OCEANAGOLD CORPORATION

FINANCIAL REPORT

DECEMBER 31 2008

CONTENTS

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of OceanaGold Corporation were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to OceanaGold Corporation and the entities it controls ("the Group's") circumstances. The significant accounting policies of the Group are summarized in note 2 to the consolidated financial statements.

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

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

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

Stephen A Orr
Chief Executive Officer
Melbourne, Australia
February 19, 2009

Marcus Engelbrecht
Chief Financial Officer
Melbourne, Australia
February 19, 2009

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To the Shareholders of OceanaGold Corporation

We have audited the consolidated balance sheet of OceanaGold Corporation as at December 31, 2008 and the consolidated statements of operations and accumulated deficit and statement of cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December, 31 2007 and the year then ended were audited by other auditors who expressed an opinion without reservation on those financial statements in their report dated February 27, 2008.

PricewaterhouseCoopers

PricewaterhouseCoopers
Melbourne, Australia

February 19, 2009

CONSOLIDATED BALANCE SHEETS

As at December 31 2008

(in thousands of United States dollars)	*Notes*	*2008 $'000*	*2007 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		9 711	119 837
Accounts receivable and other receivables	9	2 680	3 426
Inventories	11	21 910	20 937
Prepayments		961	945
Derivatives	22	1 493	1084
Future income tax assets	7	8 936	9009
Total current assets		45 691	155 238
Non-current assets			
Inventories	11	18 763	23 953
Derivatives	22	1 997	4097
Future income tax assets	7	31 175	12 611
Property, plant and equipment	12	131 377	196 320
Mining assets	13	400 987	415 723
Total non-current assets		584 299	652 704
TOTAL ASSETS		629 990	807 942
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		24 459	26 422
Employee benefits	21	1 726	2 291
Derivatives	22	48 780	30 402
Interest-bearing loans and borrowings	15	14 087	18 687
Asset retirement obligation	14	53	293
Total current liabilities		89 105	78 095
Non-current liabilities			
Other long term obligations		3 216	7 717
Employee benefits	21	68	-
Derivatives	22	80 066	88 216
Future income tax liabilities	7	61 457	71 619
Interest-bearing loans and borrowings	15	142 625	198 912
Asset retirement obligation	14	6 797	9 218
Total non-current liabilities		294 229	375 682
TOTAL LIABILITIES		383 334	453 777
SHAREHOLDERS' EQUITY			
Share Capital	16	334 975	334 975
Accumulated deficit		(111 526)	(56 791)
Contributed surplus	18	33 897	32 379
Accumulated other comprehensive income	17	(10 690)	43 602
TOTAL SHAREHOLDERS' EQUITY		246 656	354 165
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		629 990	807 942

Nature of operations and going concern (note 1)
Commitments (note 25)
Contingencies (note 26)

On behalf of the Board of Directors:

James Askew
Director

J Denham Shale
Director

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

CONSOLIDATED STATEMENTS OF OPERATIONS

For the year ended December 31 2008

(in thousands of United States dollars except per share amounts)	*Notes*	*2008 $'000*	*2007 $'000*
Revenue			
Gold sales		217 214	104 395
Release from other comprehensive income of deferred unrealised gain/(loss) on designated hedges		279	(16 407)
		217 493	87 988
Cost of sales, excluding depreciation and amortisation		(138 154)	(81 669)
Depreciation and amortisation		(50 547)	(28 790)
General & administration		(15 338)	(11 632)
		13 454	**(34 103)**
Other expenses			
Interest expense		(20 992)	(19 414)
Foreign exchange gain/(loss)		2 254	(2 661)
		(18 738)	(22 075)
Gain/(loss) on fair value of undesignated hedges		(73 408)	(45 847)
Interest income		2 936	6 712
Other income	6	133	291
Earnings/(loss) before income taxes		(75 623)	(95 022)
Income taxes benefit/(expense)	7	20 888	25 983
Net earnings/(loss)		**(54 735)**	**(69 039)**
Net earnings/(loss) per share:	8		
- basic & diluted		($0.34)	($0.47)

CONSOLIDATED STATEMENTS OF ACCUMULATED DEFICIT

For the year ended December 31 2008

(in thousands of United States dollars)	*Notes*	*2008 $'000*	*2007 $'000*
Accumulated deficit at beginning of period		(56 791)	11 768
Net earnings/(loss)		(54 735)	(69 039)
Other		-	480
Accumulated deficit at end of period		(111 526)	(56 791)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

For the year ended December 31 2008

(in thousands of United States dollars)	*Notes*	*2008 $'000*	*2007 $'000*
Net earnings/(loss)		(54 735)	(69 039)
Other comprehensive income for the year, net of tax:			
Cash flow hedge gain/(loss)	17	(882)	9 857
Currency translation differences	17	(53 410)	30 670
		(54 292)	40 527
Comprehensive income/(loss)		(109 027)	(28 512)

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

(in thousands of United States dollars)	*Notes*	*2008* *$'000*	*2007* *$'000*
Operating activities			
Net earnings/(loss)		(54 735)	(69 039)
Charges/(credits) not affecting cash			
Depreciation and amortisation expense		50 547	28 790
Net (gain) on disposal of property, plant and equipment		(34)	(179)
Non-cash interest charges		6 062	7 787
Unrealised foreign exchange (gains)/losses		(2 719)	1 163
Stock based compensation charge		1 518	1 565
Non-cash derivative expenses		73 129	62 254
Future tax expense/(benefit)		(20 888)	(25 983)
Changes in non-cash working capital			
(Increase)/decrease in accounts receivable and other receivables		(555)	(520)
(Increase)/decrease in inventory		(5 811)	(9 782)
(Decrease)/increase in accounts payable		5 155	10 548
(Decrease)/increase in other working capital		(3 942)	4 071
Net cash provided by / (used for) providing by operating activities		47 725	10 675
Investing activities			
Proceeds from sale of property, plant and equipment		46	330
Payments for property, plant and equipment		(2 974)	(43 630)
Payments for mining assets: exploration and evaluation		(5 381)	(27 282)
Payments for mining assets: development		(56 373)	(15 435)
Payments for mining assets: in production		(43 634)	(32 658)
Net cash provided by / (used by) used for investing activities		(108 316)	(118 675)
Financing activities			
Proceeds on issue of capital stock		-	94 702
Payment of transaction costs for equity raising		-	(9 023)
Payment of finance lease liabilities		(7 513)	(1 808)
Proceeds from finance leases		-	12 651
Settlement of derivatives		(25 906)	-
Proceeds/(repayments) from other borrowings		(15 715)	20 021
Proceeds from convertible notes		-	24 213
Net cash provided by / (used for) financing activities		(49 134)	140 756
Effect of exchange rate changes on cash		(401)	7 056
Net increase / (decrease) in cash and cash equivalents		(110 126)	39 812
Cash and cash equivalents at beginning of period		119 837	80 025
Cash and cash equivalents at end of period		9 711	119 837
Cash interest paid		(15 130)	(11 627)

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

1 NATURE OF OPERATIONS AND GOING CONCERN

OceanaGold Corporation (“OceanaGold”) is engaged in exploration and the development and operation of gold and other mineral mining activities. OceanaGold is a significant gold producer and is operating two open cut mines and an underground mine at Macraes and Reefton in New Zealand. The group also has the Didipio Gold-Copper Project in the Philippines as part of its portfolio.

