OCEANAGOLD CORPORATION

FINANCIAL REPORT

DECEMBER 31, 2014

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The financial statements were authorised for issue by the directors on February 19, 2015. 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 auditor's 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.

Michael F. Wilkes
Managing Director and Chief Executive Officer
Melbourne, Australia
February 19, 2015

Mark N. Chamberlain
Chief Financial Officer
Melbourne, Australia
February 19, 2015

Independent Auditor's Report

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 2014 and 31 December 2013 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 2014 and 31 December 2013, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants

Melbourne
February 19, 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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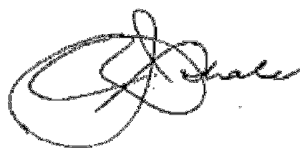
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

(in United States dollars)	*Notes*	*2014 $'000*	*2013 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		51 218	24 788
Trade and other receivables	8	31 544	27 665
Derivatives and other financial assets	9	5 867	7 783
Inventories	10	85 079	85 188
Prepayments		3 626	5 764
Total current assets		177 334	151 188
Non-current assets			
Trade and other receivables	8	54 928	44 501
Derivatives and other financial assets	9	5 341	3 004
Inventories	10	111 232	95 753
Deferred tax assets	6	9 092	5 506
Property, plant and equipment	11	295 697	312 414
Mining assets	12	264 666	284 460
Investments	14	906	-
Total non-current assets		741 862	745 638
TOTAL ASSETS		919 196	896 826
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		63 466	55 993
Employee benefits	22	6 994	6 068
Interest-bearing loans and borrowings	16	14 995	67 417
Total current liabilities		85 455	129 478
Non-current liabilities			
Other obligations		1 797	1 965
Employee benefits	22	1 126	1 243
Deferred tax liabilities	6	-	9 565
Interest-bearing loans and borrowings	16	103 079	126 525
Asset retirement obligations	15	32 265	36 320
Total non-current liabilities		138 267	175 618
TOTAL LIABILITIES		223 722	305 096
SHAREHOLDERS' EQUITY			
Share capital	17	650 557	647 333
Accumulated losses		(32 376)	(143 911)
Contributed surplus	18	41 388	40 332
Other reserves	19	35 905	47 976
TOTAL SHAREHOLDERS' EQUITY		695 474	591 730
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		919 196	896 826

On behalf of the Board of Directors:



James E. Askew
Director
February 19, 2015

J. Denham Shale
Director
February 19, 2015

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*	*2014 $'000*	*2013 $'000*
Revenue	4	563 328	553 612
Cost of sales, excluding depreciation and amortization	5	(289 888)	(260 651)
Depreciation and amortization		(129 561)	(129 315)
General and administration expenses		(34 539)	(28 423)
Operating profit		109 340	135 223
Other expenses			
Interest expense and finance costs		(11 687)	(27 416)
Foreign exchange gain/(loss)		1 711	1 267
Gain/(loss) on disposal of property, plant and equipment		(140)	(2 663)
Gain/(loss) on fair value of available-for-sale assets		(980)	-
Total other expenses		(11 096)	(28 812)
Gain/(loss) on fair value of undesignated hedges		(876)	(2 083)
Interest income		481	438
Other income/(expense)		303	(782)
Impairment charge	13	-	(193 300)
Profit/(loss) before income tax		98 152	(89 316)
Income tax benefit/(expense)	6	13 383	41 459
Net profit/(loss)		**111 535**	**(47 857)**
Other comprehensive income that can be reclassified to profit and loss in a future period, net of tax:			
Currency translation gain/(loss)		(12 891)	16 652
Net change in fair value of available-for-sale assets		-	17
Available-for-sale reserve transferred to profit and loss		820	-
Total other comprehensive income (net of tax)		(12 071)	16 669
Comprehensive income/(loss) attributable to shareholders		**99 464**	**(31 188)**
Net earnings/(loss) per share:			
- basic	7	$0.37	($0.16)
- diluted	7	$0.36	($0.16)

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, 2014	**647 333**	**40 332**	**47 976**	**(143 911)**	**591 730**
Comprehensive income/(loss) for the period	-	-	(12 071)	111 535	99 464
Employee share options:					
Share based payments	-	2 621	-	-	2 621
Forfeiture of options	-	(325)	-	-	(325)
Exercise of options	3 224	(1 240)	-	-	1 984
Balance at December 31, 2014	**650 557**	**41 388**	**35 905**	**(32 376)**	**695 474**
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**

