



OCEANAGOLD CORPORATION

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THIRD QUARTER REPORT
SEPTEMBER 30TH, 2020
UNAUDITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2020

(in millions of United States dollars)

	September 30 2020	December 31 2019
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	127.0	49.0
Trade and other receivables	6 17.1	6.9
Derivatives and other financial assets	7 0.3	0.3
Inventories	8 102.3	145.4
Prepayments	15.2	14.6
Total current assets	261.9	216.2
Non-current assets		
Trade and other receivables	6 86.4	88.5
Derivatives and other financial assets	7 5.7	37.6
Inventories	8 213.1	185.6
Deferred tax assets	23.9	25.6
Property, plant and equipment	9 849.9	821.7
Mining assets	10 706.0	694.3
Investments	11 -	2.7
Total non-current assets	1,885.0	1,856.0
TOTAL ASSETS	2,146.9	2,072.2
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	120.5	120.5
Unearned revenue	12 135.6	-
Employee benefits	14.0	13.7
Derivatives and other financial liabilities	15 14.9	14.7
Current tax liabilities	20.2	25.4
Interest-bearing loans and borrowings	14 22.2	24.8
Asset retirement obligations	1.3	3.6
Total current liabilities	328.7	202.7
Non-current liabilities		
Other obligations	13 3.5	3.8
Employee benefits	1.8	1.5
Interest-bearing loans and borrowings	14 291.8	203.6
Deferred tax liabilities	1.8	2.0
Asset retirement obligations	105.8	95.0
Total non-current liabilities	404.7	305.9
TOTAL LIABILITIES	733.4	508.6
SHAREHOLDERS' EQUITY		
Share capital	16 1,107.2	1,107.0
Retained earnings	236.8	391.0
Contributed surplus	54.3	48.6
Other reserves	15.2	17.0
TOTAL SHAREHOLDERS' EQUITY	1,413.5	1,563.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,146.9	2,072.2

On behalf of the Board of Directors:



Ian M. Reid
Director
October 29, 2020



Paul B. Sweeney
Director
October 29, 2020

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the quarter ended September 30, 2020

(in millions of United States dollars, except per share data)

	Notes	Three months ended		Nine months ended	
		September 30 2020 \$	September 30 2019 \$	September 30 2020 \$	September 30 2019 \$
Revenue	5	97.9	133.6	331.9	499.1
Cost of sales, excluding depreciation and amortisation		(60.9)	(78.4)	(196.7)	(279.1)
Depreciation and amortisation		(36.1)	(36.4)	(125.6)	(118.5)
General and administration - indirect taxes		(1.0)	(1.2)	(3.1)	(8.5)
General and administration - other		(22.1)	(19.2)	(62.1)	(42.7)
Operating profit/(loss)		(22.2)	(1.6)	(55.6)	50.3
Other income/(expenses)					
Interest expense and finance costs		(2.7)	(3.4)	(8.8)	(11.0)
Foreign exchange gain/(loss)		(0.8)	0.3	(6.3)	0.3
Gain/(loss) on disposal of property, plant and equipment		-	(0.9)	0.1	(0.7)
Gain/(loss) on fair value of financial assets		-	-	(0.1)	0.2
Total other expenses		(3.5)	(4.0)	(15.1)	(11.2)
Write down exploration/property expenditure/investment		(0.1)	-	(6.9)	(4.6)
Gain/(loss) on fair value of undesignated hedges		11.3	(23.0)	(0.3)	(31.1)
Interest income		-	0.3	0.2	0.8
Other income/(expense)		0.4	(0.3)	4.6	0.4
Impairment charge	4	(80.0)	-	(80.0)	-
Profit/(loss) before income tax		(94.1)	(28.6)	(153.1)	4.6
Income tax benefit/(expense)		(2.7)	6.7	(1.1)	1.2
Net profit/(loss)		(96.8)	(21.9)	(154.2)	5.8
Other comprehensive income/(loss)					
<i>Items that has been/may be reclassified to profit or loss</i>					
Currency translation gain/(loss)		6.2	(12.2)	5.4	(9.6)
<i>Items that will not be reclassified to profit or loss</i>					
Net change in the fair value of financial assets at fair value through other comprehensive income		1.1	(9.2)	(7.2)	(22.6)
Total other comprehensive income/(loss) net of tax		7.3	(21.4)	(1.8)	(32.2)
Comprehensive income/(loss) attributable to shareholders		(89.5)	(43.3)	(156.0)	(26.4)
		Millions	Millions	Millions	Millions
Weighted average number of common shares (used in calculation of basic earnings per share)		622.4	622.3	622.4	621.4
Effect of dilution: Share options*		14.8	-	13.6	11.4
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)		637.2	622.3	636.0	632.8
Net earnings/(loss) per share:					
- Basic		(\$0.16)	(\$0.04)	(\$0.25)	\$0.01
- Diluted		(\$0.16)	(\$0.04)	(\$0.25)	\$0.01

* For the three months and nine months ended September 30, 2020, conversion of share options would decrease the loss per share and hence are non-dilutive.

