OCEANAGOLD CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THIRD QUARTER REPORT

September 30TH, 2013

UNAUDITED

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2013

(in United States dollars)	*Notes*	*September 30 2013 $'000*	*December 31 2012 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		14 667	96 502
Trade and other receivables	5	41 679	15 209
Derivatives and other financial assets	6	6 548	4 404
Inventories	7	113 936	65 866
Prepayments		6 427	3 797
Total current assets		183 258	185 778
Non-current assets			
Trade and other receivables	5	42 556	17 961
Derivatives and other financial assets	6	2 865	6 328
Inventories	7	57 938	49 176
Deferred tax assets	8	7 132	5 268
Property, plant and equipment	9	329 217	159 657
Mining assets	10	354 378	607 488
Total non-current assets		794 086	845 878
TOTAL ASSETS		977 344	1 031 656
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		49 711	62 119
Employee benefits	11	6 658	6 971
Derivatives and other financial liabilities	12	10 839	151
Interest-bearing loans and borrowings	13	146 077	130 172
Total current liabilities		213 285	199 413
Non-current liabilities			
Other obligations		2 053	2 301
Employee benefits	11	497	504
Deferred tax liabilities	8	31 684	52 132
Interest-bearing loans and borrowings	13	87 994	136 694
Asset retirement obligations		36 449	30 752
Total non-current liabilities		158 677	222 383
TOTAL LIABILITIES		371 962	421 796
SHAREHOLDERS' EQUITY			
Share Capital	14	635 984	636 189
Accumulated losses		(115 752)	(96 054)
Contributed surplus	17	39 897	38 418
Other reserves	18	45 253	31 307
TOTAL SHAREHOLDERS' EQUITY		605 382	609 860
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		977 344	1 031 656

On behalf of the Board of Directors:

James E. Askew
Director
October 30, 2013

J. Denham Shale
Director
October 30, 2013

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 September 30, 2013

(in United States dollars)	*Notes*	*Three months ended Sep 30 2013 $'000*	*Three months ended Sep 30 2012 $'000*	*Nine months ended Sep 30 2013 $'000*	*Nine months ended Sep 30 2012 $'000*
Revenue	4	156 617	91 153	383 470	266 430
Cost of sales, excluding depreciation and amortisation		(76 249)	(61 173)	(196 562)	(179 383)
Depreciation and amortisation		(25 089)	(21 938)	(94 460)	(63 770)
General and administration expenses		(6 895)	(3 649)	(19 821)	(10 304)
Operating profit		**48 384**	**4 393**	**72 627**	**12 973**
Other expenses					
Interest expense and finance costs		(6 331)	(6 017)	(19 353)	(16 390)
Foreign exchange gain/(loss)		2 688	941	741	(711)
Gain/(loss) on disposal of property, plant & equipment		17	-	(2 122)	-
Total Other expenses		(3 626)	(5 076)	(20 734)	(17 101)
Gain/(loss) on fair value of undesignated hedges		871	(1 036)	(7 293)	(1 036)
Interest income		44	214	366	2 550
Other income/(expense)		113	1 342	157	1 500
Impairment charge	3 vii	-	-	(85 500)	-
Profit/(loss) before income tax		45 786	(163)	(40 377)	(1 114)
Income tax benefit/(expense)		(2 051)	(234)	20 679	(2 411)
Net Profit/(Loss)		**43 735**	**(397)**	**(19 698)**	**(3 525)**
Other comprehensive income that can be reclassified to profit and loss in a future period, net of tax					
Currency translation gain/(loss)		15 925	9 032	16 055	21 887
Net change in fair value of available-for-sale assets		(768)	57	(2 109)	57
Total other comprehensive income (net of tax)		15 157	9 089	13 946	21 944
Comprehensive income/(loss) attributable to shareholders		**58 892**	**8 692**	**(5 752)**	**18 419**
Net earnings/(loss) per share:					
- basic	23	0.15	(0.00)	(0.07)	(0.01)
- diluted	23	0.14	(0.01)	(0.07)	(0.02)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter ended September 30, 2013

(in United States dollars)

	Share Capital ***$'000***	**Contributed Surplus** ***$'000***	**Other Reserves** ***$'000***	**Accumulated Losses** ***$'000***	**Total Equity** ***$'000***
Balance at January 1, 2013	**636 189**	**38 418**	**31 307**	**(96 054)**	**609 860**
Comprehensive income/(loss) for the period	-	-	13 946	(19 698)	(5 752)
Employee share options:					
Share based payments	-	1 975	-	-	1 975
Forfeiture of options	-	(313)	-	-	(313)
Exercise of options	211	(183)	-	-	28
Issue of shares (net of costs)	(416)	-	-	-	(416)
Balance at September 30, 2013	**635 984**	**39 897**	**45 253**	**(115 752)**	**605 382**
Balance at January 1, 2012	**543 988**	**36 951**	**14 027**	**(116 726)**	**478 240**
Comprehensive income/(loss) for the period	-	-	21 944	(3 525)	18 419
Employee share options:					
Share based payments	-	2 200	-	-	2 200
Forfeiture of options	-	(186)	-	-	(186)
Exercise of options	-	(754)	-	-	(754)
Issue of shares (net of costs)	1 335	-	-	-	1 335
Balance at September 30, 2012	**545 323**	**38 211**	**35 971**	**(120 251)**	**499 254**

