



OCEANAGOLD CORPORATION

Results for announcement to the market

Financial results	2019 US\$'m	2018 US\$'m	Change US\$'m	Change %
Revenue from ordinary activities	651.2	772.5	(121.3)	Down 15.7%
Profit from ordinary activities after tax attributable to members	14.5	121.7	(107.2)	Down 88.1%
Net profit for the period attributable to members	14.5	121.7	(107.2)	Down 88.1%

Net tangible assets	2019 US\$	2018 US\$
Net tangible assets per security	2.51	2.53

Dividends

The Directors do not propose to declare any semi-annual dividend. There is no dividend reinvestment plan for the Company.

Explanation of Results

Revenue for the year ended 31 December 2019 decreased by 15.7% mainly due to lower gold ounces sold and lower copper tons sold as there were no sales from Didipio mine in the second half of the year. This is partly offset by higher average gold price received.

Net profit after tax for the year ended 31 December 2019 was \$14.5 million compared to \$121.7 million for the year ended 31 December 2018, a decrease of 88.1%. This result was attributable to lower revenue, higher operating costs, higher non-production costs of \$17.7 million to maintain operational readiness at Didipio in the second half of the year, an unrealised loss of \$12.5 million on the fair value of undesignated gold hedges compared to an unrealised gain of \$1.5 million in 2018. In addition, some deferred exploration expenditure and investments for \$8.6m were written off in 2019 compared to \$4.2 million written off in 2018. This was partly offset by lower depreciation and amortisation costs, and an income tax benefit in 2019 compared to income tax expense in 2018.

For further explanation of the results, please refer to the Management Discussion and Analysis of Financial Condition and Results of Operations for the year ended 31 December 2019 together with the Consolidated Financial Statements for the year ended 31 December 2019.

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 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 audit of OceanaGold Corporation for the year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to be 'JO'DONOGHUE', written over a light blue horizontal line.

John O'Donoghue
Partner
PricewaterhouseCoopers

Melbourne
20 February 2020



OCEANAGOLD CORPORATION

FINANCIAL REPORT
DECEMBER 31, 2019

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The financial statements were authorised for issue by the directors on February 20, 2020. The directors have the power to amend and reissue the financial statements.

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of OceanaGold Corporation were prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") which are incorporated in CPA Canada Handbook. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to the circumstances of OceanaGold Corporation and the entities it controls ("the Group"). The significant accounting policies of the Group are summarised in Note 2 to the consolidated financial statements.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfils its financial reporting responsibilities. An Audit and Financial Risk Management Committee assists the Board of Directors in fulfilling this responsibility. The members of the Audit and Financial Risk Management Committee are not officers of the Group. The Audit and Financial Risk Management Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditor's report. The Audit and Financial Risk Management Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognises its responsibility for conducting the Group's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.



Michael F. Wilkes
President and Chief Executive Officer
Melbourne, Australia
February 20, 2020



Scott A. McQueen
Executive Vice President and Chief Financial Officer
Melbourne, Australia
February 20, 2020



Independent auditor's report

To the Shareholders of OceanaGold Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of OceanaGold Corporation (the Company) and its subsidiaries (together, the Group) as at December 31, 2019 and 2018, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is John O'Donoghue.

A handwritten signature in black ink that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers
Chartered Accountants

February 20, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

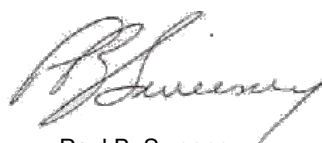
As at December 31

<i>(in millions of United States dollars)</i>	<i>Notes</i>	<i>2019</i> \$	<i>2018</i> \$
ASSETS			
Current assets			
Cash and cash equivalents		49.0	107.7
Trade and other receivables	8	6.9	21.0
Derivatives and other financial assets	9	0.3	0.6
Inventories	10	145.4	109.3
Prepayments		14.6	13.7
Total current assets		216.2	252.3
Non-current assets			
Trade and other receivables	8	88.5	90.7
Derivatives and other financial assets	9	37.6	55.6
Inventories	10	185.6	193.7
Deferred tax assets	6	25.6	27.0
Property, plant and equipment	11	821.7	763.6
Mining assets	12	694.3	639.5
Investments	13	2.7	2.6
Total non-current assets		1,856.0	1,772.7
TOTAL ASSETS		2,072.2	2,025.0
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		120.5	115.7
Employee benefits	23	13.7	11.4
Derivatives and other financial liabilities	16	14.7	2.3
Current tax liabilities		25.4	39.3
Interest-bearing loans and borrowings	17	24.8	9.9
Asset retirement obligations	15	3.6	4.1
Total current liabilities		202.7	182.7
Non-current liabilities			
Other obligations	14	3.8	5.1
Employee benefits	23	1.5	1.5
Deferred tax liabilities	6	2.0	6.1
Interest-bearing loans and borrowings	17	203.6	166.6
Asset retirement obligations	15	95.0	96.3
Total non-current liabilities		305.9	275.6
TOTAL LIABILITIES		508.6	458.3
SHAREHOLDERS' EQUITY			
Share capital	18	1,107.0	1,099.0
Retained earnings		391.0	382.8
Contributed surplus	19	48.6	50.2
Other reserves	20	17.0	34.7
TOTAL SHAREHOLDERS' EQUITY		1,563.6	1,566.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,072.2	2,025.0

On behalf of the Board of Directors:



Ian M. Reid
Director
February 20, 2020



Paul B. Sweeney
Director
February 20, 2020

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31

<i>(in millions of United States dollars, except per share data)</i>			
	<i>Notes</i>	<i>2019</i> \$	<i>2018</i> \$
Revenue	4	651.2	772.5
Cost of sales, excluding depreciation and amortisation	5	(360.6)	(355.5)
Depreciation and amortisation		(168.6)	(191.0)
General and administration - indirect taxes		(11.9)	(12.0)
General and administration - other		(65.1)	(47.9)
Operating profit/(loss)		45.0	166.1
Other income/(expenses)			
Interest expense and finance costs		(14.1)	(15.8)
Foreign exchange gain/(loss)		0.5	3.1
Gain/(loss) on disposal of property, plant and equipment		(0.8)	1.5
Gain/(loss) on fair value of financial assets		0.2	(0.4)
Total other expenses		(14.2)	(11.6)
Gain/(loss) on fair value of undesignated hedges		(12.5)	1.5
Interest income		0.9	1.6
Other income/(expense)		0.8	2.7
Share of profit/(loss) from equity accounted associates		(0.1)	(0.3)
Write off deferred exploration expenditure/investment/capitalised expenditure		(8.6)	(4.2)
Profit/(loss) before income tax		11.3	155.8
Income tax benefit/(expense)	6	3.2	(34.1)
Net profit/(loss)		14.5	121.7
Other comprehensive income/(loss)			
<i>Items that has been/may be reclassified to profit or loss</i>			
Currency translation gain/(loss)		2.8	(18.7)
<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	20	(20.5)	(18.1)
Total other comprehensive income/(loss) net of tax		(17.7)	(36.8)
Comprehensive income/(loss) attributable to shareholders		(3.2)	84.9
Net earnings/(loss) per share:			
- Basic	7	\$0.02	\$0.20
- Diluted	7	\$0.02	\$0.19

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31

<i>(in millions of United States dollars)</i>	Share Capital	Contributed Surplus	Other Reserves	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
Balance at January 1, 2019	1,099.0	50.2	34.7	382.8	1,566.7
Comprehensive income/(loss) for the period	-	-	(17.7)	14.5	(3.2)
Employee share options:					
Share based payments	-	5.9	-	-	5.9
Forfeiture of options	-	(0.2)	-	-	(0.2)
Exercise of options	8.0	(7.3)	-	-	0.7
Dividends provided for or paid	-	-	-	(6.3)	(6.3)
Balance at December 31, 2019	1,107.0	48.6	17.0	391.0	1,563.6
 Balance at January 1, 2018	 1,093.8	 45.3	 71.5	 280.3	 1,490.9
Adjustment on adoption of IFRS 15	-	-	-	(0.6)	(0.6)
Comprehensive income/(loss) for the period	-	-	(36.8)	121.7	84.9
Employee share options:					
Share based payments	-	7.1	-	-	7.1
Forfeiture of options	-	(0.2)	-	-	(0.2)
Exercise of options	5.2	(2.0)	-	-	3.2
Dividends provided for or paid	-	-	-	(18.6)	(18.6)
Balance at December 31, 2018	1,099.0	50.2	34.7	382.8	1,566.7

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31

<i>(in millions of United States dollars)</i>	Notes	2019 \$	2018 \$
Operating activities			
Net profit/(loss)		14.5	121.7
<i>Charges/(credits) not affecting cash</i>			
Adjustment on adoption of IFRS 15		-	(0.6)
Depreciation and amortisation expense		168.6	189.3
Net (gain)/loss on disposal of property, plant & equipment		1.3	(1.5)
Unrealised foreign exchange (gain)/loss		(0.5)	(3.1)
Stock based compensation charge		5.7	6.9
Unrealised (gain)/loss on fair value of undesignated hedges		12.5	(1.5)
Amortisation of transaction costs/write off		0.7	0.4
Income tax expense/(benefit)		(3.2)	33.9
Non-cash fair value of financial assets (gain)/loss		(0.2)	0.4
Share of (profit)/loss of equity accounted associates		0.1	0.3
Write off deferred exploration expenditure/investment/capitalised expenditure		8.6	4.2
<i>Changes in non-cash working capital</i>			
(Increase)/decrease in trade and other receivables		15.7	9.2
(Increase)/decrease in inventories		(16.5)	(16.1)
(Decrease)/increase in trade and other payables		9.3	3.4
(Decrease)/increase in other working capital		1.6	-
(Decrease)/increase in tax payables		(13.9)	(0.7)
Net cash provided by/(used in) operating activities		204.3	346.2
Investing activities			
Payment for investments		-	(6.4)
Proceeds from sale of property, plant and equipment		2.7	1.3
Payment for property, plant and equipment		(37.2)	(26.9)
Payment for mining assets: exploration and evaluation		(33.1)	(29.1)
Payment for mining assets: development		(73.5)	(82.1)
Payment for mining assets: in production		(98.6)	(85.8)
Net cash provided by/(used in) investing activities		(239.7)	(229.0)
Financing activities			
Proceeds from issues of shares		0.7	3.2
Dividends paid to shareholders		(6.3)	(18.6)
Repayment of lease liabilities		(15.4)	(13.9)
Repayment of bank borrowings and other loans		-	(50.0)
Net cash provided by/(used in) financing activities		(21.0)	(79.3)
Effect of exchange rates changes on cash gain/(loss)		(2.3)	(3.4)
Net increase/(decrease) in cash and cash equivalents		(58.7)	34.5
Cash and cash equivalents at the beginning of the period		107.7	73.2
Cash and cash equivalents at the end of the period		49.0	107.7
Cash interest paid		(10.7)	(11.5)
Cash interest received		0.9	1.6
Income taxes paid		(13.9)	(0.7)

Non-Cash Investing and Financing Activities - refer Note 29

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

1 BASIS OF PREPARATION

OceanaGold Corporation ("OceanaGold") ("The Company") is a company domiciled in Canada. It is listed on the Toronto Stock Exchange 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 prepares its financial statements in accordance with IFRS as issued by the IASB which are incorporated in the CPA Canada Handbook. The consolidated financial statements of the Company, as at and for the year ended December 31, 2019, comprise of the Company (in its capacity of ultimate parent) and its subsidiaries (together referred to as the "Group"). These financial statements have been prepared under the historic cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) measured at fair value.