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the quarter ended September 30, 2020

(in millions of United States dollars)

	<i>Share Capital</i>	<i>Contributed Surplus</i>	<i>Other Reserves</i>	<i>Retained Earnings</i>	<i>Total Equity</i>
	\$	\$	\$	\$	\$
Balance at January 1, 2020	1,107.0	48.6	17.0	391.0	1,563.6
Comprehensive income/(loss) for the period	-	-	(1.8)	(154.2)	(156.0)
Employee share options:					
Share based payments	-	6.0	-	-	6.0
Forfeiture of options	-	(0.3)	-	-	(0.3)
Exercise of options	0.2	-	-	-	0.2
Balance at September 30, 2020	1,107.2	54.3	15.2	236.8	1,413.5
Balance at 1 January, 2019	1,099.0	50.2	34.7	382.8	1,566.7
Comprehensive income/(loss) for the period	-	-	(32.2)	5.8	(26.4)
Employee share options:					
Share based payments	-	4.6	-	-	4.6
Forfeiture of options	-	(0.2)	-	-	(0.2)
Exercise of options	7.9	(7.3)	-	-	0.6
Dividends provided for or paid	-	-	-	(6.3)	(6.3)
Balance at September 30, 2019	1,106.9	47.3	2.5	382.3	1,539.0

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the quarter ended September 30, 2020

(in millions of United States dollars)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>September 30</i>	<i>September 30</i>	<i>September 30</i>	<i>September 30</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	\$	\$	\$	\$
Operating activities				
Net profit/(loss)	(96.8)	(21.9)	(154.2)	5.8
<i>Charges/(credits) not affecting cash</i>				
Depreciation and amortisation expense	36.1	36.4	125.6	118.5
Net (gain)/loss on disposal of property, plant & equipment	-	1.1	(0.1)	1.1
Unrealised foreign exchange (gain)/loss	0.8	(0.3)	6.3	(0.3)
Stock based compensation charge	2.1	1.2	5.7	4.4
Unrealised (gain)/loss on fair value of undesignated hedges	(11.3)	23.0	0.3	31.1
Amortisation of transaction costs/ write off	0.1	0.1	0.2	0.5
Impairment charge	80.0	-	80.0	-
Income tax expense/(benefit)	2.7	(6.7)	1.1	(1.2)
Non-cash fair value of financial assets (gain)/loss	-	-	0.1	(0.2)
Write down exploration/property expenditure/investment	0.1	-	6.9	4.6
<i>Changes in non-cash working capital</i>				
(Increase)/decrease in trade and other receivables	(10.8)	14.4	(8.7)	14.0
(Increase)/decrease in inventories	(4.7)	(13.5)	8.5	(10.5)
(Decrease)/increase in trade and other payables	10.7	2.4	(3.6)	7.8
(Decrease)/increase in unearned revenue	57.1	-	135.6	-
(Decrease)/increase in other working capital	(3.0)	(3.8)	1.2	(4.1)
(Decrease)/increase in tax payables	-	-	(4.5)	(13.9)
Net cash provided by/(used in) operating activities	63.1	32.4	200.4	157.6
Investing activities				
Proceeds from sale of financial assets	-	-	23.1	-
Proceeds from sale of property, plant and equipment	0.1	2.3	3.4	2.7
Payment for property, plant and equipment	(12.3)	(6.9)	(25.8)	(31.3)
Payment for mining assets: exploration and evaluation	(4.8)	(9.4)	(9.7)	(25.2)
Payment for mining assets: development	(36.5)	(11.3)	(88.7)	(43.4)
Payment for mining assets: in production	(24.9)	(29.0)	(65.4)	(91.1)
Net cash provided by/(used in) investing activities	(78.4)	(54.3)	(163.1)	(188.3)
Financing activities				
Proceeds from issue of shares	-	-	0.2	0.6
Repayment of lease liabilities	(5.7)	(4.0)	(16.7)	(11.0)
Repayment of bank borrowings and other loans	(0.3)	-	(0.3)	-
Proceeds from bank borrowings and other loans	-	-	59.1	-
Dividends paid to shareholders	-	-	-	(6.3)
Net cash provided by/(used in) financing activities	(6.0)	(4.0)	42.3	(16.7)
Effect of exchange rates changes on cash gain/(loss)	0.6	(3.2)	(1.6)	(4.7)
Net increase/(decrease) in cash and cash equivalents	(20.7)	(29.1)	78.0	(52.1)
Cash and cash equivalents at the beginning of the period	147.7	84.7	49.0	107.7
Cash and cash equivalents at the end of the period	127.0	55.6	127.0	55.6
Cash interest paid	(1.3)	(4.4)	(6.6)	(8.3)
Cash interest received	-	0.3	0.2	0.8
Income taxes paid	-	-	(4.5)	(13.9)

The accompanying notes to the interim condensed 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 and the Australian Securities 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 the exploration, development and operation of gold and other mineral mining activities. OceanaGold operates one open cut gold mine and two underground mines in New Zealand. The Group also operates an underground operation at Didipio in the Philippines and one open cut gold mine at Haile in South Carolina, United States.

The Group prepares its unaudited interim condensed 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 condensed 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 condensed 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, 2019, as they provide an update of previously reported information.

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as noted in Note 2 below.

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on October 29, 2020.

2 ACCOUNTING POLICIES

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group. There have been no new accounting standards adopted that have a material impact on the Group.

3 CRITICAL ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Areas of estimates and judgement that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2019, except for those noted and updated below.