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)	*2014*	*2013*
	$'000	*$'000*
Operating activities		
Net profit/(loss)	111 535	(47 857)
Charges/(credits) not affecting cash		
Depreciation and amortization expense	129 561	129 315
Net (gain)/loss on disposal of property, plant & equipment	140	2 663
Other expense – reclassification of available-for-sale reserve	820	911
Non-cash interest charges	-	6 774
Unrealized foreign exchange (gains)/losses	(1 711)	(1 267)
Stock based compensation charge	2 295	2 097
(Gain)/loss on fair value of undesignated hedges	876	2 083
Non-cash transaction costs	1 552	5 415
Impairment charge	-	193 300
Future tax expense/(benefit)	(13 383)	(41 459)
Non-cash available for sale assets (gain)/loss	160	-
Changes in non-cash working capital		
(Increase)/decrease in trade and other receivables	(5 740)	(30 726)
(Increase)/decrease in inventory	(19 494)	(44 268)
(Decrease)/increase in accounts payable	10 041	(15 096)
(Decrease)/increase in other working capital	(1 711)	(2 456)
Net cash provided by/(used in) operating activities	214 941	159 429
Investing activities		
Payment for investments	(906)	-
Payment for acquisition of subsidiary, net of cash acquired	-	181
Proceed from sale of property, plant and equipment	-	1 024
Payment for property, plant and equipment	(9 871)	(17 809)
Payment for mining assets: exploration and evaluation	(2 553)	(4 442)
Payment for mining assets: development	(32 700)	(57 607)
Payment for mining assets: in production	(63 388)	(80 159)
Net cash used in investing activities	(109 418)	(158 812)
Financing activities		
Proceed from issue of shares	1 984	26
Payment for equity raising costs	-	(414)
Repayment of finance lease liabilities	(17 905)	(19 014)
Settlement of derivatives	-	(10 846)
Repayments of bank borrowings, convertible notes and other loans	(61 682)	(168 936)
Proceeds from borrowings	2 170	115 994
Net cash (used in)/provided by financing activities	(75 433)	(83 190)
Effect of exchange rates changes on cash gain/(loss)	(3 660)	10 859
Net increase/(decrease) in cash and cash equivalents	26 430	(71 714)
Cash and cash equivalents at beginning of period	24 788	96 502
Cash and cash equivalents at end of period	51 218	24 788
Cash interest paid	(7 057)	(20 373)
Cash interest received	481	438

Non-Cash Investing and Financing Activities – refer Note 28

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, 2014, include the results and financial position 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 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 operates two open cut mines and an underground mine in New Zealand. The Group also operates an open cut gold-copper mine at Didipio in the Philippines.

The preparation of the financial statements in conformity with IFRS requires use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions are significant to the consolidated financial statements are disclosed in Note 3.

The financial statements were authorised for issue by the directors on February 19, 2015.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are described below. These policies have been applied consistently to all the years presented, unless otherwise stated.

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

The Group recognizes the sale of gold, copper and silver concentrate 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, 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, assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

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 ("NZD"), 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 United States dollars 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.

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 using the effective interest method, less provision for impairment.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amount is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Due to the short term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

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.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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% - 6.25% per annum straight line
Mining equipment	unit of production based on reserves
Other plant and equipment	14.2% - 33.33% per annum straight line

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of removing overburden and waste materials is referred to as stripping. During the development of a mine (or pit), before production commences, stripping costs are capitalised as part of the investment in construction of the mine (or pit) and are subsequently amortised over the life of the mine (or pit) on a units of production basis.

Production stripping activity is disclosed within Mining Assets in production. In order for production phase stripping costs to qualify for capitalisation as a stripping activity asset, three criteria must be met:

- it must be probable that economic benefit will be realised in a future accounting period as a result of improved access to the orebody created by the stripping activity;
- it must be possible to identify the "component" of the orebody for which access has been improved; and
- it must be possible to reliably measure the costs that relate to the stripping activity.

A "component" is a specific volume of the orebody that is made more accessible by the stripping activity. It will typically be a subset of the larger orebody that is distinguished by a separate useful economic life.

Components of an ore body are determined with reference to life of mine plans and take account of factors such as the geographical separation of mining locations and/or the economic status of mine development decisions. Capitalised stripping costs are initially measured at cost and represent an accumulation of costs directly incurred in performing the stripping activity that improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs.

Such deferred costs are then charged against the income statement on a systematic units of production basis over the expected useful life of an identified component of the ore body.

Changes to the life of mine plan, identified components of an ore body, stripping ratios, units of production and expected useful life are accounted for prospectively.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Adoption of new standards, amendments and interpretations

The Group did not adopt any new and/or revised standards, amendments and interpretation from January 1, 2014 which had a material effect on the financial position or performance of the Group.

Accounting standards effective for future periods

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

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

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

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

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

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

It also contains a new impairment model which will result in earlier recognition of losses. The amendment also modifies the relief from restating prior periods. As part of this relief, the board published and amendment to IFRS 7, 'Financial instruments: Disclosure', to required additional disclosures on transition from IAS 39 to IFRS 9.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

This standard is effective for years beginning on/after January 1, 2018. The Group has not assessed the impact of this new standard.

IFRS 7 – Financial instruments – Disclosure
This standard has been amended to require additional disclosures on transition from IAS 39 to IFRS 9. It is effective on adoption of IFRS 9.

The mandatory effective date for IFRS 9 is for the years beginning on/after January 1, 2018. The Group will apply the standard accordingly.

IAS 38 – Intangible assets
This standard is amended to clarify that the use of a revenue-based amortization method is not appropriate and the presumption may only be rebutted in certain limited circumstances.

The standard is effective for years beginning on/after January 1, 2016. The Group does not expect any material impact of this amendment.