Basis of presentation

The consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due.

For the twelve months ended December 31, 2008, the Company incurred a loss of $54.7m. As at December 31, 2008 the current liabilities of the company exceeded current assets by $43.4m and the company had capital commitments of $6.6m. The company has cash on hand of $9.7m and current cash flow projections indicate sufficient funds to continue as a going concern for at least 12 months. However, should certain assumptions in these projections not be achieved, cash flow deficits may occur, which could lead to doubt as to the ability of the Company to meet its future obligations as they fall due and, accordingly, whether or not the application of the going concern principle is appropriate.

The Company is considering a number of alternatives to secure additional capital including additional funding facilities or equity raisings. Nevertheless, there is no assurance that these initiatives would be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flows from operations, additional financing, or realisation of assets in the ordinary course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary where the going concern assumption is inappropriate. These adjustments could be material.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

These consolidated financial statements are expressed in United States dollars (“US$”). The controlled entities of OceanaGold have either Australian dollars (“A$”) or New Zealand dollars (“NZ$”) as their functional currency. The financial statements of the Group have been translated to the reporting currency using the current rate method described below.

The Group employs the current rate method of translation for its self-sustaining operations. Under this method, all assets and liabilities are translated at the year-end rates and all revenue and expense items are translated at the average monthly exchange rates for recognition in income. Differences arising from these foreign currency translations are recorded in shareholders’ equity as a component of other comprehensive income until they are realized by a reduction in the net investment.

The Group employs the temporal method of translation for its integrated operations. Under this method, monetary assets and liabilities are translated at the year-end rates and all other assets and liabilities are translated at applicable historical exchange rates. Revenue and expense items are translated at the rate of exchange in effect at the date the transactions are recognized in income, with the exception of depreciation and amortisation which is translated at the historical rate for the associated asset. Exchange gains and losses and currency translation adjustments are included in income.

Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. Significant areas where management’s judgement is applied include ore reserve and resource determinations, carrying values of exploration and evaluation assets, carrying values of mine development costs, plant and equipment lives, contingent liabilities, current tax provisions and future tax balances and asset retirement obligations. Actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with original maturities of three months or less at the date of purchase.

Trade and other receivables

Trade receivables are initially recorded at the amount of contracted sales proceeds, and then subsequently carried at cost less an allowance for doubtful accounts.

Inventories

Bullion and ore
Inventories are valued at the lower of weighted average cost and net realisable value. Costs include mining and production costs as well as commercial, environmental, health and safety expenses, and stock movements.

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

Stores
Inventories of consumable supplies and spare parts are valued at cost less a provision for obsolescence. Cost is assigned on a weighted average basis.

Property, plant and equipment

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

Depreciation rates used:

Buildings	5% per annum straight line
Mining equipment	unit of production based on reserves and certain resources
Other plant and equipment	8% - 33% per annum straight line
	20% - 30% per annum reducing balance

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the undiscounted future cash flows from these assets, the assets are written down to fair value.

Exploration, Evaluation, Development and Restoration Costs

Exploration and Evaluation Expenditure
Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward to the extent that they are expected to be recovered through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and active work is continuing.

Accumulated costs in relation to an abandoned area are written off to the statement of operations in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

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

Impairment
The carrying values of exploration, evaluation and development costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the undiscounted future cash flows from these assets, the assets are written down to fair value.

Asset Retirement Obligations
The Group recognises the fair value of a future asset retirement obligation as a liability in the period in which it incurs a legal or constructive obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development and/or normal use of the assets. The Group concurrently recognises a corresponding increase in the carrying amount of the related long-lived asset that is depreciated over the life of the asset. The key assumptions on which the fair value of the asset retirement obligations are based include the estimated future cash flow, the timing of those cash flows and the credit-adjusted risk-free rate or rates on which the estimated cash flows have been discounted. Subsequent to the initial measurement the liability is accreted over time through periodic charges to earnings.

Trade and other payables

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

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently adjusted using the effective interest method by taking into account any issue costs, and any discount or premium on settlement.

Convertible notes

For convertible notes, the component of the convertible note that exhibits characteristics of a liability is recognised at fair value as a liability in the balance sheet, net of transaction costs.

On issuance of the convertible note, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note and this amount is carried as a long-term liability, using the amortised cost basis, until extinguished on conversion or by repayment of debt. The increase in the liability due to the passage of time is recognised as a finance cost in the statement of operations.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not re-measured in subsequent periods.

Interest on the liability component of the convertible note is recognised as an expense in profit or loss.

Transaction costs are apportioned between the liability and equity components of the convertible note based on the allocation of proceeds to the liability and equity components when the instrument is first recognised.

Stock based compensation

The company provides benefits to employees (including directors) in the form of stock based compensation transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

There are currently two plans in place to provide these benefits:

(i) The Executive Share Options Plan ("ESOP"), which provides benefits to the managing director and senior executives,

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the compensation at the date at which they are granted. The fair value of options issued is determined by using a binomial tree lattice model and the Black Scholes closed form model for those options with a 1 day exercise period.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of OceanaGold Corporation ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

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

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

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

(ii) The Employee Share Acquisition Plan ("ESAP"), which provides benefits to all employees, excluding directors.

The cost of the plan is recognised as an operational expense the value is measured company's contribution to the ESAP which matches the employee's contribution dollar for dollar.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Capital leases, which transfer to the consolidated entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of operations.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

Operating lease payments are recognised as an expense in the statement of operations on a straight-line basis over the lease term.

Derivative financial instruments and hedge accounting

The consolidated entity benefits from the use of derivative financial instruments to manage commodity price and foreign currency exposures.

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently re-measured at their fair values at each reporting date.

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

The Group applies Section 3855 "Financial Instruments – Recognition and Measurement", Section 3865 "Hedges" and Section 1530 "Comprehensive Income" (see note 3), and certain derivative financial instruments have been designated as hedges under the requirements of Section 3865. For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

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

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

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in accumulated other comprehensive income at that time remains in other comprehensive income and is recognised when the committed or forecasted production is ultimately recognised in the statement of operations. However, if the committed or forecasted production is no longer expected to occur, the cumulative gain or loss reported in other comprehensive income is immediately transferred to the statement of operations.

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

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Bullion sales
Revenue from sales of gold and silver is recognised when there has been a passing of the significant risks and rewards of ownership, which means the following:

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

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

Borrowing costs

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

Income tax

The Group follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided to the extent that it is more likely than not those future income tax assets will not be realised.

Earnings per share

Basic earnings/loss per share is calculated by dividing the loss by the weighted average number of shares outstanding during the year. Diluted earnings/loss per share is calculated by dividing the earnings/loss by the weighted-average number of shares outstanding during the year, assuming that all potentially dilutive securities were exercised.