(i) Impairment of assets

The Group assesses each Cash-Generating Unit (CGU) at period end, to determine whether there are any indications of impairment or reversal of impairment. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made. Recoverable amount is the higher of the fair value less cost of disposal and value in use calculated in accordance with accounting policy as described in the December 31, 2019 Financial Statements. These assessments require the use of estimates and assumptions such as commodity prices (gold and copper), discount rates, exchange rates (New Zealand dollar and Philippines Peso to the US Dollar), sustaining capital requirements, operating performance (including the magnitude and timing of related cash flows, production levels and grade of ore being processed), future operating development from certain identified development or exploration targets where there is high degree of confidence in the economic extraction of minerals and conversion of resources (measured and indicated and inferred) and their estimated fair value.

An impairment charge of \$80.0 million was recognised during the quarter ended September 30, 2020. Further details are per Note 4 below.

(ii) COVID-19

In view of the ongoing COVID-19 global pandemic, Management had considered the impact of the COVID-19 pandemic on its operations in the various jurisdictions and concluded that it had not had a material impact and was hence not an indicator of impairment for any of the Group's CGUs. The activities at the New Zealand operations were paused during a nationwide five-week lockdown on March 25, 2020, and the activities were fully resumed on April 28, 2020 following the easing of COVID-19 restrictions. At September 30, 2020, with the exception of the Didipio mine in the Philippines where operations remain suspended amidst local blockades and pending FTAA renewal, the mines in New Zealand and the United States were operating.

(iii) Net current liability position

The Group was in a Net Current Liability position of \$66.8 million at September 30, 2020, despite Group liquidity of \$127.0 million in cash and cash equivalent as at the date of reporting. However, this net current liability position is addressed by the equity raising of net cash proceeds of C\$161.1 million, as detailed in Note 23.

4 IMPAIRMENT OF ASSETS

Impairment indicators and testing

The Group assesses each Cash-Generating Unit (CGU) at period end, to determine whether there are any indicators of impairment or reversal of impairment. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made. Recoverable amount is the higher of the fair value less cost of disposal and value in use calculated in accordance with accounting policy as described in the December 31, 2019 Financial Statements. The Group has four CGUs, Macraes and Waihi in New Zealand, Didipio in the Philippines and Haile in the United States of America.

At September 30, 2020, the Company's market capitalisation (\$1.0 billion) was below the carrying value of net assets (\$1.5 billion), hence a deficiency of \$0.5 billion. At March 31, 2020, there was a market capital deficiency of \$0.9 billion and an impairment test resulted in no impairment. The Company is able to rely on the results of the impairment test conducted in the first quarter of 2020 to conclude that there was no indicator of impairment triggered by the market capitalisation deficiency, provided the previous assessment showed no events have occurred that would eliminate the ample surplus of recoverable value over carrying value that was previously determined. The Group has determined that there have been no such event and hence no indicator of impairment for the CGUs in New Zealand and United States of America. Management has further analysed and identified for the Didipio CGU that there was an indicator of impairment resulting from the permanent layoffs of 496 employees at Didipio which were announced pre-September 30, 2020 and took place on October 13, 2020. These layoffs impact the expected timeline to resume full operations. An impairment assessment was hence performed on the Didipio CGU to calculate the recoverable amount.

Key assumptions and sensitivities

The recoverable amount of the Didipio CGU has been assessed by reference to the higher of value in use and fair value less cost of disposal ("FVLCD"). Impairment testing has been performed on a FVLCD basis as this best reflects the highest amount the Group could receive for the CGU in an arm's length transaction. The Group used discounted cash flow techniques based on the detailed "life of mine" production plan which reflects the net cash flows expected to be realised from extraction, processing and sale of mineral reserves based on the Group's most recently published Resource and Reserve Statement, taking into account an assumption on possible restart date of operations to full capacity given the current suspension as detailed further below as well as a scenario of non-renewal. The fair value associated with measured and indicated resources not currently included in the life of mine plan is included based on the estimated conversion rate.

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

	2021-2025	Long term (2026+)
Gold (US\$ per ounce)	\$1,850 - \$1,550	\$1,550
Copper (US\$ per pound)	\$2.8 to \$3.0	\$3.0
Discount rate	8.0%	8.0%

Commodity prices and exchange rates

Commodity price and foreign exchange rates are estimated with reference to external market forecasts including brokers' average for the short term and medium term, and views of management for the long term.

Discount rate

In determining the fair value of the Didipio CGU, the future cash flows were discounted using rates based on the Group's estimated real after tax weighted average cost of capital, pursuant to the Capital Asset Pricing Model, with an additional premium applied having regard to the geographic location of the CGU.

Operating and capital costs

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

FTAA renewal and restart of operations

As per note 19, the FTAA renewal remains with the Office of the President ("OP") with no definitive timeline provided for a decision despite the Company remaining proactively engaged with responsible regulatory stakeholders, including the Philippines Department of Environment and Natural Resources ("DENR") and the Philippines Mines and Geoscience Bureau ("MGB") on the FTAA renewal process. A large part of workforce at Didipio has been permanently terminated in the first round of layoffs in October 2020, and a second round of layoffs is possible by the end of 2020. The layoffs will delay the restart of full operations at Didipio in view of recruitment that would be needed prior restart. The impairment testing and calculation has taken into account several potential scenarios including a restart date for full operations between January 1, 2022 and January 1, 2023 as well as a non-renewal scenario.

4 IMPAIRMENT OF ASSETS (CONTINUED)

Impairment assessment result

The impairment assessment for the Didipio CGU resulted in an impairment charge being recognised against Mining Assets (note 10) of \$80.0 million, based on a calculated recoverable value of \$542.0 million. The recoverable value is considered to be level 3 fair value measurements (as defined by accounting standards, refer Note 20) as it is derived from valuation techniques that include inputs that are not based on observable market data.

