Report for the Half Year Ended June 30 2016

OCEANAGOLD CORPORATION

Results for announcement to the market

Financial Results	June 2016 US$'000	June 2015 US$'000	Change US$'000	Change %
Revenue from ordinary activities	330,814	254,792	76,022	Up 29.8%
Profit/(loss) from ordinary activities after tax attributable to members	63,186	23,494	39,692	Up > 100%
Net profit/(loss) after tax attributable to members	63,186	23,494	39,692	Up > 100%

Dividends

The Directors do not propose declaring an interim dividend for 2016.There is no dividend reinvestment plan for the Company.

Explanation of Results

Revenue for the six months ended 30 June 2016 increased by 29.8% mainly due to higher average gold price received, higher gold ounces sold and inclusion of six months of Waihi revenue in 2016, partly offset by lower copper tonnes sold and lower average copper price received.

Net profit after tax for the six months ended 30 June 2016 was $63.2 million compared to the same period in 2015 of $23.5 million. The increase was mainly due to higher revenue and lower net unrealised loss on the fair value of outstanding undesignated gold hedges and fuel swaps. This was partly offset by higher mining and processing costs in line with higher production and sales and higher general and administration costs following the inclusion of Waihi and Haile gold mines acquired late 2015.

Please refer to the Management Discussion and Analysis of Financial Condition and Results of Operations for the quarter and half year ended June 30, 2016 and the Unaudited Interim Consolidated Financial Statements for the period ended June 30, 2016, for further explanation of results.

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 document.

On 11 February 2016, the Company was granted waivers from ASX Listing Rules 4.2A, 4.2B, 4.3A and 4.3B in relation to certain half year and full year reporting requirements. Further information in relation to these waivers are available in the 'Additional Information' section of the Company's 2016 Management Information Circular dated May 3, 2016.

Auditor's Independence Declaration

As lead auditor for the review of OceanaGold Corporation for the three and six month periods ended 30 June 2016, 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

Melbourne
28 July 2016

To the Shareholders of OceanaGold Corporation

Introduction

We have reviewed the interim consolidated statement of financial position of OceanaGold Corporation as at 30 June 2016 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 2016, 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
28 July 2016

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OCEANAGOLD CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER REPORT

June 30th, 2016

UNAUDITED

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2016

(in United States dollars)	*Notes*	*June 30 2016 $'000*	*December 31 2015 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		103,771	185,466
Trade and other receivables	5	35,993	35,067
Derivatives and other financial assets	6	5,846	6,585
Inventories	7	73,536	91,976
Prepayments		6,379	4,448
Total current assets		225,525	323,542
Non-current assets			
Trade and other receivables	5	70,337	69,407
Derivatives and other financial assets	6	88,968	18,353
Inventories	7	149,001	132,351
Deferred tax assets	8	16,834	181
Property, plant and equipment	9	472,697	432,280
Mining assets	10	728,603	565,681
Investments	11	1,972	2,062
Total non current assets		1,528,412	1,220,315
TOTAL ASSETS		1,753,937	1,543,857
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		123,136	109,335
Employee benefits	13	6,022	8,028
Derivatives and other financial liabilities	15	14,305	
Current tax liabilities		15,520	6,367
Interest bearing loans and borrowings	14	14,754	10,812
Asset retirement obligations		834	932
Total current liabilities		174,571	135,474
Non-current liabilities			
Other obligations	12	8,570	8,754
Employee benefits	13	1,162	1,161
Interest bearing loans and borrowings	14	213,047	187,942
Derivatives and other financial liabilities	15	8,276	
Asset retirement obligations		97,008	70,717
Total non current liabilities		328,063	268,574
TOTAL LIABILITIES		502,634	404,048
SHAREHOLDERS' EQUITY			
Share capital	16	1,081,238	1,067,576
Retained earnings/(accumulated losses)		47,559	8,630
Contributed surplus	19	40,556	41,954
Other reserves	20	81,950	21,649
TOTAL SHAREHOLDERS' EQUITY		1,251,303	1,139,809
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,753,937	1,543,857

On behalf of the Board of Directors

James E. As ew
Director
July 28, 2016

J. Denham Shale
Director
July 28, 2016

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, 2016

		Three months ended		*Six months ended*	
(in United States dollars)	*Notes*	*June 30 2016 $'000*	*June 30 2015 $'000*	*June 30 2016 $'000*	*June 30 2015 $'000*
Revenue	4	169,763	125,486	330,814	254,792
Cost of sales, excluding depreciation and amortisation		(79,642)	(72,514)	(151,531)	(133,199)
Depreciation and amortisation		(28,015)	(31,637)	(61,784)	(59,366)
General and administration merger and acquisition costs			(2,431)		(2,447)
General and administration other		(15,565)	(8,078)	(27,933)	(16,000)
Operating profit/(loss)		46,541	10,826	89,566	43,780
Other income/(expenses)					
Interest expense and finance costs		(2,651)	(2,412)	(4,968)	(5,211)
Foreign exchange gain/(loss)		2,543	(2,345)	3,268	(2,360)
Gain/(loss) on disposal of property, plant and equipment				(37)	30
Gain/(loss) on fair value of available for sale assets		(21)	(25)	230	(16)
Total other expenses		(129)	(4,782)	(1,507)	(7,557)
Gain/(loss) on fair value of undesignated hedges		(1,828)	(15,439)	(20,132)	(24,798)
Interest income		115	218	244	416
Other income/(expense)		208	17	348	50
Share of profit/(loss) from equity accounted associates		(164)		(164)	
Profit/(loss) before income tax		44,743	(9,160)	68,355	11,891
Income tax benefit/(expense)		(5,088)	8,189	(5,169)	11,603
Net profit/(loss)		**39,655**	**(971)**	**63,186**	**23,494**
Other comprehensive income that can be reclassified to profit and loss in a future period, net of tax					
Currency translation gain/(loss)		6,677	(13,911)	8,868	(22,961)
Net change in fair value of available for sale assets		39,910	(202)	51,433	(202)
Total other comprehensive income/(loss) net of tax		**46,587**	**(14,113)**	**60,301**	**(23,163)**
Comprehensive income/(loss) attributable to shareholders		**86,242**	**(15,084)**	**123,487**	**331**
Net earnings/(loss) per share:					
Basic	23	$0.07	($0.00)	$0.10	$0.08
Diluted	23	$0.06	($0.00)	$0.10	$0.08

