OceanaGold

Notice of Meeting
Management Information Circular

Annual General and Special Meeting
June 15, 2012

OCEANAGOLD

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting of the shareholders of OceanaGold Corporation (the "Company") will be held at **President's Room, RACV Club, Level 1, 501 Bourke Street, Melbourne, Victoria, Australia** on **Friday June 15, 2012 at 2.00pm (Australian Eastern Standard Time)** (the "Meeting") for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the year ended December 31, 2011, together with the auditor's report therein;
2. to elect or re-elect the following directors: (a) Mr Jose P. Leviste, Jr.; (b) Mr Jacob Klein; (c) Mr William H. Myckatyn; and (d) Dr Geoffrey W. Raby, to hold office for a period of two years from the date of their election or until the second annual general meeting of shareholders following such date, whichever is the earlier (with each election to be voted on separately);
3. to appoint PricewaterhouseCoopers as the auditor of the Company to hold office until the close of the next annual meeting of shareholders as described in section 6 of the accompanying Management Information Circular;
4. to approve previous issues of 640,000 options under the Amended 2007 Stock Option Plan as described in section 7 of the accompanying Management Information Circular;
5. to approve the grant of 100,000 options with an exercise price of A$2.3965 to Dr Geoffrey W. Raby, subject to Dr Raby being elected as a director at the Meeting, as described in section 7 of the accompanying Management Information Circular;
6. to approve the Performance Share Rights Plan as described in section 7 of the accompanying Management Information Circular;
7. to approve the grant of up to 350,000 Performance Rights to Mr Michael F. Wilkes, subject to the Performance Share Rights Plan being approved, as described in section 7 of the accompanying Management Information Circular; and
8. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this Notice of Annual General and Special Meeting is a: (1) Management Information Circular, which provides additional information relating to the matters to be dealt with at the Meeting; (2) Form of Proxy and Notes to Proxy or a Voting Instruction Form ("VIF"); (3) return envelope for use by the shareholders to send in their Proxy or VIF; and (4) Financial and Governance Statements.

A shareholder may attend the Meeting in person or may be represented thereat by proxy, if a registered shareholder, or may provide voting instructions, if a non-registered shareholder. Shareholders who are unable to attend the Meeting are requested to date and sign the enclosed form of proxy or VIF in accordance with their instructions and return it to the Company's transfer agent, Computershare Investor Services Inc. ("Computershare"), 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 Canada not less than 48 hours prior to the time of the Meeting (excluding Saturdays, Sundays and holidays).

Registered shareholders in Australia and New Zealand should return their proxy to Computershare's Australia office in accordance with the instructions provided therein. If you do not complete and return the form in accordance with such instructions, you may lose your right to vote at the Meeting, either in person or by proxy.

If you are a non-registered shareholder or a holder of CDIs in Australia, and receive a VIF from Computershare, please complete and return the form in accordance with the instructions of Computershare. If you do not complete and return the form in accordance with such instructions, you may lose your right to instruct the registered shareholder on how to vote at the Meeting on your behalf.

Voting exclusion statements under applicable Australian Securities Exchange (**ASX**) requirements in relation to items 4, 5, 6 and 7 above are set out in the enclosed Management Information Circular.

The record date for the determination of the shareholders entitled to receive this Notice and to vote at the Meeting has been established as May 11, 2012. Please advise the Company of any change in your address.

DATED at Melbourne, Australia, as of the 11th day of May, 2012.

BY ORDER OF THE BOARD OF DIRECTORS OF OCEANAGOLD CORPORATION

Mark Chamberlain
Company Secretary

MANAGEMENT INFORMATION CIRCULAR

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Unless otherwise indicated, references in this Management Information Circular to "C$" or "Canadian dollars" are to the lawful currency of Canada, references to "US$" or "United States dollars" are to the lawful currency of the United States, references to "A$", "AU$" or "Australian dollars" are to the lawful currency of Australia and references to "NZ$" or "New Zealand dollars" are to the lawful currency of New Zealand.

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

		AUD:USD	CAD:USD	NZD:USD	PHP:USD
2011	End rate	1.0108	0.9788	0.7701	0.0228
	Avg rate	1.0339	1.0116	0.7924	0.0231
	High	1.1025	1.0608	0.8775	0.0238
	Low	0.9477	0.9438	0.7184	0.0224
2010	End rate	1.0124	0.9990	0.7684	0.0228
	Avg rate	0.9200	0.9709	0.7219	0.0222
	High	1.0158	1.0023	0.7956	0.0236
	Low	0.8137	0.9258	0.6623	0.0211

Source: www.ozforex.com.au

References in this Management Information Circular to "OGL" refers to Oceana Gold Limited, which became the wholly-owned subsidiary of the Company as a result of the implementation of the scheme of arrangement and reorganization under Australian law during 2007 involving the Company and OGL ("Reorganization").

SECTION 1: VOTING INFORMATION

Solicitation of proxies

This Management Information Circular is furnished in connection with the solicitation of proxies being made by the management of OceanaGold Corporation ("OGC" or the "Company") for use at the Annual General and Special Meeting of the Company's shareholders (the "Shareholders") to be held on June 15, 2012 (the "Meeting"), at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Company.

All costs of this solicitation will be borne by the Company.

Proxy and voting instructions

Shareholders who cannot attend the Meeting in person may vote, if a registered Shareholder, or provide voting instructions, if a non-registered Shareholder, by proxy or by voting instruction form ("VIF"), as applicable, which forms (other than VIFs for CDI holders in Australia as described below) must be received by the appropriate office of Computershare Investor Services Inc. ("Computershare"), the Company's registrar and transfer agent, not less than 48 hours prior to the Meeting (excluding Saturdays, Sundays and holidays).

A proxy or VIF returned to Computershare will not be valid unless signed by the Shareholder or by the Shareholder's attorney duly authorized in writing or, if the Shareholder is a corporation or association, the form of proxy or VIF must be executed by an officer or by an attorney duly authorized in writing. If the form of proxy or VIF is executed by an attorney for an individual Shareholder or by an officer or attorney of a Shareholder that is a corporation or association, documentation evidencing the power to sign the proxy or VIF may be required with signing capacity stated. If not dated, the proxy or VIF will be deemed to have been dated the date that it is mailed to Shareholders.

The securities represented by proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for, and if the Shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly. If a choice with respect to such matters is not specified, the form of proxy confers discretionary authority upon the named proxyholder with respect to matters identified in the accompanying Notice of Meeting. It is intended that the person designated by management in the form of proxy will vote the securities represented by the proxy **IN FAVOUR OF** each matter identified in the proxy and **FOR** the nominees of management for directors and auditor.

The proxy confers discretionary authority upon the named proxyholder with respect to amendments to or variations in matters identified in the accompanying Notice of Meeting and other matters which may properly come before the Meeting. As at the date of this Management Information Circular, management is not aware of any amendments, variations, or other matters. If such should occur, the persons designated by management will vote thereon in accordance with their best judgment, exercising discretionary authority.

Appointment of proxyholder by registered shareholders

A Shareholder has the right to designate a person (who need not be a Shareholder of the Company), other than MARK CHAMBERLAIN, Chief Financial Officer and Company Secretary of the Company, or DARREN KLINCK, Head of Business Development, the management designees, to attend and act for the Shareholder at the Meeting ("Management Designees"). If you are returning your proxy to Computershare, such right may be exercised by inserting in the blank space provided in the enclosed form of proxy the name of the person to be designated or by completing another proper form of proxy and delivering same to the Toronto office of Computershare: Proxy Dept. 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 Canada, not less than 48 hours prior to the Meeting (excluding Saturdays, Sundays and holidays). If you are using the internet, you may designate another proxyholder by following the instructions on the website. It is not possible to appoint an alternate proxyholder by phone.

If you appoint a proxyholder, other than the Management Designees, that proxyholder must attend the Meeting for your vote to be counted.

If you are a registered shareholder resident in Australia or New Zealand, please complete and deliver your form of proxy to Computershare not less than 48 hours prior to the Meeting (excluding Saturdays, Sundays and holidays) by mail: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Vic 3001 Australia; by fax: 61 3 9473 2555; or in person: Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford Vic 3067 Australia.

Special instructions for voting by non-registered shareholders

Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Non-Registered Shareholders must request a form of legal proxy from Computershare granting them the right to attend the Meeting and vote in person. Many of our Shareholders are beneficial shareholders or non-registered shareholders ("Non-Registered Shareholders") because their common shares of the Company ("Common Shares") are not registered in their names. A person is a Non-Registered Shareholder if their Common Shares are registered either: (a) in the name of an intermediary such as a bank, trust company, securities dealer or broker and trustee or administrators of self-administered plans; or (b) in the name of a clearing agency, such as the Canadian Depositary for Securities Limited in Canada or CHESS Depositary Nominees Pty Ltd. ("CDN") in Australia.

Canada

In Canada, there are two kinds of Non-Registered Shareholders - those who object to their name being made known to the Company (called OBOs for "Objecting Beneficial Owners") and those who do not object to the Company knowing who they are (called NOBOs for "Non-Objecting Beneficial Owners").

The Company takes advantage of certain provisions of National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer ("NI 54-101"), which permit the Company to directly deliver proxy-related materials to NOBOs who have not waived the right to receive them. As a result, NOBOs can expect to receive a scannable VIF, together with the meeting materials from our transfer agent, Computershare. These VIFs are to be completed and returned to Computershare in accordance with the instructions. Computershare is required to follow the voting instructions properly received from NOBOs. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs they receive.

In accordance with the requirements of NI 54-101, the Company has distributed copies of the meeting materials to the intermediaries for onward distribution to OBOs. Intermediaries are required to forward the meeting materials to OBOs unless, in the case of certain proxy-related materials, the OBO has waived the right to receive them. Very often, intermediaries will use service companies to forward the meeting materials to OBOs. With those meeting materials, intermediaries or their service companies should provide OBOs with a "request for voting instruction form" which, when properly completed and signed by such OBO and returned to the intermediary or its service company, will constitute voting instructions which the intermediary must follow. The purpose of this procedure is to permit OBOs to direct the voting of the Common Shares that they beneficially own.

These proxy-related materials are being sent to both registered Shareholders and Non-Registered Shareholders. If you are a Non-Registered Shareholder, and the Company has sent these proxy-related materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities requirements from the intermediary on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Australia

Non-Registered Shareholders in Australia hold CHESS Depository Interests ("CDIs") of the Company, or units of beneficial ownership of the underlying Common Shares, which are registered in the name of CDN. As holders of CDIs are not the legal owners of the underlying Common Shares, CDN is entitled to vote at the Meeting at the instruction of the holder of the CDIs.

As a result, holders of CDIs can expect to receive a VIF, together with the meeting materials from Computershare in Australia. These VIFs are to be completed and returned to Computershare in accordance with the instructions contained therein. CDN is required to follow the voting instructions properly received from holders of CDIs.

To obtain a copy of CDN's Financial Services Guide, go to http://www.asx.com.au/documents/products/chess_depository_interest.pdf or phone 1300 300 279 if you would like one sent to you in the mail.

Revocation of proxies

In addition to revocation in any manner permitted by law, a proxy or voting instructions provided by NOBOs may be revoked by an instrument in writing signed by the Shareholder or by the Shareholder's attorney duly authorized in writing which is dated after the date of the proxy or voting instructions being revoked and deposited with the Company's transfer agent, Computershare, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or, as to any matter in respect of which a vote shall not already have been cast pursuant to such proxy, with the Chairman of the Meeting on the day of the Meeting, or at any adjournment thereof, and upon either of such deposits the proxy or voting instructions are revoked. OBOs who wish to change their voting instructions must contact their intermediary to arrange to do this in sufficient time before the Meeting.

Other matters

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to management shall properly come before the Meeting, the form of proxy given pursuant to the solicitation by management will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

Voting securities and principal holders thereof

The authorized share capital of the Company consists of an unlimited number of common shares without par value, and an unlimited number of preferred shares, issuable in series by the directors of the Company. As at the date of this Management Information Circular, 262,834,376 Common Shares were issued and outstanding, each such share carrying the right to one (1) vote at the Meeting, and no preferred shares were issued and outstanding. **May 11, 2012** has been fixed by the directors of the Company as the record date for the purpose of determining those Shareholders entitled to receive notice of, and to vote at, the Meeting.

To the best of the knowledge of the directors and executive officers of the Company and in respect only of the voting securities of the Company outstanding as at the date of this Management Information Circular, there is no person who beneficially owns, or controls or directs, directly or indirectly, 10% or more of the Common Shares outstanding.

For the purposes of section 35F(1)(a) of the New Zealand Securities Markets Act 1988 (the "Securities Markets Act") as at May 11, 2012, Genus Dynamic Gold Fund, CF Ruffer Baker Steel Gold Fund, RIT Capital Partners PLC, Baker Steel Gold Fund and Genus Natural Resources Fund were recorded as substantial security holders of the Company in respect of an aggregate substantial holding of 21,745,000 Common Shares, according to the register kept under section 35C of the Securities Markets Act.

SECTION 2: ELECTION OF DIRECTORS

The board of directors of the Company (the "Board of Directors" or the "Board") for the ensuing year will be comprised of seven (7) directors. In accordance with the Articles of the Company, the directors of the Company shall be elected and shall retire in rotation, with one-half of the directors (or the nearest lower whole number) subject to election at each annual general meeting of Shareholders held to elect directors. Messrs. Jose P Leviste, Jr., Jacob Klein, William H. Myckatyn and Geoffrey W. Raby are management's nominees for election or re-election to the Board at the Meeting, 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 held to elect directors, the current directors not nominated for re-election at the Meeting shall be nominated for re-election to 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, 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.

The persons named in the following table are (1) proposed nominees for election as a director at the Meeting, and (2) persons whose term of office as a director will continue after the Meeting.

Name of and Province or State and Country of Residence of Proposed Nominee and Current Directors and Present Position with the Company	Period from which has been a Director and Expiry of Term of Office	Principal Occupation	Number of Common Shares Held[1]
James E. Askew[3][4] Chairman and Director Denver, USA	Chairman and Director of the Company since March 29, 2007 and Director of OGL since November, 2006. Term of office to expire at close of next annual general meeting of shareholders unless re-elected at such time.	Chairman and Director	**1,087,008**
J. Denham Shale[2][4] Lead Director Auckland, New Zealand	Director of the Company since March 29, 2007 and Director of OGL since February, 2004. Term of office to expire at close of next annual general meeting of shareholders unless re-elected at such time.	Lawyer and Director	**2,000**
Jose P. Leviste, Jr.[4] Director Manila, Philippines	Director of the Company since December 10, 2007. Term of office to expire at close of Meeting unless re-elected.	Director	**376,770**
Jacob Klein[2][3] Director Sydney, Australia	Director of the Company since December 16, 2009. Term of office to expire at close of Meeting unless re-elected.	Chairman and Director	**79,300**
William H. Myckatyn[3][4] Director Horsefly, Canada	Director of the Company since April 22, 2010. Term of office to expire at close of Meeting unless re-elected.	Director	**0**
Michael F. Wilkes Managing Director and CEO Melbourne, Australia	Director of the Company since April 27, 2011. Term of office to expire at close of next annual general meeting of shareholders unless re-elected at such time.	Chief Executive Officer and Director	**66,000**
Geoffrey W. Raby[2] Director Beijing, China	Director of the Company since August 5, 2011. Term of office to expire at close of Meeting unless re-elected.	Director	**0**

Notes:

(1) Voting securities of the Company and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by each director or proposed director as at the date of this Management Information Circular.

(2) Member of the Audit and Financial Risk Management Committee as at the date of this Management Information Circular.

(3) Member of the Remuneration and Nomination Committee as at the date of this Management Information Circular.

(4) Member of the Sustainability Committee as at the date of this Management Information Circular.

The following are brief biographies of the proposed nominees for election as a director and each other person whose term of office as a director will continue after the Meeting:

James E. Askew is the Chairman of the board of directors of OceanaGold (appointed March 2007). Mr Askew is a mining engineer with over 35 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.

Mr Askew has served on the board of a number of public companies, currently including Ivanhoe Australia Limited, Evolution Mining Ltd, Golden Star Resources Ltd and Asian Mineral Resources Ltd.

He holds a Bachelor of Mining Engineering (Honours) and a Masters Degree, Engineering Science.

J. Denham Shale is the lead director of OceanaGold (appointed March 2007). 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 Dunedin City Holdings Limited, and a director of New Zealand listed Turners Auctions Limited and several private companies.

He has a Bachelor of Laws degree and is the President and an Accredited Fellow of the Institute of Directors in New Zealand.

Jose (Joey) P. Leviste, Jr. is a director of OceanaGold (appointed December 2007), and is the current Chairman of OceanaGold's wholly-owned subsidiary company in the Philippines, Oceana Gold (Philippines), Inc. He has been a Director of the Philippines company since OGC's merger with Climax Mining in 2006.

Mr. Leviste is also the Philippine Resident Representative of the Australia-Philippine Business Council and a Director of the Chamber of Mines of the Philippines. He was recently appointed by the President of the Philippines as a private sector member of the Governing Council of the Philippine Council for Agriculture, Aquatic and Natural Resource, which is chaired by the Secretary of Science and Technology.

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. He was granted a Doctorate degree in Humanities, Honoris Causa from the Nueva Vizcaya State University for his work in social, civic and community work as Chairman of OceanaGold (Philippines), Inc.

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 Evolution Mining Limited and a director of Lynas Corporation.

Mr Klein holds a Bachelor of Commerce (Honours) from the University of Cape Town.

William (Bill) H. Myckatyn is a director of OceanaGold (appointed April 2010). Mr Myckatyn is a professional mining engineer based in British Columbia, Canada. He was 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, until March 2012 when it was sold to KGHM Polska Miedź S.A.. 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.

Mr Myckatyn sits on the Board of Directors for a number of Canadian based exploration companies, including Pacific Rim Mining, First Point Minerals and San Marco Resources.

Mr Myckatyn holds a Bachelor of Applied Science in Mining Engineering from the University of British Columbia.

Michael (Mick) F. Wilkes is the Chief Executive Officer (appointed in January 2011) and a director (appointed April 2011) of OceanaGold. 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.

Geoffrey W. Raby is a director of OceanaGold (appointed August 2011). Dr Raby was Australia's Ambassador to the People's Republic of China from 2007 to 2011. Prior to that, he was a Deputy Secretary in the Department of Foreign Affairs and Trade (DFAT).

Dr Raby has extensive experience in international affairs and trade, having been Australia's Ambassador to the World Trade Organisation (1998-2001), Australia's APEC Ambassador (2003-2005), Head of DFAT's Office of Trade Negotiations and Head of the Trade Policy Issues Division at the OECD, Paris. Between 1986 and 1991 he was Head of the Economic Section at the Australian Embassy, Beijing. He has been the Chair of DFAT's Audit Committee and served as an ex officio member of the Boards of Austrade and EFIC (Export Finance and Insurance Corporation).

Dr Raby is also a non executive director of ASX listed companies Fortescue Metals Group Ltd and SmarTrans Holdings Limited.

Dr Raby holds an Honours degree in Economics, a Master of Economics and a PhD degree from La Trobe University.

Corporate cease trade orders and bankruptcies

Except as described below, no proposed director of the Company:

(a) is, as of the date of this Management Information Circular, or has been, within 10 years before the date of this Management Information Circular, a director, chief executive officer or chief financial officer of a company (including the Company) that,

 (i) was the subject of a cease trade or similar order or an order that denied such company access to any exemption under securities legislation that was in effect for a period of more than thirty consecutive days (an "Order") while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

 (ii) was subject to such an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer in the company that is the subject of the Order and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

 (iii) was subject to such an Order that was issued while the proposed director was acting in the capacity of director, chief executive officer or chief financial officer; or

(b) is, at the date of this Management Information Circular, or has been within 10 years before the date of this Management Information Circular, 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

(c) has, within 10 years before the date of this Management Information Circular, 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 proposed director.

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 and the company is no longer in receivership.

On August 31, 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.

Penalties and sanctions

No proposed director of the Company has been subject to 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 been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding to vote for a proposed director.

SECTION 3: EXECUTIVE COMPENSATION – COMPENSATION DISCUSSION & ANALYSIS

The total direct compensation for the Company's executive officers comprises both a fixed component and an at-risk component. The at-risk component is composed of short-term and long-term incentives and does not provide for an executive pension plan. The compensation program aims to ensure total remuneration is competitive by market standards and links rewards with the short-term and long-term strategic goals and performance of the Company.

The Board establishes the remuneration of the Chief Executive Officer (the "CEO") on the basis of a recommendation from the Remuneration and Nomination Committee. The Remuneration and Nomination Committee, based on the recommendations of the CEO, establishes the remuneration of executives reporting to the CEO, including their participation in both short-term and long-term incentive schemes.

Currently, the Company's compensation package for its "Named Executive Officers" or "NEOs" (as defined below) consists of base salary, bonuses and the granting of stock options under the Company's incentive stock option plan. Executive compensation is linked to the performance of the Company and the individual, with the goal of ensuring that the total compensation is at a level that ensures the Company is capable of attracting, motivating and retaining individuals with exceptional executive skills. Base salary and bonuses are established by comparison to competitive salary levels of other publicly held mineral resource companies of comparable size and complexity operating in Australasia (based on data provided by independent human resources management consulting firm McDonald & Company (Australasia) Pty Ltd which surveyed over 100 organisations in the mining and resources industry). Base salaries are affected by factors particular to the individual, such as experience and level of responsibility. Annual cash bonuses are used to reward executive officers for achievement of objectives during a fiscal year. The performance of the particular executive, as well as the Company's performance, is considered in determining whether a bonus will be paid and the amount of such bonus, with specific measurement criteria being established for each individual executive having regard to his or her primary responsibilities and objectives (with key objectives then generally linking to overall improvements in the Company's financial performance).

Finally, the Company currently uses the grant of stock options under its incentive stock option plan as the long-term incentive portion of its overall compensation package for its executive officers. As stated in Section 4 below, the Company proposes to replace the employee incentive plans with a Performance Share Rights Plan. The goal is to ensure that an incentive exists to maximize shareholder value by linking executive compensation to share price performance and to reward those executives making a long-term commitment and contribution to the Company.

Specifically, the CEO makes recommendations to the Remuneration and Nomination Committee annually or on commencement of employment for the grant or otherwise of equity incentives to individual executives, having regard to overall Company performance and staff retention strategies. The quantum of any grants is determined by reference to an executive's position and is therefore comparable to allocations to other individuals holding positions of similar status. The Remuneration and Nomination Committee then considers such recommendations and, in exercising its discretion, awards grants to named individuals. The Company's Secretary is then charged with formalizing the allocation of such grants. In accordance with the rules of the ASX, specific grants of equity incentives to the CEO will be considered by the Remuneration and Nomination Committee and recommended to shareholders for approval prior to the grant of such securities by the Company. Previous grants of option based awards are not necessarily taken into account when considering new grants.

The Remuneration and Nomination Committee has discretion to amend the equity incentive plans under which option based awards are granted, based on recommendations from the Secretary and having regard to applicable laws and regulations and the specific terms of each of these plans. The Restricted Share Plan lapsed in 2011 and was not renewed. Further, the Company is putting forward a new Performance Share Rights Plan at the Meeting with the intention of that plan replacing all of the Company's current and existing equity compensation plans. See "Amended 2007 Stock Option Plan" and the proposed "Performance Share Rights Plan" below for more information concerning these plans.

Summary compensation table

The following table provides a summary of compensation payable, directly or indirectly, to the following persons (collectively, the "Named Executive Officers" or "NEOs") during the most recently completed financial year ending December 31, 2011 as well as the preceding two years: (a) the CEO; (b) the Chief Financial Officer (the "CFO"); (c) the three most highly compensated executive officers for the respective financial years, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the relevant financial year whose total compensation was, individually, more than C$150,000 for the respective financial years; and (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, for the respective financial years.

Name and principal position	Year	Salary (US$)	Share-based awards (US$)	Option-based awards[1] (US$)	Non-equity incentive plan compensation (US$)		Pension value (US$)	All other compensation[2] (US$)	Total compensation (US$)
					Annual incentive plans (Annual Bonus Awards)	Long-term incentive plans (Milestone Bonuses)			
Michael Wilkes *Chief Executive Officer*	2011	606,747	-	789,075	-	-	25,051	-	1,420,873
	2010	-	-	-	-	-	-	-	-
	2009	-	-	-	-	-	-	-	-
Mark Chamberlain[3] *Chief Financial Officer and Company Secretary*	2011	146,920	-	42,351	-	-	12,115	-	201,387
	2010	-	-	-	-	-	-	-	-
	2009	-	-	-	-	-	-	-	-
Marcus Engelbrecht[4] *Former Chief Financial Officer*	2011	178,644	-	101,989	93,173	-	12,790	5,926	392,522
	2010	265,603	-	223,633	-	-	23,904	32,168	545,308
	2009	273,564	-	69,588	103,553	-	24,621	26,400	497,727
Mark Cadzow *Chief Operating Officer*	2011	343,192	16,071	197,506	86,928	-	13,386	9,211	666,294
	2010	288,757	14,411	115,920	-	-	12,173	8,108	439,370
	2009	230,630	12,746	92,0901	54,374	-	1,485	19,425	410,751

Name and principal position	Year	Salary (US$)	Share-based awards (US$)	Option-based awards[1] (US$)	Non-equity incentive plan compensation (US$)		Pension value (US$)	All other compensation[2] (US$)	Total compensation (US$)
					Annual incentive plans (Annual Bonus Awards)	Long-term incentive plans (Milestone Bonuses)			
Darren Klinck *Head of Business Development*	2011	273,404	-	234,224	102,484	-	24,218	-	634,330
	2010	208,028	-	167,054	-	-	18,723	-	393,805
	2009	174,192	-	114,508	47,006	-	10,147	-	345,853
Martyn Creaney *Project Director - Philippines*	2011	310,215	-	325,432	-	-	-	-	635,647
	2010	71,592	-	84,231	-	-	-	-	155,823
	2009	-	-	-	-	-	-	-	-

Notes:

(1) Options granted pursuant to the 2007 Amended Stock Option Plan are valued as American-Style options using the Cox, Ross and Rubenstein binomial tree lattice model. The options granted under the Restricted Share Plan are valued as European-style options utilizing the Black Scholes closed-form model as the options can only be exercised on the exercise date which is one day after the end of the restriction period.
(2) Other compensation comprises car allowances, vehicle leases and severance payments.
(3) Mark Chamberlain commenced as the CFO of the Company on August 1, 2011.
(4) Marcus Engelbrecht departed the Company on resignation on June 10, 2011.

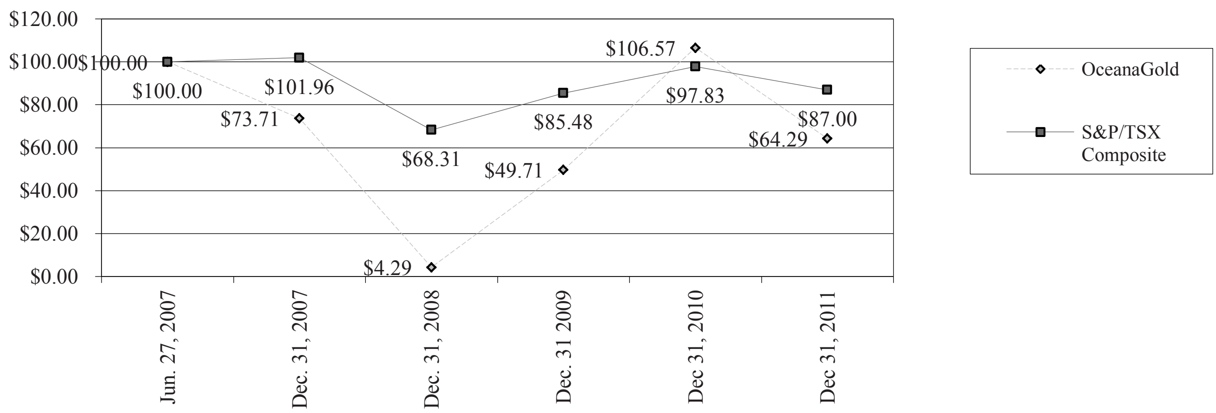
The above calculation uses average exchange rates for the relevant periods.

Performance of common shares

The Common Shares trade on the Toronto Stock Exchange (the “TSX”) under the symbol “OGC”, on the NZX Main Board in New Zealand (the “NZSX”) under the stock code "OGC" (and subject to a ‘Non-Standard’ Designation), and on the Australia Securities Exchange (the “ASX”) under the symbol “OGC”. Assuming an initial investment of C$100, the following graph illustrates the cumulative total shareholder return on the Common Shares relative to the cumulative total return on the S&P/TSX Composite Index for the period of June 27, 2007 (the date the Common Shares began trading on the TSX) to December 31, 2011, assuming reinvestment of dividends.

Total Return Index Value

CUMULATIVE VALUE OF $100 INVESTMENT
ASSUMING REINVESTMENT OF DIVIDENDS



	Jun 27, 2007	Dec 31, 2007	Dec 31, 2008	Dec 31, 2009	Dec 31, 2010	Dec. 31, 2011
S&P/TSX Composite	C$100.00	C$101.96	C$68.31	C$85.48	C$97.83	C$87.00
OceanaGold Corporation	C$100.00	C$75.43	C$4.29	C$49.71	C$106.57	C$64.29

It is difficult to compare the performance of OGC shares relative to executive remuneration trends over the period identified in the above chart, in part due to the volatility of OGC shares and global equity markets over the past few years.

Outstanding share-based awards and option-based awards

Outstanding share-based awards and option-based awards for NEOs as at the end of the Company’s most recently completed financial year are set out in the following table:

	Option-based Awards				Share-based Awards	
Name	Number of securities underlying unexercised options	Option exercise price (US$)	Option expiration date (day/month/year)	Value of unexercised in-the-money options (US$)(1)	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested (US$)
Michael Wilkes	750,000	$3.38	2/12/17	-	750,000	$3.38
Marcus Engelbrecht	-	n/a	n/a	n/a	-	n/a
Mark Chamberlain	200,000	$2.18	25/8/18	3,222	200,000	$2.18
Mark Cadzow	393,360	$0 - $3.62	18/2/12 – 14/2/19	259,504	393,360	$0 - $3.62
Darren Klinck	553,360	$0 - $3.93	18/2/12 -14/218	271,236	553,360	$0 - $3.93
Martyn Creaney	300,000	$4.04	29/09/17	-	-	-

Notes:

(1) This amount is based on the difference between the market value of the securities listed on the ASX as at December 31, 2011 (being US$2.20) and the exercise price of the option.

Incentive plan awards – value vested or earned during the year

The following table discloses incentive plan awards for the most recently completed financial year:

Name	Option-based awards Value vested during the year (US$)	Share-based awards Value vested during the year (US$)	Non-equity incentive plan compensation Value earned during the year (US$)
Michael Wilkes	426,781	-	-
Marcus Engelbrecht	34,881	-	-
Mark Chamberlain	-	-	-
Mark Cadzow	160,149	-	-
Darren Klinck	181,360	-	-
Martyn Creaney	194,397	-	-

Pension plan benefits

The Company does not have any defined contribution plans.

Employment agreements – termination and change of control benefits

Each of the current Named Executive Officers has a formal employment agreement with the Company or a wholly-owned subsidiary of the Company, the material terms of which are set forth below.