Sensitivity Analysis

Changes in key assumptions would impact the fair value and recoverable value of the Didipio CGU. The sensitivities are estimated below and represent the theoretical impacts on the fair value of the changes assessed on an individual basis:

	Didipio (\$million)
US\$100 per ounce change in gold price	31.1
US\$0.10 per pound change in copper price	8.0
0.5% increase/decrease in discount rate	13.8

The above sensitivities assume that the specific assumption moves in isolation, with all other assumptions remaining constant. In reality, the factors may not move in isolation and may have offsetting impacts. Actions are also usually taken by Management to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

Furthermore, should adverse circumstances arise where there is an expectation that an FTAA renewal will definitely not be granted, or the conditions under which it is renewed will result in an extended period of suspension of production beyond expectations, the carrying value of the Didipio assets may be further impaired. However, if the FTAA renewal were obtained, and full operations resumed sooner than assumed, a reversal of impairment is likely to be booked after giving due consideration to those circumstances.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

5 REVENUE

	Three months ended		Nine months ended	
	September 30 2020 \$m	September 30 2019 \$m	September 30 2020 \$m	September 30 2019 \$m
Gold sales				
Bullion	97.2	132.9	329.4	403.6
Concentrate sales	-	0.3	-	54.3
Provisional price adjustment	0.1	0.2	0.2	1.2
	<u>97.3</u>	<u>133.4</u>	<u>329.6</u>	<u>459.1</u>
Copper sales				
Concentrate sales	-	(0.1)	-	43.4
Provisional price adjustment	-	(0.1)	-	(0.1)
	<u>-</u>	<u>(0.2)</u>	<u>-</u>	<u>43.3</u>
Silver sales				
Concentrate sales	0.6	0.6	2.3	3.5
	<u>0.6</u>	<u>0.6</u>	<u>2.3</u>	<u>3.5</u>
Less concentrate treatment, refining and selling costs	-	(0.2)	-	(6.8)
Total Revenue	<u>97.9</u>	<u>133.6</u>	<u>331.9</u>	<u>499.1</u>

Realised loss on gold options hedges (Note 15) exercised for the quarter ended September 30, 2020 amounted to \$15.5 million (September 30, 2019: \$7.5 million). For the nine months ended September 30, 2020, the realised loss on gold options hedges (Note 15) exercised amounted to \$35.2 million (September 30, 2019: \$8.0 million). Realised gain or loss on gold options is included within Revenue - Gold sales.

Provisionally Priced Sales

At September 30, 2020, the provisionally priced gold and copper sales for 582 dry metric tonnes of concentrate containing provisional estimates of 559 ounces of gold and 71 tonnes of copper, subject to final settlement, were recorded at average prices of \$1,869/oz and \$6,559/t, respectively.

6 TRADE AND OTHER RECEIVABLES

	September 30 2020 \$m	December 31 2019 \$m
Current		
Trade receivables	11.5	1.9
Other receivables	5.6	5.0
	<u>17.1</u>	<u>6.9</u>
Non-Current		
Other receivables	86.4	88.5
	<u>86.4</u>	<u>88.5</u>

Other receivables mainly consist of \$44.7 million (December 31, 2019: \$44.6 million) input tax credits and \$29.1 million (December 31, 2019: \$28.7 million) excise tax recoverable, with the remainder related to deposits at bank in support of environmental bonds and carbon tax credits.

The Group has a contingent liability under 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 Reefion Gold Project which amount to approximately \$37.2 million (December 31, 2019: \$39.3 million).

7 DERIVATIVES AND OTHER FINANCIAL ASSETS

	<i>September 30</i> 2020 \$m	<i>December 31</i> 2019 \$m
Current		
Other assets (1)	0.3	0.3
	0.3	0.3
Non-Current		
Other assets (1)	0.1	0.2
Financial assets at fair value through other comprehensive income (2)	5.6	37.4
	5.7	37.6
	6.0	37.9

- (1) Represents the unamortised portion of upfront fees and other costs incurred in amending US\$ banking facilities. These fees are being amortised to reflect an approximate pattern of consumption over the terms of the facilities.
- (2) Represents the fair value of investments in NuLegacy Gold Corporation which is listed on the Toronto Stock Exchange and Sandfire Resources Ltd which is listed on the Australian Securities Exchange. During the quarter ended March 31, 2020, the Group sold 39,946,161 shares of Gold Standard Ventures Corp. for cash proceeds of \$22.7 million. A further 513,000 Gold Standard Ventures Corp. shares were sold during the quarter ended June 30, 2020 for cash proceeds of \$0.4 million.

8 INVENTORIES

	<i>September 30</i> 2020 \$m	<i>December 31</i> 2019 \$m
Current		
Gold in circuit	23.4	21.3
Ore - at cost	12.1	33.1
Gold on hand	0.6	5.5
Gold and copper concentrate	33.1	33.1
Maintenance stores	33.1	52.4
	102.3	145.4
Non-Current		
Ore - at cost	192.3	185.6
Maintenance stores	20.8	-
	213.1	185.6
Total inventories	315.4	331.0

During the quarter, there was no inventory written down (for the year ended December 31, 2019: \$nil).

