OCEANAGOLD CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FIRST QUARTER REPORT

March 31ST, 2014

UNAUDITED

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2014

(in United States dollars)	*Notes*	*March 31 2014 $'000*	*December 31 2013 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		42 060	24 788
Trade and other receivables	5	36 634	27 665
Derivatives and other financial assets	6	8 941	7 783
Inventories	7	92 892	85 188
Prepayments		4 706	5 764
Total current assets		185 233	151 188
Non-current assets			
Trade and other receivables	5	46 309	44 501
Derivatives and other financial assets	6	843	3 004
Inventories	7	107 260	95 753
Deferred tax assets	8	5 612	5 506
Property, plant and equipment	9	317 492	312 414
Mining assets	10	281 905	284 460
Total non-current assets		759 421	745 638
TOTAL ASSETS		944 654	896 826
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		50 626	55 993
Employee benefits	11	6 195	6 068
Interest-bearing loans and borrowings	12	65 982	67 417
Total current liabilities		122 803	129 478
Non-current liabilities			
Other obligations		2 040	1 965
Employee benefits	11	749	1 243
Deferred tax liabilities	8	15 007	9 565
Interest-bearing loans and borrowings	12	103 194	126 525
Asset retirement obligations		37 912	36 320
Total non-current liabilities		158 902	175 618
TOTAL LIABILITIES		281 705	305 096
SHAREHOLDERS' EQUITY			
Share capital	13	647 903	647 333
Accumulated losses		(84 966)	(143 911)
Contributed surplus	16	40 538	40 332
Other reserves	17	59 474	47 976
TOTAL SHAREHOLDERS' EQUITY		662 949	591 730
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		944 654	896 826

On behalf of the Board of Directors:

James E. Askew
Director
29 April, 2014

J. Denham Shale
Director
29 April, 2014

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter ended March 31, 2014

(in United States dollars)	*Notes*	*Three months ended March 31 2014 $'000*	*Three months ended March 31 2013 $'000*
Revenue	4	170 355	95 639
Cost of sales, excluding depreciation and amortization		(63 183)	(39 875)
Depreciation and amortization		(33 366)	(29 547)
General and administration expenses		(8 315)	(6 162)
Operating profit		**65 491**	**20 055**
Other expenses			
Interest expense and finance costs		(2 536)	(6 608)
Foreign exchange gain/(loss)		2 916	(418)
Gain/(loss) on disposal of property, plant and equipment		-	(2 139)
Gain/(loss) on fair value of available-for-sale assets		(820)	-
Total other expenses		(440)	(9 165)
Gain/(loss) on fair value of undesignated hedges		(1 283)	813
Interest income		106	232
Other income/(expense)		77	31
Profit/(loss) before income tax		63 951	11 966
Income tax expense		(5 006)	(4 907)
Net Profit/(Loss)		**58 945**	**7 059**
Other comprehensive income that maybe reclassified to profit and loss in a future period, net of tax			
Net change in fair value of available-for-sale assets		-	(1 002)
Currency translation gain/(loss)		10 678	4 907
Available- for-sale reserve transferred to profit and loss		820	**-**
Total other comprehensive income (net of tax)		**11 498**	**3 905**
Comprehensive income/(loss) attributable to shareholders		**70 443**	**10 964**
Net earnings/(loss) per share:			
- basic	22	$0.20	$0.02
- diluted	22	$0.19	$0.02

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter ended March 31, 2014

(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			11 498	58 945	70 443
Employee share options:					
Share based payments	-	457	-	-	457
Forfeiture of options	-	(27)	-	-	(27)
Exercise of options	570	(224)	-	-	346
Issue of shares (net of costs)	-	-	-	-	-
Balance at March 31, 2014	**647 903**	**40 538**	**59 474**	**(84 966)**	**662 949**
Balance at January 1, 2013	**636 189**	**38 418**	**31 307**	**(96 054)**	**609 860**
Comprehensive income/(loss) for the period	-	-	3 905	7 059	10 964
Employee share options:					
Share based payments	-	560	-	-	560
Forfeiture of options	-	(52)	-	-	(52)
Exercise of options	-	-	-	-	-
Issue of shares (net of costs)	(412)	-	-	-	(412)
Balance at March 31, 2013	**635 777**	**38 926**	**35 212**	**(88 995)**	**620 920**