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the quarter ended June 30, 2016

(in United States dollars)	*Share Capital*	*Contributed Surplus*	*Other Reserves*	*Retained Earnings/ (Accumulated Losses)*	*Total Equity*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Balance at January 1, 2016	**1,067,576**	**41,954**	**21,649**	**8,630**	**1,139,809**
Comprehensive income/(loss) for the period			60,301	63,186	123,487
Employee share options					
Share based payments		2,244			2,244
Forfeiture of options		(16)			(16)
Exercise of options	13,662	(3,626)			10,036
Dividends declared or paid				(24,257)	(24,257)
Balance at June 30, 2016	**1,081,238**	**40,556**	**81,950**	**47,559**	**1,251,303**
Balance at January 1, 2015	**650,557**	**41,388**	**35,905**	**(32,376)**	**695,474**
Comprehensive income/(loss) for the period			(23,163)	23,494	331
Employee share options					
Share based payments		1,392			1,392
Exercise of options	2,397	(2,129)			268
Dividends declared or paid				(12,060)	(12,060)
Balance at June 30, 2015	**652,954**	**40,651**	**12,742**	**(20,942)**	**685,405**

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended June 30, 2016

(in United States dollars)	Three months ended June 30 2016 $'000	Three months ended June 30 2015 $'000	Six months ended June 30 2016 $'000	Six months ended June 30 2015 $'000
Operating activities				
Net profit/(loss)	39,655	(971)	63,186	23,494
Charges/(credits) not affecting cash				
Depreciation and amortisation expense	28,015	31,637	61,784	59,366
Net (gain)/loss on disposal of property, plant equipment			37	
Unrealised foreign exchange (gain)/loss	(2,543)	2,345	(3,268)	2,360
Stoc based compensation charge	1,340	616	2,228	1,392
(Gain)/loss on fair value of undesignated hedges	1,828	15,439	20,132	24,798
Non cash transaction costs	199	589	396	1,172
Future tax expense/(benefit)	5,088	(8,189)	5,169	(11,603)
Non cash available for sale assets (gain)/loss	21	25	(230)	16
Share of (profit)/loss of equity accounted associates	164		164	
Changes in non-cash working capital				
(Increase)/decrease in trade and other receivables	25,267	(6,038)	536	(2,257)
(Increase)/decrease in inventories	1,492	(4,722)	1,514	(16,600)
(Decrease)/increase in trade and other payables	(1,650)	11,633	(9,030)	6,193
(Decrease)/increase in other wor ing capital	(7,390)	(105)	(19,459)	(2,843)
Net cash provided by/(used in) operating activities	91,486	42,259	123,159	85,488
Investing activities				
Payment for investments	(5,223)	(13,375)	(15,140)	(13,375)
Proceeds from sale of property, plant and equipment			28	30
Payment for property, plant and equipment	(17,629)	(1,734)	(22,214)	(2,974)
Payment for mining assets exploration and evaluation	(2,287)	(858)	(4,070)	(1,835)
Payment for mining assets development	(81,146)	(9,867)	(144,018)	(21,832)
Payment for mining assets in production	(16,211)	(12,481)	(40,822)	(22,136)
Net cash provided by/(used in) for investing activities	(122,496)	(38,315)	(226,236)	(62,122)
Financing activities				
Proceeds from issue of shares	4,526	134	10,036	268
Dividends paid to shareholders	(24,257)	(12,210)	(24,257)	(12,210)
Repayment of ban borrowings and other loans	(130)	(188)	(505)	(10,736)
Proceeds from finance leases	34,478		34,478	
Repayment of finance lease liabilities	(1,790)	(2,979)	(4,892)	(5,863)
Net cash provided by/(used in) financing activities	12,827	(15,243)	14,860	(28,541)
Effect of exchange rates changes on cash gain/(loss)	4,050	441	6,522	2,664
Net increase/(decrease) in cash and cash equivalents	(14,133)	(10,858)	(81,695)	(2,511)
Cash and cash equivalents at the beginning of the period	117,904	59,565	185,466	51,218
Cash and cash equivalents at end of period	103,771	48,707	103,771	48,707
Cash interest paid	(1,461)	(1,152)	(2,919)	(2,924)
Cash interest received	115	218	244	416
Income taxes paid	(6,433)		(12,895)	

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 Stoc Exchange, the Australian Stoc Exchange and the New ealand Stoc Exchange. The registered address of the Company is c/o Fas en 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 the exploration, development and operation of gold and other mineral mining activities. OceanaGold operates two open cut gold mines and two underground mines in New ealand. The Group also operates an open cut gold copper mine and is developing underground operations at Didipio in the Philippines. The Group is currently constructing the Haile Gold Project in South Carolina, USA.

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, 2015, as they provide an update of previously reported information.

These interim financial statements are expressed in United States dollars (US$) which is the presentation currency for OceanaGold Corporation.

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

The unaudited interim consolidated financial statements were approved by the Board of Directors on July 28, 2016.

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 amortised cost and fair value.

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

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

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

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

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

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

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

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

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

2 ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS (CONTINUED)

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

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Group will adopt IFRS 15 accordingly where applicable.

IAS 12 Income Taxes
This standard has been amended to clarify the requirements for recognising deferred tax assets on unrealised losses, deferred tax where an asset is measured at a fair value below the asset's tax base and certain other aspects of accounting for deferred tax assets.

The amendments are effective for years beginning on/after January 1, 2017 and the Group will apply the amendments accordingly.

IAS 7 Statement of cash flows
This standard has been amended to require additional disclosures that will enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes.

The amendment is effective for years beginning on/after January 1, 2017 and the Group will apply the amendment accordingly.