9 PROPERTY, PLANT AND EQUIPMENT

	September 30, 2020			
	Land	Buildings	Plant and equipment	Total
	\$m	\$m	\$m	\$m
Net book value				
At December 31, 2019:				
Cost	61.6	102.6	1,395.5	1,559.7
Accumulated depreciation and impairment	-	(33.3)	(704.7)	(738.0)
At December 31, 2019	61.6	69.3	690.8	821.7
Movement for the period:				
Additions	0.8	0.3	69.7	70.8
Revaluation	-	-	15.6	15.6
Transfers	0.6	0.2	14.7	15.5
Disposals/write-off	(6.4)	(0.5)	(0.9)	(7.8)
Depreciation charge	-	(3.6)	(60.9)	(64.5)
Exchange differences	(0.6)	(0.2)	(0.6)	(1.4)
At September 30, 2020	56.0	65.5	728.4	849.9
At September 30, 2020:				
Cost	56.0	102.1	1,484.1	1,642.2
Accumulated depreciation and impairment	-	(36.6)	(755.7)	(792.3)
	56.0	65.5	728.4	849.9

Plant and equipment includes right-of-use assets (leased assets) net of accumulated depreciation of \$112.8 million (December 31, 2019: \$85.5 million). \$98.7 million (December 31, 2019: \$73.5 million) of the right-of-use assets are pledged as security for lease liabilities (Note 14).

The following table shows the movements in the net book value of right-of-use assets for the nine months period ended September 30, 2020:

	September 30, 2020			
	Properties	Vehicles and Machinery	Office equipment	Other plant and equipment
	\$m	\$m	\$m	\$m
Net book value				
At January 1, 2020	1.5	74.8	0.5	8.7
Additions	0.6	39.1	0.1	5.3
Depreciation	(0.5)	(15.0)	(0.2)	(1.3)
Transfers	-	(0.4)	-	-
Exchange differences	-	(0.2)	(0.2)	-
At September 30, 2020	1.6	98.3	0.2	12.7

10 MINING ASSETS

	September 30, 2020			Total
	Exploration and evaluation phase	Development phase	In production phase	
	\$m	\$m	\$m	\$m
Net book value				
At December 31, 2019:				
Cost	81.5	99.2	1,774.9	1,955.6
Accumulated amortisation and impairment	-	-	(1,261.3)	(1,261.3)
At December 31, 2019	81.5	99.2	513.6	694.3
Movement for the period:				
Additions	9.7	93.1	72.7	175.5
Transfers	-	(21.1)	5.6	(15.5)
Disposals/write-off	(0.6)	-	-	(0.6)
Impairment charge	-	-	(80.0)	(80.0)
Amortisation for the period	-	-	(66.8)	(66.8)
Exchange differences	(0.5)	0.2	(0.6)	(0.9)
At September 30, 2020	90.1	171.4	444.5	706.0
At September 30, 2020:				
Cost	90.1	171.4	1,842.3	2,103.8
Accumulated amortisation and impairment	-	-	(1,397.8)	(1,397.8)
	90.1	171.4	444.5	706.0

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 included the Martha Underground Project at Waihi Gold Mine in New Zealand, the community road projects at Didipio Mine in the Philippines, and the plant optimization, PAG development and the tailing facility lift construction at the Haile Gold Mine in the United States.

An impairment charge of \$80.0 million was recognised during the quarter ended September 30, 2020. Further details are per Note 4.

11 INVESTMENTS

	September 30 2020 \$m	December 31 2019 \$m
Non-Current		
Equity accounted investments	-	2.7
	-	2.7

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.

The investment was fully written down during the quarter ended June 30, 2020.

12 UNEARNED REVENUE

	September 30 2020 \$m	December 31 2019 \$m
Current		
Advanced gold sales	135.6	-
	<u>135.6</u>	<u>-</u>

In February 2020, the Group entered into an advanced gold sale arrangement with four financial institutions to deliver a total of 48,000 gold ounces between September 2020 and December 2020 and received an advanced cash payment of \$78.5 million.

In August 2020, the Group entered into another advanced gold sale arrangement with three financial institutions to deliver a total of 40,000 gold ounces between April 2021 and June 2021 and received an advanced cash payment of \$76.7 million.

These advanced gold sales will be amortised to the Statement of Comprehensive Income when physical deliveries of gold occur. During the quarter ended September 30, 2020, 12,000 ounces of gold valued at \$19.6 million were delivered to the financial institutions. 76,000 gold ounces remained outstanding as at September 30, 2020.

13 OTHER OBLIGATIONS

	September 30 2020 \$m	December 31 2019 \$m
Non-Current		
Other obligations	3.5	3.8
	<u>3.5</u>	<u>3.8</u>

Other obligations mainly consist of an endowment of \$3.5 million (December 31, 2019: \$3.8 million) for maintenance and management of the properties under the mitigation plan related to all permits for the Haile Gold mine.

14 INTEREST-BEARING LOANS AND BORROWINGS

	September 30 2020 \$m	December 31 2019 \$m
Current		
Lease liabilities (1)	20.8	24.8
US\$ banking facilities (2)	1.4	-
	<u>22.2</u>	<u>24.8</u>
Non-Current		
Lease liabilities (1)	84.4	53.6
US\$ banking facilities (2)	207.4	150.0
	<u>291.8</u>	<u>203.6</u>

(1) *Leases liabilities*

Lease liability is measured at the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at the balance date. Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease where available or the Group's incremental borrowing rate to achieve a constant rate of interest on the remaining balance of the liability.