The accompanying notes are an integral part of these consolidated interim financial statements

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the Quarter ended March 31, 2014

(in United States dollars)	*Three months ended March 31 2014 $'000*	*March 31 2013 $'000*
Operating activities		
Net profit/(loss)	58 945	7 059
Charges/(credits) not affecting cash		
Depreciation and amortization expense	33 366	29 547
Net (gains)/loss on disposal of property, plant & equipment	-	2 139
Non-cash interest charges	-	3 091
Unrealized foreign exchange (gains)/losses	(2 916)	418
Stock based compensation charge	430	508
(Gain)/loss on fair value of undesignated hedges	1 283	(813)
Non-cash transaction costs	115	941
Future tax expense/(benefit)	5 006	4 907
Non-cash AFS assets (gain)/loss	820	-
Changes in non-cash working capital		
(Increase)/decrease in trade and other receivables	(7 323)	395
(Increase)/decrease in inventory	(12 334)	(6 729)
(Decrease)/increase in accounts payable	(4 615)	(19 645)
(Decrease)/increase in other working capital	511	(377)
Net cash provided by/(used in) operating activities	73 288	21 441
Investing activities		
Proceeds from sale of property, plant and equipment	-	1 008
Payments for property, plant and equipment	(1 769)	(7 903)
Payments for mining assets: exploration and evaluation	(402)	(1 436)
Payments for mining assets: development	(5 859)	(30 064)
Payments for mining assets: in production	(16 117)	(26 587)
Net cash provided by/(used in) for investing activities	(24 147)	(64 982)
Financing activities		
Proceeds from issue of shares	346	-
Payments for equity raising costs	-	(412)
Repayments of finance lease liabilities	(5 488)	(5 031)
Repayments of borrowings	(20 056)	(40 267)
Proceeds from borrowings	-	20 000
Net cash provided by/(used in) financing activities	(25 198)	(25 710)
Effect of exchange rates changes on cash - gain/(loss)	(6 671)	123
Net increase/(decrease) in cash and cash equivalents	17 272	(69 128)
Cash and cash equivalents at beginning of period	24 788	96 502
Cash and cash equivalents at end of period	42 060	27 374
Cash interest paid	(2 618)	(553)
Cash interest received	106	232

Non-cash investing and financing activities - Refer Note 20

The accompanying notes to the Interim 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 is the ultimate parent, and together with its subsidiaries, forms the OceanaGold Corporation consolidated group (the “Group”).

The Group is engaged in exploration, development and operation of gold mines and other mineral mining activities. The Group is a significant gold producer and operates two open cut mines and an underground mine at Macraes and Reefton in New Zealand. The Group also operates an open cut gold-copper mine at Didipio in the Philippines.

The Group prepares its unaudited interim consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), as applicable to the preparation of interim financial statements including IAS 34. The policies applied are based on IFRS issued and outstanding as of the day the Board of Directors approved the statements. These interim financial statements do not include all of the notes of the type normally included in an annual financial report and hence should be read in conjunction with the Group’s annual financial statements for the year ended December 31, 2013, as they provide an update of previously reported information.

Except as described below, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2 ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS

The following accounting policies are effective for future periods:

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

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

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

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

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

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

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

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

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

IFRS 3 – Business combinations
The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, ‘Financial instruments: Presentation’. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39.

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

2 ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS (continued)

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

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

i. Mining assets

The future recoverability of mining assets (Note 10) including capitalized exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related tenements itself or, if not, whether it successfully recovers the related mining assets through sale.

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

Exploration and evaluation expenditure (Note 10) is capitalized if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. These assets are allocated based on the geographical location of the asset. To the extent that capitalized exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

ii. Impairment of assets

The Group assesses each Cash-Generating Unit (CGU), 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, future operating development and sustaining capital requirements and operating performance (including the magnitude and timing of related cash flows).

iii. Net realizable value of inventories

The Group reviews the carrying value of its inventories (Note 7) 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.

