Report for the Half Year
Ended June 30 2017

OCEANAGOLD CORPORATION

Results for announcement to the market

Financial Results	June 2017 US$'000	June 2016 US$'000	Change US$'000	Change %
Revenue from ordinary activities	333,450	330,814	2,636	Up 0.8%
Profit from ordinary activities after tax attributable to members	61,362	63,186	1,824	Down 2.9%
Net profit after tax attributable to members	61,362	63,186	1,824	Down 2.9%

Dividends

The Directors do not propose to declare a dividend with respect to Q2 2017.There is no dividend reinvestment plan for the Company.

Explanation of Results

Revenue for the six months ended 30 June 2017 increased by 0.8% over comparative period last year mainly due to higher average prices received for gold, silver, and copper, partly offset by lower gold and silver ounces and copper tons sold.

Net profit after tax for the six months ended 30 June 2017 was $61.4 million compared to the same period in 2016 of $63.2 million. The slight decrease was mainly due to the one-off impairment charge recognised for the mining assets in El Salvador, higher finance costs and depreciation expenses. This was largely offset by lower cost of sales, lower general and administration expenses and lower losses on fair value of undesignated hedges.

Please refer to the Management Discussion and Analysis of Financial Condition and Results of Operations for the quarter and half year ended June 30, 2017 and the Unaudited Interim Consolidated Financial Statements for the period ended June 30, 2017, for further explanation of results.

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

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

Auditor’s Independence Declaration

As lead auditor for the review of OceanaGold Corporation for the three and six month periods ended 30 June 2017, I declare that to the best of my knowledge and belief, I am independent in accordance with the requirements of The Code of Ethics for Professional Accountants issued by the International Federation of Accountants in relation to the review.

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

John O'Donoghue
Partner
PricewaterhouseCoopers

Melbourne
27 July 2017

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To the Shareholders of OceanaGold Corporation

Introduction

We have reviewed the interim consolidated statement of financial position of OceanaGold Corporation as at 30 June 2017 and the interim consolidated statements of comprehensive income, changes in equity and cash flows for the three and six-month periods then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2017, and of its financial performance and its cash flows for the three and six-month periods then ended in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34, *Interim Financial Reporting*.

PricewaterhouseCoopers

PricewaterhouseCoopers
Melbourne
27 July 2017

OCEANAGOLD CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER REPORT

JUNE 30TH, 2017

UNAUDITED

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2017

(in United States dollars)	*Notes*	*June 30 2017 $'000*	*December 31 2016 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		81,615	68,859
Trade and other receivables	6	36,982	32,017
Derivatives and other financial assets	7	2,074	8,973
Inventories	8	115,537	70,071
Prepayments		11,157	8,689
Total current assets		247,365	188,609
Non-current assets			
Trade and other receivables	6	80,459	75,919
Derivatives and other financial assets	7	71,569	94,605
Inventories	8	170,221	181,768
Deferred tax assets	9	12,201	8,345
Property, plant and equipment	10	417,906	414,267
Mining assets	11	968,575	949,513
Investments	12	3,128	2,694
Total non-current assets		1,724,059	1,727,111
TOTAL ASSETS		**1,971,424**	1,915,720
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		114,694	134,666
Employee benefits	14	8,645	7,636
Current tax liabilities		11,119	6,738
Interest-bearing loans and borrowings	15	98,905	86,444
Asset retirement obligations		7,838	5,376
Total current liabilities		241,201	240,860
Non-current liabilities			
Other obligations	13	6,725	8,168
Employee benefits	14	1,669	1,500
Interest-bearing loans and borrowings	15	230,849	237,997
Deferred tax liabilities	9	1,790	2,630
Asset retirement obligations		102,792	89,314
Total non-current liabilities		343,825	339,609
TOTAL LIABILITIES		**585,026**	580,469
SHAREHOLDERS' EQUITY			
Share capital	16	1,090,561	1,083,375
Retained earnings		176,058	120,825
Contributed surplus	19	43,406	43,260
Other reserves	20	76,373	87,791
TOTAL SHAREHOLDERS' EQUITY		1,386,398	1,335,251
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,971,424**	1,915,720

On behalf of the Board of Directors:

James E. Askew
Director
July 27, 2017

Paul B. Sweeney
Director
July 27, 2017

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended June 30, 2017

(in United States dollars)	*Notes*	*Three months ended June 30 2017 $'000*	*Three months ended June 30 2016 $'000*	*Six months ended June 30 2017 $'000*	*Six months ended June 30 2016 $'000*
Revenue	4	171,650	169,763	333,450	330,814
Cost of sales, excluding depreciation and amortisation		(73,767)	(79,642)	(130,601)	(151,531)
Depreciation and amortisation		(51,171)	(28,015)	(87,574)	(61,784)
General and administration - other		(14,513)	(15,565)	(23,463)	(27,933)
Operating profit		32,199	46,541	91,812	89,566
Other income/(expenses)					
Interest expense and finance costs		(4,402)	(2,651)	(9,149)	(4,968)
Foreign exchange gain/(loss)		647	2,543	426	3,268
Gain/(loss) on disposal of property, plant and equipment		519	-	352	(37)
Gain/(loss) on fair value of available-for-sale assets		(84)	(21)	358	230
Gain/(loss) on sale of available-for-sale assets		-	-	5,314	-
Total other expenses		(3,320)	(129)	(2,699)	(1,507)
Gain/(loss) on fair value of undesignated hedges		1,075	(1,828)	(6,799)	(20,132)
Interest income		110	115	301	244
Other income/(expense)		293	208	580	348
Share of profit/(loss) from equity accounted associates		(161)	(164)	(226)	(164)
Impairment charge	5	-	-	(17,654)	-
Profit before income tax		30,196	44,743	65,315	68,355
Income tax expense		(4,839)	(5,088)	(3,953)	(5,169)
Net profit		**25,357**	**39,655**	**61,362**	**63,186**
Other comprehensive income that have been/can be reclassified to profit and loss in a future period, net of tax					
Currency translation gain/(loss)		9,481	6,677	13,013	8,868
Net change in fair value of available-for-sale assets		(20,213)	39,910	(19,117)	51,433
(Gain)/loss on sale of available-for-sale assets		-	-	(5,314)	-
Total other comprehensive income/(loss) net of tax		**(10,732)**	**46,587**	**(11,418)**	**60,301**
Comprehensive income attributable to shareholders		**14,625**	**86,242**	**49,944**	**123,487**
Net earnings/(loss) per share:					
- Basic	23	$0.04	$0.07	$0.10	$0.10
- Diluted	23	$0.04	$0.06	$0.10	$0.10