Deferred Stripping

Costs associated with the removal of overburden and other mine waste materials that are incurred in the production phase of mining operations are included in the costs of inventory produced in the period in which they are incurred, except when the charges represent a betterment to the mineral property. Charges represent a betterment to the mineral property when the stripping activity provides access to reserves that will be produced in future periods that would not have been accessible without the stripping activity. When charges are deferred in relation to a betterment, the charges are amortized over the reserve in the betterment accessed by the stripping activity using the units of production method.

Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to, the relevant taxation authority is included with other receivables or payables in the balance sheet.

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

Consolidation Policy

The consolidated financial statements incorporate the assets, liabilities and results of all entities controlled by the company. The effects of all transactions between entities in the consolidation group are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of income from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control exists.

3 ADOPTION OF NEW ACCOUNTING STANDARDS

Effective 1 January 2008 the company adopted the following standards:

Section 1535 – Capital Disclosures

This section establishes standards for disclosing information about a company's capital and how it is managed. Under this standard the company will be required to disclose the following, based on the information provided internally to the company's key management personnel:

(i) qualitative information about its objectives, policies and processes for managing capital:
(ii) summary quantitative data about what it manages as capital:
(iii) whether during the period it complied with externally imposed capital requirements to which it is subject: and
(iv) when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

Section 3862 – Financial Instruments – Disclosures

This section requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Entities will be required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments.

The section requires specific disclosures to be made, including the criteria for:

(i) designating financial assets and liabilities as held for trading;
(ii) designating financial assets as available for sale; and
(iii) determining when impairment is recorded against the related financial asset or when an allowance account is used.

Section 3863 – Financial instruments – Presentation

This section revises and enhances its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in note 22 to these financial statements.

Section 3064 - Goodwill and Intangible Assets

Section 3064 establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC-27 Revenues and expenses during the pre-operating period. As a result of the withdrawal of EIC-27, the Company will no longer be able to defer costs incurred and revenues received prior to commercial production at new mine operations.

4 IMPACT OF FUTURE ACCOUNTING STANDARDS

In 2006, Canada's Accounting Standards Board (AcSB) ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being converged with International Financial Reporting Standards over a transitional period. The AcSB has developed and published a detailed implementation plan, with a changeover date for fiscal years beginning on or after January 1, 2011. This convergence initiative is in its early stages. As of the date of these annual Consolidated Financial Statements OceanaGold does not intend to early adopt IFRS. Accordingly, it would be premature to assess the impact of the initiative on the Company at this time.

5 COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform to the presentation currently adopted. Of particular note, tax assets and derivatives are now separated between current and non current classification; previously these assets were treated as wholly current assets or liabilities.

6 OTHER INCOME

	2008 *$'000*	*2007* *$'000*
Other income		
Gain on disposal of property, plant and equipment	34	179
Other	99	112
Total other income	133	291

7 INCOME TAX

Major components of income tax expense/benefit:

	2008 $'000	*2007 $'000*
Statement of operations		
Future income tax		
Future income tax benefit relating to tax losses carried forward	(7 971)	(27 065)
Adjustments in respect of future income tax of previous years	(2 598)	1 370
Relating to origination and reversal of temporary differences	(10 319)	(288)
Income tax (benefit)/expense reported in statement of operations	(20 888)	(25 983)

Numerical reconciliation between aggregate tax expense/benefit recognised in the statement of operations and the tax expense/benefit calculated per the statutory income tax rate
A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Consolidated entity's effective income tax rate for the years ended December 31 is as follows:

Accounting (loss) before tax from continuing operations	(75 623)	(95 022)
At the statutory income tax rate of 34.12% (2007 34.12%)	(25 803)	(32 422)
Adjustments in respect of current income tax of previous years	(2 598)	1 341
Expenditure not allowable for income tax purposes	1 581	4 246
Tax losses not recognised	3 531	-
Effect of differing tax rates between Canada, Australia and New Zealand	2 401	852
Income tax (benefit) reported in the statement of operations	(20 888)	(25 983)

	2008 $'000	*2007 $'000*
Future income tax		
Future income tax at December 31 relates to the following:		
Future income tax assets		
Losses available for offset against future taxable income	57 136	66 840
Revaluations of hedge contracts to fair value	38 654	35 585
Provisions	4 312	3 509
Accrued expenses	3	4
Share issue costs	1 563	2 734
Other	614	677
Gross future income tax assets	102 282	109 349
Set-off future tax liabilities	(62 171)	(87 729)
	40 111	21 620
Less: current portion	(8 936)	(9 009)
Net non-current future tax assets	31 175	12 611
Future income tax liabilities		
Mining assets	(86 940)	(105 275)
Property, plant and equipment	(32 529)	(48 622)
Inventory	(913)	(1 278)
Interest Receivable	(313)	(449)
Accrued Revenue	(1 771)	(2 024)
Revaluations of hedge contracts to fair value	(1 047)	(1 554)
Other	(115)	(146)
Gross future income tax liabilities	(123 628)	(159 348)
Set-off future tax assets	62 171	87 729
	(61 457)	(71 619)
Less: current portion	-	-
Net non-current future tax liabilities	(61 457)	(71 619)

The carried forward tax losses are considered more likely than not of recovery based on forecast future taxable profits.

8 EARNINGS PER SHARE

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

Diluted earnings 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 year (adjusted for the effects of dilutive options and dilutive convertible notes where the conversion of potential common shares would decrease earnings per share or increase loss per share).

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

	2008 *$'000*	*2007* *$'000*
Numerator:		
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of basic and diluted earnings per share)	(54 735)	(69 039)
Interest on convertible notes*	-	-
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)*	(54 735)	(69 039)
	Thousands	*Thousands*
Denominator:		
Weighted average number of common shares (used in calculation of basic earnings per share)	161 635	146 777
Effect of dilution:		
Share options*	-	-
Convertible notes*	-	-
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	161 635	146 777
Net loss per share:		
- basic & diluted	($0.34)	($0.47)

* For the periods to 31 December 2008 conversion of share options and convertible notes would decrease the loss per share and hence are non-dilutive.

As described in Note 16, the company restructured its share capital during the comparative period. The computation of basic and diluted EPS has been adjusted for all periods presented to reflect that change.

9 ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	2008	*2007*
	$'000	*$'000*
Current		
Trade receivables	2 449	2 261
Other receivables	231	1 165
	2 680	3 426

Trade receivables are non-interest bearing and are due upon confirmation of gold assay. Other receivables include deposits at bank, in support of environmental bonds and deposits set out for rental of properties.

10 DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES

Non-cash share based compensation expense of $0.1m (2007 $0.3m) has been capitalised into mining assets as a non-cash investing activity.

11 INVENTORIES

	2008	*2007*
	$'000	*$'000*
Current, at cost		
Gold in circuit	2 415	3 677
Gold on hand	-	2 828
Ore	7 434	2 275
Stores	12 061	12,157
	21 910	20 937
Non-Current		
Ore, at cost	16 647	-
Ore, at net realisable value	2 116	23 953
	18 763	23 953
Total inventories	40 673	44 890

During 2008, $188.7m of inventories was recognised as an expense (2007: $110.5m) relating to cost of sales. This was net of a reversal of a previous impairment of $3.6m (2007: Nil) as a result of changes in the long term forecast gold selling price.