In accordance with the rules of the ASX, no NEO has a specified change of control provision in his employment agreement. Notwithstanding this, NEOs are entitled to certain severance entitlements as detailed below (with such entitlements potentially triggered as an indirect consequence of a change of control of the Company). In addition to this, the Remuneration and Nomination Committee may accelerate the vesting of option based awards and restricted share grants to NEOs upon a change of control.

Michael Wilkes: Mr. Wilkes commenced as the CEO of the Company on January 17, 2011. Mr Wilkes' annual base salary is A$616,000 with an additional amount of up to 60% of fixed annual remuneration payable as an annual bonus based on achieving annual performance targets as may be determined by the Remuneration and Nomination Committee. Mr. Wilkes receives employer contributions to his superannuation fund of A$24,000 per year. He is entitled to be given 6 months' written notice of termination. He may be required to serve the notice period on an active or passive basis, or payment may be made to him in lieu of all or part of the notice period based upon his annual total remuneration on termination. Mr. Wilkes must give 6 months' notice of resignation.

If his employment is terminated by reason of "redundancy", the Company must pay a severance equal to one year of gross fixed annual remuneration at the time of termination plus the amount of any bonus payable in respect of the year in which the employment is terminated, calculated on a pro rata basis up to the date of termination if the Company (acting reasonably) determines that performance objectives agreed to that year were going to be achieved. "Redundancy" includes, among other matters (i) a substantial diminution in the duties and responsibilities of the position or a material reduction in the status of the position, whether as a result of an addition to or reduction of duties and responsibilities; (ii) a substantial diminution in the scale of the business to which the duties and responsibilities of the position apply; or (iii) a material reduction in base salary or bonus opportunity or in the kind or level of the benefits.

If Mr. Wilkes had been terminated, other than for cause, as of December 31, 2011, Mr. Wilkes would have been entitled to receive A$343,985. If Mr. Wilkes had been terminated as a result of redundancy as of December 31, 2011, Mr. Wilkes would have been entitled to receive A$663,985.

Mark Chamberlain: Mr. Chamberlain commenced as the CFO of the Company on August 1, 2011, at which time he entered into an employment agreement which contains the following termination benefits. Mr Chamberlain's annual base salary is A$360,750 with an additional amount of up to 40% of fixed annual remuneration payable as an annual bonus based on achieving annual performance targets as may be determined by the Remuneration and Nomination Committee. Mr. Chamberlain receives employer contributions to his superannuation fund of A$32,467 per year. He is entitled to be given 6 months' written notice of termination. He may be required to serve the notice period on an active or passive basis, or payment may be made to him in lieu of all or part of the notice period based upon his annual total remuneration on termination. Mr. Chamberlain must give 3 months' notice of resignation.

In the case of a termination by reason of redundancy, provisions identical to those in the employment of Mr. Wilkes will apply.

If Mr. Chamberlain had been terminated, other than for cause, as of December 31, 2011, Mr. Chamberlain would have been entitled to receive A$92,160. If Mr. Chamberlain had been terminated as a result of redundancy as of December 31, 2011, Mr. Chamberlain would have been entitled to receive A$182,903.

Mark Cadzow: On October 4, 2010, Mr. Cadzow was appointed the Chief Operation Officer of the Company, having held other senior executive positions prior to that time. Preceding that, he was the Chief Operation Officer of New Zealand operations. Mr Cadzow's annual base salary and remuneration is NZ$396,120 with an additional amount of up to 40% of base salary payable by way of annual bonus based on achieving specific performance targets as may be determined by the Remuneration and Nomination Committee. Mr. Cadzow is entitled to be given six weeks' notice of termination. In the event of his termination, other than by reason of redundancy or for cause (in which case no severance is payable), he is entitled to receive six months' gross fixed annual remuneration on such termination. He may be required to serve the notice period on an active or passive basis, or payment may be made to him in lieu of all or part of the notice period based upon his annual total remuneration on termination. Mr. Cadzow must give six weeks' notice of resignation. In the case of a termination by reason of redundancy, provisions identical to those in the employment contract of Mr. Chamberlain will apply.

If Mr. Cadzow had been terminated, other than for cause, as of December 31, 2011, Mr. Cadzow would have been entitled to receive NZ$259,605. If Mr. Cadzow had been terminated as a result of redundancy as of December 31, 2011, Mr. Cadzow would have been entitled to receive NZ$457,665.

Darren Klinck: On June 25, 2007, Mr. Klinck was appointed Vice President – Corporate and Investor Relations. Mr. Klinck was subsequently appointed the Head of Business Development in 2011. His annual base salary is A$222,936 with an additional amount of up to 40% of fixed annual remuneration payable as an annual bonus based on achieving annual performance targets as may be determined by the Remuneration and Nomination Committee. Mr. Klinck receives employer contributions to his superannuation fund of A$20,064 per year. Mr. Klinck is subject to substantially the same termination provisions as detailed above in respect of Mr. Cadzow.

If Mr. Klinck had been terminated, other than for cause, as of December 31, 2011, Mr. Klinck would have been entitled to receive A$132,200. If Mr. Klinck had been terminated as a result of redundancy as of December 31, 2011, Mr. Klinck would have been entitled to receive A$253,700.

Martyn Creaney: On October 4, 2010, Mr. Creaney was appointed Project Director – Philippines. Mr. Creaney is engaged as a consultant to the Company and his monthly retainer fee is A$22,500 (exclusive of GST) per month, with additional days beyond 45 days per quarter at AUD$1,500 (exclusive of GST) per day. He is entitled to an additional amount of up to 30% of the annual fee as an annual bonus based on achieving annual performance targets as may be determined by the Remuneration and Nomination Committee. Mr Creaney is required to give 3 months' notice and is entitled to be given 3 months' notice in the event of termination of contract for convenience.

Marcus Engelbrecht: Upon resignation, Mr. Engelbrecht departed the Company on June 10, 2011. He received A$26,833 on departure, which consists of his pro rata salary and annual leave up until June 10, 2011.

Indebtedness of directors and executive officers

No current or former executive officer, director or employee of the Company or any of its subsidiaries, or any proposed nominee for election as a director of the Company, or any associate or affiliate of any such executive officer, director, employee or proposed nominee, is or has been indebted to the Company or any of its subsidiaries, or to any other entity that was provided a guarantee, support agreement, letter of credit or other similar arrangement by the Company or any of its subsidiaries in connection with the indebtedness, at any time since the beginning of the most recently completed financial year of the Company.

SECTION 4: EQUITY COMPENSATION PLANS

The Company currently operates two active employee equity compensation plans, being the Amended 2007 Stock Option Plan and the Employee Share Acquisition Plan. The Restricted Share Rights Plan lapsed in 2011 and was not renewed. Furthermore, the Company is seeking shareholders' approval of a new Performance Share Rights Plan at the Meeting, which if approved, will replace all existing active employee equity compensation plans.

Performance Share Rights Plan for Designated Participants

The Board of Directors of the Company adopted a Performance Share Rights Plan for designated participants (the "Performance Rights Plan"), subject to disinterested shareholder approval at the Meeting. Disinterested shareholder approval means approval by shareholders who are shareholders of the Company, other than insiders entitled to be granted performance rights ("Performance Rights") under the Performance Rights Plan.

The purposes of the Performance Rights Plan are to promote further alignment of interests between designated participants and the shareholders of the Company, provide a compensation system for designated participants that is reflective of the performance of the Company compared against its peer group over the medium term and allow designated participants to participate in the success of the Company over the medium term.

The Performance Rights Plan authorises the Board to grant Performance Rights to designated participants on the following terms:

1. Designated Participants

Pursuant to the Performance Rights Plan, the Board of Directors of the Company may grant Performance Rights to directors and employees of the Company or an affiliate of the Company in consideration of them providing their services to the Company or the affiliate. Non-employee directors of the Company may have limited participation in the Performance Rights Plan.

2. Number of Performance Rights available for issuance

The number of Common Shares that may be issued on the redemption of Performance Rights that have been granted and remain outstanding under the Performance Rights Plan may not at any time, when taken together with all of the Company's security based compensation arrangements then either in effect or proposed, be such as to result in:

(a) the total number of Common Shares issuable or reserved for issuance to all designated participants (including all insider designated participants) at any time exceeding 6% of the issued and outstanding Common Shares;

(b) the issuance to designated participants (including all insider designated participants), within a one-year period of a number of Common Shares exceeding 6% of the number of issued and outstanding Common Shares;

(c) the number of Common Shares reserved for issuance to any one designated participant exceeding 5% of the issued and outstanding Common Shares;

(d) the issuance to any one designated participant, within a one year period, of a number of Common Shares exceeding 5% of the issued and outstanding Common Shares;

(e) the number of Common Shares issuable to designated participants that are not also employees of the Company, as a group at any time exceeding 1% of the issued and outstanding Common Shares; or

(f) having an aggregate market value to any one non-employee director of the Company, within a one-year period, exceeding $100,000.

The number of issued and outstanding Common Shares determined above shall be on a non-diluted basis.

3. Value of Performance Rights

Performance Rights granted to designated participants from time to time will be denominated in Common Shares. The market value of Performance Rights and Common Shares shall be not less than the volume weighted average trading price (calculated in accordance with the rules and policies of the TSX) of the Common Shares on the TSX, or another stock exchange where the majority of the trading volume and value of the Common Shares occurs, for the ten (10) trading days immediately preceding the day the Performance Right is granted.

4. Grant

The Company intends to grant performance rights that are commensurate with an individual's level of responsibility within the Company, and the value of the grant will range from 10% of total remuneration to 100% of total remuneration. More specifically, the CEO will be eligible for grant of Performance Rights to the value of 100% of his/her remuneration, executives will be eligible for 75% of their remuneration, senior managers will be eligible for 50% of their remuneration; managers will be eligible for 25% of their remuneration and supervisors will be eligible for 10% of their remuneration.

Grants to any one non-executive director of the Company will be limited to $100,000 in market value per year. Pursuant to the ASX Listing Rules, shareholders approval will also be required each time the Company grants Performance Rights to either executive or non-executive directors.

5. Vesting

Performance Rights granted to designated participants from time to time will vest based upon the Company's target milestone for the applicable performance period, in accordance with the vesting schedule established by the Board of Directors at the time of grant.

Target milestones shall be determined by the Board, acting reasonably, and shall be based on a comparison over a medium term performance period (e.g. 3 years) of the total shareholder return of the Company's Common Shares relative to the total shareholder return ("TSR") over the same period of the shares of a peer group of companies (approximately 15 – 20 gold producers of comparable size of market capital and production rates) to be established by the Board, acting reasonably, at the time of grant of the performance rights. The Board has the discretion to adjust the composition and number of the peer group to take into account of events including, but not limited to, takeovers, mergers and de-mergers that might occur during the performance period.

Accordingly, the actual number of Performance Rights that will vest at the end of the applicable performance period will depend on the performance of the Company over that period when compared to its peer group. If the Company significantly underperforms relative to the peer group, no vesting of Performance Rights may take place. Currently, vesting begins when the Company outperforms 50% of the peers in the peer group, and 100% vesting occurs when the Company outperforms 90% of the peers in the peer group.

6. Termination, Retirement and Other Cessation of Employment

Generally, if a designated participant ceases employment as a "good leaver", which includes death, retirement or a disability preventing him from carrying out his employment, or termination without cause or by mutual agreement during a performance period (each, a "good leaver"), the Performance Rights granted to the designated participant from time to time shall continue to vest in accordance with the vesting schedule established by the Board of Directors at the time of grant and as set out in a written acknowledgement between the Company and the designated participant.

7. Expiry

Vested Performance Rights granted to designated participants shall be redeemed on the last day of the performance period (or such earlier date in the case of vested Performance Rights that are redeemable immediately upon the achievement of target milestones). The Performance Rights are redeemable through the issue of Common Shares only equal to the number of vested Performance Rights. If a designated participant is terminated "for cause", or ceases employment and is not considered to be a "good leaver", the designated participant is not entitled to any benefits on account of Performance Rights relating to the performance period in which such designated participant's employment terminates. The Board of Directors, in its discretion, has the ability to accelerate the vesting of Performance Rights upon the occurrence of a Change in Control (as defined under the Performance Rights Plan).

8. Performance Period

The Board of Directors, in its sole discretion, may determine the performance period applicable to each grant of Performance Rights. If no specific determination is determined by the Board, the performance period will commence on the January 1 coincident with or immediately preceding the grant and end on December 31 of the third year following the calendar year in which such Performance Rights were granted. If a performance period ends during, or within five business days after, a trading black-out period imposed by the Company to restrict trades in the Company's securities, then, notwithstanding any other provision of the Performance Rights Plan, the performance period shall end 10 business days after the trading black-out period is lifted by the Company.

9. Transferability

The Performance Rights will not be transferable or assignable other than by will or pursuant to the laws of succession, except that the designated participant may assign Performance Rights granted under the Performance Rights Plan to the designated participant's spouse, a trustee, custodian or administrator acting on behalf of or for the benefit of the designated participant or the designated participant's spouse, a personal holding corporation, partnership, trust or other entity controlled by the designated participant or the designated participant's spouse, or a registered retirement income fund or a registered retirement savings plan of the designated participant or the designated participant's spouse.

10. Amendment Provisions

The Board may, subject to receipt of requisite shareholder approval and regulatory approval (where applicable), make the following amendments:

(i) amend the Performance Rights Plan to increase the number of shares reserved for issuance under the Performance Rights Plan,

(ii) amend any Performance Rights granted under the Performance Rights Plan to extend the termination date beyond the original expiration date (for both insider and non-insider grants), except in certain circumstances where the Company has imposed a trading blackout, as described in paragraph 6,

(iii) increase the number of Common Shares issuable under the Performance Rights Plan to non-employee directors,

(iv) amend the amendment provisions of the Performance Rights Plan, and

(v) amend the insider participation limits of the Performance Rights Plan.

No amendment, suspension or discontinuance of the Performance Rights Plan or of any granted Performance Rights may contravene the requirements of the TSX or any securities commission or regulatory body to which the Performance Rights Plan or the Company is subject, or any other stock exchange on which the Company or its Common Shares may be listed from time to time.

Subject to the restrictions in the preceding paragraph and the requirements of the TSX, the Board may, in its discretion, and without obtaining shareholder approval, amend, suspend or discontinue the Performance Rights Plan, and amend or discontinue any Performance Rights granted under the Performance Rights Plan, at any time. Without limiting the foregoing, the Board may, without obtaining shareholder approval, amend the Performance Rights Plan, and any Performance Rights granted under the Performance Rights Plan, to

(i) amend the vesting provisions,

(ii) amend the target milestones,

(iii) amend the performance periods, except in certain limited circumstances where the Company has imposed a trading black-out as described in paragraph 8,

(iv) amend the eligibility requirements of designated participants which would have the potential of broadening or increasing insider participation, and

(v) make any amendment of a grammatical, typographical or administrative nature or to comply with the requirements of any applicable laws or regulatory authorities.

The TSX will require that shareholder approval be obtained for any amendment other than amendments in respect of paragraphs (i) to (v) above.

11. Financial Assistance

No financial assistance will be available to designated participants under the Performance Rights Plan.

As of the date hereof no Performance Rights have been granted.

A copy of the Performance Rights Plan can be obtained by contacting the Company Secretary in writing at Level 5, 250 Collins Street, Melbourne, Australia 3000.

Amended 2007 Stock Option Plan

The Company has established an amended 2007 stock option plan (the "Option Plan") with an effective date of December 6, 2007 in order to provide incentive compensation to directors, officers, employees and consultants of the Company and its subsidiaries (each a "Participant") as well as to assist the Company and its subsidiaries in attracting, motivating and retaining qualified directors, management personnel and consultants. The purpose of the Option Plan is to provide additional incentive for Participants' efforts to promote the growth and success of the business of the Company. The Option Plan is administered by the Company's Remuneration and Nomination Committee, which will designate, from time to time, the recipients of grants and the terms and conditions of each grant, in each case in accordance with applicable securities laws and stock exchange requirements.

Subject to the shareholders approval of the Performance Rights Plan at the Meeting, Management will cease making further grants under the Option Plan (save for the start-up options proposed to be granted to Dr Raby at this Meeting – see "Particulars of other matters to be acted upon") and will not seek re-approval of that plan at the end of its current term in 2013.

The aggregate maximum number of Common Shares available for issuance from treasury under the Option Plan and all of the Company's other security based compensation arrangements at any given time (which includes the Restricted Share Plan as described below) is 10% of the Company's issued and outstanding Common Shares as at the date of grant of an option, subject to certain adjustments. Any option which has been granted under the Option Plan and which has been cancelled, repurchased, expired or terminated in accordance with the terms of the Option Plan without having been exercised will again be available for grant under the Option Plan. The aggregate number of securities, including Shares reserved for issuance pursuant to options granted under the Option Plan, issuable under all security based compensation arrangements of the Company to Insiders at any given time shall not exceed 10% of the total number of Shares then outstanding. The aggregate number of securities issued under all security based compensation arrangements of the Company to Insiders, within any one year period, shall not exceed 10% of the total number of Shares then outstanding. The aggregate number of Common Shares that can be reserved for issuance pursuant to options granted to any one person or entity within any twelve-month period cannot exceed 5% of the total number of Common Shares then outstanding (on a non-diluted basis).

The Board of Directors will establish the exercise price of an option at the time each option is granted provided that such price shall not be less than the volume weighted average trading price (calculated in accordance with the rules and policies of the TSX) of the Common Shares on the TSX, or another stock exchange where the majority of the trading volume and value of the Common Shares occurs, such as the ASX, for the five trading days immediately preceding the day the option is granted.

Unless the Remuneration and Nomination Committee determines otherwise, options issued by the Company are subject to a vesting schedule as follows: 1/3 upon the first anniversary of grant; 1/3 upon the second anniversary of grant; and 1/3 upon the third anniversary of grant. Notwithstanding the foregoing, in the event of a change of control of the Company, the Remuneration and Nomination Committee may determine that all options outstanding will become immediately exercisable (the "accelerated vesting provision").

In November 2009, the Remuneration and Nomination Committee determined to impose an escrow condition of up to 12 months on the grant of options to Australian based employees, such that upon exercise of vested options, an employee can only trade resultant shares on the earlier of (i) 12 months from the date of exercise; (ii) ceasing employment, or (iii) 7 years from the date of grant of options.

Furthermore, the Remuneration and Nomination Committee retains the right with respect to any one or more Participants to accelerate the time at which an option may be exercised.

Subject to the accelerated vesting provision described above, in the event of a merger and acquisition transaction or proposed merger and acquisition transaction:

(i) the Remuneration and Nomination Committee may, in a fair and equitable manner, determine the manner in which all unexercised option rights granted under the Option Plan will be treated including, without limitation, requiring the acceleration of the time for the exercise of such rights by the Participants, the time for the fulfilment of any conditions or restrictions on such exercise, and the time for the expiry of such rights;

(ii) the Remuneration and Nomination Committee or any company which is or would be the successor to the Company or which may issue securities in exchange for Common Shares upon the merger and acquisition transaction becoming effective may offer any Participant the opportunity to obtain a new or replacement option over any securities into which the Common Shares are changed or are convertible or exchangeable, on a basis proportionate to the number of Common Shares under an option and the exercise price (and otherwise substantially upon the terms of the option being replaced, or upon terms no less favourable to the Participant) including, without limitation, the periods during which the option may be exercised and expiry dates. In such event, the Participant shall, if he accepts such offer, be deemed to have released his Option over the Common Shares and such Option shall be deemed to have lapsed and be cancelled; or

(iii) the Remuneration and Nomination Committee may exchange for or into any other security or any other property or cash, any option that has not been exercised, upon giving to the Participant to whom such option has been granted at least 30 days' written notice of its intention to exchange such option, and during such notice period, the option, to the extent it has not been exercised, may be exercised by the Participant without regard to any vesting conditions attached thereto, and on the expiry of such notice period, the unexercised portion of the option shall lapse and be cancelled.

Options granted under the Option Plan must be exercised no later than 10 years (7 years for options granted from November 2009 as discussed above) after the date of the grant or such shorter period as determined by the Remuneration and Nomination Committee and approved by any applicable regulatory authority. All options will terminate on the earlier of the expiry of their term and the date of termination of a Participant's employment, engagement or position, if terminated for cause; otherwise, 90 days following termination. Where the expiry date for an option occurs during a blackout period, the expiry date for such option will be extended to the date that is 10 business days following the end of such blackout period. Upon the death of a Participant, the legal representatives of such Participant may exercise the options held by such Participant upon the earlier of (i) the expiry date of such option; and (ii) 12 months following the date of death of the Participant, but only to the extent the options were by their terms exercisable on the date of death.

A minimum of 100 Common Shares must be purchased by a Participant upon exercise of options at any one time, except where the remainder of Common Shares available for purchase pursuant to options granted to such Participant totals less than 100. Subject to certain limited circumstances, the options are non-transferable without the permission of the Company.

Subject to the prior approval of any applicable regulatory authorities and/or stock exchange (as required) and the consent of the Participant affected thereby, the Board of Directors may amend or modify any outstanding option in any manner to the extent that the Board of Directors would have had the authority to initially grant the option as so modified or amended, including without limitation, to change the date or dates as of which, or the price at which, an option becomes exercisable, provided however, that the consent of the Participant shall not be required where the rights of the Participant are not adversely affected. Furthermore, subject to the requisite shareholder and regulatory approvals described below, the Board may from time to time amend or revise the terms of the Option Plan or may discontinue the Option Plan at any time provided that no such amendment or revision may, without the consent of the Participant, in any manner adversely affect his rights under any option granted under the Option Plan.

The Board of Directors may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Option Plan:

(i) any amendment to the number of securities issuable under the Option Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by shareholders will not require additional shareholder approval;

(ii) any change to the definition of the eligible participants which would have the potential of broadening or increasing insider participation;

(iii) the addition of any form of financial assistance;

(iv) any amendment to a financial assistance provision which is more favourable to participants;

(v) any addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Option Plan reserve;

(vi) the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Company;

(vii) a discontinuance of the Option Plan; and

(viii) any other amendments that may lead to significant or unreasonable dilution in the Company’s outstanding securities or may provide additional benefits to eligible participants, especially insiders of the Company, at the expense of the Company and its existing shareholders.

The Board of Directors may, subject to receipt of regulatory approval, where required, in its sole discretion make all other amendments to the Option Plan that are not of the type contemplated above including, without limitation:

(i) amendments of a “housekeeping” or clerical nature;

(ii) a change to the vesting provisions of a security or the Option Plan;

(iii) amendments to reflect any requirements of any regulatory authorities to which the Company is subject, including the TSX;

(iv) a change to the termination provisions of a security or the Option Plan which does not entail an extension beyond the original expiry date;

(v) amendments to the accelerated vesting provision and the provision of the Option Plan dealing with mergers and acquisitions described above;

(vi) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Option Plan reserve; and

(vii) amendments to reflect changes to applicable laws or regulations.

Notwithstanding the foregoing provisions, the Company shall additionally obtain requisite shareholder approval in respect of amendments to the Option Plan that are contemplated above, to the extent such approval is required by any applicable laws or regulations or in respect of the following amendments:

(i) amendments to increase the Option Plan maximum or the number of securities reserved for issuance under the Option Plan;

(ii) amendment provisions granting additional powers to the board of directors of the Company to amend the Option Plan or entitlements without security holder approval;

(iii) a reduction in the exercise price of Options or other entitlements held by insiders;

(iv) extensions to the term of Options held by insiders; and

(v) changes to the insider participation limits, which will require shareholder approval to be obtained on a disinterested basis.

A copy of the Option Plan can be obtained by contacting the Corporate Secretary of the Company in writing at Level 5, 250 Collins Street, Melbourne, Australia 3000.

Employee share acquisition plan

The Company has an Employee Share Acquisition Plan (the "ESAP") pursuant to which employees and directors of the Company and its subsidiaries may arrange to have payroll deductions (up to a maximum of 10% of gross salary) contributed to the ESAP and matched by the Company, for the purpose of having Common Shares purchased in the market for the benefit of such employees and directors. No Common Shares have been issued from treasury pursuant to the ESAP.

Subject to the shareholders approval of the Performance Rights Plan at the Meeting, the ESAP will terminate and cease to operate at the end of the Meeting.

Restricted share plan

The Restricted Share Plan was adopted by the Board of Directors on April 8, 2008 and approved by shareholders on May 12, 2008. The Restricted Share Plan was not renewed at the 2011 Meeting and thereby lapsed in June 2011. Notwithstanding this, a number of share rights remain outstanding under the Restricted Share Plan. Please see below for further details.

As of May 11, 2012 an aggregate of 262,834,376 Common Shares of the Company were issued and outstanding, 10% of which is 26,283,437 common shares of the Company available for issue under the Option Plan. As of May 11, 2012 a total of 6,280,102 options remain outstanding under the Option Plan, and a total of 386,666 share rights remain outstanding under the Restricted Share Plan (together representing approximately 2.5% of the issued and outstanding Common Shares on a non-diluted basis as of the date hereof). As at May 11, 2012, 1,335,548 Common Shares have been issued as a result of the exercise of options under the Option Plan, and 475,104 Common Shares have been issued pursuant to the Restricted Share Plan. Accordingly, a total of 19,616,669 options remain available for grant under the Option Plan (representing approximately 7.5% of the issued and outstanding Common Shares on a non-diluted basis as of the date hereof).

Information on Equity Compensation Plans

The following table is as of December 31, 2011.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	7,404,540	US$2.44	18,859,720
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
Total	7,404,540	US$2.44	18,859,720

SECTION 5: CORPORATE GOVERNANCE AND DIRECTORS' COMPENSATION

As at December 31, 2011, the Company's Board of Directors was composed of seven (7) directors.

Mr Terry Fern did not seek re-election at the 2011 Meeting and his term of office expired at the conclusion of that meeting. Dr Raby was subsequently appointed non-executive director of the Company on August 5, 2011.

During the 3 years prior to the date of this document, Mr James Askew assumed interim role of executive Chairman on two occasions, first time between June 10, 2009 and November 5, 2009, and second time between September 8, 2010 and January 17, 2011. The Board was of the opinion that during these interim periods when he acted in an executive capacity, Mr Askew continued to be the most appropriate person to lead the Board as Chairman. Further, the Company is of the opinion that Mr Askew was able to exercise independent judgment to all relevant issues falling within the scope of the role of Chairman and that the Company as a whole benefitted from his long standing experience of its operations and business relationships.

With the exceptions of Mr Askew and Mr Wilkes (who was acting as an executive director), during 2011, all other directors were and are independent of management and free of any interest and any business or other relationship, other than arising from their shareholdings, that could interfere with their ability to act with a view to the best interests of the Company. Four of the directors (being Messrs. Leviste, Klein, Myckatyn and Raby) have been nominated for election or re-election at the Meeting, and three directors (being Messrs. Askew, Shale and Wilkes) will remain on the Board until they stand for re-election at the Company's next annual general meeting of Shareholders.

The Board has established three committees of directors, being the Audit and Financial Risk Management Committee, the Remuneration and Nomination Committee and the Sustainability Committee.

The following sets out the Company's Corporate Governance Disclosure in the form required by National Instrument 58-101 – Disclosure of Corporate Governance Practices:

Board of directors

As at the date of this Management Information Circular, the Board is comprised of seven (7) directors. The independent status of each individual director is reviewed annually by the Board. The Board considers a director to be independent if he has no direct or indirect material relationship with the Company, which in the view of the Board of Directors could reasonably be perceived to materially interfere with the exercise of the director's independent judgment. Other than as noted above in relation to Mr Askew's interim role as executive chairman and Mr Wilkes' role as executive director, the Board has determined that all of the current directors are independent.

The Board examines its size annually to determine whether the number of directors is appropriate. In this regard, the Board is satisfied that its current number of directors is appropriate, providing a diversity of views and experience while maintaining efficiency. The Board believes that the composition of the Board fairly represents the interests of Shareholders.

The independent directors hold regularly scheduled meetings at which members of management are not in attendance.

The Board believes that all directors should attend all meetings of the Board and all meetings of each committee of which a director is a member. During the Company's 2011 fiscal year, participation by the directors (as constituted at the relevant time) in meetings of the Board and committees is summarised as follows:

	Board of Directors		Audit and Financial Risk Management Committee		Remuneration and Nomination Committee		Sustainability Committee	
Director	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
J E Askew	8	7	1	1	3	3	3	3
J D Shale	8	8	4	4	-	Non-member	3	3
J P Leviste Jr.	8	8	-	Non-member	-	Non-member	3	3
T N Fern[1]	3	1	2	1	2	1	-	Non-member
J Klein	8	7	4	4	3	3	-	Non-member
W H Myckatyn	8	8	-	Non-member	1	1	3	3
M F Wilkes	8	8	-	Non-member	-	Non-member	-	Non-member
G W Raby[2]	3	3	1	1	-	Non-member	-	Non-member

1. Mr Fern's term expired on June 3, 2011.
2. Dr Raby was appointed to the Board on August 5, 2011.

See "Election of Directors" above for more information about each director, including directorship of other reporting issuers in Canada or in a foreign jurisdiction and share ownership.

Board mandate

The Board has adopted a written charter, a copy of which is attached as Schedule "A" hereto.

Board members and management will participate in an annual strategic planning review process. Any revisions to the plan will be approved by the Board. Implementation of the strategic plan will be the responsibility of management. The Board will systematically review opportunities by weighing them against the business risks and actively managing these risks. The Board will provide leadership but will not become involved in day-to-day matters. Management will report to the Board on a regular basis on the Company's progress in achieving these strategic objectives.

Position descriptions

The Board has developed written terms of reference for the chair of each committee, which are included in the charter or mandate of each committee. The Board has not developed written position descriptions for the CEO and Chairman. Until the written position descriptions are developed, the CEO and the Board agree that the CEO is responsible for day-to-day operational management and Board approval is required for any other matters.

Orientation and continuing education

The Board has an informal process for the orientation of new Board members regarding the role of the Board, its committees and its directors and the nature of operation of the business. New directors meet with senior management and incumbent directors.

Directors are made aware of their responsibility to keep themselves up to date with best director and corporate governance practices and are encouraged and funded to attend seminars that will increase their own and the Board's effectiveness.

Ethical business conduct skills and knowledge

The Board supports high standards of ethical behaviour and requires all directors, employees and contractors to act with integrity at all times.

The Company has both a Corporate Code of Conduct and a Directors Code of Conduct that seek to foster high standards of ethics and accountability among directors, employees and contractors in carrying out the Company's business. The Codes provide guidance on a variety of matters such as expected standards of behaviour, confidentiality, securities dealing, public statements, use of Company property, conflicts of interest and financial reporting.

The Codes are supplemented by formal policies and procedures in relation to matters such as health and safety, environment and community, discrimination, harassment and bullying, diversity and equal opportunity and investor relations.

Specific issues of note are summarised below.

Directors' conflicts of interest - directors of the Company must keep the Board advised, on an ongoing basis, of any material personal interest in a matter that relates to the affairs of the Company. Where a director has a material personal interest in a matter, the director concerned will absent himself from Board discussions of the matter and will not cast a vote in relation to the matter.

Securities trading policy - the Company's comprehensive securities dealing policy applies to all directors, employees and contractors. The policy prohibits trading in the Company's securities by directors, employees or contractors at any time when they are in possession of price sensitive information that is not generally available to the market. In addition, the policy places a total embargo on short term trading by directors and senior employees at all times. The policy further identifies "blackout" periods where directors and senior management are embargoed from dealing in the Company's securities. An internal disclosure procedure applies to directors and senior employees wishing to buy or sell Company securities or exercise options over Company securities. Directors also have specific disclosure obligations under laws and regulations applicable in each of Australia, New Zealand and Canada.