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 September 30, 2013

	Three months ended		Nine months ended	
(in United States dollars)	*Sep 30 2013 $'000*	*Sep 30 2012 $'000*	*Sep 30 2013 $'000*	*Sep 30 2012 $'000*
Operating activities				
Net profit/(loss)	43 735	(397)	(19 698)	(3 525)
Charges/(credits) not affecting cash				
Depreciation and amortisation expense	25 089	21 938	94 460	63 770
Net (gain)/loss on disposal of property, plant & equipment	(17)	214	2 122	128
Non-cash interest charges	2 819	1 290	6 774	3 696
Unrealised foreign exchange (gain)/loss	(2 688)	(941)	(741)	712
Stock based compensation charge	443	891	1 663	2 009
(Gain)/loss on fair value of undesignated hedges	(871)	1 036	7 293	1 036
Non-cash transaction costs	941	19	2 823	19
Impairment charge	-	-	85 500	-
Future tax expense/(benefit)	2 051	234	(20 679)	2 411
Changes in non-cash working capital				
(Increase)/decrease in trade and other receivables	(20 060)	(6 017)	(38 400)	(17 395)
(Increase)/decrease in inventory	(8 927)	5 301	(26 873)	6 524
(Decrease)/increase in accounts payable	(1 460)	(8 137)	(20 618)	(3 217)
(Decrease)/increase in other working capital	(1 954)	(2 125)	(3 220)	(1 133)
Net cash provided by/(used in) operating activities	39 101	13 306	70 406	55 035
Investing activities				
Proceeds from sale of property, plant and equipment	17	2	1 025	4
Payments for property, plant and equipment	(2 311)	(1 592)	(14 063)	(9 850)
Payments for mining assets: exploration and evaluation	(856)	(2 128)	(3 571)	(5 340)
Payments for mining assets: development	(13 756)	(45 415)	(51 022)	(127 859)
Payments for mining assets: in production	(18 506)	(19 609)	(57 981)	(60 103)
Net cash used for investing activities	(35 412)	(68 742)	(125 612)	(203 148)
Financing activities				
Proceeds from issue of shares	16	420	26	589
Payments of transaction costs/fees for loans	-	(6 749)	-	(6 749)
Payments for equity raising costs	-	-	(414)	-
Repayments of finance lease liabilities	(4 805)	(5 760)	(14 303)	(13 016)
Proceeds from settlement of derivatives/(payment) of premium	-	(822)	-	(822)
(Repayments) of borrowings	(1 499)	(269)	(41 766)	(1 358)
Proceeds from borrowings	3 284	20 000	23 284	20 000
Net cash provided by/(used in) financing activities	(3 004)	6 820	(33 173)	(1 356)
Effect of exchange rates changes on cash held in foreign currencies gain/(loss)	(3 942)	(361)	6 544	3 645
Net increase/(decrease) in cash and cash equivalents	(3 257)	(48 977)	(81 835)	(145 824)
Cash and cash equivalents at beginning of period	17 924	73 142	96 502	169 989
Cash and cash equivalents at end of period	14 667	24 165	14 667	24 165
Cash Interest Paid	(726)	(1 890)	(6 854)	(10 030)

Non-cash investing and financing activities - Refer Note 21

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

1 BASIS OF PREPARATION

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

The Group is engaged in exploration and the development and operation of gold mines and other mineral mining activities. The Group is a significant gold producer and operates two open cut mines and an underground mine at Macraes and Reefton in New Zealand. The Group also has an open cut Gold-Copper mine at Didipio in the Philippines, which commenced commercial production on April 1, 2013.

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, 2012, as they provide an update of previously reported information.

At September 30, 2013, the Group had net current liabilities of $30.0 million (December 31, 2012: $13.6m), after including as current liabilities the convertible notes repayments due in December 2013. However, the US$ banking facility, secured from a group of reputable multinational banks in 2012, is available and may be used for the repayment of these current convertible notes (refer to note 13). The Group has cash on hand of $14.7 million (December 31, 2012: $96.5m) and available working capital facility undrawn of $30m, and cash flow projections indicate sufficient funds to meet all operating obligations for at least 12 months.

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

New accounting policies

Revenue

Concentrate sales

Pre-commencement of commercial production

Sales of concentrate during the commissioning phase are treated as pre-production income; as a credit to caplitalized mine development costs (refer to note 3vi).

Post-commencement of commercial production

The Group recognizes the sale of gold, copper concentrate and silver when the significant risks and rewards of ownership transfer to the buyer. Sales prices are provisionally set on a specified future date based on market prices. 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 and included in revenue in the statement of comprehensive income. Changes in the fair value over the quotational period and up until final settlement are estimated by reference to forward market prices.

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 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 undertaken, 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 cash-generating unit in its current condition) and fair value less costs to sell ("FVLCS"). The best evidence of FVLCS is the value obtained from an active market or binding sale agreement. Where neither exists, FVLCS is based on the best information available to reflect the amount the Group could receive for the cash generating unit in an arm's length transaction. This is often estimated using discounted cash flow techniques.