Total inventories of $40.7m at December 31 2008 are pledged as security under project debt facilities (see Note 15).

12 PROPERTY, PLANT AND EQUIPMENT

	2008 $'000	2007 $'000
Freehold land, at cost		
Cost	3 708	4 904
Buildings, at cost		
Cost	3 927	5 089
Accumulated depreciation	(1 868)	(2 216)
Net of accumulated depreciation	2 059	2 873
Plant and equipment, at cost		
Cost	211 237	275 630
Accumulated depreciation	(89 639)	(94 193)
Net of accumulated depreciation	121 598	181 437
Rehabilitation		
Cost	6 415	9 014
Accumulated depreciation	(2 403)	(1 908)
Net of accumulated depreciation	4 012	7 106
Net book value of property, plant and equipment	131 377	196 320

Plant and equipment includes assets under capital lease net of accumulated depreciation of $31.9m (2007: $50.3m). The assets under capital lease are security for capital lease liabilities.

Borrowing costs
There are no borrowing costs capitalised into the cost of any assets held on the balance sheet at December 31, 2008 (2007: nil).

13 MINING ASSETS

	2008 $'000	2007 $'000
Mining Assets: Exploration and evaluation phase at cost		
Cost	22 717	9 682
Mining Assets: Development phase at cost		
Cost	293 817	350 805
Mining Assets: In production at cost		
Cost	154 769	112 691
Accumulated amortisation	(70 316)	(57 455)
Net of accumulated amortisation	84 453	55 236
Net book value of mining assets	400 987	415 723

Borrowing costs
There are no borrowing costs capitalised into the cost of any assets held on the balance sheet at December 31, 2008 (2007: nil).

14 ASSET RETIREMENT OBLIGATION

	2008	*2007*
	$'000	*$'000*
Current		
Rehabilitation	53	293
Movement:		
At January 1	293	-
Arising during the year	(16)	153
Utilised	(718)	18
Transferred from/(to) non-current	498	115
Exchange adjustment	(4)	7
At December 31	53	293
Non-Current		
Rehabilitation	6 797	9 218
Movement:		
At January 1	9 218	8 422
Arising during the year	322	485
Acquired through acquisition	-	-
Utilised	-	(203)
Transferred from/(to) current	(498)	(115)
Exchange adjustment	(2 245)	629
At December 31	6 797	9 218

Rehabilitation
A provision for rehabilitation is recorded in relation to the gold mining operations for the rehabilitation of the disturbed mining area to a state acceptable to various regulatory authorities. While rehabilitation is ongoing, final rehabilitation of the disturbed mining area is not expected until the cessation of mining for both Macraes and Reefton, currently estimated to be beyond 2013. Didipio is currently expected to be mining for a period beyond this time frame.

Rehabilitation provisions are estimated based on survey data, external contracted rates and the timing of the current mining schedule. Provisions are discounted using a liability specific rate and are externally reviewed and approved by council nominated consultants.

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

Asset retirement obligations are initially recorded as a liability at fair value, assuming a credit adjusted risk free discount rate of 9% (2007:6.5%). The liability for retirement and remediation on an undiscounted basis is estimated to be approximately $11.0m.

15 INTEREST-BEARING LOANS AND BORROWINGS

	Effective interest rate %	Maturity	2008 $'000	2007 $'000
Current				
Capital leases (note 25)	9.36%	5/31/2014	6 897	8 153
Insurance Premium Loan (NZD)	3.26%	02/28/2009	189	575
Insurance Premium Loan (AUD)	3.11%	02/28/2009	51	-
Project debt facility (NZD)	6.95%	12/31/2010	6 950	9 959
			14 087	18 687
Non-current				
Capital leases (note 25)	9.36%	05/31/2014	32 235	51 761
5.75% Convertible Notes (A$55m)	9.16%	12/22/2012	37 030	44 846
7.00% Convertible notes (A$70m)	10.13%	12/22/2013	48 614	57 255
7.00% Convertible notes (A$30m)	10.64%	03/22/2014	20 113	23 599
Project debt facility (NZD)	6.95%	12/31/2010	4 633	21 451
			142 625	198 912

5.75% Convertible Notes (Unsecured)

The Notes bear interest at 5.75% per annum payable semi-annually in arrears. The Notes are due for redemption at 109% of their principal amount in 2012 unless converted to common shares prior to this date at the option of the noteholder. The number of shares to be delivered upon conversion shall be determined by dividing the principal amount of the note by the conversion price of A$4.2435 (subject to adjustment for certain specified events).

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 is not payable but is instead capitalised into the redemption value of the notes. The Notes are due for redemption in 2013 at a value equal to the sum of their principal amount plus the capitalised interest amount, unless converted to common shares prior to this date at the option of the noteholder. 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$4.0950 (subject to adjustment for certain specified events).

On March 22, 2007 an additional A$30 million (US$24.2m) in convertible notes was issued under the same terms and conditions as the 7% convertible notes. The conversion price is A$4.3000 (subject to adjustment for certain specified events) and the notes are due for redemption in 2014. Of the A$28.8 million (US$23.2m) net proceeds of the issue A$24.9 million (US$20.1m) was allocated to interest bearing liabilities and A$3.9 million (US$3.1m) was allocated to equity.

Project debt Facility

The consolidated entity has a project debt facility of NZ$20.0m (2007:NZ$41.0m) provided by a consortium of banks. The facility was fully drawn at December 31, 2008. The project debt facility has a floating interest rate which is paid quarterly in arrears.

Capital Leases

The Group has two capital lease facilities in place, being a facility with ANZ Banking Group Ltd ("ANZ Facility"), and a Master Lease Facility with Caterpillar Finance ("CAT Master Lease").

			ANZ	CAT Master
Original drawdown date			December 28, 2006	October 5, 2006
Term			5 years	7 years
Amount drawn down	-	NZ$ component	37,314,059	30,249,759
Interest rates	-	NZ$ component	8.89%	9.93%

Capital facilities available

At 31 December 2008 the consolidated entity has issued A$155m (2007: A$155m) of convertible notes and has available capital lease facilities of NZ$ 67.6m (2007: NZ$83.5m) which have been fully drawn.

A consortium of banks provides a 405,572 (2007: 568,326) ounce hedging facility to Oceana Gold New Zealand Ltd (OGNZL) (refer to Note 22). OGNZL's assets are pledged as security.

Additionally, the consolidated entity has available a project debt facility of up to NZ$20m (2007: NZ$41m) provided by a consortium of banks which has been fully drawn at December 31, 2008. OGNZL's assets are pledged as security.

There are currently no other credit facilities available to OceanaGold Corporation; all credit facilities have been fully drawn.

