OCEANAGOLD CORPORATION

APPENDIX 4D - HALF YEAR REPORT
SIX MONTHS ENDED JUNE 30 2014

Results for announcement to the market

Financial Results	June 2014 US$'000	June 2013 US$'000	Change US$'000	Change %
Revenue from ordinary activities	297,835	226,852	70,983	Up 31.3%
Profit/(loss) from ordinary activities after tax attributable to members	56,822	(63,433)	120,255	Up > 100%
Net profit/(loss) after tax attributable to members	56,822	(63,433)	120,255	Up > 100%

Net Tangible Asset	June 2014	June 2013
Net tangible assets per security	US$2.21	US$1.86

Dividends

In line with company policy, the Directors do not propose declaring an interim dividend for 2014. There is no dividend reinvestment plan for the Company.

Explanation of Results

Net profit after tax for the six months ended 30 June 2014 was $56.8 million compared to a net loss of $63.4 million for the same period of 2013. The results in the first half of 2014 include six months of commercial operation at the Didipio Mine in the Philippines whereas during the same period in 2013, only three months (April 1 to June 30) were included. Furthermore, a pre-tax impairment charge of $85.5 million was recognised for the New Zealand cash generating unit (CGU) in the comparative quarter ended 30 June 2013.

In the first half of 2014, consolidated revenue increased by 31.3% to $297.8 million due to higher gold and copper sales of 166,344 ounces and 12,925 tonnes respectively (2013: 129,291 ounces and 5,073 tonnes), partly offset by a decrease in the average gold and copper price received and a stronger New Zealand dollar.

The consolidated costs of sales in the first half of 2014 were higher than in the same period in 2013 predominantly due to the inclusion of six months of operating costs at the Didipio Mine compared with only three months of operating costs included in the first half of 2013.

Please refer to the Management Discussion and Analysis of Financial Condition and Results of Operations for the quarter and half year ended June 30, 2014 and the Unaudited Interim Consolidated Financial Statements for the period ended June 30, 2014, for further explanation of results.

The information required by listing rule 4.2A is contained in both this Appendix 4D, the attached Unaudited Interim Consolidated Financial Statements and the Management Discussion and Analysis of Financial Condition and Results of Operations for June 30, 2014.

The Financial Statements, prepared in accordance with International Financial Reporting Standards, have been subject to review by the group's auditors and the review report is included in the interim consolidated financial statements attached to this Appendix 4D.

Auditor’s Independence Declaration

As lead auditor for the review of OceanaGold Corporation for the three and six-month periods ended 30 June 2014, I declare that to the best of my knowledge and belief, I am independent in accordance with the requirements of The Code of Ethics for Professional Accountants issued by the International Federation of Accountants in relation to the review.

This declaration is in respect of OceanaGold Corporation and the entities it controlled during the period.

John O'Donoghue
Partner
PricewaterhouseCoopers

Report on Review of Interim Financial Information

To the Shareholders of OceanaGold Corporation

Introduction

We have reviewed the interim consolidated statement of financial position of OceanaGold Corporation as at 30 June 2014 and the interim consolidated statements of comprehensive income, changes in equity and cash flows for the three and six-month periods then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2014, and of its financial performance and its cash flows for the three and six-month periods then ended in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34, *Interim Financial Reporting*.

PricewaterhouseCoopers

PricewaterhouseCoopers
Melbourne
30 July 2014

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OCEANAGOLD CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER REPORT