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the quarter ended June 30, 2017

(in United States dollars)	*Share Capital*	*Contributed Surplus*	*Other Reserves*	*Retained Earnings*	*Total Equity*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Balance at January 1, 2017	**1,083,375**	**43,260**	**87,791**	**120,825**	**1,335,251**
Comprehensive income/(loss) for the period	-	-	(11,418)	61,362	49,944
Employee share options:					
Share based payments	-	3,148	-	-	3,148
Forfeiture of options	-	(524)	-	-	(524)
Exercise of options	7,186	(2,478)	-	-	4,708
Dividends provided for or paid	-	-	-	(6,129)	(6,129)
Balance at June 30, 2017	**1,090,561**	**43,406**	**76,373**	**176,058**	**1,386,398**
Balance at January 1, 2016	**1,067,576**	**41,954**	**21,649**	**8,630**	**1,139,809**
Comprehensive income/(loss) for the period	-	-	60,301	63,186	123,487
Employee share options:					
Share based payments	-	2,244	-	-	2,244
Forfeiture of options	-	(16)	-	-	(16)
Exercise of options	13,662	(3,626)	-	-	10,036
Dividends provided for or paid	-	-	-	(24,257)	(24,257)
Balance at June 30, 2016	**1,081,238**	**40,556**	**81,950**	**47,559**	**1,251,303**

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended June 30, 2017

	Three months ended		Six months ended	
(in United States dollars)	*June 30 2017 $'000*	*June 30 2016 $'000*	*June 30 2017 $'000*	*June 30 2016 $'000*
Operating activities				
Net profit/(loss)	25,357	39,655	61,362	63,186
Charges/(credits) not affecting cash				
Depreciation and amortisation expense	51,171	28,015	87,574	61,784
Net (gain)/loss on disposal of property, plant & equipment	(519)	-	(352)	37
Unrealised foreign exchange (gain)/loss	(647)	(2,543)	(426)	(3,268)
Stock based compensation charge	1,681	1,340	2,624	2,228
Unrealised (gain)/loss on fair value of undesignated hedges	(1,075)	1,828	6,799	20,132
Amortisation of transaction costs/ write off	199	199	396	396
Impairment charge	-	-	17,654	-
Income tax expense/(benefit)	4,839	5,088	3,953	5,169
Non-cash available-for-sale assets (gain)/loss	84	21	(358)	(230)
Share of (profit)/loss of equity accounted associates	161	164	226	164
Net (gain)/loss on disposal of available-for-sale asset	-	-	(5,314)	-
Changes in non-cash working capital				
(Increase)/decrease in trade and other receivables	13,018	25,267	(2,647)	536
(Increase)/decrease in inventories	5,302	1,492	(14,784)	1,514
(Decrease)/increase in trade and other payables	(10,923)	(1,650)	(4,217)	(9,030)
(Decrease)/increase in other working capital	(257)	(7,390)	(4,742)	(19,459)
(Decrease)/increase in tax payables	-	-	(7,014)	-
Net cash provided by/(used in) operating activities	88,391	91,486	140,734	123,159
Investing activities				
Payment for investments	-	(5,223)	(660)	(15,140)
Proceeds from sale of available-for-sale assets	-	-	6,566	-
Proceeds from sale of property, plant and equipment	-	-	-	28
Payment for property, plant and equipment	(5,192)	(17,629)	(10,806)	(22,214)
Payment for mining assets: exploration and evaluation	(2,900)	(2,287)	(6,170)	(4,070)
Payment for mining assets: development (net of pre-production revenue)	(45,261)	(81,146)	(96,984)	(144,018)
Payment for mining assets: in production	(18,343)	(16,211)	(29,552)	(40,822)
Net cash provided by/(used in) for investing activities	(71,696)	(122,496)	(137,606)	(226,236)
Financing activities				
Proceeds from issue of shares	2,564	4,526	4,708	10,036
Dividends paid to shareholders	(6,129)	(24,257)	(6,129)	(24,257)
Repayment of finance lease liabilities	(3,070)	(1,790)	(6,669)	(4,892)
Repayment of bank borrowings and other loans	-	(130)	-	(505)
Proceeds from borrowings	-	-	12,000	-
Proceeds from finance leases	-	34,478	-	34,478
Net cash provided by/(used in) financing activities	(6,635)	12,827	3,910	14,860
Effect of exchange rates changes on cash gain/(loss)	965	4,050	5,718	6,522
Net increase/(decrease) in cash and cash equivalents	11,025	(14,133)	12,756	(81,695)
Cash and cash equivalents at the beginning of the period	70,590	117,904	68,859	185,466
Cash and cash equivalents at end of period	81,615	103,771	81,615	103,771
Cash interest paid	(4,200)	(1,461)	(6,561)	(2,919)
Cash interest received	110	115	301	244
Income taxes paid	-	(6,433)	(7,014)	(12,895)

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

1 BASIS OF PREPARATION

OceanaGold Corporation ("OceanaGold") ("The Company") is a company domiciled in Canada. It is listed on the Toronto Stock Exchange and the Australian Stock Exchange. The registered address of the Company is c/o Fasken Martineau DuMoulin LLP, 2900-550 Burrard Street, Vancouver, British Columbia V6C 0A3, Canada. The Company is the ultimate parent, and together with its subsidiaries, forms the OceanaGold Corporation consolidated group (the “Group”).

