and maintenance activities. In the fourth quarter, approximately 200 hectares of land were reforested and approximately 111,000 trees planted. For the full year, the Company reforested nearly 340 hectares of land and approximately 179,000 trees.

In the fourth quarter, two natural disasters caused mass destruction and devastation in the Visayas region of the Philippines. On October 15, 2013, the island of Bohol was hit by a 7.2-magnitude earthquake. On November 8, 2013, the deadliest recorded typhoon in Philippine history, the category five Super Typhoon Haiyan (Yolanda) struck Tacloban City. As a response to these natural disasters, the Company dispatched its Didipio Emergency Response Team (“ERT”) to work closely with the Philippines Mine Safety and Environment Association (“PMSEA”) and the Provincial Disaster Risk Reduction and Management Council (“PDRRMC”), along with International organisations and provide rescue and relief assistance. Additionally, the Company worked with the PMSEA in providing medicines, supplies and logistics support.

As a result of the Didipio ERT’s efforts, the PDRRMC on behalf of the Honourable Governor Ruth R. Padilla of the Province of Nueva Vizcaya presented an award of appreciation and recognition to Roumel Estimada, the captain of Didipio ERT.

Also in the fourth quarter, the Didipio Mine was awarded the “Most Environment Compliant” by the regional office of the Environment Management Bureau, a supporting body of the Department of Environment and Natural Resources (“DENR”) in the Philippines for demonstrating outstanding performance and safeguard of the environment. This annual award is awarded to companies that have met the criteria for three consecutive years.

In 2014, the Company will continue to advance its sustainability programs and its partnerships. Together with the International RiverFoundation (“IRF”), the Company will promote effective river basin management and educate communities on managing local waterways.

Through its long and successful track record of developing and operating gold mines in partnerships with local communities, the Company will seek to 7develop and invest in a number of community initiatives in El Salvador. The Company will engage key stakeholders in El Salvador to unlock the significant opportunity that exists at El Dorado for the Salvadoran people.

Management Discussion and Analysis Report for the Fourth Quarter and the Full Year ended December 31, 2013

FINANCIAL SUMMARY

STATEMENT OF OPERATIONS	Q4 Dec 31 2013 $000	Q3 Sep 30 2013 $000	Q4 Dec 31 2012 $000	Year 2013 $000	Year 2012 $000	Year 2011 $000
Sales	170,142	156,617	119,018	553,612	385,448	395,609
Cost of sales, excluding depreciation and amortisation	(64,089)	(76,249)	(46,656)	(260,651)	(226,039)	(216,789)
General & Administration	(8,602)	(6,895)	(4,607)	(28,423)	(14,911)	(14,537)
Foreign Currency Exchange Gain/(Loss)	526	2,688	(250)	1,267	(961)	320
Other income/(expense)	(1,480)	130	(405)	(3,445)	1,095	(680)
Earnings before interest, tax, depreciation & amortisation (EBITDA) (excluding gain/(loss) on undesignated hedges and impairment charge)	**96,497**	**76,291**	**67,100**	**262,360**	**144,632**	**163,923**
Depreciation and amortisation	(34,855)	(25,089)	(27,606)	(129,315)	(91,376)	(85,822)
Net interest expense and finance costs	(7,991)	(6,287)	(7,670)	(26,978)	(21,510)	(12,909)
Earnings/(loss) before income tax and gain/(loss) on undesignated hedges and impairment charge	**53,651**	**44,915**	**31,824**	**106,067**	**31,746**	**65,192**
Tax (expense)/ benefit on earnings/loss	(7,841)	(1,790)	(8,704)	(13,290)	(11,426)	(21,025)
Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges and impairment charge	**45,810**	**43,125**	**23,120**	**92,777**	**20,320**	**44,167**
Impairment charge	(107,800)	-	-	(193,300)	-	-
Gain/(loss) on fair value undesignated hedges	5,210	871	1,539	(2,083)	503	-
Tax (expense)/benefit on gain/loss on undesignated hedges and impairment	28,621	(261)	(462)	54,749	(151)	-
Net Profit/(loss)	**(28,159)**	**43,735**	**24,197**	**(47,857)**	**20,672**	**44,167**
Basic earnings per share	$(0.10)	$0.15	$0.09	$(0.16)	$0.08	$0.17
Diluted earnings per share	$(0.10)	$0.14	$0.09	$(0.16)	$0.08	$0.17
CASH FLOWS						
Cash flows from Operating Activities	89,023	39,101	60,218	159,429	115,253	154,555
Cash flows used in Investing Activities	(33,200)	(35,412)	(91,400)	(158,812)	(294,548)	(146,595)
Cash flows used in Financing Activities	(50,017)	(3,004)	110,275	(83,190)	108,919	(16,110)

BALANCE SHEET	As at Dec 31 2013 $000	As at Dec 31 2012 $000	As at Dec 31 2011 $000
Cash and cash equivalents	24,788	96,502	169,989
Other Current Assets	126,400	89,276	56,491
Non-Current Assets	745,638	845,878	591,155
Total Assets	**896,826**	**1,031,656**	**817,635**
Current Liabilities	129,478	199,413	123,623
Non-Current Liabilities	175,618	222,383	215,772
Total Liabilities	**305,096**	**421,796**	**339,395**
Total Shareholders’ Equity	**591,730**	**609,860**	**478,240**

RESULTS OF OPERATIONS

Net Earnings

In the fourth quarter, the Company reported a net loss (after impairment charge) of $28.2 million versus a net profit of $43.7 million in the third quarter. The net loss is after a pre-tax impairment charge in the quarter of $107.8 million. The fourth quarter net profit before the impairment charge was $49.5 million.