JUNE 30TH, 2014

UNAUDITED

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2014

(in United States dollars)	*Notes*	*June 30 2014 $'000*	*December 31 2013 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		46 207	24 788
Trade and other receivables	5	28 232	27 665
Derivatives and other financial assets	6	7 457	7 783
Inventories	7	77 137	85 188
Prepayments		4 024	5 764
Total current assets		163 057	151 188
Non-current assets			
Trade and other receivables	5	50 492	44 501
Derivatives and other financial assets	6	693	3 004
Inventories	7	111 658	95 753
Deferred tax assets	8	5 936	5 506
Property, plant and equipment	9	304 978	312 414
Mining assets	10	299 459	284 460
Total non-current assets		773 216	745 638
TOTAL ASSETS		936 273	896 826
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		58 789	55 993
Provisions	11	7 326	6 068
Interest-bearing loans and borrowings	13	15 352	67 417
Total current liabilities		81 467	129 478
Non-current liabilities			
Other obligations		2 074	1 965
Provisions	11	757	1 243
Deferred tax liabilities	8	8 437	9 565
Interest-bearing loans and borrowings	13	140 204	126 525
Derivatives and other financial liabilities	12	486	-
Asset retirement obligations		37 976	36 320
Total non-current liabilities		189 934	175 618
TOTAL LIABILITIES		271 401	305 096
SHAREHOLDERS' EQUITY			
Share capital	14	650 033	647 333
Accumulated losses		(87 089)	(143 911)
Contributed surplus	17	40 371	40 332
Other reserves	18	61 557	47 976
TOTAL SHAREHOLDERS' EQUITY		664 872	591 730
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		936 273	896 826

On behalf of the Board of Directors:

James E. Askew
Director
July 30, 2014

J. Denham Shale
Director
July 30, 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 June 30, 2014

(in United States dollars)	Notes	*Three months ended* *June 30 2014 $'000*	*Three months ended* *June 30 2013 $'000*	*Six months ended* *June 30 2014 $'000*	*Six months ended* *June 30 2013 $'000*
Revenue	4	127 480	131 213	297 835	226 852
Cost of sales, excluding depreciation and amortisation		(88 543)	(80 437)	(151 726)	(120 312)
Depreciation and amortisation		(31 433)	(39 824)	(64 799)	(69 371)
General and administration expenses		(9 431)	(6 764)	(17 746)	(12 926)
Operating profit		**(1 927)**	**4 188**	**63 564**	**24 243**
Other expenses					
Interest expense and finance costs		(3 027)	(6 414)	(5 563)	(13 022)
Foreign exchange gain/(loss)		116	(1 528)	3 032	(1 947)
Gain/(loss) on disposal of property, plant and equipment		-	-	-	(2 139)
Gain/(loss) on fair value of available-for-sale assets		(44)	-	(864)	-
Total other expenses		(2 955)	(7 942)	(3 395)	(17 108)
Gain/(loss) on fair value of undesignated hedges		(4 328)	(8 977)	(5 611)	(8 164)
Interest income		183	92	289	324
Other income/(expense)		24	11	101	42
Impairment charge		-	(85 500)	-	(85 500)
Profit/(loss) before income tax		(9 003)	(98 128)	54 948	(86 163)
Income tax benefit/(expense)		6 880	27 637	1 874	22 730
Net profit/(loss)		**(2 123)**	**(70 491)**	**56 822**	**(63 433)**
Other comprehensive income that can be reclassified to profit and loss in a future period, net of tax					
Currency translation gain/(loss)		2 083	(4 773)	12 761	134
Net change in fair value of available-for-sale assets		-	(339)	-	(1 341)
Available- for-sale reserve transferred to profit and loss		-	-	820	-
Total other comprehensive income (net of tax)		2 083	(5 112)	13 581	(1 207)
Comprehensive income/(loss) attributable to shareholders		**(40)**	**(75 603)**	**70 403**	**(64 640)**
Net earnings/(loss) per share:					
- basic and diluted	23	($0.01)	($0.24)	$0.19	($0.22)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter ended June 30, 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	-	-	13 581	56 822	70 403
Employee share options:					
Share based payments	-	1 241	-	-	1 241
Forfeiture of options	-	(158)	-	-	(158)
Exercise of options	2 700	(1 044)	-	-	1 656
Issue of shares (net of costs)	-	-	-	-	-
Balance at June 30, 2014	**650 033**	**40 371**	**61 557**	**(87 089)**	**664 872**
Balance at January 1, 2013	**636 189**	**38 418**	**31 307**	**(96 054)**	**609 860**
Comprehensive income/(loss) for the period	-	-	(1 207)	(63 433)	(64 640)
Employee share options:					
Share based payments	-	1 344	-	-	1 344
Forfeiture of options	-	(126)	-	-	(126)
Exercise of options	175	(167)	-	-	8
Issue of shares (net of costs)	(412)	-	-	-	(412)
Balance at June 30, 2013	**635 952**	**39 469**	**30 100**	**(159 487)**	**546 034**