The Group is engaged in the exploration, development and operation of gold and other mineral mining activities. OceanaGold operates two open cut gold mines and two underground mines in New Zealand. The Group also operates an open cut gold-copper mine and is developing underground operations at Didipio in the Philippines. The Group is currently constructing the Haile Gold mine in South Carolina, USA.

The Group prepares its unaudited interim consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), as applicable to the preparation of interim financial statements including IAS 34. The policies applied are based on IFRS issued and outstanding as of the day the Board of Directors approved the statements. These interim financial statements do not include all of the notes of the type normally included in an annual financial report and hence should be read in conjunction with the Group’s annual financial statements for the year ended December 31, 2016, as they provide an update of previously reported information.

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The unaudited interim consolidated financial statements were approved by the Board of Directors on July 27, 2017.

2 ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS

The following accounting policies are effective for future periods:

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

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

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

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

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

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

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

This standard is effective for years beginning on/after January 1, 2018. Preliminary assessment by the Group indicates a minimum impact of this new standard. A more detailed assesssment is ongoing.

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

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

2 ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS (CONTINUED)

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

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. Preliminary assessment by the Group indicates a minimum impact of this new standard. A more detailed assesssment is ongoing.

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

This standard is effective for years beginning on/after January 1, 2019. Preliminary assessment by the Group indicates a minimum impact of this new standard. A more detailed assesssment is ongoing.

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.

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

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

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.

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 11) 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) and changes to commodity prices and foreign exchange rates.

Exploration and evaluation expenditure (Note 11) 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. As a result of the announcement on March 29, 2017 by the Government of El Salvador to ban all mining for gold and other metals, Management considered this to be an impairment indicator and concluded the value of the mining assets it held in El Salvador was fully impaired in the previous quarter (Note 5).

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

3 CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(ii) Impairment of assets

The Group assesses each Cash-Generating Unit (CGU), to determine whether there is any indication of impairment or reversal 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 the New Zealand CGU and United States CGU are dependent on production from certain identified exploration targets in New Zealand and successful commencement of commercial production at the Haile Gold Mine respectively. Should these projects prove to be uneconomic, the carrying value of the CGU could be impaired by a significant amount.

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. An impairment charge of $17.7 million was recognised in the first quarter ended March 31, 2017 and there was no associated tax impact. Further details are as per Note 5 below.

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 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. The Didipio operation is expected to continue to operate during the appeal process. Should the appeal fail and operations suspended for a prolonged period, the Didipio operation could face impairment.

(iii) Net realisable value of inventories

The Group reviews the carrying value of its inventories (Note 8) at each reporting date to ensure that the cost does not exceed net realisable value. Estimates of net realisable value include a number of assumptions and estimates, including grade of ore, commodity price forecasts, foreign exchange rates and costs to process inventories to a saleable product.

(iv) Asset retirement obligations

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

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

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

(v) Determination of ore reserves and resources

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

(vi) Taxation

The Group's accounting policy for taxation requires management's judgement in relation to the application of income tax legislation. There may be some transactions and calculations 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. 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.

3 CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

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 9 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 9.

Certain input tax credits in overseas subsidiaries have been recognised as a non-current receivable (Note 6). 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 a tax credit. Should management determine that, all or some of the input tax will not be recoverable via tax refund or credit in the future, the Group would reclassify eligible amounts to other components of non-current assets as allowable under the relevant accounting standard. Non-eligible amounts, where so determined, may have to be expensed in the relevant period.

Excise tax payments have been made in certain overseas tax jurisdictions despite the Company's view that 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 6). Should the amounts ultimately not be recovered, they would be expensed in the relevant period.

(vii) Non-Controlling Interest

A third party has a contractual right to an 8% interest in the operating vehicle that is formed to 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 June 30, 2017 no such equity had been issued to any third party due to the uncertainty. Consequently, no non-controlling interest has been recognised. A non-controlling interest is intended to be recognised after the issue of shares. This requirement has not yet been satisfied due to a court restriction resulting from litigation challenging the claim of this third party from a party not related to the Group.

(viii) Haile commencement of commercial production

The Group is assessing the Haile mine progress to determine when the mine moves into commercial production. The criteria used to assess the start date are determined based on the unique nature of the mine including its complexity and location. The Group has adopted various relevant criteria to assess when the mine is substantially complete and ready for its intended use and has moved into the production stage. The major criteria adopted include the following: (1) all major capital expenditures to bring the mine to nameplate capacity have been completed; (2) the process plant, power plant and other facilities have been transferred to the control of the Operations team from the Commissioning team; (3) the mill has reached 80 percent of initial design capacity; (4) gold recoveries are at or near expected levels; (5) the open pit mine has the ability to sustain ongoing production of ore at the required cutoff grade; and (6) costs are under control or within expectations.