In accordance with ASX Listing Rule 12.9, a copy of the Company's Securities Trading Policy was lodged with the ASX on 23 December 2010.

Nomination of Directors

With advice and input from the Remuneration and Nomination Committee, the Board, in identifying new candidates for Board nomination, will:

(a) consider what competencies and skills the Board, as a whole, should possess;
(b) assess what competencies and skills each existing director possess; and
(c) consider the appropriate size of the Board, with a view to facilitating effective decision-making.

The nomination of directors is undertaken by the Remuneration and Nomination Committee, a committee composed entirely of independent directors. The Committee reviews the composition of the Board annually, assesses the effectiveness of the Board annually, identifies new candidates for nomination as directors to the Board and makes recommendations to the Board for nominees for election as directors. In that regard, the Remuneration and Nomination Committee considers the competencies and skills each new nominee will bring to the Company and whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member.

The Remuneration and Nomination Committee has a published mandate which is posted on the Company's website. The Company has no obligation or contract with any third party, providing them with the right to nominate a director.

Compensation of Directors

The following table sets out amount of compensation provided to the directors in their non-executive role for the Company's most recently completed financial year:

Name	Year	Fees (US$)	Share-based awards (US$)	Option-based awards (US$)	Non-equity incentive plan compensation (US$)		Pension value (US$)	All other compensation (US$)	Total compensation (US$)
					Annual incentive plans (Annual Bonus Awards)	Long-term incentive plans (milestone Bonuses)			
J E Askew[1] *Chairman*	2011	218,644	-	34,879	-	-	-	-	253,523
J D Shale *Director*	2011	119,075	-	34,879	-	-	-	-	153,954
J P Leviste Jr.[2] *Director*	2011	96,268	-	34,879	-	-	-	-	131,147
J Klein *Director*	2011	104,580	-	35,616	-	-	-	-	140,196
W H Myckatyn *Director*	2011	98,135	-	61,394	-	-	-	-	159,529
G W Raby Director	2011	40,392	-	-	-	-	-	-	40,392
M F Wilkes[3] Director	2011	-	-	-	-	-	-	-	-

Notes:

(1) During 2011, Mr. Askew was paid an additional amount of US$121,236 in compensation for his interim role as the executive chairman of the Company.

(2) During 2011, Mr. Leviste Jr. was paid US$176,471 in fees for the provision of consulting services in the Philippines.

(3) During 2011, Mr. Wilkes did not receive any additional compensation in his capacity as a Board member. Please refer to section 3 – Executive Compensation for details of his executive compensation.

Assessments

The Board is committed to carrying out periodic performance evaluations of the Board, individual non-executive directors and Board committees. During the Company's 2011 financial year, the Remuneration and Nomination Committee conducted reviews of performance, remuneration and skills and competencies of individual directors, Board committees and the Board as a whole in accordance with the Remuneration and Nomination Committee Charter.

Board committees

The Board has also established three committees to assist the Board in discharging its responsibilities as follows:

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

Each committee is governed by a formal charter approved by the Board, documenting the committee's composition and responsibilities. Copies of these charters are available from the Company's website.

Each committee contained a majority of independent directors during 2011. It is customary for the Chairmen to invite Company executives (including the CEO) to attend Committee meetings.

Audit and Financial Risk Management Committee - the Audit and Financial Risk Management Committee has been structured to comply with National Instrument 52-110 – Audit Committees ("NI 52-110") of the Canadian Securities Administrators and Listing Rule 3.6 of the NZSX/NZDX Listing Rules.

The Audit and Financial Risk Management 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 and Financial Risk Management Committee during 2011 were:

J D Shale (Chairman);
T N Fern (until June 3, 2011);
J E Askew (between June 3, 2011 and August 25, 2011);
J Klein; and
G W Raby (since August 25, 2011)

Each member of the Audit and Financial Risk Management Committee is currently independent and financially literate within the meaning of NI 52-110.

Remuneration and Nomination Committee - the Remuneration and Nomination Committee is responsible for making recommendations to the Board in relation to the remuneration arrangements for the Managing Director, for reviewing and approving the Managing Director'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 2011 were:

J Klein (Chairman);
J E Askew;
T N Fern (until June 3, 2011); and
W H Myckatyn (since June 3, 2011)

Sustainability Committee - 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 2011, members of the Sustainability Committee were as follows:

J E Askew (Chairman);
J D Shale;
J P Leviste Jr.; and
W H Myckatyn (since April 27, 2011).

SECTION 6: INTEREST OF INFORMED PERSONS AND APPOINTMENT OF AUDITORS

Interest of informed persons in material transactions

Other than the interests of certain directors, officers and shareholders of the Company as described elsewhere in this Management Information Circular, no informed person or any proposed director of the Company, or any associate or affiliate thereof, has had a direct or indirect material interest in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction that has materially affected or would materially affect the Company or any of its subsidiaries.

Appointment of auditor

In accordance with the recommendation of the Company's Audit and Financial Risk Management Committee, the Board of Directors recommends that at the Meeting the Shareholders vote for the reappointment of PricewaterhouseCoopers, Chartered Accountants, as the Company's auditors to hold office until the next annual general meeting of Shareholders. Accordingly, proxies received in favour of management nominees will be voted to approve the reappointment of PricewaterhouseCoopers, Chartered Accountants, as the Company's auditor until the next annual general meeting of Shareholders. PricewaterhouseCoopers was first appointed as auditor of the Company on March 25, 2008.

SECTION 7: PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

The following resolutions will require approval by a majority of votes cast on the matter at the Meeting. Unless otherwise instructed the management nominees named in the form of Proxy accompanying this Management Information Circular will vote "FOR" the Resolutions.

1. Issue of Incentive Stock Options to Dr Geoffrey Raby

It is proposed that up to 100,000 stock options (the "Director Incentive Stock Options") be issued to Dr Geoffrey Raby under the Option Plan within 12 months of the Meeting if Dr Raby is elected as a director at the Meeting. The exercise price of the Director Incentive Stock Options will be not less than the volume weighted average trading price of the securities on the ASX for the five trading days immediately preceding February 15, 2012.

The grant of Director Incentive Stock Options to Dr Geoffrey Raby was approved by the Remuneration and Nomination Committee of the Board (subject to shareholder approval) on February 15, 2012, and the exercise price was set having regard to that date. Furthermore, the Director Incentive Stock Options will be exercisable for a period no later than 5 years after the date of vesting.

Accordingly, Shareholders are being asked to consider and vote upon the following resolution:

"BE IT RESOLVED THAT the grant of 100,000 Director Incentive Stock Options to Dr Geoffrey Raby as disclosed in the Management Information Circular be and is hereby approved for the purposes of ASX Listing Rule 10.14 and for all other purposes."

The following information is provided to Shareholders pursuant to, and in accordance with, ASX Listing Rule 10.15:

(a) A summary of the terms of the Option Plan and the Director Incentive Stock Options are set out in Section 4 above.

(b) Up to 100,000 Director Incentive Stock Options may be granted to Dr Geoffrey Raby.

(c) The Director Incentive Stock Options will be issued at no cost to Dr Geoffrey Raby.

(d) The exercise price for the Director Incentive Stock Options will be A$2.3965. The exercise price is based on the volume weighted average trading price of the CDIs on the ASX for the five trading days immediately preceding February 15, 2012.

(e) The Director Incentive Stock Options will become exercisable in accordance with the following vesting schedule: 1/3 on the first anniversary of grant; 1/3 on the second anniversary of grant; and 1/3 on the third anniversary of grant.

(f) Following approval at the 2010 Annual General and Special Meeting of the Company held on 4 June 2010, 100,000 stock options were issued to each of Mr James Askew, Mr Terrence Fern (term ended on 3 June 2011), Mr Denham Shale, Mr Jose Leviste, Jr., Mr William Myckatyn and Mr Jacob Klein at no cost to them.

(g) All directors are entitled to participate in the Option Plan. No loans have been or will be made to the directors in respect of the Director Incentive Stock Options.

(h) The Company will issue the Director Incentive Stock Options after shareholder approval has been obtained, and in any event, no later than 12 months after the date of the Meeting.

The Company will disregard any votes cast on the foregoing resolutions by a director of the Company and an associate of a director. However, the Company need not disregard a vote if it is cast by: a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Approval of previous issue of options under the Amended 2007 Stock Option Plan

ASX Listing Rule 7.1 provides that the Company is limited to issuing up to 15% of its issued capital in any 12 month period without shareholder approval. However, under ASX Listing Rule 7.4, the Company may seek subsequent shareholder approval of the specified issues of securities, and if that approval is obtained, such issues do not count toward the 15% limit.

The Company is seeking Shareholder approval of the issue of 640,000 stock options granted to executives and senior management of the Company pursuant to the Option Plan in order to renew the Company's 15% placement capacity available under ASX Listing Rule 7.1.

The following information is provided to Shareholders pursuant to, and in accordance with, ASX Listing Rule 7.5:

(a) The total number of options issued was 640,000.

(b) The exercise prices of the options are: for 80,000 options, A$2.33; for 100,000 options, A$2.52 and for 460,000 options, A$2.13.

(c) The options were issued at no cost to senior management of the Company.

(d) The options were issued on the terms and conditions of the Option Plan as set out in Section 4 above. Each option will entitle the optionee to acquire a fully paid ordinary share in the capital of the Company, subject to the satisfaction of the service condition, and payment of the exercise price. All unexercised options will expire 7 years from issuance for Australian employees, and 5 years from vesting for employees in other jurisdictions.

(e) The allottees of the options are senior executives of the Company.

(f) No funds have been raised from the issuance of options as the options are zero priced.

(g) The Company will disregard any votes cast on this resolution by any person who participated in the issue and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Accordingly, the Shareholders of the Company are being asked to consider and, if thought appropriate, to pass an ordinary resolution in substantially the following form:

"BE IT RESOLVED THAT for the purpose of Listing Rule 7.4 and for all other purposes, the Company approves the issue of 640,000 options made by the Company to senior management on the terms set out in the Management Information Circular."

3. Approval of Performance Share Rights Plan

The Board of Directors of the Company, at a meeting on April 27, 2011, adopted a Performance Share Rights Plan for Designated Participants (the "Performance Rights Plan"), subject to shareholder approval. The Performance Rights Plan was revised and the revision was approved by the Board of Directors at a meeting on February 16, 2012. The adoption of the Performance Rights Plan by the Board of Directors has been conditionally approved by the TSX, however, under TSX's rules, the Company's disinterested shareholders must also approve the Performance Rights Plan. For the purposes of such approval, 'disinterested shareholders' are shareholders of the Company, other than insiders entitled to be granted performance rights ("Performance Rights") under the Performance Rights Plan. As of the date of this Circular, 1,746,210 Common Shares of the Company will be excluded from voting on this matter.

The purposes of the Performance Rights Plan are to promote further alignment of interests between designated participants and the shareholders of the Company, provide a compensation system for designated participants that is reflective of the responsibility, commitment and risk accompanying their management role over the medium term and allow designated participants to participate in the success of the Company over the medium term. For further information regarding the proposed Performance Rights Plan, please see "Performance Share Rights Plan for Designated Participants".

Accordingly, Shareholders will be asked at the Meeting to consider and, if considered advisable, to adopt the following resolution to approve the Performance Rights Plan described in Section 4:

"BE IT RESOLVED THAT:

(i) The Performance Share Rights Plan for Designated Participants of OceanaGold Corporation and its Affiliates adopted by the Board of Directors of the Company on April 27, 2011 and revised on February 16, 2012, and providing for the issuance of performance rights and common shares of the Company, as described in the Company's Management Information Circular dated May 11, 2012, be and is hereby approved;

(ii) The Company have the ability to grant Performance Rights under the Performance Share Rights Plan until June 15, 2015, that is until the date that is three years from the date when shareholder approval is currently being sought, unless the Performance Share Rights Plan is terminated earlier; and

(iii) Any director or officer of the Company be and is hereby authorized to take such actions as such director or officer may determine to be necessary or advisable to implement this resolution, such determination to be conclusively evidenced by the taking of any such actions."

The resolution must be passed, with or without amendment, by not less than a majority of votes cast by disinterested shareholders voting in person or by proxy in respect of the resolution at the Meeting.

Unless instructed otherwise, the officers of the Company named in the accompanying form of proxy intend to vote the common shares represented by proxies FOR the resolution to approve the Performance Rights Plan.

Additional Australian disclosure requirements

ASX Listing Rule 7.1 provides that the Company is limited to issuing up to 15% of its issued capital in any 12 month period without shareholder approval, subject to certain exceptions. Shareholder approval is being sought for the Performance Rights Plan for the purposes of ASX Listing Rule 7.2 Exception 9. If approved, future issues under the Performance Rights Plan will not count towards the Company's 15% placement capacity available under ASX Listing Rule 7.1 during the 3 years following the Meeting.

The following information is provided to Shareholders pursuant to, and in accordance with, ASX Listing Rule 7.2, Exception 9:

(a) A summary of the terms of the Performance Rights Plan is set out in Section 4 above under the heading 'Performance Share Rights Plan for Designated Participants'.

(b) No securities have been issued under the Performance Rights Plan as it is a new plan being adopted by the Company.

(c) The Company will disregard any votes cast on resolution relating to the Performance Rights Plan by a director of the Company or an associate of a director. However, the Company need not disregard a vote if it is cast by: a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy from to vote as the proxy decides.

(d) A copy of the Performance Rights Plan rules can be obtained by contacting the Corporate Secretary of the Company in writing at Level 5, 250 Collins Street, Melbourne, Australia 3000.

4. Issue of Performance Rights to Mr Wilkes

It is proposed that up to 350,000 performance rights (the "Performance Rights") be issued to Mr Michael Wilkes under the Performance Rights Plan (if approved by Shareholders at the Meeting) within 12 months of the Meeting. This is the maximum amount of Performance Rights that will vest if the performance of the Company reaches the vesting threshold.

The performance conditions applying to the Performance Rights to be granted to Mr Wilkes will be based on the Company's TSR against a group of 20 gold producers of comparable size and production rates during the performance period January 1, 2012 to December 31, 2014. The vesting process will commence when the Company TSR performance outperforms 50% of the companies in the peer group, and 100% of Performance Rights vesting will occur when the Company TSR outperforms 90% of the companies in the peer group.

The grant of Performance Rights to Mr Wilkes was approved by the Remuneration and Nomination Committee of the Board (subject to Shareholder approval of the Performance Rights Plan and the specific grant to Mr Wilkes) on May 9, 2012.

Accordingly, Shareholders are being asked to consider and vote upon the following resolution:

"BE IT RESOLVED THAT subject to the Performance Rights Plan being approved by Shareholders, the grant of up to 350,000 Performance Rights to Mr Michael Wilkes as disclosed in the Management Information Circular be and is hereby approved for the purposes of ASX Listing Rule 10.14 and for all other purposes."

The following information is provided to Shareholders pursuant to, and in accordance with ASX Listing Rule 10.15:

(a) A summary of the terms of the Performance Rights Plan and Performance Rights are set out in Section 4 above.

(b) Up to 350,000 Performance Rights may be granted to Mr Michael Wilkes.

(c) The Performance Rights will be issued at no cost to Mr Wilkes.

(d) No person has received any Performance Rights under the Performance Rights Plan.

(e) All directors are entitled to participate in the Performance Rights Plan. No loans have been or will be made to the directors in respect of the Performance Rights.

(f) The Company will issue the Performance Rights after Shareholder approval has been obtained, and in any event, no later than 12 months after the date of the Meeting.

The Company will disregard any votes cast on the foregoing resolution by a director of the Company and an associate of a director. However, the Company need not disregard a vote if it is cast by: a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Interest of certain persons or companies in matters to be acted upon

Other than the interests of certain directors, officers and shareholders of the Company as described elsewhere in this Management Information Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee for election as a director of the Company at the Meeting, and no associate or affiliate of any of the foregoing persons or companies, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors.

Management contracts

Management functions of the Company are not, to any substantial degree, performed by a person or persons other than the directors or senior officers of the Company.

Additional information

Additional information relating to the Company is available at www.sedar.com under the name "OceanaGold Corporation". Financial information is provided in the Company's comparative financial statements and management discussion & analysis ("MD&A") for its most recently completed financial year. Copies of the Company's financial statements and MD&A can be obtained by contacting the Corporate Secretary of the Company in writing at Level 5, 250 Collins Street, Melbourne, Australia 3000. Copies of such documents will be provided to Shareholders free of charge.

SCHEDULE "A"

Board Charter of OceanaGold Corporation ("the Company")

1. Role of the Board

This Board charter (Board Charter) sets out the principles for the operation of the board of directors (Board) of the Company and describes the functions of the Board and those functions delegated to management of the Company.

The Board has primary responsibility to shareholders for the welfare of the Company. The Board is responsible for guiding and monitoring the business and the affairs of the Company. The Company recognises the importance of the Board in providing a sound base for good corporate governance in the operations of the Company. The Board, and each individual director, must at all times act honestly, in good faith, with a view to the best interests of the Company and in all respects in accordance with the law applicable to the Company. Directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Board will at all times act in accordance with all Company policies in force from time to time.

This Charter and the various complementary charters adopted by the Board and Board committees have been prepared and adopted on the basis that there is a recognition that good governance and good governance procedures can add to the performance of the Company.

2. Responsibilities of the Board

One of the key ways the Board adds value to the Company is by selecting the right chief executive officer (CEO) for the Company and satisfying itself as to the integrity of the CEO and other executive officers. Beyond this, the Board will ensure that management has in place appropriate processes for risk assessment, management and internal control and monitoring performance against agreed benchmarks. The Board will work with senior management as collaborators in advancing the interests of the Company and creating a culture of integrity throughout the organisation.

This Charter delegates certain authority to specified managers and recognises that once delegated management needs to be free to manage. The Board will not blindly accept management's views and will test and question management's assertions, monitor progress, evaluate management's performance and will, where warranted, take corrective action.

2.1 The Board

The Board is responsible for the management of the affairs of the Company, including:

(a) its financial and strategic objectives;

(b) evaluating, approving and monitoring the Company's strategic and financial plans, including assessment of the opportunities and risks of the Company's business, on an annual basis;

(c) evaluating, approving and monitoring the Company's annual budgets and business plans;

(d) evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions, including the issue of the Company's securities; and

(e) approving all financial reports and material reporting and external communications by the Company in accordance with the Company's Shareholder Communications Policy, which it will review and revise as necessary.

2.2 Executive management

The Board's responsibilities in relation to executive management include:

(a) Appointing, monitoring, managing the performance of, and if necessary terminating (the employment of) the CEO. Consistent with the obligation to monitor the CEO, the Board has identified the role and responsibilities of the CEO as described in section 4.4 and 4.5. The Board will periodically consider this job description and the CEO's authorities and accountabilities, as well as performance indicators to provide monitoring benchmarks.

(b) Managing succession planning for the position of CEO, chief financial officer (CFO) and chief operating officer. It is envisaged that this would involve working with the CEO to identify the requirements for critical positions and individuals that can fill those positions on both an emergency basis and over the longer term.

(c) Overseeing and ratifying the appointment and termination (of employment) of the CFO.

(d) Ratifying the terms of appointment of senior management, including in relation to the terms of equity remuneration.

2.3 Risk management

The Board's risk management responsibilities include:

(a) Approving and monitoring the Company's performance in relation to principles of best practice corporate governance.
(b) Approving and monitoring the Company's risk management framework, systems and processes.
(c) Approving and monitoring compliance with the Company's key corporate policies and protocols.
(d) Monitoring the Company's operations in relation to, and compliance with relevant regulatory requirements.

2.4 Guidelines for risk management and strategic planning

(a) The Board will be actively and regularly involved in risk management and strategic planning. The Board intends that these functions will be closely integrated. Strategic planning will be based on the identification of opportunities and the full range of business risks that will determine which of those opportunities are most worth pursuing. The Board recognises that strategic planning is an ongoing process that must be responsive to changes in the external environment and internal developments.

(b) The Board's involvement in strategic planning and the monitoring of risks does not mean the Board intends to manage the business, but it recognises the Board is responsible for overseeing management and holding it to account.

(c) The Board will oversee the process that management has in place to identify business opportunities and risks.

(d) The Board will consider the extent and types of risk that is acceptable for the Company to bear.

(e) The Board will monitor management's systems and processes for managing a broad range of business risks.

(f) The Board will, on an ongoing basis, review with management how the strategic environment is changing, what key business risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction should be adopted.

(g) The Board intends to benchmark its activities regarding corporate governance against the following criteria for ongoing assessment:

Identification	Clarify the Company's core values for the organisation and identify these clearly.
Analysis	Examine the core values and develop a model for identifying events within the organisation that could adversely impact on the core values.
Assessment	Allocate priorities to the risk rated items and integrate these items within the existing (and/or contemplated) operational plans and structures including by reference to the following areas of opportunity/risk:(a) Strategic: for example, market conditions, new competitors, political/regulatory environment.(b) Operational: eg business processes, technology, human resources, business interruption, environmental issues, health and safety issues, crisis management.(c) Leadership: eg ability to innovate and motivate throughout the organisation, choice of CEO.(d) Partnership: eg ability to choose appropriate alliances, partnerships and make them work well.(e) Reputation: eg quality of products and services, consumer advocacy, public perceptions, illegal or unethical conduct, fraud.
Treatment	Develop a scheme for integrating the outcomes within the organisational structure and delegations of authority to ensure responsibilities are matched with the necessary authority and appreciation of the core values. This involves the development of training programs to foster the core values throughout the Company. This means for instance that every person dealing with the investment community appreciates the importance of ensuring that material or price sensitive information is not disclosed to investors if it is not publicly available.
Ongoing Monitoring	This is an essential element of the Company's program and includes an active program of continuous improvement, including keeping up to date on best practice, fostering a compliance culture, training and recognition.

2.5 Reporting

(a) The Board must supervise disclosure in the annual report and any departures from the ASX best practice recommendations and any information publicly available about the Company's policies.

(b) Any decision to deviate from the ASX best practice recommendations must be recommended by the relevant committee and approved by the Board.

(c) The Company will, where appropriate, include an appropriate statement regarding departures from ASX best practice recommendations in the annual report such as:

The Board has considered ASX best practice recommendation and its application to the Company having regard to the circumstances of the Company and industry practice. The decision of the Board [and the Committee] to depart from best practice recommendation is warranted on the basis it is not appropriate to the Company. The decision was based on the following:

(a)

(b)

(c)

[Having regard to the matters set out above, the Board does not believe the benefits are commensurate with the monetary and other costs they impose. As a result, their contribution to shareholder well being is believed to be minimal and they have not been adopted.]

(d) The Board will supervise the public disclosure of all matters that the ASX best practice recommendations recommend be publicly disclosed, consistent with the Continuous Disclosure Policy and will provide a commentary of any Board decision not to make such disclosure or to clarify what disclosure has been made.

(e) The Board will supervise disclosure by the Company as required under National Instrument 58-101 – Disclosure of Corporate Governance Practices adopted by the Canadian Securities Administrators.

3. Structure of the Board

The Board will aim to comprise a majority of directors who are non-executive directors. The Board will be of such size and competence necessary to understand properly and deal with the current and emerging issues of the business of the Company. The current composition of the Board reflects the need for particular skills and abilities around the Board table and the desire to maintain the Board at an efficient and economic size. The directors will appoint as chairman of the Board, one of the non-executive directors who is independent. Each director is bound by all the Company charters, policies, codes of conduct etc, including without limitation the Company's:

(a) Securities Trading Policy;

(b) Code of Conduct; and

(c) Continuous Disclosure Policy.

The Board has delegated carriage of the operation and management of the Company's business to the CEO, and to appropriate members of the senior management group.

This Charter is designed to facilitate a mature and constructive relationship with the Company's management – one that is grounded in a mutual understanding of their respective roles and the ability of the Board to act independently in fulfilling its responsibilities.

The Board will approve and monitor delegations of authority from the CEO to senior management.

4. Statement of the division of authority between the chairman and CEO

4.1 Objective

Consistent with its commitment to best practice corporate governance, the Company recognises the importance of the office of chairman and the office of CEO.

The Company recognises that it is important that the chairman and the CEO have defined roles in the organisation and function in accordance with clear functional lines.

4.2 Role of chairman

The Board has resolved to appoint a chairman and may determine the period of office. The chairman in place from time to time will be selected on the basis of relevant experience, skill and leadership abilities that the Board recognises from time to time. The Board at the first Board meeting following each annual general meeting will consider the position of chairman. It is envisaged that the normal term for a chairman will be a period of five years subject to satisfactory performance and re-election by shareholders to the Board.

4.3 Specific duties of the chairman

The chairman will:

(a) chair Board meetings;

(b) establish the agenda for Board meetings, in consultation with the CEO and company secretary;

(c) chair meetings of members, including the annual general meeting;

(d) be the primary spokesperson for the Company at the annual general meeting. The chairman and the CEO will agree between themselves as to their respective roles in relation to all meetings (formal and informal) with shareholders and all public relations activities;

(e) in consultation with the CEO, approve or delegate authority for the approval of all material to be submitted to the ASX or filed with any other securities regulatory authority or exchange and other investor and shareholder releases;

(f) be the primary channel of communication and point of contact between the Board (and the directors) and the CEO;

(g) be kept fully informed by the CEO of all material matters which may be relevant to directors, in their capacity as directors;

(h) in conjunction with the CEO and other appropriate members of senior management, review all matters material to the interests of the Company;

(i) provide guidance and mentoring to the CEO;

(j) participate in the CEO evaluation process through the Remuneration and Nomination Committee; and

(k) ensure the periodic process of Board evaluation is conducted.

4.4 Role and responsibilities of the CEO

The CEO has primary responsibility to the Board for the affairs of the Company.

The Board appoints the CEO to manage the business on behalf of it (and shareholders) and must delegate sufficient powers to allow him or her to manage effectively.

The CEO must carry out the objectives of the Board in accordance with its instructions, and report to the Board all matters the CEO considers (acting reasonably) to be material to the affairs of the Company.

4.5 Specific duties of the CEO

The CEO will:

(a) develop with the Board, implement and monitor the strategic and financial plans for the Company;

(b) develop, implement and monitor the annual budgets and business plans;

(c) plan, implement and monitor all major capital expenditure, capital management and all major corporate transactions, including the issue of any securities of the Company;

(d) develop all financial reports, and all other material reporting and external communications by the Company, including material announcements and disclosures, in accordance with the Company's Shareholder Communications Policy.

(e) manage the appointment of the CFO, the general counsel and company secretary and any other specific senior management positions;

(f) develop, implement and monitor the Company's risk management framework;

(g) consult with the chairman and the company secretary in relation to establishing the agenda for Board meetings;

(h) agree with the chairman their respective roles in relation to all meetings (formal and informal) with shareholders and all public relations activities;

(i) in consultation with the chairman or delegate authority for the approval of all material press releases, and other investor and shareholder releases. The chairman may choose to refer any particular issue to other directors;

(j) be the primary channel of communication and point of contact between the executive staff and the Board (and the directors);

(k) keep the chairman fully informed of all material matters which may be relevant to the Board, in their capacity as directors;

(l) in conjunction with the chairman and other appropriate members of senior management, review all matters material to the interests of the Company;

(m) provide strong leadership to, and effective management of, the Company in order to:

- (i) encourage cooperation and teamwork;
- (ii) build and maintain staff morale at a high level;
- (iii) build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;

(n) ensure a safe workplace for all personnel;

(o) ensure that the Company has regard to the interests of employees of the company and the community and environment in which the company operates; and

(p) otherwise carry out the day-to-day management of the Company.

4.6 Limitations on delegated authority of the CEO

The delegation of authority to the CEO is subject to the limits determined by the Board from time to time.

The CEO is formally delegated by the Board to authorise all expenditure (including capital expenditure) as approved by the Board in the budget for the relevant year.

The following limitations on the authority of the CEO apply, subject to modification or addition by the Board from time to time. Unless otherwise specified, the CEO must obtain Board approval for the following.

(a) All payments to the CEO, outside of normal agreed monthly remuneration, must be authorised by the chairman.

(b) To enter into any contract or incur any obligation or liability on behalf of the Company or any of its subsidiaries with a value, or actual or potential liability to the Company, in accordance with the limits determined by the Board from time to time, except where such a contract, obligation or liability is specifically allowed for in the Company's budget (as approved by the Board) for that financial year.

(c) To take any action or enter into any course of conduct on behalf of the Company or any of its subsidiaries which is outside the ordinary course of business without the prior approval of the chairman. The chairman may decide that the matter must be approved by the Board, in which case Board approval is required.

(d) To provide, or offer to provide, any remuneration packages to employees or contractors which include or comprise wholly of a securities-based component.

(e) To agree to issue any securities in the Company to any person, unless such agreement is expressed to be subject to Board approval.

5. Chief financial officer

The CFO and senior finance officers influencing financial performance of the Company will:

(a) conduct their duties at the highest level of honesty and integrity, recognising that integrity is the benchmark against which the CFO must conduct all decision making;

(b) observe the rule and the spirit of the law and comply with any relevant ethical and technical standards;

(c) maintain the confidentiality of all information acquired in the course of conducting the role and not make improper use of, or disclose to third parties, any confidential information unless that disclosure has been authorised by the Board, or is required by law, any securities regulatory authority or by the rules of any stock exchange on which its securities are listed;

(d) observe the principles of independence, accuracy and integrity in dealings with the Board, audit committees, Board committees, internal and external auditors and other senior managers within the Company;

(e) disclose to the Board any actual or perceived conflicts of interest, whether of a direct or indirect nature, of which the CFO becomes aware and which the CFO reasonably believes may compromise the reputation or performance of the Company;

(f) maintain transparency in the preparation and delivery of financial information to both internal and external users;

(g) exercise diligence, skill and good faith in the preparation of financial information and ensure that such information is accurate, timely and represents a true and fair view of the financial performance and condition of the Company and complies with all relevant legislative requirements;

(h) ensure that maintenance of a sound system of internal controls to safeguard the Company's assets and to manage risk exposure through appropriate forms of risk control;

(i) set a standard of honesty, fairness, integrity, diligence and competency in respect of the position of CFO; and

(j) observe, develop and implement the principles of this Charter in a conscientious, consistent and rigorous manner.

6. Independence of directors

There is a range of possible standards for determining independence depending on the circumstances – few of these tests have the force of law. Whilst not exhaustive, the standards set out below are the most important 'guidelines' and reflect the fact that Australian practice is tending towards soft rules for determining independence as opposed to hard and fast 'set and forget' rules.

The Board is free to adopt whatever standard of independence it considers appropriate. However, the Company is required to report (in its annual report) the extent of non-conformity with each of the standards of independence listed in Box 2.1 of the ASX Corporate Governance Council Best Practice Recommendations, if it is the case, and explain why it has adopted a different test. At minimum, in order for a director to be considered to be independent by the Board he or she must have no direct or indirect material relationship with the Board within the meaning of National Policy 58-201 – Corporate Governance Guidelines adopted by the Canadian Securities Administrators.

New standards of independence are emerging in Australia and overseas that will impact on the perception of who can be characterised as an independent non-executive director. The issue of 'independence' is fluid and emerging relatively quickly. The following questions have been adopted by the Company to assist in defining independence. However, the Company is not proposing to adopt hard and fast 'set and forget' rules.

6.1 Independence standard

At the time of a director's appointment the Board will consider independence having regard to the answers to the following questions and resolve whether to consider the relevant director independent.

