

OceanaGold Corporation

# Annual Information Form

For the year ended December 31, 2010



Pictured: "Haast Eagle" sculpture at the Macraes Heritage and Art Park



*Unlocking Embedded Value*

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March 31, 2011  
[www.oceanagold.com](http://www.oceanagold.com)

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## 1. CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document contains “forward-looking information” within the meaning of applicable securities laws which may include, but is not limited to, statements with respect to the future financial and operating performance of the Company, its subsidiaries and affiliated companies, its mining projects, the future price of gold, the estimation of mineral reserves and mineral resources, the realisation of mineral reserve and resource estimates, costs of production, estimates of initial capital, sustaining capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of the development of new mines, costs and timing of future exploration, requirements for additional capital, governmental regulation of mining operations and exploration operations, timing and receipt of approvals, consents and permits under applicable mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “targets”, “aims”, “anticipates” or “believes” or variations (including negative variations) of such words and phrases, or may be identified by statements to the effect that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries and/or its affiliated companies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, future prices of gold; general business, economic, competitive, political and social uncertainties; the actual results of current production, development and/or exploration activities; conclusions of economic evaluations and studies; fluctuations in the value of the United States dollar relative to the Canadian dollar, the Australian dollar or the New Zealand dollar; changes in project parameters as plans continue to be refined; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability or insurrection or war; labour force availability and turnover; delays in obtaining financing or governmental approvals or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled “Risk Factors” in this document. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performance, achievements or events to differ from those anticipated, estimated or intended. Also, many of the factors are beyond the Company’s control. Forward-looking statements and information contained herein are made as of the date of this document and, subject to applicable securities laws, the Company disclaims any obligation to update any forward-looking statements and information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information due to the inherent uncertainty therein.

## 2. TECHNICAL DISCLOSURE

The estimates of mineral resources and reserves contained in this Annual Information Form (“AIF”) were prepared in accordance with the standards set out in the Australasian Code for the Reporting of Mineral Resources and Ore Reserves of December 2004 (the “JORC Code”) and in accordance with National Instrument 43-101 of the Canadian Securities Administrators (“NI 43-101”). The JORC Code is the accepted reporting standard for the Australian Stock Exchange Limited (“ASX”) and the New Zealand Stock Exchange Limited (“NZX”).

Unless stated otherwise, in respect of the mineral projects of the Company referred to in this AIF, the scientific and technical information (including disclosure regarding mineral resources and mineral reserves) is based upon the following NI 43-101 compliant technical reports (collectively, the “Technical Reports”):

- (a) “Technical Report for the Macraes Project located in the Province of Otago, New Zealand” dated February 12, 2010, prepared by R. Redden, Development and Technical Services Manager, and J.G. Moore, Principal Resource Geologist, both of Oceana Gold (New Zealand) Limited (the “Macraes Technical Report”);
- (b) “Independent Technical Report for the Reefton Project located in the Province of Westland, New Zealand” dated May 9, 2007, prepared by J. S. McIntyre, I. R. White and R. S. Frew of Behre Dolbear Australia Pty Limited, B. L. Gossage of RSG Global Pty Limited and R. R. Penter of GHD Limited (the “Reefton Technical Report”); and
- (c) “Technical Report for the Didipio Project Located in Luzon, Philippines” dated October 29, 2010, prepared by J.S. McIntyre of Behre Dolbear Australia Pty Ltd, J.G. Moore, Principal Resource Geologist, and J. Wyche of Australian Mine Design and Development Pty Limited (the “Didipio Technical Report”).

Each of the authors of the Technical Reports is independent of the Company within the meaning of NI 43-101 except for R. Redden and J.G. Moore. R. Redden and J.G. Moore are full-time employees of the Company’s subsidiary, Oceana Gold (New Zealand) Limited. The Technical Reports have been filed with the Canadian securities regulatory authorities and are available for review at [www.sedar.com](http://www.sedar.com) under the Company’s profile.

Where the mineral reserve and mineral resource estimates of the Company’s Reefton and Macraes Projects set out in this AIF differ from those set out in the Technical Report for the relevant property, such differences arise from updates to such mineral reserve and mineral resource estimates as a result of depletion through production and additional exploration activities. The updates of mineral reserves for the Macraes and Reefton Projects were prepared by, or under the supervision of, R. Redden. The updates of mineral resources were prepared by, or under the supervision of, J. G. Moore. Both R. Redden, and J. G. Moore are Members of the Australasian Institute of Mining and Metallurgy and each is a “qualified person” for the purposes of NI 43-101.

All such persons are “qualified persons” for purposes of NI 43-101 and have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the JORC Code. Messrs Moore and Redden consent to inclusion in this AIF of the matters based on their information in the form and context in which it appears.

The environmental matters disclosed in this AIF include events and circumstances subsequent to the preparation of the Technical Reports. To this extent, such disclosures are based on the Company’s own knowledge.

### 3. BASIS OF PRESENTATION

Unless the context otherwise requires, references to “OGC”, “OceanaGold”, the “Company”, “we”, “us” or “our” include OceanaGold Corporation and each of its subsidiaries (save that, where appropriate, Oceana Gold Limited is defined separately as “OGL”).

Please refer to the “Technical Glossary” for the meanings of certain technical terms used in this AIF. Where applicable, terms with a technical meaning related to mineral extraction are defined by the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) – Definitions and Guidelines adopted by the CIM Council on August 20, 2000, as those definitions may be amended from time to time by the CIM (the “CIM Standards”).

All references to mineral reserves and mineral resources are references to the gross mineral reserves and mineral resources per project or property, unless reference is made to “attributable” mineral reserves and/or mineral resources which refers only to the Company’s attributable portion of the mineral reserves and mineral resources on any project or property. All information with respect to mineral resources and reserves is reported in accordance with NI 43-101 and the CIM Standards and, unless otherwise indicated, is also consistent with the JORC Code.

### 4. CURRENCY AND EXCHANGE RATES

Unless otherwise indicated, the information in this AIF is given as of December 31, 2010. All amounts in this AIF are expressed in United States dollars unless otherwise indicated. References to “C\$” are to Canadian dollars, “A\$” are to Australian dollars and “NZ\$” are to New Zealand dollars.

The following table sets forth market indicative exchange rates for the previous five calendar years.

		AUD:USD	EUR:USD	NZD:USD	PHP:USD
2010	End rate	1.0124	1.3268	0.7684	0.0228
	Average rate	0.9200	1.3271	0.7219	0.0222
	High	1.0158	1.4536	0.7956	0.0236
	Low	0.8137	1.1929	0.6623	0.0211
2009	End rate	0.8944	1.4316	0.7210	0.0217
	Average rate	0.8061	1.4051	0.6470	0.0210
	High	0.9371	1.5094	0.7588	0.0218



		AUD:USD	EUR:USD	NZD:USD	PHP:USD
	Low	0.6299	1.2530	0.4923	0.0204
2008	End rate	0.6902	1.4097	0.5791	0.0211
	Average rate	0.8529	1.4713	0.7146	0.0248
	High	0.9849	1.6038	0.8214	0.0248
	Low	0.6005	1.2329	0.5190	0.0197
2007	End rate	0.8757	1.4719	0.7742	0.0242
	Average rate	0.8385	1.3703	0.7359	0.0216
	High	0.9346	1.4857	0.8078	0.0243
	Low	0.7721	1.2905	0.6787	0.0195
2006	End rate	0.7883	1.3193	0.7040	0.0203
	Average rate	0.7531	1.2558	0.6493	0.0195
	High	0.7898	1.3333	0.7050	0.0203
	Low	0.7042	1.1833	0.5957	0.0182

Source: <http://www.ozforex.com.au/>

## 5. CORPORATE STRUCTURE

### 5.1 OceanaGold Corporation

The registered office address of OceanaGold Corporation is 2900-550 Burrard Street, Vancouver, British Columbia, V6C 0A3, Canada, and the head office address of the Company is Level 5, 250 Collins Street, Melbourne, Victoria, 3000, Australia.

OGC is a gold mining and exploration company that has (taken together with OGL) been listed on the ASX and the main board equity security market operated by the NZX since 2004 and on the Toronto Stock Exchange ("TSX") since June 27, 2007.

In 2007, OGC was established to be the Canadian holding company to carry on the business of Oceana Gold Limited pursuant to a court-approved arrangement under Australian law (the "Reorganisation"). Pursuant to the Reorganisation, holders of ordinary shares of OGL exchanged their shares for either common shares of the Company ("Common Shares") or "CDIs" (units of beneficial ownership in the Common Shares), on the basis of one Common Share or one CDI in OGC for every five ordinary shares of OGL held. In addition, all outstanding options to purchase ordinary shares of OGL which were listed on the ASX and quoted on the NZX ("OGL Listed Options") and all other options to purchase ordinary shares of OGL were exchanged for options to purchase Common Shares listed on the ASX and quoted on the NZX ("Listed Options") and unlisted/unquoted options to purchase Common Shares ("Options"), as the case may be. In addition, the terms of the outstanding convertible notes of OGL were amended to provide that the Company will issue Common Shares or CDIs in OceanaGold Corporation to holders of such convertible notes upon their conversion (in lieu of OGL ordinary shares).

In addition, in connection with the Reorganisation: (i) OGL became a wholly-owned subsidiary of the Company; (ii) the ordinary shares and OGL Listed Options were delisted from the ASX and ceased to be quoted on the NZX; (iii) the Common Shares issued pursuant to the Reorganisation were listed on the TSX and quoted on NZX and the CDIs were listed on the ASX; and (iv) the Listed Options of the Company issued pursuant to the Reorganisation were listed on the ASX and quoted on the NZX.

OGC's asset portfolio consists of the following major projects:

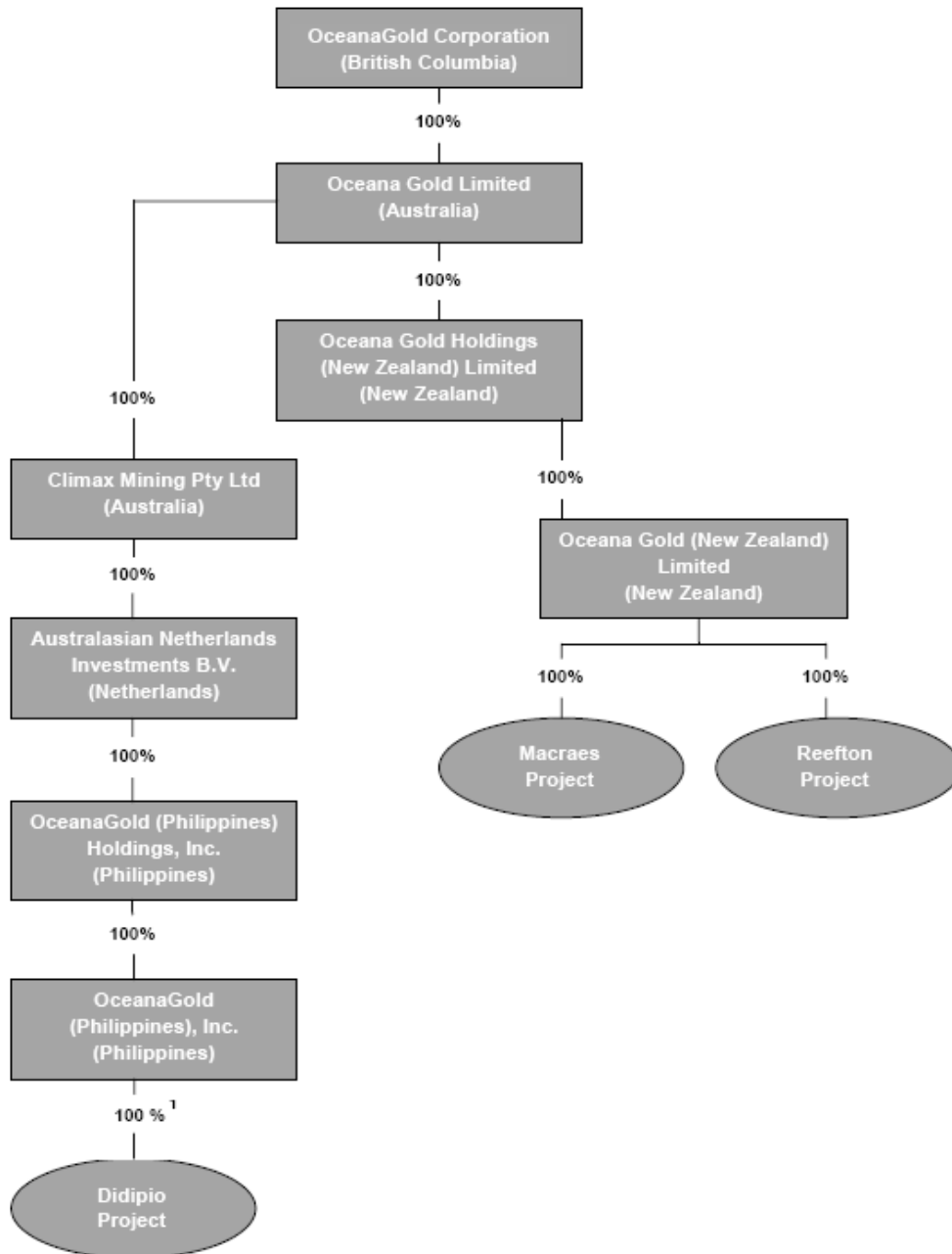
- the Macraes Project, which includes the operating Macraes open pit gold mine and Frasers underground gold mine;
- the Reefton Project, which includes the operating Globe Progress open pit gold mine; and
- the Didipio Project (or "Didipio"), which currently is in the development phase and at the time of this report, is undertaking pre-construction activities.

The Macraes Project and the Reefton Project are located in New Zealand, and the Didipio Project is located in the Philippines. In 2010, OGC produced 268,602 ounces of gold with gold sales of 268,087 ounces at a cash cost of US\$570 per ounce from the Macraes and Reefton goldfields. Construction of the Didipio Project commenced in 2008 but was placed on care and maintenance later in that year pending a review of the project scope and capital requirements. Such review was completed in 2010 and a detailed engineering study is currently underway as part of the development phase. A capital raising was also completed in 2010 with proceeds to support development of the Didipio Project.

## 5.2 Corporate Structure

The Company's material assets are owned through a series of primary subsidiaries, as shown on the organisational chart below and a full listing is contained in "Appendix B."

Figure 1: OceanaGold Corporate Structure



<sup>1</sup> The company currently holds a 100% interest in the Didipio Project (save that the FTAA provides Mr Jorge Gonzales with the right to a future 8% free carry interest during the operating phase subject to recovery of all pre production costs).

## **6. GENERAL DEVELOPMENT OF THE BUSINESS**

### ***Mining Operations***

During the past three years, the Company has undertaken significant developments with respect to its mining operations in New Zealand and the project in the Philippines.

In 2009, the Company commenced a brownfields exploration program in the vicinity of its existing mines in New Zealand, and as a result the Company increased its mineral reserves at its Macraes and Reefton goldfields. The Company has undertaken further exploration at both goldfields with a particular focus at the Reefton goldfield and surrounding areas. The increased exploration activities have focused on new drill programs targeting potential underground mining targets; high priority targets outside the continuing area; and a review of the Sam's Creek project to examine the best strategic option to progress the deposit.

In May 2008, the Company announced a revised capital cost estimate for its Didipio Project, and following a strategic review and examination of its funding options, the Company undertook initiatives to control project expenditures until supplemental financing was completed. As a result, a number of contracts were delayed or temporarily suspended and the Didipio Project was placed on care and maintenance. In September 2010, the Company completed an internal economic and technical re-optimisation study on its Didipio Project, which addressed a review of mining method, schedule, process plant layout and infrastructure requirements and associated capital to recommence construction and complete the Didipio Project. In December 2010, the Company initiated work on a number of fronts in preparation to re-commence construction on Didipio using the proceeds from the October Offering (as defined below).

### ***Hedging Contracts***

Since October, 2008, the Company undertook a number of steps to settle and close out all gold hedging facilities, resulting in the Company becoming a 100% unhedged gold producer by the end of the first quarter of 2010. The Company sold all of its gold production into the spot market for the remainder of 2010.

### ***Financing Activities***

In July, 2009, the Company raised proceeds of approximately A\$24.2 million through a non-underwritten placement of approximately 24.2 million new ASX-listed CDIs at an issue price of A\$1.00 per CDI. For a description of the Company's financing activities during 2010, please refer to "Prior Sales".

## **7. DESCRIPTION OF BUSINESS**

### **7.1 Business Strategy**

The Company's business strategy is to increase its reserve and resource base and expand its current mining operations and production by:

- developing new reserves and resources at its existing mines from in-pit, adjacent and regional exploration;
- continuing performance improvements and progressing exploration opportunities to grow the business;
- successfully bringing the Didipio Project into production; and
- where appropriate, pursuing selective acquisition and exploration opportunities to grow the business and extend mine life in New Zealand.

The Company's goal is to maintain steady rate gold production from the New Zealand operations of approximately 270,000 ounces per year while at the same time successfully extending mine life through the conversion of resources to reserves and the new discovery of additional resources at the Macraes and Reefton goldfields. In addition, OceanaGold will pursue other growth opportunities from both organic projects such as the Didipio Gold-Copper Project in the Philippines as well as through accretive transactions involving other producing or near-term production precious metals assets.

## 7.2 Production and Operations

The table below summarises the total production and operating information for the year ended December 31, 2010.

	First Quarter 2010	Second Quarter 2010	Third Quarter 2010	Fourth Quarter 2010	Year Ended 2010	Year Ended 2009	Year Ended 2008
<u>Gold Production</u>							
Ounces Produced	65,291	67,541	68,763	67,007	268,602	300,391	259,182
Ounces Sold	65,054	67,347	67,672	68,027	268,087	300,044	264,124
Cash operating cost (US\$/oz)	551	564	568	596	570	411	532
Total operating cost (US\$/oz)	822	841	834	825	830	630	722
Average price received (US\$/oz)	743	1,191	1,232	1,379	1,140	790	822
<u>Macraes, NZ</u>							
Ounces Produced	44,165	41,504	49,732	47,358	182,759	213,049	183,680
Mill Feed (dry milled tonnes)	1,289,938	1,336,605	1,476,665	1,355,399	5,458,607	5,635,537	5,545,008
Mill Feed grade (grams/tonnes)	1.30	1.16	1.27	1.40	1.28	1.47	1.31
<u>Reefton, NZ</u>							
Ounces Produced	21,126	26,037	19,031	19,649	85,843	87,342	76,132
Mill Feed (dry milled tonnes)	345,720	401,064	467,679	408,418	1,622,881	1,278,176	1,192,954
Mill Feed grade (grams/tonnes)	2.44	2.25	1.51	1.98	2.01	2.60	2.47

## 7.3 Resources and Reserves

The Company has estimated mineral resources and mineral reserves for its Macraes, Reefton and Didipio Projects and mineral resources for Sams Creek as shown below as at December 31, 2010.



**MINERAL RESOURCES (as at December 31, 2010)<sup>(1)</sup>**

RESOURCE CUT OFF GRADE	RESOURCE AREA	MEASURED			INDICATED			MEASURED & INDICATED					INFERRED RESOURCE				
		Mt	Au g/t	Cu %	Mt	Au g/t	Cu %	Mt	Au g/t	Au Moz	Cu %	Cu Kt	Mt	Au g/t	Au Moz	Cu %	Cu Kt
0.5g/t	Coronation	.	.	.	4.61	1.05	.	4.61	1.05	0.16	.	.	0.9	1.0	0.03	.	.
0.5g/t	Deepdell	0.23	1.67	.	.	.	.	0.23	1.67	0.01	.	.	0.3	1.0	0.01	.	.
Geologically Constrained	Golden Point	.	.	.	.	.	.	.	.	.	.	.	1.5	2.6	0.12	.	.
0.5g/t	Round Hill / Southern pit	3.73	1.52	.	27.68	1.11	.	31.41	1.16	1.17	.	.	9.7	1.0	0.30	.	.
0.5g/t	Innes Mills	0.82	1.59	.	13.89	1.00	.	14.72	1.03	0.49	.	.	6.1	0.7	0.14	.	.
0.5g/t	Frasers Pit	13.36	1.38	.	24.52	0.84	.	37.88	1.03	1.25	.	.	8.2	0.7	0.20	.	.
Geologically Constrained	Frasers Underground P1 & P2	2.41	2.82	.	5.44	1.89	.	7.85	2.18	0.55	.	.	5.1	1.5	0.25	.	.
Geologically Constrained	Frasers Underground Panel 2 Deeps	.	.	.	0.81	2.77	.	0.81	2.77	0.07	.	.	0.4	2.1	0.03	.	.
0.5g/t	Golden Bar	0.09	1.56	.	1.18	1.40	.	1.27	1.41	0.06	.	.	5.0	1.4	0.22	.	.
0.5g/t	Taylor's	.	.	.	0.28	1.50	.	0.28	1.50	0.01	.	.	0.4	1.1	0.01	.	.
0.5g/t	Stockpiles	6.52	0.64	.	.	.	.	6.52	0.64	0.13	.	.	.	.	.	.	.
<b>MACRAES TOTAL</b>		<b>27.16</b>	<b>1.36</b>	<b>.</b>	<b>78.42</b>	<b>1.08</b>	<b>.</b>	<b>105.58</b>	<b>1.15</b>	<b>3.90</b>	<b>.</b>	<b>.</b>	<b>37.6</b>	<b>1.1</b>	<b>1.31</b>	<b>.</b>	<b>.</b>
0.7g/t	Globe Progress	2.11	2.77	.	7.44	1.76	.	9.55	1.98	0.61	.	.	1.3	1.6	0.07	.	.
0.7g/t	Empress	.	.	.	0.92	1.92	.	0.92	1.92	0.06	.	.	0.2	1.8	0.01	.	.
0.7g/t	Souvenir	.	.	.	0.20	4.01	.	0.20	4.01	0.03	.	.	0.2	2.1	0.01	.	.
0.8g/t	Supreme	.	.	.	.	.	.	.	.	.	.	.	0.8	1.5	0.04	.	.
Geologically Constrained	Blackwater	.	.	.	.	.	.	.	.	.	.	.	0.5	21.9	0.34	.	.
0.7g/t	Stockpiles	0.54	1.11	.	.	.	.	0.54	1.11	0.02	.	.	.	.	.	.	.
<b>REEFTON TOTAL</b>		<b>2.65</b>	<b>2.43</b>	<b>.</b>	<b>8.55</b>	<b>1.83</b>	<b>.</b>	<b>11.20</b>	<b>1.97</b>	<b>0.71</b>	<b>.</b>	<b>.</b>	<b>3.0</b>	<b>4.8</b>	<b>0.47</b>	<b>.</b>	<b>.</b>
0.7g/t	Main Zone	.	.	.	.	.	.	.	.	.	.	.	13.5	1.8	0.77	.	.
<b>SAMS CREEK TOTAL</b>		<b>.</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>13.5</b>	<b>1.8</b>	<b>0.77</b>	<b>.</b>	<b>.</b>
* 0.4g/t / 1.0g/t	Didipio Copper Gold Project	15.58	1.72	0.57	44.49	0.80	0.41	60.07	1.03	2.00	0.45	271	21.2	0.5	0.31	0.26	55
<b>DIDIPIO TOTAL</b>		<b>15.58</b>	<b>1.72</b>	<b>0.57</b>	<b>44.49</b>	<b>0.80</b>	<b>0.41</b>	<b>60.07</b>	<b>1.03</b>	<b>2.00</b>	<b>0.45</b>	<b>271</b>	<b>21.2</b>	<b>0.5</b>	<b>0.31</b>	<b>0.26</b>	<b>55</b>
<b>TOTAL RESOURCE</b>		<b>45.39</b>	<b>1.54</b>	<b>.</b>	<b>131.46</b>	<b>1.03</b>	<b>.</b>	<b>176.85</b>	<b>1.16</b>	<b>6.61</b>	<b>.</b>	<b>271</b>	<b>75.2</b>	<b>1.2</b>	<b>2.86</b>	<b>.</b>	<b>55</b>

Note: all resources are inclusive of reserves.