3 CRITICAL ESTIMATES AND JUDGEMENTS (continued)

v. Determination of ore reserves and resources

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

Such changes in reserves could impact on depreciation and amortization rates, asset carrying values and provisions for rehabilitation.

vi. Taxation

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

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

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

vii. Non-Controlling Interest

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

At the same time, the third party is also involved in a legal dispute with another party over the ownership of the free carried interest. At March 31, 2014 no such equity has been issued to any third party. 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

	March 31 2014 $'000	*March 31 2013 $'000*
Gold sales		
Bullion	83 144	95 639
Concentrate sales	40 154	-
	123 298	95 639
Copper sales		
Concentrate sales	53 791	16 535
Silver sales		
Concentrate sales	1 977	-
	179 066	112 174
Less concentrate treatment, refining and selling costs	(8 711)	-
Less concentrate sales capitalized	-	(16 535)
Total Revenue	170 355	95 639

Provisional Sales

We have provisionally priced gold and copper concentrate sales for where finalization subject to quotational periods is outstanding at the reporting date. For the quarter ended March 31, 2014, our provisionally priced gold and copper concentrate sales included provisional pricing loss of $1.5 m. Commercial copper concentrate sales commenced on April 1, 2013.

At March 31, 2014, our provisionally priced copper and gold sales subject to final settlement were recorded at average prices of $6,600/t and $1,301/oz, respectively.

5 TRADE AND OTHER RECEIVABLES

	March 31 2014 $'000	*December 31 2013 $'000*
Current		
Trade receivables	30 448	21 642
Other receivables	6 186	6 023
	36 634	27 665
Non-Current		
Other receivables	46 309	44 501
	46 309	44 501

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

6 DERIVATIVES AND OTHER FINANCIAL ASSETS

	March 31 2014 $'000	*December 31* 2013 *$'000*
Current		
Gold put/call options[1]	8,748	7 501
Other assets[2]	193	282
	8 941	7 783
Non-Current		
Other assets[2]	26	52
Available-for-sale financial assets[3]	236	333
Gold put/call options[1]	581	2 619
	843	3 004
	9 784	10 787

1. At March 31, 2014, this represents two series of bought gold put options with strike price of NZ$1,600 and NZ$1,500 per ounce and two series of sold gold call options with strike price of NZ$1,787 and NZ$1,600 per ounce expiring June 2015 for 69,210 ounces of gold and December 2015 for 181,252 ounces of gold respectively.

   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 remaining outstanding at December 31, 2013.

6 DERIVATIVES AND OTHER FINANCIAL ASSETS (continued)

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.

7 INVENTORIES

	March 31 2014 $'000	*December 31* 2013 *$'000*
Current		
Gold in circuit	20 655	14 675
Ore – at cost	30 793	28 415
Gold on hand	693	667
Copper concentrate	1 434	7 265
Maintenance stores	39 317	34 166
	92 892	85 188
Non-Current		
Ore – at cost	55 158	49 814
Ore – at net realizable value	52 102	45 939
	107 260	95 753
Total inventories	200 152	180 941

During the quarter, ore inventories were written down by $1.1m (for the year ended December 31, 2013:$17.6m).

8 DEFERRED INCOME TAX

	March 31 2014 $'000	*December 31 2013 $'000*
Deferred income tax		
Deferred income tax at period end relates to the following:		
Deferred tax assets		
Losses available for offset against future taxable income	33 300	37 011
Provisions	11 002	12 210
Other	(239)	(1 624)
Gross deferred tax assets	44 063	47 597
Set off deferred tax liabilities	(38 451)	(42 091)
Net non-current deferred tax assets	5 612	5 506
Deferred tax liabilities		
Mining assets	(14 831)	(16 365)
Property, plant and equipment	(36 591)	(35 291)
Inventory	(2 036)	-
Gross deferred tax liabilities	(53 458)	(51 656)
Set off deferred tax assets	38 451	42 091
Net non-current deferred tax liabilities	(15 007)	(9 565)