IFRS 11 – Joint arrangements
The standard is amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation.

This standard is effective for years beginning on/after January 1, 2016.The Group will apply the standard accordingly and does not expect any material impact of this amendment.

IFRS 15 – Revenue from contracts with customers
This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

IAS 27 – Separate Financial Statements
This standard is amended to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity’s separate financial statements.

This amendment is effective for years beginning on/after January 1, 2016. The Group does not expect any material impact of this amendment.

IAS 28 – Investments in associates and joint ventures
This standard is amended to address the inconsistency between IFRS 10 and IAS 28. The main consequence of the amendements is that a full gain or loss is recognised when the transaction involves a business combination, and whereas a partial gain is recognised when the transaction involves assets that do not constitute a business.

This amendment is effective for years beginning on/after January 1, 2016. The Group will apply the standard accordingly.

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of financial statements requires the use of accounting estimates and assumptions concerning the future, which 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)

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.

The Group defers mining costs incurred during the production stage of its operations, which are calculated in accordance with accounting policy Note 2 – Deferred stripping. Changes in an individual mine's design will result in changes to the life of component ratios of production. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of component production and cost profile even if they do not affect the mine design. Changes to deferred mining resulting from change in life of component ratios are accounted for prospectively.

(ii) Impairment of assets

The Group assesses each Cash-Generating Unit (CGU), to determine whether there is any indication of impairment or reversal. 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. These assessments require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices (gold, copper and tungsten), sustaining capital requirements, operating performance (including the magnitude and timing of related cash flows), and future operating development from certain identified exploration targets where there is higher degree of confidence in the economic extraction of minerals.

The recoverable amount of the New Zealand CGU is dependent on production from certain identified exploration targets. Should these projects prove to be uneconomic, the carrying value of the New Zealand CGU could be impaired by a significant amount. For information on prior year impairment charge, refer to Note 13.

(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. The carrying value of the asset retirement obligation liability has been disclosed in Note 15 to the financial statements.

(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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)

(vi) Taxation

The Group's accounting policy for taxation requires management's judgement 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 from current operations and successful development of certain identified exploration targets where there are higher degrees of confidence in the economic extraction of minerals.

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 this judgement 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. Deferred taxes are disclosed within Note 6 to the financial statements.

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. Disclosure of taxation is included in Note 6.

(vii) Non-Controlling Interest

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

At the same time, the third party is also involved in a legal dispute with another party over the ownership of the 8% interest. At December 31, 2014 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 2014 $'000	*December 31 2013 $'000*
Gold sales		
Bullion	290 308	363 830
Concentrate sales	115 691	58 212
	405 999	422 042
Copper sales		
Concentrate sales	177 496	157 223
Silver sales		
Concentrate sales	5 857	4 436
	589 352	583 701
Less concentrate treatment, refining and selling costs	(26 024)	(13 554)
Less concentrate sales capitalized	-	(16 535)
Total Revenue	563 328	553 612

Provisional Sales

The Group has provisionally priced gold and copper concentrate sales for which price finalization subject to quotational periods is outstanding at the reporting date. For the year ended December 31, 2014, the provisionally priced gold and copper concentrate sales included a provisional pricing loss of $1.4 million (2013: $0.8 million loss).

At December 31, 2014, the provisionally priced copper and gold sales subject to final settlement were recorded at average prices of $6,349/t and $1,188/oz, respectively.

5 COST OF SALES BY NATURE OF EXPENSES

	December 31 2014 $'000	*December 31 2013 $'000*
Cost of sales includes:		
Materials and consumables costs	178 477	177 434
Employee benefits expenses	67 730	64 401
Other direct costs	43 681	18 816
	289 888	260 651

6 INCOME TAX

Major components of income tax (benefit)/ expense:

	December 31 2014 $'000	*December 31 2013 $'000*
Statement of operations		
Current income tax		
Income tax expense relating to tax losses utilized	2 433	19 266
Deferred income tax		
Origination and reversal of temporary differences	(15 022)	(62 353)
Adjustments in respect of deferred income tax of previous years	(794)	1 628
Income tax (benefit)/ expense reported in statement of comprehensive income	(13 383)	(41 459)

Numerical reconciliation between aggregate tax (benefit)/ expense recognized in the statement of operations and the tax (benefit)/ 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:

	2014	2013
Accounting earnings/(loss) before tax from continuing operations	98 152	(89 316)
At the statutory income tax rate of 25% (2013: 25%)	24 538	(22 329)
Adjustments in respect of income tax of previous years	(794)	1 628
Expenditure/income not allowable/(assessable) for income tax purposes	217	(3 747)
Tax losses not recognized	1 507	1 013
Effect of differing tax rates between Canada, Australia, New Zealand and Philippines	(38 851)	(18 024)
Income tax expense/(benefit) reported in the statement of comprehensive income	(13 383)	(41 459)

The statutory income tax rates in Australia and New Zealand are respectively 30% and 28% (2013: 30% and 28%). In Philippines, the Company is currently subject to an Income Tax Holiday period.