(a) Is the director a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company?

A significant shareholder is generally able to exercise a significant number of votes at the election of the Board. In practical terms the definition in the Guidelines is based on a Corporations Act definition of **substantial shareholding** (that test is only 5%, well short of any kind of control). A better test might be the ability to exercise de facto control over the election of the Board. The existing test might be inappropriate in many circumstances and, literally applied, this could cause unintended results that are counter to the underlying principles of good governance (eg a shareholder associated with an otherwise passive institutional shareholder should not necessarily be regarded as nonindependent). One remedy would be to substitute the substantial shareholder test with a test for de facto control. However, determining de facto control is not a straightforward issue.

(b) Has the director, within the last three years been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment?

(c) Within the last three years has the director been:

(i) a principal of a material professional adviser;

(ii) a material consultant to the Company or another group member; or

(iii) an employee materially associated with the service provided by such adviser or consultant to the Company?

(d) Is the director a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer?

(e) Does the director have a material contractual relationship with the Company or another group member other than as a director of the Company?

(f) Has the director served on the Board for a period that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company?

(g) Is the director free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company?

Materiality

Materiality remains a major issue for the Board to assess when determining independence. The Board will from time to time determine relevant materiality thresholds for the purposes of independence. The general standard for materiality[1] is, in the case of service providers or similar, that the fees to the firm the Company do not represent more than 5% of the firm's total fees, nor more than 5% of the Company's total spend in this area and the relevant director does not receive any remuneration directly related to the Company's use of the firm ie 'finder fees' etc.

6.2 Disclosure of independence

Each independent director of the Company must regularly provide the Board all information regarding his or her interests that is relevant to his or her independence having regard to the standard discussed in section 6.1.

6.3 Annual report disclosure

The Board must ensure that each annual report discloses:

(a) in the corporate governance section, the names of directors who are considered by the Board to be independent;

(b) the Board's reasons for considering a director to be independent;

(c) the Board's reasons for considering a director to be independent despite the existence of the relationships set out in section 6.1;

(d) any materiality thresholds that apply to the relationships set out in section 6.1;

(e) in the corporate governance section, the period of office of each director. The Company will, where appropriate include appropriate statements regarding independence in the annual report, such as:

[#] is a consultant to the firm [#]. [#] provides occasional advice to the firm in respect of a range of the company's activities in [#]. Fees paid to [#] last year by the Company were less than $[#]. The Company has been advised that this is less than 5% of the total fees of [#]. [#] does not directly or indirectly provide any [#] advice to the Company or any material owners or managers of the Company.

Having regard to the matters set out above, the Board believes [#] is independent in character and judgement and the existing relationship between [#] and the Company is not material enough in quantum or nature to affect, ≠≠or appear to affect, [#]'s judgment or his/her ability to act as an independent non-executive director of the Company.

7. Conflicts of interest

As a general principle each director must bring an enquiring, open and independent mind to Board meetings, listen to the debate on each issue raised, consider the arguments for and against each motion and reach a decision that he or she believes to be in the best interests of the Company as a whole free of any actual or possible conflict of interest and consistent with the Directors' Code of Conduct and the law.

If directors wish to avail themselves of the business judgment rule they will need to be continuously vigilant to identify circumstances of conflicting interests, that is, circumstances where the director may have a material personal interest in the matter before the Board or a committee.

If the Board determines that a director might be in a position where there is a reasonable possibility of conflict between his or her personal or business interests, the interests of any associated person, or his or her duties to any other company, on the one hand, and the interests of the Company or his or her duties to the Company, on the other hand, the Board will require that the director:

(a) fully and frankly informs the Board about the circumstances giving rise to the conflict; and

(b) abstains from voting on any motion relating to the matter and absenting himself or herself from all Board deliberations relating to the matter including receipt of Board papers bearing on the matter.

If the Board resolves to permit a director to have any involvement in a matter involving possible circumstances of conflicting interests the Board must minute full details of the basis of the determination and the nature of the conflict including a formal resolution concerning the matter.

If a director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the director should immediately consult with the chairman.

The company secretary will maintain a register of all possible conflict of interest situations that are disclosed to the Board.

8. Meetings

An agenda will be prepared for each Board and committee meeting. The Board meeting will follow a format developed by the CEO and approved by the chairman. Each meeting should allow for informal discussions between Board members. Directors should ordinarily receive an agenda and any related material to be considered at a Board meeting not later than five days prior to the relevant meeting.

[1] Materiality is not defined in any of the Guidelines, consistent with general principles of materiality and having regard to the matter we believe 5% is a useful point for assessing the level of disclosure etc

The chairman of the meeting should ensure the availability and, if necessary, the attendance at the relevant meeting, of any member of executive management responsible for a matter included as an agenda item at the relevant meeting.

The CEO and CFO will have standing invitations to attend each Board meeting.

The non-executive directors should arrange to meet at least once in each financial year to conduct a non-executive discussion of Board and management issues. These meetings are to be used to provide feedback about Board processes, including the adequacy and timeliness of information being provided to the Board. At times these meetings may focus on substantive issues that some Board members wish to discuss with management present. These meetings may also discuss areas where the performance of independent directors could be strengthened.

Any issues arising from these meetings that bear on the relationship between the Board and management will be communicated quickly and directly to the CEO by the chairman or other delegated person.

8.1 Consent Resolutions

Urgent matters that cannot wait until the next Board meeting can be dealt with by consent resolution. Consent resolutions should, where possible, be approved by the chairman before being circulated and should normally be preceded by a telephone meeting, if practical.

Consent resolutions must be signed by all directors approving the action and will be entered in the Board minute book. If all directors approving the action do not sign the resolution, the item is deferred to the next Board meeting.

9. Board committees

The directors may delegate their powers regarding financial matters to the Audit Committee. This charter relies on those delegation powers as authority for the rest of the Board to rely reasonably on information or advice provided to the Board by its various committees, to assist the Board in the discharge of its responsibilities (either in whole, or in conjunction with the Board). The Board has established the following committees:

(a) Audit and Risk Committee;

(b) Remuneration and Nomination Committee.

These committees are designed to consider specific matters and make recommendations to the Board. However, it is not intended that these committees restrict the ability of the Board to make an independent assessment of the recommendations, having regard to the Board's knowledge of the Company and the complexity of the structures and operations of the Company. The Board will consider the materials and recommendations presented to them and bring their own mind to bear on the issue using the skill and judgment they possess.

The Board will consider and approve the charters of the various committees.

The Board will receive copies of committee papers/minutes/agendas in respect of each committee and all non-executive directors may attend meetings of committees of which they are not members.

10. The Board and executive management

Any director may communicate directly with employees of the Company but such communications are to be made having regard to the efficient operation of the Company and the need to preserve and maintain an effective chain of command and the confidentiality of the Board's deliberations.

Where individual directors wish to communicate with executive management or with other employees or representatives of the Company in relation to company business, all communications must be facilitated by the chairman.

11. Independent advice

A director of the Company is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures and subject to the conditions set out below:

(a) a director must seek the prior approval of the chairman;

(b) in seeking the prior approval of the chairman, the director must provide the chairman with details of:

(i) the nature of the independent professional advice;

(ii) the likely cost of seeking the independent professional advice; and

(iii) details of the independent adviser he or she proposes to instruct.

(c) the chairman may prescribe a reasonable limit on the amount that the Company will contribute towards the cost of obtaining such advice;

(d) all documentation containing or seeking independent professional advice must clearly state that the advice is sought both in relation to the Company and to the director in his or her personal capacity. However, the right to advice does not extend to advice concerning matters of a personal or private nature, including for example, matters relating to the director's contract of employment with the Company (in the case of an executive director) or any dispute between the director and the Company;

(e) the chairman may determine that any advice received by an individual director will be circulated to the remainder of the Board.

12. Remuneration

The level of non-executive director remuneration will be set by the Remuneration and Nomination Committee so as to attract the best candidates for the Board while maintaining a level commensurate with Boards of similar size and type.

In line with the Company's desire to maintain director independence, each director is permitted to deal in personal securities of the Company in accordance with the Securities Trading Policy.

13. Board performance

The Board believes that regular assessment of the Board's effectiveness and the contribution of individual directors is essential to improve governance.

At least once in each financial year, there must be a performance evaluation and review:

(a) of the Board to compare the performance of the Board with respect to the requirements of this Charter and current best practice principles of corporate governance;

(b) of individual directors' contribution to the Board;

(c) of the Board's committees; and

(d) of the goals and objectives of the Board including establishing those for the upcoming year.

The focus of the evaluation will be on how performance can be made more meaningful in setting and achieving goals that add value. The results will be internal to the Board, but disclosure will be made in the annual report and the Company's website that such evaluations are undertaken.

The Board will determine the manner and form of the performance evaluation.

14. Access to Board charter

This Charter will be available, upon request, to each director of the Company, the senior management group and internal and external auditors. This Charter will be available to other interested parties upon request, and upon the approval of the chairman.

15. Review of Board charter

The Board will, at least once in each financial year, review this Charter, and the charter of each of the committees, and make any amendments it determines are necessary or desirable.

The Board

OceanaGold Corporation

April, 8th 2008

OceanaGold Corporation

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FINANCIAL AND GOVERNANCE STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

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FINANCIAL REPORT

DECEMBER 31, 2011

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of OceanaGold Corporation were prepared by management in accordance with Canadian general accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and to require publicly accountable enterprises to apply these standards effective for years beginning on or after January 1, 2011. Accordingly, these are the company's first annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to the circumstances of OceanaGold Corporation and the entities it controls ("the Group"). The significant accounting policies of the Group are summarised in note 2 to the consolidated financial statements.

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

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

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

James E. Askew
Director
Melbourne, Australia
February 16, 2012

J. Denham Shale
Director
Melbourne, Australia
February 16, 2012

Independent Auditor's report

To the Shareholders of OceanaGold Corporation

We have audited the accompanying consolidated financial statements of OceanaGold Corporation and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2011 and December 31, 2010 and opening statement of financial position as at January 1, 2010 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of OceanaGold Corporation and its subsidiaries as at December 31, 2011 and December 31, 2010 and opening statement of financial position at January 1, 2010 and their financial performance and their cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants

February 16, 2012
Melbourne

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

(in United States dollars)	*Notes*	*December 31 2011 $'000*	*December 31 2010 $'000*	*January 01 2010 $'000*
ASSETS				
Current assets				
Cash and cash equivalents		169 989	181 328	42 423
Trade and other receivables	8	7 409	10 395	3 460
Inventories	9	46 975	35 672	25 315
Prepayments		2 107	1 253	1 116
Derivatives	21	-	-	141
Total current assets		226 480	228 648	72 455
Non-current assets				
Trade and other receivables	8	2 671	-	-
Inventories	9	53 686	40 060	33 133
Deferred tax assets	6	5 828	-	17 690
Property, plant and equipment	10	149 193	125 389	119 205
Mining assets	11	379 777	312 119	263 513
Total non-current assets		591 155	477 568	433 541
TOTAL ASSETS		817 635	706 216	505 996
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade and other payables		45 566	34 441	29 996
Employee benefits	18	5 382	4 208	2 358
Derivatives	21	-	-	89 875
Interest-bearing loans and borrowings	13	72 675	24 417	62 794
Asset retirement obligation	12	-	25	38
Total current liabilities		123 623	63 091	185 061
Non-current liabilities				
Other obligations		2 246	2 251	2 709
Employee benefits	18	187	73	69
Deferred tax liabilities	6	39 016	12 687	5 061
Interest-bearing loans and borrowings	13	153 148	182 595	120 880
Asset retirement obligation	12	21 175	12 378	9 937
Total non-current liabilities		215 772	209 984	138 656
TOTAL LIABILITIES		339 395	273 075	323 717
SHAREHOLDERS' EQUITY				
Share Capital	14	543 988	543 474	354 915
Accumulated losses		(116 724)	(160 891)	(205 326)
Contributed surplus	15	36 951	33 677	32 690
Accumulated other comprehensive income		14 025	16 881	-
TOTAL SHAREHOLDERS' EQUITY		478 240	433 141	182 279
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		817 635	706 216	505 996

On behalf of the Board of Directors:

James E. Askew	J. Denham Shale
Director	Director
February 16, 2012	February 16, 2012

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31

(in United States dollars)	*Notes*	*2011 $'000*	*2010 $'000*
Revenue			
Gold sales		395 609	305 638
Cost of sales, excluding depreciation and amortisation	5	(216 789)	(150 697)
Depreciation and amortisation		(85 822)	(69 337)
General and administration expenses		(14 537)	(13 805)
Operating profit		**78 461**	**71 799**
Other expenses			
Interest expense		(20 029)	(16 884)
Foreign exchange gain/(loss)		320	(961)
Gain/(loss) on disposal of property, plant and equipment		(697)	(752)
Write off deferred exploration expenditure		(166)	-
		(20 572)	**(18 597)**
Gain /(loss) on fair value of undesignated hedges	21	-	16 215
Interest income		7 120	2 103
Other income/(expense)		183	92
Profit before income tax		65 192	71 612
Income tax expense	6	(21 025)	(27 177)
Net profit attributable to shareholders of OceanaGold Corporation		**44 167**	**44 435**
Other comprehensive income for the period, net of tax:			
Currency translation gain/ (loss)		(2 856)	16 881
Comprehensive income/(loss) attributable to shareholders of OceanaGold Corporation		**41 311**	**61 316**
Net earnings per share:			
- basic and diluted	7	$0.17	$0.20

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended December 31

(in United States dollars)	**Share Capital $'000**	**Contributed Surplus $'000**	**Accumulated Other Comprehensive Income $'000**	**Accumulated Losses $'000**	**Total Equity $'000**
Balance at January 1, 2011	**543 474**	**33 677**	**16 881**	**(160 891)**	**433 141**
Comprehensive income for the period	-	-	(2 856)	44 167	41 311
Employee share options:					
Share based payments	-	4 426	-	-	4 426
Forfeiture of options	-	(709)	-	-	(709)
Exercise of options	642	(443)	-	-	199
Issue of shares-costs	(128)	-	-	-	(128)
Balance at December 31, 2011	**543 988**	**36 951**	**14 025**	**(116 724)**	**478 240**
Balance at January 1, 2010	**354 915**	**32 690**	**-**	**(205 326)**	**182 279**
Comprehensive income/ (loss) for the period	-	-	16 881	44 435	61 316
Employee share options:					
Share based payments	-	2 736	-	-	2 736
Forfeiture of options	-	(517)	-	-	(517)
Exercise of options	-	(1 232)	-	-	(1 232)
Issue of shares	188 559	-	-	-	188 559
Balance at December 31, 2010	**543 474**	**33 677**	**16 881**	**(160 891)**	**433 141**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31

(in United States dollars)	*2011*	*2010*
	$'000	*$'000*
Operating activities		
Net earnings	44 167	44 435
Charges/(credits) not affecting cash		
Depreciation and amortisation expense	85 822	69 337
Net loss on disposal and write off of property, plant and equipment and exploration expenditure	863	752
Non-cash interest charges	4 482	3 670
Accrued interest income	(200)	(242)
Unrealised foreign exchange (gains)/losses	(320)	961
Stock based compensation charge/(write-back)	3 717	2 219
Non-cash derivative gain	-	(16 215)
Future tax expense	21 025	27 177
Changes in non-cash working capital		
(Increase)/decrease in trade and other receivables	1 003	(6 117)
(Increase)/decrease in inventory	(18 240)	(7 107)
Decrease in hedge liabilities upon settlement	-	(71 800)
(Decrease)/Increase in accounts payable and other working capital	12 236	5 190
Net cash provided by operating activities	154 555	52 260
Investing activities		
Proceeds from sale of property, plant and equipment	37	644
Payments for property, plant and equipment	(25 138)	(13 150)
Payments for mining assets: exploration and evaluation	(2 477)	(1 571)
Payments for mining assets: development	(69 505)	(6 023)
Payments for mining assets: in production	(49 512)	(74 438)
Net cash used in investing activities	(146 595)	(94 538)
Financing activities		
Proceeds on issue of capital stock	199	201 397
Payment of transaction costs for equity raising	(128)	(11 170)
Payment of finance lease liabilities	(16 298)	(10 573)
Repayments of convertible notes	-	(2 093)
Proceeds/(Repayments) of other borrowings	117	(4 064)
Net cash (used in)/provided by financing activities	(16 110)	173 497
Effect of exchange rate changes on cash held in foreign currency Gain/(loss)	(3 190)	7 686
Net increase/(decrease) in cash and cash equivalents	(11 339)	138 905
Cash and cash equivalents at beginning of period	181 328	42 423
Cash and cash equivalents at end of period	169 989	181 328
Cash interest paid	(15 546)	(13 135)
Cash interest received	7 162	1 861

Non-Cash Investing and Financing Activities – refer Note 24

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

1 BASIS OF PREPARATION AND ADOPTION OF IFRS

OceanaGold Corporation ("OceanaGold")("The Company") is a company domiciled in Canada. It is listed on the Toronto Stock Exchange, the Australian Stock Exchange and the New Zealand Stock Exchange. The registered address of the Company is c/o Fasken Martineau DuMoulin LLP, 2900-550 Burrard Street, Vancouver, British Columbia V6C 0A3, Canada. The Company is engaged in exploration and the development and operation of gold and other mineral mining activities. OceanaGold is a significant gold producer and is operating two open cut mines and an underground mine at Macraes and Reefton in New Zealand. The group also has the Didipio Gold-Copper Project in the Philippines as part of its portfolio.

The Company prepares its financial statements in accordance with Canadian general accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and to require publicly accountable enterprises to apply these standards effective for years beginning on or after January 1, 2011. Accordingly, these are the company's first annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These financial statements have been prepared in accordance with IFRS, including IFRS 1. Subject to certain transition elections disclosed in Note 3, the company has consistently applied the same accounting policies in its opening IFRS statement of financial position at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 3 discloses the impact of the transition to IFRS on the company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the company's annual consolidated financial statements for the year ended December 31, 2010.

These financial statements have been prepared on a going concern basis. For the year ended December 31, 2011, the Company reported a profit after tax of $44.2m. As at December 31, 2011 the current assets of the company exceeded current liabilities by $102.9m. The company has cash on hand of $170.0m and cash flow projections indicate sufficient funds to meet all operating obligations for at least 12 months.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Foreign currency translation

These consolidated financial statements are expressed in United States dollars ("US$") which is the reporting currency for OceanaGold Corporation. The functional currency is Australian dollars ("A$"). The controlled entities of OceanaGold have either US Dollars, Australian dollars, New Zealand dollars ("NZ$") or Euros ("EUR") as their functional currency.

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

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

Actual results may differ from those estimates. Changes in estimates are recognised in the period in which the changes occur to the extent that they are not errors.

Cash and cash equivalents

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

Trade and other receivables

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

Receivables related to the Emissions Trading Scheme ("ETS") in New Zealand are initially recorded at cost or deemed cost and subsequently at the lower of cost and net realisable value. For allocations of emissions allowances granted by the New Zealand government, cost is deemed to be equal to the fair value at the date of allocation.

Inventories

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

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

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

Property, plant and equipment

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

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

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

Depreciation rates used are as follows:

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Exploration, evaluation and development expenditure

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

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

Accumulated costs in relation to an abandoned area are expensed in profit or loss in the period in which the decision to abandon the area is made.

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

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

Mining Properties under Development
Mining properties under development are accounted for at cost and are not amortised until production has commenced. Cost includes expenditure that is directly attributable to the development of mining properties and preparing them for production.

Impairment of non-financial assets

Property, plant and equipment and mining assets (including exploration, evaluation and development expenditure) are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that are not amortised (due to indefinite useful lives or are not yet available for use, and goodwill) are subject to an annual impairment test or when events or changes in circumstances indicate the carrying value may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount in the statement of income for the period in which the impairment arises.

The company evaluates impairment losses, other than goodwill impairment, for potential reversals where there are indicators that the circumstances that resulted in the impairment have reversed.

Provisions

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is accounted for in the statement of income in each accounting period. The amortisation of the discount is shown as an interest expense, rather than as an operating cost. Other movements in the provisions for closure and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the lives of operations and revisions to discount rates are capitalised within property, plant and equipment or mining properties and development, to the extent that any amount of deduction does not exceed the carrying amount of the asset. Any deduction in excess of the carrying amount is recognised as a loss immediately. If an adjustment results in an addition to the costs of the related asset, consideration will be given to whether an indication of impairment exists and the impairment policy will apply. These costs are then depreciated over the life of the area of interest to which they relate.

Trade and other payables

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

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

Interest-bearing loans and borrowings

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

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

Borrowings are removed from the balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in the statement of income as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Convertible notes

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

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

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

Interest on the liability component of the convertible note is recognised as an expense in the statement of income.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

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

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

Share based compensation

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

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

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

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

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

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

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

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

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

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

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

Leases

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

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

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

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

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the statement of income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are capitalised and amortised over the lease term.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

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

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

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

Revenue

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

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

Income tax

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

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

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

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

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

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

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

Earnings per share

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

Deferred stripping

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

Sales taxes

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation

The financial statements of the company consolidate the accounts of OceanaGold Corporation and its subsidiaries. All intercompany transactions, balances and unrealised gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities (including special purpose entities) which OceanaGold Corporation controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether OceanaGold Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by OceanaGold Corporation and are de-consolidated from the date that control ceases.

Segment reporting

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

Contributed equity

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

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

Dividends

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

Accounting policies effective for future periods

IFRS 1 – *Exemption for severe hyperinflation and removal of fixed dates*
Amended to create additional exemptions (i) for when an entity that has been subject to severe hyperinflation resumes presenting or presents for the first time, financial statements in accordance with IFRS, and (ii) to eliminate references to fixed dates for one exception and one exemption, both dealing with financial assets and liabilities. Effective for annual periods beginning on or after July 1, 2011. Not expected to have an impact on the Company as IFRS adopted January 1, 2011.

IFRS 7 – *Financial instruments – disclosures*
Amended to require additional disclosures in respect of risk exposures arising from transferred financial assets. Effective for annual periods beginning on/after July 1, 2011. Not expected to have a material effect on the Company.

IAS12 – *Deferred tax accounting for investment property at fair value*
Amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. Effective for annual periods beginning on or after January 1, 2012. Not expected to have an impact on the Company as there are no investment properties.

IFRS 9 – *Financial instruments - classification and measurement*
This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two Measurement categories: amortised cost and fair value. All equity instruments are measured at fair value.

A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Effective for years beginning on/after January 1, 2015.

IFRS 9 – *Financial instruments – classification and measurement*
Updated to include guidance on financial liabilities and de-recognition of financial instruments. Effective for years beginning on/after January 1, 2015. The company has not assessed the impact of this new standard.

IAS 1 – *Presentation of items of other comprehensive income (“OCI”)*
Change to the disclosure in OCI, including a requirement to separate items presented into two groups based on whether or not they may be recycled to profit or loss in the future. Effective for years beginning on/after July 1, 2012

IAS 19 – *Employee benefits*
Amended for (i) changes to recognition and measurement of defined benefit pension expense and termination benefits, and (ii) expanded disclosure. Effective for years beginning on/after January 1, 2013. No impact as the company does not have defined benefit plan

IFRS 13 – *Fair value measurement and disclosure requirements*
Provides a single source of guidance on how to measure fair value and enhances disclosure requirements for fair value measurements. Effective for years beginning on/after January 1, 2013. Not expected to have a material effect on the Company.

New standards addressing scope of reporting entity

IFRS 10 – *Consolidated Financial Statements*
IAS 27– *Consolidated and Separate Financial Statements*, and
SIC 12 – *Consolidation – Special Purpose Entities*
IFRS 11 – *Joint Arrangements*
Entities in joint operations will follow accounting for jointly controlled assets and jointly controlled operations under IAS 31.

IFRS 12 – *Disclosure of Interests in Other Entities*
Effective for years beginning on/after January 1, 2013.
Not expected to have a material effect on the Company.

IFRIC 20 - *"Stripping costs in the production phase of a surface mine"*
Provides guidance on the accounting for overburden (pre-strip) in the production phase. Costs can only be recognised as an asset if they can be attributed to an identifiable component of the ore body. Effective January 1, 2013. This approach is consistent to the betterment approach currently adopted by the Group so any impact will not be significant.

IFRS 7 - *"Financial instruments" – disclosures*
Amended to enhance disclosure requirements relating to offsetting of financial assets and financial liabilities. Effective for annual periods beginning on/after January 1, 2013. Not expected to affect the accounting of offsetting arrangements or have a material effect on the Company.

IAS 32 - *"Financial instruments" – presentation*
Amended to clarify requirements for offsetting of financial assets and financial liabilities. Effective for annual periods beginning on/after January 1, 2014. Not expected to affect the treatment of offsetting arrangements or have a material effect on the Company.

3 TRANSITION TO IFRS

The effect of the company's transition to IFRS, described in note 1, is summarised as follows:

(i) Transition elections
The company has applied the following transition exceptions and exemptions to full retrospective application of IFRS:

	As described in note 3(ii)
Deemed cost of mining assets	(b)
Cumulative translation adjustment	(e)
Asset retirement obligation	(d)

3 TRANSITION TO IFRS (continued)

(ii) Reconciliation of financial position as previously reported under Canadian GAAP to IFRS

(in thousands of United States dollars)

	Notes	December 31, 2010			January 1, 2010		
		Cdn GAAP	Adj	IFRS	Cdn GAAP	Adj	IFRS
ASSETS							
Current assets							
Cash and cash equivalents		181 328		181 328	42 423		42 423
Trade and other receivables		10 395		10 395	3 460		3 460
Inventories		35 672		35 672	25 315		25 315
Prepayments		1 253		1 253	1 116		1 116
Derivatives		-		-	141		141
Deferred tax assets	(a)	-		-	9 006	(9 006)	-
Total current assets		228 648		228 648	81 461	(9 006)	72 455
Non-current assets							
Inventories		40 060		40 060	33 133		33 133
Deferred tax assets	(a)	-		-	8 684	9 006	17 690
Property, plant and equipment	(d)	124 277	1 112	125 389	118 156	1 049	119 205
Mining assets	(b)	650 761	(338 642)	312 119	546 272	(282 759)	263 513
Total non-current assets		815 098	(337 530)	477 568	706 245	(272 704)	433 541
TOTAL ASSETS		1 043 746	(337 530)	706 216	787 706	(281 710)	505 996
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities							
Trade and other payables		34 441		34 441	29 996		29 996
Employee benefits		4 208		4 208	2 358		2 358
Derivatives		-		-	89 875		89 875
Interest-bearing loans and borrowings		24 417		24 417	62 794		62 794
Asset retirement obligation		25		25	38		38
Deferred tax liabilities	(c)	6 029	(6 029)	-	-		-
Total current liabilities		69 120	(6 029)	63 091	185 061		185 061
Non-current liabilities							
Other payables		2 251		2 251	2 709		2 709
Employee benefits		73		73	69		69
Deferred tax liabilities	(c)	89 978	(77 291)	12 687	77 753	(72 692)	5 061
Interest-bearing loans and borrowings		182 595		182 595	120 880		120 880
Asset retirement obligations	(d)	10 975	1 403	12 378	8 621	1 316	9 937
Total non-current liabilities		285 872	(75 888)	209 984	210 032	(71 376)	138 656
TOTAL LIABILITIES		354 992	(81 917)	273 075	395 093	(71 376)	323 717
SHAREHOLDERS' EQUITY							
Share capital		543 474		543 474	354 915		354 915
Accumulated losses		(12 579)	(148 312)	(160 891)	(57 014)	(148 312)	(205 326)
Contributed surplus		33 677		33 677	32 690		32 690
Accumulated other comprehensive income	(e)	124 182	(107 301)	16 881	62 022	(62 022)	-
TOTAL SHAREHOLDERS' EQUITY		688 754	(255 613)	433 141	392 613	(210 334)	182 279
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1 043 746	(337 530)	706 216	787 706	(281 710)	505 996

3 TRANSITION TO IFRS (continued)

Explanatory notes

(a) Deferred tax assets
All deferred tax assets have been reclassified as non-current in compliance with IFRS.

(b) Carrying value of mining assets
The company elected in accordance with IFRS 1 to adopt the fair value of the Didipio project as the deemed cost and this resulted in an adjustment to the carrying value of the asset of $283 million (including IFRS translation adjustment) at January 1, 2010.

(c) Deferred tax liabilities
Deferred tax liabilities associated with the Didipio project have been adjusted in line with the change in the carrying value of these assets under IFRS. All deferred tax liabilities have been reclassified as non-current in compliance with IFRS.

(d) Asset retirement obligation
Under CGAAP, a credit-adjusted discount rate was used to calculate the net present value of the obligation. IFRS requires a risk-free discount rate to be applied to risk-adjusted cash flows. The adjustment reflects this change.

(e) Translation reserve
On transition to IFRS, the translation reserve was transferred to Accumulated Losses.

(iii) Adjustments to the Statement of Comprehensive Income

The transition from Canadian GAAP to IFRS had no significant impact on the statement of comprehensive income.

(iv) Adjustments to the Statement of Cash Flows

The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the company except that, under IFRS, cash flows relating to interest are classified as operating, investing or financing in a consistent manner each period. Under Canadian GAAP, cash flows relating to interest payments were classified as operating. The company will continue to classify interest receipts and payments as operating cash flows.

4 CRITICAL ESTIMATES AND JUDGEMENTS

<u>For the years ended December 31, 2011 and December 31, 2010</u>

Critical accounting estimates and judgements

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

(i) Mining assets – deemed cost

The company adjusted the book value of the Didipio project (currently in pre-development) as at January 1, 2010 by $283 million (including IFRS translation adjustment), based on the assessment of the fair value of the project. The fair value has been adopted as the deemed cost of the project in accordance with IFRS 1.

The fair value was based on the estimated discounted cash flows. These calculations used cash flow projections based on project budgets used by management and discounted using pre tax rates adjusted for specific risks in relation to the project.

The recoverability of this balance is dependent on the successful development of the project and generation of expected cash flows on commencement of operations which are affected by future commodity prices, foreign exchange rates and mining costs.

(ii) Capitalised exploration and evaluation expenditure

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

4 CRITICAL ESTIMATES AND JUDGEMENTS (continued)

(iii) Capitalised exploration and evaluation expenditure (continued)

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

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

(iv) *Net realisable value of inventories*

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

(v) *Asset retirement obligations*

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

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

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

(vi) *Determination of ore reserves and resources*

Ore reserves and resources are based on information compiled by a Competent Person as defined in accordance with the Australasian Code of Mineral Resources and Ore Reserves (the JORC code) and in accordance with National Instrument 43-101-Standards of Disclosure for Mineral Projects ("NI-41-101") under the guidelines set out by the Canadian Institute of Mining, Metallurgy and Petroleum. There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for rehabilitation.

(vii) *Taxation*

The company's accounting policy for taxation requires management judgement in relation to the application of income tax legislation. There may be some transactions and calculations undertaken during the ordinary course of business where the ultimate tax determination is uncertain. The company recognises liabilities for tax, and if appropriate taxation investigation or audit issues, based on whether tax will be due and payable. Where the taxation outcome of such matters is different from the amount initially recorded, such difference will impact the current and deferred tax positions in the period in which the assessment is made.