1 BASIS OF PREPARATION (Continued)

Impairment (Continued)

Where recoverable amount is assessed using FVLCS based on discounted cash flow techniques, the resulting estimates are based on detailed "life of mine" and/or production plans. 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 FVLCS 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 FVLCS from a market participant's perspective, the cash flows incorporate management's price and cost assumptions in the short and medium 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 cash-generating unit. 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 FVLCS calculations.

Where the recoverable amount of a cash-generating unit 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 cash-generating units operate. For final feasibility studies and ore reserve estimation, internal hurdle rates are used which are generally higher than the weighted average cost of capital.

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.

2 ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS

The following accounting policies are effective for future periods:

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

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

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

2 ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS (Continued)

All fair value movements on financial assets must be recognised in profit or loss except for equity investments that are not held for trading (short-term profit taking), which may be recorded in other comprehensive income (FVOCI). However, in December 2012, the IASB proposed limited amendments which would introduce a FVOCI category for certain eligible debt instruments.

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

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

This standard is effective for years beginning on/after January 1, 2015. The Group has not assessed the impact of this new standard.

IAS 39 – Financial instruments
Amended to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty ("CCP") meets specified criteria.

This amendment is effective for years beginning on/after January 1, 2014. Since the group has not novated any hedging contracts in the current or prior periods, applying the amendments will not affect any of the amounts recognised in the financial statements.

IAS 36 – Impairment of assets
The AASB has made small changes to some of the disclosures that are required under AASB 136 Impairment of Assets.

This amendments is effective for years beginning on/after January 1, 2014. These may result in additional disclosures if the group recognises an impairment loss or the reversal of an impairment loss during the period. They will not affect any of the amounts recognised in the financial statements. The group intends to apply the amendment from 1 July 2014.

IFRIC 21 – Levies
The standard sets out the accounting for an obligation to pay a levy imposed by a government in accordance with legislation. It clarifies that a liability must be recognised when the obligating event occurs, being the event that triggers the obligation to pay the levy.

This standard is effective for years beginning on/after January 1, 2014. The Group has not assessed the impact of this new standard.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. *Mining assets*

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

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

In respect of mining assets, an impairment charge of $85.5million was recognized during the quarter ended June 30, 2013. Further details are as per note (vii) below.

Exploration and evaluation expenditure

Exploration and evaluation expenditure is capitalized if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. These assets are allocated based on the geographical location of the asset. To the extent that capitalized exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

ii. *Net realizable value of inventories*

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

iii. *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.

iv. *Determination of ore reserves and resources*

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

v. *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 recognizes liabilities for tax, and if appropriate taxation investigation or audit issues, based on whether tax will be due and payable. Where the taxation outcome of such matters is different from the amount initially recorded, such difference will impact the current and deferred tax positions in the period in which the assessment is made.

In addition, certain deferred tax assets for deductible temporary differences and carried forward taxation losses have been recognized. In recognizing these deferred tax assets, assumptions have been made regarding the Group's ability to generate future taxable profits. Utilization of the tax losses also depends on the ability of the tax consolidated entities to satisfy certain tests at the time the losses are recouped. If the entities fail to satisfy the tests, the carried forward losses that are currently recognized as deferred tax assets would have to be written off to income tax expense. There is an inherent risk and uncertainty in applying these judgements and a possibility that changes in legislation will impact upon the carrying amount of deferred tax assets and deferred tax liabilities recognized on the statement of financial position.

vi. *Didipio commencement of commercial production*

During the year, the Group assessed the Didipio mine progress to determine when the mine moved into the commercial production stage. The criteria used to assessed the start date were determined based on the unique nature of the mine including its complexity and location. The Group considered various relevant criteria to assess when the mine was substantially complete and ready for its intended use and had moved into the production stage. The major criteria considered included, but were not limited to, the following: (1) all major capital expenditures to bring the mine to name plate capacity had been completed; (2) at least 5,000 tonnes of concentrate had been produced that met specifications; (3) the process plant, power plant and other facilities had been transferred to the control of the operations team from the

3 CRITICAL ESTIMATES AND JUDGEMENTS (Continued)

commissioning team; (4) the mine or mill had reached 80 percent of design capacity; (5) gold and copper recoveries were at or near expected levels; (6) the open pit mine had the ability to sustain ongoing production of ore at the required cutoff grade; and (7) costs were under control or within expectations. In line with the above, the commencement of commercial production was determined to be April 1, 2013. Upon commencement of commercial production stage, the capitalization of certain mine construction and operation costs ceased and costs have been either attributed to inventory or expensed in the period in which they are incurred, except for capitalized 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 capitalization. At this point depreciation and amortization of previously capitalized costs also commenced.

vii. Impairment

Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be fully recoverable.

During the quarter ended June 30, 2013, the Group had identified two indicators of potential impairment. Firstly, the trading price of the company's shares declined such that the company's market capitalization was below the carrying value of net assets. Secondly, market prices of gold declined significantly to below levels used in the company's forecasts, resulting in a decision to initiate a potential two year reduction in the previously announced mine life at Reefton.

The Group has two cash generating units (CGUs), New Zealand and Philippines. The Group has further analysed the indicators of impairment and isolated the potential impairment to the New Zealand CGU. As a result of these indicators, an impairment assessment on the company's New Zealand CGU was performed.