Deferred income tax

Deferred income tax at December 31 relates to the following:

	December 31 2014 $'000	*December 31 2013 $'000*
Deferred tax assets		
Losses available for offset against future taxable income	34 578	37 011
Provisions	9 795	12 210
Accrued expenses	61	-
Other	-	(1 624)
Gross deferred tax assets	44 434	47 597
Set-off deferred tax liabilities	(35 342)	(42 091)
Net non-current deferred tax assets	9 092	5 506
Deferred tax liabilities		
Mining assets	(9 039)	(16 365)
Property, plant and equipment	(24 785)	(35 291)
Inventory	(1 518)	-
Gross deferred tax liabilities	(35 342)	(51 656)
Set-off deferred tax assets	35 342	42 091
Net non-current deferred tax liabilities	-	(9 565)

The income tax paid for the year is $nil (2013: $nil).

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 $67.1m (2013: $71.6m). 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 $0.3m (2013: $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 by the weighted average number of common shares outstanding during the year (adjusted for the effects of dilutive options 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 2014 $'000	*December 31 2013 $'000*
Numerator:		
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of basic and diluted earnings per share)	111 535	(47 857)
	Thousands	*Thousands*
Denominator:		
Weighted average number of common shares (used in calculation of basic earnings per share)	300 994	294 187
Effect of dilution:		
Share options	5 986	4 721
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	306 980	298 908
Net earnings/(loss) per share:		
- basic	$0.37	($0.16)
- diluted	$0.36	($0.16)

8 TRADE AND OTHER RECEIVABLES

	December 31 2014 $'000	*December 31 2013 $'000*
Current		
Trade receivables	26 970	21 642
Other receivables	4 574	6 023
	31 544	27 665
Non-Current		
Other receivables	54 928	44 501
	54 928	44 501

Other receivables mainly consist of input tax credits, excise tax recoverable, deposits at bank in support of environmental bonds, deposits set out for rental of properties, and New Zealand carbon tax credits.

9 DERIVATIVES AND OTHER FINANCIAL ASSETS

	December 31 2014 $'000	*December 31 2013 $'000*
Current		
Gold put/call options[1]	4 057	7 501
Other assets[2]	1 810	282
	5 867	7 783
Non-Current		
Gold put/call options[1]	5 285	2 619
Other assets[2]	-	52
Available-for-sale financial assets[3]	56	333
	5 341	3 004
	11 208	10 787

1. At December 31, 2014, this represents four series of bought gold put options with average price range from NZ$1,500 to NZ$1,628 per ounce and four series of sold gold call options with average price range from NZ$1,600 to NZ$1,787 per ounce. At December 31, 2014, 296,948 ounces of gold options were remained outstanding. These gold options are undesignated for hedging accounting purposes and accounted at fair value through the statement of comprehensive income.

Put options Strike price NZ$	Call options Strike price NZ$	Ounces of gold outstanding	Expiring
1,600	1,787	22,770	June 2015
1,500	1,600	101,000	December 2015
1,600	1,736	153,498	December 2016
1,628	1,736	19,680	December 2016

At December 31, 2013, this represented 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 remained outstanding at December 31, 2013.

2. 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.

3. Represents investments in listed companies.

10 INVENTORIES

	December 31 2014 $'000	*December 31 2013 $'000*
Current		
Gold in circuit	10 407	14 675
Ore – at cost	37 207	28 415
Gold on hand	1 268	667
Gold and copper concentrate	2 342	7 265
Maintenance stores	33 855	34 166
	85 079	85 188
Non-Current		
Ore – at cost	91 809	49 814
Ore – at net realizable value	19 423	45 939
	111 232	95 753
Total inventories	196 311	180 941

During the year, ore inventories were written down by $2.6m (2013:$17.6m).

11 PROPERTY, PLANT AND EQUIPMENT

	Year ended December 31, 2014				
	Land	**Buildings**	**Plant and equipment**	**Rehabilitation**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***
Net book value					
At January 1, 2014:					
Cost	12 453	31 728	542 949	29 106	616 236
Accumulated depreciation	-	(4 771)	(287 268)	(11 783)	(303 822)
January 1, 2014	12 453	26 957	255 681	17 323	312 414
Movement for the year:					
Additions	-	-	9 187	-	9 187
Transfers	-	3 932	48 867	-	52 799
Disposals/write-off	-	-	(774)	(2 420)	(3 194)
Depreciation for the year	-	(2 137)	(62 682)	(5 398)	(70 217)
Exchange differences	(669)	(268)	(3 467)	(888)	(5 292)
At December 31, 2014	11 784	28 484	246 812	8 617	295 697
At December 31, 2014:					
Cost	11 784	36 649	584 283	24 855	657 571
Accumulated depreciation	-	(8 165)	(337 471)	(16 238)	(361 874)
	11 784	28 484	246 812	8 617	295 697

	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)
Depreciation for the year	-	(1 698)	(46 306)	(2 904)	(50 908)
Impairment charge*	-	-	(15 809)	-	(15 809)
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

Plant and equipment includes assets under capital lease net of accumulated depreciation of $32.2m (2013: $45.8m). The assets under capital leases are pledged as security for capital lease liabilities.