16 SHARE CAPITAL

(a) Authorised capital

The number of authorised common shares of the company is unlimited

(b) Movement in common shares on issue

	2008 *$'000*	*2007* *$'000*
Common shares		
Issued and fully paid	334 975	334 975

	Thousands	*$'000*
Movement in common shares on issue		
At January 1 2007	132 761	246 146
Shares issued	28 774	94 392
Share issue costs	-	(9 264)
Tax effect of share issue costs	-	3 158
Exercise of options	100	543
At December 31 2007	161 635	334 975
As at December 31 2008	161 635	334 975

Common shares 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.

There are an additional 30,321,702 listed options on issue. These options lapsed on January 1, 2009 as they were not exercised. Each OceanaGold option entitled the holder to subscribe for one OceanaGold share at an exercise price of A$4.625. The OceanaGold options could only be exercised during the period from January 1, 2008 to January 1, 2009.

On June 27, 2007 OceanaGold listed on the Toronto Stock Exchange (TSX). An initial public offering of 25,715,000 common shares at C$3.50 per common share was completed on July 5, 2007. The underwriters were also granted an over allotment of shares which were completed on July 25, 2007 where 3,060,000 common shares were issued at C$3.50 per common share. The gross proceeds from the offering were C$100,712,500 (US$94,392,519).

OceanaGold's listing on the Australian Stock Exchange (ASX) and the New Zealand Stock Exchange (NZX) was restructured in connection with the TSX listing. As a result of the restructure OceanaGold's shares were consolidated using 1:5 per common share basis, which has been reflected in the above number of shares.

The company has a share option scheme under which options to subscribe for the company's shares have been granted to executives. Details of options on issue are provided in Note 20. Shareholders have approved the issue of up to 10% of the Company's issued and outstanding shares.

The Company also has an employee share purchase plan whereby employees are able to direct up to 10% of their gross salary to acquire shares, with the Company matching the employee contribution on a dollar for dollar basis. Plan shares are acquired at market price and held in trust. While the Trustee holds the shares, the employees are entitled to full dividend and voting rights on the shares beneficially held on their behalf. (Refer note 20).

17 ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS) ("OCI")

	2008 $'000	*2007 $'000*
Balance at the start of the period		
Deferred gain/(loss) on cash flow hedging activities	882	(8 975)
Currency translation adjustments	42 720	12 050
	43 602	3 075
OCI for the year:		
Effective portion of change in fair value of gold put options	-	(1 697)
Transfers of cash flow hedge (gains)/losses to earnings on recording hedged items in earnings	(1 272)	16 407
Currency translation differences	(53 410)	30 670
OCI before tax	(54 682)	45 380
Income tax recovery/(expense) on effective portion of change in fair value of gold put options	390	561
Income tax recovery/(expense) on transfers of cash flow hedge losses to earnings on recording hedged items in earnings	-	(5 414)
OCI net of tax	(54 292)	40 527
Accumulated OCI at the end of the period		
Cash flow hedge gains (losses)	-	882
Currency translation adjustments	(10 690)	42 720
	(10 690)	43 602

The portion of hedge gain/(loss) expected to affect 2009 earnings based on the fair value of hedge contracts at December 31, 2008 is nil (2007: $0.9m).

18 CONTRIBUTED SURPLUS MOVEMENT

Movement in contributed surplus

	2008 $'000	*2007 $'000*
At January 1	32 379	28 171
Stock-based compensation expense	1 518	1 884
Cancelled options	-	(519)
Exercise of options	-	(230)
Issue of convertible notes - value of conversion rights	-	3 073
At December 31	33 897	32 379

Contributed surplus

Employee stock based compensation	3 503	1 985
Shareholder option reserve	18 083	18 083
Equity portion of Convertible notes	12 311	12 311
	33 897	32 379

19 SEGMENT INFORMATION

The Group's operations are managed on a regional basis. The two reportable segments are New Zealand and the Philippines. Capital expenditure includes the cost of segment assets acquired by way of asset acquisition.

	New Zealand $'000	Philippines $'000	Corporate $'000	Total $'000
Year Ended December 31, 2008				
Revenue				
Sales to external customers	217 214	-	-	217 214
Inter segment management and gold handling fees	-	-	7 589	7 589
Release from other comprehensive income of deferred unrealised losses on designated hedges	279	-	-	279
Total Segment Revenue	217 493	-	7 589	225 082
Result				
Segment result excluding unrealised hedge losses	27 337	(653)	(8 185)	18 499
Inter segment management and gold handling fees	(7 589)	-	7 589	-
Release from other comprehensive income of deferred unrealised losses on designated hedges	278	-	-	278
Loss on fair value of undesignated hedges	(73 408)	-	-	(73 408)
Total segment result before interest and tax	(53 382)	(653)	(596)	(54 631)
Income tax benefit	27 110	-	(6 222)	20 888
Total segment result	(26 272)	(653)	(6 818)	(33 743)
Interest expense				(20 992)
Net loss for the year				(54 735)
Assets				
Segment assets	310 065	307 505	12 420	629 990
Year Ended December 31, 2007				
Revenue				
Sales to external customers	104 395	-	-	104 395
Inter segment management and gold handling fees			6 738	6 738
Release from other comprehensive income of deferred unrealised losses on designated hedges	(16 407)	-	-	(16 407)
Total Segment Revenue	87 988	-	6 738	94 726
Result				
Segment result excluding unrealised hedge losses	(2 870)	(501)	(9 983)	(13 354)
Inter segment management and gold handling fees	(6 738)	-	6 738	-
Release from other comprehensive income of deferred unrealised losses on designated hedges	(16 407)	-	-	(16 407)
Loss on fair value of undesignated hedges	(45 847)	-	-	(45 847)
Total segment result before interest and tax	(71 862)	(501)	(3 245)	(75 608)
Income tax benefit	25 243	-	740	25 983
Total segment result	(46 619)	(501)	(2 505)	(49 625)
Interest expense				(19 414)
Net loss for the year				(69 039)
Assets				
Segment assets	395 862	314 334	97 746	807 942

Income derived in the New Zealand segment is from the sale of gold. The segment note above includes inter-company charges of management and gold handling fees of $7.6m (2007: $6.7m).

20 STOCK-BASED COMPENSATION

(a) Executive share options plan

Directors, executives and certain members of staff of the consolidated entity 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 3 years and vesting is subject only to continuity of employment.

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

(i) Stock Option movements
The following table reconciles the outstanding share options granted under the executive share option scheme at the beginning and end of the period:

WAEP = weighted average exercise price

	December 31, 2008		December 31, 2007	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	2 600 000	A$3.81	1 300 000	A$5.35
Granted	2 403 320	A$1.68	3 390 000	A$3.73
Forfeited	(983 332)	A$3.00	(1 050 000)	A$4.14
Exercised	-	-	(100 000)	A$3.75
Cancelled	-	-	(940 000)	A$5.27
Balance at the end of the period	**4 019 988**	**A$2.74**	**2 600 000**	**A$3.81**
Exercisable at the end of the period	703 338	A$3.825	-	-

OceanaGold's listing on the Australian Stock Exchange (ASX) and the New Zealand Stock Exchange (NZX) was restructured in connection with the TSX listing. As a result of the restructure OceanaGold's shares were consolidated using 1:5 per common share basis, which has been reflected in the above number of shares.