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

The financial statements were authorised for issue by the directors on February 20, 2020.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are described below. These policies have been applied consistently to all the years presented, unless otherwise stated. Some policies will be revised in the coming year to adopt new accounting standards as outlined below in "Accounting standards effective for future periods", for which the impact has been noted.

Revenue

Revenue is recognised when control is passed to the customer, either over time or at a point in time, the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the sale will flow to the Group and the costs incurred or to be incurred in respect of the sale can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Bullion sales

Revenue from sales of gold and silver is recognised when control is transferred to the customer, which means the following:

- The product is in a form suitable for delivery and no further processing is required by, or on behalf of the Group;
- The quantity and quality (grade) of the product can be determined with reasonable accuracy;
- The product has been despatched to the customer and is no longer under the physical control of the Group;
- The selling price is determinable;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction are determinable.

Concentrate sales

The Group recognises the sale of gold, copper and silver concentrate when control is transferred to the buyer. Revenue is recorded under these contracts using forward market gold, copper and silver prices on the expected date that the final sales prices will be fixed based on an agreed quotational period. Variations between the price recorded and the actual final price set are caused by changes in market prices and result in an embedded derivative in accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs. The changes in fair value of this embedded derivative are classified as provisional price adjustments. The provisional price adjustments are presented separately in revenue in the statement of comprehensive income. Changes in the fair value over the quotational period and up until final settlement are calculated by reference to forward market prices.

Pre commercial production sales

Revenue from the sales of bullion or concentrate during the commissioning phase of a new mine (before commencement of commercial production) are treated as pre-production income and are credited to capitalised mine development costs.

Interest income

Interest income is recognised on a time proportional basis using the effective interest rate method.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

Non current assets are reviewed for impairment if there is an indication that the carrying amount may not be recoverable. Impairment is assessed at the level of cash-generating units ("CGU") which, in accordance with IAS 36 'Impairment of Assets', are identified as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from other assets.

When an impairment review is required, the recoverable amount is assessed by reference to the higher of value in use (being the net present value of expected future cash flows of the relevant CGU in its current condition) and fair value less costs of disposal ("FVLCD"). The best evidence of FVLCD is the value obtained from an active market or binding sale agreement. Where neither exists, FVLCD is based on the best information available to reflect the amount the Group could receive for the CGU in an arm's length transaction. This is often estimated using discounted cash flow techniques.

Where recoverable amount is assessed using FVLCD based on discounted cash flow techniques, the resulting estimates are based on detailed "life of mine" and/or production plans of the CGU. For value in use, recent cost levels are considered, together with expected changes in costs that are compatible with the current condition of the business and which meet the requirements of IAS 36.

The cash flow forecasts for FVLCD purposes are based on management's best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, closure, restoration and environmental clean-up. For the purposes of determining FVLCD from a market participant's perspective, the cash flows incorporate management's price and cost assumptions in the short and long term. In the longer term, operating margins are assumed to remain constant where appropriate, as it is considered unlikely that a market participant would prepare detailed forecasts over a longer term period. The cash flow forecasts may include net cash flows expected to be realised from extraction, processing and sale of mineral resources that do not currently qualify for inclusion in proven or probable ore reserves. Such non-reserve material is only included where there is a reasonable degree of confidence in its economic extraction. This expectation is usually based on preliminary drilling and sampling of areas of mineralisation that are contiguous with existing reserves. Typically, the additional evaluation to achieve reserve status for such material has not yet been done because this would involve incurring costs earlier than is required for the efficient planning and operation of the mine.

As noted above, cost levels incorporated in the cash flow forecasts for fair value purposes are based on the current life-of-mine plan or long term production plan for the CGU. Because future cash flows are estimates for the asset in its current condition, value in use does not reflect future cash flows associated with improving or enhancing an asset's performance. Anticipated enhancements to assets may be included in FVLCD calculations.

Where the recoverable amount of a CGU is dependent on the life of its associated orebody, expected future cash flows reflect long term mine plans, which are based on detailed research, analysis and iterative modelling to optimise the level of return from investment, output and sequence of extraction. The mine plan takes account of all relevant characteristics of the orebody, including waste to ore ratios, ore grades, haul distances, chemical and metallurgical properties of the ore impacting on process recoveries and capacities of processing equipment that can be used. The life-of-mine plan is therefore the basis for forecasting production output and production costs in each future year.

The discount rates applied to the future cash flow forecasts represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The Group's weighted average cost of capital is used as a starting point for determining the discount rates, with appropriate adjustments for the risk profile of the countries in which the individual CGUs operate as well as the stage of development of the CGU.

For operations with a functional currency other than the US dollar, the impairment review is undertaken in the relevant functional currency. The great majority of the Group's sales are based on prices denominated in US dollars. To the extent that the currencies of countries in which the Group produces commodities strengthen against the US dollar without commodity price offset, cash flows and, therefore, net present values are reduced.

IAS 36 requires that value in use be based on exchange rates current at the time of the assessment.

Non-current assets other than goodwill that have suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of any consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as gain on bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

When control of a subsidiary is acquired in stages, its carrying value prior to the acquisition of control is compared with the fair value of the identifiable net assets at that date. If fair value is greater than/less than carrying value, the gain/loss is recorded in the consolidated statement of income.

Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Joint arrangements

Under IFRS 11 Joint Arrangement investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. For joint operation, the Group recognises its direct right to, and its share of, jointly held assets, liabilities, revenues and expenses of joint operations. For joint ventures, the Group accounted for its interests using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits and losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees are changed where necessary to ensure consistency with the policies adopted by the Group.

Other financial assets

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investment in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other financial assets (continued)

Financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised costs:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit and loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amounts are taken through OCI, except for interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is not reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **Fair value through Profit and loss (FVPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The Group subsequently measures all equity investments at fair value. The Group's management has elected to present the fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Foreign currency translation

These consolidated financial statements are expressed in United States dollars ("US\$") which is the reporting currency for OceanaGold Corporation. The functional currency is Australian dollars ("AUD"). The major controlled entities of OceanaGold have either United States dollars, Australian dollars, New Zealand dollars ("NZD"), Philippines pesos ("PHP"), Canadian dollars ("CAD"), or Euros ("EUR") as their functional currency.

(i) Functional and presentation currency

The financial statements of entities that have a functional currency different from the reporting currency are translated into US\$ as follows: assets and liabilities - at the closing rate at the date of the statement of financial position, and income and expenses - at the average rate of the reporting period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognised in other comprehensive income as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognised in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are re-allocated between controlling and non-controlling interests.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognised in the statement of income.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and other receivables

Trade and other receivables are initially recorded at the amount of contracted sales proceeds, and then subsequently carried at amortised cost using the effective interest method, less provision for impairment.

Trade receivables related to the concentrate sales are initially recorded at the amount of the provisional sales prices, and then subsequently recorded at fair value each period until final settlement occurs.

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

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

Inventories

Ore, concentrate and bullion

Inventories are valued at the lower of weighted average cost and net realisable value. Costs include mining and production costs as well as attributable commercial, environmental and health and safety expenses. Ore inventory that is not expected to be processed within one year is classified as non-current.

Gold in circuit

Gold in circuit is valued at the lower of weighted average cost and net realisable value. The average cost of production for the month is used and allocated to gold that is in the circuit at period end. These include mining and production costs as well as attributable commercial, environmental and health and safety expenses.

Stores

Inventories of consumable supplies and spare parts are valued at cost less a provision for obsolescence. Cost includes all expenses directly related to the purchase of the stores inventory. Cost is assigned on a weighted average basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the profit or loss during the reporting period in which they are incurred.

Property, plant and equipment, except freehold land, are depreciated over their estimated useful lives on a straight line, reducing balance or units of production basis, as considered appropriate, commencing from the time the asset is held ready for use.

Depreciation rates used are as follows:

Buildings	2% - 6.25% per annum
Mining equipment (operating sites)	unit of production based on reserves
Mining equipment (non-operating sites)	10% - 33% per annum
Other plant and equipment	7% - 48% per annum

The asset's residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mining assets

Exploration and evaluation expenditure

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest. Such costs are only carried forward to the extent that they are expected to be recovered through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and where active work is continuing. Accumulated costs in relation to an abandoned area are expensed in profit or loss in the period in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Mining properties under development

Mining properties under development are accounted for at cost and are not amortised until production has commenced and include major expansion projects at operating mines. Cost includes expenditure that is directly attributable to the development of mining properties and preparing them for production. Mining properties under development also include some tangible assets which will be reclassified to property, plant and equipment upon completion of the construction project. Revenue from the sales of gold, silver and copper during the commissioning phase are treated as pre-production income and are credited to capitalised mine development costs.

Mining properties in production

Mining properties in production (including exploration, evaluation and development expenditure) are accumulated and brought to account at cost less accumulated amortisation in respect of each identifiable area of interest. Amortisation of capitalised costs, including the estimated future capital costs over the life of the area of interest, is provided on the units of production basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

Provisions

Provisions are recognised when the Group has a present obligation, it is probable that there will be a future sacrifice of economic benefits and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be recovered from a third party, the receivable is recognised as a separate asset but only when the reimbursement is virtually certain and it can be measured reliably. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability (if not built into the estimated cash flows). The increase in the provision due to the passage of time is recognised as an interest expense.

Asset retirement and environmental rehabilitation

Asset retirement and environmental rehabilitation provisions include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. The provision is recognised in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments and are subject to formal review at regular intervals.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is accounted for in the statement of income in each accounting period. The amortisation of the discount is shown as an interest expense.