The carrying value of the New Zealand CGU has been assessed using the Fair Value Less Costs to Sell (FVLCS) approach, using discounted cash flows and the Company determined that an impairment charge of $85.5 million was required, as the carrying value was greater than the FVLCS. The FVLCS assessment was based on the following key assumptions:

(1) production profile and costs as per the Life of Mine Plan (LoMP) for the current operating mines in New Zealand, and also including production from certain identified exploration targets where there is a higher degree of confidence in the economic extraction of minerals, although these do not currently qualify for inclusion in proven or probable ore reserves; (2) revenue was projected using broker average forecast gold prices, exchange rates and currently observable spot prices for by-products; and (3) pre-tax nominal discount rates of 8%-11% depending on the risk profile of the different projects within the CGU.

The inter-relationship of the above key assumptions upon which estimated future cash flows are based is such that it is impracticable to reasonably estimate the extent of possible effects of a change in the key assumptions in isolation.

It is reasonably possible, on the basis of existing knowledge, that should outcomes during the next financial year significantly differ from the assumptions made with respect to current and future projects, it could require a material adjustment to the carrying value of the Company's assets.

The Group had determined that there was no indicator of impairment for the Philippines CGU on the basis that the Company's long term outlook for gold and copper prices has not changed which are the prices used for the calculation of reserves. The Group believes that the current decline in prices will not continue to be seen for a significant proportion of the remaining 16 years expected life of the Didipio mine.

During the quarter ended September 30, 2013, the Group did not identify any triggering impairment indicators.

viii. Non-Controlling Interest

A third party has a contractual right to an 8% free carried interest in the operating vehicle that is formed to undertake the management, development, mining and processing of ore, and marketing of products as part of the Didipio mine in the Philippines. This free carried interest in the common share capital of the operating vehicle has similar voting and dividend right to the remaining majority, subject to the operating vehicle having fully recovered its pre-operating costs. A subsidiary of the Company is currently involved in arbitration proceedings with the third party over certain payment claims. At the same time, the third party is also involved in a legal dispute with another party over the ownership of the free carried interest. At September 30, 2013 no such equity has been issued to any third party due to the uncertainty. Consequently, no non-controlling interest has been recognised. A non-controlling interest is intended to be recognised after the issue of shares and after the full recovery of pre-operating expenses.

4 REVENUE

	Three months ended		Nine months ended	
	September 30 2013 $'000	*September 30 2012 $'000*	*September 30 2013 $'000*	*September 30 2012 $'000*
Gold sales				
Spot market sales	76 702	91 153	258 813	266 430
Concentrate sales	24 076	-	36 491	-
	100 778	91 153	295 304	266 430
Copper sales				
Concentrate sales	57 591	-	110 114	-
Silver sales				
Concentrate sales	2 816	-	2 816	-
	161 185	-	408 234	-
Less concentrate treatment, refining and selling costs	(4 568)	-	(8 229)	-
Less concentrate sales capitalized	-	-	(16 535)	-
Total Revenue	156 617	91 153	383 470	266 430

Provisional Sales

We have provisionally priced concentrate sales for which price finalization subject to quotational periods is outstanding at the reporting date. For the quarter ended September 30, 2013, our provisionally priced concentrate sales included a provisional pricing loss of $0.8 million.

At September 30, 2013, our provisionally priced copper and gold sales subject to final settlement were recorded at average prices of $7,161/t and $1,348/oz, respectively.

5 TRADE AND OTHER RECEIVABLES

	September 30 2013 $'000	*December 31 2012 $'000*
Current		
Trade receivables	35 234	10 207
Interest receivable	-	25
Other receivables	6 445	4 977
	41 679	15 209
Non-Current		
Other receivables	42 556	17 961
	42 556	17 961

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

6 DERIVATIVES AND OTHER FINANCIAL ASSETS

	September 30 2013 $'000	*December 31* 2012 *$'000*
Current		
Forward rate agreements[1]	1 827	552
Gold put/call options[2]	1 874	89
Other assets[3]	2 847	3 763
	6 548	4 404
Non-Current		
Other Assets[3]	78	1 985
Available-for-sale financial assets[4]	1 953	4 343
Gold put/call options[2]	834	-
	2 865	6 328
	9 413	10 732

6 DERIVATIVES AND OTHER FINANCIAL ASSETS (Continued)

1. Represents forward rate agreements to sell specified amounts of US$ at specified amounts of A$ expiring December 16, 2013. The purpose of these agreements is to eliminate foreign exchange risk to ensure that potential US$ bank facility draw downs will be sufficient to repay the A$ convertible notes as they fall due.

2. Represents a series of bought gold put options with a strike price of NZ$1,600 per ounce and a series of sold gold call options with a strike price of NZ$1,787 per ounce expiring June 2015.

3. Represents the unamortized portion of establishment fees and other costs incurred in obtaining US$ banking facilities. These fees are being amortized to reflect an approximate pattern of consumption over the terms of the facilities.

4. Represents investments in listed companies.

7 INVENTORIES

	September 30 2013 $'000	*December 31 2012 $'000*
Current		
Gold in circuit	12 308	11 911
Ore – at cost	56 021	21 832
Gold on hand	550	-
Gold and copper concentrate	4 277	-
Maintenance stores	40 780	32 123
	113 936	65 866
Non-Current		
Ore – at cost	-	48 729
Ore – at net realizable value	57 938	447
	57 938	49 176
Total inventories	171 874	115 042

During the quarter, ore inventories were written down by $3.0m (2012:$0.8m).