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

As at June 30, 2014

(in United States dollars)	*Three months ended June 30 2014 $'000*	*Three months ended June 30 2013 $'000*	*Six months ended June 30 2014 $'000*	*Six months ended June 30 2013 $'000*
Operating activities				
Net profit/(loss)	(2 123)	(70 491)	56 822	(63 433)
Charges/(credits) not affecting cash				
Depreciation and amortisation expense	31 433	39 824	64 799	69 371
Net (gains)/loss on disposal of property, plant & equipment	-	-	-	2 139
Non-cash interest charges	-	864	-	3 955
Unrealised foreign exchange (gains)/losses	(116)	1 528	(3 032)	1 947
Stock based compensation charge	654	711	1 084	1 219
Gain(/loss) on fair value of undesignated hedges	4 328	8 977	5 611	8 164
Non-cash transaction costs	272	941	387	1 882
Impairment charge	-	85 500	-	85 500
Future tax expense/(benefit)	(6 880)	(27 637)	(1 874)	(22 730)
Non-cash available for sale assets gain/(loss)	44	-	864	-
Changes in non-cash working capital				
(Increase)/decrease in trade and other receivables	5 839	(18 734)	(1 484)	(18 339)
(Increase)/decrease in inventory	10 426	(11 217)	(1 908)	(17 946)
(Decrease)/increase in accounts payable	8 506	487	3 891	(19 158)
(Decrease)/increase in other working capital	347	(889)	858	(1 266)
Net cash provided by/(used in) operating activities	52 730	9 864	126 018	31 305
Investing activities				
Proceeds from sale of property, plant and equipment	-	-	-	1 008
Payments for property, plant and equipment	(1 771)	(3 849)	(3 540)	(11 752)
Payments for mining assets: exploration and evaluation	(720)	(1 279)	(1 122)	(2 715)
Payments for mining assets: development	(10 187)	(7 202)	(16 046)	(37 266)
Payments for mining assets: in production	(18 413)	(12 888)	(34 530)	(39 475)
Net cash provided by/(used in) investing activities	(31 091)	(25 218)	(55 238)	(90 200)
Financing activities				
Proceeds from issue of shares	979	10	1 325	10
Payments for equity raising costs	-	(2)	-	(414)
Repayments of finance lease liabilities	(3 424)	(4 467)	(8 912)	(9 498)
Repayments of borrowings	(10 158)	-	(30 214)	(40 267)
Proceeds from borrowings	-	-	-	20 000
Net cash provided by/(used in) financing activities	(12 603)	(4 459)	(37 801)	(30 169)
Effect of exchange rates changes on cash gain/(loss)	(4 889)	10 363	(11 560)	10 486
Net increase/(decrease) in cash and cash equivalents	4 147	(9 450)	21 419	(78 578)
Cash and cash equivalents at beginning of period	42 060	27 374	24 788	96 502
Cash and cash equivalents at end of period	46 207	17 924	46 207	17 924
Cash interest paid	(1 954)	(5 575)	(4 572)	(6 128)

Non-cash investing and financing activities - Refer Note 21

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 July 1, 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.

2 ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS (continued)

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

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 July 1, 2014. The Group does not expect any material impact of this amendment.

IAS 16 – Property Plant and Equipment
The amendments distinguish bearer plants from other biological assets as bearer plants are solely used to grow produce over their productive lives. Bearer plants are seen as similar to an item of machinery in a manufacturing process and therefore will be classified as Property Plant and Equipment and accounted for under IAS 16 instead of IAS41.

The standard is also amended to clarify that the use of a revenue-based depreciation method is not appropriate.

Both of the amendments are effective for years beginning on/after January 1, 2016. The Group does not expect any material impact of this amendment.

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.

IFRS 15 – Revenue from contracts with customers
This is a new standard on revenue recognition, will supersede IAS 18, Revenue, IAS 11, Construction Contracts related interpretations.