Other movements in the provisions for closure and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the lives of operations and revisions to discount rates are capitalised within property, plant and equipment or mining properties and development, to the extent that any such amount does not exceed the recoverable amount of the asset. Any amount in excess of the recoverable amount is recognised as a loss immediately.

If an adjustment results in an addition to the costs of the related asset, consideration will be given to whether an indication of impairment exists and the impairment policy will apply. These costs are then depreciated over the life of the area of interest to which they relate.

Trade and other payables

Trade and other payables are liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and other payables (continued)

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received, net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently carried at amortised cost using the effective interest method by taking into account any issue costs and any discount or premium on settlement.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in the statement of income as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in Other Payables and Employee Benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution pension funds

Contributions to defined contribution funds are recognised as an expense in the statement of income as they become payable.

Share based compensation

The Group provides equity-settled and cash-settled awards to certain employees, directors and other designated persons of the Company.

Equity-settled awards are measured by reference to the fair value of the compensation at the date at which they are granted. The fair value of options or rights over shares issued is determined by using appropriate pricing model as per Note 22. In valuing equity-settled awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of OceanaGold Corporation ('market conditions').

The cost of equity-settled award is recognised, together with a corresponding increase in equity, over the period between the grant date and the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled awards at each reporting date until vesting date reflects:

- (a) The extent to which the vesting period has expired, and
- (b) The number of awards that, in the opinion of the directors of the Group, will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Cash-settled awards are measured at fair value initially using the market value of the underlying shares on the first trading day on the TSX of each calendar year and the awards are required to be remeasured to fair value at each reporting date until settlement.

The cost is then recorded over the vesting period of the award. This expense, and any changes in the fair value of the award are recognised in the Statement of Comprehensive Income with a corresponding increase or decrease in liability recorded until settlement.

Leases

A lease is an agreement between two or more parties that creates enforceable rights and obligations, or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An arrangement will contain a lease if the arrangement includes an identified asset, those assets cannot be substituted by the supplier, the Group receives substantially all of the economic benefits from the use of the assets during the term of the arrangement and the Group has the right to direct the use of the asset. A lease is effectively an obligation to pay future rentals (a liability) and a right to use a leased asset for a period of time (a right of use ("ROU") asset).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

For lessee accounting, leases are recognised on Balance Sheet as a ROU asset with a corresponding lease liability representing all the future payments of the leases at the commencement date of the contract. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee. For leases with a lease term of 12 months or less and does not include an option to purchase the underlying asset or items of low value, of US\$5,000 or less when new, are recognised as an expense in the Statement of Comprehensive Income on either a straight-line basis over the lease term or another systematic basis.

The ROU asset is initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives,
- any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

After the commencement date the ROU asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date, which include:

- fixed payments, less any lease incentives receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the lessee under the residual value guarantees,
- the exercise price of a purchase option of the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments exclude variable elements which are dependent on external factors. Variable lease payments not included in the initial measurement of the lease liability are recognised directly in the Statement of Comprehensive Income.

The lease payments are discounted using the Group's incremental borrowing rate or the rate implicit in the lease contract. The lease term determined by the Group comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and re-measuring the carrying amount to reflect any reassessment or lease modifications.

The ROU asset is depreciated over the life of the lease term (or the useful life of the underlying asset if ownership of the underlying asset transfers to the lessee by the end of the lease term, or if the cost of the ROU asset reflects that the lessee will exercise a purchase option, or if the useful life of the underlying asset is shorter than the lease term), while the interest expense relating to the lease liability is also recognised over the lease term.

The principal repayments of the lease liability is recognised as part of financing activities, while interest payments is deductions from operating activities in the Statement of Cash Flows.

Derivative financial instruments and hedge accounting

The Group, where deemed appropriate, uses derivative financial instruments to manage commodity price and foreign currency exposures.

Derivative financial instruments are initially recognised in the Statement of Financial Position at fair value and subsequently re-measured at their fair values at each reporting date.

The fair value of gold hedging instruments including forwards, put and call options is calculated by discounting the future value of the hedge contract at the appropriate prevailing quoted market rates at reporting date.

For the purposes of hedge accounting, where applicable, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (continued)

At the inception of the transaction where hedge accounting applies, the Group documents the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific forecast gold sales.

Changes in the fair value of derivatives that are designated against future production qualify as cash flow hedges and, if highly effective, the gain or loss on the effective portion is recognised in accumulated other comprehensive income. The ineffective portion is recognised in the profit or loss within other income or other expenses. Amounts deferred in Accumulated Other Comprehensive Income are transferred to the income statement and classified as revenue in the same periods during which the hedged sales affect the profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in Accumulated Other Comprehensive Income at that time would remain in Other Comprehensive Income and is recognised when the committed or forecast production is ultimately recognised in the income statement. However, if the committed or forecast production is no longer expected to occur, the cumulative gain or loss reported in Other Comprehensive Income is immediately transferred to the statement of income.

When the hedged commitment results in the recognition of an asset or a liability, the associated gains or losses, previously recognised in Accumulated Other Comprehensive Income, are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. Cash received or paid on the settlement or maturity of gold derivatives are recorded as operating cash flows.

The net gains and losses that relate to contracts not designated for hedge accounting purposes are recognised in the income statement.

Borrowing costs

Borrowing costs are expensed as incurred with the exception of borrowing costs directly associated with the construction, purchase or acquisition of a qualifying asset, which are capitalised as part of the cost of the asset.

Earnings per share

Basic earnings/loss per share is calculated by dividing the profit/loss by the weighted average number of shares outstanding during the period. Diluted earnings/loss per share is calculated by dividing the earnings/loss by the weighted-average number of shares outstanding during the period, assuming that all potentially dilutive securities were exercised. The company's potentially dilutive securities comprise stock options granted to employees and directors.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case the income tax is also recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognised to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Tax on income in interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred stripping

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

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

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

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

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

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

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

Sales taxes

Revenues, expenses and assets are recognised net of the amount of sales tax, unless the sales tax incurred is not recoverable from the relevant taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of sales tax receivable or payable. The net amount of sales tax recoverable from, or payable to, the relevant taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The sales tax components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the relevant taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of sales tax recoverable from, or payable to, the relevant taxation authority. The net of sales tax payable and receivable is remitted to the appropriate tax body in accordance with legislative requirements.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

Contributed equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

Adoption of new standards, amendments and interpretations

The Group adopted the following accounting standard for the first time for the annual reporting period commencing January 1, 2019:

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of new standards, amendments and interpretations (continued)

IFRS 16 - Leases

The Group adopted the requirements of IFRS 16 Leases as of January 1, 2019. IFRS 16 replaces IAS 17 Leases and results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The lease liability is measured at present value of the lease payments that are not paid at the balance date and is unwound over time using the interest rate implicit in the lease repayments where available, or the Group's incremental borrowing rate. The right-of-use asset comprises the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. The asset is depreciated over the term of the lease. The new standard replaces the Group's operating lease expense with an interest and depreciation expense.

The Group applied the new standard IFRS 16 using the "Modified Retrospective" approach which recognises the cumulative effect of initial application as an adjustment to the opening balance of Retained Earnings at January 1, 2019, without having to adjust comparatives in the current year reporting. Since the Group recognised the right-of-use assets at the amount equal to the lease liabilities, there is no impact on Retained Earnings.

The Group elected to use the practical expedient to not recognise a right-of-use asset or a lease liability for leases for which the lease term ends within 12 months of the date of initial application. The Group has also elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Options (extension/termination) on lease contracts are assessed on a case by case basis. The weighted average incremental borrowing rate at the date of initial application was 4.5%. This has been applied to the liabilities recognised at the date of initial application where there is no implicit rate.

Reconciliation of lease commitments under non-cancellable operating leases disclosed as at December 31, 2018 and lease liabilities recognised on January 1, 2019 upon applying IFRS 16:	<i>2019 \$m</i>
Operating lease commitments disclosed as at December 31, 2018	9.1
Add: contracts recognised for the first time as at January 1, 2019	6.5
(Less): short-term leases recognised on a straight-line basis as expense	(0.1)
(Less): low value leases recognised on a straight-line basis as expense	(0.1)
Add/(less): adjustments relating to foreign exchange rates	0.1
Discounted using the group's incremental borrowing rate of 4.5%	(3.1)
Lease liabilities recognised on applying IFRS 16	12.4
Add: finance lease liabilities recognised as at 31 December 2018	26.5
Lease liabilities recognised as at January 1, 2019	38.9

As of January 1, 2019, the Group had \$45.5 million of right-of-use leased assets and \$38.9 million lease liabilities. This includes leases that were classified as 'finance leases' under the then prevailing IAS 17 Leases. Those 'finance leases' had a net book value of \$33.1 million assets and \$26.5 million lease liabilities as at December 31, 2018. More details are available in Note 11 and Note 17.

The adoption of IFRS 16 had no material impact on the Group Statement of Comprehensive Income and Group Cash Flow Statement in the first twelve months period ended December 31, 2019. IFRS 16 was overall cash flow neutral for the Group. Expenses relating to short-term leases and leases of low-value assets were immaterial for the period.

Accounting standards effective for future periods

The following accounting policies are effective for future periods.

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.

There are no other IFRSs or IFRIC interpretations that are not yet effective and that would be expected to 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Mining assets

The future recoverability of mining assets (Note 12) including capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides and is permitted 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), changes to commodity prices and foreign exchange rates, and renewal of contracts, licences and permits.

Exploration and evaluation expenditure (Note 12) 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, which are calculated in accordance with accounting policy Note 2 - Deferred stripping. Changes in an individual mine's design will result in changes to the life of component ratios of production. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of component production and cost profile even if they do not affect the mine design. Changes to deferred mining resulting from change in life of component ratios are accounted for prospectively.

(ii) Impairment of assets

The Group assesses each Cash-Generating Unit (CGU), to determine whether there is any indication of impairment or reversal of impairment. 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 exploration assets is dependent on various factors including technical studies, further exploration, and the eventual grant of mining permits. Should these be unsuccessful, the exploration assets could be impaired.

On February 2, 2017, the Philippines Department of Environment and Natural Resources ("DENR") held a press conference at which OceanaGold's Didipio operation was named as the subject of a proposed suspension order citing alleged declining agricultural production. 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 Financial or Technical Assistance Agreement ("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. 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.