The Company reported EBITDA (excluding gain/loss on undesignated hedge and impairment charge) was $96.5 million in the fourth quarter of 2013 compared to $76.3 million in the third quarter of 2013. The increase is attributed to increased gold sales from both New Zealand and Philippines operations and lower costs of sales, partly offset by a lower gold price received and lower copper sales.

The earnings before income tax and before gain/(loss) on undesignated hedges and impairment charge was a profit of $53.7 million for the fourth quarter of 2013 compared to a profit of $44.9 million in the third quarter of 2013. The increase is due mainly to increased sales in New Zealand and lower costs, partly offset by increased depreciation and amortisation.

For the full year, the Company reported a net loss (after impairment charge) of $47.9 million and a net profit before impairment of $91.3 million.

Sales Revenue

Philippines

Fourth quarter concentrate sales revenue net of concentrate treatment, refining and selling costs in Philippines was $63.5 million of which the revenue from copper was $47.1 million. Gold bullion revenue was $4.3 million. In the fourth quarter, the average gold price received at Didipio was $1,244 per ounce compared to $1,339 per ounce in the third quarter and the average copper price received was $7,291 per tonne compared to $7,017 per tonne in the third quarter. Gold sold in the fourth quarter was 20,900 ounces and copper sold was 6,461 tonnes.

A significant increase in nickel exports from Indonesia resulted in an increased demand for cargo ships. As a result, fewer ships were available to transport the Didipio concentrate and as at the end of the year, the Company had nearly 10,000 dry metric tonnes of concentrate stockpiled at port and another 8,000 dry metric tonnes of concentrate at the mine site.

New Zealand

Fourth quarter revenue New Zealand was $100.7 million compared to revenue in the third quarter of $72.9 million. This 38% increase was due mainly to higher ounces of gold sold, partly offset by a lower average gold price received.

The average gold price received in New Zealand in the fourth quarter was $1,267 per ounce compared to $1,331 per ounce received in the previous quarter. Gold sold in the fourth quarter was 79,510 ounces compared to 54,762 ounces in the third quarter. This increase was due mainly to increased production at both Macraes and Reefton.

Operating Costs and Margins per Ounce

Philippines

Operating cash costs at Didipio were negative ($1,081) per ounce sold, net of by-product credits for the fourth quarter compared to negative ($1,336) per ounce in the third quarter. On a co-product basis, the operating cash costs were $434 per ounce of gold sold compared to $494 in previous quarter, and were $532 per ounce for the year. The gold equivalent ounces have been calculated by converting copper and silver revenue using an average gold price received of $1,244 per ounce for the quarter and $1,287 per ounce for the year. Silver sales for the quarter were 76,813 ounces compared with 129,168 ounces in the previous quarter.

New Zealand

Operating cash costs in New Zealand were $550 per ounce sold for the fourth quarter compared to $882 per ounce sold in the previous quarter. This result was mainly due to higher ounces of gold sold in the quarter, and lower mining costs, partly offset by a stronger New Zealand dollar.

The average cash margin in New Zealand was $717 per ounce for the fourth quarter versus $449 for the third quarter 2013. The increase was a result of a lower cash cost per ounce sold partly offset by a lower average gold price received.

Depreciation and Amortisation

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

Depreciation and amortisation charges are mostly calculated on a unit of production basis and totalled $34.9 million for the fourth quarter 2013 compared to $25.1 million in the previous quarter. The increase reflects mainly the higher production in both New Zealand and in Philippines.

Net Interest Expense and Finance Costs

The net interest expense and finance costs of $8.0 million for the quarter were higher than the previous quarter of $6.3 million due mainly to higher finance costs and bank fees associated with restructuring of the bank facility away from project type covenants to more corporate covenants, and also due to the resulting accelerated amortisation of establishment fees.

Undesignated Hedges Gains/Losses

Unrealised gains and losses calculated as a fair value adjustment of the Company's undesignated hedges are brought to account at the end of each reporting period and reflect changes in the spot gold price and changes in market premiums of the Australian dollar forwards. These valuation adjustments for the quarter ending December 31, 2013, reflect a gain of $5.2 million compared to a gain for the third quarter of $0.9 million.

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

DISCUSSION OF CASH FLOWS

Operating Activities

Cash inflows from operating activities were $89.0 million for the fourth quarter of 2013 compared to $39.1 million in the previous quarter. The increase was mainly the result of higher gold revenues in New Zealand on the back of higher gold ounces sold partly offset by lower copper revenues in Philippines and a lower average gold price received.

Investing Activities

Cash used for investing activities totalled $33.2 million in the fourth quarter of 2013 compared to $35.4 million in the previous quarter of 2013.

Investing activities comprised expenditures for capitalised mining expenditure, sustaining capital and exploration expenditure at both the New Zealand and Philippines operations.

Financing Activities

Financing net outflows for the fourth quarter of 2013 were $50.0 million compared to a net outflow of $3.0 million in the previous quarter. This reflects mainly the net repayment of borrowings of $45.3 million during the quarter.

DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

Company's funding and capital requirements

For the quarter ended December 31, 2013, the Company recorded a net loss of $28.2 million, after booking a pre-tax impairment charge of $107.8 million. As at the end of the year, the cash funds held were $24.8 million. Net current assets were $21.7 million at quarter end. The Company repaid its convertible notes that matured in December 2013 partially with cash and the remainder with its undrawn term facility. The Company also repaid $25 million of its drawn term facility prior to the end of the year.

At December 31, 2013, undrawn funds from the revolving credit facility established in 2012 were $30.0 million. Together with cash, the Company has immediate available liquidity of $54.8 million.

Commitments

The Company's capital commitments as at December 31, 2013 are as follows:

	Dec 31 2013 $000
Within 1 year	19,914

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

Financial Position

Current Assets

Current assets at the end of 2013 were $151.2 million compared to $185.8 million at the end of 2012. The reduction in the current assets was due mainly to a decrease in cash used for repaying net borrowing and finance liabilities of $64 million and financing Didipio operations prior to first shipment, offset partly by cash generated from commercial operations as from the second quarter, increases in inventories, trade receivables and prepayments.