This standard is effective for first interim periods within years beginning on/after January 1, 2017. The Group has not assessed the impact of this new standard.

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.

3 CRITICAL ESTIMATES AND JUDGEMENTS (continued)

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.

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.

3 CRITICAL ESTIMATES AND JUDGEMENTS (continued)

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 June 30, 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

	Three months ended		*Six months ended*	
	June 30 2014 $'000	*June 30 2013 $'000*	*June 30 2014 $'000*	*June 30 2013 $'000*
Gold sales				
Bullion	76 453	86 471	159 597	182 110
Concentrate sales	18 549	12 415	58 703	12 415
	95 002	98 886	218 300	194 525
Copper sales				
Concentrate sales	35 818	35 988	89 609	52 523
Silver sales	1 277	-	3 254	-
Concentrate sales	132 097	134 874	311 163	247 048
Less concentrate treatment, refining and selling costs	(4 617)	(3 661)	(13 328)	(3 661)
Less concentrate sales capitalized	-	-	-	(16 535)
Total revenue	127 480	131 213	297 835	226 852

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 quarter ended June 30, 2014, our provisionally priced gold and copper concentrate sales included a provisional pricing gain of $0.3 million (June 30, 2013 loss of $1.0 million).

At June 30, 2014, our provisionally priced copper and gold sales subject to final settlement were recorded at average prices of $6,848/t and $1,303/oz, respectively.

5 TRADE AND OTHER RECEIVABLES

	June 30 2014 $'000	*December 31 2013 $'000*
Current		
Trade receivables	22 483	21 642
Other receivables	5 749	6 023
	28 232	27 665
Non-Current		
Other receivables	50 492	44 501
	78 724	72 166

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

6 DERIVATIVES AND OTHER FINANCIAL ASSETS

	June 30 2014 $'000	*December 31* 2013 *$'000*
Current		
Gold put/call options[1]	5 501	7 501
Other assets[2]	1 956	282
	7 457	7 783
Non-Current		
Gold put/call options[1]	-	2 619
Other assets[2]	501	52
Available-for-sale financial assets[3]	192	333
	693	3 004
	8 150	10 787

1. At June 30, 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 53,730 ounces of gold and December 2015 for 154,502 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 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.

7 INVENTORIES

	June 30 2014 $'000	*December 31* 2013 *$'000*
Current		
Gold in circuit	10 113	14 675
Ore – at cost	27 459	28 415
Gold on hand	346	667
Copper concentrate	686	7 265
Maintenance stores	38 533	34 166
	77 137	85 188
Non-Current		
Ore – at cost	68 229	49 814
Ore – at net realizable value	43 429	45 939
	111 658	95 753
Total inventories	188 795	180 941

During the quarter, ore inventories were written down by $0.1m.

8 DEFERRED INCOME TAX

	June 30 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	34 566	37 011
Provisions	11 127	12 210
Other	284	(1 624)
Gross deferred tax assets	45 977	47 597
Set off deferred tax liabilities	(40 041)	(42 091)
Net non-current deferred tax assets	5 936	5 506
Deferred tax liabilities		
Mining assets	(12 911)	(16 365)
Property, plant and equipment	(33 661)	(35 291)
Inventory	(1 906)	-
Gross deferred tax liabilities	(48 478)	(51 656)
Set off deferred tax assets	40 041	42 091
Net non-current deferred tax liabilities	(8 437)	(9 565)

9 PROPERTY, PLANT AND EQUIPMENT

	June 30, 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 and impairment	-	(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	-	-	3 264	-	3 264
Transfers	-	2 054	13 260	-	15 314
Disposals/write-off	-	-	(349)	(465)	(814)
Depreciation for the period	-	(1 018)	(28 025)	(4 057)	(33 100)
Exchange differences	772	332	5 138	1 658	7 900
At June 30, 2014	13 225	28 325	248 969	14 459	304 978
At June 30, 2014:					
Cost	13 225	35 995	564 611	30 446	644 277
Accumulated depreciation and impairment	-	(7 670)	(315 642)	(15 987)	(339 299)
	13 225	28 325	248 969	14 459	304 978

Net book value of assets under capital lease totalling $40.6m are included under plant and equipment (December 31, 2013: $45.8m). The assets under capital leases are pledged as security for capital lease liabilities.