As detailed in Note 27, the Didipio Mine is governed by the terms of a Financial or Technical Assistance Agreement ("FTAA"), signed by the Republic of the Philippines on June 20, 1994. It has an initial term of twenty-five (25) years and renewable for another twenty-five (25) years under the same terms and conditions. The initial term of the FTAA ended on June 20, 2019 and the renewal of the FTAA is continuing. On June 20, 2019, the Philippines Mines and Geoscience Bureau ("MGB") issued a letter stating that OceanaGold is permitted to continue mining operations pending the confirmation of the FTAA renewal by the Philippine Government.

On June 25, 2019, the Governor of the Province of Nueva Vizcaya, who considered the FTAA to have expired, ordered the local government units to enjoin and restrain the operations of OceanaGold. This resulted in the setting up of a restriction of access of supplies to the Didipio Mine which resulted in the stoppage of mining and processing operations due to depletion of mining consumables. OceanaGold filed a case before the Regional Trial Court of Nueva Vizcaya ("RTC") (a) challenging the authority of the Governor to issue a restraining order, and (b) seeking interim reliefs from the court to lift the blockade. However, the RTC denied its application for interim reliefs, and requested pre-trial conferences to hear on the main issue of the Governor's authority.

3 CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

As of the date of this report, the pre-trial conference at RTC is continuing and the parties are preparing for formal trial on the main issue. OceanaGold appealed the RTC decision on the denial of interim reliefs to the Court of Appeals on July 29, 2019 and is currently awaiting a decision from that Court.

In October 2019, the Company temporarily suspended ore processing at the Didipio Mine in the Philippines due to depletion of consumables necessary for sustained operations as a result of the local government unit blockade that prevents consumables from being delivered to site.

The carrying value of Didipio at December 31, 2019 was \$632.6 million. The assumptions to which the recoverable amount of the Didipio is most sensitive are: the FTAA renewal, gold price, discount rate and to a lesser extent the timing of resumption of operations.

The Company remains proactively engaged with responsible regulatory stakeholders, including the DENR and MGB on the FTAA renewal process. The regulators have re-endorsed the renewal to the Office of the President where it remains pending a decision.

As at December 31, 2019, Management believes there has been no significant adverse change since the prior reporting period in the economic and legal environment, or the way the Didipio mine is intended to be used. The mine and associated facilities continued to be maintained by the Company in a state of operational readiness for rapid restart. The Company expects the resumption of normal operations to follow the renewal of the FTAA or resolution of the mine blockade.

However, the Company notes that despite various government orders issued during the reporting period including for the removal of the checkpoint restraining access, and allowing for the transport of emergency fuel to site, subsequently there has been no tangible action. The fuel order is yet to be completed and the checkpoint has not been removed. Moreover, the FTAA renewal remains with the Office of the President with no definitive timeline provided for a decision. Given this, the Company concludes that there is an increased risk that resolution to the above matter(s) may take longer than previously anticipated.

Notwithstanding the operational readiness state of the asset, Management has considered the potential impact further possible delays to a restart of normal operations may have on the recoverability of the carrying value of the asset. Based on that assessment, Management believes that should a restart of normal operations occur within the 2020 calendar year as expected, the current carrying value of the asset remains appropriate.

Should adverse circumstances arise where there is an expectation that an FTAA renewal will not be granted, or the conditions under which it is renewed will result in an extended period of suspension of production, the carrying value of the Didipio assets may be impaired.

(iii) Net realisable value of inventories

The Group reviews the carrying value of its inventories (Note 10) at each reporting date to ensure that the cost does not exceed net 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 in respect of nature of planned rehabilitation work and the timing of these expected future costs (largely dependent on the life of the mine).

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

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results. These estimates are reviewed annually and adjusted where necessary to ensure that the most up to date data is used. The carrying value of the asset retirement obligation liability has been disclosed in Note 15 to the financial statements.

(v) Determination of ore reserves and resources

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

3 CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(vi) Taxation

The Group's accounting policy for taxation requires management's judgment in relation to the application of income tax legislation. There may be some transactions and calculations undertaken during the ordinary course of business where the ultimate tax determination is uncertain. The Group recognises liabilities for tax, and if appropriate, taxation investigation or audit issues, based on whether tax will be due and payable, and if there is no more recourse to an appeal process. Liabilities are not recognised until they are determined with reasonable certainty. 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 after reaching commercial production and successful development of certain identified exploration targets where there are higher degrees of confidence in the economic extraction of minerals.

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 risk 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 6 to the financial statements.

Moreover, in certain jurisdictions, tax losses may be restricted and only available to offset future profits generated from the same mining permit area. In this case, the recovery of the losses depends on the successful exploitation of the relevant project. Restricted losses could be forfeited if the project did not proceed. Disclosure of taxation is included in Note 6.

Certain input tax credits in overseas subsidiaries have been recognised as a non-current receivable (Note 8). 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 makes a number of assumptions which are subject to risk and uncertainty including the timing and likelihood of success in working through the required legal process in the relevant jurisdiction. The Group views these input tax credits as recoverable via a tax refund or an income 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.

Excise tax payments have been made in certain overseas tax jurisdictions despite the Company's view that up to March 31, 2018 it should be exempt. These amounts are expected to be recovered in due course, and have therefore been recorded as a non-current receivable (Note 8). Should the amounts ultimately not be recovered, they would be expensed.

(vii) Non-Controlling Interest

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

At the same time, the third party is also involved in a legal dispute with another party over the ownership of the 8% interest. At December 31, 2019 no equity has been issued to any third party due to the various uncertainties. Consequently, no non-controlling interest has been recognised. A non-controlling interest is intended to be recognised after the issue of shares. This requirement has not yet been satisfied due to, amongst other matters, a court restriction resulting from the litigation challenging the claim of this third party from a party not related to the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

4 REVENUE

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Gold sales		
Bullion	554.3	590.4
Concentrate sales	54.4	90.0
Provisional price adjustment	1.2	0.4
	<u>609.9</u>	<u>680.8</u>
Copper sales		
Concentrate sales	43.3	100.0
Provisional price adjustment	(0.1)	(2.4)
	<u>43.2</u>	<u>97.6</u>
Silver sales		
Concentrate sales	4.8	7.7
Provisional price adjustment	0.1	(0.2)
	<u>4.9</u>	<u>7.5</u>
Less concentrate treatment, refining and selling costs	<u>(6.8)</u>	<u>(13.4)</u>
Total Revenue	<u><u>651.2</u></u>	<u><u>772.5</u></u>

Realised loss on gold options hedges (Note 16) exercised for the year ended December 31, 2019 amounted to \$16.2 million (2018: \$nil). Realised gain or loss on gold options is included within Revenue - Gold sales.

No copper swap was exercised for the year ended December 31, 2019 (2018: \$6.3 million gain). Realised gain or loss on copper swap is included within Revenue - Copper sales.

Provisionally Priced Sales

At December 31, 2019, 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 \$1,504/oz and \$6,177/t, respectively.

5 COST OF SALES BY NATURE OF EXPENSES

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Materials and consumables costs	213.0	216.2
Employee benefits expenses	113.8	116.3
Other direct costs	33.8	23.0
	<u><u>360.6</u></u>	<u><u>355.5</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

6 INCOME TAX

Major components of income tax expense/(benefit):

Statement of operations

Current income tax

Income tax expense relating to tax losses utilised

Income tax expense relating to profit from continuing operations

Deferred income tax

Origination and reversal of temporary differences

Adjustments in respect of deferred income tax of previous years

Income tax expense/(benefit) reported in the statement of comprehensive income

<i>December 31</i>	<i>December 31</i>
<i>2019</i>	<i>2018</i>
<i>\$m</i>	<i>\$m</i>
-	1.3
0.7	21.5
(2.6)	11.9
(1.3)	(0.6)
(3.2)	34.1

Numerical reconciliation between aggregate tax expense recognised in the statement of operations and the tax expense calculated per the statutory income tax rate

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended December 31 is as follows:

Accounting earnings before tax from continuing operations

At the statutory income tax rate of 25% (2018: 25%)

Adjustments in respect of income tax of previous years

Expenditure/income not allowable/(assessable) for income tax purposes

Build in/(utilisation of) tax losses not recognised

Net deferred tax assets - initial recognition

Effect of differing tax rates between Canada, United States, Australia, New Zealand and Philippines

Income tax expense/(benefit) reported in the statement of comprehensive income

11.3	155.8
2.8	39.0
(1.3)	(0.6)
2.5	4.0
(2.6)	(1.5)
(3.1)	-
(1.5)	(6.8)
(3.2)	34.1

The statutory income tax rates in Australia, New Zealand and United States are between 24.95% and 30% (2018: 24.95% and 30%). In Philippines, the operating subsidiary is currently subject to an Income Tax Holiday period until March 31, 2020.

Deferred income tax

Deferred income tax at December 31 relates to the following:

Deferred tax assets

Losses available for offset against future taxable income

Provisions

Accrued expenses

Mineral property and property, plant and equipment

Gross deferred tax assets

Set-off of deferred tax liabilities

Net non-current deferred tax assets

<i>December 31</i>	<i>December 31</i>
<i>2019</i>	<i>2018</i>
<i>\$m</i>	<i>\$m</i>
82.3	78.8
22.5	19.2
7.9	4.9
13.7	12.0
126.4	114.9
(100.8)	(87.9)
25.6	27.0

Deferred tax liabilities

Property, plant and equipment

Mining assets

Inventories

Gross deferred tax liabilities

Set-off of deferred tax assets

Net non-current deferred tax liabilities

(81.2)	(83.2)
(21.1)	(10.2)
(0.5)	(0.6)
(102.8)	(94.0)
100.8	87.9
(2.0)	(6.1)

The income tax paid for the year ended December 31, 2019 is \$13.9 million (for the year ended December 31, 2018: \$0.7 million).

Due to uncertainty in utilisation of tax losses in the foreseeable future, a deferred tax asset has not been recognised in respect of gross tax losses in the Group amounting to \$54.7 million (2018: \$77.5 million). The ability to use tax losses is subject to generating taxable income in future periods and complying with the tax legislation requirements prevailing at the time of utilisation. During the year, tax losses of \$10.4 million (2018: \$3.7 million) were utilised which were not previously recognised as a deferred tax asset. As at December 31, 2019, tax losses of \$12.4 million were recognised which were previously not recognised as a deferred tax asset.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

7 EARNINGS/(LOSS) PER SHARE

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

Diluted earnings/(loss) per share amounts are calculated by dividing the net income/(loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year (adjusted for the effects of dilutive options where the conversion of potential common shares would decrease earnings/(loss) per share).