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

5 COST OF SALES BY NATURE OF EXPENSES

	December 31 2011 $'000	December 31 2010 $'000
Cost of sales consists of:		
Materials and consumables costs	117 378	69 250
Employee Benefits Expenses	52 096	31 068
Other direct costs	47 315	50 379
	216 789	150 697

6 INCOME TAX

Major components of income tax expense:

	December 31 2011 $'000	December 31 2010 $'000
Statement of operations		
Current income tax	-	-
Deferred income tax		
Income tax benefit relating to tax losses utilised/(carried forward)	13 488	(11 104)
Adjustments in respect of deferred income tax of previous years	1 527	627
Origination and reversal of temporary differences	6 010	37 654
Income tax expense reported in statement of comprehensive income	21 025	27 177

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

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

	2011	2010
Accounting earnings before tax from continuing operations	65 192	71 612
At the statutory income tax rate of 26.5% (2010: 28.5%)	17 276	20 409
Adjustments in respect of income tax of previous years	1 527	259
Expenditure not allowable for income tax purposes	1 411	3 481
Tax losses not recognised	483	2 886
Effect of differing tax rates between Canada, Australia and New Zealand	328	142
Income tax expense reported in the statement of comprehensive income	21 025	27 177

The statutory income tax rates in Australia and New Zealand are respectively 30% and 28% (2010: 30% and 28%).

Deferred income tax

Deferred income tax at December 31 relates to the following:

	December 31 2011 $'000	December 31 2010 $'000	January 1 2010 $'000
Deferred income tax assets			
Losses available for offset against future taxable income	57 895	71 383	58 045
Revaluations of derivative instruments to fair value	-	-	26 963
Provisions	9 557	6 363	4 884
Other	1 379	855	3 045
Gross deferred income tax assets	68 831	78 601	92 937
Set-off deferred tax liabilities	(63 003)	(78 601)	(75 247)
Net non-current deferred tax assets	5 828	-	17 690
Deferred income tax liabilities			
Mining assets	(53 191)	(54 012)	(45 086))
Property, plant and equipment	(41 369)	(29 656)	(28 537)
Inventory	(1 831)	(1 422)	(1 264)
Interest Receivable	(61)	(532)	(463)
Accrued Revenue	(2 173)	(2 272)	(1 373)
Convertible notes	(3 394)	(3 394)	(3 394)
Other	-	-	(191)
Gross deferred income tax liabilities	(102 019)	(91 288)	(80 308)
Set-off deferred tax assets	63 003	78 601	75 247
Net non-current deferred tax liabilities	(39 016)	(12 687)	(5 061)

6 INCOME TAX (continued)

Due to uncertainty in utilisation of tax losses in the foreseeable future, a deferred tax asset has not been recognised in respect of tax losses in the Company and its Australian and Philippines subsidiaries, amounting to $39.9m. The ability to use tax losses is subject to generating taxable income in future periods and complying with the tax legislation requirements prevailing at the time of utilisation. During the year, tax losses of $2.5m (2010:nil) were utilised which were not previously recognised as a deferred tax asset.

7 EARNINGS PER SHARE

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

Diluted earnings per share are calculated by dividing the net income attributable to common shareholders (after adding back interest on the convertible notes) by the weighted average number of common shares outstanding during the year (adjusted for the effects of dilutive options and dilutive convertible notes where the conversion of potential common shares would decrease earnings per share or increase loss per share).

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

	December 31 2011 $'000	*December 31 2010 $'000*
Numerator:		
Net income attributable to equity holders from continuing operations (used in calculation of basic and diluted earnings per share)	44 167	44 435
Interest on convertible notes	11 454	9 759
Net income attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)	55 621	54 194
	Thousands	*Thousands*
Denominator:		
Weighted average number of common shares (used in calculation of basic earnings per share)	262 434	224 528
Effect of dilution:		
Share options	3 461	5 343
Convertible notes	41 128	41 128
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	307 023	270 999
Net income per share:		
- basic and diluted	$0.17	$0.20

For the years to December 31, 2011 and December 31, 2010, the conversion of employee share options and convertible notes were anti-dilutive as they increased earnings per share.

8 TRADE AND OTHER RECEIVABLES

	December 31 2011 $'000	*December 31 2010 $'000*	*January 1 2010 $'000*
Current			
Trade receivables	4 376	6 375	2 889
Interest receivable	200	242	207
Other receivables	2 833	3 778	364
	7 409	10 395	3 460
Non-Current			
Other receivables	2 671	-	-
	2 671	-	-

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

9 INVENTORIES

	December 31 2011 $'000	*December 31 2010 $'000*	*January 1 2010 $'000*
Current			
Gold in circuit	10 006	4 171	4 416
Ore – at cost	10 421	9 518	3 289
Maintenance Stores	26 548	21 983	17 610
	46 975	35 672	25 315
Non-Current			
Ore – at cost	48 803	33 667	28 873
Ore – at net realisable value	4 883	6 393	4 260
	53 686	40 060	33 133
Total inventories	100 661	75 732	58 448

During the year, ore inventories were written down by $3.3m (2010:$0.8m reversal of write-down).

10 PROPERTY, PLANT AND EQUIPMENT

	Year ended December 31, 2011				
	Land	**Buildings**	**Plant and equipment**	**Rehabilitation**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***
Net book value					
At January 1, 2011:					
Cost	7 075	7 934	275 815	10 016	300 840
Accumulated depreciation	-	(3 580)	(166 711)	(5 160)	(175 451)
January 1, 2011	7 075	4 354	109 104	4 856	125 389
Movement for the year:					
Additions	2 814	449	54 138	7 819	65 220
Disposals/ transfers	-	-	(11 805)	-	(11 805)
Depreciation for the year	-	(408)	(26 405)	(1 675)	(28 488)
Exchange differences	(175)	(8)	(2 382)	1 442	(1 123)
At December 31, 2011	9 714	4 387	122 650	12 442	149 193
At December 31, 2011:					
Cost	9 714	8 349	314 031	19 208	351 302
Accumulated depreciation	-	(3 962)	(191 381)	(6 766)	(202 109)
	9 714	4 387	122 650	12 442	149 193

	Year ended December 31, 2010				
	Land	**Buildings**	**Plant and equipment**	**Rehabilitation**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***
Net book value					
At January 1, 2010:					
Cost	5 868	7 109	238 235	8 108	259 320
Accumulated depreciation	-	(2 957)	(133 371)	(3 787)	(140 115)
January 1, 2010	5 868	4 152	104 864	4 321	119 205
Movement for the year:					
Additions	721	238	24 355	1 110	26 424
Disposals	-	-	(5 362)	-	(5 362)
Depreciation for the year	-	(358)	(22 522)	(994)	(23 874)
Exchange differences	486	322	7 769	419	8 996
At December 31, 2010	7 075	4 354	109 104	4 856	125 389
At December 31, 2010:					
Cost	7 075	7 934	275 815	10 016	300 840
Accumulated depreciation	-	(3 580)	(166 711)	(5 160)	(175 451)
	7 075	4 354	109 104	4 856	125 389

Plant and equipment includes assets under capital lease net of accumulated depreciation of $57.8m (2010: $39.6M). The assets under capital leases are pledged as security for capital lease liabilities.

Borrowing costs
There are no borrowing costs capitalised into the cost of assets held on the balance sheet at December 31, 2011 (2010: nil).

11 MINING ASSETS

	Year ended December 31, 2011			
	Exploration and evaluation phase ***$'000***	**Development phase** ***$'000***	**In production** ***$'000***	**Total** ***$'000***
Net book value				
At January 1, 2011:				
Cost	11 128	113 365	404 412	528 905
Accumulated Amortisation	-	-	(216 786)	(216 786)
January 1, 2011	11 128	113 365	187 626	312 119
Movement for the year:				
Additions/ Transfers	2 477	69 505	63 747	135 729
Disposals / Write- Off	(166)	-	-	(166)
Amortisation for the year	-	-	(67 787)	(67 787)
Exchange differences	(33)	92	(177)	(118)
At December 31, 2011	13 406	182 962	183 409	379 777
At December 31, 2011:				
Cost	13 406	182 962	465 307	661 675
Accumulated amortisation	-	-	(281 898)	(281 898)
	13 406	182 962	183 409	379 777

Borrowing costs
There are no borrowing costs capitalised into the cost of assets held on the balance sheet at December 31, 2011 (2010: nil).

	Year ended December 31, 2010			
	Exploration and evaluation phase ***$'000***	**Development phase** ***$'000***	**In production** ***$'000***	**Total** ***$'000***
Net book value				
At January 1, 2010:				
Cost	10 284	105 154	294 792	410 230
Accumulated depreciation	-	-	(146 717)	(146 717)
January 1, 2010	10 284	105 154	148 075	263 513
Movement for the year:				
Additions/ Transfers	459	8 139	79 908	88 506
Disposals	-	-	(41)	(41)
Depreciation for the year	-	-	(53 717)	(53 717)
Exchange differences	385	72	13 401	13 858
At December 31, 2010	11 128	113 365	187 626	312 119
At December 31, 2010:				
Cost	11 128	113 365	404 412	528 905
Accumulated depreciation	-	-	(216 786)	(216 786)
	11 128	113 365	187 626	312 119

12 ASSET RETIREMENT OBLIGATIONS

	December 31 2011 $'000	*December 31 2010 $'000*
Current		
Rehabilitation	-	25
Movement:		
At January 1	25	38
Utilised	(25)	(17)
Exchange adjustment	-	4
At December 31	-	25
Non-Current		
Rehabilitation	21 175	12 378
Movement:		
At January 1	12 378	9 937
Arising during the year	7 819	1 255
Accretion	1 083	783
Utilised	(56)	(417)
Exchange adjustment	(49)	820
At December 31	21 175	12 378

Rehabilitation
A provision for rehabilitation is recorded in relation to the gold mining operations for the rehabilitation of the disturbed mining area to a state acceptable to various regulatory authorities. While rehabilitation is ongoing, final rehabilitation of the disturbed mining area is not expected until the cessation of mining for both Macraes and Reefton, currently estimated to be beyond 2015. Didipio is currently expected to be mining for a period beyond this time frame.

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

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

Asset retirement obligations are initially recorded as a liability at present value of estimated future costs, assuming a risk free discount rate of 5.64% (2010: 5.70%; 2009:4.60%). The liability for retirement and remediation on an undiscounted basis is estimated to be approximately $26.3m.

13 INTEREST-BEARING LOANS AND BORROWINGS

	Effective interest rate %	*Maturity*	*December 31 2011 $'000*	*December 31 2010 $'000*	*January 1 2010 $'000*
Current					
Capital leases	6.62%	(note 22)	15 241	23 933	9 354
5.75% Convertible notes (A$53m)	9.16%	12/22/2012	56 897	-	48 735
Other Loans	2.35%	31/05/2012	537	484	4 705
			72 675	24 417	62 794
Non-current					
Capital leases	6.62%	(note 22)	45 968	22 530	30 872
5.75% Convertible notes (A$53m)	9.16%	12/22/2012	-	55 163	-
7.00% Convertible notes (A$70m)	10.13%	12/22/2013	75 567	73 431	63 006
7.00% Convertible notes (A$30m)	10.64%	12/22/2013	31 613	31 471	27 002
			153 148	182 595	120 880

5.75% Convertible notes (Unsecured)
The notes bear interest at 5.75% per annum payable semi-annually in arrears. The 530 notes mature in 2012 and are redeemable at 109% of their principal amount unless converted to common shares prior to this date at the option of the note holder. The number of shares to be delivered upon conversion shall be determined by dividing the principal amount of the notes by the conversion price of A$4.1011 (subject to adjustment for certain specified events). Of the A$52.9 million (US$39.1 million) net proceeds of the issue, A$48.5 million (US$35.8 million) was allocated to interest bearing liabilities and A$4.4 million (US$3.3 million) was allocated to equity.

7.00% Convertible notes (Unsecured)
The notes bear interest at 7.00% per annum, payable semi-annually in arrears and have a face value of A$70 million. Interest accrued in respect of the notes for the first two years is not payable but is instead capitalised into the redemption value of the notes. The notes are due for redemption in 2013 at a value equal to the sum of their principal amount plus the capitalised interest amount, unless converted to common shares prior to this date at the option of the note holder. The number of shares to be delivered upon conversion shall be determined by dividing the principal amount of the note by the conversion price. The conversion price is A$3.8699 (subject to adjustment for certain specified events). Of the A$67.4 million (US$52.9 million) net proceeds of the issue A$59.2 million (US$46.5 million) was allocated to interest bearing liabilities and A$8.2 million (US$6.4 million) was allocated to equity.

On March 22, 2007 an additional A$30 million (US$24.2 million) in convertible notes was issued under the same terms and conditions as the 7% convertible notes. The conversion price is A$4.0640 (subject to adjustment for certain specified events) and the notes are due for redemption in 2013. Of the A$28.8 million (US$23.2 million) net proceeds of the issue A$24.9 million (US$20.1 million) was allocated to interest bearing liabilities and A$3.9 million (US$3.1 million) was allocated to equity.

Capital Leases

The Group has capital lease facilities in place with ANZ Banking Group, Caterpillar Finance, GE Finance, Commonwealth Bank of Australia, and Cable Price.

These facilities have maturities between May 2012 to November 2016, and bear interest rates ranging from 3.75% to 8.17%. Refer to note 22(b) for the related lease commitments.

Assets Pledged

All the assets of the Company's New Zealand operating subsidiary Oceana Gold (New Zealand) Limited are pledged as security to a consortium of banks.

14 SHARE CAPITAL

Movement in common shares on issue

	December 31 2011 '000	*December 31 2011 $'000*	*December 31 2010 '000*	*December 31 2010 $'000*
Balance at the beginning of the period	262 063	543 474	185 880	354 915
Shares issued	-	-	75 114	198 215
Options exercised	580	642	1 069	3 182
Share issue costs	-	(128)	-	(11 173)
Tax effect of share issue costs recognised/ (derecognised)	-	-	-	(1 665)
Balance at the end of the period	262 643	543 988	262 063	543 474

Common shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Common shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

CDI holders have the same rights as holders of common shares.

The company has share option schemes under which options to subscribe for the company's shares have been granted to executives and management. Shareholders have approved the issue of up to 10% of the Company's issued and outstanding shares.

The Company also has an employee share purchase plan whereby certain employees are able to direct up to 10% of their gross salary to acquire shares, with the Company matching the employee contribution on a dollar for dollar basis. Plan shares are acquired at market price and held in trust. While the Trustee holds the shares, the employees are entitled to full dividend and voting rights on the shares beneficially held on their behalf. (Refer to note 17).

15 CONTRIBUTED SURPLUS

Contributed surplus	*December 31 2011 $'000*	*December 31 2010 $'000*	*January 1 2010 $'000*
Employee stock based compensation	6 908	3 634	2 647
Shareholder options (lapsed on January 1, 2009)	18 083	18 083	18 083
Equity portion of Convertible notes	11 960	11 960	11 960
	36 951	33 677	32 690

16 SEGMENT INFORMATION

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

	New Zealand $'000	Philippines $'000	Corporate $'000	Elimination $'000	Total $'000
Year Ended December 31, 2011					
Revenue					
Sales to external customers	395 609	-	-	-	395 609
Inter segment management and gold handling fees	-	-	7 626	(7 626)	-
Total Segment Revenue	395 609	-	7 626	(7 626)	395 609
Result					
Segment result excluding depreciation and amortisation	176 385	(201)	(12 261)	-	163 923
Depreciation and Amortisation	(85 699)	(94)	(29)	-	(85 822)
Inter segment management and gold handling fees	(7 626)	-	7 626	-	-
Total segment result before interest and tax	83 060	(295)	(4 664)	-	78 101
Income tax (expense)	(21 640)	-	615	-	(21 025)
Total segment result	61 420	(295)	(4 049)	-	57 076
Net Interest expense					(12 909)
Net earnings for the year					44 167
Assets					
Additions to Property, Plant, Equipment and Mining Assets	117 885	70 994	265	-	189 144
Total Segment assets	544 763	205 988	66 884	-	817 635

16 SEGMENT INFORMATION (continued)

	New Zealand $'000	Philippines $'000	Corporate $'000	Elimination $'000	Total $'000
Year Ended December 31, 2010					
Revenue					
Sales to external customers	305 638	-	-	-	305 638
Inter segment management and gold handling fees	-	-	7 927	(7 927)	-
Total Segment Revenue	305 638	-	7 927	(7 927)	305 638
Result					
Segment result excluding unrealised hedge losses and depreciation and amortisation	152 807	(561)	(12 731)	-	139 515
Depreciation and Amortisation	(69 163)	(115)	(59)	-	(69 337)
Inter segment management and gold handling fees	(7 927)	-	7 927	-	-
Gain on fair value of derivative instruments	16 215	-	-	-	16 215
Total segment result before interest and tax	91 932	(676)	(4 863)	-	86 393
Income tax (expense)	(26 056)	-	(1 121)	-	(27 177)
Total segment result	65 876	(676)	(5 984)	-	59 216
Interest expense					(14 781)
Net earnings for the year					44 435
Assets					
Additions to Property, Plant, Equipment and Mining Assets	103 987	6 480	4 463	-	114 930
Total Segment assets	466 898	116 190	123 128	-	706 216
At January 1, 2010					
Total Segment assets	372 176	111 199	22 621	-	505 996

Income derived in the New Zealand segment is from the sale of gold.

17 STOCK-BASED COMPENSATION

(a) Executive share options plan

Directors, executives and certain senior members of staff of the consolidated entity hold options over the common shares of the Company, OceanaGold Corporation. Each option entitles the holder to one common share upon exercise. The options were issued for nil consideration and have a maximum term of eight years. Granted options vest in three equal tranches over 3 years and vesting is subject only to continuity of employment.

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

(i) Stock option movements

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

WAEP = weighted average exercise price

	December 31, 2011		*December 31, 2010*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	5 645 153	A$1.92	5 637 259	A$1.45
Granted	3 500 380	A$2.61	2 213 999	A$2.82
Forfeited	(1 160 997)	A$1.88	(1 137 219)	A$1.27
Exercised	(579 996)	A$0.32	(1 068 886)	A$1.97
Balance at the end of the period	**7 404 540**	**A$2.38**	**5 645 153**	**A$1.92**
Exercisable at the end of the period	**2 367 790**	**A$2.36**	**1 204 847**	**A$2.54**

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

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

Due to the lack of exchange traded data for option prices of OceanaGold, historical volatility has been used for the purposes of the valuation. Expected volatility is based on the historical share price volatility using 3 years of traded share price data. As a result it reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the outcome.

Dividend yield is assumed to be nil on the basis that no dividends have been declared for the 2010 or 2009 financial years due to the large ongoing capital commitment.

(ii) Balance at end of the period

The share options on issue at the end of the financial period had an exercise price of between A$0.00 and A$3.94 and a weighted average remaining life of 4.49 years.

At December 31, 2011, $3.5m remains to be expensed over the life of the options.

17 STOCK-BASED COMPENSATION (continued)

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

Grant Date	Dividend Yield	Expected Volatility	Risk-Free Interest Rate	Expected Life of Option	Option Exercise Price	Share Price at Grant Date	Weighted Average Fair Value
31/12/2010	0%	53.21%	5.32%	4.0	3.6472	3.65	1.7073
31/12/2010	0%	53.21%	5.36%	4.5	3.6472	3.65	1.8068
31/12/2010	0%	53.21%	5.40%	5.0	3.6472	3.65	1.9007
14/02/2011	0%	48.32%	5.36%	4.0	2.68	2.59	1.1052
14/02/2011	0%	48.32%	5.42%	4.5	2.68	2.59	1.1758
14/02/2011	0%	48.32%	5.48%	5.0	2.68	2.59	1.2430
14/02/2011	0%	48.32%	5.32%	3.5	2.68	2.59	1.0290
14/02/2011	0%	48.32%	5.42%	4.5	2.68	2.59	1.1758
14/02/2011	0%	48.32%	5.51%	5.5	2.68	2.59	1.3043
27/04/2011	0%	47.68%	5.25%	4.0	2.85	2.64	1.0764
27/04/2011	0%	47.68%	5.30%	4.5	2.85	2.64	1.1493
27/04/2011	0%	47.68%	5.36%	5.0	2.85	2.64	1.2176
27/04/2011	0%	47.68%	5.21%	3.5	2.85	2.64	0.9984
27/04/2011	0%	47.68%	5.37%	5.5	2.85	2.64	1.2803
10/06/2011	0%	44.38%	4.88%	3.5	2.50	2.32	0.8208
10/06/2011	0%	44.38%	4.95%	4.5	2.50	2.32	0.9476
10/06/2011	0%	44.38%	5.04%	5.5	2.50	2.32	1.0597
10/06/2011	0%	44.38%	4.91%	4.0	2.50	2.32	0.8800
10/06/2011	0%	44.38%	5.00%	5.0	2.50	2.32	1.0055
25/08/2011	0%	49.00%	3.92%	4.0	2.13	2.15	0.9189
25/08/2011	0%	49.00%	3.99%	4.5	2.13	2.15	0.9746
25/08/2011	0%	49.00%	4.05%	5.0	2.13	2.15	1.0263
25/08/2011	0%	49.00%	3.88%	3.5	2.13	2.15	0.8608
25/08/2011	0%	49.00%	4.12%	5.5	2.13	2.15	1.0757

(b) Employee share acquisition plan

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

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

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

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

	Opening Shares Held by Trustee	Shares Acquired by the Trustee During the Year		Shares Transferred from the Trustee During the Year		Forfeited Shares sold by Trustee	Closing Shares Held by the Trustee	
	Number	Number [1]	Fair Value [2]	Number [3]	Fair Value [4]	Number [3]	Number	Fair Value [5]
2010	244,397	18,958	A$55,325	63,363	A$153,130	-	199,992	A$729,971
2011	199,992	21,827	A$53,098	22,495	A$54,818	-	199,324	A$416,587

Notes:

1. The Trustee acquires shares regularly throughout the year, following receipt of contributions from employees and the consolidated entity.
2. The fair value of shares acquired by the Trustee is equal to the market price paid by the Trustee for acquisitions of OceanaGold Corporation shares throughout the year. The fair value comprises 50% contribution from employees and 50% contribution from the Company.

17 STOCK-BASED COMPENSATION (continued)

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

18 EMPLOYEE BENEFITS

Leave entitlements liability

	December 31 2011 $'000	*December 31 2010 $'000*
Aggregate employee benefit liability is comprised of:		
Employee benefits provision - current	5 382	4 208
Employee benefits provision - non-current	187	73
	5 569	4 281

Employee Benefits Provision - Current

	December 31 2011 $'000	*December 31 2010 $'000*
Balance at beginning	4 208	2 358
Arising during the year	5 301	3 155
Utilised	(4 096)	(1 625)
Exchange rate adjustment	(31)	320
Closing Balance	5 382	4 208

Employee Benefits Provision - Non-Current

	December 31 2011 $'000	*December 31 2010 $'000*
Balance at beginning	73	69
Arising during the year	114	4
Utilised	-	-
Exchange rate adjustment	-	-
Closing Balance	187	73

19 FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies and Objectives

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

The consolidated entity has a risk management programme to manage its financial exposures. The Group does not enter into trade financial instruments, including derivative financial instruments for trade or speculative purposes. The term "derivative" has been adopted to encompass all financial instruments that are not directly traded in the primary physical market

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

19 FINANCIAL INSTRUMENTS (continued)

(b) Gold Price and Foreign Exchange Risk

At December 31, 2011, no hedge facility was in place, and there were no outstanding derivative liabilities (2010: nil).

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

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

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

Sensitivities

At December 31, 2011 if the US dollar had depreciated / appreciated by 10% with all other variables remaining constant, the effect on the after tax profit will be $3.4m (2010: $4.2m) lower/higher due to exchange losses on US dollar cash and cash equivalents. The impact on other equity is nil for both 2011 and 2010.

(c) Interest Rate Risk and Liquidity Risk

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

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

Sensitivities
At December 31, 2011 if interest rates had increased/decreased by 100 basis points from the year end rates with all other variables held constant, after tax profit for the year would have been $1.1m (2010:$0.9m) higher/lower, as a result of higher/lower interest income from cash and cash equivalents and higher/lower interest expense from capital leases. The impact on other equity is nil for both 2011 and 2010.

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

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

19 FINANCIAL INSTRUMENTS (continued)

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

Year ended December 31, 2011	*Less than 1 year*	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*5 + years*	*Total*	*Weighted average effective interest rate*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*%*
Fixed rate								
Financial Liabilities								
Trade payables	45 566	-	-	-	-	-	45 566	-
Insurance loan	537	-	-	-	-	-	537	2.35%
Capital Leases	14 154	13 387	11 152	9 227	6 642	-	54 562	6.64%
Convertible Notes	56 897	107 179	-	-	-	-	164 076	9.89%
	117 154	120 566	11 152	9 227	6 642	-	264 741	
Floating rate								
Financial Assets								
Cash and cash equivalents	169 989	-	-	-	-	-	169 989	3.05%
Trade and Other receivables	7 409	2 671	-	-	-	-	10 080	-
	177 398	2 671	-	-	-	-	180 069	
Financial Liabilities								
Capital Leases	4 098	3 912	3 729	2 061	99	-	13 899	6.64%
	4 098	3 912	3 729	2 061	99	-	13 899	

Year ended December 31, 2010	*Less than 1 year*	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*5 + years*	*Total*	*Weighted average effective interest rate*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*%*
Fixed rate								
Financial Liabilities								
Trade payables	34 441	-	-	-	-	-	34 441	-
Insurance loan	484	-	-	-	-	-	484	3.00%
Convertible Notes	-	55 163	104 902	-	-	-	160 065	9.89%
	34 925	55 163	104 902	-	-	-	194 990	
Floating rate								
Financial Assets								
Cash and cash equivalents	181 328	-	-	-	-	-	181 328	3.77%
Trade and Other receivables	10 395	-	-	-	-	-	10 395	-
	191 723	-	-	-	-	-	191 723	
Financial Liabilities								
Capital Leases	23 933	6 288	5 677	5 722	3 549	1 294	46 463	5.19%
	23 933	6 288	5 677	5 722	3 549	1 294	46 463	

(d) Credit Risk

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

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

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

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

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

At December 31, 2011, the consolidated group's cash was mainly held with four major banks with the largest exposure being 69% with one bank with which the consolidated group does its transactional banking. All financial assets were not deemed overdue or impaired.

(e) Sensitivities

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

December 31, 2011		**Interest rate risk**				**Foreign exchange risk**			
		-100 bps		**+100 bps**		**-10%**		**+10%**	
	Carrying amount $'000	Profit/ (Loss) $'000	Other equity $'000	Profit/ (Loss) $'000	Other equity $'000	Profit/ (Loss) $'000	Other equity $'000	Profit/ (Loss) $'000	Other equity $'000
Financial assets									
Cash and cash equivalents	169 989	(1 700)	-	1 700	-	3 377	-	(3 377)	-
Other assets	10 080	-	-	-	-	-	-	-	-
Financial Liabilities									
Capital Leases	61 209	123	-	(123)	-	-	-	-	-
Other liabilities	212 425	-	-	-	-	-	-	-	-
Total increase/(decrease)		**(1 577)**	**-**	**1 577**	**-**	**3 377**	**-**	**(3 377)**	**-**

December 31, 2010		**Interest rate risk**				**Foreign exchange risk**			
		-100 bps		**+100 bps**		**-10%**		**+10%**	
	Carrying amount $'000	Profit/ (Loss) $'000	Other equity $'000	Profit/ (Loss) $'000	Other equity $'000	Profit/ (Loss) $'000	Other equity $'000	Profit/ (Loss) $'000	Other equity $'000
Financial assets									
Cash and cash equivalents	181 328	(1 813)	-	1 813	-	4 204	-	(4 204)	-
Other assets	10 395	-	-	-	-	-	-	-	-
Financial Liabilities									
Capital Leases	46 463	464	-	(464)	-	-	-	-	-
Other liabilities	197 242	-	-	-	-	-	-	-	-
Total increase/(decrease)		**(1 349)**	**-**	**1 349**	**-**	**4 204**	**-**	**(4 204)**	**-**

20 CAPITAL DISCLOSURE

The company's objective when managing capital is to:

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

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

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

	December 31 2011 $'000	*December 31 2010 $'000*
Total Debt (as shown in the statement of financial position)*	225 823	207 012
Less: Cash and cash equivalents	(169 989)	(181 328)
Net Debt	55 834	25 684
Total Equity (as shown in the statement of financial position)	478 240	433 141
Debt to equity ratio	0.12	0.06

* Interest bearing liabilities

The change in the debt-to-equity ratio results principally from a lower cash balance, increased lease financing and a depreciating US dollar, the reporting currency.

The company is subject to a number of externally imposed capital requirements relating to financing agreements; as at December 31, 2011 and 2010 the company was in compliance with all requirements.

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Recognised Financial Instruments

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

	Carrying amount		*Net Fair value*	
	December 31 2011 $'000	*December 31 2010 $'000*	*December 31 2011 $'000*	*December 31 2010 $'000*
Financial assets				
Cash and cash equivalents	169 989	181 328	169 989	181 328
Loans and Receivables				
Trade and other receivables	10 080	10 395	8 331	10 395
Financial liabilities				
Trade payables	47 812	36 692	47 812	36 692
Capital leases	61 209	46 463	61 209	46 463
Convertible notes	164 076	160 065	165 468	161 234
Insurance premium loan	537	484	537	484

The following illustrates the classification of the Company's financial instruments within the fair value hierarchy established using IFRS:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

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

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

Other than the financial assets and liabilities included in the table above, the carrying amount of the remaining financial instruments is considered a reasonable approximation of fair value due to their short term maturities.

Other than cash and cash equivalents, none of the other financial assets and liabilities are readily traded on organized markets in a standardised form, and would be considered Level 2 for the purposes of classification.

(b) Unrecognised Financial Instruments

There are no unrecognised financial instruments held by the Group at December 31, 2011 (2010: nil).

(c) Financial Instruments –IFRS Opening Statement of Financial Position – January 01, 2010

At January 01, 2010, the Group had outstanding derivative hedge liabilities of $89.9m, consisting of gold call options and gold forward sales contracts. These derivatives did not qualify for hedge accounting. On March 31, 2010, the Group closed out all the hedges.

22 COMMITMENTS

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

	December 31 2011 $'000	*December 31 2010 $,000*
Within 1 year	5 034	4 605
Within 1 to 2 years	4 342	4 179
Within 2 to 3 years	2 870	3 761
Within 3 to 4 years	290	2 425
Within 4 to 5 years	70	149
More than five years	-	4
	12 606	15 123

Operating leases are used to fund the acquisition of minor items of plant and equipment. No leases have escalation clauses other than in the event of payment default. No lease arrangements create restrictions on other financing transactions.

(b) Lease commitments under capital leases:

	December 31 2011 $'000	*December 31 2010 $'000*
Within 1 year	18 252	25 799
Within 1 to 2 years	17 299	7 606
Within 2 to 3 years	14 881	6 627
Within 3 to 4 years	11 288	6 310
Within 4 to 5 years	6 741	3 808
More than five years	-	1 308
	68 461	51 458
Future finance charges	(7 252)	(4 995)
Present value of minimum lease payments	61 209	46 463
Reconciled to:		
Current interest bearing liability (Note 12)	15 240	23 933
Non-Current interest bearing liability (Note 12)	45 969	22 530
Total	61 209	46 463

Capital leases are used to fund the acquisition of plant and equipment, primarily mobile mining equipment. Rental payments are subject to quarterly interest rate adjustments.

(c) Gold Production

The consolidated entity has certain obligations to pay royalties on gold production at prescribed levels which are expected to apply in 2012. These royalties represent 3% to 4% of gold sales and were $13.1m in 2011 (2010: $11.5m).