9 PROPERTY, PLANT AND EQUIPMENT

	March 31, 2014				
	Land	Buildings	Plant and equipment	Rehabilitation	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Net book value					
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)
At December 31, 2013	12 453	26 957	255 681	17 323	312 414
Movement for the period:					
Additions	-	-	1 661	-	1 661
Transfers	-	1 694	12 884	-	14 578
Disposals/transfers	-	-	(341)	-	(341)
Depreciation for the period	-	(523)	(14 656)	(2 545)	(17 724)
Exchange differences	659	286	4 419	1 540	6 904
At March 31, 2014	13 112	28 414	259 648	16 318	317 492
At March 31, 2014:					
Cost	13 112	35 540	581 843	30 646	661 141
Accumulated depreciation	-	(7 126)	(322 195)	(14 328)	(343 649)
	13 112	28 414	259 648	16 318	317 492

Plant and equipment includes assets under capital lease net of accumulated depreciation of $44.3m (December 31, 2013: $45.8m). The assets under capital leases are pledged as security for capital lease liabilities.

10 MINING ASSETS

	March 31, 2014			
	Exploration and evaluation phase	Development phase	In production	Total
	$'000	*$'000*	*$'000*	*$'000*
Net book value				
At December 31, 2013:				
Cost	42 858	71 704	727 906	842 468
Accumulated amortization	-	-	(558 008)	(558 008)
At December 31, 2013	42 858	71 704	169 898	284 460
Movement for the period:				
Additions	402	5 858	16 985	23 245
Transfers	-	(14 578)	-	(14 578)
Disposals/Write-off	-	-	(22)	(22)
Amortization for the period	-	-	(14 487)	(14 487)
Exchange differences	674	(126)	2 739	3 287
At March 31, 2014	43 934	62 858	175 113	281 905
At March 31, 2014:				
Cost	43 934	62 858	493 518	600 310
Accumulated amortization	-	-	(318 405)	(318 405)
	43 934	62 858	175 113	281 905

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.

11 EMPLOYEE BENEFITS

(a) Leave entitlements liability

Aggregate employee benefit liability is comprised of:	*March 31 2014 $'000*	*December 31 2013 $'000*
Employee benefit provisions - current	6 195	6 068
Employee benefit provisions - non-current	749	1 242
	6 944	7 310

(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.

12 INTEREST-BEARING LOANS AND BORROWINGS

	Maturity	*March 31 2014 $'000*	*December 31 2013 $'000*
Current			
Capital leases[1]	various	15 731	16 427
Other loan	04/30/2014	251	990
US$ banking facilities[2]	06/30/2014	25 000	25 000
US$ banking facilities[2]	12/31/2014	25 000	25 000
		65 982	67 417
Non-current			
Capital leases[1]	various	25 394	28 725
US$ banking facilities[2]	06/30/2015	77 800	97 800
		103 194	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 March 2014 to March 2018.

2. *US$ banking facilities*
   Term and revolving credit facilities, totaling US$177.8m were put in place and used for repayment of the convertible notes that matured in December 2012 and December 2013 and for general working capital purposes. These facilities were negotiated with a multinational banking syndicate, have common terms and will mature on June 30, 2015. Interest on these facilities is based on floating US$ LIBOR plus a margin. The first principal repayment was made on December 20, 2013 with the next one due June 30, 2014. At March 31, 2014, the Group had term and revolving credit facilities owing of US$127.8m and available undrawn facilities of US$50m.

Assets Pledged

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

13 SHARE CAPITAL

Movement in common shares on issue

	March 31 2014 Thousand shares	*March31 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	217	570	6 762	11 349
Options exercised	-	-	70	211
Share issue costs	-	-	-	(416)
Balance at the end of the period	300 567	647 903	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 Interest ("CDI") 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.