Non-Current Assets

Non-current assets were $745.6 million compared to $845.9 million at December 31, 2012. The decrease mainly reflects the impairment charge recognised in the second and fourth quarter which reduced the carrying value of mining assets, property, plant and equipment, and inventories, partly offset by increases in input tax credits paid, increases in capitalised mining costs, increases in inventories and additions to property, plant and equipment.

Current Liabilities

Current liabilities were $129.5 million as at December 31, 2013 compared to $199.4 million as at December 31, 2012. This decrease was attributed mainly to the repayment of convertible notes that matured in December, partially financed by a term facility of which $50.0 million is repayable during 2014.

Non-Current Liabilities

Non-current liabilities were $175.6 million as at December 31, 2013 compared to $222.4 million at December 31, 2012. The decrease resulted from a decrease in deferred tax liabilities due mainly to the impairment charge recognised in the second and fourth quarter and a decrease in finance lease liabilities.

Derivative Assets / Liabilities

In the prior year, the Company had purchased forward contracts as a hedge against foreign exchange movements to ensure that the potential US denominated credit facility drawdowns would be sufficient in the repayment of the A$ denominated convertible notes. The convertible notes matured in December 2013. During the year, the Company had entered into a gold bullion zero cost collar agreement to purchase gold put options at an exercise price of NZ$1,600 per ounce, which were financed by an equal number of gold call options sold at an exercise price of NZ$1,787 per ounce for 115,650 ounces of production at the Reefton operation for the period from July 2013 to June 2015. The balance of the gold production at the Reefton mine under this agreement as at December 31, 2013 was 84,690 gold ounces.

The above hedges are undesignated and do not qualify for hedge accounting.

A summary of the Company's marked to market derivatives is as per below:

	Dec 31 2013 $000	Dec 31 2012 $000
Current Assets		
Forward rate agreements	-	552
Gold put/call options	7,501	89
	7,501	641
Non Current Assets		
Gold put/call options	2,619	-
Total Assets	**10,120**	**641**

	Dec 31 2013 $000	Dec 31 2012 $000
Current Liabilities		
Forward rate agreements	-	151
Total Liabilities	**-**	**151**

Shareholders' Equity

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

	Period Ended Dec 31 2013 $000
Total equity at beginning of financial period	609,860
Profit/(loss) after income tax	(47,857)
Movement in other comprehensive income	16,669
Movement in contributed surplus	2,096
Issue of shares/ (Equity raising costs)	10,962
Total equity at end of financial period	591,730

Shareholder's equity has decreased by $18.1 million to $591.7 million at December 31, 2013, mainly as a result of a net loss after tax for the year of $47.9 million after booking a pre-tax impairment charge of $193.3 million during the year, and currency translation differences reflected in "Other Comprehensive Income" that arise from the translation of entities with a functional currency other than USD.

Capital Resources

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

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

As at February 20, 2014 there was no change in shares and securities:

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

As at December 31, 2012, the share and securities summary was:

Shares outstanding	293,517,918
Options and share rights outstanding	8,624,268

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

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

Exploration and Evaluation Expenditure

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

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

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

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

Mining Properties in Production or Under Development

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

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

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

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

Asset Retirement Obligations

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

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

Asset Impairment Evaluations

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

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

Impairment indicators were identified for the New Zealand Cash Generating Unit ("CGU") in the second and fourth quarters of the year, and an assessment was performed. An impairment charge of $193.3 million was recognized for the full year, with $85.5 million recognised during the second quarter and $107.8 million during the fourth quarter.

Derivative Financial Instruments/Hedge Accounting

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

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

Stock Option Pricing Model

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

Income Tax

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

Foreign Currency Translation

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

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

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

RISKS AND UNCERTAINTIES

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

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

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Adoption of new accounting policies

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

Accounting policies effective for future periods

The following accounting policies are effective for future periods:

IFRS 9 – *Financial instruments*

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

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A 'simple' debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

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

All fair value movements on financial assets must be recognised in profit or loss except for equity investments that are not held for trading (short-term profit taking), which may be recorded in other comprehensive income (FVOCI). However, in December 2012, the IASB proposed limited amendments which would introduce a FVOCI category for certain eligible debt instruments.

For financial liabilities that are measured under the fair value option, entities will need to recognise the part of the fair value change that is due to changes in the entity's own credit risk in other comprehensive income rather than profit or loss.

New hedging rules will also be included in the standard. These will make testing for hedge effectiveness easier which means that more hedges are likely to be eligible for hedge accounting. The new rules will also allow more items to be hedged and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments.

This standard is effective for years beginning on/after January 1, 2015. The Group has not assessed the impact of this new standard.

IAS 39 - Financial instruments

Amended to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty ("CCP") meets specified criteria.

This amendment is effective for years beginning on/after January 1, 2014. Since the group has not novated any hedging contracts in the current or prior periods, applying the amendments does not affect any of the amounts recognised in the financial statements.

IAS 36 - Impairment of assets

The IASB has made small changes to some of the disclosures that are required under IAS 136 Impairment of Assets.

This amendment is effective for years beginning on/after January 1, 2014. These may result in additional disclosures if the group recognises an impairment loss or the reversal of an impairment loss during the period. They will not affect any of the amounts recognised in the financial statements. The group has applied the amendment from 1 January 2014 to the extent applicable.

IFRIC 21 - Levies

The standard sets out the accounting for an obligation to pay a levy imposed by a government in accordance with legislation. It clarifies that a liability must be recognised when the obligating event occurs, being the event that triggers the obligation to pay the levy.