*At December 31, 2013, the impairment assessment for the New Zealand Cash-Generating-Unit resulted in an impairment charge of $15.8m.

12 MINING ASSETS

	Year ended December 31, 2014			
	Exploration and evaluation phase	**Development phase**	**In production**	**Total**
	$'000	***$'000***	***$'000***	***$'000***
Net book value				
At January 1, 2014:				
Cost	42 858	71 704	727 906	842 468
Accumulated amortization	-	-	(558 008)	(558 008)
At January 1, 2014	42 858	71 704	169 898	284 460
Movement for the period:				
Additions	2 553	33 457	66 944	102 954
Transfers	-	(86 581)	33 782	(52 799)
Disposals/write-off	-	-	(21)	(21)
Amortization for the period	-	-	(65 665)	(65 665)
Exchange differences	(762)	(409)	(3 092)	(4 263)
At December 31, 2014	44 649	18 171	201 846	264 666
At December 31, 2014:				
Cost	44 649	18 171	792 138	854 958
Accumulated amortization	-	-	(590 292)	(590 292)
	44 649	18 171	201 846	264 666

	Year ended December 31, 2013			
	Exploration and evaluation phase	**Development phase**	**In production**	**Total**
	$'000	***$'000***	***$'000***	***$'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

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.

*At December 31, 2013, the impairment assessment for the New Zealand Cash-Generating-Unit resulted in an impairment charge of $160m.

13 PRIOR YEAR IMPAIRMENT OF ASSETS

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 last six months in 2013. Secondly, market prices of gold were subdued and the Macraes and Reefton mine life was reduced.

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 second year of operations with another 15 years of life to 2029 with potential for further cost optimisations. The Group had determined that there was no indicator of impairment for the Philippines CGU on the basis that the Company's long term outlook for gold and copper prices had not changed. The Group had 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 which resulted in an impairment charge of $193.3 million in 2013.

The Group assessed the existence of impairment indicators at December 31, 2014 and determined that there was no indicator of impairment.

14 INVESTMENTS

	December 31 2014 $'000	*December 31 2013 $'000*
Non-current		
Investments	906	-
	906	-

Represents shares in an unlisted private exploration entity.

15 ASSET RETIREMENT OBLIGATIONS

	December 31 2014 $'000	*December 31 2013 $'000*
Non-Current		
Rehabilitation	32 265	36 320
Movement:		
At January 1	36 320	30 752
Arising during the year/revised estimate	(2 420)	5 104
Accretion	271	1 281
Utilized	(1 119)	(834)
Exchange adjustment	(787)	17
At December 31	32 265	36 320

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 4.11% to 5% (2013: 3.55% to 6.11%). The liability for retirement and remediation on an undiscounted basis is estimated to be approximately $43.3m (2013: $42.6m).

16 INTEREST-BEARING LOANS AND BORROWINGS

	Maturity	December 31 2014 $'000	December 31 2013 $'000
Current			
Capital leases[1]	(note 26)	14 234	16 427
Other loan	04/30/2015	761	990
US$ banking facilities[2]		-	50 000
		14 995	67 417
Non-current			
Capital leases[1]	(note 26)	15 279	28 725
US$ banking facilities[2]	various	87 800	97 800
		103 079	126 525

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 2015 to March 2018.

2. *US$ banking facilities*
   On June 27, 2014, the Group refinanced its corporate debt whereby the previous facilities were consolidated into a $200 million revolving credit facility for general working capital purposes. These facilities with a multinational banking syndicate involved a step down commitment to end by June 2017. At December 31, 2014, the Group had revolving credit facility outstanding of $87.8 million and available undrawn facility of $112.2 million. Under the step down commitment schedule, the $87.8m outstanding amount is due to be repaid after December 31, 2015 and has been classified as non-current. As at January 1, 2015 the revolving credit facility limit decreased to $175 million with undrawn facility of $87.2 million.

Assets Pledged

As security for the Group's banking facilities, the Group's banking syndicate have been granted real property mortgages over titles relevant to the Macraes and Reefton Mines. They also have the ability to enter into real property and chattel mortgages in respect of the Didipio project, and be assigned the Financial or Technical Assistance Agreement, subject to the requirements of applicable laws. Furthermore, certain subsidiaries of the Group have granted security in favour of the banking syndicate over their assets which include shares that they own in various other subsidiaries of the Group.

17 SHARE CAPITAL

Movement in common shares on issue

	December 31 2014 Thousand shares	December 31 2014 $'000	December 31 2013 Thousand shares	December 31 2013 $'000
Balance at the beginning of the period	300 350	647 333	293 518	636 189
Shares issued	-	-	6 762	11 349
Options exercised	1 170	3 224	70	211
Share issue costs	-	-	-	(416)
Balance at the end of the period	301 520	650 557	300 350	647 333

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.