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

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
<i>Numerator:</i>		
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of basic and diluted earnings per share)	14.5	121.7
<i>Denominator:</i>	<i>Thousands</i>	<i>Thousands</i>
Weighted average number of common shares (used in calculation of basic earnings per share)	621.7	617.6
Effect of dilution:		
Share options	11.5	11.2
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	633.2	628.8
Net earnings/(loss) per share:		
- Basic	\$0.02	\$0.20
- Diluted	\$0.02	\$0.19

8 TRADE AND OTHER RECEIVABLES

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Current		
Trade receivables	1.9	12.0
Other receivables	5.0	9.0
	6.9	21.0
Non-Current		
Other receivables	88.5	90.7
	88.5	90.7

Other receivables mainly consist of \$44.6m (2018: \$48.8m) input tax credits and \$28.7m (2018: \$31.4m) excise tax recoverable (Refer to Note 3 (vi)), with the remainder related to deposits at bank in support of environmental bonds and carbon tax credits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019
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9 DERIVATIVES AND OTHER FINANCIAL ASSETS

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Current		
Other assets (1)	0.3	0.6
	<u>0.3</u>	<u>0.6</u>
Non-Current		
Other assets (1)	0.2	-
Financial assets at fair value through other comprehensive income (2)	37.4	55.4
Convertible debentures (3)	-	0.2
	<u>37.6</u>	<u>55.6</u>
	<u><u>37.9</u></u>	<u><u>56.2</u></u>

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 Gold Standard Ventures Corp. and NuLegacy Gold Corporation which are listed on the Toronto Stock Exchange.
3. Represented convertible debentures issued by Locrian Resources Inc. ("Locrian") at amortised cost which were converted into 107.2 million common shares in Locrian during the quarter ended September 30, 2019 (Note 13).

10 INVENTORIES

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Current		
Gold in circuit	21.3	17.3
Ore - at cost	33.1	37.8
Gold on hand	5.5	5.4
Gold and copper concentrate	33.1	2.9
Maintenance stores	52.4	45.9
	<u>145.4</u>	<u>109.3</u>
Non-Current		
Ore - at cost	185.6	193.7
	<u>185.6</u>	<u>193.7</u>
Total inventories	<u><u>331.0</u></u>	<u><u>303.0</u></u>

During the year, there was no inventory written down (2018: \$0.2 million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

11 PROPERTY, PLANT AND EQUIPMENT

Year ended December 31, 2019					
	Land \$m	Buildings \$m	Plant and equipment \$m	Rehabilitation \$m	Total \$m
Net book value					
At January 1, 2019:					
Cost	60.7	101.0	1,175.2	82.8	1,419.7
Accumulated depreciation and impairment	-	(28.7)	(576.7)	(50.7)	(656.1)
January 1, 2019	60.7	72.3	598.5	32.1	763.6
Movement for the year:					
Additions including Right-of-use assets on adopting IFRS 16	7.8	0.1	98.2	-	106.1
Revaluation	-	-	-	(1.9)	(1.9)
Transfers	(3.3)	1.6	43.9	-	42.2
Disposals/write-off	(3.8)	-	(1.1)	-	(4.9)
Depreciation for the year	-	(4.8)	(75.7)	(3.1)	(83.6)
Exchange differences	0.2	0.1	(0.2)	0.1	0.2
At December 31, 2019	61.6	69.3	663.6	27.2	821.7
At December 31, 2019:					
Cost	61.6	102.6	1,316.0	79.5	1,559.7
Accumulated depreciation and impairment	-	(33.3)	(652.4)	(52.3)	(738.0)
	61.6	69.3	663.6	27.2	821.7

Year ended December 31, 2018					
	Land \$m	Buildings \$m	Plant and equipment \$m	Rehabilitation \$m	Total \$m
Net book value					
At January 1, 2018:					
Cost	55.7	92.2	1,113.2	104.5	1,365.6
Accumulated depreciation and impairment	-	(24.2)	(516.9)	(47.4)	(588.5)
January 1, 2018	55.7	68.0	596.3	57.1	777.1
Movement for the year:					
Additions	5.1	0.3	21.6	-	27.0
Revaluation	-	-	-	(18.9)	(18.9)
Transfers	1.4	10.1	62.1	-	73.6
Disposals/write-off	-	-	(0.7)	-	(0.7)
Depreciation for the year	-	(5.2)	(78.6)	(5.8)	(89.6)
Exchange differences	(1.5)	(0.9)	(2.2)	(0.3)	(4.9)
At December 31, 2018	60.7	72.3	598.5	32.1	763.6
At December 31, 2018:					
Cost	60.7	101.0	1,175.2	82.8	1,419.7
Accumulated depreciation and impairment	-	(28.7)	(576.7)	(50.7)	(656.1)
	60.7	72.3	598.5	32.1	763.6

Plant and equipment includes right-of-use assets (leased assets) net of accumulated depreciation of \$85.5 million (2018: \$nil). \$73.5 million of the right-of-use assets are pledged as security for lease liabilities (Note 17). Prior to January 1, 2019, the Group only recognised leased assets that were classified as 'finance leases' under the then prevailing IAS 17-leases. The assets were presented in plant and equipment net of accumulated depreciation of \$33.1 million as at December 31, 2018.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The following table shows the movements in the net book value of right-of-use assets for the year ended December 31, 2019:

	Year ended December 31, 2019				Total \$m
	Properties \$m	Vehicles \$m	Office equipment \$m	Other plant and equipment \$m	
Net book value					
Right-of-use assets recognised on the adoption of IFRS 16	1.4	1.5	0.6	8.9	12.4
Reclassified from finance leased assets to right-of-use assets	-	-	-	33.1	33.1
Additions	0.8	0.8	0.1	53.1	54.8
Depreciation	(0.7)	(1.0)	(0.2)	(12.2)	(14.1)
Transfer	-	-	-	(0.6)	(0.6)
Exchange differences	-	-	-	(0.1)	(0.1)
At December 31, 2019	1.5	1.3	0.5	82.2	85.5

12 MINING ASSETS

	Year ended December 31, 2019			Total \$m
	Exploration and evaluation phase \$m	Development phase \$m	In production \$m	
Net book value				
At January 1, 2019:				
Cost	75.8	69.7	1,650.3	1,795.8
Accumulated amortisation and impairment	(4.2)	-	(1,152.1)	(1,156.3)
At January 1, 2019	71.6	69.7	498.2	639.5
Movement for the year:				
Additions	33.5	66.5	104.3	204.3
Transfers	(18.2)	(37.7)	13.7	(42.2)
Disposals/write-off	(6.4)	-	-	(6.4)
Amortisation for the year	-	-	(102.8)	(102.8)
Exchange differences	1.0	0.7	0.2	1.9
At December 31, 2019	81.5	99.2	513.6	694.3
At December 31, 2019:				
Cost	92.1	99.2	1,774.9	1,966.2
Accumulated amortisation and impairment	(10.6)	-	(1,261.3)	(1,271.9)
	81.5	99.2	513.6	694.3

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

12 MINING ASSETS (CONTINUED)

	Year ended December 31, 2018			
	Exploration and evaluation phase \$m	Development phase \$m	In production \$m	Total \$m
Net book value				
At January 1, 2018:				
Cost	74.5	164.9	1,520.0	1,759.4
Accumulated amortisation and impairment	(17.7)	-	(1,099.6)	(1,117.3)
At January 1, 2018	56.8	164.9	420.4	642.1
Movement for the year:				
Additions	28.9	71.2	91.9	192.0
Transfers	(8.0)	(166.0)	100.4	(73.6)
Disposals/write-off	-	-	(0.2)	(0.2)
Amortisation for the year	-	-	(110.0)	(110.0)
Impairment	(4.2)	-	-	(4.2)
Exchange differences	(1.9)	(0.4)	(4.3)	(6.6)
At December 31, 2018	71.6	69.7	498.2	639.5
At December 31, 2018:				
Cost	75.8	69.7	1,650.3	1,795.8
Accumulated amortisation and impairment	(4.2)	-	(1,152.1)	(1,156.3)
	71.6	69.7	498.2	639.5

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. During the year ended December 31, 2019, \$6.4 million exploration and evaluation mining assets were written off. \$4.1 million resulted from the termination of Option Agreements for La Curva and Claudia Projects with Mirasol, \$1.7 million related to the withdrawal from an earn-in joint venture over American Pacific Mining's Tuscarora project and \$0.6 million of deferred exploration costs in the Philippines for an area that has been fully relinquished. The mining assets under development mainly included the underground development and community road projects at Didipio in the Philippines, and the plant optimization, PAG cell development and the dam construction for the creek management at the Haile Gold Mine in the United States.

13 INVESTMENTS

	December 31 2019 \$m	December 31 2018 \$m
Non-Current		
Equity accounted investments	2.7	2.6
	<u>2.7</u>	<u>2.6</u>

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, 2019, the Company owned 23.7% interest in Locrian (2018: 30.4%). The investment has been equity accounted for from April 1, 2016.

	December 31 2019 \$m	December 31 2018 \$m
Equity accounted investment		
Balance at January 1	2.6	2.9
Conversion of convertible debenture	0.2	-
Share of loss for the year	(0.1)	(0.3)
Balance at December 31	<u>2.7</u>	<u>2.6</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14 OTHER OBLIGATIONS

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Non-Current		
Other obligations	3.8	5.1
	<u>3.8</u>	<u>5.1</u>

Other obligations mainly consist of an endowment of \$3.8 million (2018: \$4.9 million) for maintenance and management of the properties under the mitigation plan related to all permits for the Haile Gold mine.

15 ASSET RETIREMENT OBLIGATIONS

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Current		
Asset retirement obligations	3.6	4.1
<i>Movement:</i>		
At January 1	4.1	4.3
Arising during the year/revised estimate	3.6	0.1
Utilised	(4.6)	(4.9)
Transfer from/(to) non-current	0.6	4.9
Exchange adjustment	(0.1)	(0.3)
At December 31	<u>3.6</u>	<u>4.1</u>
	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Non-Current		
Asset retirement obligations	95.0	96.3
<i>Movement:</i>		
At January 1	96.3	120.9
Arising during the year/revised estimate	(0.7)	(17.8)
Accretion	1.9	2.9
Utilised	(1.6)	(0.2)
Transferred from/(to) current	(0.6)	(4.9)
Exchange adjustment	(0.3)	(4.6)
At December 31	<u>95.0</u>	<u>96.3</u>

Rehabilitation

A provision for rehabilitation is recorded in relation to the gold/copper mining operations for the rehabilitation of the disturbed mining area to a state acceptable to various regulatory authorities. While rehabilitation is ongoing, final rehabilitation of the disturbed mining area is not expected until the cessation of mining for Macraes, Didipio, Waihi and Haile.