\*0.4g/t EqAu >2540mRL and 1.0g/t <2540mRL. No resource reported below 2270mRL. EqAucut-off is gold equivalent based on US\$800/oz gold and US\$2.60/lb copper.

- (1) The mineral resources stated above include the mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The mineral resource estimates were prepared by, or under the supervision of, J.G. Moore.
- (2) The Macraes and Reefon mineral resource figures were updated since the Macraes and Reefon Technical Reports and were released by the Company on February 15, 2011.

**MINERAL RESERVES (as at December 31, 2010)<sup>(1)</sup>**

RESERVE CUT OFF GRADE	RESERVE AREA	PROVED			PROBABLE			TOTAL RESERVE				
		Mt	Au g/t	Cu %	Mt	Au g/t	Cu %	Mt	Au g/t	Au Moz	Cu %	Cu Mt
0.5g/t	Coronation				1.95	1.05		1.95	1.05	0.07		
0.5g/t	Frasers Open Pit	10.50	1.46		10.12	0.91		20.62	1.19	0.79		
1.9g/t	Frasers Underground P1 & P2 & P2D	0.65	2.80		1.21	2.41		1.86	2.54	0.15		
0.5g/t	Round Hill/Southern Pit	2.01	1.65		6.65	1.22		8.65	1.32	0.37		
0.5g/t	Innes Mills	0.56	1.69		4.51	0.98		5.06	1.06	0.17		
0.5g/t	Stockpiles	6.52	0.64					6.52	0.64	0.13		
<b>0.5g/t</b>	<b>MACRAES TOTAL</b>	<b>20.23</b>	<b>1.26</b>		<b>24.43</b>	<b>1.09</b>		<b>44.66</b>	<b>1.17</b>	<b>1.68</b>		
0.7g/t	Globe Progress	1.65	2.76		4.81	1.80		6.47	2.04	0.42		
0.7g/t	Empress				0.12	2.37		0.12	2.37	0.01		
0.7g/t	Souvenir				0.15	3.44		0.15	3.44	0.016		
0.7g/t	Stockpiles	0.54	1.11					0.54	1.11	0.02		
<b>0.7g/t</b>	<b>REEFTON TOTAL</b>	<b>2.19</b>	<b>2.35</b>		<b>5.08</b>	<b>1.86</b>		<b>7.27</b>	<b>2.01</b>	<b>0.47</b>		
	<b>TOTAL NEW ZEALAND RESERVE</b>	<b>22.42</b>	<b>1.37</b>		<b>29.51</b>	<b>1.22</b>		<b>51.93</b>	<b>1.29</b>	<b>2.15</b>		
*	Didipio Copper Gold Open Pit	6.06	1.23	0.74	7.81	0.50	0.55	13.88	0.82	0.37	0.63	0.09
*	Didipio Copper Gold Underground	5.51	2.62	0.53	10.34	1.76	0.51	15.85	2.06	1.05	0.52	0.08
	<b>DIDIPIO TOTAL</b>	<b>11.57</b>	<b>1.89</b>	<b>0.64</b>	<b>18.15</b>	<b>1.22</b>	<b>0.53</b>	<b>29.72</b>	<b>1.48</b>	<b>1.41</b>	<b>0.57</b>	<b>0.17</b>
	<b>TOTAL RESERVE</b>	<b>33.99</b>	<b>1.55</b>	<b>.</b>	<b>47.66</b>	<b>1.22</b>	<b>.</b>	<b>81.66</b>	<b>1.36</b>	<b>3.56</b>	<b>.</b>	<b>0.17</b>

Macraes and Reefton cut-off is based on US\$950/oz gold. Note a 0.7g/t gold cut-off was used in the oxide zone.

Figures are in-situ delivered to ROM (no mill factor applied)

\*Didipio cut-off is Net Metal Value based, using US\$800/oz gold and US\$2.60/lb copper. See the Didipio technical report for further information.

- (1) The Macraes and Reefton mineral reserve figures were updated since the Macraes and Reefton Technical Reports and were released by the Company on February 15, 2011.
- (2) Macraes Project and Reefton Project cut-off is based on US\$950/oz gold. The estimates of mineral reserves for the Macraes Project and the Reefton Project were prepared by, or under the supervision of, R. Redden.
- (3) Didipio Gold-Copper Project cut-off is gold equivalent based on US\$800/oz gold and US\$2.60/lb. copper. The estimates of mineral reserves for the Didipio Gold-Copper Project were prepared by, or under the supervision of, J. Wyche.
- (4) Figures are in-situ delivered to ROM (no mill factor applied).

## 7.4 Gold Market and Price

Gold is used primarily for production, fabrication and investment. Gold is traded on international markets and individual buyers and sellers generally are unable to influence its price.

## 7.5 Employee Relations and Personnel

As at December 31, 2010, OGC and its subsidiaries engaged employees and contractors in Australia, New Zealand and the Philippines. OGC also engaged a number of contractors to work on specific projects. New Zealand based operations staff are members of various unions and subject to collective agreements. The Company considers its employee relations to be amicable and the Company has not been subject to any material industrial dispute in the last year.

As at December 31, 2010 and not including contractors, OceanaGold had 506 employees in New Zealand, 96 in the Philippines and 10 in Australia.

## **7.6 Competition**

The Company competes with other mining companies for acquiring mineral claims, permits, concessions and other mineral interests as well as for recruiting and retaining qualified employees. There is significant competition for the limited number of gold acquisition opportunities and, as a result, OGC may be unable to acquire attractive gold mining properties on terms it considers acceptable.

## **7.7 Foreign Operations**

The Company's mineral properties are subject to the risks inherent in operating in a foreign country. In this regard, please refer to the "Risk Factors" section of this document.

## **7.8 Environmental Protection**

### ***New Zealand***

New Zealand's principal environmental protection law is the Resource Management Act 1991 ("RMA"). Territorial authorities and regional councils have primary responsibility for administering the RMA. OceanaGold's use of land, water, and air in the course of its mining operations must be permitted by a rule in a district or regional plan, or sanctioned under resource consents. Consents are granted subject to various conditions such as the requirement to lodge an environmental bond; conditions to avoid, remedy, or mitigate significant adverse effects on the environment; and monitoring and periodic reporting on environmental effects. Failure to comply with the conditions of consent may lead to payment of fines, prosecution and in most severe cases, the cancellation of the consent. OceanaGold holds a range of resource consents relating to its New Zealand operations, which are periodically varied and extended by application to the relevant local authorities. Its operations are monitored and have a history of general compliance, although water management issues have been present at the Reefton mine - please refer to section 9.3 for further details. Access to the Reefton mine is subject to additional conditions concerned with protection of the environment. These conditions for access are imposed by agreement with the New Zealand Department of Conservation.

### ***Philippines***

Mining projects in the Philippines are generally required to secure environmental clearance or an Environmental Compliance Certificate ("ECC") from the Department of Environment and Natural Resources ("DENR"). The ECC for the Didipio Project was originally granted in August 1999 and subsequently amended in January 2000 and August 2004. The ECC specifies the project mining methods, production rate, processing methods and other aspects of the mining operation. It also specifies the environmental management and protection requirements, including the submission of Annual Environmental Programme

Enhancement Plans as well as a Social Development and Management Program. The ECC further obliges the company to submit and implement an Environmental Protection and Enhancement Program for the life of the mine.

An application to amend the ECC to reflect operations under the previous mine plan was lodged in December 2007, but was put on hold to accommodate further additional changes in the development plan. A revised ECC, covering the most recent project design changes, is being drafted for deliberations and endorsement by the review committee prior to approval by the DENR Secretary.

## **7.9 Social and Environmental Policies**

OceanaGold is committed to operating in a way that protects and supports social integrity, environmental biodiversity and equitable development. The Company's Corporate Social Responsibility Policy emphasises on the importance of being a responsible corporate citizen, and outlines the Company's commitment in the areas of corporate governance, human rights, community engagement, sustainable economic development and environmental stewardship.

OceanaGold has recently developed a new Corporate Environmental Policy where the Company pledges to manage the environmental impact associated with its operations responsibly, to comply with all material statutory requirements applicable to its operations, to rehabilitate the mine sites so they do not pose any unacceptable risk to the environment, and to develop an end of mine life land use that aims to leave a positive legacy.

The Sustainability Committee has also been established to assist the Board to further the Company's commitments to environmentally sound and responsible resource development and a healthy and safe work environment.

## **8. THE MACRAES PROJECT**

The Macraes mine, located on New Zealand's South Island, is the country's largest gold producing operation. The wholly-owned Macraes Project consists of the Macraes open pit gold mine and the Frasers underground mine, as well as an adjacent processing plant including a pressure oxidation plant for the processing of sulphide ore (which is one of only three in the southern hemisphere). The Macraes mine has been in operation since 1990 and has produced over 3 million ounces of gold.

The Frasers underground mine was developed to target the extensions of the Macraes ore body. The combined open pit and underground proven and probable mineral reserves currently support an approximately eight year mine life at the Macraes Project. Amongst other initiatives, further exploration drilling targeting the deeper extensions of the Macraes ore body is ongoing with the objective of identifying and developing additional underground mines along the strike of mineralisation. Additionally, exploration is also targeted at other potential surface mineable targets along the Macraes line of strike.

## 8.1 Property Description and Location

The Macraes Project is located approximately 100 kilometres north of Dunedin and 30 kilometres to the northwest of Palmerston in the Otago Region of the South Island, New Zealand. The mining operation occurs approximately two kilometres to the east of the Macraes Flat township and is predominantly surrounded by farmland.

## 8.2 Mineral Permits and Regulatory Matters

OGC holds a contiguous group of tenements to the north-west and south-east of Macraes Flat, covering approximately 35 kilometres of strike of the mineralised Hyde-Macraes Shear Zone (“HMSZ”). The Company’s tenements comprise mining permits (“MP”) and exploration permits (“EP”) granted or applied for under the Crown Minerals Act 1991 (New Zealand) (the “Crown Minerals Act”), which governs the prospecting, exploration and mining of Crown-owned minerals in New Zealand, as set forth in the following table.

Tenement No. <sup>1</sup>	Location Name	Term	Expiry Date	Area (Hectares approx.)
ML 52 738	Round Hill	10 yrs	October 30, 2020	395
MP 41 064	Macraes Extension	21 yrs	January 31, 2015	9,522
EP 40 524	Dunback	2 <sup>nd</sup> term	May 17, 2011	724
EP 40 472	Stoneburn II	2 <sup>nd</sup> term	May 17, 2011	2,148
EP 40 523	Horseflat	2 <sup>nd</sup> term	September 10, 2011	924
EP 40 576	Macraes North	2 <sup>nd</sup> term	October 27, 2011	3, 434
EP 40 822	Taieri	1 <sup>st</sup> term	December 6, 2011	3, 970
EP 40 842	Hyde	1 <sup>st</sup> term	January 29, 2012	3, 369
<b>Total Area</b>				<b>24,486</b>

The Company is the owner of the majority of land in the immediate vicinity of the Macraes mine and most of the land within tenements ML 52 738 and MP 41 064. The Company also has an option to purchase several properties outside the Macraes Project mining tenements.

With respect to MP 52 738, a royalty of 2% ad valorem is payable to the reigning monarch of New Zealand or the Government acting on behalf of that monarch (the “Crown”) annually. A royalty is payable to OW

<sup>1</sup> ML — Mining License; PLL — Pipeline License; MP — Mining Permit; EP -Exploration Permit.



Hopgood on any gold, scheelite or other minerals recovered from a specified project area in an amount equal to 5% of recovered minerals (at spot price) if recovered by open pit mining and 3% of recovered minerals (at spot price) if recovered by underground mining.

With respect to Mining Permit 41 064, royalties to a maximum of 1% ad valorem or 5% of accounting profits, whichever is greater, are payable to the Crown annually.

The Macraes Project is fully permitted for current operations.

### **8.3 Environmental Matters**

The site is monitored and has a history of general compliance. No recurring non-compliance issues have been identified. In obtaining and operating within the consents to license activities with environmental effects for the Macraes Project, the Company is deemed to have met the purpose and requirements of New Zealand's Resource Management Act 1991 ("RMA").

The Company has entered into a Negotiated Greenhouse Agreement with the New Zealand Government which requires the Company to reduce its greenhouse gas emissions intensity to an agreed level based on an independent assessment and consistent with world's best practice.

### **8.4 Accessibility, Climate, Local Resources, Infrastructure and Physiography**

Access to the mine is by sealed roads from Dunedin, Middlemarch and Ranfurly. There is adequate access along sealed roads and farm tracks throughout the project area.

The Macraes mine is within short driving distance of a number of populated centres, including Dunedin, a city with a population of 120,000. Many employees live in the nearby towns of Palmerston and Waikouaiti or in the city of Dunedin.

The Macraes Project area is approximately 490 metres above sea level, and exposed, windy and dry, with high evaporation in the warmer part of the year. It experiences a rainfall average of 700mm per year. The Macraes mining schedule allows for 24 days per annum of weather related delays. Droughts, which generally last two or three years, have been recorded in the east Otago region every 10 to 20 years. Vegetation is comprised of a combination of improved pasture and tussock grassland, with low trees and bushes in the streams and gullies. The predominant land use is stock grazing, with small areas covered by pine plantations.

The Macraes Project is connected to the local power grid which supplies electrical power. The power line has adequate capacity to supply the mine at full operating limits. Water supply has not been a significant problem in the history of the project.

## 8.5 History

The original tenements comprising the Macraes Project were owned by Golden Point Mining Limited and by BHP Gold Mines (New Zealand) Ltd. In December 1989, Macraes Mining Company Limited obtained 100% ownership of these tenements. In December 1998, Macraes Mining Company Limited amalgamated with Macraes Mining Company Holdings Limited, which immediately thereafter changed its name to Macraes Mining Company Limited. This company subsequently changed its name to Gold and Resource Developments (NZ) Limited and then to GRD Macraes Limited. In 2004, the name was changed to Oceana Gold (New Zealand) Limited.

## 8.6 Geological Setting

### 8.6.1 *Regional and Local Geology*

The Macraes Project is located in a major, low-angle structure known as the HMSZ. This regionally continuous, late metamorphic deformation zone cuts greenschist facies metasedimentary rocks of the Otago Schist, a metamorphic belt that was formed by collisional amalgamation of the Caples and Torlesse terranes in the Early-Middle Jurassic.

The HMSZ is one of the largest Mesozoic structures mapped in the Otago Schist, traceable for at least 30 kilometres along strike in east Otago. Mining to date has occurred along a continuous strike length of 6 kilometres in numerous staged pits, three smaller discrete satellite pits immediately to the north and at Golden Bar, a further 6 kilometres to the south. The HMSZ consists of variably altered, deformed and mineralised schist up to 150 metres thick, known as the Intrashear Schist. The thickest part of the shear zone consists of several mineralised zones stacked on metre-thick shears. These shears have ductile deformation textures overprinted by cataclasis. A shear known as the hangingwall shear, defines the upper limit of the Intrashear Schist. This shear, which can be up to 25 metres thick, is the most strongly mineralised structure at the Macraes Project.

### 8.6.2 *Deposit Geology*

The open pit deposit at the Macraes Project is defined by the hangingwall shear. In outcrop, the shear dips 15 to 20 degrees to the east and is approximately 5m thick. At depth, the dip of the shear flattens to approximately 5 to 10 degrees and develops into an approximately 20m to 30m thick high-grade zone of quartz cataclasite and lode schist. Within the open pit, gold mineralisation comprises a combination of hangingwall, shear-parallel quartz veins and stockwork veins. Hangingwall shear and stockwork veins account for the majority of mineralisation within the open pit, although there are a number of shear-parallel quartz veins. These veins typically splay off the hangingwall and dip at between 5 and 10 degrees to the east. A large amount of irregular mineralisation occurs between the base of the hangingwall and the footwall fault. This is stockwork mineralisation and generally appears in the drilling as clusters of elevated gold grades. Stockwork mineralisation refers to mixtures of quartz veins and concordant lodes, which appear discontinuous at the resource drilling scale. The footwall fault lies between 80 metres and 120 metres below

the hangingwall shear and is identified as a 10 metre wide zone of shearing. To date, no economic mineralisation has been located below the footwall fault.

The Frasers underground encompasses the down-dip continuation of the hangingwall shear mined in the open pit, which is known to extend approximately 600 metres beyond the limit of the open pit design. The thickest, most mineralised part trends approximately northeast and tapers in width from approximately 350 metres at its western end to a width of approximately 150 metres at the eastern limit of drilling, where it abuts the Macraes Fault Zone. Mineralisation is contained within the Intrashear Schist which is generally 80 metres to 100 metres thick, with the higher gold grades confined to the upper part, which is dominated by cataclasite, lode schist and local stockwork pelite lithologies. Numerous drill holes have penetrated through the Intrashear Schist into the Footwall Psammite, particularly at the western end where the Footwall Fault is at a relatively shallow depth of less than 500 metres. Mineralisation is consistent with the ore delineated in the Frasers open pit. The highest gold grades are contained within the strongly developed and visually distinguishable zone within the upper hangingwall characterised by quartz cataclasite and silicified breccias. This typically forms a well mineralised, continuous zone approximately 10 metres to 15 metres thick, with a grade of approximately 3g/t Au. Less intensely mineralised lode schist is typically developed lower in the hangingwall package.

### 8.6.3 *Mineralisation*

The Macraes deposit is a classic example of an orogenic style gold deposit. This style of deposit is recognised to be broadly synchronous with deformation, metamorphism, and magmatism during lithospheric-scale continental-margin orogeny. Most orogenic gold deposits like Macraes occur in greenschist facies rocks. Orogenic deposits typically formed on retrograde portions of pressure-temperature time paths during the last increments of crustal shortening and thus postdate regional metamorphism of the host rocks. The following four types of mineralisation occur within the HMSZ at Macraes:

- i) *Mineralised schist*. This style of mineralisation involves hydrothermal replacement of schist minerals with sulphides and microcrystalline quartz. Mineralisation is accompanied by only minor deformation.
- ii) *Black sheared schist*. This type of schist is pervaded by small scale anastomosing fine graphite and sulphide bearing microshears. This type of mineralisation is typically proximal to the hangingwall shear.
- iii) *Shear-parallel quartz veins*. These veins lie within and/or adjacent to the black sheared schist and have generally been deformed with the associated shears. The veins locally cross-cut the foliation in the host schist at low to moderate angles. Veins are mainly massive quartz, with some internal lamination and localised brecciation. Sulphide minerals are scattered through the quartz, aligned along laminae and stylolitic seams. These veins range from 1 centimetre to more than 2 metres.
- iv) *Stockworks*. These veins occur in localised swarms that are confined to the Intrashear Schist. Individual swarms are up to 2,000 square metres in area and consist of numerous subparallel veins. Most of these

veins formed subperpendicular to the shallow east dipping shear fabric of the Intrashear Schist. Stockwork veins are typically traceable for 1 metre to 5 metres vertically with most filling fractures that are 5 centimetres to 10 centimetres thick, but can be up to 1 metre thick.

## **8.7 Exploration**

### **8.7.1 Macraes Surface Exploration**

Detailed geological mapping, geophysical surveys (including seismic surveys, magnetic and electromagnetic surveys), geochemical surveys (including stream sediment sampling, soil sampling and trenching), remote sensing and aerial photography have been completed along the strike of the HMSZ. Target areas with favourable characteristics for gold mineralisation have been systematically tested with drilling (as described below). Current exploration is aimed at a combination of infill and expansion drilling adjacent to the current mining area and drill testing satellite prospects along strike to the NW and SE along the HMSZ.