IFRS 16 Leases
This standard will replace IAS 17, Leases and related interpretations. IFRS 16 establishes principles for recognition, measurement, presentation and disclosures of leases. The standard provides a single lessee accounting model which requires the lessee to recognise almost all lease contracts on the balance sheet the only optional exemptions are for certain short term leases and leases of low value assets. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting is substantially unchanged from its predecessor, IAS 17.

This standard is effective for years beginning on/after January 1, 2019. The Group has not assessed the impact of this new standard.

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

The amendment was originally effective for years beginning on/after January 1, 2016. However the effective date has been deferred indefinitely by the IASB. The Group will apply the standard accordingly when effective.

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

IFRS 2 Share based payments
This standard has been amended to address certain issues related to the accounting for cash settled awards, and the accounting for equity settled awards that include a 'net settlement feature in respect of employee withholding taxes.

The amendments are effective for years beginning on/after January 1, 2018 and the Group will apply the amendment accordingly.

3 CRITICAL ESTIMATES AND JUDGEMENTS

The Group ma es 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 ris 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 capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related tenements itself or, if not, whether it successfully recovers the related mining assets through sale.

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

3 CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

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

The Group defers mining costs incurred during the production stage of its operations and these are amortised over the life of the components of the ore body to which they relate. Changes in an individual mine's design will result in changes to the life of component ratios of production. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of component production and cost profile even if they do not affect the mine design. Changes to deferred mining resulting from change in life of component ratios are accounted for prospectively.

(ii) Impairment of assets

The Group assesses each Cash Generating Unit (CGU), to determine whether there is any indication of impairment or reversal. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell and value in use calculated in accordance with accounting policy. These assessments require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices (gold, copper and tungsten), sustaining capital requirements, operating performance (including the magnitude and timing of related cash flows), and future operating development from certain identified exploration targets where there is higher degree of confidence in the economic extraction of minerals.

The recoverable amount of the New ealand CGU and United States CGU are dependent on production from certain identified exploration targets in New ealand and successful completion of Haile Gold Project respectively. Should these projects prove to be uneconomic, the carrying value of the CGU could be impaired by a significant amount.

(iii) Net realisable 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 realisable value. Estimates of net realisable value include a number of assumptions and estimates, including grade of ore, commodity price forecasts, foreign exchange rates and costs to process inventories to a saleable product.

(iv) Asset retirement obligations

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

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

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

(v) Determination of ore reserves and resources

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

(vi) Taxation

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

In addition, certain deferred tax assets for deductible temporary differences and carried forward taxation losses have been recognised. In recognising these deferred tax assets, assumptions have been made regarding the Group's ability to generate future taxable profits from current operations and successful development of certain identified exploration targets where there are higher degrees of confidence in the economic extraction of minerals.

3 CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

Utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests such as substantial change of control tests at the time the losses are recouped. If the entities fail to satisfy the tests, the carried forward losses that are currently recognised as deferred tax assets would have to be written off to income tax expense. There is an inherent ris and uncertainty in applying this judgement and a possibility that changes in legislation or corporate merger and acquisition activity will impact upon the carrying amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position. Deferred taxes are disclosed within Note 8 to the financial statements.

Moreover, in certain jurisdictions, tax losses may be restricted and only available to offset future profits generated from the same mining permit area. In this case, the recovery of the losses depends on the successful exploitation of the relevant project. Restricted losses could be forfeited if the project did not proceed. Disclosure of taxation is included in Note 8.

Certain input tax credits in overseas subsidiaries have been recognised as a non current receivable (Note 5). The input tax credits are initially measured at cost, based on the interpretation of the terms and conditions of the relevant tax and investment law which allow for the recoverability of input taxes paid.

In assessing the classification and recoverability of these input tax credits, the Group ma es a number of assumptions which are subject to ris and uncertainty including the timing and li elihood of success in wor ing through the required legal process in the relevant jurisdiction. The Group views these input tax credits as recoverable via a tax refund or a tax credit. Should management determine that, all or some of the input tax will not be recoverable via tax refund or credit in the future, the Group would reclassify eligible amounts to other components of non current assets as allowable under the relevant accounting standard. Non eligible amounts, where so determined, may have to be expensed in the relevant period.

(vii) Non-Controlling Interest

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

At the same time, the third party is also involved in a legal dispute with another party over the ownership of the 8% interest. At June 30, 2016 no such equity has been issued to any third party due to the uncertainty. Consequently, no non controlling interest has been recognised. A non controlling interest is intended to be recognised after the issue of shares and after the full recovery of pre operating expenses.

(viii) Estimation of fair values in business combination

The Group has applied estimates and judgements in order to determine the fair values of assets acquired and liabilities and contingent liabilities assumed by way of a business combination.

The provisional values of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values at the date of acquisition. Accounting Standards permit up to 12 months for provisional acquisition accounting to be finalised following the acquisition date if any subsequent information provides better evidence of the item's fair value at the date of acquisition. Changes to any of the estimates may cause the acquisition accounting to be revised.

4 REVENUE

	Three months ended		Six months ended	
	June 30 2016 $'000	*June 30 2015 $'000*	*June 30 2016 $'000*	*June 30 2015 $'000*
Gold sales				
Bullion	102,404	73,230	209,731	145,552
Concentrate sales	42,217	25,004	75,436	55,722
	144,621	98,234	285,167	201,274
Copper sales				
Concentrate sales	28,150	32,059	51,269	62,932
Silver sales				
Concentrate sales	2,557	1,137	4,599	2,247
	175,328	131,430	341,035	266,453
Less concentrate treatment, refining and selling costs	(5,565)	(5,944)	(10,221)	(11,661)
Total Revenue	169,763	125,486	330,814	254,792

Realised loss on gold options hedges (Note 15) exercised for the quarter ended June 30, 2016 amounted to $2.0 million (June 30, 2015 $0.6 million loss). For the six months ended June 30, 2016, the realised loss on gold options hedges (Note 15) exercised amounted to $3.4 million (June 30, 2015 $1.1 million loss). The realised loss or gain on gold options is included within Revenue Gold sales.