10 MINING ASSETS

	June 30, 2014			
	Exploration and evaluation phase *$'000*	**Development phase** *$'000*	**In production** *$'000*	**Total** *$'000*
Net book value				
At December 31, 2013:				
Cost	42 858	71 704	727 906	842 468
Accumulated depreciation and impairment	-	-	(558 008)	(558 008)
At December 31, 2013	42 858	71 704	169 898	284 460
Movement for the period:				
Additions	1 122	16 803	36 230	54 155
Transfers	-	(15 336)	22	(15 314)
Disposals/Write-off	-	-	(22)	(22)
Amortization for the period	-	-	(27 902)	(27 902)
Exchange differences	892	(102)	3 292	4 082
At June 30, 2014	44 872	73 069	181 518	299 459
At June 30, 2014:				
Cost	44 872	73 069	767 450	885 391
Accumulated depreciation and impairment	-	-	(585 932)	(585 932)
	44 872	73 069	181 518	299 459

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 PROVISIONS

(a) Leave entitlements liability and other provisions

Aggregate employee benefit liability is comprised of:	*June 30 2014 $'000*	*December 31 2013 $'000*
Employee benefit provisions - current	6 333	6 068
Other provisions - current	993	-
	7 326	6 068
Employee benefit provisions - non-current	757	1 243
	8 083	7 311

(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 DERIVATIVES AND OTHER FINANCIAL LIABILITIES

Non-current	*June 30 2014 $'000*	*December 31 2013 $'000*
Gold put/call options[1]	486	-
	486	-

1. At June 30, 2014, this represents a series of bought gold put options with strike price of NZ$1,500 per ounce and a series of sold gold call options with strike price of NZ$1,600 per ounce expiring December 2015 for 154,502 ounces of gold respectively.

13 INTEREST-BEARING LOANS AND BORROWINGS

	Maturity	June 30 2014 $'000	December 31 2013 $'000
Current			
Capital leases[1]	various	15 352	16 427
Other loan		-	990
US$ banking facilities[2]		-	25 000
US$ banking facilities[2]		-	25 000
		15 352	67 417
Non-current			
Capital leases[1]	various	22 404	28 725
US$ banking facilities[2]	various[2]	117 800	97 800
		140 204	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 July 2014 to March 2018.

2. *US$ banking facilities*
   On 27 June 2014, the Group refinanced its corporate debt whereby the existing facilities which included the $50m undrawn revolving credit facility and the drawn $117.8m term facility were consolidated into a $200m revolving credit facility for general working capital purposes. These facilities were renegotiated with a multinational banking syndicate with a step down commitment to end by June 2017. At June 30, 2014, the Group had revolving credit facility outstanding of $117.8m and available undrawn facility of $82.2m. Under the step down commitment schedule, $17.8m of the outstanding amount is due to be repaid by September 30, 2015.

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.

14 SHARE CAPITAL

Movement in common shares on issue

	June 30 2014 Thousand shares	June 30 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	995	2 700	70	211
Share issue costs	-	-	-	(416)
Balance at the end of the period	301 345	650 033	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.

15 SEGMENT INFORMATION

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

	New Zealand	Philippines	Others	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
Quarter Ended June 30, 2014					
Revenue					
Sales to external customers	72 047	55 433	-	-	127 480
Inter segment management and gold handling fees	-	-	141	(141)	-
Total segment revenue	72 047	55 433	141	(141)	127 480
Result					
Segment result excluding unrealized hedge losses and depreciation and amortization	8 368	26 294	(5 060)	-	29 602
Depreciation and amortization	(25 631)	(5 792)	(10)	-	(31 433)
Inter segment management and gold handling fees	(141)	-	141	-	-
Gain/(loss) on fair value of derivative instruments	(4 328)	-	-	-	(4 328)
Total segment result before interest and tax	(21 732)	20 502	(4 929)	-	(6 159)
Net interest expense					(2 844)
Income tax benefit/(expense)					6 880
Net profit/(loss) for the period					(2 123)