### **8.7.2 Frasers Underground Exploration**

Diamond drilling was completed from drill platforms in the Frasers underground since late 2008 to test for down dip extensions of the known mineralisation in Panel 2, and to test for sub-parallel mineralised structures under the hanging wall ore zone currently being mined. A portion of the drilling was dedicated to infill drilling for upgrading of inferred resources to indicated status for reserve conversion.

## **8.8 Drilling**

As at December 31, 2010, over 757,000 metres in approximately 5,800 holes have been drilled from surface at the Macraes Project. In addition, over 16,400 metres have been drilled in 116 diamond drill holes from the Frasers underground mine since late 2008.

During 2010, surface exploration drilling outside the Macraes open pit included deep diamond drilling to further test the down dip extent of the Frasers underground Panel 2 mineralisation, as well as reverse circulation ("RC") percussion and diamond drilling programs at Round Hill, Coronation, Wilson Lode, Golden Bar and Stoneburn deposits. Surface drilling at the Macraes open pit included significant infill drilling (15,000m). A program of underground diamond drilling (9,000m) was conducted from within the Frasers underground mine to infill and further expand the extent of known mineralisation.

Holes generally have been surveyed at 50 metre intervals (30 metre intervals for underground drill holes) to the end of the hole. RC holes and diamond core was generally logged and classified at one metre intervals.

Drill hole information is stored as hard copy drill logs in a database. For holes prior to 1994, only collar, interval and assay information has been entered into the database, while the database contains all logged information for all holes commencing in 1994.

## 8.9 Sampling, Analysis and Sample Security

The sampling approach at Macraes consists of drill cuttings (RC percussion drilling) and half cut core samples (diamond drill core). The diamond drilling sampling has remained relatively constant over the life of the project, while the sampling of the percussion drilling has changed dependant on the drilling method.

Sampling of the RC percussion drilling has been completed by trained employees and is supervised by technical staff. Definition of sampling intervals for RC percussion drilling has generally been based on 1 metre intervals, over the full depth of the drill hole. The sampling, splitting, tagging, bagging and storage of RC percussion drill holes has been carried out in accordance with protocols considered acceptable and consistent with industry standards.

Samples collected from some wet percussion drilling were found to be biased due to downhole contamination and, accordingly this practice has been discontinued. The wet sampling bias was addressed by replacing wet sampled RC percussion drill holes with their corresponding diamond or dry RC twins. In cases where no twin drill hole exists, globally determined wet sample bias correction factors have been used to factor gold grades for wet RC percussion drill hole samples.

After drill core has been logged and photographed, the sections of core considered to be mineralised, or proximal to mineralised zones, are cut in half using a core saw. The drill core was sampled in 1 metre intervals by trained and supervised technicians and geologists. Each metre was sampled by taking the same half of each piece of core for that metre and placing them into the appropriate sample bag.

Definition of sampling intervals for diamond drilling was based on geological intervals or 1 metre intervals, within and beyond the margins of mineralised zones identified during logging. Substantially similar ticketing and quality control protocols were used in respect of diamond core samples as were used for RC percussion sampling.

Diamond drilling sample quality is high. Sample quality for RC percussion drilling is lower than for diamond drilling but generally sufficient to define the position and grade of mineralisation. Bias has been addressed where sample quality issues have caused a grade distortion.

Sample recovery from RC percussion drilling and diamond drill core is routinely recorded in geological logs and recovery data is stored in a database. Recovery is generally high and there is no observed correlation between recovery and grade.

Half cut core (in the case of diamond drill core) and drill cuttings (in the case of RC percussion drilling) samples from drilling programs at Macraes were collected from the source drill samples by employees of the Company. Subsequent sample preparation and assay was not conducted by any employee, officer, director or associate of the Company.



Between 1990 and 2009, RC percussion drill chips and diamond drill core samples from the drilling programs at the Macraes Project have typically undergone sample preparation and assay for Au, As and S by Amdel at the Macraes Flat laboratory. Preparation of geological samples by Amdel routinely comprises drying, crushing, splitting (if required) to a maximum of 1kg and pulverising to obtain an analytical sample of 250g.

Drill samples had been sampled and submitted to the Amdel laboratory by trained Company staff. Amdel staff process the samples and complete all aspects of the assaying independent of the Company's personnel once the samples have been submitted to the laboratory.

Since 2009, all diamond core samples from surface exploration drilling and the majority of RC percussion drill samples have been processed and analysed by SGS laboratories in Ngakawau (Westport) and Waihi. Samples were dried at 105 degrees, coarse crushed to a nominal -6mm, rotary split and then pulverized in Cr steel grinding head to ca. -75µm. One 50g pulp split was sent to SGS Waihi and analysed for gold by fire assay. A second 50g subsample was retained in Ngakawau and used to make pressed powder pellets for x-ray fluorescence spectrometry analysis for arsenic and tungsten. Drill samples are analysed by trained Company staff prior to delivery to the SGS laboratory. SGS staff processes the samples and completes all aspects of the assaying independent of the Company's personnel.

In 2010, ALS Brisbane has also been retained to analyse high value (deep) diamond drill holes from surface drills to test the down dip extent of the Frasers underground mineralisation. Half-core NQ samples were cut and sampled by the Company's personnel and delivered to ALS Brisbane laboratory by freight companies. All sample preparation and analysis were completed by ALS employees. After crushing and pulverising, all samples were analysed by fire assay with AA finish for gold and total sulphur by Leco. Pressed powder pellets were also prepared for trace level As and W analysis by XRF, in addition, those samples that returned results with W >1000ppm or As >5000ppm were also analysed by fusion XRF for improved accuracy for W and As.

Diamond core samples from underground exploration drilling have been processed and analysed for gold by Amdel at the Macraes Flat laboratory. Sample preparation and analytical techniques are as described above. Five batches were sent to SGS laboratories in Ngakawau (Westport) and Waihi as a check against the Amdel results.

The quality control database is incomplete for the Macraes Project, in part due to the long exploration and mining history of the project. Notwithstanding this, the risk associated with the incomplete data is mitigated by the available mining and reconciliation data which supports the quality of the information. Irrespective of the limitations in the data set, the available recovery and Quality Assurance/Quality Control data indicates the assay data is accurate and precise and therefore suitable for the purposes of grade estimation. The bias associated with the wet RC percussion drilling has been addressed in the manner described above. Additional drilling is likely to be required at depth at the open pit mine on the Macraes Project where significant amounts of wet RC percussion drilling exist.

The adoption of the analytical methods, including fire assay for gold, is considered appropriate in the Macraes Technical Report. Quality control data exists to allow review of the analytical performance of assay laboratories for the recent drilling only. The sampling methods, sample preparation procedures and analytical techniques are all considered appropriate when supported with the production and reconciliation data. The sample collection, preparation and analysis procedures meet acceptable industry standards. No substantial reconciliation data supports the veracity of the data, save that there are no measures in place to ensure sample security.

## **8.10 Mining Operations**

### **8.10.1 *Open Pit Mining***

Mining to date at the Macraes Project has come from ten pits comprising, from north to south, Deepdell North, Deepdell South, Golden Point, Northwest Pit, Round Hill, Southern Pit, Innes Mills, Frasers, Golden Ridge and Golden Bar. Current operations are in Frasers North Stage 4B and 4C. Mineralisation has also been outlined to the north at the Coronation deposit and to the south at the Taylors deposits. The Round Hill and Southern pits were mined to what were considered, in 1998 and 2001 respectively, to be their economic limits. Round Hill was subsequently backfilled and Southern Pit was used for tailings disposal. Following renewed geologic interpretation and economic analysis, as part of its ongoing program to convert mineral resources to reserves at Macraes, the Company has recently added the "Southern Pit" deposit to its mineral resources and reserves.

The bulk of the future open pit tonnage from the Macraes Project will be sourced from the Frasers deposit.

Open pit mining at Macraes is carried out by Company personnel using leased mining equipment. Ore concentration is carried out by OGC at the Macraes site by Company personnel.

A standard refining contract is in place for the transportation and refining of the doré bullion into fine gold. The mining contracts are structured and include terms and conditions and pricing arrangements that are generally consistent with industry norms.

The projected mine life for the Macraes open pit is eight years to completion of the currently defined pits, based on defined mineral reserves. It is likely that the life of mine will be extended if additional mineral reserves are defined in the interim.

### **8.10.2 *Underground Mining***

The Company commissioned the Frasers underground in January 2008 and is now mining via a decline from the current open pit operations. The underground operation will produce ore at approximately 800,000 tpa. The Macraes open pit production will run in parallel with the underground operation, with all ore being processed through the Macraes processing plant. The extent of the ore body is still undefined at depth. The overall mine life could be extended by several years, depending upon ongoing resource definition drilling.

The underground operation is projected to generate gold production of approximately 50,000 ounces of gold per annum.

The Frasers underground mine is also projected to operate for approximately four years and currently has reserves of 1.9Mt. Additional drilling of the known adjacent mineralisation is being undertaken. The underground mine life may be extended as a consequence if additional reserves are subsequently defined.

Frasers underground ore is crushed and treated through the Macraes processing plant, blended into the plant feed with open pit ore. Flotation testwork has generally confirmed that the Frasers underground ore is similar in its treatment characteristics to the open pit ores.

Through to June 2010, development and production mining at Frasers underground was carried out under contract mining. Since that time development and production mining has been carried out by Company personnel using the same leased mining equipment.

#### **8.11 Exploration and Development Potential**

The Company is undertaking an active exploration program at the Macraes Project together with the re-evaluation of technical and economic assumptions as part of an ongoing program to firm up resources and convert resources to reserves.

Amongst other prospective targets, resource potential exists down dip/plunge of known open pits. The current best strike extension target is the Coronation deposit which is located approximately eight kilometres north of the current infrastructure. Exploration of the Macraes North area, Golden Bar and the Stoneburn area along the strike of the HMSZ is ongoing.

An extension program extending the down-dip knowledge for both the Frasers and Round Hill Deposits is planned for 2010.

A new program of structural mapping at surface (of open cuts and historical deposits/prospects) and underground is planned for 2010 to advance our understanding of the controls on mineralisation and develop a model to assist with targeting future exploration drilling.

### **9. THE REEFTON PROJECT**

OGC started mine development and plant construction at its Reefton operation in mid 2006, with the processing plant being commissioned in 2007. It is located on the west coast of New Zealand's South Island near Greymouth. This project comprises four open pits (Globe Progress, General Gordon, Empress and Souvenir) and a crushing, grinding and flotation plant to create a gold concentrate that is transported by road and rail shipped back to the Macraes pressure oxidation plant for final processing into gold. Mining comprises extracting ore from the four open pits along a two kilometre length of mineralised shear zone. The processing plant was designed for 1.0 Mt/year throughput. Improvement in production have increased to 1.7

Mt/year. Based on current reserves and recovery rates, a further 380,000 oz of gold is expected to be produced from 1 January 2011.

## 9.1 Property Description and Location

The Reefton mine is located approximately seven kilometres southeast of the township of Reefton, within the West Coast Region of New Zealand's South Island. Access to the project is via state highways and then by an unsealed access road for about 3.5 km to the site. The land on which the Reefton mine is located is administered by the New Zealand Department of Conservation (the "DoC") and is included in the Victoria Forest Park.

## 9.2 Mineral Permits and Regulatory Matters

The Company's tenements comprise one mining permit and 9 exploration permits, as set out below:

Tenement No. 1	Location Name	Term	Expiry Date	Area (Hectares approx.)
MP 41 164	Globe Progress	10 yrs	March 21, 2020	3,040
EP 40 530	Auld Creek	2 <sup>nd</sup> term	November 28, 2011	98
EP 40 542	Blackwater	2 <sup>nd</sup> term	November 18, 2012	4,308
EP 40 705	Kranz Creek	2 <sup>nd</sup> term	August 22, 2012	106
EP 40 821	Merrijigs	1 <sup>st</sup> term	September 13, 2011	199
EP 40 856	Auld Creek North	1 <sup>st</sup> term	June 8, 2013	114
EP 50 216	Bullswool	1 <sup>st</sup> term	December 20, 2012	105
EP 50 438	Capleston	1 <sup>st</sup> term	September 21, 2013	4,849
EP 50 700	Soldiers Flat	1 <sup>st</sup> term	August 28, 2013	42
EP 40 604	Big River	2 <sup>nd</sup> term	March 11, 2014	2,328
<b>Total Area</b>				<b>15,189</b>

Note: MP – Mining Permit; EP – Exploration Permit.

The granting of a mineral permit does not confer a right of access to land subject to the permit. The permit holder must arrange land access with the owner and occupier of the land that is the subject of the permit before beginning any prospecting, exploration or mining for minerals on or in land (other than in the case of

certain minimum impact activities). Access arrangements are binding on successors in title, provided they are registered against affected land titles where the term is longer than six months.

As most of the tenements at the Reefton Project are situated over land administered by the DoC, the Company has entered into access arrangements to allow it to prospect, explore and mine. Royalties to a maximum of 1% ad valorem or 5% of accounting profits, whichever is greater, are payable to the Crown annually.

Most of the Reefton Project tenements are also subject to an agreement between Royalco Resources Limited (“Royalco”) and a subsidiary of the Company, under which a variable gross royalty is payable to Royalco. For the Reefton mine, the amount of royalty payable varies from 1,000 to 5,000 ounces of gold per year, according to the gold price at the time the royalty is due. Production from other resources in the Reefton Project attracts an annual royalty of between 1% and 3% of gold produced according to the gold price at the time the royalty is due. The royalty reverts to 1.5% of annual gold production from all of the Reefton Project tenements once an aggregate of 1,000,000 ounces of gold is produced (including from the current Reefton mine).

The Reefton mine is fully permitted for current operations.

### **9.3 Environmental Matters**

Water management remains the most challenging element of successful environmental management for the Reefton Project site, given the relatively high rainfall in the area.

The Company was fined NZ\$23,000 in the District Court for a sediment exceedence in 2009.

Sediment discharges exceeded permitted levels on one occasion during 2010, coinciding with an exceptional rainfall event that caused widespread flooding in the region. The council has not taken any enforcement action in respect of that occurrence, which was minor in scale.

The Company is also working with the regional council to undertake restorative activities in respect of past sediment discharge events.

The Company continues to implement a program at the Reefton Project which is similar to arrangements in place at the Macraes Project governed by the Negotiated Greenhouse Agreement (see: “The Macraes Project — Environmental Matters”).

### **9.4 Accessibility, Climate, Local Resources, Infrastructure and Physiography**

The Reefton Project is situated in hilly country, in the foothills of the Victoria Range. Topography is locally very steep and varies in elevation from 210 metres to over 1,000 metres above sea level. The area is strongly dissected by creeks and rivers. The region is primarily covered with regenerating indigenous beech

forest. The Reefton mine is situated approximately 550 metres above sea level in an area of highly dissected relief with dense beech forest re-growth. There are some areas of exotic pine plantations and a few areas used for stock grazing.

With a population of approximately 1,000, the community of Reefton is the rural service centre for a number of smaller settlements. The town has provided a services base for resource development activities for over 100 years. Reefton has a State Highway and a railway connection south to Greymouth (79 kilometres) and north to Westport (81 kilometres) and is connected to Christchurch (250 kilometres to the east) by State Highway 7 via the Lewis Pass. A new access road to the site from State Highway 7 was completed in May 2006. A number of side roads from the highways provide vehicle access to various parts of the goldfield and old mining access roads locally provide four wheel drive access to the major old mines. Commercial airlines provide regular services from the nearby regional centres of Westport and Hokitika to other main centres in New Zealand, including Christchurch. Heavy machinery access requires helicopter transport to some tenement areas. Local firms operate helicopter charter services and fixed wing charter services also are available.

The local climate is wet and temperate, though moderated to some degree by the sheltering effect of the Paparoa Range to the west and the Victoria Range to the east. Annual rainfall ranges from about 1,990 mm at Reefton to 2,340 mm at the Reefton mine site. Spring tends to be the wettest season and late summer/early autumn is typically the driest.

Average monthly mean temperatures at Reefton range from five degrees Celsius in June/July to 17 degrees Celsius in January/February. Reefton averages two days of snowfall per year, while 10 to 15 days of snowfall are common at the more elevated mine site. Frosts can be severe with an average of 68 days of ground frost per year at Reefton and 115 days at the mine site.

## **9.5 History**

Gold bearing quartz lodes containing high grade mineralisation were discovered in the Reefton area in 1870. Further discoveries and mine developments over the next decade resulted in Reefton becoming a major goldfield. Gold production steadily declined from the 1920s and the last mine closed in 1951. Total recorded production from the Reefton goldfield was approximately two million ounces of gold.

The northern portion of the Company's current Reefton Project permit area was previously held by Lime and Marble Limited between 1970 and 1971 and subsequently by CRA Exploration Limited ("CRAE") between 1981 and 1990. Ground at Blackwater (the southern part of current permit area) was held by Carpentaria Exploration Company Limited between 1973 and 1976 and then by Samantha Exploration Limited between 1979 and 1980. CRAE took ownership with joint venture partner Golden Shamrock Mines Limited from 1981 to 1990. The permits were acquired by the Company (at that time Macraes Mining Company Limited) from CRAE in 1990 and subsequently became part of the Company's portfolio.



From 1983 to 1990, CRAE was a major explorer in the Reefton goldfield. CRAE conducted regional-scale stream sediment and soil geochemical sampling programs, undertook ground geophysics surveys and flew the goldfield with airborne magnetics/radiometrics. CRAE's work also included a photo-based interpretation of the Reefton mineralised corridor.

On a prospect scale, CRAE was responsible for the discovery of a disseminated mineralisation halo at the Globe Progress deposit. CRAE drilled 52 diamond drill holes throughout the goldfield, of which 39 holes (6,716 metres) were completed at the Globe Progress deposit.

## **9.6 Geological Setting and Mineralisation**

### **9.6.1 Regional and Local Geology**

The Reefton Project area is hosted by early Ordovician age Greenland Group metasedimentary rocks, part of the Buller Terrain. The Reefton Project occupies an area in the foothills of the Victoria Range and is interpreted to be a fault-bound block bounded by uplifted Karamea granitoids to the east and the down-thrown Grey-Inangahua Depression (graben) to the west. The Greenland Group rocks of the Reefton Project therefore comprise a mid-level terrain between a Tertiary horst and graben.

Gold mineralisation at the Reefton Project is consistent with typical "slate-belt" orogenic-type gold deposits. Most of the gold-bearing lodes at the Reefton Project, including all of the large deposits, are arranged along a linear structural belt which runs north-south through the Greenland Group sequence.

### **9.6.2 Deposit Geology**

The following is an overview of the geology of the primary deposits, namely the Globe Progress deposit (including General Gordon), Empress and Souvenir.

Globe Progress is the largest sulphide-associated deposit currently known in the Reefton Project. The deposit occurs within an arcuate shear zone which trends from a north-south orientation into an east-west strike, discordant to the regional structural grain. The Globe Progress Shear Zone has a strike length of approximately 1 kilometre and dips steeply at the surface but shallows at depth, forming a quarter bowl shape. The deposit has an identifiable alteration halo that extends more than 200 metres beyond the limits of economic mineralisation.

The Globe Progress Shear changes to a north-south orientation at its eastern extremity and merges into a line of mineralised structures extending to the south through the General Gordon, Empress and Souvenir deposits.

The Globe Progress Shear is characterised by a 1 metre to 15 metres wide mineralised zone consisting of variable proportions of cataclasite, quartz vein, crushed/sheared quartz vein and crushed/sheared greywacke. The Oriental Shear to the south is characterised by a 1 metre to 5 metres wide mineralised zone

consisting predominately of cataclasite, with minor quartz vein, crushed/sheared quartz vein and crushed/sheared greywacke.

The Empress deposit is located approximately 1 kilometre south of the Globe Progress open pit. Mineralisation at the Empress deposit represents the southern continuation of the General Gordon Shear. The mineralisation is developed as a high-grade plunging shoot that has a strike length of approximately 75 metres, and a down dip extent in excess of 150 metres.

The Souvenir deposit is located approximately 2.5 kilometres to the south of the Globe Progress open pit. The Souvenir Shear that hosts mineralisation is interpreted as part of a dislocated shear system and therefore it is unlikely that it represents a strike continuation of the General Gordon/Empress Shear. The Souvenir Shear strikes north-northeast and dips 70 degrees east and is 5 metres to 10 metres thick. The Souvenir shear has an on-surface strike length of 100 metres, with an average width of approximately 8 metres and a down dip plunge of greater than 200 metres.

### 9.6.3 *Mineralisation*

The Reefton Project has two dominant styles of gold mineralisation. The first style, and historically most important, is native gold with minor sulphides in quartz veins (quartz lodes), while the second style comprises refractory gold within sulphides in sheared sediments and clay alteration zones. Where both styles occur together, quartz shoots exploited by the early miners occur within a tectonic melange of sulphidic clay, brecciated quartz and tectonised Greenland Group greywackes.

Sulphide-associated mineralisation, such as at Globe Progress, is interpreted to have formed within longer-lived shear and cataclastic zones, which could have acted as effective fluid conduits and mixing zones. These shear zones appear to have two distinct mineralising events: an early phase of brittle faulting with associated quartz veining and deposition of free gold, followed by brecciation and deposition of sulphides and gold during subsequent deformation.

Sulphide mineralisation consequently appears to form an anastomosing halo around the remnant quartz shoots, with typically indistinct and gradational margins with the surrounding host rock. The shear zones are developed at high angles to the host rock fold structures, in structural orientations that apparently contributed to polycyclic mineralisation, alteration and deformation events.

## 9.7 **Exploration**

Exploration conducted by the Company has included airborne geophysics, ground geophysical surveys, surface geochemical sampling (soil, stream and wacker sampling) and trenching over prospective parts of the goldfield in order to define targets for drilling. Prior to mid 2009, a significant amount of the drilling has primarily been directed at defining the Globe Progress deposit and the satellite deposits within the mining permit including General Gordon East, General Gordon West, Empress 1, Empress 2 and Souvenir.