Rehabilitation provisions are based on rehabilitation plans estimated on survey data, expected labour rates and the timing of the current mining schedule. Provisions are discounted using a risk free rate with the cash flows adjusted for risks.

Rehabilitation provisions are subject to an inherent amount of uncertainty in both timing and amount and as a result are continuously monitored and revised.

Asset retirement obligations are initially recorded as a liability at present value of estimated future costs, using risk free discount rates of between 0.39% and 5.05% (2018: 1.09% to 3.58%). The liability for retirement and remediation on an undiscounted basis is estimated to be approximately \$104.3 million (2018: \$109.0 million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

16 DERIVATIVES AND OTHER FINANCIAL LIABILITIES

	2019 \$m	2018 \$m
Current		
Gold put/call options (1)	14.7	2.3
	<u>14.7</u>	<u>2.3</u>

1. At December 31, 2019, this represents three series of bought gold put options with price of NZ\$2,000 per ounce and three series of sold gold call options with price of NZ\$2,100 per ounce. At December 31, 2019, 118,800 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 New Zealand mines.

At December 31, 2018, this represented three series of bought gold put options with average price of NZ\$1,813 per ounce and two series of sold gold call options with average price of NZ\$2,000 per ounce. At December 31, 2018, 169,200 ounces of gold options remained outstanding.

Put options Strike price NZ\$	Call options Strike price NZ\$	Ounces of gold outstanding at December 31, 2019	Ounces of gold outstanding at December 31, 2018	Expiring
1,810	2,000	-	56,400	December 2019
1,811	2,000	-	56,400	December 2019
1,819	2,000	-	56,400	December 2019
2,000	2,100	118,800	-	December 2020

17 INTEREST-BEARING LOANS AND BORROWINGS

	December 31 2019 \$m	December 31 2018 \$m
Current		
Lease liabilities (1)	24.8	9.9
	<u>24.8</u>	<u>9.9</u>
Non-Current		
Lease liabilities (1)	53.6	16.6
US\$ banking facilities (2)	150.0	150.0
	<u>203.6</u>	<u>166.6</u>

1 Lease Liabilities

The 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. In previous year, the Group only recognised lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17-Leases (Refer to Note 27).

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. At December 31, 2019, those facilities stood at \$200.0 million with \$150.0 million drawn and \$50.0 million undrawn.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

17 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

Leases

Consolidated Statement of Comprehensive Income shows the following amounts relating to leases:

	Notes	2019 \$m	2018 \$m
Depreciation charge of right-of-use assets			
Properties		(0.7)	-
Vehicles		(1.0)	-
Office equipment		(0.2)	-
Other plant and equipment		(12.2)	-
	11	(14.1)	-
Interest expense (included in finance cost)		(2.3)	-
Expense relating to short-term leases (included in cost of sales and general and administrative expenses)		(0.3)	-

The total cash outflow for leases in 2019 was \$18.0 million.

18 SHARE CAPITAL

Movement in common shares on issue

	December 31 2019 Million shares	December 31 2019 \$m	December 31 2018 Million shares	December 31 2018 \$m
Balance at the beginning of the year	618.6	1,099.0	615.9	1,093.8
Options exercised	3.7	8.0	2.7	5.2
Balance at the end of the year	622.3	1,107.0	618.6	1,099.0

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 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.

A potential non-controlling interest is referred to in Note 3(vii) and Note 31(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.

19 CONTRIBUTED SURPLUS MOVEMENT

	December 31 2019 \$m	December 31 2018 \$m
Balance at the beginning of the year	50.2	45.3
Share based compensation expense	5.9	7.1
Forfeited options	(0.2)	(0.2)
Exercised options	(7.3)	(2.0)
Balance at the end of year	48.6	50.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019
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19 CONTRIBUTED SURPLUS MOVEMENT (CONTINUED)
Contributed surplus

Employee stock based compensation	18.6	20.2
Shareholder options (lapsed on January 1, 2009)	18.0	18.0
Equity portion of convertible notes	12.0	12.0
	48.6	50.2

20 OTHER RESERVES

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Foreign currency translation reserve (1)	12.4	9.6
Fair value reserve (2)	4.6	25.1
Total other reserves	17.0	34.7

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. *Fair value reserve*
The fair value reserve is used to record fair value differences on equity instruments (Note 9). When an investment is derecognised prior to January 1, 2018 under the then prevailing IAS39 - Financial Instruments: Recognition and Measurement, the cumulative gain or loss in equity is reclassified to the Statement of Comprehensive Income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

21 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 \$m	Philippines \$m	United States \$m	All other segments \$m	Elimination \$m	Total \$m
Year ended December 31, 2019						
Revenue						
Sales to external customers	326.8	121.2	203.2	-	-	651.2
Inter segment management and gold handling fees	-	-	-	24.0	(24.0)	-
Total segment revenue	326.8	121.2	203.2	24.0	(24.0)	651.2
Result						
Segment result excluding unrealised hedge gains/(losses), depreciation and amortisation	144.6	26.8	72.9	(30.1)	-	214.2
Depreciation and amortisation	(78.7)	(28.9)	(59.2)	(1.8)	-	(168.6)
Inter segment management and gold handling fees	(10.1)	(7.8)	(6.1)	-	24.0	-
Gain/(loss) on fair value of derivative instruments	(12.5)	-	-	-	-	(12.5)
Write off deferred exploration expenditure/investment/capitalised expenditure	(1.7)	(0.6)	(1.7)	(4.6)	-	(8.6)
Total segment result before interest and tax	41.6	(10.5)	5.9	(36.5)	24.0	24.5
Net interest expense						(13.2)
Income tax (expense)/benefit						3.2
Net profit/(loss) for the year						14.5
Assets						
Additions to property, plant, equipment and mining assets*	129.4	25.1	151.7	4.2	-	310.4
Total segment assets	321.8	772.7	917.8	59.9	-	2,072.2

* Included additions to right-of-use assets of \$67.2 million (Note 11).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

21 SEGMENT INFORMATION (CONTINUED)

	New Zealand \$m	Philippines \$m	United States \$m	All other segments \$m	Elimination /Adjustments* \$m	Total \$m
Year ended December 31, 2018						
Revenue						
Sales to external customers*	363.7	228.7	168.3	6.3	5.5	772.5
Inter segment management and gold handling fees	-	-	-	22.1	(22.1)	-
Total segment revenue	<u>363.7</u>	<u>228.7</u>	<u>168.3</u>	<u>28.4</u>	<u>(16.6)</u>	<u>772.5</u>
Result						
Segment result excluding unrealised hedge gains/(losses), depreciation and amortisation*	201.4	101.4	104.8	(46.4)	2.5	363.7
Depreciation and amortisation*	(88.6)	(56.1)	(42.9)	(1.7)	(1.7)	(191.0)
Inter segment management and gold handling fees	(8.7)	(7.5)	(5.9)	-	22.1	-
Gain/(loss) on fair value of derivative instruments	(1.5)	-	-	3.0	-	1.5
Write off deferred exploration expenditure/investment/capitalised expenditure	-	-	(4.2)	-	-	(4.2)
Total segment result before interest and tax*	<u>102.6</u>	<u>37.8</u>	<u>51.8</u>	<u>(45.1)</u>	<u>22.9</u>	<u>170.0</u>
Net interest expense						(14.2)
Income tax (expense)/benefit*						<u>(34.1)</u>
Net profit/(loss) for the year						<u>121.7</u>
Assets						
Additions to property, plant, equipment and mining assets	<u>94.6</u>	<u>41.3</u>	<u>79.7</u>	<u>3.4</u>	<u>-</u>	<u>219.0</u>
Total segment assets	<u>305.0</u>	<u>799.2</u>	<u>828.5</u>	<u>92.3</u>	<u>-</u>	<u>2,025.0</u>

* Included adjustment in respect of IFRS 15 adoption from January 1, 2018.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22 STOCK-BASED COMPENSATION

The total share based payment expense for 2019 was \$5.7 million (2018: \$6.9 million).

(a) Executive share options plan

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

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

(i) Stock option movements

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

WAEP = weighted average exercise price

	<i>December 31, 2019</i>		<i>December 31, 2018</i>	
	No.	WAEP	No.	WAEP
Outstanding at the start of the year	185,729	A\$2.49	840,166	A\$2.35
Exercised	(133,333)	A\$2.49	(605,374)	A\$2.29
Expired	(19,063)	A\$2.68	(49,063)	A\$2.47
Balance at the end of the year	33,333	A\$2.40	185,729	A\$2.49
Exercisable at the end of the year	33,333	A\$2.40	185,729	A\$2.49

Options granted were priced using a binomial option pricing model. Where options had a single exercise date the Black Scholes valuation model was used. Where options do not have a performance hurdle they were valued as American style options using the Cox Rubenstein Binomial model.

The expected life used in the model has been based on the assumption that employees remain with the Company for the duration of the exercise period and exercise the options when financially optimal. This is not necessarily indicative of exercise patterns that may occur.

Historical volatility has been used for the purposes of the valuation. Expected volatility is based on the historical share price volatility using three years of traded share price data. As a result it reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the outcome.

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

(ii) Balance at the end of the period

The share options outstanding at December 31, 2019 had an exercise price of A\$2.40 and a weighted average remaining life of 0.13 year.

At December 31, 2019, \$nil (2018: \$nil) remains to be expensed over the life of the options.

(b) Performance share rights plan

The Managing Director and certain employees of the Group, as designated by the Board of Directors, have been granted rights to common shares of the Company, OceanaGold Corporation. Each right entitles the holder to one common share upon exercise. The rights were issued for nil consideration and are subject to market-based performance conditions (based on various Total Shareholder Return (TSR) hurdles) and continuity of employment. The rights cannot be transferred without the Company's prior approval and right holders are not entitled to dividends of unvested rights.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22 STOCK-BASED COMPENSATION (CONTINUED)

(b) Performance share rights plan (continued)

(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 year:

WAEP = weighted average exercise price

	<i>December 31, 2019</i>		<i>December 31, 2018</i>	
	No.	WAEP	No.	WAEP
Outstanding at the start of the year	12,922,011	A\$0.00	9,622,537	A\$0.00
Granted	4,011,264	A\$0.00	5,404,751	A\$0.00
Forfeited	(1,483,545)	A\$0.00	(1,038,731)	A\$0.00
Exercised	(3,402,553)	A\$0.00	(1,066,546)	A\$0.00
Balance at the end of the year	12,047,177	A\$0.00	12,922,011	A\$0.00
Exercisable at the end of the year	-	-	-	-

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

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

Historical volatility has been used for the purposes of the valuation. Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period and is measured as the 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 0.80% for grants in 2018 and 0.99% in 2019.