(d) Capital commitments

At December 31, 2011, the consolidated entity has commitments of $40.8m (2010: $9.7m), principally relating to the purchase of property, plant and equipment and the development of mining assets.

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

	December 31 2011 $'000	*December 31 2010 $'000*
Within one year:		
- purchase of property, plant and equipment	3 333	9 710
- development of mining assets	37 465	-
	40 798	9 710

The consolidated entity is committed to annual expenditure of approximately $0.3m (2010: $0.3m) to comply with regulatory conditions attached to its New Zealand prospecting, exploration and mining permits.

23 RELATED PARTIES

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

(a) Compensation of Key Management

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

	Year ended December 31, 2011 $'000	Year ended December 31, 2010 $'000
Salaries and short-term employee benefits	3 584	2 235
Post-employment benefits	108	99
Share-based payments	2 126	1 370
Termination benefits	-	320
Total	5 818	4 024

(b) Loans to key management personnel

There are no loans to key management personnel during the year (December 2010: Nil).

(c) Other transactions with key management personnel

There are no other transactions with key management personnel during the year (December 2010: Nil).

24 NON CASH INVESTING AND FINANCING ACTIVITIES

	Year ended December 31, 2011 $'000	Year ended December 31, 2010 $'000
Acquisition of plant and equipment by means of finance leases	30 809	13 438

25 CONTINGENCIES

a. The consolidated entity has issued bonds in favour of various New Zealand authorities (Ministry of Economic Development – Crown Minerals, Otago Regional Council, Waitaki District Council, West Coast Regional Council, Buller District Council, Timberlands West Coast Limited and Department of Conservation) as a condition for the grant of mining and exploration privileges, water rights and/or resource consents, and rights of access for the Macraes Gold Mine and the Globe Progress Mine at the Reefton Gold Project which amount to approximately $21.3 million (2010: $17.2million).

b. The consolidated entity has provided a cash operating bond to the New Zealand Department of Conservation of $0.3 million (2010: $0.3 million) which is refundable at the end of the Globe Progress mine. This amount is included in the total referred to in (a) above.

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

d. The Group has provided a guarantee in respect of a capital lease agreement for certain mobile mining equipment entered into by a controlled entity. At December 31, 2011 the outstanding rental obligations under the capital lease are $61.2 million (2010: $33.3 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

e. The Didipio Project is held under a Financial and Technical Assistance Agreement ("FTAA") granted by the Philippines Government in 1994. The FTAA grants title, exploration and mining rights with a fixed fiscal regime. Under the terms of the FTAA, after a period in which the company can recover development expenditure, capped at 5 years from the start of production, the Company is required to pay the Government of the Republic of the Philippines 60% of the "net revenue" earned from the Didipio Project. For the purposes of the FTAA, "net revenue" is generally the net revenues derived from mining operations, less deductions for, amongst other things, expenses relating to mining, processing, marketing, depreciation and certain specified overheads. In addition, all taxes paid to the Government shall be included as part of the 60% payable.

26 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no subsequent events that have arisen since the end of the financial year to the date of this report.

SECTION B

MANAGEMENT DISCUSSION & ANALYSIS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Management Discussion & Analysis contains “forward-looking statements and 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 settlement and cancellation of the Company's hedging facilities, the early redemption of the Company’s convertible notes, 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 and information 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 and information 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, the Philippines Peso 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” contained in the Company’s Annual Information Form in respect of its fiscal year-ended December 31, 2010, which is available on SEDAR at www.sedar.com under the Company’s name. 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 actions, events or results to differ from those anticipated, estimated or intended. Also, many of the factors are outside or beyond the control of the Company, its officers, employees, agents or associates. Forward-looking statements and information contained herein are made as of the date of this Management Discussion & Analysis 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. All forward-looking statements and information made herein are qualified by this cautionary statement.

This Management Discussion & Analysis may use the terms “Measured”, “Indicated” and “Inferred” Resources. U.S. investors are advised that while such terms are recognised and required by Canadian regulations, the Securities and Exchange Commission does not recognise them. “Inferred Resources” have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resources will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into reserves. U.S. investors are also cautioned not to assume that all or any part of an Inferred Resource exists, or is economically or legally mineable.

This document does not constitute an offer of securities for sale in the United States or to any person that is, or is acting for the account or benefit of, any U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “Securities Act”)) (“U.S. Person”), or in any other jurisdiction in which such an offer would be unlawful.

Technical Disclosure

Dr Michael Roache, (PhD) - Head of Exploration, Mr Jonathan Moore – Group Mine Geology Manager and Mr Rod Redden – General Manager Technical Services, all of OceanaGold, are responsible for the technical disclosure in this document, and are Qualified Persons under the Canadian Securities Administrators’ National Instrument 43-101 – Standards of Disclosure of Mineral Projects (“NI 43-101”). Dr Roache is a member of both the AusIMM and Australasian Institute of Geoscientists while Messrs. Moore and Redden are both members and Chartered Professionals with the AusIMM. Soil samples, and drill samples collected at 1 metre intervals or less, from both reverse circulation chips and sawn diamond core, were prepared and assayed by fire assay methods at either the SGS facilities at Macraes, Westport and Waihi, New Zealand, and the ALS facilities in Brisbane and Townsville, Australia. Philippine soil samples were prepared and assayed at McPhar laboratories in Manila, Philippines. Standard reference materials were inserted to monitor the quality control of assay data. Dr Roache and Messrs. Moore and Redden have approved the technical information in this document.

For further scientific and technical information (including disclosure regarding mineral resources and mineral reserves) relating to the Reefton Project, the Macraes Project and the Didipio Project please refer to the NI 43-101 compliant technical reports available at sedar.com under the Company’s name.

Management Discussion and Analysis of Financial Condition and Results of Operations for the Year Ended December 31, 2011

HIGHLIGHTS

- Revenue of $106.6 million for the quarter resulting in FY2011 revenue of $395.6 million from gold sales of 249,261 ounces at an average price of $1,587 per ounce and cash costs of $875 per ounce
- Produced 65,750 ounces of gold during the fourth quarter, up 11% over third quarter and 252,499 ounces for the full year
- EBITDA (earnings before interest, taxes, depreciation and amortisation)* was $43.7 million for the fourth quarter and increased by 17% to $163.9 million for the full year
- Net earnings for fourth quarter were $14.3 million, up 31% over the prior quarter and were $44.2 million for the full year
- Construction activities at Didipio Project in the Philippines recommenced in June 2011 and progressed as planned with key milestones during the fourth quarter being the commencement of concrete pouring and mobilisation of the mining contractor
- Frasers Underground updated resource statement announced in December 2011 with mine life now expected to extend to at least 2017
- Cash Balance December 31, 2011 was $170.0 million, up 4% over third quarter

All statistics are compared to the corresponding 2010 period unless otherwise stated.

OceanaGold has adopted USD as its presentation currency and all numbers in this document are expressed in USD unless otherwise stated.

* EBITDA is a non GAAP measure. Refer to page 26 for explanation of non GAAP measures.

OVERVIEW

Results from Operations

OceanaGold recorded revenue of $106.6 million in the fourth quarter of 2011 from sales of 62,515 ounces at a cash cost of $890 per ounce (excluding year end inventory adjustment). Revenue for FY2011 was $395.6 million from sales of 249,261 ounces at an average cash cost of $875 per ounce (including full year inventory adjustment).

Production of 65,750 ounces of gold for the fourth quarter was up 11% over the previous quarter bringing the total for FY2011 to 252,499 ounces. Despite significant production improvement over the previous quarter, this result was slightly below our expectations due to lower ore tonnes mined and processed through the mill at Reefton.

FY 2011 average cash costs of $875 per ounce of gold sold was within the guidance range of $850-$890 per ounce. Cash costs per ounces increased during the year the main contributors being the stronger New Zealand dollar, fewer ounces produced and less capitalised pre strip.

The average gold price received in the fourth quarter of $1,705 per ounce and was comparable to the previous quarter. Operating cash costs per ounce decreased versus third quarter mainly as a result of increased ounces produced and favourable foreign exchange rate movements. For FY2011 the cash operating margin grew by 25% to $712 per ounce with higher average gold prices partly offset by increased average cash costs.

Mill throughput for FY2011 increased by 7% over the prior year which helped offset the lower feed grade. Year on year recovery improved again to 82.9% with ongoing focus on process improvement in particular at the Macraes processing plant.

Total material mined for FY 2011 was slightly ahead of the prior year but did not reach our expectations due to availability and retention of skilled workers in particularly in the first half of the year. During the year, the Company undertook steps to alleviate some of these issues such as the introduction of improved rosters as well as increased training programs which have resulted in measurable improvements.

Cash flow from operations for the fourth quarter was $56.0 million resulting in a total of $154.6 million for FY2011, a significant improvement compared to FY2010 of $52.3 million (which included the hedge liability settlement of $71.8 million). The cash balance at the end of the year was $170.0 million.

Production & Cost Guidance

In December 2011, the company reported FY2012 production guidance set at 230,000 – 250,000 ounces of gold at cash costs of $900 - $980 per ounce (assumes NZD/USD exchange rate of $0.80).

With the start of production at Didipio, preliminary FY2013 production guidance is estimated to be 300,000-350,000 ounces of gold at cash costs of less than US$500 per ounce (net of copper by-product credits).

Didipio Project

The Company announced the recommencement of construction on the Didipio Project in Luzon, northern Philippines in June 2011 with an update of the Project Plan. Highlights from the Project include an average annual production rate of 100,000 ounces of gold and 14,000 tonnes of copper over a 16 year mine life. Gold reserves increased by 19% to 1.68 million ounces and copper reserves increased by 35% to 229,000 tonnes. Using $3.00/lb copper as a by-product credit, the project is expected to produce gold at negative $79 per ounce cash costs over the first six years of the mine life.

During the fourth quarter, the Company achieved a number of key milestones with construction of the Didipio Project. These included the commencement of concrete pouring, near completion of the construction accommodation camp, mobilisation by the mining contractor to site and the arrival of the first shipment of structural steel.

Progress during the fourth quarter remained on track with concrete pouring commencing on schedule in November 2011. Good progress has been made to date with the mill foundations, concentrate storage shed, gold room, concentrate and reagents shed, and operations village.

Despite heavy rain during the quarter, bulk earthworks for the plant site were completed and excavation steadily progressed for the power station.

The process plant design reached the 90% completion mark and all major construction contracts are either awarded or in the process of being tendered.

The mining contract was awarded to a Philippines based company with considerable in-country experience in open pit operations and the construction of tailings storage facilities. The contractor commenced mobilising to site in late December and mining activities commenced in January 2012.

All major process equipment has been ordered with the deliveries scheduled to start arriving on site during first quarter 2012 in anticipation of the structural and mechanical work which will commence in second quarter 2012.

The construction camp is nearing completion and there are currently 800 contractors and employees on site engaged in construction activities, of which over 95% are Filipino nationals. The permanent operations accommodation village is scheduled to be completed in second quarter 2012 to facilitate the full mining and operations workforce.

Construction activities will increase in first quarter of 2012 with the expected commencement of the mining infrastructure and tailings storage facility, concurrent to the ongoing construction of the process plant and operations village.

The project is on schedule to commission in Q4 2012.

During the quarter the Company hosted a site visit where analysts and investors had the opportunity to meet the project team and see the construction progress to date. In addition, the visitors gained an insight into the strong relationship developed by the Company with the local communities. The Mayor of Kasibu, the Didipio Barangay Captain and President of the Didipio Community Development Corporation (Dicorp) participated in the site visit.

Exploration

The Company invested $3.4 million on exploration during the fourth quarter and $10.7 million for FY2011 with the majority incurred in New Zealand.

At Reefton in New Zealand, exploration during the year has been focussed on further drilling and additional mapping and sampling programs. Exploration activity increased during fourth quarter with helicopter assisted diamond or reverse circulation (RC) drilling being conducted at Big River, Crushington, Happy Valley Shear, Target 38 and Merrijigs. Two additional drill rigs commenced deep drill programs at the Globe Progress Mine and Blackwater historical mine during the quarter.

Exploration continued at the Frasers Underground mine with mineralisation being confirmed to the north and northeast of the current workings. Mineralisation remains open in both directions. An updated resource statement for the Frasers Underground was released in December 2011. Total Measured and Indicated Resources for Frasers Underground, including Panel 1, now stands at 10.2Mt @ 2.26g/t Au for 745Koz. The mine life is now expected to extend to at least 2017. Exploration drilling will continue in the down dip areas of Panel 2 to convert inferred resources to reserves.

Surface drilling programs at the Macraes Goldfield targeting up-dip extensions to the Frasers Underground mine commenced in the fourth quarter.

Exploration in the Philippines focused on the Financial or Technical Assistance (FTAA) areas with preparations for drilling at the Mogambos prospect, and soil sampling at the MMB, TNN, and Papaya areas where recent results have delineated significant Au-Cu geochemical anomalies.

- Table 1 -
Key Financial and Operating Statistics

Financial Statistics	**Q4 Dec 31 2011**	**Q3 Sep 30 2011**	**Q4 Dec 31 2010**	**Year 2011**	**Year 2010**	**Year 2009**
Gold Sales (Ounces)	62,515	60,646	68,027	249,261	268,087	300,044
	USD	USD	USD	USD	USD	USD
Average Price Received ($ per ounce)	1,705	1,706	1,379	1,587	1,140	790
Cash Operating Cost ($ per ounce)	947*	956	596	875	570	411
Cash Operating Margin ($ per ounce)	**758**	**750**	**783**	712	570	**379**
Non-Cash Cost ($ per ounce)	349	409	229	350	260	219
Total Operating Cost ($ per ounce)	1,296	1,365	825	1,225	830	630
Total Cash Operating Cost ($ per tonne processed)	31.13	30.71	22.98	28.75	21.57	17.84

Combined Operating Statistics	**Q4 Dec 31 2011**	**Q3 Sep 30 2011**	**Q4 Dec 31 2010**	**Year 2011**	**Year 2010**	**Year 2009**
Gold Produced (ounces)	65,750	59,090	67,007	252,499	268,602	300,391
Total Ore Mined (tonnes)	2,310,815	2,024,496	2,154,347	8,103,693	7,905,464	6,258,806
Ore Mined Grade (grams/tonne)	1.26	1.12	1.42	1.21	1.43	1.85
Total Waste Mined (tonnes) - incl pre-strip	14,369,845	15,082,892	14,785,737	59,176,017	57,643,657	61,087,834
Mill Feed (dry milled tonnes)	1,902,368	1,888,978	1,763,817	7,588,354	7,081,488	6,913,713
Mill Feed Grade (grams/tonne)	1.31	1.21	1.54	1.25	1.45	1.68
Recovery (%)	82.2%	82.5%	77.9%	82.9%	81.6%	80.0%

Combined Financial Results	**Q4 Dec 31 2011 $'000**	**Q3 Sep 30 2011 $'000**	**Q4 Dec 31 2010 $'000**	**Year 2011 $'000**	**Year 2010 $'000**	**Year 2009 $'000**
EBITDA (excluding unrealised gain/(loss) on hedges)	43,662	43,270	49,259	163,923	139,515	106,178
Earnings/(loss) after income tax and before undesignated gain/(loss) on hedges (net of tax)	14,336	10,912	20,655	44,167	32,760	13,743
Reported EBITDA (including unrealised gain/(loss) on hedges)	43,662	43,270	49,258	163,923	155,730	164,419
Reported earnings/(loss) after income tax (including unrealised gain/(loss) on hedges)	14,336	10,912	20,979	44,167	44,435	54,512

***Cash costs per ounce in Q4 before year end inventory adjustment were $890. Refer to page 19 "*Operating Costs & Margins*". No such inventory adjustments were recorded in the prior quarters in 2011.**

PRODUCTION

Gold production for the fourth quarter of 2011 was 65,750 ounces, up 11% versus 59,090 ounces in the previous quarter. Total production for the full year was 252,499 ounces. Production was slightly below our expectations for the quarter and consequently impacted the total production for the full year. Production guidance for FY 2012 has been set at 230,000 to 250,000 ounces of gold at cash costs of $900 to $980 per ounce (assuming NZD/USD exchange rate of $0.80).

Cash operating costs for the fourth quarter of 2011 were $890 per ounce (excluding the year end inventory adjustment). The reduction of cash costs from the previous quarter was mainly due to increased ounces produced, favourable foreign exchange rates, lower electricity and consumerable costs partly offset by less capitalised pre strip and higher diesel costs. Cash costs for FY2011 averaged $875 per ounce (including the year end inventory adjustment) and falls within the guidance range of $850 to $890 per ounce. Cash costs increased during the year with key drivers being the stronger New Zealand dollar, fewer ounces produced and less capitalised pre strip.

OPERATIONS

Macraes Goldfield (New Zealand)

The Macraes Operations (Macraes Open Pit and Frasers Underground) incurred one lost time injury (LTI) during the fourth quarter and three LTIs for the full year versus two LTIs in 2010.

Production from the Macraes Goldfield for the fourth quarter was 44,451 gold ounces and a total of 174,851 ounces for the full year. The quarterly production was 5% higher than the previous quarter due to increased milled tonnes and slightly better grade.

Total material mined at Macraes in fourth quarter was 12.4 million tonnes. Total movement for full year 2011 was 51.0 million tonnes, slightly ahead of the previous year.

The mining fleet was upgraded during the year with the addition of a new Hitachi EX2500 excavator. This complemented the new Hitachi EX3600 excavator added in the prior year and the two original Caterpillar excavators were refurbished and deployed to the Reefton operations. Other additions to the fleet in 2011 included 5 new Caterpillar 789C dump trucks with four of the existing Caterpillar 785C dump trucks scheduled to be transferred to the Reefton operations to commence work in the second quarter 2012.

At the Frasers Underground operation, mining was undertaken in the Panel 2 throughout 2011. Total ore mined for the fourth quarter was 243,000 tonnes, an improvement of 10% on the previous quarter. The improved performance is reflective of improved staff retention during the second half of 2011. The total ore mined was 847,000 tonnes for FY2011.

Underground mining is planned to continue down dip in Panel 2 in 2012. Exploration drilling will continue in the down dip areas of Panel 2 to upgrade Inferred resources.

Mill throughput in the fourth quarter was 1.47 million tonnes compared to 1.43 million tonnes in the previous quarter. The full year throughput was 5.82 million tonnes compared to 5.46 million tonnes in 2010. Mill feed grade for the quarter was 1.14g/t, slightly higher than the previous quarter of 1.10g/t due to higher grade from the open pit. The FY2011 mill feed grade was 1.12g/t versus FY2010 grade of 1.28g/t.

The process plant recovery was 82.5% in the fourth quarter compared to 83.1% in the previous quarter. The full year recovery was 83.3% compared to 81.3% in FY2010 and reflects process improvements made during the year, such as increased oxidation rates through the autoclave and setting up separate CIL streams for the Macraes and Reefton concentrates.

Reefton Goldfield (New Zealand)

There were no lost time injuries (LTI) during the quarter at the Reefton Operations. The total number of LTIs fell from four in 2010 to one in FY2011. The improvement was a result of much improved post incident management and better understanding of Restricted Work Injury duties.

Gold produced for the quarter was 21,299 ounces, compared with 16,954 ounces in the preceding quarter. The improvement was due increased ore mined and subsequently better grade and recoveries through the mill. While mining rates improved materially quarter on quarter, further improvements are still required to reach optimal levels. FY2011 production was 77,648 ounces versus 85,843 ounces in FY2010.

During 2011, Reefton experienced some negative reconciliations between the mined grades and the geological models. The Globe Progress resource model has been revised and is expected to show improved performance for 2012. A program of infill drilling is underway within the Globe Progress open pit and this should increase the confidence of the resource predictions beyond 2012.

Total material mined for the fourth quarter was 4.3 million tonnes compared with 4.4 million tonnes in third quarter. The production was mainly from Globe Progress Stage 7 cutback and the development of the Souvenir Pit. Both mining areas have progressed well. Ore production from the higher grade Souvenir pit assisted in increasing the rate of gold production in late fourth quarter. Production at Souvenir Pit is planned to resume in second quarter 2012 following receipt of additional consents. Material mined for FY 2011 was 16.3 million tonnes, ahead of 15.2 million tonnes achieved FY2010 but materially below our plan.

The process plant treated 431,655 tonnes, slightly lower than the third quarter, yet well above design capacity. This resulted in throughput of 1.8 million tonnes for FY2011, up 9% over the prior year. Grade through the mill was 1.89 g/t in the fourth quarter, a solid improvement over third quarter. The higher throughputs for FY2011 offset some of the impact of the lower FY011 grade with 1.67g/t achieved versus 2.01g/t in the prior year.

Gold recovery for the quarter improved to 81.3% versus the previous quarter at 80.7%. Gold recovery for FY2011 was 81.4%.

In general, the recruitment and retention of staff was a challenge in 2011 and remains a focus for the Company in 2012. A four panel roster in the processing plant will be implemented during first quarter 2012 to address some of these issues. An ongoing review is being conducted of the 'trades areas' with the intent to make recruitment of these key positions more effective.

During the fourth quarter, an organisational restructure at Reefton occurred including a newly created role of General Manager covering a broader remit. Nigel Slonker was appointed to this role effective 1st December 2011. Nigel has over 30 years mining experience including 20 years in managerial positions. Prior to accepting this role, Nigel was the Mining Manager at the Frasers Underground mine.

- Table 2 -
Macraes Operating Statistics

Macraes Goldfield Operating Statistics	Q4 Dec 31 2011	Q3 Sep 30 2011	Q4 Dec 31 2010	Year 2011	Year 2010	Year 2009
Gold produced (ounces)	44,451	42,136	47,358	174,851	182,759	213,049
Total Ore Mined (tonnes)	1,894,369	1,701,287	1,661,246	6,589,904	6,365,855	4,833,671
Ore Mined grade (grams/tonne)	1.12	1.01	1.32	1.07	1.26	1.67
Total Waste Mined (tonnes) incl pre-strip	10,489,708	10,982,615	11,411,337	44,407,352	43,944,947	48,578,180
Mill Feed (dry milled tonnes)	1,470,713	1,431,238	1,355,399	5,817,001	5,458,607	5,635,537
Mill Feed Grade (grams/tonne)	1.14	1.10	1.40	1.12	1.28	1.47
Recovery (%)	82.5%	83.1%	77.6%	83.3%	81.3%	79.6%

- Table 3 -
Reefton Operating Statistics

Reefton Goldfield Operating Statistics	Q4 Dec 31 2011	Q3 Sep 30 2011	Q4 Dec 31 2010	Year 2011	Year 2010	Year 2009
Gold produced (ounces)	21,299	16,954	19,649	77,648	85,843	87,342
Total Ore Mined (tonnes)	416,446	323,209	493,101	1,513,789	1,539,609	1,425,135
Ore Mined grade (grams/tonne)	1.87	1.70	1.74	1.80	2.11	2.46
Total Waste Mined (tonnes) incl pre-strip	3,880,137	4,100,277	3,374,400	14,768,665	13,698,710	12,509,654
Mill Feed (dry milled tonnes)	431,655	457,740	408,418	1,771,353	1,622,881	1,278,176
Mill Feed Grade (grams/tonne)	1.89	1.54	1.98	1.67	2.01	2.60
Recovery (%)	81.3%	80.7%	79.0%	81.4%	82.5%	81.5%

DEVELOPMENT

Didipio Project (The Philippines)

The Company announced the recommencement of construction of the Didipio Project in June 2011 with an update of the Project Plan. Highlights from the Project include an average annual production rate of 100,000 ounces of gold and 14,000 tonnes of copper over a 16 year mine life. Gold reserves increased by 19% to 1.68 million ounces and copper reserves increased by 35% to 229,000 tonnes. Using $3.00/lb copper as a by-product credit, the project is expected to produce gold at negative $79 per ounce cash costs over the first six years of the mine life.

Since recommencement of construction in June 2011, the Company has repaired the access road, completed phase one of the construction camp facilities undertaken geotechnical surveys and progressed civil works.

Progress during the fourth quarter remained on track with concrete pouring commencing on schedule in November 2011. Good progress has been made to date with the mill foundations, concentrate storage shed, gold room, concentrate and reagents shed, and operations village.

Despite heavy rain during the quarter, bulk earthworks for the plant site were completed. The process plant design reached the 90% completion mark. A drilling contractor was engaged to drill two 17-inch diameter water bores in the open pit perimeter to a depth of 240 metres. For the first bore, a pilot hole and first ream were completed to the design depth and the drill is currently completing the final ream. The holes are designed to depressurise the pit wall to improve geotechnical stability and the water will serve as make up water for the process plant.

During the fourth quarter, the mining contract was awarded to a Philippines based company with considerable in-country experience in open pit operations and the construction of tailings storage facilities. The contractor commenced mobilising equipment and personnel to site in late December and mining activities commenced in January 2012. The contractor commenced preliminary construction of a haul road between the open pit and the planned tailings dam. The mine technical team including geologists, mining engineers, and surveyors has been recruited and has started work to direct the mining operations.

All major construction contracts are either awarded or in the process of being tendered. Tenders have been received for the explosives supply contract and the fuel supply contract. These contracts will be awarded in the first quarter 2012. A tendering process has also commenced for the provision on-site laboratory testing services.

The construction camp is nearing completion with 300 of 340 beds available handed over for operation with the remainder to be handed over in first quarter 2012.

There are currently 800 contractors and employees on site engaged in construction activities, of which over 95% are Filipino nationals. The permanent operations accommodation village is scheduled to be completed in second quarter 2012 to facilitate the full mining and operations workforce.

During the quarter $30.9 million was spent (including prepayments) on the construction. Total spend on construction since the project recommenced was $65.6 million.

As part of its Financial and Technical Assistance Agreement (FTAA) at Didipio, the Company is committed to developing a Social Development and Management Plan (SDMP) and commit 1.5% of its operating cost to funding initiatives under the SDMP. The SDMP benefits are shared amongst the host community (Didipio) and nine other upstream and downstream communities. During the quarter, the Company successfully concluded a Memorandum of Agreement between Didipio and the nine surrounding communities on how to share the SDMP funding.

The Company continues to provide funding for educational related programs including teacher salaries, benefitting over 600 school children in the surrounding communities. Internet connections were installed at the Municipal Hall in Kasibu and in the Barangay Hall in Didipio to facilitate better communication with government leaders and agencies. Local road improvements in Didipio have been achieved and upgrade of a secondary access road to the Didipio mine site through Kasibu has commenced. This route will make it easier to transport employees to the project from the municipal capital of Kasibu and the provincial population centres in Solano.

As part of its sustainability strategy, the Company has assisted the Didipio community in building capacity to directly bid on various mine services contracts. The Didipio Community Development Corporation (DiCorp), whose shareholders are the long term residents of Didipio was formed. To date, two long-term contracts have been awarded for collection of recyclables and waste, and for provision of the employee shuttle bus services. It is expected that the cooperative will seek to bid on additional services contracts in the future.

Figure 1: Completed concrete pour for ball mill base

Figure 2: Aggregate crusher arrives on site, December 2011

EXPLORATION

Exploration expenditure in New Zealand for the fourth quarter was $3.1 million and $9.5 million for the FY2011.

Reefton Goldfield

During 2011, a number of exploration programs were ongoing at the Reefton Goldfield. Exploration activity at Reefton increased during fourth quarter with helicopter assisted diamond or reverse circulation (RC) drilling conducted at Big River, Crushington, Happy Valley Shear, Target 38 and Merrijigs (Figure 3). Two additional drill rigs commenced deep drill programs at the Globe Progress Mine and Blackwater historical mine during fourth quarter.

The Globe Deeps preliminary geological interpretation was completed with a 95,000 ounce inferred resource announced in May 2011. An 18 drill hole program commenced at Globe Progress in the fourth quarter. The program will consolidate mineralisation within the Globe open pit as well as test extensions, known as Globe Deeps, beneath the final pit floor design. No assay results have been received yet.

A deep drilling program at the historic Blackwater underground mine commenced in November 2011. The first hole (WA21) has been drilled PQ diameter to 643m depth to date and is expected to reach target depth of 1270m in first quarter 2012.

Helicopter assisted diamond drilling at Big River commenced in 2011. During the year, 19 holes for 3,980m were completed including six holes for 1,318m completed in the fourth quarter (drill holes BR0014 to BR0019) (Figure 4). Drilling targeted two sub-parallel zones (upper and lower) of high-grade gold mineralisation adjacent to the historical Big River mine. The Big River mine extended to 600m below surface and historically produced 135,974 ounces at an average grade of 34.1 g/t Au. Screen-fire and standard fire gold assay results have been received for five holes (BR0014 to BR0018). New intercepts are summarised in Table A. Mineralisation has been tested 260m along strike and approximately 360m down dip from surface (Figure 4). Mineralisation remains open along strike to the north and locally down dip. Helicopter assisted diamond drilling will continue in first quarter 2012.

The Crushington group of historical workings is located four kilometres north of the Reefton processing plant and produced over 500,000 ounces of gold at an average grade of approximately 16 g/t Au. A seven hole 1,046m helicopter assisted diamond drilling program was completed during the quarter (Figure 3). Drilling targeted coincident arsenic-antimony-gold soil anomalies along strike from historic workings. Best result was 0.5m down hole at 3.33 g/t Au from 180.1m depth from hole CR005. No additional drilling is planned at Crushington during 2012.

A seven hole (HVS001 to HSS007) diamond drill program for 791m was completed at Happy Valley Shear, located four kilometres south of the Reefton processing plant. Results for the first 3 holes have been received, with the best result from drill hole HVS003 with 6m (down hole) or 2.6m true width @ 17.57 g/t Au from 54m depth, including 0.5m down hole (0.2m true width @ 198.5 g/t Au), (Table B). The potential for additional drilling will be evaluated upon receipt of all gold assays.

Six reverse circulation (RC) holes for 496.5m were completed on the Merrijigs permit located four kilometres south of the Reefton processing plant. Results have been received and are of low tenor. No additional drilling is currently planned.

At Target 38, a two hole, helicopter-assisted diamond drilling program commenced late in fourth quarter targeting a coincident arsenic-gold soil anomaly. The area is located five kilometres south of the Reefton processing plant. Drilling will continue in first quarter 2012.

Near surface sampling using portable jack hammers capable of collecting geochemical samples up to 10m below surface continue to provide encouraging results with more than 284 samples collected during the quarter and over 1,750 samples during 2011. Sampling during the quarter tested two main areas including north and south of the Souvenir Open Pit and east of the Empress resource. Results from sampling have closed off surface mineralisation along strike to the north and south of Souvenir Open Pit and to the northwest of the Big River prospect.