	New Zealand	Philippines	Others	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
Six months ended June 30, 2014					
Revenue					
Sales to external customers	147,599	150,236	-	-	297,835
Inter segment management and gold handling fees	-	-	282	(282)	-
Total segment revenue	147,599	150,236	282	(282)	297,835
Result					
Segment result excluding unrealized hedge losses and depreciation and amortization	47,504	91,486	(8,358)	-	130,632
Depreciation and amortization	(50,495)	(14,291)	(12)	-	(64,798)
Inter segment management and gold handling fees	(282)	-	282	-	-
Gain/(loss) on fair value of derivative instruments	(5,611)	-	-	-	(5,611)
Total segment result before interest and tax	(8 884)	77 195	(8 088)	-	60 223
Net interest expense					(5 275)
Income tax benefit/(expense)					1 874
Net profit/(loss) for the period					56 822
Assets					
Total segment assets at June 30, 2014	335 307	568 725	32 241	-	936 273

15 SEGMENT INFORMATION (Continued)

	New Zealand $'000	Philippines $'000	Others $'000	Elimination $'000	Total $'000
Quarter Ended June 30, 2013					
Revenue					
Sales to external customers	84 802	46 411	-	-	131 213
Inter segment management and gold handling fees	-	-	166	(166)	-
Total segment revenue	84 802	46 411	166	(166)	131 213
Result					
Segment result excluding unrealized hedge losses and depreciation and amortization	26 136	20 457	(4 098)	-	42 495
Depreciation and amortization	(35 116)	(4 699)	(9)	-	(39 824)
Inter segment management and gold handling fees	(166)	-	166	-	-
Gain/(loss) on fair value of derivative instruments	4 153	-	(13 130)	-	(8 977)
Impairment charge	(85 500)	-	-	-	(85 500)
Total segment result before interest and tax	(90 493)	15 758	(17 071)	-	(91 806)
Net interest expense					(6 322)
Income tax benefit/(expense)					27 637
Net profit/(loss) for the period					(70 491)

	New Zealand $'000	Philippines $'000	Others $'000	Elimination $'000	Total $'000
Six months ended June 30, 2013					
Revenue					
Sales to external customers	180 441	46 411	-	-	226 852
Inter segment management and gold handling fees	-	-	357	(357)	-
Total segment revenue	180 441	46 411	357	(357)	226 852
Result					
Segment result excluding unrealized hedge losses and depreciation and amortization	79 626	18 184	(8 239)	-	89 571
Depreciation and amortization	(64 600)	(4 756)	(15)	-	(69 371)
Inter segment management and gold handling fees	(357)	-	357	-	-
Gain/(loss) on fair value of derivative instruments	4 077	-	(12 241)	-	(8 164)
Impairment charge	(85 500)	-	-	-	(85 500)
Total segment result before interest and tax	(66 754)	13 428	(20 138)	-	(73 464)
Net interest expense					(12 699)
Income tax benefit/(expense)					22 730
Net profit/(loss) for the period					(63 433)
Assets					
Total segment assets at June 30, 2013	415 005	497 221	3 962	-	916 188

16 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

	June 30, 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	(981 969)	A$2.47	(2)	A$0.00
Exercised	(995 057)	A$1.69	(69 999)	A$0.43
Balance at the end of the period	**3 808 949**	**A$2.71**	**5 785 975**	**A$2.52**
Exercisable at the end of the period	**3 538 951**	**A$2.75**	**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.

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 3.51 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:

16 STOCK-BASED COMPENSATION (continued)

WAEP = weighted average exercise price

	June 30, 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	1 886 923	A$0.00	2 047 623	A$0.00
Forfeited	(230 493)	A$0.00	(651 268)	A$0.00
Balance at the end of the period	**5 239 055**	**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 1.78 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:

WAEP = weighted average exercise price

	June 30, 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	(531,667)	C$0.18	(958,333)	C$0.17
Expired	-	-	(3,355,000)	C$0.46
Balance at the end of the period	**11,390,000**	**C$0.16**	**11,921,667**	**C$0.16**
Exercisable at the end of period	**11,390,000**	**C$0.16**	**11,921,667**	**C$0.16**

16 STOCK-BASED COMPENSATION (continued)

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 0.92 years.