(ii) Balance at end of the period

The share options at the end of the financial period had an exercise price of between A$0.00 and A$4.255 and a weighted average remaining vesting period of 4.02 years. The share options were restructured on a 1:5 basis for the TSX listing.

Options 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 Bermudan 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.

Due to the lack of exchange traded data for option prices of OceanaGold, historical volatility has been used for the purposes of the valuation. Expected volatility is based on the historical share price volatility using 3 years of traded share 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 is assumed to be nil on the basis that no dividends have been declared for the 2008 or 2007 financial years due to the large ongoing capital commitment.

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

Grant Date	Dividend yield	Expected volatility	Risk-free interest rate	Expected life of option	Option Exercise Price	Share Price at Grant Date	Weighted Average Fair Value
11 Feb 2008	0%	51.0%	7.050%	6.0 years	A$2.703	A$2.845	A$1.660
11 Feb 2008	0%	51.0%	7.050%	7.0 years	A$2.703	A$2.845	A$1.774
11 Feb 2008	0%	51.0%	7.050%	8.0 years	A$2.703	A$2.845	A$1.875
01 Mar 2008	0%	52.4%	6.294%	6.0 years	A$2.721	A$2.740	A$1.573
01 Mar 2008	0%	52.4%	6.286%	7.0 years	A$2.721	A$2.740	A$1.683
01 Mar 2008	0%	52.4%	6.249%	8.0 years	A$2.721	A$2.740	A$1.779
01 May 2008	0%	54.9%	6.170%	6.0 years	A$2.283	A$2.200	A$1.272
01 May 2008	0%	54.9%	6.175%	7.0 years	A$2.283	A$2.200	A$1.362
01 May 2008	0%	54.9%	6.175%	8.0 years	A$2.283	A$2.200	A$1.442
24 Aug 2008	0%	89.0%	5.734%	5.8 years	A$1.533	A$0.665	A$0.424
24 Aug 2008	0%	89.0%	5.741%	6.8 years	A$1.533	A$0.665	A$0.461
24 Aug 2008	0%	89.0%	5.752%	7.8 years	A$1.533	A$0.665	A$0.492
24 Aug 2008	0%	89.0%	5.736%	6.0 years	A$0.630	A$0.665	A$0.515
24 Aug 2008	0%	89.0%	5.744%	7.0 years	A$0.630	A$0.665	A$0.539
24 Aug 2008	0%	89.0%	5.755%	8.0 years	A$0.630	A$0.665	A$0.559
24 Aug 2008	0%	89.0%	5.671%	3.0 years	-	A$0.665	A$0.665

(b) Employee share acquisition plan

Under the OceanaGold Corporation Employee Share Acquisition Plan (the "Plan"), the Company offers all employees of the consolidated entity (other than directors of the Company) the opportunity to purchase shares in OceanaGold. Eligible employees are able to direct up to 10% of their gross salary to acquire shares, with the Company matching the employee contribution on a dollar for dollar basis.

Plan shares are acquired at market price and held in trust for the participating employees by a dedicated corporate trustee. While the Trustee holds the shares, the employees are entitled to full dividend and voting rights on the shares beneficially held on their behalf. A comprehensive Plan Constitution and Trust Deed set out the basis of operation of the Plan, pursuant to relevant Corporations Act and taxation legislation requirements.

The transfer or sale of Plan shares is restricted for a maximum of 3 years. On each anniversary of an employee's commencement with the Plan, one third of Plan shares acquired in the prior 3-year period are vested to the employee.

Details of the employee share plan for the consolidated entity are as follows:

	Opening Shares Held by Trustee	**Shares Acquired by the Trustee During the Year**		**Shares Transferred from the Trustee During the Year**		**Forfeited Shares sold by Trustee**	**Closing Shares Held by the Trustee**	
	Number	Number [1]	Fair Value [2]	Number [3]	Fair Value [4]	Number [3]	Number	Fair Value [5]
2007	122 509	54 243	A$188 003	41 774	A$153 559	-	134 978	A$375 239
2008	134 978	195 942	A$157 232	9 165	A$15 726	-	321 755	A$70 786

Notes:

1. The Trustee acquires shares regularly throughout the year, following receipt of contributions from employees and the consolidated entity.
2. The fair value of shares acquired by the Trustee is equal to the market price paid by the Trustee for acquisitions of OceanaGold Corporation shares throughout the year. The fair value comprises 50% contribution from employees and 50% contribution from the Company.
3. Members of the Plan are entitled to hold their vested shares in the Trustee for up to 10 years following vesting. The Trustee distributes vested shares to members following receipt of a request to do so, and accordingly these transfers can take place throughout the year on a regular basis. Additionally, members who cease employment with the consolidated entity are entitled to receive their employee funded Plan shares without having to wait for the vesting period. In the event of a member ceasing employment, the Company funded Plan shares that have not reached vesting stage are forfeited to the Trust.
4. The fair value of the shares transferred out by the Trustee during the year is represented by the market value of the OceanaGold Corporation shares at the time of transfer.
5. The fair value of the shares held by the Trustee at reporting date has been determined by reference to the last sale price of OceanaGold Corporation shares at reporting date.

21 EMPLOYEE BENEFITS

(a) Employee benefit liability

	2008 *$'000*	*2007* *$'000*
Aggregate employee benefit liability is comprised of:		
Accrued wages and salaries	660	331
Provisions current	1 726	2 291
Provisions non-current	68	-
	2 454	2 622

22 FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies and Objectives

Financial exposures arise in the normal course of the consolidated entity's business operations, including commodity price risk, foreign exchange risk, interest rate risk and liquidity risk as well as credit risk associated with trade and financial counterparties. The policy for managing each of these risks is reviewed and agreed by the Board, and are summarised below.

The consolidated entity has a risk management programme to manage its financial exposures that includes, but is not limited to, the use of derivative products from three banking institutions. The term "derivative" has been adopted to encompass all financial instruments that are not directly traded in the primary physical market. The Group does not enter into trade financial instruments, including derivative financial instruments for trade or speculative purposes.

The consolidated entity faces operational risk associated with the financial transactions conducted but seeks to manage this risk by having established operating policies and procedures. These policies and procedures are set by the Board.

(b) Gold Price and Foreign Exchange Risk

OGNZL has an economic hedging facility for 405,572 (2007: 568,326) ounces at December 31, 2008. The security for this facility consists of:

- (i) share mortgages over OceanaGold Limited's interests in OGNZL;
- (ii) a general security deed creating a security interest over all the present and future property of OGNZL;
- (iii) first registered fixed and floating charges over all OGNZL assets and undertakings and registered mortgages over the relevant mining tenements and material land; and
- (iv) interests in forward sales contracts held by a subsidiary of the company (refer below), supported by a guarantee by OceanaGold Limited of the obligations of OGNZL.

Prices for the consolidated entity's primary commodity products (gold bullion) are determined on international markets and quoted in US dollars.