When the Haile mine moves into commercial production, the capitalisation of certain mine construction and operation costs will cease and costs will either be attributed to inventory or expensed in the period in which they are incurred, except for capitalised costs related to property, plant and equipment additions or improvements, open pit stripping activities that provide a future economic benefit, and exploration and evaluation expenditure that meets the criteria for capitalisation. It is also at this point that depreciation and amortisation of previously capitalised costs commences.

Until the date of commencement of commercial production, any revenues recognised from the sale of gold are credited as a reduction to development costs capitalised. At June 30, 2017, the Group assessed that the Haile mine had not commenced commercial production.

4 REVENUE

	Three months ended		Six months ended	
	June 30 2017 $'000	*June 30 2016 $'000*	*June 30 2017 $'000*	*June 30 2016 $'000*
Gold sales				
Bullion	104,308	102,404	200,537	209,731
Concentrate sales	39,814	42,217	83,455	75,436
	144,122	144,621	283,992	285,167
Copper sales				
Concentrate sales	31,509	28,150	56,485	51,269
Silver sales				
Concentrate sales	1,801	2,557	3,475	4,599
	177,432	175,328	343,952	341,035
Less concentrate treatment, refining and selling costs	(5,782)	(5,565)	(10,502)	(10,221)
Total Revenue	171,650	169,763	333,450	330,814

Realised loss on gold options hedges (Note 7) exercised for the quarter ended June 30, 2017 amounted to $0.1 million (June 30, 2016: $2.0 million realised loss). For the six months ended June 30, 2017, the realised loss on gold options hedges (Note 7) exercised amounted to $0.1 miliion (June 30, 2016: $3.4 million realised loss). The realised loss or gain on gold options is included within Revenue - Gold sales.

Provisional Sales

The Group has provisionally priced gold and copper concentrate sales for which price finalisation subject to quotational periods is outstanding at the reporting date. At June 30, 2017, the provisionally priced gold and copper concentrate sales subject to final settlement which included a provisional pricing loss of $0.2 million (June 30, 2016: $0.3 million loss).

At June 30, 2017, the provisionally priced gold and copper sales for 7,386 dry metric tonnes of concentrate containing provisional estimates of 7,468 ounces of gold and 1,729 tonnes of copper, subject to final settlement, were recorded at average prices of $1,246/oz and $5,839/t, respectively.

5 IMPAIRMENT OF ASSETS

Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be fully recoverable. As a result of the announcement on March 29, 2017 by the Government of El Salvador to ban all mining for gold and other metals, the Group considered this to be an impairment indicator and concluded the value of the mining assets it held in El Salvador was impaired in the previous quarter. An impairment charge of $17.7 million was recognised during the quarter ended March 31, 2017 and there was no associated tax impact.

6 TRADE AND OTHER RECEIVABLES

	June 30 2017 $'000	*December 31 2016 $'000*
Current		
Trade receivables	25,432	23,737
Other receivables	11,550	8,280
	36,982	32,017
Non-Current		
Other receivables	80,459	75,919
	80,459	75,919

Other receivables mainly consist of input tax credits and excise tax recoverable, with the remainder related to deposits at bank in support of environmental bonds and New Zealand carbon tax credits.

7 DERIVATIVES AND OTHER FINANCIAL ASSETS

	June 30 2017 $'000	*December 31 2016 $'000*
Current		
Gold put/call options (1)	174	2,484
Other assets (2)	373	764
Fuel swaps (4)	1,527	5,725
	2,074	8,973
Non-Current		
Available-for-sale financial assets (3)	71,569	94,605
	71,569	94,605
	73,643	103,578

(1) At June 30, 2017, this represents two series of bought gold put options with average price range from NZ$1,650 per ounce and two series of sold gold call options with average price of NZ$1,810 per ounce. At June 30, 2017, 77,700 ounces of gold options remained outstanding. These gold options are undesignated for hedging accounting purposes and accounted at fair value through the Statement of Comprehensive Income. These gold options cover future gold production from Macraes Goldfield.

At December 31, 2016, this represented two series of bought gold put options with average price of NZ$1,650 per ounce and two series of sold gold call options with average price of NZ$1,810 per ounce. At December 31, 2016, 155,400 ounces of gold options remained outstanding.

Put options strike price NZ$	Call options strike price NZ$	Ounces of gold outstanding at June 30, 2017	Ounces of gold outstanding at December 31, 2016	Expiring
1,650	1,810	38,850	77,700	December 2017
1,650	1,810	38,850	77,700	December 2017

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

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

(4) This represents the fair value of fuel swap agreements to buy specified volumes of fuel at specified prices ranging from $50.25 per barrel to $54.34 per barrel. At June 30, 2017, 160,143 barrels of fuel swaps remained outstanding (December 31, 2016: 306,310 barrels). These fuel swaps are undesignated for hedge accounting purposes and accounted at fair value through the Statement of Comprehensive Income. These fuel swaps cover 90% of the Company’s fuel consumption in 2017.

	Swap Price	Volume Remaining (bbl) at June 30, 2017	Volume Remaining (bbl) at December 31, 2016	Expiry Date
Singapore Gasoil Platts Asia Pacific	$50.25	120,000	240,000	December 2017
US Gulf Coast Ultra Low Sulphur	$54.34	40,143	66,310	December 2017

8 INVENTORIES

	June 30 2017 $'000	*December 31 2016 $'000*
Current		
Gold in circuit	11,655	7,577
Ore - at cost	64,239	24,787
Gold on hand	752	596
Gold and copper concentrate	1,973	93
Maintenance stores	36,918	37,018
	115,537	70,071
Non-Current		
Ore - at cost	170,221	181,768
	170,221	181,768
Total inventories	285,758	251,839

During the quarter, there was $0.2 million inventory written down (for the year ended December 31, 2016: $0.1 million).