This standard is effective for years beginning on/after January 1, 2014. It has no material impact on the Group.

IFRS 2 – Share-based payment

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

This standard is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. The Group has not assessed the impact of this amendment.

IFRS 3 – Business combinations

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

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

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended March 31, 2012 through to December 31, 2013. This information has been derived from our unaudited consolidated financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of our financial position and results of operations for those periods.

STATEMENT OF OPERATIONS	Dec 31 2013 $000	Sep 30 2013 $000	Jun 30 2013 $000	Mar 31 2013 $000	Dec 31 2012 $000	Sep 30 2012 $000	Jun 30 2012 $000	Mar 31 2012 $000
Sales Revenue	170,142	156,617	131,213	95,639	119,018	91,153	86,719	88,558
EBITDA (excluding gain/(loss) on undesignated hedges and impairment charge)	96,497	76,291	42,495	47,076	67,100	28,614	25,632	23,285
Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges (net of tax and impairment charge)	45,810	43,125	(2,647)	6,490	23,120	328	735	(3,863)
Net Profit/(Loss)	(28,159)	43,735	(70,491)	7,059	24,197	(397)	735	(3,863)
Net earnings/(loss) per share Basic	$(0.10)	$0.15	$(0.24)	$0.02	$0.09	$(0.00)	$0.00	$(0.01)
Diluted	$(0.10)	$0.14	$(0.24)	$0.02	$0.09	$(0.00)	$0.00	$(0.01)

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

NON-GAAP MEASURES

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

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

Earnings before interest, tax, depreciation and amortisation (EBITDA) is one such non-GAAP measure and a reconciliation of this measure to net Profit / (Loss) is provided on page 13.

All-In Sustaining Costs per ounce sold is based on the World Gold Council methodology and is a non-GAAP measure.

Cash costs per ounce are other such non-GAAP measures and a reconciliation of these measures to cost of sales, is provided on the next page.

Statement of Operations	Q4 Dec 31 2013	Q3 Sep 30 2013	Q4 Dec 31 2012	Year 2013*	Year 2012	Year 2011
Cost of sales, excluding depreciation and amortisation	64,089	76,249	46,656	260,651	226,039	216,798
Selling costs and Sundry General and Administration	5,663	4,608	159	14,527	520	1,402
Corporate Administrative Adjustment	-	-	(2,307)	-	(10,240)	-
By-product credits	(48,666)	(60,407)	-	(145,124)	-	-
Total Cash Costs (Net of by-product credits)	21,086	20,450	44,508	130,056	216,312	218,200
Gold Sales from operating mines (ounces)	100,410	75,589	69,761	305,290*	230,119	249,261
Cash Operating Costs ($/ounce)	210	271	638	426	940	875

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

ADDITIONAL INFORMATION

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

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2013. 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, 2013 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of OceanaGold, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting and disclosure controls and procedures as of December 31, 2013. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that they were effective at a reasonable assurance level.

There were no significant changes in the Company's internal controls, or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls requiring corrective actions.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that its disclosure controls and internal controls over financial reporting will prevent all errors and fraud. A cost effective system of internal controls, no matter how well conceived or operated, can provide only reasonable not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

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SECTION C

SHAREHOLDERS INFORMATION

(a) Number of holders of equity securities

FULLY PAID ORDINARY SHARES

- 300,567,377 ordinary shares are held by 6,669 individual shareholders as at 7 April 2014.

Voting rights of members are governed by the Company's Constitution. All fully paid shares issued by the Company carry one vote per share.

(b) Distribution of shareholdings

FULLY PAID ORDINARY SHARES

Holding	Number of Holders	Number of Shares
1 - 1,000	3,139	1,343,375
1,001 - 5,000	2,447	5,977,309
5,001 - 10,000	583	4,496,519
10,001 - 100,000	444	11,817,298
100,001 and over	56	276,932,876
Total number of holders	**6,669**	**300,567,377**

Number of shareholders holding less than a marketable parcel (of 200 shares) – 929.

(c) Substantial shareholders

The Company's substantial shareholders and the number of equity securities in which they have an interest as disclosed by notices received under section 671B of the Corporations Act 2001 as at 28 February 2014 are:

Name:	FP Ordinary Shares
Van Eck Associates Corporation	31,251,581
Ingalls & Snyder LLC	21,096,532

(d) Top 20 Shareholders

The names of the 20 largest holders of fully paid ordinary shares as at 7 April 2014 are listed below:

Rank	Name	Units	% of Units
1.	CANADIAN REGISTER CONTROL	165,124,955	54.94
2.	NATIONAL NOMINEES LIMITED	28,533,241	9.49
3.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,630,752	4.87
4.	J P MORGAN NOMINEES AUSTRALIA LIMITED	14,218,317	4.73
5.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	11,956,631	3.98
6.	CITICORP NOMINEES PTY LIMITED	8,334,813	2.77
7.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	6,953,541	2.31
8.	NEW ZEALAND CENTRAL SECURITIES DEPOSITORY LIMITED	5,011,009	1.67
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	3,176,558	1.06
10.	AMP LIFE LIMITED	2,887,983	0.96
11.	BNP PARIBAS NOMS PTY LTD <DRP>	2,870,228	0.95
12.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	1,352,204	0.45
13.	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	1,005,818	0.33
14.	YANDAL INVESTMENTS PTY LTD	1,000,000	0.33
15.	SUPERLIFE TRUSTEE NOMINEES LIMITED <SL NZ A/C>	630,300	0.21
16.	DR PETER MALCOLM HEYWORTH	533,300	0.18
17.	LIPPO SECURITIES NOMINEES (BVI) LTD <CLIENT A/C>	500,000	0.17
18.	KIRMAN PTY LTD <BEEGEES SUPER FUND A/C>	449,615	0.15
19.	CS FOURTH NOMINEES PTY LTD	438,348	0.15
20.	WARBONT NOMINEES PTY LTD <ACCUMULATION ENTREPOT A/C>	419,670	0.14
Totals: Top 20 holders of Issued Capital Group 1		**270,027,283**	**89.84**

SECTION D

CORPORATE GOVERNANCE STATEMENT

This statement provides an outline of the main corporate governance policies and practices that the Company had in place during the Company's 2013 financial year. The purpose of such policies and practices is to enhance and protect shareholder value, ensure risks are managed appropriately and maintain stakeholder confidence in the integrity of the Company. The Company has established a governance system that is designed to comply with the regulatory requirements applicable in Australia, Canada and New Zealand. Further details are set out below.