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 2014 $'000	*December 31 2013 $'000*
Balance at start of period	40 332	38 418
Share based compensation expense	2 621	2 555
Forfeited options	(325)	(458)
Exercised options	(1 240)	(183)
Balance at end of period	41 388	40 332
Contributed surplus		
Employee stock based compensation	11 345	10 289
Shareholder options (lapsed on January 1, 2009)	18 083	18 083
Equity portion of convertible notes	11 960	11 960
	41 388	40 332

19 OTHER RESERVES

	December 31 2014 $'000	*December 31 2013 $'000*
Foreign currency translation reserve[1]	35 905	48 796
Available-for-sale equity reserve[2]	-	(820)
Total other reserves	35 905	47 976

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 below reflect the management structure of the Group and the way in which the Group's management reviews business performance. The Group sells its gold bullion to a mint in Australia and sells its copper-gold concentrate to a commodity trader in Singapore.

	New Zealand	Philippines	All other segments	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
Year Ended December 31, 2014					
Revenue					
Sales to external customers	266 790	296 538	-	-	563 328
Inter segment management and gold handling fees	-	-	5 481	(5 481)	-
Total segment revenue	266 790	296 538	5 481	(5 481)	563 328
Result					
Segment result excluding impairment unrealized hedge losses and depreciation and amortization	77 137	181 823	(19 165)	-	239 795
Depreciation and amortization	(98 753)	(30 525)	(283)	-	(129 561)
Inter segment management and gold handling fees	(2 088)	(3 393)	5 481	-	-
Gain/(loss) on fair value of derivative instruments	(876)	-	-	-	(876)
Total segment result before interest and tax	(24 580)	147 905	(13 967)	-	109 358
Net interest expense					(11 206)
Income tax benefit/(expense)					13 383
Net profit/(loss) for the year					111 535
Assets					
Additions to property, plant, equipment and mining assets	63 058	46 881	2 202	-	112 141
Total segment assets	284 315	606 186	28 695	-	919 196

	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

21 STOCK-BASED COMPENSATION

The total share based payment expense for 2014 was $2.3m (2013: $2.1m).

(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 under this plan.

(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, 2014		*December 31, 2013*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the year	5 785 975	A$2.52	6 084 138	A$2.51
Granted	-	-	-	-
Forfeited	-	-	(228 162)	A$2.87
Expired	(881 976)	A$2.58	(2)	A$0.00
Exercised	(1 170 059)	A$1.75	(69 999)	A$0.43
Balance at the end of the year	**3 733 940**	**A$2.71**	**5 785 975**	**A$2.52**
Exercisable at the end of the year	**3 607 274**	**A$2.72**	**4 849 328**	**A$2.53**

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 had been assumed to be nil on the basis that no dividends had been declared previously.

(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 2.99 years.

At December 31, 2014, $nil (2013: $0.3m) remains to be expensed over the life of the options.

21 STOCK-BASED COMPENSATION (continued)

(b) Performance Share Rights Plan

The Managing Director and certain employees of the Group, as designated by the Board of Directors, have been 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 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 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, 2014		*December 31, 2013*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the year	3 582 625	A$0.00	2 186 270	A$0.00
Granted	1 886 923	A$0.00	2 047 623	A$0.00
Forfeited	(515 861)	A$0.00	(651 268)	A$0.00
Exercised	-	-	-	-
Balance at the end of the year	**4 953 687**	**A$0.00**	**3 582 625**	**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 had been assumed to be nil on the basis that no dividends had been declared previously.

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
18/02/2014	0%	64.92%	1.48%	3	0.00	2.52	1.8839
30/05/2014	0%	65.17%	1.46%	3	0.00	2.45	2.1663

(c) 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:

21 STOCK-BASED COMPENSATION (continued)

WAEP = weighted average exercise price

	December 31, 2014		*December 31, 2013*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the year	11,921,667	C$0.16	16,235,000	C$0.23
Granted	-	-	-	-
Forfeited	(581,667)	C$0.18	(958,333)	C$0.17
Expired	(7,545,000)	C$0.16	(3,355,000)	C$0.46
Balance at the end of the year	**3,795,000**	**C$0.17**	**11,921,667**	**C$0.16**
Exercisable at the end of the year	**3,795,000**	**C$0.17**	**11,921,667**	**C$0.16**

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.

Dividend yield had been assumed to be nil on the basis that no dividends had been declared previously.

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 year had an exercise price of between C$0.11 and C$0.21 and a weighted average remaining life of 1.45 years.

At December 31, 2014, the options had been fully expensed.

22 EMPLOYEE BENEFITS

(a) Leave entitlements liability

	December 31 2014 $'000	*December 31 2013 $'000*
Aggregate employee benefit liability is comprised of:		
Employee benefits provision - current	6 994	6 068
Employee benefits provision - non-current	1 126	1 243
	8 120	7 311

Employee Benefits Provision - Current

	December 31 2014 $'000	*December 31 2013 $'000*
Balance at beginning	6 068	6 971
Arising during the year	7 532	5 941
Utilized	(6 199)	(6 885)
Exchange rate adjustment	(407)	41
Closing Balance	6 994	6 068

22 EMPLOYEE BENEFITS (continued)

Employee Benefits Provision - Non-Current

	December 31 2014 $'000	*December 31 2013 $'000*
Balance at beginning	1 243	504
Arising during the year	362	739
Utilized	(492)	-
Exchange rate adjustment	13	-
Closing Balance	1 126	1 243

(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, trade and other receivables and hedging instruments (specifically the gold call/put options 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, trade and other receivables and gold call/put options 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, 2014, the Group's cash was mainly held with one major bank with AA- credit rating with an exposure of 89% (2013: 71%). At December 31, 2014, the Group's gold call/put options were with two financial institutions with credit ratings of A and A-.