9 DEFERRED INCOME TAX

	June 30 2017 $'000	*December 31 2016 $'000*
Deferred income tax		
Deferred income tax at period end relates to the following:		
Deferred tax assets		
Losses available for offset against future taxable income	9,589	11,689
Provisions	21,424	19,864
Accrued expenses	-	240
Gross deferred tax assets	31,013	31,793
Set-off deferred tax liabilities	(18,812)	(23,448)
Net non-current deferred tax assets	12,201	8,345
Deferred tax liabilities		
Property, plant and equipment	(11,761)	(17,061)
Mining assets	(8,137)	(7,168)
Inventories	(704)	(1,147)
Other	-	(702)
Gross deferred tax liabilities	(20,602)	(26,078)
Set-off deferred tax assets	18,812	23,448
Net non-current deferred tax liabilities	(1,790)	(2,630)

The income tax paid for the quarter ended June 30, 2017 is $nil (for the quarter ended June 30, 2016: $6.4 million).

10 PROPERTY, PLANT AND EQUIPMENT

	June 30, 2017				
	Land	**Buildings**	**Plant and equipment**	**Rehabilitation**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***
Net book value					
At December 31, 2016:					
Cost	51,805	81,086	742,517	75,588	950,996
Accumulated depreciation and impairment	-	(19,338)	(477,961)	(39,430)	(536,729)
At December 31, 2016	51,805	61,748	264,556	36,158	414,267
Movement for the period:					
Additions	1,171	952	8,684	10,896	21,703
Transfers	-	448	10,042	-	10,490
Disposals/write-off	-	-	(367)	-	(367)
Depreciation for the period	-	(2,329)	(28,617)	(3,080)	(34,026)
Exchange differences	1,472	923	2,978	466	5,839
At June 30, 2017	54,448	61,742	257,276	44,440	417,906
At June 30, 2017:					
Cost	54,448	83,952	785,084	89,216	1,012,700
Accumulated depreciation and impairment	-	(22,210)	(527,808)	(44,776)	(594,794)
	54,448	61,742	257,276	44,440	417,906

Plant and equipment includes assets under capital lease net of accumulated depreciation of $50.6 million (December 31, 2016: $56.1 million). The assets under capital leases are pledged as security for capital lease liabilities.

11 MINING ASSETS

	June 30, 2017			
	Exploration and evaluation phase	**Development phase**	**In production**	**Total**
	$'000	***$'000***	***$'000***	***$'000***
Net book value				
At December 31, 2016:				
Cost	57,702	643,272	1,195,711	1,896,685
Accumulated amortisation and impairment	-	-	(947,172)	(947,172)
At December 31, 2016	57,702	643,272	248,539	949,513
Movement for the period:				
Additions	6,070	113,515	30,765	150,350
Transfers	-	(11,055)	565	(10,490)
Amortisation for the period	-	-	(74,985)	(74,985)
Capitalised revenue	-	(34,782)	-	(34,782)
Impairment	(17,654)	-	-	(17,654)
Exchange differences	658	328	5,637	6,623
At June 30, 2017	46,776	711,278	210,521	968,575
At June 30, 2017:				
Cost	64,430	711,278	1,269,489	2,045,197
Accumulated amortisation and impairment	(17,654)	-	(1,058,968)	(1,076,622)
	46,776	711,278	210,521	968,575

The recovery of the costs deferred in respect of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation of the respective areas of interest. The mining assets under development mainly included the underground development, dewatering pump station, paste fill plant and Overhead Powerline Phase II project at Didipio in the Philippines, and the construction of the Haile Gold mine in the United States.

12 INVESTMENTS

	June 30 2017 $'000	*December 31 2016 $'000*
Non-Current		
Equity accounted investments	3,128	2,694
	3,128	2,694

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 June 30, 2017, the Company owned 34.90% interest in Locrian (December 31, 2016: 31.21%). The investment has been equity accounted for from April 1, 2016.

	June 30 2017 $'000	*December 31 2016 $'000*
Equity accounted investment		
Balance at the beginning of the period	2,694	-
Transfer from investment	-	2,135
Additional shares purchased	660	1,000
Share of loss for the period	(226)	(441)
Balance at the end of the period	3,128	2,694

13 OTHER OBLIGATIONS

	June 30 2017 $'000	*December 31 2016 $'000*
Non-Current		
Other obligations	6,725	8,168
	6,725	8,168

Other obligations mainly consist of an endowment of $6.0 million (December 31, 2016: $8.0 million) for maintenance and management of the properties under the mitigation plan related to all permits for the Haile Gold mine.

In addition, in connection with the issuance of the environmental permits, the Group has an agreement with various Conservation Groups in South Carolina ("the Conservation Groups") to provide on-going protection for lands in the Lynches River Watershed of South Carolina.

14 EMPLOYEE BENEFITS

Aggregate employee benefit liability is comprised of:

(a) Current

	June 30 2017 $'000	*December 31 2016 $'000*
Leave entitlements liability	8,645	7,636
	8,645	7,636

(b) Non-current

	June 30 2017 $'000	*December 31 2016 $'000*
Leave entitlements liability	1,259	1,269
Cash-settled Deferred Unit Plan	410	231
	1,669	1,500

(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.

15 INTEREST-BEARING LOANS AND BORROWINGS

	Maturity	*June 30 2017 $'000*	*December 31 2016 $'000*
Current			
Capital leases (1)	various	14,103	13,642
US$ banking facilities (2)	12/31/2017	84,802	72,802
		98,905	86,444
Non-Current			
Capital leases (1)	various	30,849	37,997
US$ banking facilities (2)	various	200,000	200,000
		230,849	237,997

(1) *Capital Leases*
The Group has capital lease facilities in place with Caterpillar Finance and GE Finance. These facilities have maturities between July 2017 to July 2021.