Metal prices and exchange rates are fixed using forward sale contracts and options. Derivative financial instruments are matched with forecast future metal production.

The primary instruments held are undesignated forward gold sales contracts for 206,076 ounces with an average price of NZ$773 (2007: 319,788 ounces), undesignated gold put options over 199,496 ounces (2007: 248,538 ounces) with an average exercise price of NZ$1,068 and undesignated gold call options over 136,024 ounces (2007: 104,024 ounces) of forecast 2010 production with an average exercise price of NZ$1,172. These derivative instruments are contracted with a consortium of banks under an economic hedging facility, secured by a pledge against the assets of Oceana Gold (NZ) Ltd.

The forward sales program is managed in accordance with policies approved by the Board. Performance under these policies is regularly reported to the Board.

The net gains and losses that relate to contracts not designated for hedge accounting purposes have been recognised in the statement of operations.

Between December 31, 2007 and December 31, 2008 the NZD gold price moved from approximately NZ$1,089 per ounce to NZ$1,523 contributing significantly to the increase in the gold derivative liabilities, offset by the close out or delivery into a number of contracts during the year.

Forward gold sale contracts for 78,312 ounces were closed out on September 30, 2008. The contracts were 'out of the money' by $25.9m on the date of settlement. This liability was paid utilising a restricted cash facility that was set aside in June 2008.

The following summarises the gold forward obligations at December 31, 2008:

	Total Dec 31 2008	*Maturity 2009*	*Maturity 2010*
Gold fixed forward sales			
Ounces	206 076	106 236	99 840
Weighted average NZ$/oz	773	773	773
Present value NZ$/oz	747	760	732

The net return if all the bullion forward contracts guaranteed by the consolidated entity were to be delivered as compared to the market value of these obligations at December 31, 2008 was $92.7m deficit (2007: $97.7m deficit).

The following summarises the gold option contracts at December 31, 2008:

	Total Dec 31 2008	*Maturity 2009*	*Maturity 2010*
Metal Commitments			
Gold Put options			
Ounces	199 496	117 416	82 080
Weighted average NZ$/oz	1 068	1 115	1 000
Present value NZ$/oz	1 036	1 098	947
Gold Call Options			
Ounces	136 024	32 000	104 024
Weighted average NZ$/oz	1 172	1 530	1 062
Present value NZ$/oz	1 127	1 520	1 006

The net return if all the bullion option contracts guaranteed by the consolidated entity were to be delivered as compared to the market value of these obligations at December 31, 2008 was $32.7m deficit (2007: $15.7m deficit).

A summary of the Group's derivatives is set out below:

	2008 $'000	*2007 $'000*
Current Assets		
Gold put options	1 493	1 084
Non Current Assets		
Gold put options	1 997	4 097
Total Assets	**3 490**	**5 181**
Current Liabilities		
Gold call options	1 831	-
Gold forward sales contracts	46 949	30 402
	48 780	30 402
Non Current Liabilities		
Gold call options	34 358	20 894
Gold forward sale contracts	45 708	67 322
	80 066	88 216
Total liabilities	**128 846**	**118 618**

The net loss recognised in the statement of operations relating to the amount of gains and losses reclassified to net income as a result of the discontinuance of cash flow hedges because it is probable that the original anticipated transactions will not occur by the end of the originally specified time period is Nil (2007: Nil).

Sensitivities

At December 31, 2008 if the foreign exchange rates had increased/decreased by 10% with all other constants remaining the same the effect on the after tax profit will be $24.7m higher/lower due to conversion of results from functional currency into reporting currency. The equity affect will be $24.7m due to conversion from functional currency to reporting currency.

(c) Interest Rate Risk and Liquidity Risk

Interest rate risk
Objective
The consolidated entity's approach to managing the risk of adverse changes in interest rates is to manage the identified net exposure through variable and fixed rate arrangements or financial derivatives.

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

Sensitivities

At December 31, 2008 if interest rates had increased/decreased by 100 basis points from the year end rates with all other variables held constant, after tax profit for the year would have been $0.4m higher/lower, as a result of higher/lower interest income from cash and cash equivalents and higher/lower interest expense from capital lease and project loan facility. Equity would be $0.4m higher/lower as a result of interest income and expenses.

Liquidity risk
Objective
The consolidated entity's approach to managing liquidity risk is to ensure cost effective continuity in funding and trading liquidity. Funding liquidity is maintained through the use of bank project loans, convertible bonds, capital leases and operating leases. Trading liquidity is maintained by an effective spread between the counterparties with which the consolidated entity enters into derivative instruments.

Policy
The consolidated entity's funding liquidity risk policy is to source debt or equity funding appropriate to the use of funds. Examples include equipment leases to finance the mining fleet and the convertible note issue to finance the development of new mines. Trading risk policy is to ensure derivative transactions are spread between at least two secured counterparties acknowledging both volume and tenure of the derivative to reduce the risk of trading liquidity arising as a result of the inability to close down existing derivative positions, or hedge underlying risks incurred in normal operations.

The consolidated entity's exposure to interest rate risk, and the effective weighted average interest rate for classes of financial assets and financial liabilities, both recognised and unrecognised at the reporting date, is set out below:

Year ended December 31, 2008	*Less than 1 year*	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*5 + years*	*Total*	*Weighted average effective interest rate*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*%*
Fixed rate								
Financial Liabilities								
Insurance loan	240	-	-	-	-	-	240	3.23%
Convertible Notes	-	-	-	37 030	68 727	-	105 757	9.89%
	240	-	-	37 030	68 727	-	105 997	
Floating rate								
Financial Assets								
Cash and cash equivalents	9 711	-	-	-	-	-	9 711	1.73%
	9 711	-	-	-	-	-	9 711	
Financial Liabilities								
Project Debt facility	6 950	4 633	-	-	-	-	11 583	6.95%
Capital Leases	6 897	7 495	15 277	2 611	5 215	1 636	39 131	9.36%
	13 847	12 128	15 277	2 611	5 215	1 636	50 714	

Year ended December 31, 2007	*Less than 1 year*	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*5 + years*	*Total*	*Weighted average effective interest rate*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*%*
Fixed rate								
Financial Liabilities								
Insurance loan	575	-	-	-	-	-	575	10.55%
Convertible Notes	-	-	-	-	44 846	80 854	125 700	9.88%
	575	-	-	-	44 846	80 854	126 275	
Floating rate								
Financial Assets								
Cash and cash equivalents	119 837	-	-	-	-	-	119 837	5.51%
	119 837	-	-	-	-	-	119 837	
Financial Liabilities								
Project Debt facility	9 959	9 193	12 258	-	-	-	31 410	11.44%
Capital Leases	8 152	9 123	9 915	20 208	3 454	9 062	59 914	10.60%
	18 111	18 316	22 173	20 208	3 454	9 062	91 324	

(d) Credit Risk

The consolidated entity's operations and its access to commodity and currency forward sales transactions create credit risk.

The Board approves all commodity and currency sales transactions to counterparties. The board establish limits and methodology for measuring and reporting credit exposures to financial counterparties.