Figure 3: Reefton exploration overview

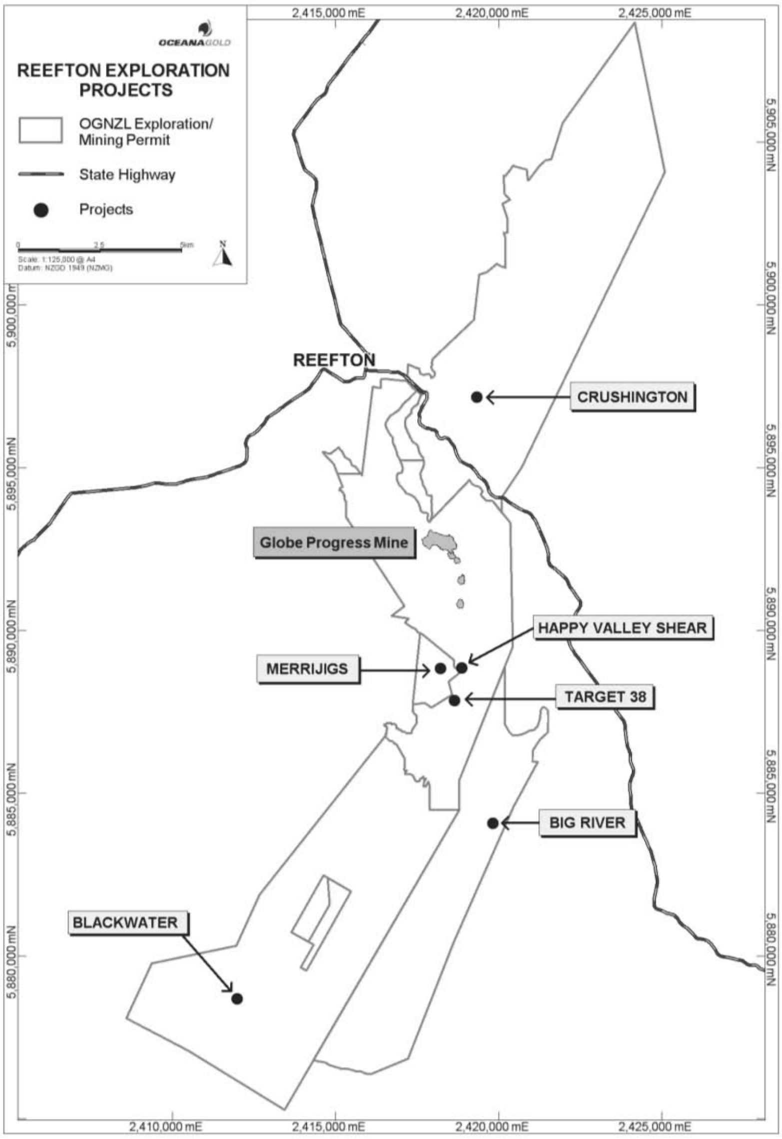
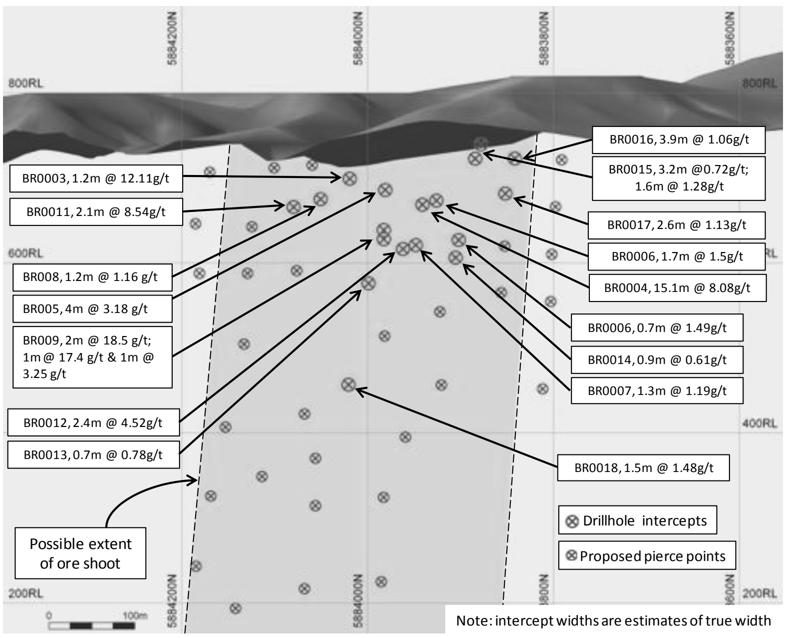


Figure 4: Big River long section (Reefton)



Macraes Goldfield

Underground exploration and resource infill drilling continued at the Frasers Underground mine with 1,676m drilled and 12 diamond drill holes completed in the fourth quarter. For the full year 2011, 10,922m were drilled and 70 diamond drill holes were completed. The drilling confirmed mineralisation extends to the north and north-east of the underground workings and the deposit remains open in both directions. The underground exploration drive advanced a further 57m during the quarter and 468m for the full year 2011, providing access down-dip for step-out and infill underground drilling.

An updated resource statement for the Frasers Underground was released in December 2011. Total measured and indicated resources for the Frasers Underground now stand at 10.2Mt @ 2.26 g/t gold for 745Kozs. This is an increase of 118,000 ounces of contained gold (after mining depletion) since December 2010. Frasers Underground mine life is now expected to extend to at least 2017. Exploration drilling will continue in the down dip areas of Panel 2 to convert inferred resources to reserves.

A four hole surface drill program planned to test potential extensions to mineralisation to the south west from Frasers Underground mine commenced in late October. To date two holes (RCD5448 and 5449) have been completed and two holes (RCD5450 and 5451) are currently being drilled for a total of 880m. No assay results have been received.

A two hole RC drill programme (RCD5452 and 5453) for 568m was completed at Golden Bar on Dunback Permit (EP 40 524) targeting mineralisation down plunge. No assay results have been received.

A four hole drill program commenced in December targeting blind mineralisation located between 2.5 and 3.5 kilometres north of the Frasers open cut. Drilling is expected to continue through first quarter 2012.

Figure 5: Exploration drilling activity at Macraes during the quarter was conducted at several locations including immediately south of the Fraser Underground mine and between 2.5 and 3.5 kilometres north of Macraes Open Pit.

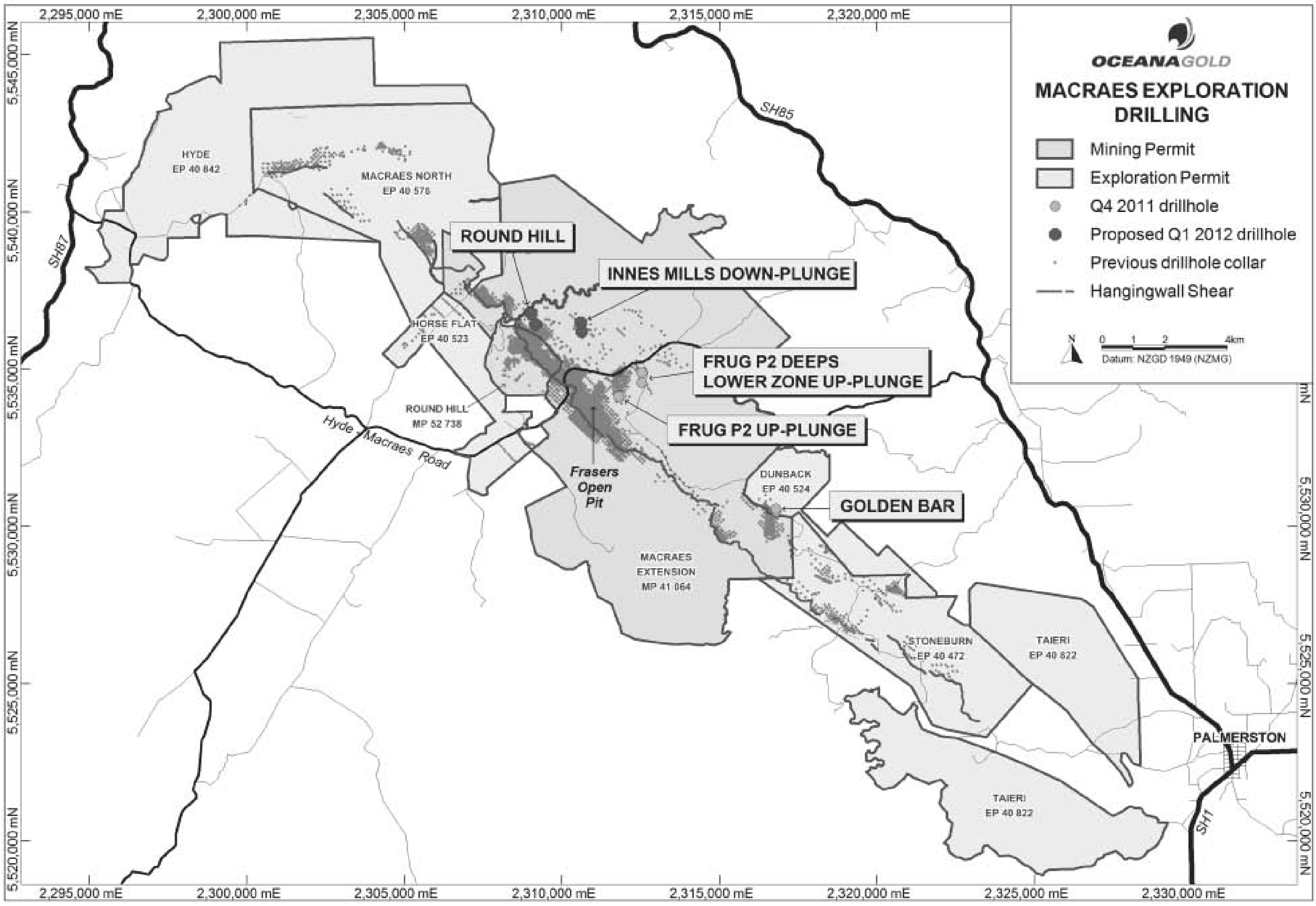


Table A: Big River (Reefton) Drill Results

Hole ID		From (m)	To (m)	Intercept (m)	True Width (m)	Au (g/t)
BR0006		132.7	135.1	2.4	1.7	1.5
		188.0	190.0	2.0	1.4	0.82
		193.0	194.0	1.0	0.7	1.49
BR0011		128.0	128.7	0.7	0.6	4.76
		139.0	141.5	2.5	2.1	8.54
	including	141.0	141.5	0.5	0.4	22.7
		173.0	175.0	2.0	1.7	0.68
		184.0	186.0	2.0	1.7	1.48
BR0012		170.0	174.0	4.0	2.4	4.52
		202.0	208.0	6.0	3.6	1.22
BR0013	No significant results					
BR0014	No significant results					
BR0015		82.0	86.0	4.0	3.2	0.72
		98.0	100.0	2.0	1.6	1.28
		103.0	106.0	3.0	2.4	0.54
BR0016		99.9	104.9	5.0	3.9	1.06
BR0017		130.0	134.0	4.0	2.6	1.13
BR0018		298.0	300.0	2.0	1.5	1.48
BR0019	Results Pending					

Results quoted in table A are intercepts returning ≥1 gram metres (true width (m) multiplied by gold grade in grams per ton)

Table B: Happy Valley Shear (Reefton) Drill Results

Hole ID		From (m)	To (m)	Intercept (m)	True Width (m)	Au (g/t)
HVS001	Preliminary	103.0	105.0	2.0	0.9	1.84
HVS002	Preliminary	47.0	50.0	3.0	2.0	1.59
		59.0	65.0	6.0	4.1	2.52
HVS003	Preliminary	54.0	60.0	6.0	2.6	17.57
	Including	58.0	58.5	0.5	0.2	198.5
	Preliminary	78.0	81.0	3.0	1.3	1.40
	Preliminary	91.0	106.0	15.0	6.5	1.83
HVS004	Results Pending					
HVS005	Results Pending					
HVS006	Results Pending					

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PHILIPPINES

Exploration expenditure in the Philippines for the quarter totalled $0.3 million and $1.2 million for FY2011.

Didipio

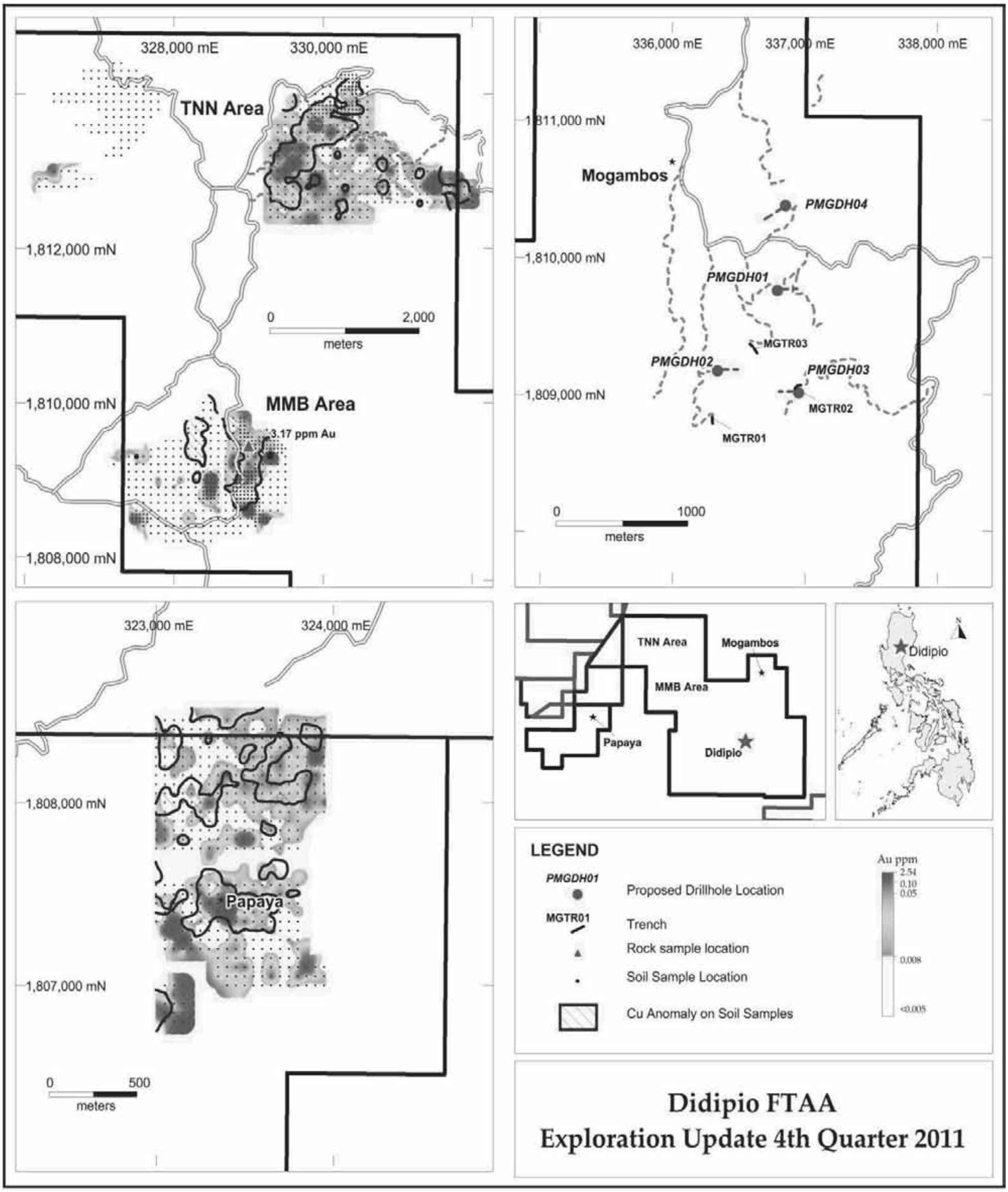
Exploration continues to focus on the FTAA areas (Figure 6). Planning of a drill program at the Mogambos prospect is on-going with the selection of the drilling contractor. Initially four ‘scout’ drill holes aggregating 1,200 metres will be drilled to test the 2.5km by 300-800m Au-Cu soil anomaly previously defined.

Grid soil sampling at MMB and TNN areas, located approximately 10km northwest of the Didipio Cu-Au project has identified several Au-Cu-As geochemical anomalies. At MMB, a 1.1-km long by 300-m wide, N-S trending, strong coincident Au-Cu anomaly with associated Pb, Zn, Ba, and Mo was delineated. One sample of clay-silica altered rock within this anomaly returned 3.17 g/t Au. The geochemical signature and alteration assemblages are consistent with high-level porphyry Cu-Au style mineralisation.

At TNN, a NE-SW trending, a 1.8-km long by 400-m wide, Au-Cu soil anomaly with partly coincident Ba-Zn was delineated. To the southeast of this, several Au soil anomalies were identified that remain open to the south and east. Additional soil geochemical sampling is on-going to deliniate the extents of these anomalies. Geological mapping at TNN identified hydrothermally altered calc-alkaline and alkaline intrusions consistent with porphyry-style mineralisation.

Grid soil sampling of the Papaya project has been completed. Results identified two multi-element geochemical anomalies. The first, located at the northern part of the soil grid, is 120m wide by 680m long, NE-SW trending, Au-Cu-As-Mo anomaly. This is located at the central and southern part of the soil grid and comprises a strong Au-Cu-As-Mo coincident anomaly, about 250 metres in diameter. Highest gold assay is 1.28 ppm while copper is up to 1,201 ppm. Geologic mapping identified a monzonite porphyry exposed in the lower sections of the prospect. Malachite stains were noted in areas where there were high Cu assays in previous samples. These geochemical anomalies will be drill-tested in second quarter 2012.

Figure 6: Schematic results of the MMB, TNN, and Papaya prospects soil sampling programs; and proposed location of scout drill holes at the Mogambos prospect, Didipio FTAA.



FINANCIAL SUMMARY

The table below provides selected financial data comparing Q4 2011 with Q3 2011 and Q4 2010 together with Full Years 2011, 2010 and 2009.

STATEMENT OF OPERATIONS	Q4 Dec 31 2011 $'000	Q3 Sep 30 2011 $'000	Q4 Dec 31 2010 $'000	Year 2011 $'000	Year 2010 $'000	Year 2009 $'000
Gold sales	106,603	103,455	93,777	395,609	305,638	237,057
Cost of sales, excluding depreciation and amortisation	(58,854)	(57,453)	(39,927)	(216,789)	(150,697)	(121,310)
General & Administration	(3,636)	(4,008)	(2,984)	(14,537)	(13,805)	(9,179)
Foreign Currency Exchange Gain/(Loss)	328	1,322	(1,533)	320	(961)	(24)
Other income/(expense)	(779)	(46)	(74)	(680)	(660)	(366)
Earnings before interest, tax, depreciation & amortisation (EBITDA) (excluding gain/(loss) on undesignated hedges)	**43,662**	**43,270**	**49,259**	**163,923**	**139,515**	**106,178**
Depreciation and amortisation	(21,520)	(24,424)	(15,402)	(85,822)	(69,337)	(66,181)
Net interest expense	(3,523)	(3,307)	(3,438)	(12,909)	(14,780)	(14,389)
Earnings/(loss) before income tax and gain/(loss) on undesignated hedges	**18,619**	**15,539**	**30,419**	**65,192**	**55,398**	**25,608**
Tax on earnings / loss	(4,283)	(4,627)	(9,764)	(21,025)	(22,638)	(11,865)
Earnings after income tax and before gain/(loss) on undesignated hedges	**14,336**	**10,912**	**20,655**	**44,167**	**32,760**	**13,743**
Gain on fair value of undesignated hedges	-	-	(1)	-	16,215	58,241
Tax on (gain)/loss on undesignated hedges	-	-	325	-	(4,540)	(17,472)
Net earnings	**14,336**	**10,912**	**20,979**	**44,167**	**44,435**	**54,512**
Basic earnings per share	$0.05	$0.04	$0.08	$0.17	$0.20	$0.32
Diluted earnings per share	$0.05	$0.04	$0.08	$0.17	$0.20	$0.29
CASH FLOWS						
Cash flows from Operating Activities	56,010	22,216	46,067	154,555	52,260	94,183
Cash flows from Investing Activities	(47,744)	(37,491)	(32,347)	(146,595)	(107,809)	(71,013)
Cash flows from Financing Activities	(4,595)	(2,733)	105,187	(16,110)	186,798	2,933

BALANCE SHEET	As at Dec 31 2011 $'000	As at Dec 31 2010 $'000	As at Jan 1 2010 $'000
Cash and cash equivalents	169,989	181,328	42,423
Other Current Assets	56,491	47,320	30,032
Non Current Assets	591,155	477,568	433,541
Total Assets	**817,635**	**706,216**	**505,996**
Current Liabilities	123,623	63,091	185,061
Non Current Liabilities	215,772	209,984	138,656
Total Liabilities	**339,395**	**273,075**	**323,717**
Total Shareholders' Equity	**478,240**	**433,141**	**182,279**

RESULTS OF OPERATIONS

Net Earnings

The Company reported fourth quarter net earnings of $14.3 million, a decrease when compared to $21.0 million in fourth quarter 2010. The result was however 31.4% higher than the third quarter result of $10.9 million which was attributable to a reduction in depreciation and amortisation and slightly higher gold production. The full year net earnings was $44.2 million and compares to $44.4 million in FY2010. Significant contributors to the higher operating costs in 2011 was the strength of the New Zealand dollar and the lower volume of capitalised stripping (pre-strip) with more waste expensed rather than capitalised compared to the prior year.

Total production of 252,499 ounces for FY2011 was 6.0% lower than the production of 268,602 ounces in FY2010. This lower production was primarily due to, underperformance at Reefton Open Pit mine combined with lower ore grades at all mine sites.

The impact of non-cash charges for marked to market gains and losses on hedges have in the past been significant. Consequently, EBITDA (earnings before interest, tax, depreciation and amortisation excluding gains/losses on undesignated hedges) and EBIT (earnings before interest and tax before undesignated hedge gains/losses) are highlighted as measures of operational performance.

The Company reported EBITDA (before gains/losses on undesignated hedges) of $43.7 million in the fourth quarter and $163.9 million for FY2011 compared to $139.5 million in FY2010. This is a strong operating result and reflects higher gold revenue from increased gold prices despite being offset by lower production and increased costs.

The earnings excluding hedges, and before income tax was a profit of $65.2 million for FY2011 compared to $55.4 million profit in FY2010.

Sales Revenue

Gold revenue in FY2011 of $395.6 million is a 29% increase over FY2010 due to 39.2% higher gold prices received offset by a 7.0% decrease in sales volumes. The average gold price received in the fourth quarter was $1,705 per ounce compared to $1,706 in the previous quarter. The full year average gold price was $1,587 compared to $1,140 in 2010.

Gold sales volumes for FY2011 of 249,261 ounces were 7.0% lower than FY2010 (sales of 268,087 ounces).

Undesignated Hedges Gains/Losses

Undesignated hedge gains and losses calculated as a fair value adjustment of the Company's undesignated hedges up to March 2010 were previously brought to account at the end of the reporting period, and reflected changes in the spot gold price. This adjustment also included entries made to take account of gold deliveries into the hedge book as the derivative liability was released. These valuation adjustments reflected a gain of $16.2 million attributable to the first quarter of 2010 prior to close out of the hedge book and in FY2009 a gain of $58.2 million.

Proceeds from an equity financing in March 2010 were utilised to settle all outstanding forward and call derivative instruments. The Company's current policy is to remain unhedged with all gold production sold into the market at spot rates.

Operating Costs & Margins

Cash costs per ounce sold were $875 for FY2011 an increase of 53.5% compared to FY2010 costs of $570. This increase reflects increased costs for mining with less pre-strip taking place plus higher costs in USD's due to the strength of the NZD against the USD during 2011. The cash costs per ounce for the fourth quarter were $947. This included a year end inventory adjustment for the low grade ore based on the annual assessment of net realisable value. This does not directly arise from the operational performance in the last quarter but is included in total cash costs for reporting purposes as changes in inventory values are included in cash costs. Excluding the inventory adjustment cash costs were $890 per ounce in the quarter.

The average cash margin was $712 per ounce, for FY2011, compared to $570 per ounce in FY2010. The cash margin in the fourth quarter was $758 and resulted in EBITDA (excluding undesignated hedge gains/losses) of $43.7 million for that quarter, compared to $43.3 million in the previous quarter.

Depreciation and Amortisation

Depreciation and amortisation charges include amortisation of mine development, deferred pre-stripping costs and depreciation on equipment.

Depreciation and amortisation charges are calculated on a unit of production basis and totalled $85.8 million for FY2011 compared to $69.3 million for FY2010. These charges have risen compared to the previous year due to increased amortisation of pre-strip allocated to ore costs and increased depreciation due to the acquisition of additional equipment.

Net Interest Expense

The net interest expense of $12.9 million for FY2011 is less than $14.8 million incurred in FY2010 and reflects increased interest income from funds on deposit offsetting interest costs associated with convertible notes and finance leases.

DISCUSSION OF CASH FLOWS

Operating Activities

Cash inflows from operating activities were $154.6 million in FY2011 compared to $52.3 million in FY2010. The cash flow was $56.0 million in the fourth quarter compared to $22.2 million for the previous quarter. The cash flow benefited significantly from the higher gold prices in 2011 compared to the prior year. It should be noted that the operating cash flows for FY2010 were after payment of $71.8 million to settle hedge contracts at March 2010.

Investing Activities

Investing activities comprised expenditure for pre-strip mining and sustaining capital at the New Zealand operations, plus capitalised development costs mainly associated with the construction of the Didipio Project in the Philippines.

Cash used for investing activities totalled $146.6 million compared to $107.8 million in 2010. The expenditure reflects the acquisition of new equipment at the Macraes Open Pit along with $49.5 million of capitalised pre-strip mining. Development costs were $69.5 million with the majority for the Didipio Project. The fourth quarter investment out flows of $47.7 million was higher than Q3 2011 of $37.5 million.

Financing Activities

Financing outflows for FY2011 were $16.1 million compared to cash inflows of $186.8 million in 2010. The outflow predominantly represented lease payments of $16.3 million offset by sundry proceeds from capital issues. The FY2010 inflows included equity placements for $190.2 million.

DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

Company's funding and capital requirements

For the year ended December 31, 2011, the Company earned a net profit of $44.2 million. As at that date, cash funds held were $170.0 million. Current liabilities were $123.6 million at year end. Cash flow projections indicate sufficient funds will be available to meet all operating obligations in the next twelve month period.

Commitments

OceanaGold’s operating lease commitments as at December 31, 2011 are as follows:

	2011 $’000
Within 1 year	5,034
Within 1 to 2 years	4,342
Within 2 to 3 years	2,870
Within 3 to 4 years	290
Within 4 to 5 years	70
More than five years	-
	12,606

OceanaGold’s capital lease commitments as at December 31, 2011 are as follows:

	2011 $’000
Within 1 year	18,252
Within 1 to 2 years	17,299
Within 2 to 3 years	14,881
Within 3 to 4 years	11,288
Within 4 to 5 years	6,741
More than five years	-
	68,461

OceanaGold’s capital commitments as at December 31, 2011 are as follows:

	Dec 31 2011 $’000
Within 1 year	40,798

This includes equipment for New Zealand operations and contracts supporting the construction of the Didipio Project.

Financial position

Current Assets

As at December31, 2011 current assets were $226.5 million compared to $228.6 million at the end of the prior year. Current assets have decreased by $2.1 million during 2011 primarily due to a decrease in cash of $11.3 million offset by increases in inventory and a decrease in receivables due to a reduced level of gold ounces sold in the final year end shipment.

Non-Current Assets

At December 31, 2011 non-current assets were $591.2 million compared to $477.6 million at the end of the prior year under IFRS reporting. Inventories have increased $13.6 million reflecting increased ore tonnes and higher costs. The expenditure of $77.1 million on Property, Plant and Equipment and, Mining Assets was higher than depreciation and amortisation due to the acquisition of additional equipment (some of which was leased). Expenditure in FY2011 for the construction of the Didipio Project was $65.6 million.

Current Liabilities

Current liabilities increased by $60.5 million over 2011 to $123.6 million compared to $63.1 million at December 2010. The majority of this increase was triggered by the reclassification of convertible notes totalling $56.9m to current as they are due in December 2012. In addition accounts payable increased $11.1 million reflecting increased costs and a ramp up of activities at Didipio. This was offset in part by a decrease of $8.7 million in current lease liabilities as leases were paid and some residual liabilities reset for settlement over a period longer than one year.

Non-Current Liabilities

Non-current liabilities were $215.8 million at December 31, 2011, compared with $210.0 million at the end of the prior year. A decrease in convertible notes of $56.9 million as a result of being classified current was offset by increases in leasing of $23.4 million associated with new equipment and extending the lease residual settlement on certain leases. In addition there was a $26.3 million increase in deferred tax liabilities reflecting the utilisation of tax losses and an increase of $8.8 million in asset retirement obligations.

Derivative Assets / Liabilities

For the period ended December 31, 2011 the company did not hold any financial or gold sales contracts.

Shareholders' Equity

A summary of the movement in shareholders' equity is set out below:

	Year Ended Dec 31 2011 $'000
Total equity at beginning of financial period	**433,141**
Profit/(loss) after income tax	44,167
Movement in other comprehensive income	(2,856)
Movement in contributed surplus	3,274
Equity raising (net of costs)	514
Total equity at end of financial period	**478,240**

Shareholders' equity has increased $45.1 million to $478.2 million at December 31, 2011as a result of a profit earned for the period, and currency translation differences reflected in Other Comprehensive Income that arise from the translation of entities with a functional currency other than USD.

Capital Resources

As at December 31, 2011, the share and securities summary was:

Shares outstanding	262,642,606
Options outstanding	7,404,540

As at February 16, 2012 there was no change in shares and securities:

Shares outstanding	262,741,602
Options outstanding	7,057,785

As at December 31, 2010, the share and securities summary was:

Shares outstanding	262,062,610
Options outstanding	5,645,153

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. The accounting policies that involve significant management judgment and estimates are discussed in this section. For a list of the significant accounting policies, reference should be made to Note 2 of the 2011 audited consolidated financial statements of OceanaGold Corporation.

Exploration and Evaluation Expenditure

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

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

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

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

Mining Properties in Production or Under Development

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

Costs associated with the removal of overburden and other mine waste materials that are incurred in the production phase of mining operations are included in the costs of inventory in the period in which they are incurred, except when the charges represent a betterment to the mineral property.

Charges represent a betterment to the mineral property when the stripping activity provides access to reserves that will be produced in future periods that would not have been accessible without the stripping activity. When charges are deferred in relation to a betterment, the charges are amortised over the reserve in the betterment accessed by the stripping activity using the units of production method.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Should the carrying value of expenditure not yet amortised exceed its estimated recoverable amount, the excess is written off to the Statement of Comprehensive Income.

Asset Retirement Obligations

OceanaGold recognises the fair value of future asset retirement obligations as a liability in the period in which it incurs a legal obligation associated with the retirement of long-lived assets that results from the acquisition, construction, development and/or normal use of the assets. OceanaGold concurrently recognises a corresponding increase in the carrying amount of the related long-lived asset that is depreciated over the life of the asset.

The key assumptions on which the fair value of the asset retirement obligations are based include the estimated future cash flow, the timing of those cash flows and the credit-adjusted risk-free rate or rates on which the estimated cash flows have been discounted. Subsequent to the initial measurement, the liability is accreted over time through periodic charges to earnings. The amount of the liability is subject to re-measurement at each reporting period if there has been a change to the key assumptions.

Asset Impairment Evaluations

The carrying values of exploration, evaluation, mining properties in production or under development and plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the discounted future cash flows from these assets, the assets are written down to the fair value of the estimated future cash flows based on OceanaGold's discount rate for the asset.

Derivative Financial Instruments /Hedge Accounting

The consolidated entity has used derivative financial instruments to manage commodity price and foreign currency exposures from time to time. Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently re-measured at their fair values at each reporting date.

The fair value of gold hedging instruments is calculated by discounting the future value of the hedge contract at the appropriate prevailing quoted market rates at the reporting date. The fair value of forward exchange contracts is calculated by reference to the current forward exchange rate for contracts with similar maturity profiles.