(2) *US$ banking facilities*
On April 13, 2017, the Group has signed an additional loan facility with one of the banks for $30 million and increased its credit facilities to $330 million for general working capital purposes. The restructured facility is with a multi-national group of banks and matures on December 31, 2019. The facility will step down to $230 million then $180 million as at December 31, 2017 and 2018 respectively. At June 30, 2017, this facility stood at $330 million with $284.8 million drawn and $45.2 million undrawn. $84.8 million of the principal is required to be repaid by December 31, 2017 under the facility.

Assets pledged

As security for the Group’s banking facilities, the Group’s banking syndicate have been granted real property mortgages over titles relevant to the Macraes and Reefton Mines and the Haile Gold Mine Project. They also have the ability to enter into real property and chattel mortgages in respect of the Didipio project, and be assigned the Financial or Technical Assistance Agreement, subject to the requirements of applicable laws. Furthermore, certain subsidiaries of the Group have granted security in favour of the banking syndicate over their assets which include shares that they own in various other subsidiaries of the Group.

16 SHARE CAPITAL

Movement in common shares on issue

	June 30 2017 Thousand shares	*June 30 2017 $'000*	*December 31 2016 Thousand shares*	*December 31 2016 $'000*
Balance at the beginning of the period	611,024	1,083,375	603,618	1,067,576
Options exercised	4,008	7,186	7,406	15,799
Balance at the end of the period	615,032	1,090,561	611,024	1,083,375

Common shares holders have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Common shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Common shares have no par value and are all fully paid. The Company has not established a maximum number for authorised shares.

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

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

17 SEGMENT INFORMATION

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

	New Zealand	Philippines	United States	All other segments	Elimination	Total
Quarter ended June 30, 2017	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
Sales to external customers	84,956	86,694	-	-	-	171,650
Inter segment management and gold handling fees	-	-	-	107	(107)	-
Total segment revenue	84,956	86,694	-	107	(107)	171,650
Result						
Segment result excluding unrealised hedge gains/ (losses) and depreciation and amortisation	36,656	53,512	31	(5,615)	-	84,584
Depreciation and amortisation	(27,381)	(23,552)	-	(238)	-	(51,171)
Inter segment management and gold handling fees	(107)	-	-	107	-	-
Gain/(loss) on fair value of derivative instruments	1,075	-	-	-	-	1,075
Impairment charge	-	-	-	-	-	-
Total segment result before interest and tax	10,243	29,960	31	(5,746)	-	34,488
Net interest expense						(4,292)
Income tax (expense)/benefit						(4,839)
Net profit/(loss) for the period						25,357

The Group also made sales for $19.6 million in the United States segment during the quarter. The revenue is accounted for as pre-production income and recognised as credit against Mining Assets in Development.

17 SEGMENT INFORMATION (CONTINUED)

	New Zealand	Philippines	United States	All other segments	Elimination	Total
Six months ended June 30, 2017	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
Sales to external customers	162,069	171,381	-	-	-	333,450
Inter segment management and gold handling fees	-	-	-	194	(194)	-
Total segment revenue	162,069	171,381	-	194	(194)	333,450
Result						
Segment result excluding unrealised hedge gains/ (losses) and depreciation and amortisation	66,875	125,601	102	(6,388)	-	186,190
Depreciation and amortisation	(50,058)	(37,044)	-	(472)	-	(87,574)
Inter segment management and gold handling fees	(194)	-	-	194	-	-
Gain/(loss) on fair value of derivative instruments	(6,799)	-	-	-	-	(6,799)
Impairment charge	-	-	-	(17,654)	-	(17,654)
Total segment result before interest and tax	9,824	88,557	102	(24,320)	-	74,163
Net interest expense						(8,848)
Income tax (expense)/benefit						(3,953)
Net profit/(loss) for the period						61,362
Assets						
Additions to property, plant, equipment and mining assets for the six months ended June 30, 2017	40,575	45,766	84,704	1,008	-	172,053
Total segment assets as at June 30, 2017	303,764	799,547	762,754	105,359	-	1,971,424

The Group also made sales for $34.8 million in the United States segment during the six months. The revenue is accounted for as pre-production income and recognised as credit against Mining Assets in Development.

17 SEGMENT INFORMATION (CONTINUED)

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

17 SEGMENT INFORMATION (CONTINUED)

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

18 STOCK-BASED COMPENSATION

(a) Executive share options plan

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

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

(i) Stock option movements

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

WAEP = weighted average exercise price

	June 30, 2017		*December 31, 2016*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	1,879,366	A$2.79	3,322,762	A$2.81
Exercised	(190,802)	A$2.81	(1,427,840)	A$2.84
Expired	(35,504)	A$2.68	(15,556)	A$1.94
Balance at the end of the period	**1,653,060**	**A$2.79**	**1,879,366**	**A$2.79**
Exercisable at the end of the period	**1,653,060**	**A$2.79**	**1,879,366**	**A$2.79**

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 June 30, 2017 had an exercise price of between A$1.52 and A$3.31 and a weighted average remaining life of 0.85 year.

(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 on unvested rights.