The Group has provided guarantees for certain mobile mining equipment leases entered into by the controlled entities. At September 30, 2020 the outstanding rental obligations under these leases amounted to \$97.1 million (December 31, 2019: \$75.9 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants which the Group complied with at September 30, 2020.

14 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(2) US\$ banking facilities

On November 25, 2019, the Group amended its loan facility with the Group's banking syndicate to remove the step-down requirement for December 31, 2019 and extended the maturity date for the overall \$200.0 million credit facilities to December 31, 2021. The facilities are with a multi-national group of banks.

On May 6, 2020, the Group entered into a new \$10.0 million fleet facility arrangement with a financial institution for mining equipment financing.

At September 30, 2020, total facilities stood at \$210.0 million (December 31, 2019: \$200.0 million) with \$208.8 million drawn (December 31, 2019: \$150.0 million) and \$1.2 million undrawn (December 31, 2019: \$50.0 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants which the Group complied with at September 30, 2020.

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 New Zealand and United States mines. They also have the ability to enter into real property and chattel mortgages in respect of the Didipio mine, 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.

15 DERIVATIVES AND OTHER FINANCIAL LIABILITIES

	September 30 2020 \$m	December 31 2019 \$m
Current		
Gold put/call options	14.9	14.7
	14.9	14.7

This represents a series of three bought gold put options with price of NZ\$2,000 per ounce and a series of three sold gold call options with price of NZ\$2,100 per ounce. At September 30, 2020, 29,700 ounces (December 31, 2019: 118,800 ounces) of gold options remained outstanding. These gold options are undesignated for hedge accounting purposes and accounted at fair value through the Statements of Comprehensive Income. These gold options cover future gold production from New Zealand mines.

Put options Strike price NZ\$	Call options Strike price NZ\$	Ounces of gold outstanding at September 30, 2020	Ounces of gold outstanding at December 31, 2019	Expiring
2,000	2,100	29,700	118,800	December 2020

16 SHARE CAPITAL

Movement in common shares on issue

	<i>September 30 2020 Million shares</i>	<i>September 30 2020 \$m</i>	<i>December 31 2019 Million shares</i>	<i>December 31 2019 \$m</i>
Balance at the beginning of the period	622.3	1,107.0	618.6	1,099.0
Options exercised	0.1	0.2	3.7	8.0
Balance at the end of the period	<u>622.4</u>	<u>1,107.2</u>	<u>622.3</u>	<u>1,107.0</u>

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 CHES Depositary 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.

A potential non-controlling interest is referred to in Note 22(a).

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.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

17 SEGMENT INFORMATION

The Group's operations are managed on a regional basis. The three reportable segments are New Zealand, 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 a refiner in the United States, and sells its gold-copper concentrate to a commodity trader in Singapore. Gold bullion is produced in New Zealand, the Philippines and the United States and gold-copper concentrate is produced in the Philippines.

	New Zealand	Philippines	United States	All other segments	Elimination	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Quarter ended September 30, 2020						
Revenue						
Sales to external customers	46.1	0.1	51.7	-	-	97.9
Inter segment management and gold handling fees	-	-	-	6.0	(6.0)	-
Total segment revenue	46.1	0.1	51.7	6.0	(6.0)	97.9
Result						
Segment result excluding unrealised hedge gains/(losses), depreciation and amortisation	14.1	(11.8)	21.1	(9.9)	-	13.5
Depreciation and amortisation	(12.1)	(2.6)	(21.1)	(0.3)	-	(36.1)
Inter segment management and gold handling fees	(2.5)	(2.0)	(1.5)	-	6.0	-
Gain/(loss) on fair value of derivative instruments	11.3	-	-	-	-	11.3
Write down exploration/property expenditure/investment	-	-	0.4	(0.5)	-	(0.1)
Impairment charge	-	(80.0)	-	-	-	(80.0)
Total segment result before interest and tax	10.8	(96.4)	(1.1)	(10.7)	6.0	(91.4)
Net interest expense						(2.7)
Income tax (expense)/benefit						(2.7)
Net profit/(loss) for the period						(96.8)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

17 SEGMENT INFORMATION (CONTINUED)

	New Zealand	Philippines	United States	All other segments	Elimination	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Nine months ended September 30, 2020						
Revenue						
Sales to external customers	160.6	11.5	159.8	-	-	331.9
Inter segment management and gold handling fees	-	-	-	17.6	(17.6)	-
Total segment revenue	160.6	11.5	159.8	17.6	(17.6)	331.9
Result						
Segment result excluding unrealised hedge gains/(losses), depreciation and amortisation	79.1	(23.1)	54.7	(42.4)	-	68.3
Depreciation and amortisation	(41.4)	(10.8)	(72.3)	(1.1)	-	(125.6)
Inter segment management and gold handling fees	(7.3)	(5.8)	(4.5)	-	17.6	-
Gain/(loss) on fair value of derivative instruments	(0.3)	-	-	-	-	(0.3)
Write down exploration/property expenditure/investment	-	-	(3.7)	(3.2)	-	(6.9)
Impairment charge	-	(80.0)	-	-	-	(80.0)
Total segment result before interest and tax	30.1	(119.7)	(25.8)	(46.7)	17.6	(144.5)
Net interest expense						(8.6)
Income tax (expense)/benefit						(1.1)
Net profit/(loss) for the period						(154.2)
Assets						
Additions to property, plant, equipment and mining assets for the nine months ended September 30, 2020*	102.0	6.2	137.6	0.8	(0.3)	246.3
Total segment assets as at September 30, 2020	405.6	681.4	991.1	68.8	-	2,146.9