The following table gives the assumptions made in determining the fair value of the performance share rights granted in the financial year:

Grant Date	Dividend Yield	Expected Volatility	Risk-Free Interest Rate	Expected Life of Option (years)	Option Exercise Price	Share Price at Grant Date	Weighted Average Fair Value
March 6, 2019	0.99%	42.66%	1.60%	3	0.00	A\$4.24	A\$1.57

(ii) Balance at the end of the period

The performance share rights outstanding at December 31, 2019 had an exercise price of A\$0.00 and a weighted average remaining life of 1.30 years.

(c) Replacement Stock Option plan

A Replacement Stock 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.

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22 STOCK-BASED COMPENSATION (CONTINUED)

(c) Replacement Stock Option plan (continued)

(i) Replacement Stock Option plan movements

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

WAEP = weighted average exercise price

	<i>December 31, 2019</i>		<i>December 31, 2018</i>	
	No.	WAEP	No.	WAEP
Outstanding at the start of the year	281,991	C\$2.54	1,357,983	C\$2.73
Exercised	(164,314)	C\$2.76	(1,018,490)	C\$2.77
Expired	-	-	(57,502)	C\$2.92
Balance at the end of the year	117,677	C\$2.23	281,991	C\$2.54
Exercisable at the end of the year	117,677	C\$2.23	281,991	C\$2.54

Options granted were valued using the Black-Scholes option pricing model. For employees, the Company recognises stock-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 stock-based compensation expense and corresponding adjustment to contributed surplus. The number of options expected to vest is periodically reviewed and the estimated option forfeiture rate is adjusted as required throughout the life of the option. Upon exercise these amounts are transferred to share capital.

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

(ii) Balance at the end of the period

The share options outstanding at December 31, 2019 had an exercise price of between C\$2.06 and C\$2.41 and a weighted average remaining life of 0.36 years.

At December 31, 2019, \$nil (2018:\$nil) remains to be expensed over the life of the options.

(d) 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.

Whenever cash dividends are paid on the Common Shares, additional Deferred Units are credited to the holders of Deferred Units, calculated by dividing the total cash dividends that would have been paid by the market 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 years 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 taken 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.

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22 STOCK-BASED COMPENSATION (CONTINUED)

(d) Deferred Unit Plan (continued)

(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 year:

	<i>December 31, 2019</i>	<i>December 31, 2018</i>
	No.	No.
Outstanding at the start of the year	258,701	332,735
Granted	261,035	192,353
Exercised	(75,456)	(266,387)
Balance at the end of the year	444,280	258,701
Exercisable at the end of the year	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 December 31, 2019, the fair value of the units was \$0.9 million (2018: \$0.9 million) and \$0.7 million (2018: \$0.5 million) was expensed.

23 EMPLOYEE BENEFITS

Aggregate employee benefit liability is comprised of:

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Employee benefits provision - Current	13.7	11.4
Employee benefits provision - Non-Current	1.5	1.5
	<u>15.2</u>	<u>12.9</u>

(a) Leave entitlements liability

Employee benefits provision - Current

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Balance at the beginning of the year	11.2	9.6
Arising during the year	9.9	9.6
Utilised	(7.9)	(7.4)
Exchange rate adjustment	-	(0.6)
Balance at the end of the year	<u>13.2</u>	<u>11.2</u>

Employee benefits provision - Non-Current

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Balance at the beginning of the year	1.3	1.3
Arising during the year	0.3	0.2
Utilised	(0.3)	(0.2)
Balance at the end of the year	<u>1.3</u>	<u>1.3</u>

23 EMPLOYEE BENEFITS (CONTINUED)

(b) Cash-settled Deferred Unit Plan

Employee benefits provision - Current	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Balance at the beginning of the year	0.2	-
Arising during the year	0.2	0.7
Utilised	(0.3)	(0.4)
Transfer from/(to) non-current	0.3	-
Exchange rate adjustment	0.1	(0.1)
Balance at the end of the year	<u>0.5</u>	<u>0.2</u>

Employee benefits provision - Non-Current	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Balance at the beginning of the year	0.2	0.5
Arising during the year	0.2	0.4
Utilised	-	(0.6)
Transfer from/(to) current	(0.3)	-
Exchange rate adjustment	0.1	(0.1)
Balance at the end of the year	<u>0.2</u>	<u>0.2</u>

(c) 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.

24 FINANCIAL INSTRUMENTS

Financial Risk Management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk.

Financial Risk Management Objectives and Policies

The Board has the overall responsibility for the establishment and oversight of the Group's financial risk management framework. A Financial Risk Management Policy has been established, which has been approved by and is subject to annual review by the Board. This policy establishes a framework for managing financial risks.

In line with this policy, the Group does not enter into financial instruments, including derivative financial instruments for trade or speculative purposes. The term "derivative" has been adopted to encompass all financial instruments that are not directly traded in the primary physical market.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, trade and other receivables and hedging instruments (specifically the gold call/put options that were in place during the year).

The Board approves all hedging transactions and has established a Financial Risk Management Policy which includes a hedging policy that limits the level and tenor of hedging activity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (continued)

Maximum credit risk of cash and cash equivalents, trade and other receivables and gold call/put options are the carrying amounts recorded in the Statement of Financial Position.

The Group is not materially exposed to any individual counterparty because it has limited its exposure by spreading contracts for these instruments across several different counterparties.

At December 31, 2019, the Group's cash was mainly held with one major bank (credit rating AA-) with the largest exposure being 93% (2018: 94%). At December 31, 2019, the Group's gold call/put options were with three financial institutions with credit ratings of A+ and AA-.

No financial assets were deemed overdue or impaired.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure cost effective continuity in funding and trading liquidity. Funding liquidity is maintained through the use of the US\$ revolving credit facilities, finance leases and trade financing. Trading liquidity is maintained by an effective spread between the counterparties with which the Group enters into derivative transactions.

The Group's funding liquidity risk policy is to source debt or equity funding appropriate to the use of funds. Examples include equipment leases to finance the mining fleet and the US\$ revolving credit facilities to finance the development of new mines and provide for general working capital needs.

The Group's trading risk policy is to ensure derivative transactions, if any, are spread between at least two counterparties acknowledging both volume and tenor of the derivative to reduce the risk of trading illiquidity arising as a result of the inability to close down existing derivative positions, or hedge underlying risks incurred in normal operations.

The following are the contractual maturities of financial liabilities, including the estimated interest payments.

Year ended December 31, 2019	<i>Carrying amount \$m</i>	<i>Contractual cash flows \$m</i>	<i>12 months or less \$m</i>	<i>1-3 years \$m</i>	<i>3+ years \$m</i>
<i>Non-derivative financial liabilities</i>					
Trade and other payables	120.5	120.5	120.5	-	-
Lease liabilities	78.4	89.2	27.1	26.7	35.4
US\$ banking facilities	150.0	165.0	7.5	157.5	-
	<u>348.9</u>	<u>374.7</u>	<u>155.1</u>	<u>184.2</u>	<u>35.4</u>
<i>Derivative financial liabilities</i>					
Gold put/call options	14.7	14.7	14.7	-	-
	<u>14.7</u>	<u>14.7</u>	<u>14.7</u>	<u>-</u>	<u>-</u>

Year ended December 31, 2018	<i>Carrying amount \$m</i>	<i>Contractual cash flows \$m</i>	<i>12 months or less \$m</i>	<i>1-3 years \$m</i>	<i>3+ years \$m</i>
<i>Non-derivative financial liabilities</i>					
Trade and other payables	115.7	115.7	115.7	-	-
Lease liabilities	26.5	27.9	10.9	17.0	-
US\$ banking facilities	150.0	165.0	7.5	157.5	-
	<u>292.2</u>	<u>308.6</u>	<u>134.1</u>	<u>174.5</u>	<u>-</u>
<i>Derivative financial liabilities</i>					
Gold put/call options	2.3	2.3	2.3	-	-
	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>	<u>-</u>	<u>-</u>

24 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (continued)

At December 31, 2019, current assets were \$216.2 million and current liabilities were \$202.7 million, resulting in a net current asset of \$13.5 million.

Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Commodity price risk and foreign exchange risk

Prices for the Group's commodity products (gold bullion and copper) are determined on international markets and quoted in US dollars. All hedging programs are managed in accordance with policies approved by the Board. Performance under these policies is regularly reported to the Board. More details on the hedges in place are found in Note 16.

The Group has entered into series of bought gold put options and series of sold gold call options to lower commodity price risk exposure at its New Zealand Operations. As at December 31, 2019 there were 118,800 ounces of gold options remaining for the period January 2020 to December 2020 with put price of NZ\$2,000 per ounce and call price of NZ\$2,100 per ounce.

In respect of managing copper price risk exposure due to typical long lead time in settling copper sales, the Group has the option to fix the price of copper with the buyer on part of the shipment once the latter reaches the smelter.

Foreign exchange risk is managed by holding cash and cash equivalents in different currencies in line with the anticipated requirements of the business and achieving a diversified holding mainly through selling gold in the currencies needed.

Sensitivity analysis

At December 31, 2019 if the US dollar had depreciated / appreciated by 10% with all other variables remaining constant, the effect on the profit before tax would be \$3.6 million higher/lower (2018: \$6.1 million profit higher/lower) due to exchange gains/ losses on cash and cash equivalents. The impact on other equity will be \$1.1 million (2018: \$nil).

Interest rate risk

The Group's approach to managing the risk of adverse changes in interest rates is to manage the identified net exposure through variable and fixed rate arrangements.

The Group's policy is to manage interest rate risk in a cost efficient manner having regard to the net interest rate exposure after offsetting interest bearing financial assets with interest accruing financial liabilities.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was as follows:

Sensitivity analysis

At December 31, 2019 if interest rates had increased/decreased by 100 basis points from the year end rates with all other variables held constant, the profit before tax for the year would have been \$0.8 million lower/higher (2018: \$1.2 million profit lower/higher), as a result of higher/lower interest income from average cash and cash equivalents held and higher/lower interest expense from average the US\$ banking facilities drawn. The impact on other equity is nil for both 2019 and 2018.