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$ 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.

23 FINANCIAL INSTRUMENTS (continued)

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$ revolving credit facilities to 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 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.

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, 2014	*Carrying amount $'000*	*Contractual cash flows $'000*	*12 months or less $'000*	*1-3 years $'000*	*3+ years $'000*
Non-derivative financial liabilities					
Capital leases	29 513	31 247	15 420	13 556	2 271
US$ banking facilities	87 800	98 029	5 122	92 907	-
Insurance loans	761	761	761	-	-
	118 074	130 037	21 303	106 463	2 271

Year ended December 31, 2013	*Carrying amount $'000*	*Contractual cash flows $'000*	*12 months or less $'000*	*1-3 years $'000*	*3+ years $'000*
Non-derivative financial liabilities					
Capital leases	45 152	48 705	18 798	25 518	4 389
US$ 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

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. More details on the hedges in place are found in Note 9.

The Group has entered into series of bought gold put options with average price range from NZ$1,500 to NZ$1,628 per ounce and series of sold gold call options with average price range from NZ$1,600 to NZ$1,787 per ounce to lower commodity price risk exposure. As at December 31, 2014 there were 296,948 ounces of gold options remaining for the period January 2015 to December 2016. In respect of managing copper price risk exposure due to typical long lead time in settling copper sales, the Group fixes the price of copper with the buyer on part of the shipment once the latter reaches the smelter.

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, 2014 if the US dollar had depreciated/ appreciated by 10% with all other variables remaining constant, the effect on the profit before tax would be $3.3m higher/lower (2013: $1.0m loss lower/higher) due to exchange gains/ losses on cash and cash equivalents. The impact on other equity will be $0.5m (2013: $1.5m).

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, 2014 if interest rates had increased/decreased by 100 basis points from the year end rates with all other variables held constant, the profit before tax for the year would have been $0.8m lower/higher (2013: $1.0m loss lower/higher), as a result of higher/lower interest income from cash and cash equivalents and higher/lower interest expense from the US$ banking facilities and capital leases. The impact on other equity is nil for both 2014 and 2013.

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	
	2014	*2013*
	$'000	*$'000*
Fixed rate		
Financial Assets		
Trade and Other receivables	86 472	72 166
	86 472	72 166
Financial Liabilities		
Trade payables	63 466	55 993
Insurance loan	761	990
Capital leases	29 513	42 912
	93 740	99 895
Floating rate		
Financial Assets		
Cash and cash equivalents	51 218	24 788
	51 218	24 788
Financial Liabilities		
Capital leases	-	2 238
US$ banking facilities	87 800	147 800
	87 800	150 038

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% change in the US dollar against other foreign currency exchange rates would have increased/(decreased) equity and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

December 31, 2014		**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	51 218	(422)	-	422	-	3 334	-	(3 334)	-
Other assets	86 472	-	-	-	-	-	-	-	-
Financial Liabilities									
Capital leases	29 513	-	-	-	-	-	(462)	-	462
Other liabilities	152 027	1 238	-	(1 238)	-	-	-	-	-
Total	319 230	816	-	(816)	-	3 334	(462)	(3 334)	462

23 FINANCIAL INSTRUMENTS (continued)

December 31, 2013		**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	24 788	-	-	-	-	1 036	-	(1 036)	-
Other assets	72 166	-	-	-	-	-	-	-	-
Financial Liabilities									
Capital leases	45 152	27	-	(27)	-	-	(1 531)	-	1 531
Other liabilities	204 783	981	-	(981)	-	-	-	-	-
Total	346 889	1 008	-	(1 008)	-	1 036	(1 531)	(1 036)	1 531

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 2014 $'000	*December 31 2013 $'000*
Total Debt (as shown in the statement of financial position)*	118 074	193 942
Less: Cash and cash equivalents	(51 218)	(24 788)
Net Debt	66 856	169 154
Total Equity (as shown in the statement of financial position)	695 474	591 730
Net debt to equity ratio	1:10	1:3

* Interest bearing liabilities

The Group is subject to a number of externally imposed capital requirements relating to financing agreements; as at December 31, 2014 and 2013 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, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	$'000	$'000	$'000
Recurring measurements				
Derivatives embedded in accounts receivable	-	(1 407)	-	(1 407)
Available-for-sale financial assets	56	-	-	56
Gold put/call options	-	9 342	-	9 342
Investments	-	-	906	906
Total assets	56	7 935	906	8 897

December 31, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	$'000	$'000	$'000
Recurring measurements				
Derivatives embedded in accounts receivable	-	(797)	-	(797)
Available for sale financial assets	333	-	-	333
Gold put/call options	-	10 120	-	10 120
Total assets	333	9 323	-	9 656