Detailed structural mapping of the Globe Progress pit and the Blackwater deposit in 2009 greatly advanced the Company's understanding of the structural controls within the Reefton goldfield. A subsequent near mine (within 5km of the Globe Progress mine) combined structural-geochemical study was completed in early 2010 and highlighted six highly prospective drill targets and 22 geological/geochemical targets that required grid based geochemical sampling. Three of the high ranking near mine targets were tested during the year and 14 geological/geochemical targets were sampled. Structural mapping was extended regionally to cover over 80% of the Company's permits. Grid based geochemical sampling extended outside the near mine environment to focus on the historic high production Crushington and Big River historical workings. Numerous near mine and regional drill targets are to be tested in 2011.

## 9.8 Drilling

As at December 31, 2010, a total of 99,785 metres of drilling (representing 34,292 metres RC percussion drilling and 65,493 metres of diamond drilling) in 864 holes (399 RC percussion holes and 475 diamond holes) have been completed on the Reefton Project. Of these holes, a total of 808 holes representing 89,511 metres have been drilled within the Globe Progress deposit and other near mine targets within the Globe Progress mining permit.

Exploration and drilling activities increased significantly through 2010 with a focus on brownfields drilling in the vicinity of the Globe Progress pit as well as regional greenfields exploration. Five drilling programs comprising 82 holes for 12,000 metres were completed in the vicinity of the Globe Progress pit targeting extensions of known mineralisation. 14 diamond-tail holes for 5,800 metres were drilled adjacent to the pit and successfully tested extensions of mineralisation up to 250 metres down plunge at Globe Deeps. The program was designed to evaluate the potential beyond the limit of the existing pit design. RC drilling programs were undertaken at Souvenir and Empress to test for high grade mineralisation down dip. Extensions of high grade mineralisation beneath the General Gordon deposit were targeted with two phases of RC drilling.

A deep drilling program to test for the down-dip economic potential of the Birthday Reef at the historic Blackwater mine commenced in late 2010 and is expected to continue during in 2011. Three high priority targets located within a few kilometres of the processing plant were subject to helicopter supported diamond drilling.

As a result of the steepness and inaccessibility of the terrain, a significant proportion of the drilling programs have been helicopter supported. As a consequence, diamond drilling forms a relatively large component of the total program. Other methods, such as RC percussion drilling, have only been used in areas with adequate access in the mine and near mine environment.

## 9.9 Sampling, Analysis and Security of Samples

Diamond drill core is routinely half cut through zones of mineralisation using a diamond core saw. Precautions are taken where the core is clay-rich to prevent excessive loss from the sample. Core samples are immediately collected from the core trays and transferred to sequentially numbered sample bags and then transported to an analytical laboratory by a commercial courier.

RC percussion drill chip samples are bagged at the drill hole site, using either portable or rig-mounted riffle-splitter systems. An approximate 2kg to 5kg sub-sample is collected for submission to the assay laboratory. Samples are immediately transported to Reefton and are then shipped to the laboratory by commercial courier.

Based on the drill logs, no material drilling, sampling or recovery factors have been identified in the diamond core, except that rarely poorer recoveries have been noted in the high clay zones.

The accuracy and reliability of RC percussion samples is lower than for the diamond drilling due to the inherent characteristics of this drilling technique. Where specific drilling, sampling or recovery factors have resulted in an assay bias, the distortion has been addressed by removing certain drill hole samples from the resources estimates. Local twinning of RC percussion holes with diamond drilling has shown a generally good correlation with the logged geology and assays from RC percussion drill holes, although the RC percussion drilling is consistently higher grade.

Definition of sampling intervals for RC percussion drilling has generally been based on 1 metre intervals over the full depth of the drill hole. Definition of sampling intervals for diamond drilling is based on geological intervals or 1 metre intervals, within and beyond the margins of mineralised zones identified during logging. Grind samples have been taken from all unmineralised drill core and composited from 1 metre to 5 metre intervals. The zone is resampled at 1 metre intervals where anomalous mineralisation is detected in grind samples due to their lower reliability. Higher grade intervals within a lower grade intersection are characterised by more abundant sulphide mineralisation and generally can be visually detected during core logging. The sample quality for diamond drilling is considered to be high where samples are halved diamond drill core.

Comparisons of the early Globe Progress/General Gordon RC drilling with diamond drilling twins originally identified an apparent bias in favour of the RC percussion drilling. The majority of these holes were near surface. Accordingly, mining to date has removed this as a material concern.

The majority of RC percussion drill chips and exploration diamond drill core samples during 2010 have been analysed by SGS in New Zealand. Samples have been dispatched to SGS in Ngakawau (Westport) by trained staff, and were mostly prepared at Ngakawau (with occasional samples prepared at Waihi). A 50g pulp split was taken and sent for analysis at Waihi for gold by fire assay. An additional 50g sample was retained at Ngakawau for creating pressed powder disks for stibnite and arsenic analysis.

Diamond drill core from development drilling has been dispatched to ALS in Brisbane via international freight company. Samples were crushed to a nominal -6mm, then riffle split if greater than 3kg and pulverised to 85% <75microns. A 50g sample was analysed for gold by fire assay with arsenic analysed. 1g of sample was used for sulphate analysis by Leco furnace.

On rare occasions, RC and diamond drill core samples have been submitted to the Amdel laboratory at the Reefton Globe Progress mine site for gold analysis. Samples were processed by trained laboratory staff independent of the Company's personnel.

### **9.10 Mining Operations**

The Reefton mining development plan is a conventional open pit operation. Through to December 31, 2010, mining has been carried out through a "cost plus" alliance arrangement. From April 2011, Company personnel will carry out the mining operations, using the same leased mining equipment. The strip ratio averages approximately 9:1 (waste:ore). Waste material is deposited in a nearby valley which has now been filled above the neighbouring ridges and profiled to suit the landscape, with some material being used to form retention dams for the storage of tailings. The mine grade is projected to average 2.6 g/t Au. The Globe Progress pit is being mined in several stages, with further satellite pits being mined at General Gordon and Empress, with a further small pit to follow at Souvenir. Plant feed ore is defined as 1.2 g/t Au or higher, with low grade material from 0.65 g/t Au to 1.2 g/t Au being treated when required for blending reasons or stockpiled for treatment at the end of mining operations.

Mine development started in July 2006, with ore being stockpiled for feed through the processing plant, commissioning of which was completed in April 2007. The plant is a conventional jaw crusher, semi autogenous grinding ("SAG") mill and flotation system, and is exceeding its design capacity of 1.0 Mt/year, having reached 1.63 Mt during 2010.

The Reefton concentrator produces between 50,000 and 60,000 tonnes per annum of high grade concentrate. The concentrate is loaded into specially built containers at the mine site, trucked to Reefton and loaded onto rail flat-cars for transport to Palmerston, from where the concentrate is trucked to the Macraes site for processing.

### **9.11 Exploration Potential**

The Company holds permits over more than 95% of the historic two million ounce hard rock production Reefton goldfield which stretches for more than 30 kilometres. The Reefton goldfield is significant in Australasia for being a multi-million ounce producer in the late 1800's and early 1900's but with virtually no production since circa 1920 (apart from the Blackwater mine which ceased production in 1951) until the commissioning of OceanaGold's Reefton operation in 2007. Most historic mining in Reefton was from high grade underground operations with head grades from 15 to 34 g/t gold. These deposits were traditionally narrow veined structures that were discovered at surface and mined down dip.



The immediate focus of OceanaGold's exploration program is to identify extensions within the current open pits as well as near mine satellite pits. Using modern technology and advancements in geological understanding, we aim to identify other large deposits not exposed at surface and much like those historically mined in the region.

The areas along strike from the Globe Progress mine are characterised by extensive historical workings and are considered highly prospective for the discovery of near mine satellite deposits. These areas are subject to ongoing exploration by the Company.

## **10. THE DIDIPIO PROJECT**

The Didipio Project is held under a Financial and Technical Assistance Agreement ("FTAA"), a type of mining title granted under Philippines mining legislation by the Philippines Government in 1994. In collaboration with Government, the FTAA grants title, exploration and mining rights to the Company with a fixed fiscal regime. Construction activities at site commenced in 2008, but the project was placed on care and maintenance in December of that year following the deterioration of global financial markets and project funding constraints.

The project has now ensued back to the development phase. In this regard, the Company has recently issued a revised Technical Report taking into consideration a different underground mining method from the previous report in order to minimise water inflow impact and capital costs. The company is currently detailing a basic engineering study amongst other activities.

### **10.1 Property Description and Location**

The Didipio Project is located in the north of Luzon Island, approximately 270 kilometres north-northeast of Manila, in the Philippines. The FTAA covers approximately 158 km<sup>2</sup> located in the Provinces of Nueva Vizcaya and Quirino. The nearest significant town to the Didipio Project is Cabarroguis, located approximately 20 kilometres to the north and connected by paved road to Bayombong to the west. Portions of the property covered by the original FTAA have been relinquished under its terms, which generally requires 10% relinquishment per annum until 5,000 ha (or such larger area as the Government approves) remains. The proposed mining area comprises approximately 9.75 km<sup>2</sup> within the property area covered by the FTAA. A direct impact zone of approximately 3.25 km<sup>2</sup> is situated inside the proposed mining area.

### **10.2 Mineral Permits and Regulatory Matters**

The FTAA was granted on June 20, 1994 for a 25 year term and is renewable for a further 25 years. The FTAA carries a minimum expenditure commitment of US\$50 million (which the Company has incurred) and sets forth the fiscal regime for development of the Didipio Project.

In August 2004, the Company obtained an Environmental Compliance Certificate ("ECC") for the project. In March 2005, the Company submitted a Partial Declaration of Mining Feasibility ("PDMF") for approval by the Department of Environment and Natural Resources ("DENR"). In conjunction with the PDMF, the Company



submitted the Definitive Feasibility Study (“DFS”) for the project. The PDMF was approved in October 2005. This provided, in effect, the permit to operate and develop the Didipio Project. The permit to operate can be revoked if the operations on the project are suspended or stopped for a period of more than two years and alternate arrangements are not agreed with the DENR.

The PDMF approval allows for, among other matters, open pit and underground workings, a tailings dam and impoundment, waste rock dumps, a mill plant, an explosives magazine and watersheds. The DFS specifies the project mining methods, production rate, processing methods and other aspects of the mining operation. The ECC specifies the environmental management and protection requirements, including the submission of annual Environmental Program Enhancement Plans (“EPEPs”), as well as social development and community assistance programs.

Prior to the project moving into care and maintenance, the Company had met all the primary requirements to be fulfilled under the FTAA for a project with a throughput of 2.0 Mtpa, including all environmental approvals (represented by the ECC).

In collaboration with the DENR, the Company agreed a revised Development Work Programme in October 2009. Amongst other matters, this accommodates potential scope changes which may arise following further studies and has the effect of extending the PDMF. A revised ECC is currently being assessed.

The Company has an agreement (known as the “Addendum Agreement”) with a Philippine claim owner syndicate (the “syndicate”) which covers that portion of the FTAA previously included in a block of mineral claims held by the syndicate (the “area of interest”), including the PDMF area in its entirety. Once certain conditions have been met, the Addendum Agreement provides that the syndicate will be entitled to an 8% free carried interest in the operating vehicle to be established to undertake the management, development, mining and processing of ores and the marketing of products from the area of interest.

The free carried interest will entitle the syndicate to a proportionate share of any dividends declared from the net profits of the operating vehicle, but not until all costs of exploration and development have been recovered. The syndicate is also entitled to a 2% net smelter royalty on production from the area of interest.

A 0.6% net smelter royalty (which is capped at a cumulative total of A\$13.5 million) is payable by the Company to the Malaysian Mining Corporation.

Under the terms of the FTAA, from the start of commercial production (which generally will be the start of mineral production sufficient to sustain viable economic operations) the Company will have a period of five years during which it can recover its pre-operating expenses and property expenditures from “net revenues” (as referred to below) from the project area. If such expenses and expenditures are not recovered by the end of such five year period, the Company can allocate the unrecovered portion as a depreciation allowance, deductible from net revenues over the next three years. The Company is required to pay the Government of the Republic of the Philippines 60% of the net revenue earned from the Didipio Project, upon the earlier of

the Company recovering its pre-operating expenses and property expenditures or five years after the start of commercial production. For the purposes of the FTAA, "net revenue" is generally the gross mining revenue from commercial production from mining operations, less deductions for, among other items, expenses relating to mining, processing, marketing and mineral exploration, consulting fees, depreciation of capital and certain specified overheads. In addition, all taxes paid to the Government, including excise, customs, sales, corporate taxes (30%) and value added taxes, as well as the 2% net smelter royalty payments and any distribution made to the holder of the 8% free carried interest referred to above, are also deducted from the 60% of net revenues that are payable to the Government.

Under the FTAA, the Company must commence production of a sufficient quantity of minerals to sustain economically viable operations in accordance with its work plan. Failure to commence commercial production as outlined in the work plan may constitute a substantial breach of the FTAA potentially resulting in its termination. In this regard and as noted above, the Company has negotiated a further extension of the Project's development period pending resolution of funding issues.

### **10.3 Environmental Matters**

A five year social development and management program ("SDMP") was approved by DENR on February 8, 2005 with such SDMP in the process of being extended. The Company will allocate a minimum of 1.25% of the direct mining and milling costs annually to a SMDP once the project is operational. The renewed SDMP will remain in place for a further 5 year period. This renewed SDMP is under internal review.

The SDMP is intended to provide a sustained improvement in the living standards of the host and neighboring communities by helping them to define, fund and implement development programs before commercial production at the Didipio Project begins, during the life of the mine and after mine closure.

### **10.4 Accessibility, Climate, Local Resources, Infrastructure and Physiography**

Access to most parts of the Didipio Project is from the north commencing at the national highway at Cordon and continuing along a concrete paved road to Cabaroguis, and thereafter by a gravel all-weather road passing through a concrete bridge over Debibi River. Nearer to the project area, the road is generally unpaved and difficult to use following normal rainfall periods. Roads in the area are generally of logging truck standard and four-wheel drive vehicles are required to gain access. Notwithstanding this, OGC has built appropriate roads to service the project. OGC has also constructed a helipad site within the secured project area.

The Didipio Project experiences a tropical climate consisting of three main seasons: the south-west monsoonal season between June and September; the north-west monsoon season between October and January; and a transition period between February and May. At the project site, the mean annual rainfall is approximately 2,929 mm. The mean annual number of rainfall days at the project site is 181. The region generally is subject to the effects of two tropical cyclones a year. The mean annual temperature at the project site is approximately 23 degrees Celsius.

The Didipio Project area is bounded on the east by the Sierra Madre Range, on the west by the Luzon Central Cordillera range and on the south by the Caraballo mountains. The vegetative cover consists of grassland, brushland and low-density forest.

## 10.5 History

The Didipio area was first recognised as a gold province in the 1970s, when alluvial gold deposits were discovered in the region. There has been no large scale mining at the Didipio Project to date and there are no records of production by artisan miners.

In May 1975, Victoria Consolidated Resources Corporation and Fil-Am Resources Inc. entered into an exploration agreement with a syndicate of claim owners who had title to an area covering the Didipio valley and undertook exploration activities, including a stream geochemistry program, between 1975 and 1977. Marcopper Mining Corporation investigated the region in 1984, and Benguet Corporation examined the Didipio area in September 1985. In April 1985, the property area was explored (with work including geological mapping, panning of stream-bed sediments and ridge and spur soil sampling) by a consultant geologist engaged by local claim owner Jorge Gonzales. Geophilippines Inc. investigated the Didipio area in September 1987 and made mining lease applications in November 1987. In 1989, Cyprus Philippines Corporation ("Cyprus") and subsequently Arimco NL (as Arimco Mining Corporation in the Philippines) ("AMC") entered into an agreement with Geophilippines Inc. and the local claim owner, Jorge Gonzales, to explore the Didipio area. Between April 1989 and December 1991, an exploration program was carried out. However, both companies assessed the probability of obtaining secure title to the area's mineral deposits as being low. Subsequently, Climax acquired control of AMC (now Climax-Arimco Mining Corporation ("CAMC")) and the entire Cyprus-Arimco NL interest in the Didipio Project in 1992. The FTAA was executed in 1994 and was subsequently assigned from CAMC to Australasian Philippines Mining Incorporated ("APMI") (a subsidiary of Climax and now renamed OceanaGold (Philippines) Inc.). By the time of ownership transfer to APMI, CAMC had drilled 94 drill holes for a total of 35,653 metres into the Didipio gold-copper deposit.

## 10.6 Geology and Mineralisation

### 10.6.1 *Regional and Local Geology*

The regional geology comprises late Miocene volcanic, volcanoclastic, intrusive and sedimentary rocks overlying a basement complex of pre-Tertiary age tonalite and schist, which have been interpreted to represent an island arc depositional and tectonic setting. Regionally, the volcanics and sediments are folded about meridional anticlinal and synclinal axes and are cut by prominent, steeply dipping, north-west and north-trending faults sub-parallel to the major Philippine fault zone. Recent geological mapping in the Didipio region has been interpreted to indicate the Didipio Deposit is hosted within the multiphase Dinkidi Stock, which is in turn part of a larger alkalic intrusive body, the Didipio Igneous Complex.

The Didipio Project has been identified as an alkalic gold-copper porphyry system, roughly elliptical in shape at surface (450 m long by 150 m wide) and with a vertical pipe-like geometry that extends to at least 800 m to 1000 m below the surface. The local geology comprises north-north-west-trending, steeply (80° to 85°) east-dipping composite microdiorite intrusive, in contact with volcanoclastics of the Mamparang Formation. The microdiorite lies in a circular topographic depression that is coincident with a circular IP anomaly.

The Didipio Deposit is hosted by a series of hydrothermally altered and structurally controlled Miocene intrusives which were emplaced along the regional Tatts Fault structure. Mineralisation is predominantly hosted by the Tunja monzonite, which intrudes the Dark Diorite. A number of different breccia types are evident, of which the most important in terms of mineralisation is the Bugoy breccia. This unit was originally identified between Sections 5750 N and 5800 N on the drilling grid as a breccia pipe, and was thought to have formed by reactivation of the intrusive contacts. It appears to be rooted in the Leached Zone and extends upwards as a possible hydrothermal breccia containing rounded to sub-rounded pebbles of quartz and occasionally skarn material, up to 50mm in diameter, in a sandy-chlorite-sulphide-gouge matrix. Contact breccias are common on the margins of the deposit where microdiorite (Tunja) intrudes the Dark Diorite.

#### 10.6.2 *Deposit Geology*

The primary deposit has been identified as an alkalic gold-copper porphyry system, roughly elliptical in shape at surface (450 metres long by 150 metres wide) and with a vertical pipe-like geometry that extends to at least 800 metres below the surface. The porphyry-style mineralisation is closely associated with a zone of K-feldspar alteration, the extent of which is marked by the Didipio ridge, which is approximately 400 metres long and rising steeply to about 100 metres above an area of river flats and undulating ground.

Chalcopyrite and gold, along with pyrite and magnetite, are the main metallic minerals in the deposit. Higher grade gold and copper mineralisation is closely associated with the Quan Diorite and Bugoy Breccia, both of which are elongate in plan view along the north-south trending, steeply east-dipping Tatts Fault Zone.

#### 10.6.3 *Mineralisation*

Porphyry style gold-copper mineralisation has been recorded over a strike length of approximately 450 metres, a width of up to 150 metres and to a vertical depth of greater than 800 metres. The tabular composite intrusive and associated alteration and mineralisation strike grid north-south and dip steeply (80 to 85 degrees) east. Higher grade gold and copper mineralisation is closely associated with the Quan Diorite and Bugoy Breccia, both of which are elongate in plan view along the north-south trending, steeply east-dipping Tatts Fault Zone. This mineralisation is surrounded by stockwork mineralisation that extends as a steeply east-dipping ellipsoidal shaped body, 110 metres to 140 metres wide, from the surface to a depth of 650 metres. Below a depth of 650 metres, the mineralisation is more tightly constrained forming a carapace around the Bufu Syenite, with extensions of higher grade mineralisation continuing southwards along discrete structures. Higher gold-copper grades are also localised within the footwall (west) skarn, which is 5

metres to 15 metres wide, sub-vertical, open at depth and contains vein-type mineralisation over a strike length of 150 metres.

The deposit is oxidised from the surface to a depth of between 15 metres and 60 metres, averaging 30 metres. The oxide zone forms a blanket over the top of the deposit. A transition zone, 5 metres to 15 metres thick, is present between the oxide and sulphide zones over most of the deposit. This zone is imprecisely defined, with sulphides being observed near surface.

The highest gold and copper grades (up to 50 g/t Au and 5% Cu) occur in the QFC Zone and the Bugoy Breccia, in the area immediately surrounding the Leached Zone; within Skarn mineralization, Mixed Zones and at contacts between altered and unaltered rocks. Visible gold is generally not common, but has been detected in limited drill core.

Brecciation of the QFC at the top of the Leached Zone (Bugoy Breccia) is characterised by high gold-copper grades. The gold and copper may have been remobilised and concentrated within the breccia matrix. Within the QFC Zone, highest grade mineralisation is generally coincident with an overlap of Mixed Zone alteration. Grades are typically low where the Mixed Zone does not coincide with the QFC Zone at depth. The Mixed Zone is also notable in that it includes significant disseminated chalcopyrite-bornite-pyrite mineralisation, a feature not common in other alteration zones. Very high grade gold-copper mineralisation is also a feature of the Skarn Zone where it occurs typically as coarse (2 mm to 4 mm) disseminations of chalcopyrite-bornite-magnetite overprinting the calc-silicate matrix. Outside the QFC Zone, chalcopyrite and gold mineralisation are generally lower-grade. Minor disseminated chalcopyrite may also occur with magnetite and chlorite as retrograde alteration of mafic grains. Locally, there is strong development of disseminated mineralisation.