AUSTRALIA

The Company's Corporate Governance Statement below, is structured with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles"), which are as follows:

Principle 1 – Lay solid foundation for management and oversight
Principle 2 – Structure the board to add value
Principle 3 – Promote ethical and responsible decision making
Principle 4 – Safeguard integrity in financial reporting
Principle 5 – Make timely and balanced disclosure
Principle 6 – Respect the rights of shareholders
Principle 7 – Recognise and manage risk
Principle 8 – Remunerate fairly and responsibly

The Board believes that the Company substantially complies with the Principles. For a full copy of the Principles, refer to the ASX website: **www.asx.com.au**.

A summary of specific matters to note in relation to the Company's current corporate governance practices is set out below. Further information on corporate governance policies and practices is available in the "Governance" section on the company's website: **www.oceanagold.com**.

Principle 1 - Lay solid foundations for management and oversight

1.1 Board Functions

The Board is responsible for providing strategic direction, defining broad issues of policy and overseeing the management of the Company to ensure it is conducted appropriately and in the best interests of shareholders.

In summary, the Board is responsible for: the management of the affairs of the company, including its financial and strategic objectives; evaluating, approving and monitoring the Company's strategic and financial plans; evaluating, approving and monitoring the Company's annual budgets and business plans; evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions, including the issue of the Company's securities; and approving all financial reports and material reporting and external communications by the Company in accordance with the Company's Shareholder Communications Policy.

The Board has delegated certain responsibilities and authorities to the Chief Executive Officer (CEO) and his executive team to enable them to conduct the Company's day-to-day activities, subject to certain limitations set out in an authorisation policy approved by the Board. Matters that are beyond the scope of those limitations require Board approval.

There is a formal Board Charter documenting the membership and operating procedures of the Board and the apportionment of responsibilities between the Board and management. A copy of the Board Charter is available from the Company's website.

1.2 Performance Evaluation

The Board maintains a Remuneration and Nomination Committee responsible for reviewing and making recommendations to the Board in respect of the performance measurement and remuneration of senior executives of the Company. The Committee is also responsible for carrying out periodic performance evaluations of the Board, individual non-executive directors and Board committees. The Committee is further described below at section 2.5.

Principle 2 - Structure the Board to add value

As at 31 December 2013, the Board is comprised of six non-executive directors and an executive director, who provide an appropriate mix of business and specialist skills and qualifications. The Board considers that a diverse range of skills, experience and backgrounds is required on the Board to effectively govern the business. It determines and reviews from time to time the mix of skills and diversity that it looks to achieve in its membership. Having regard to the nature of the Company's business, that mix includes financial, strategic, operational, regulatory and mining engineering, predominantly in precious and base metals.

During the Company's 2013 financial year, the composition of the Board was as follows:

- James E Askew (Chairman and non-executive director);
- J Denham Shale (Lead director and non-executive director);
- Jose P Leviste, Jr. (non-executive director);
- Jacob Klein (non-executive director);
- William H Myckatyn (non-executive director);
- Geoffrey W Raby (non-executive director); and
- Michael F Wilkes (CEO and managing director).

2.1 Independence of non-executive directors

The Board Charter requires the Board to assess the independence of the Company's non-executive directors by reference to the criteria suggested in Box 2.1 of the Principles. These criteria are considered subject to the materiality thresholds set by the Board from time to time. In the case of service providers or similar, the general standard for materiality is that the fees to the firm from the Company do not represent more than 5% of the firm's total fees, nor more than 5% of the Company's total spend, in the relevant area and the relevant director does not receive any remuneration directly related to the Company's use of the firm (e.g. 'finders fee'). The Board may determine a director to be independent so long as the director retains the ability and willingness to operate independently and objectively and to challenge the Board and management, notwithstanding the existence of a relationship listed in Box 2.1 of the Principles.

During 2013 and in the lead up to commercial production at the Didipio Project, Mr Jose Leviste Jr. provided valuable advisory services to the Philippines subsidiary of the Company and received fees in relation to these services. The total amount of fees paid to Mr Leviste has been disclosed in section 5 of the Management Information Circular. That amount represents less than 5% of the Company's total spend, but may represent more than 5% of the total fees that Mr Leviste received in the provision of professional services.

With the exception of Messrs Leviste and Wilkes (who is the CEO and Managing Director), the Board was of the view that during 2013, all other directors were independent in the manner contemplated by the Board Charter and the Principles. Accordingly, during the Company's 2013 financial year the Board comprised a majority of independent, non-executive directors.

Directors are entitled to seek independent professional advice, at the Company's expense, to assist them in fulfilling their responsibilities, subject to obtaining the prior approval of the Chairman. Any such advice must be made freely available to all directors.

2.2 Independent Chair

The current Chairman of the Board is Mr. James E. Askew. In accordance with the Corporate Governance Principles and Recommendations, Mr. Askew currently maintains an independent status as a non-executive director.