Provisional Sales

The Group has provisionally priced gold and copper concentrate sales for which price finalisation subject to quotational periods is outstanding at the reporting date. At June 30, 2016, the provisionally priced gold and copper concentrate sales subject to final settlement included a provisional pricing loss of $0.3 million (June 30, 2015 $0.3 million gain).

At June 30, 2016, the provisionally priced gold and copper sales for 15,484 dry metric tonnes of concentrate containing provisional estimates of 18,648 ounces of gold and 3,916 tonnes of copper, subject to final settlement, were recorded at average prices of $ 1,318/o and $ 4,748/t, respectively.

5 TRADE AND OTHER RECEIVABLES

	June 30 2016 $'000	*December 31 2015 $'000*
Current		
Trade receivables	27,498	23,555
Other receivables	8,495	11,512
	35,993	35,067
Non-Current		
Other receivables	70,337	69,407
	70,337	69,407

Other receivables mainly consist of input tax credits, with the remainder related to excise tax recoverable, deposits at ban in support of environmental bonds, deposits set out for rental of proporties and New ealand carbon tax credits.

6 DERIVATIVES AND OTHER FINANCIAL ASSETS

	June 30 2016 $'000	*December 31 2015 $'000*
Current		
Gold put/call options (1)		5,777
Other assets (2)	800	808
Fuel swaps (4)	5,046	
	5,846	6,585
Non-Current		
Other assets (2)	373	769
Available for sale financial assets (3)	86,607	17,584
Fuel swaps (4)	1,988	
	88,968	18,353
	94,814	24,938

(1) At June 30, 2016, this represents four series of bought gold put options with average price range from N $1,600 to N $1,650 per ounce and four series of sold gold call options with price range from N $1,736 to N $1,810 per ounce. At June 30, 2016, 233,748 ounces of gold options remained outstanding. These gold options are undesignated for hedging accounting purposes and accounted at fair value through the statement of comprehensive income. These gold options cover future gold production from Macraes Goldfield.

At December 31, 2015, this represented two series of bought gold put options with average price range from N $1,600 to N $1,628 per ounce and two series of sold gold call options with average price of N $1,736 per ounce. At December 31, 2015, 128,568 ounces of gold options remained outstanding.

Put options stri e price N $	Call options stri e price N $	Ounces of gold outstanding at June 30, 2016	Ounces of gold outstanding at December 31, 2015	Expiring
1,600	1,736	54,444	108,888	December 2016
1,628	1,736	9,840	19,680	December 2016
1,650	1,810	91,764		December 2017
1,650	1,810	77,700		December 2017

(2) Represents the unamortised portion of establishment fees and other costs incurred in obtaining US$ ban ing facilities. These fees are being amortised to reflect an approximate pattern of consumption over the terms of the facilities.

(3) Represents the fair value of investments in Gold Standard Ventures Corp., Nulegacy Gold Corporation and MOD Resources Ltd.

(4) This represents the fair value of fuel swap agreements to buy specified volumes of fuel at specified prices ranging from $43.75 per barrel to $54.34 per barrel. At June 30, 2016, 453,000 barrels of fuel swaps remained outstanding. These fuel swaps are undesignated for hedge accounting purposes and accounted at fair value through the statement of comprehensive income. These fuel swaps cover 90% of the Company's fuel consumption in 2016 and 2017.

	Swap Price	Volume Remaining (bbl)	Expiry Date
Singapore Gasoil Platts Asia Pacific	$43.75	132,000	December 2016
US Gulf Coast Ultra Low Sulphur	$48.07	28,357	December 2016
Singapore Gasoil Platts Asia Pacific	$50.25	240,000	December 2017
US Gulf Coast Ultra Low Sulphur	$54.34	52,643	December 2017

7 INVENTORIES

	June 30 2016 $'000	December 31 2015 $'000
Current		
Gold in circuit	8,745	5,127
Ore at cost	20,226	32,550
Gold on hand	2,299	2,562
Gold and copper concentrate	6,473	19,798
Maintenance stores	35,793	31,939
	73,536	91,976
Non-Current		
Ore at cost	149,001	132,351
	149,001	132,351
Total inventories	222,537	224,327

During the quarter, there was no ore inventory written down (for the year ended December 31, 2015 $1.3 million).

8 DEFERRED INCOME TAX

	June 30 2016 $'000	December 31 2015 $'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	29,770	26,537
Provisions	18,786	12,294
Accrued expenses		19
Gross deferred tax assets	48,556	38,850
Set off deferred tax liabilities	(31,722)	(38,669)
Net non current deferred tax assets	16,834	181
Deferred tax liabilities		
Mining assets	(7,692)	(21,691)
Property, plant and equipment	(22,788)	(15,378)
Inventories	(1,197)	(943)
Other	(45)	(657)
Gross deferred tax liabilities	(31,722)	(38,669)
Set off deferred tax assets	31,722	38,669
Net non current deferred tax liabilities		

9 PROPERTY, PLANT AND EQUIPMENT

	June 30, 2016				
	Land	Buildings	Plant and equipment	Rehabilitation	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Net book value					
At December 31, 2015					
Cost	99,163	61,509	718,827	51,145	930,644
Accumulated depreciation and impairment		(15,703)	(447,670)	(34,991)	(498,364)
At December 31, 2015	99,163	45,806	271,157	16,154	432,280
Movement for the period					
Additions	462	2,573	53,666	22,439	79,140
Transfers		17,034	2,545		19,579
Disposals/write off	(17)		(33,799)		(33,816)
Depreciation for the period		(2,607)	(24,295)	(1,070)	(27,972)
Exchange differences	996	552	1,670	268	3,486
At June 30, 2016	100,604	63,358	270,944	37,791	472,697
At June 30, 2016					
Cost	100,604	81,449	740,554	73,837	996,444
Accumulated depreciation and impairment		(18,091)	(469,610)	(36,046)	(523,747)
	100,604	63,358	270,944	37,791	472,697

Plant and equipment includes assets under capital lease net of accumulated depreciation of $62.5 million (December 31, 2015 $19.4 million). The assets under capital leases are pledged as security for capital lease liabilities.