## 10.7 Exploration and Drilling

An infill drilling program, targeting mineralisation both within the open pit and underground designs, was completed in mid 2008. Twenty one infill drill holes for 7390.6 metres were drilled and incorporated into the existing drill hole database for the October 2008 resource update. The infill program has improved the Company's understanding of the high-grade gold/copper core of the deposit, confidence within the open pit design and confirmed the geological and grade models established previously.

In 2008, there were five drill rigs active on the near-mine exploration program and 32 holes were completed for approximately 9,000 metres. All exploration targets within the footprint of the future mine infrastructure including the area of the planned tailings impoundment were tested, as well as others in close proximity.

Further near site prospects requiring further drilling include Golden Eagle, Didipio North, Didipio South, Morning Star, Midnight J, Bongo Bongo, True Blue, and D'Beau.

Detailed logging of alteration vein assemblages at the Midnight J and D'Beau prospects, combined with an interpretation of 3-D modelled dipole-dipole induced polarization (IP) data, suggest that at least two targets



remain untested at these prospects alone. In addition, there are at least seven other targets that have not been adequately tested within the Didipio Valley and within 2 kilometres of the Didipio deposit.

All drilling at the project prior to the acquisition of Climax by Oceana Gold was performed by contractors, the sample preparation was undertaken by Climax personnel at Cordon and assaying was carried out by Analabs Proprietary Limited ("Analabs"). Samples taken since then have been prepared for further analysis by McPhar Laboratories of Manila.

All coordinate data since May 1994 have been generated on, or transferred to, a drill grid prepared by Surface-Tech Surveys of Perth, Australia, which has been accepted as the standard for the deposit. Since January 2007 all previous exploration work has been transformed to UTM 51N and the transform of pre-existing data has been checked and verified by El-Mick Surveying. All planning, mapping and drill planning is now carried out in UTM 51N co-ordinate system.

98 drill holes were used for resource estimation. The holes excluded from resource estimation were either percussion holes drilled for geotechnical purposes or small diameter core holes with poor sample recovery.

To the extent possible, all drill holes have been surveyed down hole, generally at 50 metres to 100 metres intervals, using an Eastman survey camera. Down hole survey readings were examined for anomalous values related to local high concentrations of magnetite.

After retrieval from a drill hole, all drill core have been colour photographed in both wet and dry state. Some core, particularly from early drill holes, have been also re-photographed after splitting with a diamond saw, with a digital camera then used to photograph the core.

On site, core logging and marking is carried out in several stages. Initial geological logging is carried out by the site geologist using logging sheets and/or notes to construct a brief geological log. Detailed geological logging is generally carried out after the core is split and sampled.

## **10.8 Sampling, Analysis and Sample Security**

Ninety-eight holes totalling 39,421.2 metres define the Didipio Deposit. These drill holes are generally spaced on sections with 25 metres to 50 metres along strike separations and with vertical separations of 50 metres in the north-west of the deposit. To the south-east, vertical separations up to 150m are more usual. This covers an approximate area of 300 metres across strike by 550 metres along strike. Down hole sample intervals are generally 2 metres to 3 metres. From this drilling, 11,635 samples were used for resource estimation.

Sample intervals were defined during the initial logging of cores on site. A core is cut in half using a diamond saw either on site (up to hole DDDH16) or at Cordon (holes DDDH17 onwards). A core is typically sampled in intervals of 2 or 3 metres under supervision of the site geologist or sample preparation manager, generally



ignoring rock type boundaries. After sampling, the remaining half core is stored for further technical and/or metallurgical purposes. In 1992, all drill cores on site were moved and stored at the Company's facilities at Cordon.

Core recoveries are generally better than 95%, although in local areas of severe structural deformation, recovery can be as low as 50%. A review of core recoveries indicated that there was no strong relationship between core recovery and grade, so there appears to be no systematic bias in grade due to poor sample recovery. Therefore, sampling is considered representative.

For the 2008 drilling (DDH0201 to DDH0221), the diamond core was cut at Didipio. Half core was transported to the McPhar facility in Manila for crushing and pulverising to 90% passing 200 mesh. Gold was fire assayed with an AAS/GTA finish, while an acid digest was used on the copper. QAQC measures employed at Didipio include standards, sample resplits, replicate analyses and inter-laboratory check assays. No copper standards or sample blanks were used in the pre-2008 drilling, although 890 inter-laboratory copper analyses were completed for this period.

An extensive external review was completed by Hellman and Schofield in February 2007. This included a one week visit to the Didipio site and OceanaGold's Manila office and formed the basis of the previous two NI 43-101 technical reports. Twenty one drill holes have been drilled since this review. Discussions were held with the former project geologist and other personnel to verbally verify various details of the geology and drilling. Validation of the Didipio database consisted of checking the digital data against original data sources such as assay certificates, logging sheets, collar and down hole survey records. Geological logs could only be located for some holes so only limited checking could be completed. Available logs confirmed that database geology is reasonably accurate.

Sample recovery data was checked for consistency and completeness. A substantial number of values above 100% are recorded (up to 1200%) and the database is not entirely complete. Most intervals are core recovery, although there are some recoveries for hold pre-collars as well. A small number of errors and duplicate intervals were detected. Only limited checking against available records was completed and further validation of this data is required.

In summary, Hellman and Schofield considered that the sample preparation, security and analytical procedures used for the Didipio Project were appropriate and adequate for the style of mineralisation concerned. They noted that the lack of copper standards was a concern. In lieu of copper standards, 890 inter-laboratory analyses confirmed that the copper analyses were reproducible within acceptable limits.

## **10.9 Proposed Mining Operations**

Based on the Company's current mine plan, the Didipio Project is expected to support approximately five and half years of open pit mining (including pre-production) and fourteen years of underground mining, and one year of stockpile processing during the transition to underground mining. The proposed 2.5 Mtpa processing

plant is expected to average approximately 67,000 ounces of gold and 8,100 tonnes of copper in concentrate per annum over 19.5 years of operation.

#### 10.9.1 *Open pit Mining*

Almost 70% of the recoverable metal in the measured and indicated resource is more than 150 metres below the valley floor. Given the compact, vertical nature of the high grade core, the open pit designs tend towards cone shapes as depth increases, and the incremental waste to ore ratio rises rapidly with depth. This is offset to some degree by increasing gold grade with depth, but the rate of increase in total open pit mining cost per metre depth is faster than the total increase in metal value per metre depth. Apart from the ore almost at surface, the cost of mining the waste and ore by open pit is more expensive per recoverable equivalent ounce than underground mining of the ore, even including underground development costs. The final pit is currently designed to give 2.5 Mtpa of mill feed until the underground mine starts production, based on optimisation input considerations.

#### 10.9.2 *Groundwater Management*

Peak groundwater inflows to the pit of up to 13 to 15 million litres per day are expected during the wet season. Most of this should come from the Biak Shear Zone and the broken ground to the north. A much smaller flow is expected through the Tatts Fault, which runs north-south through the pit and is the main host structure for the mineralisation.

The pit will be kept free of groundwater by installing a system of 10 advance dewatering bores prior to mining to depress the water table in the pit area by up to 30 metres below the pit floor. These bores will be drilled at 450 millimetres diameter and lined with 300 millimetres slotted casing to house 200 millimetres diameter downhole pumps. Most of the holes will be drilled to 180 metres depth to depress the water table below the pit floor over the full four-year life of the open cut mine. The total installed capacity of the bore field will be 13 millilitres per day. However, the annual abstraction rates modelled average 5-8 millilitres per day.

In-pit sump pumps will remove any groundwater that seeps into the pit.

Analyses of the groundwater in the pit area show mild salinity and some elevation of arsenic, zinc, iron, manganese and sulphate. These naturally occurring levels appear low enough to allow discharge to the Surong River.

The Didipio region is subject to a high annual rainfall that includes intense, sometimes cyclonic, rain events. Surface water management for the open cut consists of:

- preventing surface flows from entering the pit, and
- disposing of water from rain that falls directly on to the pit area.

Most of the surface water that could enter the pit comes from upstream in the Dinuyan Valley. This water will be captured as part of the tailings emplacement water management system. Other minor flows from the

southern side of the pit will be intercepted in surface drains and directed around the pit crest to the Surong River.

Rainfall directly on to the pit area will be removed by in-pit sump pumps.

In respect to the underground works, a pumping system will be established to remove water from the underground mine. The pumping will be handled by two main pumping stations. The main pump station will be at the base of the Top Panel. The second station will be mobile and relocated with the advancing decline face in the Bottom Panel.

### **10.9.3 *Underground Mining***

Based on the current design, an open pit mine will generate cash flow until the underground mine comes into production (the development of which will be undertaken concurrently with open pit mining). The underground mine plan is based on sub-level open stoping ("SLOS"). The stopes are relatively small at 20 x 20 metres and have heights of either 30 or 60 metres depending on the ground conditions. They are arranged in a "chequer board" pattern to extract the broad ore zones. Cemented fill is placed as each stope is completed to allow extraction of the adjacent stopes without creating unstable spans. The stoping sequence occurs in three phases (primary, secondary and tertiary) so that the current production stope is always surrounding on four sides by either unmined or filled ground. Production from the underground mining is scheduled at 1.2 Mtpa and first ore production from the underground mine is scheduled for the latter half of the sixth year of mining operations.

### **10.10 Metallurgical Process Plant Design**

As currently proposed, the planned 2.5 Mtpa process plant for the Didipio Project is a conventional design plant for treating gold-copper ores. The plant comprises a primary open circuit crushing plant. Coarsely crushed material will discharge onto an ore stockpile from which it will be reclaimed into a semi-autogenous grinding mill operating in open circuit. The SAG mill discharge will be pumped to a hydrocyclone for classification, with the fines overflow sent to flotation. The coarse underflow will return to a closed circuit ball mill, with the ball mill discharge similarly pumped to the hydrocyclones for classification. A portion of the cyclone feed will be diverted to a sizing screen with all material less than 2 mm sent to a Falcon-type gravity concentrator, while the coarse material returns to the ball mill. Concentrates will be treated to ultimately produce gold doré bars and copper concentrates. The tailings from the table and gravity concentrator will be returned to the grinding circuit.

### **10.11 Capital Cost Estimate**

The capital cost estimate for the development of the Didipio project as outlined in the Didipio Technical Report completed in October 2010 totals US\$140 million (inclusive of contingencies).

## 10.12 Exploration Potential

The Didipio Project area is considerably under-explored. In this regard, there is a high prospect of discovery of additional gold and/or gold-copper mineralised systems that will contribute to the Didipio gold-copper mining and treatment operation. Exploration of the FTAA over the last 15 years by Climax has resulted in identification of more than 25 known gold and gold-copper prospects that range from soil and rock-chip geochemical anomalies to more advanced drill targets.

## 11. OTHER PROJECTS

Except as set out below, no mineral resources have been defined on any of the following properties.

In New Zealand and outside the Macraes and Reefton goldfields, OGC's main non-core exploration property is Sams Creek, which consists of exploration on a near surface, mineralised, porphyritic granite dyke in the northwest region of New Zealand's South Island. Although only a small part of the dyke has been explored to date with diamond drilling, exploration results have been encouraging, with the resource remaining open at depth and along strike. The estimated inferred mineral resource at Sams Creek currently stands at 13.5 million tonnes at 1.8g/t Au for a total of 0.77 million ounces of gold at a 0.7g/t cut off. As noted elsewhere in this document, the Company also continues to evaluate other mineral exploration and commercialization opportunities in the project areas of Macraes and Reefton.

In addition to the Didipio project, OGC has a portfolio of prospective exploration properties in the Philippines. This portfolio includes interests in the Didipio region (outside of the FTAA area); two gold-copper porphyry exploration properties in Northern Luzon; and three exploration properties in the Surigao Peninsula area of northern Mindanao. These interests comprise direct holdings of, and options over, eleven granted tenements, with ten currently being considered for renewal by the Mines and Geosciences Bureau.

Many new small-scale workings in the vicinity of the main porphyry targets at the Manhulayan exploration prospect in Mindanao were mapped and sampled during 2008. The soil sampling grid was also extended to the south of Costan Ridge, to complete the geochemical coverage of an area of small-scale workings that had not previously been sampled, and a new dipole-dipole IP survey was completed over the full grid. An interpretation of these combined data sets led to a proposal to drill an initial four diamond holes into two targets. Only one of these data sets has been drilled inadequately before.

OGC also holds an interest in an unincorporated joint venture gold project located near Orange, Australia. The project is currently dormant from an operational perspective.

## 12. DIVIDEND POLICY

It is not contemplated that any dividends will be paid on any shares of OGC in the immediate future, as it is anticipated that all available funds will be reinvested in OGC to finance the growth of its business. Any decision to pay dividends on Common Shares in the future will be made by the board of directors of the

Company (“Board” or the “Board of Directors”) on the basis of the earnings, financial requirements and other conditions existing at such time.

### **13. DESCRIPTION OF SHARE CAPITAL**

OGC is authorised to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As at December 31, 2010 there were 262,062,610 Common Shares issued and outstanding. All Common Shares are fully paid and have no par value.

#### **13.1 Classes of Shares**

##### **13.1.1 Common Shares**

Each Common Share entitles the holder to receive notice of any meetings of shareholders of OGC, to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by the Board of Directors at its discretion from funds legally available therefore and, upon the liquidation, dissolution or winding up of OGC, are entitled to receive on a pro-rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking in priority to, or equally with, the holders of Common Shares with respect to liquidation, dissolution or winding up. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

##### **13.1.2 Preferred Shares**

The preferred shares may, at any time or from time to time, be issued in one or more series. The Board of Directors shall fix before issue the designation, number and consideration per share (in addition to any provisions attaching to the shares of each series). Except as required by law or as otherwise determined by the Board of Directors in respect of a series of shares, the holder of a preferred share shall not be entitled to vote at meetings of shareholders. The preferred shares of each series rank on a priority with the preferred shares of every other series and are entitled to preference over the Common Shares and any other shares ranking subordinate to the preferred shares with respect to priority and payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of OGC.

#### **13.2 CHES and CDIs in Australia**

OGC participates in the Clearing House Electronic Subregister System (“CHES”) in Australia.



### 13.2.1 **CHES**

Settlement of trading of quoted securities on the ASX market takes place on CHES, which is the ASX's electronic transfer and settlement system. CHES allows for and requires the settlement of transactions in securities quoted on the ASX to be effected electronically. No share or security certificates are issued in respect of shareholdings or security holdings which are quoted on the ASX and settled on CHES, nor is it a requirement for transfer forms to be executed in relation to transfers which occur on CHES.

It is not presently possible for securities issued by OGC to be settled electronically on CHES. Accordingly, OGC CDIs have been created and issued to enable OGC shareholders to trade on ASX.

### 13.2.2 **CDIs**

CDIs are units of beneficial ownership in securities registered in the name of CHES Depository Nominees Pty Ltd ("CDN"), a wholly-owned subsidiary of the ASX. The main difference between holding CDIs and Common Shares is that the holder of CDIs has beneficial ownership of the underlying Common Shares instead of legal title. Legal title is held by CDN. The Common Shares are registered in the name of CDN for the benefit of holders of the OGC CDIs. Holders of OGC CDIs will have the same economic benefits of holding the underlying Common Shares. In particular, holders of OGC CDIs will be able to transfer and settle transactions electronically on the ASX.

Holders of OGC CDIs are entitled to all dividends, rights and other entitlements as if they were legal owners of Common Shares and will receive notices of general meetings of OGC shareholders. As holders of OGC CDIs are not the legal owners of the underlying Common Shares, CDN, which holds legal title to the Common Shares underlying the OGC CDIs, is entitled to vote at OGC shareholder meetings at the instruction of the holder of the OGC CDIs. Alternatively, if a holder of an OGC CDI wishes to attend and vote at shareholder meetings, they may instruct CDN to appoint the holder (or a person nominated by the holder) as the holder's proxy for the purposes of attending and voting at an OGC shareholder meeting.

## 13.3 **Employee Options and Restricted Share Rights**

The Company's shareholders have approved the issue of up to 10% of the Company's issued and outstanding shares under securities-based employee compensation arrangements.

### 13.3.1 **Share options scheme**

The Company has a share option scheme under which options to subscribe for Common Shares in the future have been granted to executives and senior employees. As at December 31, 2010, 4,560,773 executive options were on issue with exercise prices of between A\$0.34 and A\$3.94 and a weighted average remaining contractual life of 5.52 years.



### 13.3.2 *Restricted Share Rights*

The Company has a Restricted Share Plan under which Restricted Share Rights have been granted to executives, employees and long-term consultants. Restricted Share Rights may be exercised for the issue of Common Shares at nil consideration, provided the holder has maintained continuous employment with the Company or a subsidiary for a stipulated period (generally three years). As at December 31, 2010, 1,084,380 Restricted Share Rights were on issue with an average remaining restricted period before exercise of 1.30 years.

### 13.4 **Convertible Notes**

As at the date of this document, the OGC corporate group has on issue the following convertible notes:

- i) 530 convertible notes each having a face value of A\$100,000, bearing interest at 5.75% per annum payable semi-annually in arrears and being due for redemption at 109% of their principal amount in 2012, unless prior conversion into ordinary shares of OGC occurs at the option of the noteholder. The one-off option to “put” the notes back to the Company expired in November 2010. Holders of 20 notes elected to exercise the “put” option and full payment of circa A\$2 million was made to such noteholders in December 2010. The number of shares to be delivered upon conversion of the remaining 530 notes shall be determined by dividing the principal amount of the note by the conversion price. The conversion price following the October 2010 equity raising was A\$4.1011 (subject to adjustment for certain specified events); and
- ii) 1,000 convertible notes each having a face value of A\$100,000, bearing interest at 7.0% per annum payable semi-annually in arrears and being due for redemption in 2013 at a value equal to the sum of their principal amount plus the capitalised interest amount, unless prior conversion to ordinary shares in OGC occurs at the option of the noteholder. The number of shares to be delivered upon conversion of each such note shall be determined by dividing the principal amount of the note by the conversion price. The conversion price following the October 2010 equity raising was: for 700 such notes, A\$3.8699; and for the other 300 such notes, A\$4.0640 (in each case subject to adjustment for certain specified events).

The terms of all convertible notes on issue include conversion price adjustment provisions relating to, among other matters, the issue of shares of OGC. Generally, there will be an adjustment to the conversion price of the convertible notes if shares are issued at less than 95% of the then current market price.

## 14. **MARKET FOR SECURITIES**

### 14.1 **Trading Price and Volume**

The following table sets forth the high and low sales price and volume of sales of the common shares of OGC on the TSX and of the CDIs of OGC on the ASX for the periods indicated.

14.1.1 **TSX**

2010 Month	High	Low	Volume
December	\$3.95	\$3.24	23,102,852
November	\$3.87	\$3.10	20,151,927
October	\$4.00	\$3.36	27,286,494
September	\$4.05	\$3.35	52,419,092
August	\$3.46	\$2.67	14,373,670
July	\$3.28	\$2.61	13,335,817
June	\$3.49	\$2.91	18,244,177
May	\$3.38	\$2.21	22,964,216
April	\$2.65	\$2.28	11,796,216
March	\$2.72	\$2.12	17,921,825
February	\$2.53	\$1.68	11,399,936
January	\$2.16	\$1.75	7,947,632

14.1.2 **ASX**

2010 Month	High	Low	Volume
December	\$3.93	\$3.29	14,175,208
November	\$3.73	\$3.16	15,086,440
October	\$3.90	\$3.37	20,497,710
September	\$4.17	\$3.51	23,013,214
August	\$3.57	\$2.82	11,054,404
July	\$3.49	\$2.80	13,370,736
June	\$3.90	\$3.31	12,490,916
May	\$3.72	\$2.43	13,964,255
April	\$2.76	\$2.43	8,033,300
March	\$2.83	\$2.26	10,651,912
February	\$2.46	\$1.66	10,342,056
January	\$2.19	\$1.79	7,729,122

## 14.2 Prior Sales

Other than as described below, during the most recently completed financial year, the Company has not issued any Common Shares nor securities that are convertible into Common Shares (including upon exercise of Stock Options and RSPs).

On March 4, 2010, the Company raised aggregate gross proceeds of approximately C\$86.3 million through the issuance of 31,164,001 Subscription Receipts and a concurrent private placement of 10,949,648 ASX-listed CDIs at an issue price of C\$2.05 per Subscription Receipt / CDI. Each Subscription Receipt entitled the holder to receive one common share of the Company upon satisfaction of certain release conditions, including shareholder approval. Shareholders of the Company approved the issuance of both the Common Shares underlying the Subscription Receipts and CDIs at a special meeting of shareholders held on March 25, 2010. The remaining release conditions were subsequently satisfied on or prior to March 29, 2010, at which time, the underlying Common Shares were issued upon automatic exercise of the Subscription Receipts.

On October 20, 2010, the Company raised approximately C\$115 million through the issuance of 12,023,360 Special Warrants at a price of C\$3.50 per Special Warrant for gross proceeds of C\$42,081,760 and 20,976,640 CDIs at A\$3.54 (the Australian dollar equivalent of C\$3.50 at the time of announcement on 4 October, 2010) for gross proceeds of A\$74,257,305 ("October Offering"). The Special Warrants were automatically converted, without any further action or payment by the holders, into common shares of the Company on 17 November 2010.

Furthermore, during 2010, the Company issued an aggregate of 1,033,886 ASX-listed CDIs at exercise prices of between A\$0.343 and A\$3.40 per CDI pursuant to the exercise of unquoted management options.

The following table summarises the grant of securities convertible into Common Shares by the Company during its most recently completed financial year. All of the securities referred to in the below table were issued under the Company's management and employee incentive schemes.