17 CONTRIBUTED SURPLUS MOVEMENT

	June 30 2014 $'000	*December 31 2013 $'000*
Balance at start of period	40 332	38 418
Share based compensation expense	1 241	2 555
Forfeited options	(158)	(458)
Exercised options	(1 044)	(183)
Balance at end of period	40 371	40 332
Contributed surplus		
Employee stock based compensation	10 328	10 289
Shareholder options (lapsed on January 1, 2009)	18 083	18 083
Equity portion of convertible notes	11 960	11 960
	40 371	40 332

18 OTHER RESERVES

	June 30 2014 $'000	*December 31 2013 $'000*
Foreign currency translation reserve[1]	61 557	48 796
Available-for-sale equity reserve[2]	-	(820)
Total other reserves	61 557	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.

18 OTHER RESERVES (continued)

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.

19 CONTINGENCIES

(a) 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 proceeded to oral hearing in 2013 and is currently awaiting 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.

(b) 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 District of Columbia, 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 matter is now in the final phase of arbitration and hearing of the matter will take place later in the year. 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 result in impairment.

(c) 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 this document and other public filings, there are no claims that the Company believes will result in material losses as at the date of this document.

(d) 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 $38.8 million (December 31, 2013: $36.6 million).

(e) 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 (d) above.

(f) 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.

(g) 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 June 30, 2014 the outstanding rental obligations under the capital lease are $37.8 million (December 31, 2013: $48.7 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

(h) The Group has provided guarantees in respect of the $200 million banking facilities (note 13). At June 30, 2014 the total outstanding balance under these facilities is $117.8 million (December 31, 2013: 147.8 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

20 COMMITMENTS

Capital commitments

At June 30, 2014, the Group has commitments of $10.0 million (December 31, 2013 $19.9 m), principally relating to the purchase of property, plant and equipment and the development of mining assets mainly in the Philippines.

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

	June 30 2014 $'000	*December 31 2013 $'000*
Within one year:		
- purchase of property, plant and equipment	5 056	11 137
- development of mining assets	4 960	8 777
	10 016	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 (April 1, 2013), the Group 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.

21 NON-CASH INVESTING AND FINANCING ACTIVITIES

	June 30 2014 $'000	*June 30 2013 $'000*
Acquisition of plant and equipment by means of finance leases	-	9 639

22 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).

30 June 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring measurements				
Derivatives embedded in accounts receivable	-	270	-	270
Available for sale financial assets	192	-	-	192
Gold put/call options	-	5 501	-	5 501
Total assets	192	5 771	-	5 963
Gold put/call options	-	486	-	486
Total liabilities	-	486	-	486

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 assets	333	9 323	-	9 656
Gold put/call options	-	-	-	-
Total liabilities	-	-	-	-

There are no unrecognized financial instruments held by the Group at June 30, 2014 (2013: nil).

23 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		*Six months ended*	
	June 30 2014 $'000	*June 30 2013 $'000*	*June 30 2014 $'000*	*June 30 2013 $'000*
Numerator:				
Net income attributable to equity holders from continuing operations (used in calculation of basic earnings per share)	(2 123)	(70 491)	56 822	(63 433)
Interest on convertible notes	-	1 932	-	3 951
Net income attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)	(2 123)	(68 559)	56 822	(59 482)
	No. of shares '000	*No. of shares '000*	*No. of shares '000*	*No. of shares '000*
Denominator:				
Weighted average number of common shares (used in calculation of basic earnings per share)	300 486	293 540	300 527	293 529
Effect of dilution:				
Share options	7 974	5 164	6 100	5 164
Convertible notes	-	28 423	-	28 423
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	308 460	327 127	306 627	327 116
Net earnings/(loss) per share:				
- basic and diluted	($0.01)	($0.24)	$0.19	($0.22)

24 RELATED PARTIES

There were no significant related party transactions during the period.

25 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.