10 MINING ASSETS

	June 30, 2016			
	Exploration and evaluation phase	Development phase	In production	Total
	$'000	*$'000*	*$'000*	*$'000*
Net book value				
At December 31, 2015				
Cost	47,442	261,588	1,116,288	1,425,318
Accumulated amortisation and impairment			(859,637)	(859,637)
At December 31, 2015	47,442	261,588	256,651	565,681
Movement for the period				
Additions	4,070	167,176	41,942	213,188
Transfers		(21,906)	2,327	(19,579)
Disposals/write off			(59)	(59)
Amortisation for the period			(38,727)	(38,727)
Exchange differences	473	204	7,422	8,099
At June 30, 2016	51,985	407,062	269,556	728,603
At June 30, 2016				
Cost	51,985	407,062	1,206,644	1,665,691
Accumulated amortisation and impairment			(937,088)	(937,088)
	51,985	407,062	269,556	728,603

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. The mining assets under development mainly includes the underground development, continuous emban ment of Tailings Storage Facility (TSF) at Didipio in the Philippines, and the construction of the Haile Gold Project in the United States.

11 INVESTMENTS

	June 30 2016 $'000	December 31 2015 $'000
Non-Current		
Investments		2,062
Equity accounted investments	1,972	
	1,972	2,062

The investment represents shares in an unlisted private exploration company Locrian Resources Inc. (Locrian), registered in BC, Canada. Locrian is focused on project generation through discovery and advancing of precious and base metal projects in Myanmar and Laos.

As at December 31, 2015, the Company owned 13.5% interest in Locrian. On April 1, 2016, a Locrian convertible debenture held by the Company was converted into additional shares in Locrian and increased the Company's investment in Locrian to 23.79%. Based on the increased percentage in shareholding and the appointment of a representative of the Company to the Board of Directors of Locrian, the Company is deemed to exert significant influence over this investment. As a result, the investment was reclassified from an available for sale investment to an investment in associate and has been equity accounted for from April 1, 2016.

The net loss after tax for Locrian for the period from April 1, 2016 to June 30, 2016 was $0.7 million and the Company's share of loss for the period was $0.2 million resulting in an investment carrying value of $2.0 million at June 30, 2016.

12 OTHER OBLIGATIONS

	June 30 2016 $'000	December 31 2015 $'000
Non-Current		
Other obligations	8,570	8,754
	8,570	8,754

Other obligations mainly consist of an endowment of $7.5 million (to be paid over the next 13 years) for maintenance and management of the properties under the mitigation plan related to all permits for the Haile Project.

Also, in connection with the issuance of the environmental permits, the Company has an agreement with various Conservation Groups in South Carolina (the Conservation Groups) to provide on going protection for lands in the Lynches River Watershed of South Carolina. This agreement ensured that the Conservation Groups will not bring any suit or claim with respect to the federal, state or local permits issued for the Haile Project.

13 EMPLOYEE BENEFITS

(a) Leave entitlements liability

	June 30 2016 $'000	December 31 2015 $'000
Aggregate employee benefit liability is comprised of		
Employee benefits provision current	6,022	8,028
Employee benefits provision non current	1,162	1,161
	7,184	9,189

(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 recognised in the statement of comprehensive income in the year it is earned by the employee.

14 INTEREST-BEARING LOANS AND BORROWINGS

	Maturity	*June 30 2016 $'000*	*December 31 2015 $'000*
Current			
Capital leases (1)	various	14,754	10,298
Other loan	05/31/2016		514
		14,754	10,812
Non-Current			
Capital leases (1)	various	30,245	5,140
US$ ban ing facilities (2)	various	182,802	182,802
		213,047	187,942

(1) *Capital Leases*
The Group has capital lease facilities in place with Caterpillar Finance and GE Finance. These facilities have maturities between July 2016 to June 2020.

(2) *US$ banking facilities*
On June 22, 2016, the Group increased its revolving credit facility to $300 million for general wor ing capital purposes. The restructured facility is with a multi national group of ban s and matures on December 31, 2019. The facility will step down to $200 million then $150 million as at December 31, 2017 and 2018 respectively. At June 30, 2016, this facility stood at $300 million with $182.8 million drawn and $117.2 million undrawn. There are no principal repayments required before June 30, 2017 under the facility.

Assets pledged

As security for the Group s ban ing facilities, the Group s ban ing syndicate have been granted real property mortgages over titles relevant to the Macraes and Reefton Mines and the Haile Gold Mine Project. 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 ban ing syndicate over their assets which include shares that they own in various other subsidiaries of the Group.

15 DERIVATIVES AND OTHER FINANCIAL LIABILITIES

	June 30 2016 $'000	*December 31 2015 $'000*
Current		
Gold put/call options (1)	14,305	
	14,305	
Non-Current		
Gold put/call options (1)	8,276	
	8,276	

(1) The gold put/call options that give rise to the derivative liabilities are detailed in Note 6.

16 SHARE CAPITAL

Movement in common shares on issue

	June 30 2016 Thousand shares	*June 30 2016 $'000*	*December 31 2015 Thousand shares*	*December 31 2015 $'000*
Balance at the beginning of the period	603,618	1,067,576	301,520	650,557
Shares issued			299,506	413,318
Options exercised	6,587	13,662	2,592	3,701
Balance at the end of the period	610,205	1,081,238	603,618	1,067,576

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 authorised shares.

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

The Company has share option and rights schemes under which options and rights to subscribe for the Company's shares have been granted to executives and management.

On October 1, 2015, the Company issued a total of 299,506,089 shares to Romarco shareholders for the acquisition of all of the issued and outstanding shares of Romarco Minerals Inc. The Romarco shareholders obtained 0.241 of a common share of the Company for each Romarco common share.

17 SEGMENT INFORMATION

The Group's operations are managed on a regional basis. The three reportable segments are New ealand, the Philippines and the United States. The business segments presented below reflect the management structure of the Group and the way in which the Group's management reviews business performance. The Group sells its gold bullion to a mint in Australia and sells its gold copper concentrate to a commodity trader in Singapore. Gold bullion is produced in New ealand and the Philippines and gold copper concentrate is produced in the Philippines.