Maximum credit risk of financial assets is the carrying amounts recorded in the balance sheet.

The consolidated entity is not materially exposed to any individual customer or other third party.

Financial instruments that potentially subject the consolidated entity to concentrations of credit risk consist principally of cash deposits and hedge assets. The consolidated entity places its cash deposits and hedge assets with financial institutions and limits the amount of credit exposure to any one financial institution. The cash deposits all mature within three months and attract a rate of interest at normal short-term money market rates.

(e) Sensitivities

The following table summarises the sensitivity of the company's financial assets and liabilities to interest rate risk and foreign exchange risk.

December 31, 2008		**Interest rate risk**				**Foreign exchange risk**			
		-100 bps		**+100 bps**		**-10%**		**+10%**	
	Carrying amount	Loss	Equity	Loss	Equity	Loss	Equity	Loss	Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets									
Cash and cash equivalents	9 711	(97)	(97)	97	97	(1 558)	(1 558)	1 558	1 558
Other assets	6 170	-	-	-	-	-	(617)	-	617
Financial Liabilities									
Capital Leases	39 132	391	391	(391)	(391)	-	3 913	-	(3 913)
Project Loan	11 583	116	116	(116)	(116)	-	1 158	-	(1 158)
Other liabilities	262 518	-	-	-	-	-	26 252	-	(26 252)
Total increase/(decrease)		**410**	**410**	**(410)**	**(410)**	**(1 558)**	**(29 148)**	**1 558**	**29 148**

23 CAPITAL DISCLOSURE

The company's objective when managing capital is to:

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

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

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

	31 December 2008	31 December 2007
Total Debt (as shown in the balance sheet)*	285 558	336 217
Less: Cash and cash equivalents	9 711	119 837
Net Debt	275 847	216 380
Total Equity (as shown in the balance sheet)	246 656	354 165
Add Subordinated debt instruments	-	-
Less: amounts in accumulated other comprehensive income relating to cash flow hedges	-	882
Adjusted capital	246 656	353 283
Debt to adjusted capital ratio	1.12	0.61

* Interest bearing liabilities and Derivative liabilities

The change in the debt-to-adjusted capital ratio results principally from the cash movements with respect to continued investment throughout 2008 in the development of the Didipio mining interests in the Philippines.

The company is subject to a number of externally imposed capital requirements relating to financing agreements; as at December 31, 2008 the company had complied with all requirements.

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Recognised Financial Instruments

The carrying amounts and net fair values of financial assets and liabilities as at the reporting date are as follows:

	Carrying amount		*Net Fair value*	
	2008 $'000	*2007 $'000*	*2008 $'000*	*2007 $'000*
Financial assets				
Cash	9 711	119 837	9 711	119 837
Accounts receivable and other receivables	2 680	3 426	2 680	3 426
Put options	3 490	5 181	3 490	5 181
Financial liabilities				
Trade payables	27 675	34 139	27 675	34 139
Capital leases	39 131	59 914	30 381	51 270
Forward gold contracts	92 657	97 724	92 657	97 724
Convertible notes	105 757	125 700	105 436	120 755
Call options and foreign exchange contracts	36 190	20 894	36 190	20 894
Project debt facility	11 583	31 410	10 550	29 726
Insurance premium loan	240	575	240	575

Cash, Accounts receivable and Trade payables have the same carrying amount as fair value due to being short term maturities.

Other than cash and forward gold contracts, none of the other financial assets and liabilities are readily traded on organised markets in a standardised form.

The fair value of forward gold instruments has been calculated by discounting the future value of the forward contract at the appropriate prevailing quoted market rates at reporting date.

The fair value of capital leases is the present value of the minimum lease payments determined using an appropriate market discount rate.

The fair value of convertible notes is the present value of the debt component using an appropriate market interest rate for equivalent debt.

(b) Unrecognised Financial Instruments

There are no unrecognised financial instruments held by the Group at December 31, 2008 (2007: nil).

25 COMMITMENTS

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

	2008	*2007*
	$'000	*$,000*
Within 1 year	2 501	3 278
Within 1 to 2 years	2 327	247
Within 2 to 3 years	2 145	69
Within 3 to 4 years	2 053	-
Within 4 to 5 years	2 053	-
More than five years	1 420	-
	12 499	3 594

Operating leases are entered into as a means of funding the acquisition of minor items of plant and equipment. No leases have escalation clauses other than in the event of payment default. No lease arrangements create restrictions on other financing transactions.

(b) Lease commitments under capital leases:

	2008	*2007*
	$'000	*$'000*
Within 1 year	8 904	11 331
Within 1 to 2 years	9 129	11 787
Within 2 to 3 years	16 523	12 085
Within 3 to 4 years	3 451	21 863
Within 4 to 5 years	5 750	4 571
More than five years	1 703	9 861
	45 460	71 498
Future finance charges	(6 328)	(11 584)
Present value of minimum lease payments	39 132	59 914
Reconciled to:		
Current interest bearing liability (Note 15)	6 897	8 153
Non-Current interest bearing liability (Note 15)	32 235	51 761
Total	39 132	59 914

Capital leases are entered into as a means of funding the acquisition of plant and equipment, primarily mobile mining equipment. Rental payments are subject to quarterly interest rate adjustments.

(c) Gold Production

The consolidated entity has certain obligations to deliver future gold production into bullion forward sales contracts. Refer to Note 22(b).

The consolidated entity also has certain obligations to pay royalties on gold production at prescribed levels which are expected to apply in 2009.

(d) Capital commitments

At December 31, 2007, the consolidated entity has commitments of $6.6m (2007: $32.7m), principally relating to the development of mining facilities.

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

	2008	*2007*
	$'000	*$'000*
Within one year:		
- development of new mining facilities	5 656	29 746
After one year but not more than five years:		
- development of new mining facilities	917	2 951
Longer than five years	-	-
	6 573	32 697

(e) The consolidated entity is committed to annual expenditure of approximately $0.2m (NZ$0.4m) (2007 $0.4m NZ$0.5m) to comply with regulatory conditions attached to its New Zealand prospecting licences and prospecting, exploration and mining permits

26 CONTINGENCIES

a. The consolidated entity 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 $13.8m (NZ$23.9m) (2007 $13.9m NZ$18.2m).

b. The consolidated entity has provided a cash operating bond to the New Zealand Department of Conservation of $0.2 m (NZ$0.4 m) (2007 $0.3m NZ$0.4m) 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 consolidated entity may receive from time to time claims and suits for damages including workers compensation claims, motor vehicle accidents or other items of similar nature. The consolidated entity 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 December 31, 2008 the outstanding rental obligations under the capital lease are $39.1m (2007 $59.9 m). Refer to Note 25 (b). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

e. The Didipio Project is held under a Financial and 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 company can recover development expenditure, capped at 5 years from the start of production, 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, among other things, expenses relating to mining, processing, marketing, depreciation and certain specified overhead. In addition, all taxes paid to the Government shall be included as part of the 60% payable to the Government.

27 SUBSEQUENT EVENTS

On January 1 2009, 30,321,702 listed options lapsed as they were not exercised before this date.