(i) Performance share rights plan movements

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

18 STOCK-BASED COMPENSATION (CONTINUED)

(b) Performance share rights plan (continued)

WAEP = weighted average exercise price

	June 30, 2017		*December 31, 2016*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	8,834,593	A$0.00	5,168,629	A$0.00
Granted	3,068,550	A$0.00	5,203,602	A$0.00
Forfeited	(433,546)	A$0.00	(77,482)	A$0.00
Exercised	(1,514,809)	A$0.00	(1,460,156)	A$0.00
Balance at the end of the period	**9,954,788**	**A$0.00**	**8,834,593**	**A$0.00**
Exercisable at the end of the period	**-**	**-**	**-**	**-**

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

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

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

Dividend yield had been assumed to be 1.53% for grants in 2016 and 1.07% for grants in 2017.

(ii) Balance at end of the period

The performance share rights outstanding at June 30, 2017 had an exercise price of A$0.00 and a weighted average remaining life of 1.87 years.

(c) Stock options

An Evergreen Incentive Stock Option plan was introduced into the Group following the acquisition of Pacific Rim. The plan was adopted by Pacific Rim on August 29, 2006, whereby the maximum number of shares reserved for grant to Eligible Parties under the 2006 Plan is equal to 10% of the number of shares outstanding at the time of the grant. This plan remains a Pacific Rim plan but the options are exercisable into OceanaGold shares at the ratio of 0.04006 for every Pacific Rim option in accordance with the Plan of Arrangement.

(i) Evergreen Incentive Stock Option plan movements

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

WAEP = weighted average exercise price

	June 30, 2017		*December 31, 2016*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	685,000	C$0.11	1,325,000	C$0.14
Exercised	-	-	(350,000)	C$0.16
Expired	-	-	(290,000)	C$0.17
Balance at the end of the period	**685,000**	**C$0.11**	**685,000**	**C$0.11**
Exercisable at the end of the period	**685,000**	**C$0.11**	**685,000**	**C$0.11**

18 STOCK-BASED COMPENSATION (CONTINUED)

(c) Stock options (continued)

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. For non-employees, the fair value of the options is based on the fair value of services received and recognised at the time of services rendered. The fair value of the options is recognised over the vesting period of the options granted as stock-based compensation expense and corresponding adjustment to contributed surplus. The number of options expected to vest is periodically reviewed and the estimated option forfeiture rate is adjusted as required throughout the life of the option. Upon exercise these amounts are transferred to share capital.

The expected life of the option is based on the historical activity of each specific class of option holder which includes directors, officers, employees and consultants.

Historical volatility has been used for the purposes of the valuation. Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period and is measured as the 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 prior to the grant date.

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 evergreen incentive stock options outstanding at June 30, 2017 had an exercise price of C$0.11 and a weighted average remaining life of 0.26 year.

(d) 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.

(i) Replacement Stock Option plan movements

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

WAEP = weighted average exercise price

	June 30, 2017		*December 31, 2016*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	3,696,581	C$2.59	9,133,645	C$3.10
Exercised	(2,302,448)	C$2.51	(4,504,033)	C$2.64
Expired	-	-	(933,031)	C$7.32
Balance at the end of the period	**1,394,133**	**C$2.71**	**3,696,581**	**C$2.59**
Exercisable at the end of the period	**1,394,133**	**C$2.71**	**3,696,581**	**C$2.59**

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.

18 STOCK-BASED COMPENSATION (CONTINUED)

(d) Replacement Stock Option plan (continued)

(ii) Balance at the end of the period

The share options outstanding at June 30, 2017 had an exercise price of between C$1.96 and C$3.70 and a weighted average remaining life of 1.77 years.

(e) Deferred Unit Plan ("DUP")

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

The Board grants Deferred Units in the value of US$50,000 on an annual basis to each of the Non-Executive Directors.

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.

(i) Deferred unit movements

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

	June 30, 2017	*December 31, 2016*
	No.	**No.**
Outstanding at the start of the period	231,071	-
Granted	100,479	255,785
Exercised	-	(24,714)
Balance at the end of the period	**331,550**	**231,071**
Exercisable at the end of the period	**-**	**-**

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 June 30, 2017, the fair value of the units was $1.0 million and $0.4 million was expensed.

19 CONTRIBUTED SURPLUS MOVEMENT

	June 30 2017 $'000	*December 31 2016 $'000*
Balance at the beginning of the period	43,260	41,954
Share based compensation expense	3,148	4,983
Forfeited options	(524)	(33)
Exercised options	(2,478)	(3,644)
Balance at the end of period	43,406	43,260

Contributed surplus		
Employee stock based compensation	13,363	13,217
Shareholder options (lapsed on January 1, 2009)	18,083	18,083
Equity portion of convertible notes	11,960	11,960
	43,406	43,260

20 OTHER RESERVES

	June 30 2017 $'000	*December 31 2016 $'000*
Foreign currency translation reserve (1)	31,901	18,888
Available-for-sale equity reserve (2)	44,472	68,903
Total other reserves	76,373	87,791

1 *Foreign currency translation reserve*
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

2 *Available-for-sale equity reserve*
The available-for-sale equity reserve is used to record fair value differences on available-for-sale equity instruments (Note 7). When an investment is derecognised, the cumulative gain or loss in equity is reclassified to the Statement of Comprehensive Income. During the quarter ended March 31, 2017, $5.3 million was reclassified to the Statement of Comprehensive Income upon sale of shares in Gold Standard Ventures Corp.

21 COMMITMENTS

Capital commitments

At June 30, 2017, the Group has commitments of $19.1 million (December 31, 2016: $27.9 million), principally relating to the purchase of property, plant and equipment and the development of mining assets mainly in Didipio.