	New ealand	Phillippines	United States	All other segments	Elimination	Total
Quarter ended June 30, 2016	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Revenue						
Sales to external customers	88,869	80,894				169,763
Inter segment management and gold handling fees				111	(111)	
Total segment revenue	88,869	80,894		111	(111)	169,763
Result						
Segment result excluding unrealised hedge gains/ (losses) and depreciation and amortisation	28,137	54,122	(189)	(4,948)		77,122
Depreciation and amortisation	(17,981)	(9,724)		(310)		(28,015)
Inter segment management and gold handling fees	(111)			111		
Gain/(loss) on fair value of derivative instruments	(1,828)					(1,828)
Total segment result before interest and tax	8,217	44,398	(189)	(5,147)		47,279
Net interest expense						(2,536)
Income tax (expense)/benefit						(5,088)
Net profit/(loss) for the period						39,655

17 SEGMENT INFORMATION (CONTINUED)

	New ealand	Phillippines	United States	All other segments	Elimination	Total
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Six months ended June 30, 2016						
Revenue						
Sales to external customers	183,993	146,821				330,814
Inter segment management and gold handling fees				215	(215)	
Total segment revenue	183,993	146,821		215	(215)	330,814
Result						
Segment result excluding unrealised hedge gains/ (losses) and depreciation and amortisation	70,653	95,623	(136)	(11,145)		154,995
Depreciation and amortisation	(43,997)	(17,259)	(28)	(500)		(61,784)
Inter segment management and gold handling fees	(215)			215		
Gain/(loss) on fair value of derivative instruments	(20,132)					(20,132)
Total segment result before interest and tax	6,309	78,364	(164)	(11,430)		73,079
Net interest expense						(4,724)
Income tax (expense)/benefit						(5,169)
Net profit/(loss) for the period						63,186
Assets						
Additions to property, plant, equipment and mining assets for the six months ended June 30, 2016	52,826	37,767	201,149	586		292,328
Total segment assets as at June 30, 2016	340,338	709,639	576,871	127,089		1,753,937

17 SEGMENT INFORMATION (CONTINUED)

	New ealand	Phillippines	United States	All other segments	Elimination	Total
Quarter ended June 30, 2015	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Revenue						
Sales to external customers	63,286	62,200				125,486
Inter segment management and gold handling fees				127	(127)	
Total segment revenue	63,286	62,200		127	(127)	125,486
Result						
Segment result excluding unrealised hedge gains/ (losses) and depreciation and amortisation	16,667	31,377		(7,934)		40,110
Depreciation and amortisation	(21,731)	(9,745)		(161)		(31,637)
Inter segment management and gold handling fees	(127)			127		
Gain/(loss) on fair value of derivative instruments	(15,439)					(15,439)
Total segment result before interest and tax	(20,630)	21,632		(7,968)		(6,966)
Net interest expense						(2,194)
Income tax (expense)/benefit						8,189
Net profit/(loss) for the period						(971)

17 SEGMENT INFORMATION (CONTINUED)

	New ealand	Phillippines	United States	All other segments	Elimination	Total
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Six months ended June 30, 2015						
Revenue						
Sales to external customers	125,528	129,264				254,792
Inter segment management and gold handling fees				252	(252)	
Total segment revenue	125,528	129,264		252	(252)	254,792
Result						
Segment result excluding unrealised hedge gains/ (losses) and depreciation and amortisation	38,599	75,266		(13,015)		100,850
Depreciation and amortisation	(40,844)	(18,233)		(289)		(59,366)
Inter segment management and gold handling fees	(252)			252		
Gain/(loss) on fair value of derivative instruments	(24,798)					(24,798)
Total segment result before interest and tax	(27,295)	57,033		(13,052)		16,686
Net interest expense						(4,795)
Income tax (expense)/benefit						11,603
Net profit/(loss) for the period						23,494
Assets						
Additions to property, plant, equipment and mining assets for the six months ended June 30, 2015	16,794	35,349		1,162		53,305
Total segment assets as at December 31, 2015	357,227	670,139	461,332	55,159		1,543,857

18 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 stoc 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, 2016		*December 31, 2015*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	3,322,762	A$2.81	3,733,940	A$2.71
Expired	(5,556)	A$2.70	(49,664)	A$2.87
Exercised	(1,410,614)	A$2.84	(361,514)	A$1.79
Balance at the end of the period	**1,906,592**	**A$2.78**	**3,322,762**	**A$2.81**
Exercisable at the end of the period	**1,906,592**	**A$2.78**	**3,322,762**	**A$2.81**

Options granted were priced using a binomial option pricing model. Where options had a single exercise date the Blac 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 prior to the grant date.

(ii) Balance at the end of the period

The share options outstanding at June 30, 2016 had an exercise price of between A$1.52 and A$3.94 and a weighted average remaining life of 1.77 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 mar et 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

18 STOCK-BASED COMPENSATION (CONTINUED)

(b) Performance share rights plan (continued)

WAEP = weighted average exercise price

	June 30, 2016		*December 31, 2015*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	5,168,629	A$0.00	4,953,687	A$0.00
Granted	5,181,949	A$0.00	1,992,861	A$0.00
Forfeited	(23,949)	A$0.00	(65,221)	A$0.00
Exercised	(1,460,156)	A$0.00	(1,712,698)	A$0.00
Balance at the end of the period	**8,866,473**	**A$0.00**	**5,168,629**	**A$0.00**
Exercisable at the end of the period	**-**	**-**	**-**	**-**

Rights granted were priced using Monte Carlo simulation (using the Blac Scholes framewor) 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 mar et variables in order to value derivatives. This simulation models the TSR of the comparator group jointly by ta ing 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 annualised standard deviation of the continuously compounded rates of return on the share over a period of time. The expected volatility of the Company and each Company in the comparator group has been calculated using three years of historical price data. As a result it reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the outcome.

Dividend yield had been assumed to be 1% for grants in 2015. For the grant in 2016, a dividend yield of 1.53% has been assumed in the valuation.

(ii) Balance at end of the period

The performance share rights outstanding at June 30, 2016 had an exercise price of A$0.00 and a weighted average remaining life of 2.13 years.