2.3 Separate Individuals as Chair and CEO

The current CEO is Mr. Michael Wilkes, and as disclosed above, the current Chairman is Mr. James E. Askew. As recommended by the Corporate Governance Council, the Company maintains the separation of these roles and they are performed by different individuals.

Directors' qualifications, experience, dates of appointments and details of other listed company directorships are outlined in section 2 of the Management Information Circular and available on the Company's website.

2.4 Term of appointment of directors

In accordance with the current Articles of the Company, the directors of the Company shall be elected by the shareholders at each annual meeting and typically hold office until the next annual meeting at which time they may be re-elected or replaced. Casual vacancies on the Board are filled by the remaining directors and the persons filling those vacancies hold office until the next annual general meeting at which time they may be re-elected or replaced.

Annual elections are seen as being an essential part of best practice corporate governance, permitting shareholders the opportunity to evaluate the performance of board members on an annual basis. All seven of the directors have been nominated for re-election at the Meeting in accordance with the current Articles of the Company as approved by the shareholders at the previous annual general meeting of shareholders.

2.5 Committees of the Board

The Board has also established three committees to assist the Board in discharging its responsibilities as follows:

- Audit and Financial Risk Management Committee;
- Remuneration and Nomination Committee; and
- Sustainability Committee.

Each committee is governed by a formal charter approved by the Board, documenting the committee's composition and responsibilities. Copies of these charters are available from the Company's website.

The **Audit and Financial Risk Management Committee's** primary responsibility is to oversee the Company's financial reporting process, financial risk management systems and internal control structure. It also reviews the scope and quality of the Company's external audits and makes recommendations to the Board in relation to the appointment or removal of the external auditor. The members of the Audit Committee during 2013 comprised:

- J D Shale (Chairman);
- J Klein; and
- G W Raby.

The Audit Committee consisted of independent non-executive directors at all times during 2013.

The Board considers that the skills, experience and independence of the current Audit Committee members (as set out in the Management Information Circular) allow the Committee to discharge its functions in accordance with the Principles. Further, the Committee is authorised by its Charter to retain, at the Company's expense, outside counsel, consultants or advisors.

The **Remuneration and Nomination Committee** is responsible for reviewing and making recommendations to the Board in respect of:

- recruitment, retention, remuneration, performance management and termination policies and procedures for non-executive directors, the CEO and any other executive director, the Company Secretary and all senior executives reporting directly to the CEO;
- considering nominees for independent directors of the Company;
- establishing processes for the review of the performance of individual directors, Board committees and the Board as a whole;
- planning for the succession of directors and executive officers of the Company to ensure that the Board and management have appropriate skill and experience; and
- the skills and competencies required on the Board and the extent to which the those skills are represented on the Board.

The Remuneration and Nomination Committee Charter includes the:

- key elements of the performance evaluation process;
- appointment letter used by the Company to appoint new directors and inform new directors of their roles and responsibilities; and
- induction procedures and policies for new directors (including procedures for briefing new directors on the Company, its business and the gold industry in general).

The Remuneration and Nomination Committee is required to meet at least twice a year and to report to the Board following each meeting. The Company Secretary is also the secretary of the Remuneration and Nomination Committee. During the Company's 2013 financial year, the Remuneration and Nomination Committee conducted reviews of performance, remuneration and skills and competencies of senior executives, individual directors, Board committees and the Board as a whole and made recommendations in accordance with the process set out below and in accordance with its Charter.

At the beginning of each year, performance objectives in the form of key performance indicators ("KPIs") are set for the management for the ensuing year. These KPIs are periodically assessed throughout the year and then formally reviewed at the end of the year. Short term incentives and adjustments to annual remuneration are then awarded based on individual performance against KPIs as well as the overall financial performance of the company.

The members of the Remuneration and Nomination Committee during 2013 comprised:

- J Klein (Chairman);
- J E Askew;
- W H Myckatyn.

The Remuneration and Nomination Committee had three members at all times in 2013.

The Board considers that the skills, experience and independence of the current Remuneration and Nomination Committee members allow the Committee to discharge its functions in accordance with the Principles. Further, the Committee is authorised by its Charter to access professional advice from employees of the Company and from appropriate external advisors.

The **Sustainability Committee** is responsible for reviewing and making recommendations to the Board in respect of the management of technical risk and the furtherance of the Company's commitments to environmentally sound and responsible resource development and a healthy and safe work environment. During 2013, members of the Sustainability Committee comprised:

- J E Askew (Chairman);
- J D Shale;
- J P Leviste, Jr.; and
- W H Myckatyn.

Each Committee contained a majority of independent non-executive directors during the period under review. It is customary for the Chairman to invite Company executives (including the CEO) to attend Committee meetings.

2.6 Participation in Board and Committee meetings

For the period under review, Director's participation in meetings of the Board and sub-committees is summarised in the table below:

	Board of Directors		**Audit and Risk Committee**		**Remuneration and Nomination Committee**		**Sustainability Committee**	
Director	**Number Held**	**Number Attended**	**Number Held**	**Number Attended**	**Number Held**	**Number Attended**	**Number Held**	**Number Attended**
J E Askew	8	8	-	Non-member	2	2	4	4
J D Shale	8	8	4	4	-	Non-member	4	4
J P Leviste Jr.	8	8	-	Non-member	-	Non-member	4	4
J Klein	8	8	4	4	2	2	-	Non-member
W H Myckatyn	8	8	-	Non-member	2	2	4	4
M F Wilkes	8	8	-	Non-member	-	Non-member	-	Non-member
G W Raby	8	8	4	4	-	Non-member	-	Non-member

Principle 3 - Promote ethical and responsible decision making

3.1 Code of Conduct

The Board supports high standards of ethical behaviour and requires all directors, employees and contractors to act with integrity at all times.