8 DEFERRED INCOME TAX

	September 30 2013 $'000	*December 31 2012 $'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	51 120	56 277
Provisions	10 445	9 341
Gross deferred tax assets	61 565	65 618
Set off deferred tax liabilities	(54 433)	(60 350)
Net non-current deferred tax assets	7 132	5 268
Deferred tax liabilities		
Mining assets	(41 514)	(63 123)
Property, plant and equipment	(42 338)	(44 234)
Inventory	(1 944)	(2 077)
Interest receivable	-	(50)
Accrued revenue	-	(1 996)
Other	(321)	(1 002)
Gross deferred tax liabilities	(86 117)	(112 482)
Set off deferred tax assets	54 433	60 350
Net non-current deferred tax liabilities	(31 684)	(52 132)

9 PROPERTY, PLANT AND EQUIPMENT

	September 30, 2013				
	Land	Buildings	Plant and equipment	Rehabilitation	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Net book value					
At December 31, 2012:					
Cost	15 562	9 368	357 497	23 985	406 412
Accumulated depreciation	-	(4 639)	(233 304)	(8 812)	(246 755)
At December 31, 2012	15 562	4 729	124 193	15 173	159 657
Movement for the period:					
Additions	6	1 216	22 877	5 453	29 552
Transfers	-	21 940	165 865	-	187 805
Disposals/write-off	-	-	(931)	(350)	(1 281)
Impairment charge	-	-	(10 000)	-	(10 000)
Depreciation for the period	-	(1 139)	(32 656)	(1 929)	(35 724)
Exchange differences	11	(11)	(811)	19	(792)
At September 30, 2013	15 579	26 735	268 537	18 366	329 217
At September 30, 2013:					
Cost	15 579	32 101	543 260	29 216	620 156
Accumulated depreciation	-	(5 366)	(274 723)	(10 850)	(290 939)
	15 579	26 735	268 537	18 366	329 217

Plant and equipment includes assets under capital lease net of accumulated depreciation of $50.3m (December 31, 2012: $59.4m). The assets under capital leases are pledged as security for capital lease liabilities.

10 MINING ASSETS

	September 30, 2013			
	Exploration and evaluation phase	Development phase	In production	Total
	$'000	*$'000*	*$'000*	*$'000*
Net book value				
At December 31, 2012:				
Cost	21 051	373 565	578 400	973 016
Accumulated amortization	-	-	(365 528)	(365 528)
At December 31, 2012	21 051	373 565	212 872	607 488
Movement for the period:				
Additions	3 569	35 608	67 683	106 860
Transfers	-	(291 593)	109 322	(182 271)
Capitalized revenue	-	(16 535)	-	(16 535)
Disposals/Write-off	-	(2 205)	-	(2 205)
Impairment charge	-	-	(75 500)	(75 500)
Amortization for the period	-	-	(78 289)	(78 289)
Exchange differences	(171)	17	(5 016)	(5 170)
At September 30, 2013	24 449	98 857	231 072	354 378
At September 30, 2013:				
Cost	24 449	98 857	750 754	874 060
Accumulated amortization	-	-	(519 682)	(519 682)
	24 449	98 857	231 072	354 378

The recovery of the costs deferred in respect of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation of the respective areas of interest.

11 EMPLOYEE BENEFITS

(a) Leave entitlements liability

	September 30 2013 $'000	December 31 2012 $'000
Aggregate employee benefit liability is comprised of:		
Employee benefit provisions - current	6 658	6 971
Employee benefit provisions - non-current	497	504
	7 155	7 475

(b) Defined contribution plans

The Group has defined contribution pension plans for certain groups of employees. The Group's share of contributions to these plans is recognized in the statement of comprehensive income in the year it is earned by the employee.

12 DERIVATIVES AND OTHER FINANCIAL LIABILITIES

	September 30 2013 $'000	December 31 2012 $'000
Current		
Forward rate agreements[1]	10 839	151
	10 839	151

1. Represents forward rate agreements to sell specified amounts of US$ at specified amounts of A$ expiring December 16, 2013. The purpose of these agreements is to eliminate foreign exchange risk for each series of A$ convertible notes prior to drawdown of the US$ facility to repay these notes.

13 INTEREST-BEARING LOANS AND BORROWINGS

	Maturity	September 30 2013 $'000	December 31 2012 $'000
Current			
Capital leases[1]	various	17 035	17 407
7.00% Convertible notes (A$70m)[2]	22/12/2013	71 984	78 757
7.00% Convertible notes (A$30m)[2]	22/12/2013	30 329	33 079
Other loan	31/05/2014	1 729	929
US$ banking facilities[3]	30/06/2014	25 000	-
		146 077	130 172
Non-current			
Capital leases[1]	various	32 894	36 594
US$ banking facilities[3]	various	55 100	100 100
		87 994	136 694

1. *Capital Leases*
   The Group has capital lease facilities in place with Caterpillar Finance and GE Finance. These facilities have maturities between October 2013 to March 2018.