Stock Option Pricing Model

Stock options granted to employees or external parties are measured by reference to the fair value at grant date and are recognised as an expense in equal instalments over the vesting period and credited to the contributed surplus account. The expense is determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradable nature of the option, the current price and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Income Tax

The Group follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets including tax losses are recognised to the extent that it is probable that the company will generate future taxable income. Utilisation of the tax losses also depends on the ability of the entities to satisfy certain tests at the time the losses are recouped.

Foreign Currency Translation

The consolidated financial statements are expressed in United States dollars (“USD”) and have been translated to USD using the current rate method described below. The controlled entities of OceanaGold have either Australian dollars (“AUD”), New Zealand dollars (“NZD”) or United States dollars (“USD”) as their functional currency.

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

ACCOUNTING ESTIMATES

Significant areas where management’s judgment is applied include ore reserve and resource determinations, exploration and evaluation assets, mine development costs, plant and equipment lives, contingent liabilities, current tax provisions and future tax balances and asset retirement obligations. Actual results may differ from those estimates.

RISKS AND UNCERTAINTIES

This document contains some forward looking statements that involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by those forward looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things: volatility and sensitivity to market prices for gold; replacement of reserves; possible variations of ore grade or recovery rates; changes in project parameters; procurement of required capital equipment and operating parts and supplies; equipment failures; unexpected geological conditions; political risks arising from operating in certain developing countries; inability to enforce legal rights; defects in title; imprecision in reserve estimates; success of future exploration and development initiatives; operating performance of current operations; ability to secure long term financing and capital, water management, environmental and safety risks; seismic activity, weather and other natural phenomena; failure to obtain necessary permits and approvals from government authorities; changes in government regulations and policies including tax and trade laws and policies; ability to maintain and further improve labour relations; general business, economic, competitive, political and social uncertainties and other development and operating risks.

For further detail and discussion of risks and uncertainties refer to the Annual Information Form available on the Company’s website.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Adoption of new accounting policies

International Financial Reporting Standards ("IFRS")

With effect from January 1, 2011 the Company adopted IFRS. The balance sheet was converted as at January 1, 2010 to establish opening balances to support the comparative information as at and for the period ended December 31, 2010 included in the 2011 financial statements. The impact of the adoption and reporting of IFRS is disclosed in the December 31, 2011 consolidated financial statements.

Accounting policies effective for future periods

IFRS 1 - "Exemption for severe hyperinflation and removal of fixed dates"
Amended to create additional exemptions (i) for when an entity that has been subject to severe hyperinflation resumes presenting or presents for the first time, financial statements in accordance with IFRS, and (ii) to eliminate references to fixed dates for one exception and one exemption, both dealing with financial assets and liabilities. Effective for annual periods beginning on or after July 1, 2011. Not expected to have an impact on the Company as IFRS adopted January 1, 2011.

IFRS 7 – "Financial instruments" – disclosures
Amended to require additional disclosures in respect of risk exposures arising from transferred financial assets. Effective for annual periods beginning on/after July 1, 2011. Not expected to have a material effect on the Company.

IAS12 – "Deferred tax accounting for investment property at fair value"
Amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. Effective for annual periods beginning on or after January 1, 2012. Not expected to have an impact on the Company as there are no investment properties.

IFRS 9 – "Financial instruments - classification and measurement"
This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two Measurement categories: amortised cost and fair value. All equity instruments are measured at fair value.

A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Effective for years beginning on/after January 1, 2015. The group does not have any liabilities designated at fair value so there is no impact expected for reporting.

IFRS 9 – *"Financial instruments – classification and measurement"*
Updated to include guidance on financial liabilities and de-recognition of financial instruments. Effective for years beginning on/after January 1, 2015. The Company has not assessed the impact of this new standard.

IAS 1 – *"Presentation of items of other comprehensive income ("OCI")"*
Change to the disclosure in OCI, including a requirement to separate items presented into two groups based on whether or not they may be recycled to profit or loss in the future. Effective for years beginning on/after July 1, 2012.

IAS 19 – *"Employee benefits"*
Amended for (i) changes to recognition and measurement of defined benefit pension expense and termination benefits, and (ii) expanded disclosure. Effective for years beginning on/after January 1, 2013. No impact as the Company does not have defined benefit plan.

IFRS 13 – *"Fair value measurement and disclosure requirements"*
Provides a single source of guidance on how to measure fair value and enhances disclosure requirements for fair value measurements. Effective for years beginning on/after January 1, 2013. Not expected to have a material effect on the Company.

"*New standards addressing scope of reporting entity"*

IFRS 10, - "*Consolidated Financial Statements"*,
IAS 27, - "*Consolidated and Separate Financial Statements"*, and
SIC-12, - "*Consolidation – Special Purpose Entities"*
IFRS 11, - "*Joint Arrangements"*
Entities in joint operations will follow accounting for jointly controlled assets and jointly controlled operations under IAS 31.
IFRS 12, - "*Disclosure of Interests in Other Entities"*,
Effective for years beginning on/after January 1, 2013.
Not expected to have a material effect on the Company disclosure.

IFRIC 20 - "Stripping costs in the production phase of a surface mine"

Provides guidance on the accounting for overburden (pre-strip) in the production phase. Costs can only be recognised as an asset if they can be attributed to an identifiable component of the ore body. Effective January 1, 2013. This approach is consistent to the betterment approach currently adopted by the Group so any impact will not be significant.

IFRS 7 - *"Financial instruments" – disclosures*
Amended to enhance disclosure requirements relating to offsetting of financial assets and financial liabilities. Effective for annual periods beginning on/after January 1, 2013. Not expected to affect the accounting of offsetting arrangements or have a material effect on the Company.

IAS 32 - *"Financial instruments" – presentation*
Amended to clarify requirements for offsetting of financial assets and financial liabilities. Effective for annual periods beginning on/after January 1, 2014. Not expected to affect the treatment of offsetting arrangements or have a material effect on the Company.

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended March 31, 2010 through to December 31, 2011. This information has been derived from our unaudited consolidated financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of our financial position and results of operations for those periods. On adoption to IFRS there were no material differences to the income statements and management believe the results are comparable as they were prepared on a consistent basis.

	Dec 31 2011 $'000	Sep 30 2011 $'000	Jun 30 2011 $'000	Mar 31 2011 $'000	Dec 31 2010 $'000	Sep 30 2010 $'000	Jun 30 2010 $'000	Mar 31 2010 $'000
Gold sales	106,603	103,455	94,805	90,746	93,777	83,344	80,218	48,299
EBITDA (excluding undesignated gain/(loss) on hedges)	43,662	43,270	32,994	43,998	49,259	42,608	39,169	8,479
Earnings/(loss) after income tax and before undesignated gain/(loss) on hedges (net of tax)	14,336	10,912	4,147	14,772	20,655	13,683	7,968	(9,547)
Net earnings/(loss)	14,336	10,912	4,147	14,772	20,979	13,683	7,958	1,814
Net earnings per share								
Basic	$0.05	$0.04	$0.02	$0.06	$0.08	$0.06	$0.03	$0.01
Diluted	$0.05	$0.04	$0.02	$0.06	$0.08	$0.06	$0.03	$0.01

The most significant factors causing variation in the results are the variability in the grade of ore mined from the Macraes and Reefton open pit mines and variability of cash cost of sales due to the timing of waste stripping activities. The volatility of the gold price has a significant impact both in terms of its influence upon gold revenue and returns. Adding to the variation are large movements in foreign exchange rates between the USD and the NZD.

NON-GAAP MEASURES

Throughout this document, we have provided measures prepared according to IFRS ("GAAP"), as well as some non-GAAP performance measures. As non-GAAP performance measures do not have a standardised meaning prescribed by GAAP, they are unlikely to be comparable to similar measures presented by other companies.

We provide these non-GAAP measures as they are used by some investors to evaluate OceanaGold's performance. Accordingly, such non-GAAP measures are intended to provide additional information and should not be considered in isolation, or a substitute for measures of performance in accordance with GAAP.

Earnings before interest, tax, depreciation and amortisation (EBITDA) is one such non-GAAP measure and a reconciliation of this measure to net earnings/(losses) is provided on page 18.

Cash and non cash costs per ounce are other such non-GAAP measures and a reconciliation of these measures to cost of sales, including depreciation and amortisation, is provided on the next page.

	Q4 Dec 31 2011 $'000	Q3 Sep 30 2011 $'000	Q4 Dec 31 2010 $'000	Year 2011 $'000	Year 2010 $'000	Year 2009 $'000
Cost of sales, excluding depreciation and amortisation	58,854	57,453	39,927	216,789	150,697	121,310
Depreciation and amortisation	21,520	24,424	15,402	85,822	69,337	66,181
Total cost of sales	80,374	81,877	55,329	302,611	220,034	187,491
Add sundry general & administration	358	551	607	1,402	2,049	2,000
Add non cash & selling costs	311	362	149	1,412	470	(607)
Total operating cost of sales	81,043	82,790	56,085	305,425	222,553	188,884
Gold Sales from operating mines (ounces)	62,515	60,646	68,027	249,261	268,087	300,044
Total Operating Cost ($/ ounce)	1,296	1,365	825	1,225	830	630
Less Non-Cash Cost ($/ ounce)	349	409	229	350	260	219
Cash Operating Cost ($/ ounce)	947	956	596	875	570	411

ADDITIONAL INFORMATION

Additional information referring to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com and the Company's website at www.oceanagold.com.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2011. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at December 31, 2011 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of OceanaGold, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of the Company's of the internal controls over financial reporting and disclosure controls and procedures as of December 31, 2011.

Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that they were effective at a reasonable assurance level.

There were no significant changes in the Company's internal controls, or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls requiring corrective actions.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer does not expect that its disclosure controls and internal controls over financial reporting will prevent all errors and fraud. A cost effective system of internal controls, no matter how well conceived or operated, can provide only reasonable not absolute, assurance that the objectives of the internal controls over financial reporting are achieved

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SECTION C

SHAREHOLDERS INFORMATION

Number of holders of equity securities

FULLY PAID ORDINARY SHARES

- 262,834,376 ordinary shares are held by 7,502 individual shareholders as at 11 May 2012.

Voting rights of members are governed by the Company's Constitution. All fully paid shares issued by the Company carry one vote per share.

(a) Distribution of shareholdings

FULLY PAID ORDINARY SHARES

Holding	Number of Holders	Number of Shares
1 - 1,000	3,354	1,524,237
1,001 - 5,000	2,921	7,264,512
5,001 - 10,000	642	4,968,111
10,001 - 100,000	518	13,904,454
100,001 and over	67	235,173,062
Total number of holders	**7,502**	**262,834,376**

Number of shareholders holding less than a marketable parcel (of 224 shares) – 1,094.

(b) Substantial shareholders

The Company's substantial shareholders and the number of equity securities in which they have an interest as disclosed by notices received under section 671B of the Corporations Act 2001 as at 11 May 2012 are:

Name:	FP Ordinary Shares
Baker Steel Capital Managers LLP	20,699,000
Van Eck Associates Corporations	13,382,819

(c) Top 20 Shareholders

The names of the 20 largest holders of fully paid ordinary shares as at 11 May 2012 are listed below:

Rank	Name	Units	% of Units
1.	CANADIAN REGISTER CONTROL	116,927,751	44.49
2.	NATIONAL NOMINEES LIMITED	25,758,811	9.80
3.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,266,485	7.33
4.	J P MORGAN NOMINEES AUSTRALIA LIMITED	18,717,319	7.12
5.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	10,781,737	4.10
6.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	7,211,199	2.74
7.	AMP LIFE LIMITED	4,108,311	1.56
8.	CITICORP NOMINEES PTY LIMITED	3,862,653	1.47
9.	NEW ZEALAND CENTRAL SECURITIES DEPOSITORY LIMITED	2,703,536	1.03
10.	COGENT NOMINEES PTY LIMITED	2,497,943	0.95
11.	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	2,436,203	0.93
12.	COGENT NOMINEES PTY LTD <DRP>	2,417,411	0.92
13.	BOND STREET CUSTODIANS LTD <MACQUARIE SMALLER CO'S A/C>	1,284,229	0.49
14.	YANDAL INVESTMENTS PTY LTD	1,123,653	0.43
15.	SFB INVESTMENTS PTY LIMITED <SFB SETTLEMENTS A/C>	1,000,000	0.38
16.	DEN DUYTS CORPORATION PTY LTD	922,855	0.35
17.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	922,059	0.35
18.	HESTIAN PTY LTD	900,000	0.34
19.	CITICORP NOMINEES PTY LTD <CFS INV A/C>	870,242	0.33
20.	COGENT NOMINEES PTY LIMITED <SMP ACCOUNTS>	689,400	0.26
Totals:		**224,401,797**	**85.38**

SECTION D

CORPORATE GOVERNANCE STATEMENT

This statement provides an outline of the main corporate governance policies and practices that the Company had in place during the Company's 2011 financial year. The purpose of such policies and practices is to enhance and protect shareholder value, ensure risks are managed appropriately and maintain stakeholder confidence in the integrity of the Company. The Company has established a governance system that is designed to comply with the regulatory requirements applicable in Australia, Canada and New Zealand. Further details are set out below.

1. AUSTRALIA

The Board believes that the Company substantially complies with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles"). Refer to the ASX website: **www.asx.com.au**.

A summary of specific matters to note in relation to the Company's current corporate governance practices is set out below. Further information on corporate governance policies and practices is available in the "Governance" section on the company's website: **www.oceanagold.com**.

1.1. Lay solid foundations for management and oversight

The Board is responsible for providing strategic direction, defining broad issues of policy and overseeing the management of the Company to ensure it is conducted appropriately and in the best interests of shareholders.

In summary, the Board is responsible for: the management of the affairs of the company, including its financial and strategic objectives; evaluating, approving and monitoring the Company's strategic and financial plans; evaluating, approving and monitoring the Company's annual budgets and business plans; evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions, including the issue of the Company's securities; and approving all financial reports and material reporting and external communications by the Company in accordance with the Company's Shareholder Communications Policy.

The Board has delegated certain responsibilities and authorities to the Chief Executive Officer (CEO) and his executive team to enable them to conduct the Company's day-to-day activities, subject to certain limitations set out in an authorisation policy approved by the Board. Matters that are beyond the scope of those limitations require Board approval.

There is a formal Board Charter documenting the membership and operating procedures of the Board and the apportionment of responsibilities between the Board and management. A copy of the Board Charter is available from the Company's website.

The Board maintains a Remuneration and Nomination Committee responsible for reviewing and making recommendations to the Board in respect of the performance measurement and remuneration of senior executives of the Company. The Committee is also responsible for carrying out periodic performance evaluations of the Board, individual non-executive directors and Board committees. The Committee is further described below.

1.2. Structure the Board to add value

As at 31 December 2011, the Board is comprised of six non-executive directors and an executive director, who provide an appropriate mix of business and specialist skills and qualifications. The Board considers that a diverse range of skills, experience and backgrounds is required on the Board to effectively govern the business. It determines and reviews from time to time the mix of skills and diversity that it looks to achieve in its membership. Having regard to the nature of the Company's business, that mix includes financial, strategic, operational, regulatory and mining engineering, predominantly in precious and base metals.

During the Company's 2011 financial year, the composition of the Board was as follows:

- James E Askew (Chairman and non-executive director);
- J Denham Shale (non-executive director);
- Terrence N Fern (non-executive director until 3 June 2011);

- Jose P Leviste, Jr. (non-executive director);
- Jacob Klein (non-executive director);
- William H Myckatyn (non-executive director);
- Geoffrey W Raby (non-executive director since 5 August 2011); and
- Michael F Wilkes (CEO since 17 January 2011 and managing director since 28 April 2011).

Independence of non-executive directors

The Board Charter requires the Board to assess the independence of the Company's non-executive directors by reference to the criteria suggested in Box 2.1 of the Principles. These criteria are considered subject to the materiality thresholds set by the Board from time to time. In the case of service providers or similar, the general standard for materiality is that the fees to the firm from the Company do not represent more than 5% of the firm's total fees, nor more than 5% of the Company's total spend, in the relevant area and the relevant director does not receive any remuneration directly related to the Company's use of the firm (e.g. 'finders fee'). The Board may determine a director to be independent so long as the director retains the ability and willingness to operate independently and objectively and to challenge the Board and management, notwithstanding the existence of a relationship listed in Box 2.1 of the Principles.

During the 3 years prior to the date of this document, Mr James Askew assumed interim role of executive Chairman on two occasions, first time between 10 June 2009 and 5 November 2009, and second time between 8 September 2010 and 17 January 2011. The Board was of the opinion that during these interim periods when he acted in an executive capacity, Mr Askew continued to be the most appropriate person to lead the Board as Chairman. Further, the Company is of the opinion that Mr Askew was able to exercise independent judgment to all relevant issues falling within the scope of the role of Chairman and that the Company as a whole benefitted from his long standing experience of its operations and business relationships.

The Board was of the view that a majority of the non-executive directors were independent in the manner contemplated by the Board Charter and the Principles. Accordingly, during the Company's 2011 financial year the Board comprised a majority of independent, non-executive directors.

Director profiles

Directors' qualifications, experience, dates of appointments and details of other listed company directorships are outlined in section 2 of the Management Information Circular and available on the Company's website.

Term of appointment of non-executive directors

In accordance with the Articles of the Company, the directors of the Company shall be elected and retire in rotation, with two or three directors (depending on the size of the Board at the relevant time) subject to election at each annual general meeting of shareholders of the Company. When elected, directors 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 following annual general meeting of the shareholders of the Company, the directors not elected at the prior meeting shall be nominated for re-election to hold office for a term of two years from the date of their election, until the second annual general meeting of shareholders following such date or until his or her successor is duly elected or appointed.

Independent advice

Directors are entitled to seek independent professional advice, at the Company's expense, to assist them in fulfilling their responsibilities, subject to obtaining the prior approval of the Chairman. Any such advice must be made freely available to all directors.

Committees of the Board

The Board has also established three committees to assist the Board in discharging its responsibilities as follows:

- Audit and Financial Risk Management Committee;

- Remuneration and Nomination Committee; and
- Sustainability Committee.

Each committee is governed by a formal charter approved by the Board, documenting the committee's composition and responsibilities. Copies of these charters are available from the Company's website.

The **Audit and Financial Risk Management 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 2011 comprised:

- J D Shale (Chairman);
- T N Fern (until 3 June 2011);
- J E Askew (between 3 June 2011 and 25 August 2011);
- J Klein; and
- G W Raby (since 25 August 2011).

The Audit Committee consisted of a majority of independent non-executive directors during 2011.

The Board considers that the skills, experience and independence of the current Audit Committee members (as set out in the Management Information Circular) allow the Committee to discharge its functions in accordance with the Principles. Further, the Committee is authorised by its Charter to retain, at the Company's expense, outside counsel, consultants or advisors.

The **Remuneration and Nomination Committee** is responsible for reviewing and making recommendations to the Board in respect of:

- recruitment, retention, remuneration, performance management and termination policies and procedures for non-executive directors, the CEO and any other executive director, the Company Secretary and all senior executives reporting directly to the CEO;
- considering nominees for independent directors of the Company;
- establishing processes for the review of the performance of individual directors, Board committees and the Board as a whole;
- planning for the succession of directors and executive officers of the Company to ensure that the Board and management have appropriate skill and experience; and
- the skills and competencies required on the Board and the extent to which the those skills are represented on the Board.

The Remuneration and Nomination Committee Charter includes the:

- key elements of the performance evaluation process;
- appointment letter used by the Company to appoint new directors and inform new directors of their roles and responsibilities; and
- induction procedures and policies for new directors (including procedures for briefing new directors on the Company, its business and the gold industry in general).

The Remuneration and Nomination Committee is required to meet at least twice a year and to report to the Board following each meeting. The Company Secretary is also the secretary of the Remuneration and Nomination Committee. During the Company's 2011 financial year, the Remuneration and Nomination Committee conducted reviews of performance, remuneration and skills and competencies of senior executives, individual directors, Board committees and the Board as a whole and made recommendations in accordance with the process set out below and in accordance with its Charter.

At the beginning of each year, performance objectives in the form of key performance indicators ("KPIs") are set for the management for the ensuing year. These KPIs are periodically assessed throughout the year and then formally reviewed at the end of the year. Short term incentives and adjustments to annual remuneration are then awarded based on individual performance against KPIs as well as the overall financial performance of the company.

The members of the Remuneration and Nomination Committee during 2011 comprised:

- J Klein (Chairman);
- J E Askew;
- T N Fern (until 3 June 2011); and
- W H Myckatyn (since 3 June 2011).

The Remuneration and Nomination Committee had three members at all times in 2011.

The Board considers that the skills, experience and independence of the current Remuneration and Nomination Committee members allow the Committee to discharge its functions in accordance with the Principles. Further, the Committee is authorised by its Charter to access professional advice from employees of the Company and from appropriate external advisors.

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 2011, members of the Sustainability Committee are:

- J E Askew (Chairman);
- J D Shale;
- J P Leviste, Jr.; and
- W H Myckatyn (since 27 April 2011).

Each Committee contained a majority of independent non-executive directors during the period under review. It is customary for the Chairman to invite Company executives (including the CEO) to attend Committee meetings.

Participation in Board and Committee meetings

For the period under review, Director's participation in meetings of the Board and sub-committees is summarised in the table below.

	Board of Directors		Audit and Financial Risk Management Committee		Remuneration and Nomination Committee		Sustainability Committee	
Director	**Number Held**	**Number Attended**	**Number Held**	**Number Attended**	**Number Held**	**Number Attended**	**Number Held**	**Number Attended**
J E Askew	8	7	1	1	3	3	3	3
J D Shale	8	8	4	4	-	Non-member	3	3
J P Leviste Jr.	8	8	-	Non-member	-	Non-member	3	3
T N Fern[1]	3	1	2	1	2	1	-	Non-member
J Klein	8	7	4	4	3	3	-	Non-member
W H Myckatyn	8	8	-	Non-member	1	1	3	3
M F Wilkes	8	8	-	Non-member	-	Non-member	-	Non-member
G W Raby[2]	3	3	1	1	-	Non-member	-	Non-member

1. Mr Fern's term expired on June 3, 2011.
2. Dr Raby was appointed to the Board on August 5, 2011.

1.3. Remuneration of directors and senior executives

Senior executives

The total direct compensation for the Company's executive officers comprises both a fixed component and an at-risk component. The at-risk component is composed of short-term and long-term incentives and does not provide for an executive pension plan. The compensation program aims to ensure total remuneration is competitive by market standards and links rewards with the short-term and long-term strategic goals and performance of the Company.

Currently, the Company's compensation package for its "Named Executive Officers" or "NEOs" (as defined in the Management Information Circular) consists of base salary, bonuses and the granting of stock options under the Company's 2007 Amended Stock Option Plan. If the Performance Share Rights Plan is approved at the Meeting, no further grants of stock options will be made under the 2007 Amended Stock Option Plan.

Executive compensation is linked to the performance of the Company and the individual, with the goal of ensuring that the total compensation is at a level that ensures the Company is capable of attracting, motivating and retaining individuals with exceptional executive skills.

Non-executive directors

The total direct compensation for the Company's non- executive Directors comprises both a fixed component and a once-off commencement grant of stock options under the 2007 Amended Stock Option Plan. If the Performance Share Rights Plan is approved at the Meeting, no further grants of stock options will be made to non-executive directors under the 2007 Amended Stock Option Plan.

The Company does not have any retirement benefit schemes in operation or any accrued retirement benefits in favour of any of the non-executive directors.

Further details regarding the remuneration of senior executives and non-executive directors can be found in the Management Information Circular in sections 3 and 5.

1.4. Promote ethical and responsible decision making

The Board supports high standards of ethical behaviour and requires all directors, employees and contractors to act with integrity at all times.

The Company has both a Corporate Code of Conduct and a Directors Code of Conduct that seek to foster high standards of ethics and accountability among directors, employees and contractors in carrying out the Company's business. The Codes provide guidance on a variety of matters such as expected standards of behaviour, confidentiality, securities dealing, public statements, use of Company property, conflicts of interest and financial reporting.

The Codes are supplemented by formal policies and procedures in relation to matters such as health and safety, environment and community, discrimination, harassment and bullying, diversity and equal opportunity and investor relations. Specific issues of note are summarised below:

Directors' conflicts of interest - directors of the Company must keep the Board advised, on an ongoing basis, of any material personal interest in a matter that relates to the affairs of the Company. Where a director has a material personal interest in a matter, the director concerned will absent himself from Board discussions of the matter and will not cast a vote in relation to the matter; and

Securities Trading Policy - the Company's comprehensive securities dealing policy applies to all directors, employees and contractors. The policy prohibits trading in the Company's securities by directors, employees or contractors at any time when they are in possession of price sensitive information that is not generally available to the market. In addition, the policy places a total embargo on short term trading by directors and senior employees at all times. The policy further identifies "blackout" periods where directors and senior management are embargoed from dealing in the Company's securities. An internal disclosure procedure applies to directors and senior employees wishing to buy or sell Company securities or exercise options over Company securities. Directors also have specific disclosure obligations under laws and regulations applicable in Australia and Canada.

Copies of the Codes and the Securities Trading Policy are available on the Company's website.

1.5. Safeguard integrity in financial reporting

As noted above under section 1.2, the Company has established an Audit and Financial Risk Management Committee to oversee financial reporting and safeguard integrity.

Details of the Audit and Financial Risk Management Committee membership and meetings attended are set out in section 1.2.

1.6. Make timely and balanced disclosure

The Company has developed a Continuous Disclosure Policy and related procedures to ensure timely and balanced disclosure to stakeholders. A copy of the Policy is available on the Company's website.

The Company complies with its continuous disclosure obligations by ensuring that price sensitive information is identified, reviewed by management and disclosed to applicable listing regulators in a timely manner and that all such information is posted on the Company's website as soon as possible after disclosure. The Company Secretary manages compliance with the Company's continuous disclosure obligations and communications with applicable listing regulators.

1.7. Respect the rights of shareholders

The Board aims to ensure that shareholders are kept informed of all major developments affecting the Company by communicating information through continuous disclosure, periodic reporting, investor briefings and presentations at the Company's annual general meetings. The Company posts public announcements, notices of general meetings, reports to shareholders, presentations and other investor-related information on the Company's website. Shareholders are encouraged to attend all meetings or, if unable to attend, to vote on the resolutions proposed by appointing a proxy.

The Company's auditor attends each annual general meeting and is available to answer questions about the conduct of the audit and the preparation and contents of the auditor's report.

The Company has adopted a Shareholder Communications Guidelines and Policy, available on the Company's website.

1.8. Recognise and manage risk

The Board is responsible for risk oversight and management, and is assisted in the discharge of its responsibilities in relation to risk by both the Audit Committee and the Sustainability Committee.

The Board has delegated day-to-day responsibility for risk management and internal controls, including the implementation of systems to manage material business risk, to the CEO. The CEO is primarily responsible for identifying risks, monitoring risks, promptly communicating risk events to the Board, responding to risk events and reporting to the Board on the effectiveness of the Company's management of its material business risks. Management has reported to the Board as to its assessment of the effectiveness of the Company's management of its material business risks. Communication to investors of any material changes to the Company's risk profile is covered by the Company's Continuous Disclosure Policy.

The Company's risk management framework includes various internal controls and written policies, such as policies regarding authority levels for expenditure, commitments and general decision making and policies and procedures relating to health, safety and environment designed to ensure a high standard of performance and regulatory compliance.

The Board requires the CEO and Chief Financial Officer to confirm in writing, on an annual basis, that the Company's financial reports present a true and fair view of the Company's financial position and performance, have been prepared in accordance with relevant accounting standards and are based on the Company's internal systems of financial control and compliance. The Board has received confirmation in writing from the CEO and Chief Financial Officer in connection with the Company's financial statements for the year ended 31 December 2011. The confirmation provided by the CEO and Chief Financial Officer as to the integrity of the financial statements was founded on a sound system of risk management and internal control and that system was operating effectively in all material respects in relation to financial reporting risks. Further, the management monitors material business risks and assesses internal control continually throughout the year. It reports to the Audit and Financial Risk Management Committee on a quarterly basis and the Committee in turn reports on key issues to the Board on regular basis.

1.9. Remunerate fairly and responsibly

As noted above, the Board maintains a Remuneration and Nomination Committee responsible for making recommendations to the Board regarding remuneration. The Committee's Charter is available on the Company's website. This Charter forms the basis for the Company's remuneration policies and procedures.

Details of Remuneration and Nomination Committee composition and attendance are set out above in section 1.2.

As the Company is incorporated in Canada, it is not required to comply with section 300A of the Corporations Act or Accounting Standard AASB 124 Related Party Disclosures. The Company is however required under Canadian law to provide details on director and senior executive compensation arrangements and these details can be found in the Management Information Circular. Whilst these disclosures are not materially the same as would otherwise be disclosed if the Company were incorporated in Australia and regulated by the Corporations Act, the Company regards such disclosures as providing shareholders with an appropriate level of information.

1.10. Diversity

The Company has a diverse workforce that is representative of the countries and communities in which it operates. At the corporate level, 28% of management positions in the Philippines and 5% of management positions in New Zealand are occupied by women. At the operations level, while male employees account for the majority of OceanaGold's New Zealand full time workforce due to mining related roles being historically held by males, female staff numbers comprise 12% of the Company's employees in that country. In the Philippines, 32% of the full time employee population is female. Overall speaking, 17% of the group's full time employees and 13% of the senior management are female. Furthermore, there are currently over 1,000 employees and contractors on site at the Didipio Project, of which over 95% are Filipino nationals.

Changes made to the Principles in 2010 include the recommendation that companies establish a diversity policy that includes requirements for the Board to establish measurable objectives for achieving gender diversity and to assess annually both the objectives for achieving gender diversity and to assess annually both the objectives and progress in achieving them. Whilst the Company does not yet have a formal diversity policy, the Company is considering what measurable objectives may be appropriate with respect to the achievement of gender diversity on the Board and within the Company and expects to resolve that issue, and to develop a diversity policy, over the course of the current financial year. The Board recognises that increasing Board accountability for diversity objectives is an important element in delivering improvements in diversity on the Board and at all levels of the organisation and it recognises the diverse thinking, skills, experience and working styles different men and women of diverse backgrounds could bring to the success of the Company.

The Company is committed to build a flexible organisation that provides opportunities and work arrangements that accommodate the needs of individuals. In this respect, the Company is also currently developing a recruitment policy which aims to promote preferential employment from local communities and encourages gender diversity by improving the representation of women in the workforce.

1.11. Additional information

In addition to the above and as a pre-condition to initial listing on the ASX, the Company notes as follows:

- the Company's jurisdiction of incorporation is British Columbia, Canada;
- the Company is not subject to Chapters 6, 6A, 6B or 6C of the Corporations Act; and
- no limitations have been placed on the acquisition of securities in the place of incorporation.

2. CANADA

In addition to Australian requirements, the Company also complies with specific Canadian corporate governance obligations. In accordance with Canadian requirements, specific disclosures are contained in the Company's Proxy Circular, furnished to shareholders in connection with the Company's annual general meeting.

3. NEW ZEALAND

New Zealand shareholders should note that the Company is listed with the Toronto Stock Exchange (TSX) as its home exchange. The TSX corporate governance rules and principles may materially differ from the New Zealand Exchange Limited (NZX) corporate governance rules and the principles of the Corporate Governance Best Practice Code of NZX. More information about the corporate governance principles of the TSX is available from the TSX website at **www.tsx.com**.

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