The Company has both a Corporate Code of Conduct and a Directors Code of Conduct that seek to foster high standards of ethics and accountability among directors, employees and contractors in carrying out the Company's business. The Codes provide guidance on a variety of matters such as expected standards of behaviour, confidentiality, securities dealing, public statements, use of Company property, conflicts of interest and financial reporting.

The Codes are supplemented by formal policies and procedures in relation to matters such as health and safety, environment and community, discrimination, harassment and bullying, diversity and equal opportunity and investor relations. Specific issues of note are summarised below:

Directors' conflicts of interest - directors of the Company must keep the Board advised, on an ongoing basis, of any material personal interest in a matter that relates to the affairs of the Company. Where a director has a material personal interest in a matter, the director concerned will absent himself from Board discussions of the matter and will not cast a vote in relation to the matter; and

Securities Trading Policy - the Company's comprehensive securities dealing policy applies to all directors, employees and contractors. The policy prohibits trading in the Company's securities by directors, employees or contractors at any time when they are in possession of price sensitive information that is not generally available to the market. In addition, the policy places a total embargo on short term trading by directors and senior employees at all times. The policy further identifies "blackout" periods where directors and senior management are embargoed from dealing in the Company's securities. An internal disclosure procedure applies to directors and senior employees wishing to buy or sell Company securities or exercise options over Company securities. Directors also have specific disclosure obligations under laws and regulations applicable in Australia and Canada.

Copies of the Codes and the Securities Trading Policy are available on the Company's website.

3.2 Diversity Policy

In accordance with Recommendation 3.2 of the Principles, the Company has implemented a Diversity Policy to reflect its ongoing efforts and commitment to maintaining and developing a diverse workforce. In order to transform its diversity goals into achievable outcomes, the Company has also implemented measurable objectives regarding diversity in the workplace. These objectives complement policies already in place which facilitate the maintenance and development of a diverse workforce. The Diversity Policy is available on the Company's website under 'Governance'.

3.3 Measurable Objectives

In 2013, the board of directors approved a set of measureable objectives for achieving gender diversity within the organisation, and in accordance with the diversity policy. The measurable objectives are as follows:

- At least one female applicant in 75% of all open roles in the Company;
- Increase the percentage of women in supervisor/superintendent roles and above 5% by June 2014;
- Identify and train high potential women, to develop skills and experience to take on leadership roles;
- Provide training to all staff to raise awareness of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity;
- Periodical review and report to the board on the proportion of women and ethnic minorities at all levels of the Company.

3.4 Reporting on Gender Diversity

The Company is committed to building a flexible and diverse organisation, providing opportunities and workplace arrangements that accommodate the needs of individuals from varied backgrounds. The Company will continue to respect the unique characteristics of its employees and the diverse experience that every individual brings to the workplace.

The Board examines its size and diversity annually to determine whether the number of directors is appropriate. The Board is satisfied that its current number of directors is appropriate, providing a diversity of views and experience while maintaining efficiency. The Board believes that the composition of the Board fairly represents the interests of Shareholders.

Every year, the Company publishes a Fact Book in addition to its Annual Information Form which is prepared in accordance with the Listing Requirements of the Toronto Stock Exchange. Together, these documents outline gender diversity across management, as well as the workforce as a whole, and are available on the Company's website.

Male employees account for the majority of our full time workforce reflecting the fact that mining related roles have historically been held by males. However, our efforts to promote and encourage greater gender diversity in recent years have resulted in increased female employees who now account for 18% of our total full time workforce. This trend is reflected in the Philippines, where 18% of the total full-time workforce is female compared with 13% in 2012. New Zealand full time female employees jumped to 14% of the total New Zealand workforce compared with 13% in 2012. Melbourne female employees slightly decreased in 2013, with 9 of the 20 full-time staff being women. In 2013, the Company added its first female executive and additionally, 33% of our professional workforce is now comprised of female employees. This is a step in the right direction on gender diversity and we aim to continue achieving strong gains in female employment in the years ahead.

The Company remains committed to the provision of flexible working arrangements for staff members who have domestic or other responsibilities, as well as the promotion of an inclusive and supportive workplace culture. Furthermore, the Company seeks to provide training and development opportunities to staff across the Company's various locations, ensuring that all employees are given fair and equal access to all employment opportunities.

Principle 4 - Safeguard integrity in financial reporting

As noted above under section 2.5, the Company has established an Audit and Financial Risk Management Committee to oversee financial reporting and safeguard integrity.

In accordance with the Recommendations put forward by the ASX Corporate Governance Council, The Audit and Financial Risk Management Committee is structured so that it:

- consists only of non-executive directors;
- consists only of independent directors;
- is chaired by an independent chair, who is not chair of the board; and
- has at least three members.

Details of the Audit and Financial Risk Management Committee membership and meetings attended are set out in section 2.6. The Audit and Financial Risk Management Committee Charter is available on the Company's website.

Principle 5 - Make timely and balanced disclosure

The Company has developed a Continuous Disclosure Policy and related procedures to ensure timely and balanced disclosure to stakeholders. A copy of the Policy is available on the Company's website.

The Company complies with its continuous disclosure obligations by ensuring that price sensitive information is identified, reviewed by management and disclosed to applicable listing regulators in a timely manner and that all such information is posted on the Company's website as soon as possible after disclosure. The Company Secretary manages compliance with the Company's continuous disclosure obligations and communications with applicable listing regulators.

Principle 6 - Respect the rights of shareholders

The Board aims to ensure that shareholders are kept informed of all major developments affecting the Company by communicating information through continuous disclosure, periodic reporting, investor briefings and presentations at the Company's annual general meetings. The Company posts public announcements, notices of general meetings, reports to shareholders, presentations and other investor-related information on the Company's website. Shareholders are encouraged to attend all meetings or, if unable to attend, to vote on the resolutions proposed by appointing a proxy.