14 SEGMENT INFORMATION

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

	New Zealand $'000	Philippines $'000	Others $'000	Elimination $'000	Total $'000
Quarter Ended March 31, 2014					
Revenue					
Sales to external customers	75 552	94 803	-	-	170 355
Inter segment management and gold handling fees	-	-	141	(141)	-
Total Segment revenue	75 552	94 803	141	(141)	170 355
Result					
Segment result excluding unrealized hedge losses and depreciation and amortization	39 135	65 191	(3 296)	-	101 030
Depreciation and amortization	(24 864)	(8 499)	(3)	-	(33 366)
Inter segment management and gold handling fees	(141)	-	141	-	-
Gain/(loss) on fair value of derivative instruments	(1 283)	-	-	-	(1 283)
Total segment result before interest and tax	12 847	56 692	(3 158)	-	66 381
Net interest expense					(2 430)
Income tax benefit/(expense)					(5 006)
Net profit/(loss) for the period					58 945
Assets					
Total Segment assets at March 31, 2014	355 067	559 593	29 994	-	944 654

14 SEGMENT INFORMATION (continued)

	New Zealand $'000	Philippines $'000	Others $'000	Elimination $'000	Total $'000
Quarter Ended March 31, 2013					
Revenue					
Sales to external customers	95 639	-	-	-	95 639
Inter segment management and gold handling fees	-	-	191	(191)	-
Total Segment revenue	95 639	-	191	(191)	95 639
Result					
Segment result excluding unrealized hedge losses and depreciation and amortization	53 491	(2 273)	(4 142)	-	47 076
Depreciation and amortization	(29 484)	(57)	(6)	-	(29 547)
Inter segment management and gold handling fees	(191)	-	191	-	-
Gain/(loss) on fair value of derivative instruments	(75)	-	888	-	813
Total segment result before interest and tax	23 741	(2 330)	(3 069)	-	18 342
Net interest expense					(6 376)
Income tax benefit/(expense)					(4 907)
Net profit/(loss) for the period					7 059
Assets					
Total Segment assets at March 31 ,2013	554 689	464 827	4 627	-	1 024 143

15 STOCK-BASED COMPENSATION

(a) Executive share options plan

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

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

(i) Stock Option movements

The following table reconciles the outstanding share options granted under the executive share option scheme at the beginning and the end of the period:

WAEP = weighted average exercise price

	March 31, 2014		*December 31, 2013*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	5 785 975	A$2.52	6 084 138	A$2.51
Granted	-	-	-	-
Forfeited	-	-	(228 162)	A$2.87
Expired	(21 114)	A$2.70	(2)	A$0.00
Exercised	(217 248)	A$1.30	(69 999)	A$0.43
Balance at the end of the period	**5 547 613**	**A$2.56**	**5 785 975**	**A$2.52**
Exercisable at the end of the period	**5 184 282**	**A$2.57**	**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 the purposes of the valuation. 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.

15 STOCK-BASED COMPENSATION (continued)

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

(ii) Balance at end of the period

The share options on issue at the end of the financial period had an exercise price of between A$0.00 and A$3.94 and a weighted average remaining life of 3.42 years.

(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 plan movements

The following table reconciles the outstanding rights granted under the performance share rights plan at the beginning and the end of the period:

WAEP = weighted average exercise price

	March 31, 2014		*December 31, 2013*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	3 582 625	A$0.00	2 186 270	A$0.00
Granted	-	-	2 047 623	A$0.00
Forfeited	(53 488)	A$0.00	(651 268)	A$0.00
Exercised	-	-	-	-
Balance at the end of the period	**3 529 137**	**A$0.00**	**3 582 625**	**A$0.00**
Exercisable at the end of the period	**-**	**-**	**-**	**-**

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

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

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

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

(ii) Balance at end of the period

The share options on issue at the end of the financial period had an exercise price of A$0.00 and a weighted average remaining life of 1.47 years.

(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 period:

15 STOCK-BASED COMPENSATION (continued)

WAEP = weighted average exercise price

	March 31, 2014		*December 31, 2013*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	11,921,667	C$0.16	16,235,000	C$0.23
Granted	-	-	-	-
Forfeited	(325,000)	C$0.18	(958,333)	C$0.17
Expired	-	-	(3,355,000)	C$0.46
Balance at the end of the period	**11,596,667**	**C$0.16**	**11,921,667**	**C$0.16**
Exercisable at the end of period	**11,596,667**	**C$0.16**	**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 Pacific Rim 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 has been assumed to be nil on the basis that no dividends have been declared for the 2013 or any previous financial year.