Date Granted	Number of Securities	Security	Price per Security (A\$)
April 19, 2010	100,000	Stock Options	\$2.6214
May 27, 2010	150,000	Stock Options	\$3.0311
May 27, 2010	50,000	Restricted Share Rights	\$0.00
June 18, 2010	123,000	Stock Options	\$3.5317
June 18, 2010	40,999	Restricted Share Rights	\$0.00
October 7, 2010	300,000	Stock Options	\$3.9445
December 2, 2010	950,000	Stock Options	\$3.3100

## 15. DIRECTORS AND OFFICERS

In accordance with the Articles of the Company, the directors of the Company shall be elected and shall retire in rotation, with three directors subject to election at each annual general meeting of shareholders of the Company held to elect directors. Three directors will stand for re-election at the next annual general meeting of the Company, and if elected will hold office for a term of two years from the date of their election or until the second annual general meeting of shareholders following such date, whichever is earlier. At the next annual general meeting of the shareholders of the Company held to elect directors, each of the directors not elected at the previous Meeting may be nominated for re-election to hold office for a term of two years until the second annual general meeting of shareholders following the date of their election or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of the Company or unless he or she becomes disqualified to act as a director, whichever is earlier.

### 15.1 Board of Directors

The following table and subsequent biographical information identifies the current directors and executive officers of the Company and provides additional information on their location of residence, offices held within the Company and principal occupation.

Name and Province/State of Residence/Principal Occupation	Position Held
James E. Askew / Denver, USA / Director	Chairman of OGL then OceanaGold since November 2006
J. Denham Shale / Auckland, New Zealand / Director	Director of OGL then OceanaGold since February 2004
Terrence N. Fern / Sydney, Australia / Director	Director of OGL then OceanaGold since November 2006
Jose P Leviste Jr. / Manila, Philippines / Director	Director of OceanaGold since December 2007
Jacob Klein / Sydney, Australia / Director	Director of OceanaGold since December 2009
William Myckatyn / Horsefly, Canada / Director	Director of OceanaGold since April 2010
Michael Wilkes / Melbourne, Australia / Executive	CEO of OceanaGold since January 2011

Name and Province/State of Residence/Principal Occupation	Position Held
Marcus Engelbrecht / Melbourne, Australia / Executive	CFO of OceanaGold since January 2009
Matthew Salthouse / Melbourne, Australia / Executive	General Counsel & Company Secretary of OceanaGold since January 2008
Darren Klinck / Melbourne, Australia / Executive	Vice President, Corporate & Investor Relations of OGL then OceanaGold since April 2007
Mark Cadzow / Dunedin, New Zealand / Executive	Chief Operating Officer since October 2010 (Joined OGL in April 1991)
Martyn Creaney / Manila, Philippines / Executive	Project Director – Philippines since October 2010
Michael Roache / Dunedin, New Zealand / Executive	Vice President – Exploration since November 2010

# For completeness, the table refers to directorships and officeholder roles before and after the Reorganisation, by reference to OGL or OceanaGold as is applicable.

As of the date hereof, the directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over 3,313,392 Common Shares, representing approximately 1.45% of the issued and outstanding Common Shares as of the date hereof.

The following is biographical information relating to each of the directors of OceanaGold Corporation:

**James E. Askew** is the Chairman of the board of directors of OceanaGold (appointed November 2006). Mr. Askew is a mining engineer with over 30 years of broad international experience as a Director and/or Chief Executive Officer for a wide range of Australian and international publicly listed mining, mining finance and other mining related companies. He holds a Bachelor of Mining Engineering (Honours) and a Masters Degree, Engineering Science. Mr. Askew has served on the board of a number of public companies, currently including Ausdrill Limited, Conquest Mining Ltd and Golden Star Resources Ltd.

**J. Denham Shale** is a director of OceanaGold (appointed February 2004). Mr. Shale is a lawyer in practice in Auckland, New Zealand. He was previously Chairman of Kensington Swan, a leading New Zealand law firm, and has been a director of listed companies for over 20 years. Mr. Shale was previously involved with gold mining in Australia and New Zealand as a Director of Otter Gold Limited from 1992, ending his involvement as Chairman when Otter was taken over by Normandy in 2002. Mr. Shale is currently Chairman of The Farmers Trading Company Limited and a director of New Zealand listed Turners Auctions Limited,



unlisted Scales Corporation Limited and several other private companies. He has a Bachelor of Laws degree and is Vice President and an Accredited Fellow of the Institute of Directors in New Zealand.

**Jose P. Leviste Jr.** is the current Chairman of OceanaGold's wholly-owned subsidiary company in the Philippines, Oceana Gold (Philippines), Inc. and has been a Director of the Philippines company since OGC's merger with Climax Mining in 2006. He is also the Philippine Resident Representative of the Australia-Philippine Business Council and in 2005 was appointed as a Commissioner to the Consultative Commission tasked with advising the Philippines' President on the changes needed to the 1987 Constitution of the Philippines. Mr. Leviste graduated in economics from the Ateneo University with an MBA degree from Columbia University and a MA Economics degree from Fordham University in the United States.

**Terrence N. Fern** is a director of OceanaGold (appointed November 2006). Mr. Fern has over 25 years of extensive international experience in petroleum and minerals exploration, development and financing. He holds a Bachelor of Science degree from The University of Sydney and has followed careers in both exploration geophysics and natural resource investment. Mr. Fern's current principal occupation is as the Chairman and Managing Director of Petsec Energy Ltd, an ASX-listed oil and gas exploration and production company.

**Jacob Klein** is a director of OceanaGold (appointed December 2009). Mr. Klein is the former President and CEO of Sino Gold Limited, a company he helped found in 2000. He has over 16 years experience in banking and international finance arena in South Africa and Australia. Mr Klein joined Macquarie Bank in 1991 and later in 1995 was a member of the Macquarie Bank team who participated in the formation of Asia Resource Capital Limited, a joint venture between Macquarie and China National Nuclear Corporation (CNNC). Mr Klein is also Executive Chairman of Conquest Mining Limited and a director of Lynas Corporation.

**William Myckatyn** is a director of OceanaGold (appointed April 2010). He is a professional mining engineer based in British Columbia, Canada. He is the Vice Chairman and Lead Director of Quadra FNX Mining Ltd., an intermediate copper and gold producer focused in the Americas and a company he co-founded as CEO in 2002. Prior to founding Quadra Mining in 2002, Mr Myckatyn held the position of Chief Executive Officer at other mining and metals companies over a period of nine years including Dayton Mining, Princeton Mining and Gibraltar Mines. In addition to his position with Quadra FNX Mining Ltd, Mr Myckatyn also sits on the Board of Directors for Canadian based exploration companies: Pacific Rim Mining, First Point Minerals and San Marco Minerals.

## 15.2 Executive Officers

**Michael Wilkes** is Chief Executive Officer of the Company (appointed in January 2011). Mick Wilkes is a mining engineer with 26 years of broad international experience, predominantly in precious and base metals across Asia and Australia. Most recently, as Executive General Manager of Operations at OZ Minerals he had responsibility for the evaluation studies, construction and operation of the Prominent Hill copper gold project in South Australia, which is one of the more significant recent resource developments in Australia.

Preceding this, he was General Manager of the Sepon gold copper project for Oxiana in Laos. Earlier experience was in Papua New Guinea in senior roles and, at the outset of his career, at Mount Isa Mines in operations and design. Mr Wilkes has a Bachelor of Engineering (Honours) from the University of Queensland, a Master of Business Administration from Deakin University, and is a member of the Australian Institute of Mining and Metallurgy, and the Australian Institute of Company Directors.

**Marcus Engelbrecht** is Chief Financial Officer of the Company (appointed January 2009). Mr. Engelbrecht has over 20 years resources experience and a proven track record operating in often challenging locales in Africa, Asia and Latin America. He spent nine years in South Africa with Deane & Thresher, Chartered Accountants before starting a 20 year career with BHP Billiton and affiliated companies. Marcus held various roles at BHP Billiton and in 2002 became CFO of its Diamonds & Specialty Products group, based in Melbourne, Australia. Most recently Marcus was a Principal and Director of Mandate Finance, a private company that provided working capital solutions through the provision of financial management options. Mr Engelbrecht holds a Post Graduate Bachelor Degree (Finance) from the University of South Africa.

**Matthew Salthouse** is the General Counsel and Company Secretary of the Company (appointed in January 2008) and acted as President of OceanaGold (Philippines) Inc during 2010. Mr. Salthouse was previously Company Secretary and Legal Counsel at Drivetrain Systems International Pty Ltd. Before joining Drivetrain, he was employed as a Senior Associate at Chambers & Company where he consulted on various merger and acquisition matters for large scale mining and resource companies. He has also worked as a commercial lawyer and legal practitioner at Coles Myer, ION Limited, Herbert Smith and Corrs Chambers Westgarth. Mr. Salthouse holds a Bachelor of Laws and a Bachelor Economics (Monash University), Graduate Diploma of Industrial Relations (University of Melbourne) and an Advanced Certificate - Business Analysis & Valuation (London School of Economics).

**Darren Klinck** is the Vice President, Corporate & Investor Relations of the Company (having initially been appointed to this position with OGL in April 2007). Mr. Klinck was previously Vice President, Corporate & Investor Relations with the TSX and American Stock Exchange listed Kimber Resources Inc., a company focused on precious metals exploration and development in Mexico. His experience also spans the areas of marketing, communications, business development and project management in both the public and private sectors. Mr. Klinck holds a Bachelor of Commerce degree from the Haskayne School of Business at the University of Calgary.

**Mark Cadzow** is the Chief Operating Officer (and initially joined OGL in April 1991). Mr. Cadzow is a metallurgist with over 29 years experience in mineral processing, precious metals, sulphide minerals and coal. He spent 8 years with BP Australia in coal and mineral research and development, which resulted in a number of patented processes for the recovery of gold and other minerals. Mr. Cadzow joined OGL in 1991 and held the position of Senior Metallurgist and Processing Manager for 10 years, during which time he developed the Macraes processing plant from a 1.5 Mtpa sulphide leach plant into one of Australasia's most complex gold processing plants treating 4.5 Mtpa. In 2002, his appointment to Project Manager saw him

bring on the 0.5 Mtpa oxide plant. He was also acting Mining Manager during the commissioning of the Owner Mining Fleet, before being appointed as Environmental and Sustainable Manager in 2003. In October 2005, he was appointed New Zealand Development Manager, and was appointed the Chief Operating Officer of New Zealand operations in July 2009. He was subsequently appointed Chief Operating Officer of OceanaGold in October 2010. He holds a Bachelor of Applied Science (Metallurgy).

**Martyn Creaney** is the Project Director - Philippines (appointed in October 2010). Mr. Creaney is a civil engineer with over 30 years of construction and project management experience, primarily in the mining industry. He has been actively involved in the development of projects in Australia, Asia, South Africa and the Americas including 25 years with Placer Dome, where from 2000-2006 he was Vice President, Design & Construction, overseeing all design and construction activities for the Company. Mr. Creaney holds a Bachelor of Applied Science (Civil Engineering).

**Michael Roache** is the Vice President - Exploration (appointed November 2010). Dr. Roache is an industry veteran with over 23 years experience throughout Asia, Australia and New Zealand focusing on gold exploration and discovery. Previously with Metex Resources, Delta Gold and AngloGold, Dr. Roache led the exploration team at OceanaGold until late 2007 when he temporarily left the minerals industry. His experience crosses over a wide range of gold deposit styles, including extensive porphyry experience in Asia. He holds a PhD in Economic Geology from the University of Tasmania and is a member of the Australian Institute of Geoscientists (AIG)

### **15.3 Cease Trade Orders or Bankruptcies**

No director or executive officer of the Company is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Company) that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer but which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Save as noted below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially control of the Company: (i) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver,

receiver manager or trustee appointed to hold its assets; or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

It is noted that Mr Salthouse was previously an employer nominated director of Core Cast Limited, which was placed into administration on December 7, 2004. This entity was placed into administration as a direct result of the wholly owned parent company being placed into administration. The entity has no relationship to OGC.

On January 14, 2010, Eastern Hi Fi Group Limited ("Eastern Hi Fi") was placed in receivership under New Zealand law by one of its creditors at the request of its directors. In a receivership the assets are realised for the benefit of the secured creditor who appointed the receiver. At the time Eastern Hi Fi was placed in receivership, Mr. Denham Shale was a non-executive director of that company. Eastern Hi Fi has since satisfied the debt owed to the creditor who appointed the receiver.

On 31 August 2010, South Canterbury Finance Limited ("SCFL") and a number of its subsidiary and associate companies were placed into receivership. Mr. Denham Shale was a non-executive director of SCFL and some of its subsidiaries and associates. The receivers are continuing SCFL's operation.

#### **15.4 Penalties or Sanctions**

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

#### **15.5 Conflicts of Interest**

To the Company's knowledge, and other than as disclosed in this AIF, there are no known existing or potential conflicts of interest among the Company, its directors and executive officers, or other members of management, or of any proposed director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other mineral resource companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. See "Interest of Management and Others in Material Transactions" and "Risk Factors".

The directors of the company are required by law to act honestly and in good faith with a view to the best interests of the company and to disclose any interests that they may have in any material contract or material

transaction. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter. The directors and officers of the company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest in respect of the company and are required to comply with such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

## 16. CORPORATE GOVERNANCE AND BOARD COMMITTEES

Three committees have been established to assist the Board in discharging its responsibilities as follows:

- Audit and Financial Risk Management Committee ("Audit Committee");
- Remuneration and Nomination Committee; and
- Sustainability Committee.

Each Committee contained a majority of independent non-executive directors at all times during the period under review.

Each Committee is governed by a formal charter approved by the Board, documenting the committee's composition and responsibilities. Copies of these charters can be viewed under the Governance section of the Company's website.

The **Remuneration and Nomination Committee** is responsible for making recommendations to the Board in relation to the remuneration arrangements for the Chief Executive Officer, for reviewing and approving the Chief Executive Officer's remuneration recommendations for senior executives and for reviewing and approving the general remuneration framework for other employees. The Committee is also responsible for ensuring that an appropriate mix of skills, experience and expertise is maintained on the Board and for evaluating the performance of the Board, individual directors and the Board committees. The members of the Remuneration and Nomination Committee during the period under review were Jacob Klein (Chairman); J. E. Askew; and T. N. Fern.

The **Sustainability Committee** is responsible for reviewing and making recommendations to the Board in respect of the management of technical risk and the furtherance of the Company's commitments to environmentally sound and responsible resource development and a healthy and safe work environment. During the period under review, members of the Sustainability Committee were J. E. Askew (Chairman); J. D. Shale; and J. P. Leviste Jr.

The **Audit Committee's** primary responsibility is to oversee the Company's financial reporting process, financial risk management systems and internal control structure. It also reviews the scope and quality of the Company's external audits and makes recommendations to the Board in relation to the appointment or



removal of the external auditor. The members of the Audit Committee during the year under review were J. D. Shale (Chairman); J. E. Askew (until 8 September 2010); Jacob Klein and T. N. Fern.

Each member of the Audit Committee is independent and financially literate within the meaning of National Instrument 52-110 – Audit Committees. Details of the education and experience of each committee member is set out in the biographical information in the “Directors and Officers” section within the AIF.

A copy of the Audit Committee Charter is attached in Appendix A.

The aggregate fees billed for professional services rendered by our auditors, PricewaterhouseCoopers, to us for our last two financial years are as follows:

Remuneration of the Auditor	FY Dec 2010	FY Dec 2009
	USD\$(000)	USD\$(000)
<b>PwC in Australia</b>		
Audit Fees	566	612
Audit-Related Fees	0	0
Tax Fees	65	186
All Other Fees	252	93
<b>Total Auditor Remuneration</b>	<b>883</b>	<b>891</b>
<b>PwC outside Australia</b>		
Audit Fees	231	196
Audit-Related Fees	0	0
Tax Fees	51	10
All Other Fees	1	4
<b>Total Auditor Remuneration</b>	<b>282</b>	<b>210</b>
<b>TOTAL</b>	<b>1,166</b>	<b>1,101</b>

AUD / USD rate

0.919

0.7980

### 16.1 Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemptions in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), Section 3.2 of NI 52-110 (Initial Public Offerings), Subsection 3.3(2) of NI 52-110 (Controlled Companies), Section 3.4 of NI 52-110 (Events Outside of Control of Member), Section 3.5 of NI 52-110 (Death, Disability or Resignation of Audit Committee Member), Section 3.6 of NI 52-110 (Temporary Exemption for Limited and Exceptional Circumstances), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

## 16.2 Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

## 16.3 Pre-Approval Policies and Procedures

Pursuant to the Audit Committee Charter, the Audit Committee is responsible for pre-approving the retention of the external auditor for any permitted non-audit service to be provided to the Company or its subsidiaries provided that the Audit Committee is not required to approve in advance non-audit services where: (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than 5% of the total amount of revenues paid by the Company to the external auditor during the fiscal year in which the non-audit services are provided; (ii) such services were not recognised by the Company at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Audit Committee and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee to whom authority to grant such approvals has been delegated by the Audit Committee.

## 17. RISK FACTORS

Investment in the securities of the Company involves a high degree of risk and should be regarded as speculative due to the nature of the Company's business. Prior to making an investment in the Company's securities, prospective investors should carefully consider the risk factors set out below. Such risk factors could have a material adverse effect on, among other matters, the operating results, earnings, properties, business and condition (financial or otherwise) of the Company.

***There is no assurance that the Company will continue to successfully produce gold, that the Company will be able to meet any gold production forecasts or that it will be able to successfully bring new gold and/or gold-copper mines into production.***

The Company's ability to sustain or increase the current level of production is dependent on the development of the Didipio Project or the development of incremental expansions of the Company's Reefion Project and Macraes Project. No assurances can be given that planned development and expansion projects will result in additional mineral reserves, that planned development timetables will be achieved, that gold production forecasts will be achieved, or that the development projects will be successful.

Increased costs, changes in commodity prices, adverse currency fluctuations, availability of construction services and equipment, labour shortages or other factors could have a material adverse effect on the Company's business, financial condition, results of operations and prospects and could impede current gold production or the Company's ability to bring new gold and copper mines into production.

There is no assurance that the Company will be able to complete development of its mineral projects on time or to budget due to, amongst other matters, changes in the economics of the mineral projects, the delivery

and installation of plant and equipment, cost overruns and the adequacy of current personnel, systems, procedures and controls to support the Company's operations. Any of these would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company's objective of producing 270,000 to 290,000 ounces of gold per calendar year requires that the Company continues to successfully operate its existing producing assets at a similar scale of complexity and activities as achieved by the Company in recent operating periods. Achieving such scale of activities requires continuing adequate and appropriate resourcing, staffing and management of the Company's business processes, systems and information technology and any diminution of resources and management could adversely affect the Company's performance.

***Development of the Didipio Project may be adversely affected as a consequence of events beyond the Company's control.***

Development of the Didipio Project may be adversely affected by a number of factors. Most, if not all, projects of this kind suffer delays in start up and commissioning due to late delivery of components, adverse weather, equipment failures or delays in obtaining the required permits or consents. The Company commenced site construction activities at the Didipio Project in early 2008, before being placed on care and maintenance in December 2008. Furthermore, while a legal right to acquire all land has been established at the Didipio Project, the land acquisition process remains ongoing and squatters and illegal miners are still resident on some parts of the declared mining area. Owners and occupiers of land yet to be formally acquired by the Company at the Didipio Project site have the ability in some circumstances to contest the Company's land acquisition rights via judicial processes. Where such disputes arise, notwithstanding that the Company has a legal right to acquire land, the outcome of judicial processes cannot be determined or controlled by the Company and such processes have the potential to delay completion of land acquisition activities. In addition, the Didipio Project is located in an area of high rainfall with significant ground water and surface water on or near the project site. The Company's development plan for the Didipio Project includes mitigation measures aimed at groundwater drainage, tailings dam diversion and pit de-watering. Should any of these measures fail to perform, or to perform as planned and expected, this could result in excessive water collecting in the open pit and/or underground mining operations. The foregoing could have a material adverse effect on the Company's results of operations, cash flow and financial condition.

***The Company may not achieve its production estimates.***

The Company prepares estimates of future gold and copper production for its existing and future mines. The Company cannot give any assurance that it will achieve its production estimates. The failure of the Company to achieve its production estimates could have a material adverse effect on any or all of its future cash flows, profitability, results of operations and financial condition. The realization of production estimates are dependent on, among other matters: the accuracy of mineral reserve and resource estimates; the accuracy of assumptions regarding ore grades and recovery rates; ground conditions (including hydrology); physical characteristics of ores; the presence or absence of particular metallurgical characteristics; and the accuracy of estimated rates and costs of mining, ore haulage and processing.

Actual production may vary from estimates for a variety of reasons, including: the availability of certain types of ores; actual ore mined varying from estimates of grade or tonnage; dilution and metallurgical and other characteristics (whether based on representative samples of ore or not); short-term operating factors such as the need for sequential development of ore bodies and the processing of new or adjacent ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena, such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for mining operations, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; plant and equipment failure; the inability to process certain types of ores; labour shortages or strikes; lack of required labour; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the regulatory environment. In addition to adversely affecting mineral production, such occurrences could also result in damage to mineral properties or mines, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable, forcing the Company to cease production. Each of these factors also applies to the Company's mines not yet in production and to operations that are to be expanded. In these cases, the Company does not have the benefit of actual experience in verifying its estimates and there is a greater likelihood that actual production results will vary from the estimates.

***Capital and operating cost estimates may not be accurate.***

Capital and operating cost estimates made in respect of the Company's mines and development projects may not prove accurate. Capital and operating costs are estimates based on the interpretation of geological data, feasibility studies, anticipated climatic conditions and other factors at the time of making such estimates. Any of the following events, among the other uncertainties described in this Annual Information Form, could affect the ultimate accuracy of such estimates: unanticipated changes in grade and tonnage of ore to be mined and processed; incorrect data on which engineering assumptions are made; delays in construction schedules; unanticipated transportation costs; the accuracy of major equipment and construction cost estimates; labour negotiations; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting, greenhouse gas emissions and restrictions on production quotas for exportation of minerals) and title claims.