2. *7.00% Convertible notes (Unsecured)*
   The notes bear interest at 7.00% per annum, payable semi-annually in arrears and have a face value of A$70 million. Interest accrued in respect of the notes for the first two years was not payable but was instead capitalized into the redemption value of the notes. The notes are due for redemption in December 2013 at a value equal to the sum of their principal amount plus the capitalized interest amount, unless converted to common shares prior to this date at the option of the note holder. The number of shares to be delivered upon conversion shall be determined by dividing the principal amount of the note by the conversion price. The conversion price is A$3.8401 (subject to adjustment for certain specified events). Of the A$67.4 million (US$52.9 million) net proceeds of the issue A$59.2 million (US$46.5 million) was allocated to interest bearing liabilities and A$8.2 million (US$6.4 million) was allocated to equity.

13 INTEREST-BEARING LOANS AND BORROWINGS (Continued)

On March 22, 2007 an additional A$30 million (US$24.2 million) in convertible notes was issued under the same terms and conditions as the 7% convertible notes. The conversion price is A$4.0327 (subject to adjustment for certain specified events) and the notes are due for redemption in December 2013. Of the A$28.8 million (US$23.2 million) net proceeds of the issue A$24.9 million (US$20.1 million) was allocated to interest bearing liabilities and A$3.9 million (US$3.1 million) was allocated to equity.

3. *US$ banking facilities*
   In 2012, term and revolving credit facilities, totaling US$225 million were put in place to be used, if necessary, for repayment of previously held convertible notes which matured in December 2012, for repayment of the above convertible notes maturing in December 2013; and for general working capital purposes. These facilities have been negotiated with a multinational banking syndicate, have common terms and will mature on June 30, 2015. Interest on these facilities is based on floating US$ LIBOR plus a margin. The first principal repayment is due June 30, 2014. At September 30, 2013, the Group had available undrawn facilities of US$141.8 million.

4. *Other capital facilities*
   In 2012, the Group entered into an additional $US25 million Convertible Revolving Credit Facility whereby it had the option to repay any drawn down funds with the issuance of ordinary shares under this facility, subject to the ASX listing rules. This facility was undrawn and expired on September 10, 2013.

Assets Pledged

The banking syndicate for the Group's US$ banking facilities has been granted real property mortgages over titles relevant to the Macraes and Reefton Mines. Furthermore, subsidiaries Oceana Gold Limited and Climax Mining Pty Ltd have created encumbrances in favour of the banking syndicate over shares that they own in various other subsidiaries of the Group.

14 SHARE CAPITAL

Movement in common shares on issue

	September 30 2013 Thousand shares	*September 30 2013 $'000*	*December 31 2012 Thousand shares*	*December 31 2012 $'000*
Balance at the beginning of the period	293 518	636 189	262 643	543 988
Shares issued	-	-	30 000	94 757
Options exercised	70	211	875	1 860
Share issue costs	-	(416)	-	(4 416)
Balance at the end of the period	293 588	635 984	293 518	636 189

Common shares holders have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Common shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Common shares have no par value and are all fully paid. The Company has not established a maximum number for authorized shares.

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

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

15 SEGMENT INFORMATION

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

	New Zealand	Philippines	Corporate	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
Quarter Ended September 30, 2013					
Revenue					
Sales to external customers	72 899	83 718	-	-	156 617
Inter segment management and gold handling fees	-	-	144	(144)	-
Total Segment Revenue	72 899	83 718	144	(144)	156 617
Result					
Segment result excluding unrealized hedge losses and depreciation and amortization	25 003	54 381	(3 092)	-	76 292
Depreciation and amortization	(16 623)	(8 457)	(9)	-	(25 089)
Inter segment management and gold handling fees	(144)	-	144	-	-
Gain/(loss) on fair value of derivative instruments	(1 499)	-	2 370	-	871
Impairment charge	-	-	-	-	-
Total segment result before interest and tax	6 737	45 924	(587)	-	52 074
Net interest expense					(6 288)
Income tax benefit/(expense)					(2 051)
Net profit/(loss) for the period					43 735

	New Zealand	Philippines	Corporate	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
Nine months ended September 30, 2013					
Revenue					
Sales to external customers	253 341	130 129	-	-	383 470
Inter segment management and gold handling fees	-	-	501	(501)	-
Total Segment Revenue	253 341	130 129	501	(501)	383 470
Result					
Segment result excluding unrealized hedge losses, depreciation and amortization and impairment charge	104 630	72 565	(11 332)	-	165 863
Depreciation and amortization	(81 222)	(13 213)	(25)	-	(94 460)
Inter segment management and gold handling fees	(501)	-	501	-	-
Gain/(loss) on fair value of derivative instruments	2 578	-	(9 871)	-	(7 293)
Impairment charge	(85 500)	-	-	-	(85 500)
Total segment result before interest and tax	(60 015)	59 352	(20 727)	-	(21 390)
Net interest expense					(18 987)
Income tax benefit/(expense)					20 679
Net profit/(loss) for the period					(19 698)
Assets					
Total Segment assets at September 30, 2013	444 989	520 745	11 610	-	977 344