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

(ii) Balance at end of the period

The share options on issue at the end of the financial period had an exercise price of between C$0.11 and C$0.21 and a weighted average remaining life of 1.15 years.

16 CONTRIBUTED SURPLUS MOVEMENT

	March 31 2014 $'000	*December 31 2013 $'000*
Balance at start of period	40 332	38 418
Share based compensation expense	457	2 555
Forfeited options	(27)	(458)
Exercised options	(224)	(183)
Balance at end of period	40 538	40 332
Contributed surplus		
Employee stock based compensation	10 495	10 289
Shareholder options (lapsed on January 1, 2009)	18 083	18 083
Equity portion of convertible notes	11 960	11 960
	40 538	40 332

17 OTHER RESERVES

	March 31 2014 $'000	*December 31 2013 $'000*
Foreign currency translation reserve[1]	59 474	48 796
Available-for-sale equity reserve[2]	-	(820)
Total other reserves	59 474	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.

18 CONTINGENCIES

(a) The Group has issued bonds in favour of various New Zealand authorities (Ministry of Economic Development – Crown Minerals, Otago Regional Council, Waitaki District Council, West Coast Regional Council, Buller District Council, Timberlands West Coast Limited and Department of Conservation) as a condition for the grant of mining and exploration privileges, water rights and/or resource consents, and rights of access for the Macraes Gold Mine and the Globe Progress Mine at the Reefton Gold Project which amount to approximately $38.5 million (December 31, 2013: $36.6 million).

(b) 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 (a) above.

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

(d) The Group has provided a guarantee in respect of a capital lease agreement for certain mobile mining equipment entered into by a controlled entity. At March 31, 2014 the outstanding rental obligations under the capital lease are $44.2 million (December 31, 2013: $48.7 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

(e) The Group has provided guarantees in respect of the US$177.8 million banking facilities (note 12). At March 31, 2014 the total outstanding balance under these facilities is US$127.8 million (December 31, 2013: 147.8 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

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

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

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

18 CONTINGENCIES (continued)

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

19 COMMITMENTS

Capital commitments

At March 31, 2014, the Group has commitments of $14.6m (December 31, 2013 $19.9 m), 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:

	March 31 2014 $'000	*December 31 2013 $'000*
Within one year:		
-purchase of property, plant and equipment	5 759	11 137
- development of mining assets	8 833	8 777
	14 592	19 914

Other commitments

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

20 NON-CASH INVESTING AND FINANCING ACTIVITIES

	Three months ended	
	March 31 2014 $'000	*March 31 2013 $'000*
Acquisition of plant and equipment by means of finance leases	-	6 339

21 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).

21 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

31 March 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring measurements				
Derivatives embedded in accounts receivable	-	(1 524)	-	(1 524)
Available for sale financial assets	236	-	-	236
Gold put/call options	-	9 329	-	9 329
Total net assets	236	7 805	-	8 041

31 December 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
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 net assets	333	9 323	-	9 656

There are no unrecognized financial instruments held by the Group at March 31, 2014 (2013: nil).

22 EARNINGS PER SHARE

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

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

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

	Three months ended	
	March 31 2014 $'000	*March 31 2013 $'000*
Numerator:		
Net income attributable to equity holders from continuing operations (used in calculation of basic earnings per share)	58 945	7 059
Interest on convertible notes	-	2 017
Net income attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)	58 945	9 076
	No. of shares '000	*No. of shares '000*
Denominator:		
Weighted average number of common shares (used in calculation of basic earnings per share)	300 421	293 518
Effect of dilution:		
Share options	5 519	5 041
Convertible notes	-	28 423
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	305 940	326 982
Net earnings/(loss) per share:		
- basic	$0.20	$ 0.02
- diluted	$0.19	$ 0.02

23 RELATED PARTIES

There were no significant related party transactions during the period.

24 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material subsequent events that have arisen since the end of the financial period to the date of this report that have not otherwise been dealt with.