***Changes in the market price of gold and copper, which in the past have exhibited high volatility, will affect the profitability of the Company's operations and its financial condition.***

The Company's revenues, profitability and viability depend on the market price of gold produced from the Company's mines. The market price of copper will also become a material factor for the Company's profitability and viability when the Didipio Project in the Philippines is commissioned. The market price of gold is set in the world market and is affected by numerous factors beyond the Company's control, including: the demand for precious metals; expectations with respect to the rate of inflation; interest rates; currency exchange rates; the demand for jewellery and industrial products containing precious metals; gold production; inventories; costs; change in global or regional investment or consumption patterns; sales by

central banks and other holders; speculators and producers of gold and other metals in response to any of the above factors; and global and regional political and economic factors.

A decline in the market price of gold below the Company's production costs for any sustained period would have a material adverse impact on the actual and anticipated profit, cash flow and results of the Company's current and anticipated future operations. Such a decline could also have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects. A decline in the market price of gold may also require the Company to write-down its mineral reserves, which would have a material adverse effect on the value of the Company's securities. Further, if revenue from gold declines the Company may experience liquidity difficulties. The Company will also have to assess the economic impact of any sustained lower gold price on recoverability and, therefore, on cut-off grades and the level of its mineral reserves and resources.

***Mining sector enterprises face many operating risks.***

In common with other enterprises undertaking business in the mining sector, the Company's mineral exploration, project development, mining and related activities are subject to conditions beyond the Company's control that can reduce, halt or limit production or increase the costs of production.

The success of the Company's mining operations is dependent on many factors including: the discovery and/or acquisition of mineral reserves and mineral resources; successful conclusions to feasibility and other mining studies; access to adequate capital for project development and to sustaining capital; design and construction of efficient mining and processing facilities within capital expenditure budgets; the securing and maintaining of title to tenements; obtaining permits, consents and approvals necessary for the conduct of exploration and mining; compliance with the terms and conditions of all permits, consents and approvals during the course of mining activities; access to competent operational management and prudent financial administration, including the availability and reliability of appropriately qualified employees, contractors and consultants; the ability to procure major equipment items and key consumables in a timely and cost-effective manner; the ability to access full power supply; and the ability to access road and port networks for the shipment of gold and copper concentrate.

Increases in oil prices, and in turn diesel fuel prices, and the cost of equipment would add significantly to operating costs. These are all beyond the control of the Company. The Company has no diesel fuel price protection in place to offset future price rises. An inability to secure ongoing supply of such goods and services at prices assumed within the short and long term mine plans, and assumed within feasibility studies, could have a material and adverse effect on the results of the Company's costs, results of operations and financial condition. This could render a previously profitable project unprofitable.

Costs can also be affected by factors such as changes in market conditions, government policies and exchange rates, all of which are unpredictable and outside the control of the Company. The operations are also exposed to industrial disruption, which can be beyond the Company's control.



***The figures for the Company's mineral reserves and mineral resources are estimates based on interpretation and assumptions and may yield less mineral production under actual conditions than is currently estimated.***

The mineral resource and mineral reserve figures presented herein are calculated by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that these estimates will be accurate or that this mineralisation could be mined or processed profitably. If the Company encounters mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, mineral reserve estimates may have to be adjusted in a way that might adversely affect the Company's operations. The mineral reserve estimates of the Company have been determined based on assumed gold and copper prices, cut-off grades and costs that may prove to be inaccurate.

An extended period of operational underperformance, including increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralisation uneconomic to recover and may ultimately result in the restatement of mineral reserves and/or mineral resources.

The inclusion of mineral resource estimates should not be regarded as a representation that these amounts can be economically exploited and no assurances can be given that such mineral resource estimates will be converted into mineral reserves.

***Mining operations involve a high degree of risk and numerous inherent hazards.***

The Company's mining operations are subject to a number of risks and hazards, including: environmental hazards; industrial accidents; labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions (including rainfall), earthquakes, seismicity, natural disasters, open pit and underground floods, pit wall failures, ground movements, tailings dam failures and cave-ins; pipeline failures; encountering unusual or unexpected geological conditions; and technological failure of mining methods. There is no assurance that the foregoing risks and hazards will not result in any or all of: damage to, or destruction of, the properties of the Company; personal injury or death; environmental damage; delays in, or interruption of, the development of the projects of the Company; monetary losses; potential legal liability; and adverse governmental action. All of these factors could have a material adverse impact on the Company's cash flows, earnings, results of operations and financial condition.

***Fluctuations in metal prices have created uncertainty in relation to the demand for, and cost of, exploration, development and construction services and equipment.***

Recent movements in commodity prices have created uncertainty in relation to the costs of exploration, development and construction activities, which have resulted in material fluctuations in the demand for, and cost of, exploration, development and construction services and equipment (including mining fleet equipment). Varying demand for services and equipment could cause project costs to alter materially,

resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and could increase potential scheduling difficulties.

***There is no assurance that exploration and development activities will be successful.***

Mineral resource exploration and the development of mineral projects into mines is a highly speculative business, characterised by a number of significant risks including, among other matters, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. There is no assurance as to the Company's ability to sustain or increase its mineral reserves and resources. To sustain or increase the current mineral reserves and mineral resources, further mineral reserves and mineral resources must be identified. Any gold and copper exploration program entails risks relating to the location of ore bodies that are economically viable to mine, the development of appropriate metallurgical processes, the receipt of necessary governmental permits, licences and consents and the construction of mining and processing facilities at any site chosen for mining. No assurance can be given that any exploration program will result in the discovery of new mineral reserves or mineral resources or that the expansion of existing mineral reserves or mineral resources will be successful.

***Currency fluctuations may affect the Company's costs and margins.***

Gold and copper is sold throughout the world based on U.S. dollars. The Company pays for goods and services in U.S. dollars and other currencies. Adverse fluctuations in these other currencies relative to the U.S. dollar could materially and adversely affect the Company's operating results, profitability and financial position. The Company may not be able to raise additional funds. The Company's continued ability to effectively implement its business plan and growth strategy depends in part on its ability to raise additional funds. The Company's performance and future project development plans are subject to numerous uncertain future influences and there can be no assurance that any equity or debt funding will be available to the Company.

***Global financial conditions have been subject to increased volatility which may impact on the Company's ability to source debt facilities.***

The Company, as a borrower of money, is potentially exposed to adverse interest rate movements that may increase the financial risk inherent in its business and could have a material adverse impact on profitability and cash flow. Project financing may expose the Company to adverse interest rate movements and also potentially adverse gold and copper price movements (depending on the type and quantity of commodity hedging policies entered into as a requirement of the project financing). Such investments may significantly increase the financial risk inherent in the Company's business and could have a material impact on profitability and cash flow.

The Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly bonding/bank guarantee instruments, to secure statutory and environmental performance undertakings and commitments to local communities. The Company's ability to provide such

assurances is subject to external financial and credit markets and assessments and its own financial position.

***Regulatory, consenting and permitting risks may delay or adversely affect gold and any future copper production.***

The business of mineral exploration, project development, mining and processing is subject to various national and local laws and plans relating to: permitting and maintenance of title; environmental consents; taxation; employee relations; heritage/historic matters; health and safety; royalties; land acquisitions; and other matters. There is a risk that the necessary permits, consents, authorisations and agreements to implement planned exploration, project development or mining may not be obtained under conditions or within time frames that make such plans economic. There is also a risk that applicable laws, regulations or governing authorities will change and that such changes will result in additional material expenditures or time delays. The permitting and consent process in the Philippines requires extensive consultation and enables many interested third parties to participate in the process. This imposes additional risk that permits and consents may be delayed or rejected.

Under the provisions of the FTAA relating to the Didipio Project in the Philippines, the operating entity has a period of five years to recover its pre-operating expenses. Any residual unrecovered balance of pre-operating expenses is recovered by equal amounts over the subsequent three years after the recovery period. The claim for pre-operating expenditure is subject to audit by the relevant government department and there is a risk that some items of expenditure may not be deemed eligible for cost recovery.

***Tenement applications are uncertain and the Company is subject to consenting and permitting risk.***

The Company has been granted mining tenements and has made applications for other mining tenements, and for renewals of granted tenements, over particular exploration properties. There can be no assurance that the Company will be granted all the mining tenements and renewals for which it has applied.

The resource consenting process requires extensive stakeholder consultation, including public notification by the consenting authorities. This enables interested third parties to participate in the consenting process. Non-governmental organisations are active in the Company's areas of operation and are regarded as key stakeholders with whom communication is critical.

Although the Company has experience with consenting frameworks and maintains a policy of early consultation with key stakeholders to identify and, where possible, address concerns there is the risk of consents being delayed or rejected, which may adversely impact on the Company's ability to develop its mines and expand its production.

***The Company's principal exploration and mining activities are situated in only two countries.***

The Company is conducting its exploration, development and mining activities in New Zealand and the Philippines. There is a sovereign risk in investing in foreign countries, including the risk that the mining concessions may be susceptible to revision or cancellation by new laws or changes in direction by the government of the day. These are matters over which the Company has no control. Whilst the Company

believes that the governments and populations of these countries support the development of natural resources, there is no assurance that future political and economic conditions in such countries will not result in the adoption of different policies or attitudes affecting the development and ownership of mineral resources. Any such changes in policy or attitudes may result in changes in laws affecting ownership of assets, land tenure and mineral concessions, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital. This may affect the Company's ability to undertake exploration, development and mining activities in respect of current and future properties.

***Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions.***

The Company conducts mining, development and exploration activities in New Zealand and the Philippines. The Company's foreign mining investments are subject to the risks normally associated with the conduct of business in foreign countries. The occurrence of events associated with these risks could have a material and adverse effect on the Company's profitability or the viability of its affected foreign operations, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. Risks may include, among others: labour disputes; invalidation of governmental orders and permits; corruption; uncertain political and economic environments; sovereign risk; war; civil disturbances and terrorist actions; arbitrary changes in laws or policies of particular countries (including tax laws); the failure of foreign parties to honour contractual relations; delays in obtaining, or the inability to obtain, necessary governmental permits, authorizations and consents; opposition to mining from environmental or other non-governmental organizations; limitations on foreign ownership; limitations on the repatriation of earnings; limitations on gold exports; instability due to economic under-development; inadequate infrastructure; and increased financing costs. In addition, the enforcement by the Company of its legal rights to exploit its properties may not be recognised by any foreign government or by the court system of a foreign country. These risks may limit or disrupt the Company's operations, restrict the movement of funds or result in the deprivation of mining-related rights or the taking of property by nationalization or expropriation without fair compensation.

***The Company's insurance coverage does not cover all of its potential losses, liabilities, and damages related to its business and certain risks are uninsured or uninsurable.***

While the Company may obtain insurance against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance, or that are in excess of insurance coverage, or associated with compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays. This could adversely affect the future earnings and results of operations of the Company and its financial condition.

***Increased competition could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration in the future.***

There is a limited supply of mining rights and desirable mining prospects available in the areas where the Company's current projects are situated. Many companies are engaged in the mining and mine development business, including large, established mining companies with substantial financial resources, operational capabilities and long earnings records. The Company may be at a competitive disadvantage in acquiring mining, exploration and development rights as many of its competitors have greater financial resources and larger technical staffs. Accordingly, there can be no assurance that the Company will be able to compete successfully against other companies in acquiring new prospecting, development or mining rights.

***The Company may not be profitable.***

The Company has a history of operating losses and there can be no assurance that the Company will be profitable. The Company may sustain losses in the near future. There is no guarantee that increased production will reverse the past operating losses or that the Company will be consistently profitable.

***The Company's properties are subject to environmental risks.***

Mining operations have inherent risks and liabilities associated with the pollution of the environment and the disposal of waste produced as a result of mineral exploration and production. Open pit and underground mining and processing copper and gold ores are subject to risks and hazards, including environmental hazards, industrial accidents, and discharge of toxic chemicals, breach of tailings dams, fire, flooding, rock falls and subsidence. The occurrence of any of these hazards can delay production, increase production costs or result in liability to the Company. Such incidents may also result in a breach of the conditions of a mining lease or other consent or permit or relevant regulatory regime, with consequent exposure to enforcement procedures, including possible revocation of leases, consents or permits. The Company cannot give any assurance that it will have, or be able to obtain, all necessary environmental approvals, licenses, permits or consents or be in compliance therewith or that, notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and results from operations. The lack of, or inability to obtain, any such approvals, licenses, permits or consents, or any breaches of environmental laws, may result in penalties including fines or other sanctions.

***There is no assurance that future changes in environmental regulation will not adversely affect the Company's operations.***

Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. The Company may incur unanticipated costs associated with the reclamation or restoration of mining properties. In addition, the Company may incur costs from reclamation activities in countries where the Company has mining and exploration operations in excess of any bonds or other financial assurances which the Company may be required to give, which costs may have a material adverse effect on the Company's profitability, results of operation and financial condition.

***The Company does not currently insure against any other environmental liabilities.***



The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities. The Company is also exposed to the liability of the costs of meeting rehabilitation obligations on the cessation of mining operations.

***The Company is subject to litigation risks.***

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's mining and project development operations. The Company is currently the subject of three material legal proceedings described below, and outlined in detail in the section entitled "Legal Proceedings".

A subsidiary of the Company is party to an agreement with a syndicate of original claim owners in respect of a portion of the area covered by the Company's FTAA in the Philippines. Certain disputed claims for payment under such agreement made by Mr. Gonzales are subject to arbitration proceedings, which have been adjourned pending settlement negotiations between the Company and Mr. Gonzales.

In February 2008, certain Didipio forestry landholders filed proceedings in the Regional Court of Quirino, seeking injunctive relief and damages to prevent the compulsory acquisition of properties by the Company in accordance with the Company's rights under the FTAA and associated regulations. The trial judge found in favour of some of the landholders and the Company made subsequent application to the Court of Appeal to have the decision rescinded. The Court of Appeal has since referred this matter back to the Regional Court for re-hearing on certain points of law and jurisdiction. The Company has filed a motion for reconsideration by the Court of Appeal. These proceedings do not have any material monetary impact on the Company at this time, but may delay completion of development of the Didipio Project.

In addition, in October 2009, Elmer Lawagan, a Didipio resident filed injunctive proceedings in the Regional Court of Nueva Vizcaya to stop the implementation by the Sheriff and the Mines and Geosciences Bureau of a writ of execution authorizing the Company to take possession of a parcel of land occupied by Mr. Lawagan. On appeal, the Court of Appeal and then the Supreme Court quashed the injunction. Mr. Lawagan has now filed in the Supreme Court a motion for reconsideration. This case does not have any material monetary impact on the Company at this time, but may delay completion of development of the Didipio Project.

***Shareholders' interests may be diluted in the future.***

The Company may require additional funding for exploration and development programs and potential acquisitions. If it raises additional funding by issuing additional equity securities (including upon conversion of its outstanding convertible notes) or hybrid securities that are convertible into equity securities, such financing may substantially dilute the interest of existing shareholders. Sales of substantial amounts of Common Shares, or the availability of Common Shares for sale, could adversely affect the prevailing market

prices for Common Shares. A decline in the market prices of Common Shares could impair the Company's ability to raise additional capital through the sale of securities should it desire to do so.

***The conversion price of the Company's outstanding convertible notes will be adjusted downward.***

Subsidiaries of the Company have on issue 530 convertible notes bearing interest at 5.75% per annum, 700 convertible notes bearing interest at 7.0% per annum and 300 convertible notes bearing interest at 7.0% per annum, each having a face value of A\$100,000, which notes are convertible into Common Shares or CDIs of the Company. The number of Common Shares or CDIs to be delivered upon conversion of each such notes shall be determined by dividing the principal amount of the note by the current conversion price, subject to adjustment for certain specified events.

The terms of these convertible notes include conversion price adjustment provisions relating to, among other things, the issue by the Company of Common Shares or rights to acquire Common Shares. Generally, there will be an adjustment to the conversion price if such shares or rights are issued at less than 95% of the then current market price of the Common Shares. After completion of the October Offering, the conversion prices of the convertible notes of the Company described above were adjusted to A\$4.1011, A\$3.8699 and A\$4.0640, respectively.

***The market price for Common Shares cannot be assured.***

Securities markets have experienced volatility in prices and volumes and the market prices of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuation will not adversely affect the price of the Company's securities and the market price of the Common Shares may decline below the price paid by shareholders for their securities. As a result of this volatility, investors may not be able to sell their Common Shares at or above the price they paid. In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm the Company's profitability and reputation.

***The Company may not pay dividends in the future.***

The Company conducts its major operations through subsidiaries. The Company's ability to obtain dividends or other distributions from subsidiaries may be subject to restrictions on dividends or repatriation of earnings under applicable local law, monetary transfer restrictions and credit facilities. There can be no assurance that there will be no future restrictions on repatriation, the payment of dividends or other distributions from subsidiaries which are necessary to enable the Company to pay dividends in the future.

***The Company is dependent on key personnel, including employees, contractors and consultants, who have been employed in the development and operation of mining assets owned by the Company.***

There is intense competition for qualified personnel in the worldwide mining industry and there can be no assurances that the Company will be able to attract and retain personnel. While the Company has, where

possible, either contracts for services for a term of years or, in the case of any employee, employment agreements with its personnel, it cannot ultimately prevent any of these parties from terminating their respective contracts in accordance with agreed conditions. Any future loss of key personnel or the inability to recruit and retain high calibre staff to manage future operations and exploration and development activities could materially impact on the profit and cash flow of the Company.

***Conflicts of interest may arise between directors and officers of the Company.***

Certain directors and officers of the Company are directors, officers or shareholders of other natural resource companies and, to the extent that such other companies may participate in ventures with the Company, the directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation.

## **18. LEGAL PROCEEDINGS**

A subsidiary of the Company is party to an agreement with a syndicate of original claim owners in respect of a portion of the area covered by the Company's FTAA in the Philippines. Certain disputed claims for payment under such agreement made by Mr. Gonzales are subject to arbitration proceedings, which have been adjourned pending settlement negotiations between the Company and Mr. Gonzales.

In February 2008, certain Didipio forestry landholders filed proceedings in the Regional Court of Quirino, seeking injunctive relief and damages to prevent compulsory acquisition of properties by the Company in accordance with OGC's rights under the FTAA and associated regulations. The trial judge found in favour of some of the landholders and the Company made subsequent application to the Court of Appeal to have the decision rescinded. The Court of Appeal has since referred aspect of the matter back to the Regional Court for re-hearing on certain points, whilst also reserved findings of certain other jurisdictional matters. These proceedings do not have any material monetary impact on the Company at this time, but may delay completion of development of the Didipio Project.

In addition, in October 2009, Elmer Lawagan, a Didipio resident filed injunctive proceedings in the Regional Court of Nueva Vizcaya to stop the implementation by the Sheriff and the Mines and Geosciences Bureau of a writ of execution authorizing the Company to take possession of a parcel of land occupied by Mr. Lawagan. On appeal, the Court of Appeal and then the Supreme Court quashed the injunction. Mr. Lawagan has now filed in the Supreme Court a motion for reconsideration. This case does not have any material monetary impact on the Company at this time, but may delay completion of development of the Didipio Project. See "Risk Factors".

## **19. REGULATORY ACTIONS**

There are no: (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during its most recently completed financial year; (b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision in the Company; and (c)

settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during its most recently completed financial year.

## **20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

None of the directors or officers of OGC, nor any associate or affiliate thereof, has had a direct or indirect material interest in any transaction within the three years prior to the date hereof or proposed transaction which has materially affected or will materially affect OGC.

## **21. AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of OGC as at December 31, 2010 were PricewaterhouseCoopers, located at Freshwater Place, 2 Southbank Blvd, Southbank, Victoria, 3006, Australia.

OGC has retained Computershare Investor Services Inc. as its Transfer Agent and Registrar at its principal offices in the cities of Vancouver and Toronto in Canada and in the city of Melbourne in Australia. Common Shares will be issued in registered form.

## **22. MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, there are no material contracts that we have entered into within the most recently completed financial year or before the most recently completed financial year (but after January 1, 2002) and still in effect other than described in this document.

During the most recently completed financial year, the Company has entered into the following material contracts, copies of which are filed on SEDAR under the Company's profile:

1. the February Offering Underwriting Agreement;
2. the Subscription Receipt Agreement;
3. the October Offering Underwriting Agreement; and
4. the Special Warrant Indenture.

## **23. INTEREST OF EXPERTS**

Our auditors, PricewaterhouseCoopers, report that they are independent of the Company in accordance with applicable professional conduct rules. The following is a list of persons or companies whose profession or business gives authority to a statement made by the person or company named as having prepared or certified a part of that document or a report or valuation described in this AIF or in a filing made by us under National Instrument 51-102 – Ongoing Requirements for Issuers and Insiders:

- (1) R.S. Frew, Behre Dolbear Australia
- (2) B.L. Gossage, Coffey Mining (formerly RSG Global Pty Limited)

- (3) J.S. McIntyre, Behre Dolbear Australia
- (4) R.R. Penter, GHD Limited
- (5) I.R. White, Behre Dolbear Australia
- (6) J. Wyche, Australian Mine Design and Development Pty Ltd.

To the knowledge of the Company, none of the persons referred to above and none of the corporations by which they are employed have received or will receive any direct or indirect interests in the property of the Company or of an associated party or an affiliate of the Company or have any beneficial ownership, direct or indirect, of securities of the Company or an associated party or an affiliate of the Company.

## **24. ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and a statement of interests of insiders in material transactions will be contained in our Management Information Circular for our annual meeting that involves the election of directors and will be made in respect of the year ended December 31, 2010. Further additional financial information is provided in our audited comparative financial statements and related management discussion and analysis for the year ended December 31, 2010. The additional information is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's name. We will also provide this information upon request to our Company Secretary.