The Group's exposure to interest rate risk classes of financial assets and financial liabilities, both recognised and unrecognised at the reporting date, is set out below:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

24 FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (continued)

	<i>Carrying amount</i>	
	<i>2019</i>	<i>2018</i>
	<i>\$m</i>	<i>\$m</i>
Fixed rate		
<i>Financial assets</i>		
Trade and other receivables	95.4	111.7
Convertible debentures	-	0.2
	<u>95.4</u>	<u>111.9</u>
<i>Financial liabilities</i>		
Trade and other payables	120.5	115.7
Lease liabilities	74.0	-
	<u>194.5</u>	<u>115.7</u>
Floating rate		
<i>Financial assets</i>		
Cash and cash equivalents	49.0	107.7
	<u>49.0</u>	<u>107.7</u>
<i>Financial liabilities</i>		
Lease liabilities	4.4	26.5
US\$ banking facilities	150.0	150.0
	<u>154.4</u>	<u>176.5</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates and 10% change in the US dollar against other foreign currency exchange rates would have increased/(decreased) equity and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

December 31, 2019

December 31, 2019	Interest rate risk					Foreign exchange risk			
	-100 bps			+100 bps		-10%		+10%	
	Carrying amount	Profit/ (Loss)	Other equity	Profit/ (Loss)	Other equity	Profit/ (Loss)	Other equity	Profit/ (Loss)	Other equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial assets									
Cash and cash equivalents	49.0	(0.8)	-	0.8	-	3.6	-	(3.6)	-
Other assets	95.4	-	-	-	-	-	-	-	-
Financial liabilities									
Lease liabilities	78.4	-	-	-	-	-	(1.1)	-	1.1
Other liabilities	270.5	1.5	-	(1.5)	-	-	-	-	-
Total	493.3	0.7	-	(0.7)	-	3.6	(1.1)	(3.6)	1.1

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24 FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (continued)

December 31, 2018

	Interest rate risk					Foreign exchange risk			
		-100 bps		+100 bps		-10%		+10%	
	Carrying amount \$m	Profit/ (Loss) \$m	Other equity \$m	Profit/ (Loss) \$m	Other equity \$m	Profit/ (Loss) \$m	Other equity \$m	Profit/ (Loss) \$m	Other equity \$m
Financial assets									
Cash and cash equivalents	107.7	(0.9)	-	0.9	-	6.1	-	(6.1)	-
Other assets	111.9	-	-	-	-	-	-	-	-
Financial liabilities									
Lease liabilities	26.5	0.3	-	(0.3)	-	-	-	-	-
Other liabilities	265.7	1.9	-	(1.9)	-	-	-	-	-
Total	511.8	1.3	-	(1.3)	-	6.1	-	(6.1)	-

25 CAPITAL DISCLOSURE

The Group's objective when managing capital is to:

- manage the entity's ability to continue as a going concern; and
- in the medium to long term, provide adequate return to shareholders.

The Group manages capital in the light of changing economic circumstances and the underlying risk characteristics of the Group's assets. In order to meet its objective, the Group manages its dividend declarations and may undertake capital restructuring including: sale of assets to reduce debt; additional funding facilities and equity raising.

The Group monitors capital on the basis of debt-to-equity ratio. The components and calculation of this ratio is shown below.

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Total debt (as shown in the statement of financial position)*	228.4	176.5
Less: cash and cash equivalents	(49.0)	(107.7)
Net debt	<u>179.4</u>	<u>68.8</u>
 Total equity (as shown in the statement of financial position)	 <u>1,563.6</u>	 <u>1,566.7</u>
Net debt to equity ratio	1:9	1:23

* Interest-bearing liabilities

The Group is subject to a number of externally imposed capital requirements relating to financing agreements. As at December 31, 2019 and 2018, the Group was in compliance with all requirements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

26 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).

December 31, 2019	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
<i>Recurring measurements</i>				
Derivatives embedded in accounts receivable	-	-	-	-
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
December 31, 2018	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
<i>Recurring measurements</i>				
Derivatives embedded in accounts receivable	-	(0.6)	-	(0.6)
Equity instruments	55.4	-	-	55.4
Total assets	55.4	(0.6)	-	54.8
Gold put/call options	-	2.3	-	2.3
Total liabilities	-	2.3	-	2.3

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

27 COMMITMENTS

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

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Within 1 year	-	4.6
Within 1 to 2 years	-	3.0
Within 2 to 3 years	-	0.8
Within 3 to 4 years	-	0.6
Within 4 to 5 years	-	0.1
More than five years	-	-
	<u>-</u>	<u>9.1</u>

The Group leases various offices, printers, vehicles and plant and equipment under non-cancellable operating leases. No leases have escalation clauses other than in the event of payment default. No lease arrangements create restrictions on other financing transactions.

From January 1, 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 2, note 11 and note 27(b) for further information.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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27 COMMITMENTS (CONTINUED)

(b) Lease commitments under finance leases:

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Within 1 year	27.1	10.9
Within 1 to 2 years	14.0	16.1
Within 2 to 3 years	12.6	0.9
Within 3 to 4 years	12.5	-
Within 4 to 5 years	17.8	-
More than 5 years	5.2	-
	<u>89.2</u>	<u>27.9</u>
Future finance charges	(10.8)	(1.4)
Present value of minimum lease payments	<u>78.4</u>	<u>26.5</u>
<i>Reconciled to:</i>		
Current interest-bearing liability (Note 17)	24.8	9.9
Non-Current interest-bearing liability (Note 17)	53.6	16.6
Total	<u>78.4</u>	<u>26.5</u>

Finance leases are used to fund the right-of-use assets (Note 11), including acquisition of plant and equipment, primarily mobile mining equipment. Rental payments are subject to monthly or quarterly interest rate adjustment.

(c) Gold production

The Group had certain obligations to pay royalties on gold production at prescribed levels in 2019 which are expected to continue in 2020. These royalties represent 1% to 2% of gold sales and were \$7.1 million in 2019 (2018: \$10.7 million).

(d) Capital commitments

At December 31, 2019, the Group has commitments of \$44.7 million (2018: \$17.4 million), principally relating to the purchase of property, plant and equipment mainly in Haile and Didipio, and the development of mining assets in Didipio.

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

	<i>December 31 2019 \$m</i>	<i>December 31 2018 \$m</i>
Within one year:		
- purchase of property, plant and equipment	3.1	11.2
- development of mining assets	0.4	6.2
- leases not yet commenced	41.2	-
	<u>44.7</u>	<u>17.4</u>

The Group is committed to annual expenditure of approximately \$0.2 million (2018: \$0.2 million) to comply with regulatory conditions attached to its New Zealand prospecting, exploration and mining permits.

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

27 COMMITMENTS (CONTINUED)

(e) Didipio Financial or Technical Assistance Agreement

The Didipio Project is held under a Financial or Technical Assistance Agreement ("FTAA") granted by the Philippines Government in 1994. The FTAA 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.

28 RELATED PARTIES

There are no related party transactions other than those with key management personnel as noted below.

(a) Compensation of key management

Key management includes Directors (executive and non-executive) and some members of the Executive Committee. The compensation paid or payable to key management for employee services is shown below:

	Year ended	
	December 31 2019	December 31 2018
	\$m	\$m
Salaries and short-term employee benefits	5.9	4.7
Post-employment benefits	0.1	0.1
Long Term Benefits	0.4	0.7
Termination benefits	0.4	-
Share-based payments	3.3	4.7
Total	10.1	10.2

(b) Loans to key management personnel

There are no loans to key management personnel during the year (December 2018: Nil).

(c) Other transactions with key management personnel

There are no other transactions with key management personnel during the year (December 2018: Nil).

29 NON-CASH INVESTING AND FINANCING ACTIVITIES

	Year ended	
	December 31 2019	December 31 2018
	\$m	\$m
Recognition of right-of-use assets	67.2	-
Total	67.2	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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30 INTERESTS IN OTHER ENTITIES

The Group's material subsidiaries at December 31, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group.

Name of entity	Country of incorporation	Ownership interest held by the Group	
		2019	2018
		%	%
Haile Gold Mine Inc.	United States	100.0	100.0
OceanaGold (Philippines) Inc.	Philippines	100.0	100.0
Oceana Gold (New Zealand) Limited	New Zealand	100.0	100.0
Waihi Gold Company Limited	New Zealand	100.0	100.0
Pacific Rim Mining Corporation	Canada	100.0	100.0
Oceana Gold Pty Ltd	Australia	100.0	100.0
Oceana Gold No.3 (New Zealand) Limited	New Zealand	100.0	100.0
OceanaGold (Singapore) Pte Ltd	Singapore	100.0	100.0
OceanaGold (Philippines) Exploration Corporation	Philippines	100.0	100.0
OceanaGold (Philippines) Resource Corporation	Philippines	100.0	100.0
Romarco Minerals Inc.	Canada	100.0	100.0

31 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 Organisations (NGOs) and individuals challenged the constitutionality of the Philippines Mining Act ("Mining Act"), the Financial or Technical Assistance Agreements ("FTAA's") 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 FTAA's, 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.

31 CONTINGENCIES (CONTINUED)

- (e) The Group has provided guarantees in respect of the \$200.0 million banking facilities (Note 17). At December 31, 2019 the total outstanding balance under these facilities is \$150.0 million (December 31, 2018: \$150.0 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants which the Group complied with at December 31, 2019.
- (f) The Group has provided guarantees in respect of the finance lease agreements for certain mobile mining equipment entered into by the controlled entities. At December 31, 2019 the outstanding rental obligations under the finance lease are \$75.9 million (December 31, 2018: \$27.9 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants which the Group complied with at December 31, 2019.
- (g) The Group has issued bonds in favour of various New Zealand authorities (Ministry of Economic Development - Crown Minerals, Otago Regional Council, Waitaki District Council, West Coast Regional Council, Buller District Council, Timberlands West Coast Limited and Department of Conservation) as a condition for the grant of mining and exploration privileges, water rights and/or resource consents, and rights of access for the Macraes Gold Mine and the Globe Progress Mine at the Reefton Gold Project which amount to approximately \$39.3 million (December 31, 2018: \$34.8 million).
- (h) The Group has provided a cash operating bond to the New Zealand Department of Conservation of \$0.3 million (December 31, 2018: \$0.4 million) which is refundable at the end of the Globe Progress mine and a cash operating bond to the West Coast Regional Council of \$0.2 million (December 31, 2018: \$nil) which is refundable at the end of the Blackwater Exploration Project. These amounts are included in the total referred to in (g) above.
- (i) 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 \$36.8 million (December 31, 2018: \$36.6 million).
- (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 \$37.5 million and has paid \$2.6 million in trust funding by the end of December 2019.

The remaining estimated financial assurance of \$24.9 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.

32 EVENTS OCCURRING AFTER THE REPORTING PERIOD

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