* Included additions to right-of-use assets of \$45.1 million (Note 9).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

17 SEGMENT INFORMATION (CONTINUED)

	New Zealand	Philippines	United States	All other segments	Elimination	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Quarter ended September 30, 2019						
Revenue						
Sales to external customers	71.3	0.1	62.2	-	-	133.6
Inter segment management and gold handling fees	-	-	-	5.6	(5.6)	-
Total segment revenue	<u>71.3</u>	<u>0.1</u>	<u>62.2</u>	<u>5.6</u>	<u>(5.6)</u>	<u>133.6</u>
Result						
Segment result excluding unrealised hedge gains/(losses), depreciation and amortisation	29.1	(10.1)	22.4	(7.5)	-	33.9
Depreciation and amortisation	(17.8)	(1.0)	(17.1)	(0.5)	-	(36.4)
Inter segment management and gold handling fees	(2.0)	(2.1)	(1.5)	-	5.6	-
Gain/(loss) on fair value of derivative instruments	(23.0)	-	-	-	-	(23.0)
Total segment result before interest and tax	<u>(13.7)</u>	<u>(13.2)</u>	<u>3.8</u>	<u>(8.0)</u>	<u>5.6</u>	<u>(25.5)</u>
Net interest expense						(3.1)
Income tax (expense)/benefit						<u>6.7</u>
Net profit/(loss) for the period						<u>(21.9)</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

17 SEGMENT INFORMATION (CONTINUED)

	New Zealand	Philippines	United States	All other segments	Elimination	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Nine months ended September 30, 2019						
Revenue						
Sales to external customers	238.1	121.2	139.8	-	-	499.1
Inter segment management and gold handling fees	-	-	-	16.7	(16.7)	-
Total segment revenue	238.1	121.2	139.8	16.7	(16.7)	499.1
Result						
Segment result excluding unrealised hedge gains/(losses), depreciation and amortisation	106.0	42.3	44.0	(23.3)	-	169.0
Depreciation and amortisation	(53.4)	(25.4)	(38.4)	(1.3)	-	(118.5)
Inter segment management and gold handling fees	(6.3)	(5.9)	(4.5)	-	16.7	-
Gain/(loss) on fair value of derivative instruments	(31.1)	-	-	-	-	(31.1)
Write down exploration/property expenditure/investment	-	-	-	(4.6)	-	(4.6)
Total segment result before interest and tax	15.2	11.0	1.1	(29.2)	16.7	14.8
Net interest expense						(10.2)
Income tax (expense)/benefit						1.2
Net profit/(loss) for the period						5.8
Assets						
Additions to property, plant, equipment and mining assets for the nine months ended September 30, 2019	97.1	23.5	101.4	3.8	-	225.8
Total segment assets as at September 30, 2019	301.6	784.2	875.6	58.0	-	2,019.4

18 STOCK-BASED COMPENSATION

(a) Executive share options plan

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

	September 30, 2020		December 31, 2019	
	No.	WAEP	No.	WAEP
Outstanding at the start of the period	33,333	A\$2.40	185,729	A\$2.49
Exercised	-	-	(133,333)	A\$2.49
Expired	(33,333)	A\$2.40	(19,063)	A\$2.68
Balance at the end of the period	-	-	33,333	A\$2.40
Exercisable at the end of the period	-	-	33,333	A\$2.40

No share options outstanding at September 30, 2020.

(b) Performance share rights plan

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

WAEP = weighted average exercise price

	September 30, 2020		December 31, 2019	
	No.	WAEP	No.	WAEP
Outstanding at the start of the period	12,047,177	A\$0.00	12,922,011	A\$0.00
Granted	6,584,205	A\$0.00	4,011,264	A\$0.00
Forfeited	(1,096,524)	A\$0.00	(1,483,545)	A\$0.00
Expired	(2,793,216)	A\$0.00	-	A\$0.00
Exercised	-	A\$0.00	(3,402,553)	A\$0.00
Balance at the end of the period	14,741,642	A\$0.00	12,047,177	A\$0.00
Exercisable at the end of the period	-	A\$0.00	-	A\$0.00

The performance share rights outstanding at September 30, 2020 had an exercise price of A\$0.00 and a weighted average remaining life of 1.57 years.

(c) Replacement Stock Option plan

The following table reconciles the outstanding options granted under the Replacement Stock Option plan at the beginning and the end of the period:

WAEP = weighted average exercise price

	September 30, 2020		December 31, 2019	
	No.	WAEP	No.	WAEP
Outstanding at the start of the period	117,677	C\$2.23	281,991	C\$2.54
Exercised	(117,677)	C\$2.23	(164,314)	C\$2.76
Balance at the end of the period	-	-	117,677	C\$2.23
Exercisable at the end of the period	-	-	117,677	C\$2.23

No share options outstanding at September 30, 2020.