15 SEGMENT INFORMATION (Continued)

	New Zealand $'000	Philippines $'000	Corporate $'000	Elimination $'000	Total $'000
Quarter Ended September 30, 2012					
Revenue					
Sales to external customers	91 153	-	-	-	91 153
Inter segment management and gold handling fees	-	-	182	(182)	-
Total Segment Revenue	91 153	-	182	(182)	91 153
Result					
Segment result excluding unrealized hedge losses and depreciation and amortization	30 202	1 169	(2 757)	-	28 614
Depreciation and amortization	(21 891)	(41)	(6)	-	(21 938)
Inter segment management and gold handling fees	(182)	-	182	-	-
Gain/(loss) on fair value of derivative instruments	(389)	-	(647)	-	(1 036)
Total segment result before interest and tax	7 740	1 128	(3 228)	-	5 640
Net interest expense					(5 803)
Income tax benefit/(expense)					(234)
Net profit/(loss) for the period					(397)

	New Zealand $'000	Philippines $'000	Corporate $'000	Elimination $'000	Total $'000
Nine months ended September 30, 2012					
Revenue					
Sales to external customers	266 430	-	-	-	266 430
Inter segment management and gold handling fees	-	-	533	(533)	-
Total Segment Revenue	266 430	-	533	(533)	266 430
Result					
Segment result excluding unrealized hedge losses and depreciation and amortisation	85 643	1 116	(9 227)	-	77 532
Depreciation and amortisation	(63 635)	(117)	(18)	-	(63 770)
Inter segment management and gold handling fees	(533)	-	533	-	-
Gain/(loss) on fair value of derivative instruments	(389)	-	(647)	-	(1 036)
Total segment result before interest and tax	21 086	999	(9 359)	-	12 726
Net interest expense					(13 840)
Income tax benefit/(expense)					(2 411)
Net profit/(loss) for the period					(3 525)
Assets					
Total Segment assets at September 30 ,2012	522 640	345 978	21 863	-	890 481

16 STOCK-BASED COMPENSATION

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

	September 30, 2013		*December 31, 2012*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	6 084 138	A$2.51	7 404 540	A$2.38
Granted	-	-	410 000	A$2.30
Forfeited	(150 559)	A$3.02	(385 090)	A$2.43
Expired	(2)	A$0.00	(470 000)	A$3.58
Exercised	(69 999)	A$0.43	(875 312)	A$0.74
Balance at the end of the period	**5 863 578**	**A$2.52**	**6 084 138**	**A$2.51**
Exercisable at the end of the period	**4 599 328**	**A$2.49**	**3 524 514**	**A$2.42**

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

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

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

Dividend yield is assumed to be nil on the basis that no dividends have been declared for the 2012 or 2011 financial years due to the large ongoing capital commitment.

(ii) Balance at end of the period

The share options on issue at the end of the financial period had an exercise price of between A$0.00 and A$3.94 and a weighted average remaining life of 3.93 years.

16 STOCK-BASED COMPENSATION (Continued)

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:

WAEP = weighted average exercise price

	September 30, 2013		*December 31, 2012*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	2 186 270	A$0.00	-	-
Granted	2 047 623	A$0.00	2 186 270	A$0.00
Forfeited	(468 210)	A$0.00	-	-
Exercised	-		-	-
Balance at the end of the period	**3 765 683**	**A$0.00**	**2 186 270**	**A$0.00**
Exercisable at the end of the period	**-**	**-**	**-**	**-**

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

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

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

Dividend yield has been assumed to be nil on the basis that no dividends had been declared for the 2012 or 2011 financial years due to the large ongoing capital commitment.

17 CONTRIBUTED SURPLUS MOVEMENT

	September 30 2013 $'000	*December 31 2012 $'000*
Balance at start of period	38 418	36 951
Share based compensation expense	1 975	2 935
Forfeited options	(313)	(277)
Exercised options	(183)	(1 191)
Balance at end of period	39 897	38 418
Contributed surplus		
Employee stock based compensation	9 854	8 375
Shareholder options (lapsed on January 1, 2009)	18 083	18 083
Equity portion of convertible notes	11 960	11 960
	39 897	38 418

18 OTHER RESERVES

	September 30 2013 $'000	December 31 2012 $'000
Foreign currency translation reserve[1]	48 199	32 143
Available-for-sale equity reserve[2]	(2 946)	(836)
Total other reserves	45 253	31 307

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

2. *Available-for-sale equity reserve*
   The available-for-sale equity reserve is used to record fair value differences on available-for-sale equity instruments. When an investment is derecognized, the cumulative gain or loss in equity is reclassified to profit or loss.

19 CONTINGENCIES

(a) 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 $37.1 million (December 31, 2012: $31.1 million).

(b) The Group has provided a cash operating bond to the New Zealand Department of Conservation of $0.4 million (December 31, 2012: $0.4 million) which is refundable at the end of the Globe Progress mine. This amount is included in the total referred to in (a) above.

(c) In the course of normal operations the Group may receive from time to time claims for damages including workers compensation claims, motor vehicle accidents or other items of similar nature. The Group maintains specific insurance policies to transfer the risk of such claims. No provision is included in the accounts unless the Directors believe that a liability has been crystallised. In those circumstances where such claims are of material effect, have merit and are not covered by insurance, their financial effect is provided for within the financial statements.