26 COMMITMENTS

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

	December 31 2014 $'000	*December 31 2013 $'000*
Within 1 year	4 151	4 578
Within 1 to 2 years	2 625	754
Within 2 to 3 years	1 332	356
Within 3 to 4 years	274	75
Within 4 to 5 years	285	-
More than five years	72	-
	8 739	5 763

Operating leases are used to obtain various 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 2014 $'000	*December 31 2013 $'000*
Within 1 year	15 420	18 798
Within 1 to 2 years	10 577	15 735
Within 2 to 3 years	2 979	9 783
Within 3 to 4 years	2 271	2 118
Within 4 to 5 years	-	2 272
More than five years	-	-
	31 247	48 706
Future finance charges	(1 734)	(3 554)
Present value of minimum lease payments	29 513	45 152
Reconciled to:		
Current interest-bearing liability (Note 16)	14 234	16 427
Non-Current interest-bearing liability (Note 16)	15 279	28 725
Total	29 513	45 152

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 2014 which are expected to continue in 2015. These royalties represent 1% to 2% of gold sales and were $11m in 2014 (2013: $7.3m).

(d) Capital commitments

At December 31, 2014, the Group has commitments of $16.8m (2013: $19.9m), 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 2014 $'000	*December 31 2013 $'000*
Within one year:		
- purchase of property, plant and equipment	13 458	11 137
- development of mining assets	3 388	8 777
	16 846	19 914

The Group is committed to annual expenditure of approximately $0.3m (2013: $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 and a further 3 years over which any remaining balance is amortised, 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 land claim owners are included as part of the calculation of 60% payable.

27 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, 2014 $'000	**December 31, 2013 $'000**
Salaries and short-term employee benefits	4 647	4 526
Post-employment benefits	151	176
Share-based payments	1 329	1 017
Termination benefits	-	331
Total	6 127	6 050

(b) Loans to key management personnel

There are no loans to key management personnel during the year (December 2013: Nil).

(c) Other transactions with key management personnel

There are no other transactions with key management personnel during the year (December 2013: Nil).

28 NON-CASH INVESTING AND FINANCING ACTIVITIES

	Year ended	
	December 31, 2014	December 31, 2013
	$'000	$'000
Acquisition of plant and equipment by means of finance leases	2 481	9 984

29 CONTINGENCIES

(a) In 2009, Pacific Rim, now a wholly owned subsidiary of the Company, filed an arbitration claim with the International Centre for the Settlement of Investment Disputes (ICSID) in Washington D.C. in accordance with the El Salvador Investment Law, seeking monetary compensation from the Government of El Salvador ("GOES"). This followed the passive refusal of the GOES to issue a decision on Pacific Rim's application for environmental and mining permits for El Dorado. The hearing of the substantive issues took place in September 2014 and the parties are now awaiting a decision from the ICSID Tribunal. Notwithstanding the current arbitration, OceanaGold will 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 could result in impairment.

(b) 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 was filed in 2008 whereby a group of Non-Governmental Organisations (NGOs) and individuals challenged the constitutionality of the Philippines Mining Act ("Mining Act"), the Financial or Technical Assistance Agreements ("FTAAs") and the Mineral Production Sharing Agreements ("MPSAs") in the Philippines Supreme Court. After some years of slow development, the case proceeded to oral hearing in 2013 and is currently awaiting a decision from the Supreme Court.

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.

(c) A wholly owned subsidiary is party to an addendum agreement with a syndicate of original claim owners, led by Mr J. Gonzales, in respect of a portion of the FTAA area ("Addendum Agreement"). Certain disputed claims for payment and other obligations under the Addendum Agreement made by Gonzales are subject to arbitration proceedings, which are presently suspended due to the irrevocable resignation of the arbitrator. Mr. Gonzales passed away in late 2014 and the Company expects to be informed of the substitute party in the arbitration proceedings in due course. Further, a third party is also disputing Mr. Gonzales' interest in the Didipio Project. The Company is awaiting on the outcome of any determination or settlement negotiation pertaining to Gonzales' claim as against the third party before proceeding with this matter.

(d) 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. Other than as disclosed in these financial statements and other public filings, there are no claims that the Company believes will result in material losses as at the date of these financial statements.

(e) 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 $34.6 million (December 31, 2013: $36.6 million).

(f) The Group has provided a cash operating bond to the New Zealand Department of Conservation of $0.4 million (December 31, 2013: $0.4 million) which is refundable at the end of the Globe Progress mine. This amount is included in the total referred to in (e) above.

(g) In the normal course of 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.

(h) 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, 2014 the outstanding rental obligations under the capital lease are $31.2 million (December 31, 2013: $48.7 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

29 CONTINGENCIES (continued)

(i) The Group has provided guarantees in respect of the $200 million banking facilities (Note 16). At December 31, 2014 the total outstanding balance under these facilities is $87.8 million (December 31, 2013: $147.8 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants. As at January 1, 2015 the revolving credit facility limit decreased to $175 million under a step-down commitment schedule.

30 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On February 19, 2015, the Company's Board of Directors approved a dividend for 2014 of US$0.04 per share on the common shares of the Company (approximately US$12 million), payable on April 30, 2015 to shareholders of record on March 2, 2015.

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.