18 STOCK-BASED COMPENSATION (CONTINUED)

(d) Deferred Unit Plan ("DUP")

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

	<i>September 30, 2020</i>	<i>December 31, 2019</i>
	No.	No.
Outstanding at the start of the period	444,280	258,701
Granted	128,850	261,035
Forfeited	(120,000)	-
Exercised	(84,727)	(75,456)
Balance at the end of the period	368,403	444,280
Exercisable at the end of the period	50,159	101,102

The fair value of the units granted under the Deferred Unit Plan is calculated as 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. At September 30, 2020, the fair value of the units was \$0.5 million and \$0.4 million was expensed.

19 COMMITMENTS

Capital commitments

At September 30, 2020, the Group has commitments of \$6.9 million (December 31, 2019: \$44.7 million), principally relating to the purchase of property, plant and equipment at Haile, Waihi, Macraes and Didipio.

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

	<i>September 30 2020 \$m</i>	<i>December 31 2019 \$m</i>
Within one year:		
- purchase of property, plant and equipment	2.4	3.1
- development of mining assets	0.2	0.4
- leases not yet commenced	4.3	41.2
	<u>6.9</u>	<u>44.7</u>

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 has an initial term of 25 years and is renewable for another period of 25 years under the same terms and conditions in June 2019. The company has commenced the renewal process and lodged an application for the renewal of the FTAA with the Department of Environment and Natural Resources ("DENR") which has been accepted. The regional office of the Mines and Geosciences Bureau (MGB) that was tasked with reviewing the renewal application has endorsed it to the Central Office. The company will continue to work with the Government of the Philippines and the stakeholders and partners to complete the renewal process. 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) and a further 3 years over which any remaining balance is amortised, the Company is required to pay the Government of the Republic of the Philippines 60% of the "Net Revenue" earned from the Didipio Project. For the purposes of the FTAA, "Net Revenue" is generally the net revenues derived from mining operations, less deductions for, amongst other things, expenses relating to mining, processing, marketing, depreciation and certain specified overheads. In addition, all taxes paid to the Government and certain specified amounts paid to land claim owners are included as part of the calculation of 60% payable.

20 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).

September 30, 2020	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<i>Recurring measurements</i>				
Derivatives embedded in accounts receivable	-	0.1	-	0.1
Equity instruments	5.6	-	-	5.6
Total assets	5.6	0.1	-	5.7
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Gold put/call options	-	14.9	-	14.9
Total liabilities	-	14.9	-	14.9
December 31, 2019	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<i>Recurring measurements</i>				
Equity instruments	37.4	-	-	37.4
Total assets	37.4	-	-	37.4
Gold put/call options	-	14.7	-	14.7
Total liabilities	-	14.7	-	14.7

The fair values of financial assets and liabilities are the same as their carrying amounts.

21 RELATED PARTIES

There were no significant related party transactions during the period.

22 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. Gonzales, in respect of a portion of the FTAA area ("Addendum Agreement"). Certain disputed claims for payment and other obligations under the Addendum Agreement made by Gonzales are subject to arbitration proceedings, which are presently suspended due to the irrevocable resignation of the arbitrator. Mr. Gonzales passed away in late 2014. Further, a third party is also disputing Mr. Gonzales' interest in the Didipio Project. The Company is awaiting on the outcome of any determination or settlement negotiation between Mr. Gonzales and the third party disputor.
- (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 Organizations (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 decision from the Supreme Court.

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

- (c) On February 14, 2017, the Company received an order from the DENR calling for the suspension of the Didipio operation, citing "... petition of the Local Government of Nueva Vizcaya for the cancellation of the FTAA; alleged damages to houses caused by the blasting operation; and the potential adverse impact to the agricultural areas of the Province..." as reasons for the decision. The Company maintains that there is no legal basis for the proposed suspension, and the Didipio operation is not in violation of any laws, rules or regulations. Subsequent to receiving the suspension order, the Company filed an appeal with the Office of the President ("OP"), which has the effect of immediately staying the execution of the DENR suspension order. On March 15, 2017, the Company filed the Appeal Memorandum with the OP substantiating its grounds for appeal. The DENR filed its commentary to the Company's Memorandum on or around May 8, 2017, and the Company subsequently filed a further reply to the DENR commentary. The matter is currently awaiting a decision from the OP.
- (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 workers 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 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. 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 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 Zealand authorities (Ministry of Energy, Hauraki District Council, Waikato Regional Council, Environment Waikato, 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 \$42.3 million (December 31, 2019: \$36.8 million).
- (f) 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 \$43.7 million and has paid \$2.6 million in trust funding by the end of September 2020. In addition, the company used a surety bond of \$9.6m to cover the minor modification of some construction projects.

The remaining estimated financial assurance of \$18.7 million will be paid over the life of the mine, with the next financial assurance payment anticipated to occur in 2020. 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 its release.

23 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the quarter end, on October 19, 2020 (the "Closing Date"), the Company completed a bought deal offering with a syndicate of underwriters (the "Underwriters") and issued 73.0 million common shares, at a price of C\$2.06 per Offered Share, for net proceeds of C\$144.2 million.

The company had also granted the Underwriters the option, exercisable in whole or in part from time to time until and including 30 days following the Closing Date, to purchase up to an additional 10.95 million common shares (representing an additional 15% of the Offered Shares) at the Offering Price and on the same terms and conditions as the Offered Shares to cover over-allotments. On October 23, 2020, the Underwriters partially exercised their options for an over-allotment of 8.55 million shares for net proceeds of C\$16.9 million which settled on October 23, 2020.

At the date of issue of this report, the total offering made hence amounted to 81.55 million shares and net proceeds of C\$161.1 million.

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