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

	June 30 2017 $'000	*December 31 2016 $'000*
Within one year:		
- purchase of property, plant and equipment	7,055	22,026
- development of mining assets	12,037	5,827
	19,092	27,853

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

21 COMMITMENTS (CONTINUED)

Other commitments

The Didipio Project is held under a Financial or Technical Assistance Agreement ("FTAA") granted by the Philippines Government in 1994. The FTAA grants title, exploration and mining rights with a fixed fiscal regime. Under the terms of the FTAA, after a period in which the Group can recover development expenditure, capped at 5 years from the start of production and a further 3 years over which any remaining balance is amortised, the Company is required to pay the Government of the Republic of the Philippines 60% of the "Net Revenue" earned from the Didipio Project. For the purposes of the FTAA, "Net Revenue" is generally the net revenues derived from mining operations, less deductions for, amongst other things, expenses relating to mining, processing, 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.

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2). Valuations are obtained from issuing institutions.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

June 30, 2017	**Level 1** $'000	**Level 2** $'000	**Level 3** $'000	**Total** $'000
Recurring measurements				
Derivatives embedded in accounts receivable	-	(184)	-	(184)
Available-for-sale financial assets	71,569	-	-	71,569
Gold put/call options	-	174	-	174
Fuel swaps	-	1,527	-	1,527
Total assets	71,569	1,517	-	73,086

December 31, 2016	**Level 1** $'000	**Level 2** $'000	**Level 3** $'000	**Total** $'000
Recurring measurements				
Derivatives embedded in accounts receivable	-	96	-	96
Available-for-sale financial assets	94,605	-	-	94,605
Gold put/call options	-	2,484	-	2,484
Fuel swaps	-	5,725	-	5,725
Total assets	94,605	8,305	-	102,910

23 EARNINGS PER SHARE

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

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

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

23 EARNINGS PER SHARE (CONTINUED)

	Three months ended		*Six months ended*	
	June 30 2017 $'000	*June 30 2016 $'000*	*June 30 2017 $'000*	*June 30 2016 $'000*
Numerator:				
Net income attributable to equity holders from continuing operations (used in calculation of basic and diluted earnings per share)	25,357	39,655	61,362	63,186
	Thousands	*Thousands*	*Thousands*	*Thousands*
Denominator:				
Weighted average number of common shares (used in calculation of basic earnings per share)	614,681	609,160	613,246	607,365
Effect of dilution:				
Share options	13,029	15,307	12,140	13,632
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	627,710	624,467	625,386	620,997
Net earnings/(loss) per share:				
- Basic	$0.04	$0.07	$0.10	$0.10
- Diluted	$0.04	$0.06	$0.10	$0.10

24 RELATED PARTIES

There were no significant related party transactions during the period.

25 CONTINGENCIES

(a) A wholly owned subsidiary of the Company is party to an addendum agreement with a syndicate of original claim owners, led by Mr. J. 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 before proceeding with this matter.

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

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

(c) On February 14, 2017, the Company received an order from the DENR calling for the suspension of the Didipio operation, citing "… petition of the Local Government of Nueva Vizcaya for the cancellation of the FTAA; alleged damages to houses caused by the blasting operation; and the potential adverse impact to the agricultural areas of the Province…" as reasons for the decision. The Company maintains that there is no legal basis for the proposed suspension, and the Didipio operation is not in violation of any laws, rules or regulations. Subsequent to receiving the suspension order, the Company filed an appeal with the Office of the President ("OP"), which has the effect of immediately staying the execution of the DENR suspension order. On March 15, 2017, the Company filed the Appeal Memorandum with the OP substantiating its grounds for appeal. The DENR filed its commentary to the Company's Memorandum on or around May 8, 2017, and the Company subsequently filed a further reply to the DENR commentary. The matter is currently awaiting a decision from the OP. The Didipio operation is expected to continue to operate during the appeal process.

25 CONTINGENCIES (CONTINUED)

(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 crystallized. In those circumstances where such claims are of material effect, have merit and are not covered by insurance, their financial effect is provided for within the financial statements. Other than as disclosed in these financial statements and other public filings, there are no claims that the Company believes will result in material losses as at the date of these financial statements.

(e) The Group has provided guarantees in respect of the $330.0 million banking facilities (Note 15). At June 30, 2017 the total outstanding balance under these facilities was $284.8 million (December 31, 2016: $272.8 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants which the Group complied with at June 30, 2017.

(f) The Group has provided a guarantee in respect of a capital lease agreement for certain mobile mining equipment entered into by the controlled entities. At June 30, 2017 the outstanding rental obligations under the capital lease are $45.9 million (December 31, 2016: $53.2 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants which the Group complied with at June 30, 2017.

(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 $37.9 million (December 31, 2016: $34.0 million).

(h) The Group has provided a cash operating bond to the New Zealand Department of Conservation of $0.4 million (December 31, 2016: $0.4 million) which is refundable at the end of the Globe Progress mine. This amount is included in the total referred to in (g) above.

(i) 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 $40.5 million (December 31, 2016: $38.3 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 $30.4 million and the Company has provided the surety companies with cash collateral of $6.0 million (20% of the $30.4 million surety bond). In addition, the Company has paid $0.2 million in trust funding.

The remaining estimated financial assurance of $34.4 million will be paid over the life of the mine with the next financial assurance payment anticipated to occur in 2017. The timing and amounts of these payments could change due to a number of factors including changes in regulatory requirements, changes in scope and timing of closure activities. The State requires financial assurance for the estimated costs of mine reclamation and closure, including groundwater quality protection programs.

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

26 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the quarter end, the Company paid $8.1 million to the Government of El Salvador ("GOES") in legal fees and costs pursuant to the cost order issued by the International Centre for Settlement of Investment Disputes Tribunal. This had already been accrued for in prior year.

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