The Company's auditor attends each annual general meeting and is available to answer questions about the conduct of the audit and the preparation and contents of the auditor's report.

The Company has adopted a Shareholder Communications Guidelines and Policy, available on the Company's website.

Principle 7 - Recognise and manage risk

The Board is responsible for risk oversight and management, and is assisted in the discharge of its responsibilities in relation to risk by both the Audit Committee and the Sustainability Committee.

7.1 Policies for the Oversight and Management of Risk

The Company's risk management framework includes various internal controls and written policies, such as policies regarding authority levels for expenditure, commitments and general decision making and policies and procedures relating to health, safety and environment designed to ensure a high standard of performance and regulatory compliance. Communication to investors of any material changes to the Company's risk profile is covered by the Company's Continuous Disclosure Policy.

Further, the Company is fully committed to conducting business in an ethical and honest manner, and intends to comply with bribery and corruption laws in all of the jurisdictions in which it operates. A draft corporate anti-bribery and anti-corruption policy has been prepared in accordance with best industry practice, and accordingly, the Company is currently in the process of formally adopting this policy.

7.2 Risk Management and Internal Controls

The Board has delegated day-to-day responsibility for risk management and internal controls, including the implementation of systems to manage material business risk, to the CEO. The CEO is primarily responsible for identifying risks, monitoring risks, promptly communicating risk events to the Board, responding to risk events and reporting to the Board on the effectiveness of the Company's management of its material business risks. Management has reported to the Board as to its assessment of the effectiveness of the Company's management of its material business risks.

Management reports to the Audit and Financial Risk Management Committee on a quarterly basis and the Committee in turn reports on key issues to the Board on a regular basis.

7.3 CEO and CFO Certifications as to Financial Statements

The Board requires the CEO and Chief Financial Officer to certify in writing, on an annual basis, that the Company's financial reports present a true and fair view of the Company's financial position and performance, have been prepared in accordance with relevant accounting standards and are based on the Company's internal systems of financial control and compliance.

The Board has received certification in writing from the CEO and Chief Financial Officer in connection with the Company's financial statements for the year ended 31 December 2013. The certification provided by the CEO and Chief Financial Officer as to the integrity of the financial statements was founded on a sound system of risk management and internal control and that system was operating effectively in all material respects in relation to financial reporting risks. Further, management monitors material business risks and assesses internal control continually throughout the year.

These certifications are prepared in accordance with Canadian Listing Requirements, and are substantially similar to those required under section 295A of the Corporations Act 2001.

Principle 8 - Remunerate fairly and responsibly

Senior executives

The total direct compensation for the Company's executive officers comprises both a fixed component and an at-risk component. The at-risk component is composed of short-term and long-term incentives and does not provide for an executive pension plan. The compensation program aims to ensure total remuneration is competitive by market standards and links rewards with the short-term and long-term strategic goals and performance of the Company.

Currently, the Company's compensation package for its "Named Executive Officers" or "NEOs" (as defined in the Management Information Circular) consists of base salary, bonuses and the granting of performance rights under the Company's Performance Rights Plan.

Executive compensation is linked to the performance of the Company and the individual, with the goal of ensuring that the total compensation is at a level that ensures the Company is capable of attracting, motivating and retaining individuals with exceptional executive skills.

Non-executive directors

The total direct compensation for the Company's non-executive Directors comprises both a fixed component and a once-off commencement grant of Performance Rights under the Performance Rights Plan.

The Company does not have any retirement benefit schemes in operation or any accrued retirement benefits in favour of any of the non-executive directors.

Further details regarding the remuneration of senior executives and non-executive directors can be found in the Management Information Circular in sections 3 and 5.

As noted above, the Board maintains a Remuneration and Nomination Committee responsible for making recommendations to the Board regarding remuneration. The Committee's Charter is available on the Company's website. This Charter forms the basis for the Company's remuneration policies and procedures.

Details of Directors' participation in Board and Committee meetings are outlined above in Section 2.6.

As the Company is incorporated in Canada, it is not required to comply with section 300A of the Corporations Act or Accounting Standard AASB 124 Related Party Disclosures. The Company is however required under Canadian law to provide details on director and senior executive compensation arrangements and these details can be found in the Management Information Circular. Whilst these disclosures are not materially the same as would otherwise be disclosed if the Company were incorporated in Australia and regulated by the Corporations Act, the Company regards such disclosures as providing shareholders with an appropriate level of information.

Additional information

In addition to the above and as a pre-condition to initial listing on the ASX, the Company notes as follows:

- the Company's jurisdiction of incorporation is British Columbia, Canada;
- the Company is not subject to Chapters 6, 6A, 6B or 6C of the Corporations Act; and
- no limitations have been placed on the acquisition of securities in the place of incorporation.

1. CANADA

In addition to Australian requirements, the Company also complies with specific Canadian corporate governance obligations. In accordance with Canadian requirements, specific disclosures are contained in the Company's Proxy Circular, furnished to shareholders in connection with the Company's annual general and special meeting.

2. NEW ZEALAND

New Zealand shareholders should note that the Company is listed with the Toronto Stock Exchange (TSX) as its home exchange. The TSX corporate governance rules and principles may materially differ from the NZX Limited (NZX) corporate governance rules and the principles of the Corporate Governance Best Practice Code of NZX. More information about the corporate governance principles of the TSX is available from the TSX website at **www.tsx.com**.

As required by the NZSX/NZDX Listing Rules, the Company discloses that:

- the rules set out in Appendix 17 of the NZX Listing Rules do not apply to the Company as it is a "Dual Listed Issuer" (as defined in the NZSX/NZDX Listing Rules); and
- on 9 June 2011, the Company was granted waivers from NZSX/NZDX Listing Rules 1.6.1, 5.1.6(b), 5.1.7(b) and 10.10.4.

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