(c) Stock options

An evergreen incentive stoc 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 stoc option plan at the beginning and the end of the period

	June 30, 2016		*December 31, 2015*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	1,325,000	C$0.14	3,795,000	C$0.17
Expired			(2,470,000)	C$0.19
Balance at the end of the period	**1,325,000**	**C$0.14**	**1,325,000**	**C$0.14**
Exercisable at the end of the period	**1,325,000**	**C$0.14**	**1,325,000**	**C$0.14**

Options granted were valued using the Blac Scholes option pricing model. For employees, the Company recognises stoc 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 recognised at the time of services rendered. The fair value of the options is recognised over the vesting period of the options granted as stoc 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.

18 STOCK-BASED COMPENSATION (CONTINUED)

(c) Stock options (continued)

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 annualised 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 had been assumed to be nil on the basis that no dividends had been declared prior to the grant date.

The ris 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 the end of the period

The evergreen incentive stoc options outstanding at June 30, 2016 had an exercise price of between C$0.11 and C$0.19 and a weighted average remaining life of 0.77 years.

(d) Replacement Stock Option plan

A Replacement Stoc Option plan was introduced into the Group following the acquisition of Romarco Minerals Inc. Under the Plan of Arrangement, each outstanding Romarco option was exchanged for a Replacement Option from OceanaGold. The number of OceanaGold shares equal to 0.241 multiplied by the number of Romarco shares subject to such Romarco option. Accordingly, 9,646,500 Replacement Options were granted and vested on October 1, 2015.

(i) Replacement Stock Option plan movements

The following table reconciles the outstanding rights granted under the Replacement Stoc Option plan at the beginning and the end of the period

	June 30, 2016		*December 31, 2015*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	9,133,645	C$3.10		
Granted			9,646,500	C$3.11
Exercised	(3,716,270)	C$2.51	(402,947)	C$2.07
Expired	(933,031)	C$7.32	(109,908)	C$7.92
Balance at the end of the period	**4,484,344**	**C$2.70**	**9,133,645**	**C$3.10**
Exercisable at the end of the period	**4,484,344**	**C$2.70**	**9,133,645**	**C$3.10**

Options granted were valued using the Blac Scholes option pricing model. For employees, the Company recognises stoc based compensation expense based on the estimated fair value of the options on the date of the grant. The fair value of the options is recognised over the vesting period of the options granted as stoc 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.

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 annualised standard deviation of the continuously compounded rates of return on the share over a period of time. The expected volatility of the Company has been calculated using historical price data based on the estimated life of the options. As a result it reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the outcome.

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

The ris 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 the end of the period

The share options outstanding at June 30, 2016 had an exercise price of between C$1.96 and C$4.07 and a weighted average remaining life of 1.83 years.

18 STOCK-BASED COMPENSATION (CONTINUED)

(e) Deferred Unit Plan ("DUP")

The Company introduced and adopted the cash based Deferred Unit Plan for Non Executive Directors. The DUP provides that participants are issued notional units that are economically equivalent to owning Common Shares of the Company. Each Deferred Unit has an initial value equal to the value of a Common Share at the time of grant. No equity in the Company is issued pursuant to the cash based DUP.

The Board grants Deferred Units in the value of US$50,000 on an annual basis to each of the Non Executive Directors. The Deferred Units are granted on the first trading day on the TSX of each calendar year. In connection with the appointment of Diane R. Garrett to the Board of the Company, Ms Garrett was also granted 81,521 Deferred Units as a one off commencement grant.

Whenever cash dividends are paid on the Common Shares, additional Deferred Units will be credited to the holders of Deferred Units, calculated by dividing the total cash dividends that would have been paid by the mar et value on the trading day immediately after the record date for the dividend.

The units will automatically vest and are redeemable into cash upon the earlier of (a) the three year anniversary of the grant and (b) the termination date of the Non Executive Directors.

The aggregate number of Deferred Units that may be granted to the Non Executive Directors and remain outstanding under the DUP shall not at any time, when ta en together with Common Shares reserved for issuance pursuant to all of the Company's security based compensation arrangements then either in effect or proposed, result in the aggregate number of Deferred Units and Common Shares issuable or reserved for issuance to Non Executive Directors at any time exceeding 1% of the issued and outstanding Common Shares of the Company.

(i) Deferred unit movements

The following table reconciles the outstanding deferred units granted under the deferred unit plan at the beginning and at the end of the period

	June 30, 2016
	No.
Outstanding at the start of the period	
Granted	255,785
Balance at the end of the period	**255,785**
Exercisable at the end of the period	**-**

The fair value of the units granted under the Deferred Unit Plan is calculated as the present value of the future cash flow and it is re measured at each reporting date and at the date of settlement. Any changes in fair value are recognised in the Statement of Comprehensive Income for the period with a corresponding increase or decrease in liability. The liability is expensed over the relevant vesting period. As at June 30, 2016, the fair value of the units was $1.0 million and $0.2 million was expensed.

19 CONTRIBUTED SURPLUS MOVEMENT

	June 30 2016 $'000	*December 31 2015 $'000*
Balance at the beginning of the period	41,954	41,388
Share based compensation expense	2,244	3,223
Forfeited options	(16)	(33)
Exercised options	(3,626)	(2,624)
Balance at the end of period	40,556	41,954
Contributed surplus		
Employee stoc based compensation	10,513	11,911
Shareholder options (lapsed on January 1, 2009)	18,083	18,083
Equity portion of convertible notes	11,960	11,960
	40,556	41,954

20 OTHER RESERVES

	June 30 2016 $'000	*December 31 2015 $'000*
Foreign currency translation (1)	24,814	15,946
Available for sale equity reserve (2)	57,136	5,703
Total other reserves	81,950	21,649

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 derecognised, the cumulative gain or loss in equity is reclassified to profit or loss.

21 COMMITMENTS

Capital commitments

At June 30, 2016, the Group has commitments of $12.8 million (December 31, 2015 $9.8 million), principally relating to the purchase of property, plant and equipment and the development of mining assets mainly in Didipio, Haile and Waihi.