(d) The Group has provided a guarantee in respect of a capital lease agreement for certain mobile mining equipment entered into by a controlled entity. At September 30, 2013 the outstanding rental obligations under the capital lease are $54.1 million (December 31, 2012: $54.0 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

(e) The Group has provided guarantees in respect of the US$225 million banking facilities (note 13). At September 30, 2013 the total outstanding balance under these facilities is US$80.1 million (December 31, 2012: US$100.1m). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

(f) The Department of Environment and Natural Resources of the Philippines ("DENR"), along with a number of mining companies (including OceanaGold Philippines Inc.), are parties to a case that began in 2008 whereby a group of Non-Governmental Organisations (NGOs) and individuals challenged the constitutionality of the Philippines Mining Act ("Mining Act") and the Financial or Technical Assistance Agreements ("FTAAs") in the Philippines Supreme Court. After some years of slow development, the case has recently progressed to oral hearing, which is currently continuing.

    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.

(g) The Company operates in a number of jurisdictions. In the normal course of operations, the Company is occasionally subject to claims or litigations. The Company deals with these claims as and when they arise. At the date of this report, there are no such claims that the Company believes will result in material losses.

20 COMMITMENTS

Capital commitments

At September 30, 2013, the Group has commitments of $28.4 million (December 31, 2012 $33.1 m), principally relating to the purchase of property, plant and equipment and the development of mining assets.

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

	September 30 2013 $'000	*December 31 2012 $'000*
Within one year:		
-purchase of property, plant and equipment	9 901	20 652
-mining assets and other	18 560	12 484
	28 461	33 136

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 (with any balance to be recovered to be amortised over the following three years), the Group is required to pay the Government of the Republic of the Philippines 60% of the "net revenue" earned from the Didipio Project. For the purposes of the FTAA, "net revenue" is generally the net revenues derived from mining operations, less deductions for, amongst other things, expenses relating to mining, processing, marketing, depreciation and certain specified overheads. In addition, all taxes paid to the Government and certain specified amounts paid to specified land claim owners shall be included as part of the 60% payable.

21 NON-CASH INVESTING AND FINANCING ACTIVITIES

	Three months ended		*Nine months ended*	
	September 30 2013 $'000	*September 30 2012 $'000*	*September 30 2013 $'000*	*September 30 2012 $'000*
Acquisition of plant and equipment by means of finance leases	284	2 944	9 923	9 236

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)

September 30, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring measurements				
Derivatives embedded in accounts receivable	-	(794)	-	(794)
Available for sale financial assets	1 953		-	1 953
Forward rate agreements	-	1 827	-	1 827
Gold put/call options	-	2 707	-	2 707
Total assets	1 953	3 740	-	5 693
Forward rate agreements	-	10 839	-	10 839
Total liabilities	-	10 839	-	10 839

December 31, 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring measurements				
Derivatives embedded in accounts receivable	-	-	-	-
Available for sale financial assets	4 343	-	-	4 343
Forward rate agreements	-	552	-	552
Gold put/call options	-	89	-	89
Total assets	4 343	641	-	4 984
Forward rate agreements	-	151	-	151
Total liabilities	-	151	-	151

There are no unrecognized financial instruments held by the Group at September 30, 2013 (2012: nil).

23 EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the net income attributable to common shareholders (after adding back interest on the convertible notes) by the weighted average number of common shares outstanding during the period (adjusted for the effects of dilutive options and dilutive convertible notes where the conversion to potential common shares would decrease earnings per share).
The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	Three months ended		*Nine months ended*	
	September 30 2013 $'000	*September 30 2012 $'000*	*September 30 2013 $'000*	*September 30 2012 $'000*
Numerator:				
Net income attributable to equity holders from continuing operations (used in calculation of basic earnings per share)	43 735	(397)	(19 698)	(3 525)
Interest on convertible notes	1 796	2 923	5 748	8 729
Net income attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)	45 531	2 526	(13 950)	5 204
	No. of shares '000	*No. of shares '000*	*No. of shares '000*	*No. of shares '000*
Denominator:				
Weighted average number of common shares (used in calculation of basic earnings per share)	293 580	262 972	293 546	262 871
Effect of dilution:				
Share options	4 990	4 270	4 778	3 275
Convertible notes	28 423	41 128	28 423	41 128
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	326 993	308 370	326 748	307 274
Net earnings/(loss) per share:				
- basic	0.15	(0.00)	(0.07)	(0.01)
- diluted	0.14	(0.01)	(0.07)	(0.02)

24 RELATED PARTIES

There were no significant related party transactions during the period.

25 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the quarter end, on October 7, 2013, the Company agreed to acquire all of the issued and outstanding common shares of TSX listed company Pacific Rim Mining Corp. ("Pacific Rim") that it does not already own, in exchange for issuing to Pacific Rim shareholders 0.04006 of a common share of the Company for each Pacific Rim common share, resulting in the Company issuing approximately 6.76 million OceanaGold common shares to Pacific Rim shareholders at approximately C$0.06 per Pacific Rim common share. The proposed Arrangement is valued at C$10.2 million and it is subject to applicable regulatory and exchange approvals, and the approval of the Supreme Court of British Columbia. Additionally, the Agreement provides for the payment of a termination fee of C$0.5 million to OceanaGold upon the occurrence of certain events. The arrangement is expected to close in November 2013.

Other than discussed above, 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.