## 25. TECHNICAL GLOSSARY

“**ad valorem**” in relation to a royalty payable under the Mining Act or the Crown Minerals Act, means a royalty calculated as a percentage of the net sales revenue earned on the relevant minerals.

“**As**” means Arsenic.

“**Au**” means gold.

“**bcm**” means bank cubic metres.

“**CIM**” means the Canadian Institute of Mining, Metallurgy and Petroleum.

“**cm**” means centimetre.

“**Cu**” means copper.

“**EP**” means an exploration permit granted under the Crown Minerals Act.

“**Au equiv.**” means gold equivalent.

“**g**” means grams.

“**g/t**” means grams per metric tonne.

“**ha**” means hectares.

“**indicated mineral resource**” means that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geologic or grade continuity to be reasonably assumed.

“**inferred mineral resource**” means that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

“**kg**” means kilogram.

“**km**” means kilometre.

“**km<sup>2</sup>**” means square kilometres.



“**lb**” means one pound and is equal to 454 g.

“**m**” means metre.

“**m<sup>3</sup>**” means cubic metres.

“**m<sup>3</sup>/h**” means cubic metres per hour.

“**measured mineral resource**” means that part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

“**mineral resource**” means a concentration or occurrence of natural, solid, inorganic or fossilised organic material in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

“**mineral reserve**” means the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. Mineral reserve includes diluting materials and allowances for losses which may occur when the material is mined.

“**mineralisation**” means the concentration of minerals in a body of rock.

“**ML**” means Mining License.

“**mm**” means millimetre.

“**Moz**” means million ounces.

“**Mt**” means million tonnes.

“**Mtpa**” means million tonnes per annum.

“**multiple indicator kriging**” is a grade estimation technique.

“**NMV**” means Net Metal Value.

“**ordinary kriging**” is a grade estimation technique.

“**oz**” means ounce.

“**PLL**” means Pipeline License.

“**polygonal method**” is a grade estimation technique.

“**PP**” means prospecting permit granted under the Crown Minerals Act.

“**ppm**” means parts per million.

“**probable mineral reserve**” means the economically mineable part of an indicated, and in some circumstances a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

“**proven mineral reserve**” means the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. The study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

“**QA/QC**” means quality assurance / quality control.

“**RC**” means reverse circulation.

“**RL**” means relative level.

“**scheelite**” is a calcium tungstate mineral.

“**SDMP**” means social development and management program.

“**t**” or “**tonne**” is a measure of weight equal to 1,000 kg or 2,204 lbs.

“**tpa**” means tonnes per annum.

“**tpd**” means tonnes per day.

“**tpm**” means tonnes per month.

“**TSF**” means tailing storage facility.

“**TSP**” means the Total Suspended Particulate.

# APPENDIX A

## OCEANAGOLD CORPORATION

### AUDIT AND FINANCIAL RISK MANAGEMENT COMMITTEE CHARTER

#### 1. Introduction

The Audit and Financial Risk Management Committee (the “**Committee**”) is established by the Board of Directors (the “**Board**”) primarily for the purpose of overseeing the accounting and financial reporting processes of OceanaGold Corporation (the “**Corporation**”) and the reviews and audits of the financial statements of the Corporation. The Committee will also prepare and include in each annual information form (“**AIF**”) and management proxy circular required under National Instrument 51-102 such disclosure as is required by Multilateral Instrument 52-110 - Audit Committees (the “**Instrument**”).

The Committee shall assist the Board in fulfilling its responsibilities to the shareholders, securities regulatory authorities and stock exchanges, the investment community and others by reviewing, overseeing, assessing and monitoring (as the case may be), among other things:

- (a) the quality and integrity of the internal controls and accounting procedures of the Corporation and its subsidiaries, including reviewing the Corporation’s procedures for internal control with the Corporation’s auditor and chief financial officer;
- (b) the quality and integrity of the Corporation’s annual and quarterly financial statements, related management discussion and analysis, as well as all other material continuous disclosure documents such as the Corporation’s AIF;
- (c) compliance by the Corporation with legal and regulatory requirements related to financial reporting;
- (d) the engagement of the auditor of the Corporation and the auditor’s fees;
- (e) the qualifications, performance and independence of the auditor of the Corporation, considering the auditor’s recommendations and managing the relationship with the auditor, including meeting with the auditor as required in connection with the audit services provided by the Corporation;
- (f) the Corporation’s financial and accounting personnel;
- (g) the Corporation’s risk management procedures;
- (h) any significant transactions outside the Corporation’s ordinary course of business and any pending litigation involving the Corporation; and
- (i) improprieties or suspected improprieties with respect to accounting and other matters that affect financial reporting or the integrity of the business.

The Committee’s role is to review, monitor and oversee the preparation of financial statements, but it is not the duty of the Committee to plan or conduct audits or to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles (“**GAAP**”), to conduct investigations, or to assure compliance with laws and regulations or the Corporation’s internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

## **2. Audit Committee**

### **2.1 Composition of Committee**

The Committee shall consist of such number of directors as the Board may from time to time determine, but in no event shall the Committee consist of less than three directors. All of the members of the Committee must be "independent" and "financially literate" as such terms are defined in the Instrument, subject to the exemptions that may be available under the Instrument, as determined by the Board from time to time.

### **2.2 Committee Members**

The members of the Committee shall be appointed by the Board on the recommendation of the Remuneration & Nomination Committee. The members of the Committee shall hold office for a period of one year or such other period as the Board may decide or until they cease to be directors of the Corporation.

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board on the recommendation of the Remuneration & Nomination Committee. The Board also may remove and replace any member of the Committee. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as quorum remains.

### **2.3 Chair**

The Board shall appoint a Chair for the Committee. The Chair may be removed and replaced by the Board. If the Chair is not present at any meeting of the Committee, a Chair shall be chosen by the members among themselves.

### **2.4 Secretary of Committee**

The Company Secretary acts as Secretary for the Committee. In the absence of the Company Secretary, the Chair shall appoint a Secretary.

### **2.5 Meetings**

The Chair, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least four times annually. The Committee should meet within forty-five (45) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related management's discussion and analysis ("MD&A") and shall meet within ninety (90) days following the end of the financial year end to review and discuss the audited financial results for the preceding quarter and year and the related MD&A, or in both cases, by such earlier times as may be required in order to comply with applicable law or any stock exchange regulation.

The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and the external auditor of the Corporation, and others as they consider appropriate.

In order to foster open communication, the Committee should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with management quarterly in connection with the Corporation's interim financial statements.

If necessary, meetings may be held by telephone or other telecommunication device. Each of the Chairman and lead independent director of the Board of Directors, the external auditor, the Chief Executive Officer or the Chief Financial Officer shall be entitled to call a meeting.

### **2.6 Quorum**

A majority of the members of the Committee, whether present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to each other, shall constitute a quorum.

## **2.7 Notice of Meetings**

Notice of the time and place of every meeting shall be given in writing or by e-mail or facsimile communication to each member of the Committee at least five days prior to the time fixed for such meeting; provided, however, that a member may in any manner waive notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

## **2.8 Agenda**

The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

## **2.9 Delegation**

The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee as it deems appropriate.

## **2.10 Access**

In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Corporation.

## **2.11 Outside Consultants or Advisors**

The Committee when it considers it necessary or advisable, may retain, at the Corporation's expense, outside counsel, consultants or advisors to assist or advise the Committee independently on any matter within its mandate and to communicate directly with the internal and external auditors. The Committee shall have the sole authority to retain or terminate such counsel, consultants or advisors, including the sole authority to approve the fees and other retention terms for such persons.

## **2.12 Funding for Audit and Oversight Functions**

The Committee shall have the sole authority to recommend for the Board's approval (a) appropriate compensation to the external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services; (b) appropriate compensation to any counsel, consultants and advisors to the Committee; and (c) administrative expenses necessary or appropriate to carrying out the Committee's duties.

## **2.13 Annual Evaluation**

The Committee's performance shall be evaluated annually, in accordance with a process developed by the Remuneration & Nomination Committee and approved by the Board, and the results of that evaluation shall be reported to the Remuneration & Nomination Committee and to the Board.

## **2.14 Oversight in Respect of Financial Disclosure and Accounting Practices**

In fulfilling its role and purpose, the Committee shall:

- (a) Review and recommend to the Board of Directors changes to this Charter, as considered appropriate from time to time;
- (b) Report to the Board any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's financial systems and processes, the Corporation's compliance with legal or regulatory requirements within the Committee's purview, the performance and independence of the Corporation's external auditors, and the adequacy and appropriateness of the Corporation's internal controls;
- (c) Provide disclosure regarding the activities of the Committee to the Board of Directors as required by applicable securities laws;
- (d) Perform any other activities that the Committee deems necessary or appropriate;



- (e) Meet with management and the external auditor to review and discuss, and to recommend to the Board for approval prior to public disclosure, the audited annual financial statements, including reviewing the specific disclosures in the MD&A and results of operations and the annual earnings press release;
- (f) Meet with management and the external auditor to review and discuss, and to recommend to the Board for approval prior to public disclosure, the unaudited quarterly financial statements, including reviewing the specific disclosures in the MD&A and results of operations and any related press release, and any other financial statements that the Corporation may be required to prepare by law or under the rules of any stock exchange;
- (g) Review, discuss with management and the external auditor, and recommend to the Board for approval prior to public disclosure:
  - (i) the annual report and AIF;
  - (ii) the portions of the management proxy circular, for any annual or special meeting of shareholders, containing significant information within the Committee's mandate;
  - (iii) all financial statements included in prospectuses or other offering documents;
  - (iv) all prospectuses and all documents which may be incorporated by reference in a prospectus, other than any pricing supplement issued pursuant to a shelf prospectus; and
  - (v) any significant financial information respecting the Corporation contained in a material change report;
- (h) Review and discuss with management and approve for provision to the external auditors for information prior to public disclosure:
  - (i) each press release that contains significant financial information respecting the Corporation or contains estimates or information regarding the Corporation's future financial performance or prospects;
  - (ii) the type and presentation of information to be included in such press releases (in particular, the use of "pro forma" or "adjusted" non-GAAP information); and
  - (iii) financial information and earnings guidance provided to analysts and rating agencies; provided, however, that such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made) and that the Committee need not discuss in advance each instance in which the Corporation may provide earnings guidance or presentations to analysts or rating agencies;
- (i) Review with management and the external auditor major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles, and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;<sup>2</sup>
- (j) Based on its review with management and the external auditor, satisfy itself as to the adequacy of the Corporation's procedures that are in place for the review of the Corporation's public disclosure of financial information that is extracted or derived from the Corporation's financial statements, and periodically assess the adequacy of those procedures;
- (k) Review with management and the external auditor (including those of the following that are contained in any report of the external auditor): (1) any analyses prepared by management or the external auditor setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; (2) all critical accounting policies and practices to be used by the Corporation in preparing its financial statements; (3) all material alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of these alternative treatments, and the treatment preferred by the external

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<sup>2</sup> The Committee is not responsible to determine if the Corporation's financial statements are complete, accurate and in accordance with generally accepted accounting principles ("GAAP"). The Committee, after having conducted the necessary due diligence under the circumstances and satisfied itself that appropriate internal controls were implemented, relies on the accounting and financial expertise of the Chief Financial Officer and of the Chief Executive Officer who are responsible for the integrity of the information presented to the Committee.

auditor; and (4) other material communications between the external auditor and management, such as any management letter or schedule of unadjusted differences;

- (l) Review with management and the external auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures and transactions on the Corporation's financial statements;
- (m) Review the plans of management and the external auditor regarding any significant changes in accounting practices or policies and the financial and accounting impact thereof;
- (n) Review with management, the external auditor and, if necessary, legal counsel, any litigation, potential breach of contract, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters have been disclosed in the financial statements;
- (o) Review disclosures by the Chief Executive Officer and Chief Financial Officer during their certification process about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls;
- (p) Discuss with management the Corporation's material financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's financial risk assessment and financial risk management policies; and
- (q) Periodically meet with management separately from the Chief Financial Officer or the external auditor to discuss matters within the Committee's purview.

## **2.15 Oversight in Respect of the External Auditor**

Subject to confirmation by the external auditor of its compliance with Canadian regulatory requirements, the Committee shall be directly responsible for recommending to the Board the appointment of, and for the oversight of the services of, the external auditor (including resolution of disagreements between management and the external auditor regarding financial reporting) for the purpose of preparing or issuing any audit report or performing other audit, review or attest services for the Corporation, such appointment to be confirmed by the Corporation's shareholders at each annual meeting.

The Committee shall also be directly responsible (subject to Board confirmation) for:

- (a) Recommending to the board of directors the selection of the external auditor, considering independence and effectiveness;
- (b) Considering whether, in order to assure continuing auditor independence, there should be regular rotation of the auditing firm itself;
- (c) Ensuring the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law;
- (d) Reviewing and recommending the fees and other compensation to be paid to the external auditor for audit services;
- (e) Pre-approving the retention of the external auditor for any permitted non-audit service to be provided to the Corporation or its subsidiaries;
- (f) Reviewing and approving requests for any material management consulting or other engagement to be performed by the external auditors and be advised of any other material study undertaken by the external auditor at the request of management that is beyond the scope of the audit engagement letter and related fees;
- (g) Reviewing at least annually the external auditor's written report on its own internal quality control procedures; any material issues raised by the most recent internal quality control review, or peer review, of the external auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years respecting one or more independent audits carried out by the external auditor, and any steps taken to deal with such issues;
- (h) Reviewing and evaluating the experience, qualifications and performance of the senior members of the audit team of the external auditor;

- (i) Evaluating annually the performance of the external auditor, including the lead partner, taking into account the opinions of management and report to the Board on its conclusions regarding the external auditor and its recommendation for the continued appointment of the external auditor for the purpose of preparing or issuing any report or performing other audit, review, or attest services for the Corporation;
- (j) Meeting with the external auditor prior to the annual audit to review the planning and staffing of the audit;
- (k) Periodically meeting separately with the external auditor to review any problems or difficulties that the external auditor may have encountered and management's response, specifically:
  - (i) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management;
  - (ii) any changes required in the planned scope of the audit; and
  - (iii) the responsibilities, budget, and staffing of the internal audit function;
 and reporting to the Board on such meetings;
- (l) Overseeing the resolution of disagreements between management of the Corporation and the external auditor regarding financial reporting;
- (m) When applicable, reviewing the annual post-audit or management letter from the external auditor and management's response and follow-up in respect of any identified weakness;
- (n) Inquiring regularly of management and the external auditor whether there have been any significant issues between them regarding financial reporting or other matters and how they have been resolved, and intervene in the resolution if required;
- (o) Receiving and reviewing annually the external auditor's report on management's evaluation of internal controls and procedures for financial reporting;
- (p) Reviewing the engagement reports of the external auditor on unaudited financial statements of the Corporation; and
- (q) Reviewing and approving the Corporation's hiring policies regarding partners and employees and former partners and former employees of the present and former external auditor, including those hiring policies that may have a material impact on the financial statements, pre-approving the hiring of any partner or employee or former partner or former employee of the external auditor who was a member of the Corporation's audit team during the preceding three fiscal years and, in addition, pre-approving the hiring of any partner or employee or former partner or former employee of the external auditor (within the preceding three fiscal years) for senior positions within the Corporation, regardless of whether that person was a member of the Corporation's audit team.

## **2.16 Oversight in Respect of Audit and Non-Audit Services**

The Committee, to the extent required by the Instrument or other applicable laws or rules, or otherwise considered by the Committee to be necessary or appropriate, shall:

- (a) have the sole authority to pre-approve all audit services (which may entail providing comfort letters in connection with securities underwritings) and all permitted non-audit services, provided that the Committee need not approve in advance non-audit services where:
  - (i) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than 5% of the total amount of revenues paid by the Corporation to the external auditor during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognised by the Corporation at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee;

- (b) disclose, through the Corporation's periodic reports filed with applicable regulatory agencies, the approval by the Committee of a non-audit service to be performed by the external auditor; and
- (c) if the Committee so chooses, delegate to one or more designated members of the Committee the authority to grant pre-approvals required by this section, provided that the decision of any member to whom authority is delegated to pre-approve a service shall be presented to the Committee at its next scheduled meeting.

If the Committee approves an audit service within the scope of the engagement of the external auditor, such audit service shall be deemed to have been pre-approved for purposes of this section.

## **2.17 Oversight in Respect of the Internal Audit Function**

The Committee, to the extent required by applicable laws or rules, or otherwise considered by the Committee to be necessary or appropriate, shall:

- (a) approve management's appointment of any internal auditor and the terms of such appointment;
- (b) review the annual audit plans of the internal auditor;
- (c) review the significant findings prepared by the internal auditor and recommendations issued by an external auditor relating to internal audit issues, together with management's response thereto;
- (d) monitor compliance with the Corporation's conflicts-of-interest policies that may have a material impact on the financial statements, including the approval of the financial terms of agreements with affiliates, directors or management to ensure that the terms are at least as advantageous for the Corporation as if such agreements had been negotiated at arms' length;
- (e) review the adequacy of the resources of the internal auditor to ensure the objectivity and independence of the internal audit function;
- (f) approve management's replacement, reassignment or dismissal of the internal auditor; and
- (g) ensure that the internal auditor has access to the Chair of the Committee, the Chair and any lead independent director of the Board and the Chief Executive Officer, and periodically meet separately with the internal auditor to review any problems or difficulties he or she may have encountered and specifically:
  - (i) any difficulties that were encountered in the course of the audit work, including restrictions on the scope of activities or access to required information, and any disagreements with management;
  - (ii) any changes required in the planned scope of the internal audit; and
  - (iii) the internal audit function's responsibilities, budget and staffing; and report to the Board on such meetings.

## **2.18 Oversight in Respect of Legal and Regulatory Compliance**

The Committee, to the extent required by applicable laws or rules, or otherwise considered by the Committee to be necessary or appropriate, shall:

- (a) review with the Company Secretary the Corporation's compliance policies, legal matters, and any reports or inquiries received from regulators or governmental agencies that could have a material effect upon the financial position of the Corporation and that are not subject to the oversight of another committee of the Board (including, but not limited to, the Sustainability Committee);
- (b) establish procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submissions by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and
- (c) periodically review the Corporation's public disclosure policy.

## **2.19 Oversight in Respect of Financial Risk Management**

The Committee shall report, and where appropriate provide recommendations to the Board on:

- (a) the Corporation's processes for identifying, assessing and managing financial risk; and
- (b) the Corporation's major financial risk exposures and the steps the Corporation has taken to monitor and control such exposures.

## **2.20 Audit Committee Complaint Procedures**

The Committee shall establish, monitor, oversee and keep under review the Corporation's procedures for receiving, retaining and addressing protected disclosures ("**whistleblower**" procedures) in accordance with the Corporation's Protected Disclosures ("Whistleblower") Policy document (Annexure 1 to this Charter).

The Committee shall be responsible for assuring compliance of the Corporation's whistleblower procedures with the requirements of Section 2.3 (7) of the Instrument for:

- (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Except in the limited circumstances expressly set forth in Annexure 1, it is not the duty of the Committee or any of its members directly to receive, conduct investigations into or act on any disclosures received pursuant to the whistleblower procedures.

## **2.21 Non-Exhaustive List**

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its oversight responsibilities.



## APPENDIX B

The following chart outlines all subsidiaries of OceanaGold Corporation:

<b>NAME</b>	<b>COUNTRY OF INCORPORATION</b>	<b>% EQUITY INTEREST</b>
Name of Ultimate parent:		
OceanaGold Corporation	Canada	
Oceana Gold Limited	Australia	100
OceanaGold Management Pty Ltd	Australia	100
OceanaGold Finance (NZ) Ltd	New Zealand	100
OceanaGold Finance No.2 (NZ) Ltd	New Zealand	100
Oceana Gold Holdings (New Zealand) Limited	New Zealand	100
- Oceana Gold (New Zealand) Ltd	New Zealand	100
Climax Mining Pty Ltd	Australia	100
- Climax Australia Pty Ltd	Australia	100
- Climax Mining Share Plan Pty Ltd	Australia	100
- Truehall Pty Ltd	Australia	100
- Prolink Pty Ltd	Australia	100
- Argentina Mineral Development S.A. Inc.	Argentina	50.97
- Trimdean Pty Ltd	Australia	100
- Climax Management Pty Ltd	Australia	100
- OceanaGold (Philippines) Holdings Inc.	Philippines	100
- OceanaGold (Philippines) Inc	Philippines	100
- OceanaGold (Philippines) Exploration Corporation.	Philippines	100
- OceanaGold (Philippines) Resource Corporation	Philippines	100
- Climax Mining (Fiji) Pty Ltd	Fiji	100
- Australasian Netherlands Investments	Netherlands	100
- S.E.A. Holdings Pty Ltd	Australia	100
Philippine Mining Resource Companies		
- Red Earth Resource Corporation	Philippines	100
- Red Earth Mining Corporation	Philippines	100
- Surigao Gold Resource Corporation	Philippines	100
- Surigao Gold Mining Corporation	Philippines	100
- Copper Fields Resource Corporation	Philippines	100
- Copper Fields Mining Corporation	Philippines	100
- Lasseter Resource Corporation	Philippines	100
- Lasseter Mining Corporation	Philippines	100
- Connaught Resource Corporation	Philippines	100
- Connaught Mining Corporation	Philippines	100
- Occidental Resource Corporation	Philippines	100
- Occidental Mining Corporation	Philippines	100
- Coolbah Resource Corporation	Philippines	100
- Coolbah Mining Corporation	Philippines	100
- Junction Reef Resource Corporation	Philippines	100
- Junction Reef Mining Corporation	Philippines	100
- Royal Northern Resource Corporation	Philippines	100
- Royal Northern Mining Corporation	Philippines	100