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

	June 30 2016 $'000	*December 31 2015 $'000*
Within one year		
purchase of property, plant and equipment	3,980	2,905
development of mining assets	8,858	6,906
	12,838	9,811

The above capital commitments exclude contracted commitments which the Group is able to exit without significant fees.

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 and a further 3 years over which any remaining balance is amortised, the Company is required to pay the Government of the Republic of the Philippines 60% of the Net Revenue earned from the Didipio Project. For the purposes of the FTAA, Net Revenue is generally the net revenues derived from mining operations, less deductions for, amongst other things, expenses relating to mining, processing, mar eting, depreciation and certain specified overheads. In addition, all taxes paid to the Government and certain specified amounts paid to land claim owners are included as part of the calculation of 60% payable.

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 mar ets 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 mar et data (unobservable inputs).

22 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

June 30, 2016	Level 1 $ 000	Level 2 $ 000	Level 3 $ 000	Total $ 000
Recurring measurements				
Derivatives embedded in accounts receivable		(251)		(251)
Available for sale financial assets	86,607			86,607
Fuel swaps		7,034		7,034
Total assets	86,607	6,783		93,390
Gold put/call options		22,581		22,581
Total liabilities		22,581		22,581

December 31, 2015	Level 1 $ 000	Level 2 $ 000	Level 3 $ 000	Total $ 000
Recurring measurements				
Derivatives embedded in accounts receivable		168		168
Available for sale financial assets	17,584			17,584
Gold put/call options		5,777		5,777
Investments			2,062	2,062
Total assets	17,584	5,945	2,062	25,591

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 by the weighted average number of common shares outstanding during the period (adjusted for the effects of dilutive options 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 2016 $'000	*June 30 2015 $'000*	*June 30 2016 $'000*	*June 30 2015 $'000*
Numerator:				
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of basic and diluted earnings per share)	39,655	(971)	63,186	23,494
	Thousands	*Thousands*	*Thousands*	*Thousands*
Denominator:				
Weighted average number of common shares (used in calculation of basic earnings per share)	609,160	303,533	607,365	302,886
Effect of dilution				
Share options	15,307	7,521	13,632	5,794
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	624,467	311,054	620,997	308,680
Net earnings/(loss) per share:				
Basic	$0.07	($0.00)	$0.10	$0.08
Diluted	$0.06	($0.00)	$0.10	$0.08

24 RELATED PARTIES

There were no significant related party transactions during the period.

25 CONTINGENCIES

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

(b) The Department of Environment and Natural Resources of the Philippines (DENR), along with a number of mining companies (including OceanaGold (Philippines), Inc.), are parties to a case that was filed in 2008 whereby a group of Non Governmental Organisations (NGOs) and individuals challenged the constitutionality of the Philippines Mining Act (Mining Act), the Financial or Technical Assistance Agreements (FTAAs) and the Mineral Production Sharing Agreements (MPSAs) in the Philippines Supreme Court. After some years of slow development, the case proceeded to oral hearing in 2013 and is currently awaiting a decision from the Supreme Court.

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

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

(d) The Company operates in a number of jurisdictions. In the normal course of operations, the Company is occasionally subject to claims or litigations, including claims relating to wor ers compensation, motor vehicle accidents and items of similar nature. The Company deals with these claims as and when they arise. The Group also maintains specific insurance policies to transfer the ris 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. Other than as disclosed in these financial statements and other public filings, there are no claims that the Company believes will result in material losses as at the date of these financial statements.

(e) The Group has provided guarantees in respect of the $300.0 million ban ing facilities (Note 14). At June 30, 2016 the total outstanding balance under these facilities was $182.8 million (December 31, 2015 $182.8 million). Associated with this guarantee are certain financial compliance underta ings by the Group, including gearing covenants.

(f) 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, 2016 the outstanding rental obligations under the capital lease are $45.0 million (December 31, 2015 $17.2 million). Associated with this guarantee are certain financial compliance underta ings by the Group, including gearing covenants.

(g) The Group has issued bonds in favour of various New ealand authorities (Ministry of Economic Development Crown Minerals, Otago Regional Council, Waita i 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 $33.4 million (December 31, 2015 $30 million).

(h) The Group has provided a cash operating bond to the New ealand Department of Conservation of $0.3 million (December 31, 2015 $0.3 million) which is refundable at the end of the Globe Progress mine. This amount is included in the total referred to in (g) above.

(i) Waihi has contingent liabilities under contracts, guarantees and other agreements arising in the ordinary course of business on which no loss is anticipated. Bonds have been issued in favour of various New ealand authorities (Ministry of Energy, Haura i District Council, Wai ato Regional Council, Environment Wai ato, 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 Martha mining that amount to approximately $33.5 million (December 31, 2015 $22.9 million).

25 CONTINGENCIES (CONTINUED)

(j) The mine operating permit at Haile which became final and effective during the first quarter of 2015 includes a schedule for estimated financial assurance of $65.0 million over the mine life consisting of $55.0 million in surety bonds or other mechanisms and $10.0 million in an interest bearing cash trust. The Company has satisfied its current financial assurance payment requirements by using a surety bond of $30.1 million and the Company has provided the surety companies with cash collateral of $6.0 million (20% of the $30.1 million surety bond). In addition, the Company has paid $0.2 million in trust funding.

The remaining estimated financial assurance of $34.7 million will be paid over the life of the mine with the next financial assurance payment anticipated to occur in 2017. The timing and amounts of these payments could change due to a number of factors including changes in regulatory requirements, changes in scope and timing of closure activities. The State requires financial assurance for the estimated costs of mine reclamation and closure, including groundwater quality protection programs.

The surety bond and other financial assurance must be maintained in force continuously throughout the life of the mining operation and may only be released, partially or in full, after the State of South Carolina approves release of financial assurance.

26 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the quarter end, the Company purchased an outstanding net smelter return royalty from Coeur Gold New ealand in relation to gold and silver productions from certain Waihi tenements. The total purchase price is comprised of an upfront payment of $5.5 million and an additional $0.7 million in supplementary payment contingent on the Waihi underground gold reserves for the year ending December 31, 2016 achieving 301,350 ounces of gold.

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