OCEANAGOLD CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FIRST QUARTER REPORT

MARCH 31ST, 2012

UNAUDITED

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2012

(in United States dollars)	*Notes*	*March 31 2012 $'000*	*December 31 2011 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		123 297	169 989
Trade and other receivables	4	14 097	7 409
Inventories	5	51 083	46 975
Prepayments		1 867	2 107
Total current assets		190 344	226 480
Non-current assets			
Trade and other receivables	4	3 008	2 671
Inventories	5	53 272	53 686
Deferred tax assets	6	3 011	5 828
Property, plant and equipment	7	158 373	149 193
Mining assets	8	439 289	379 777
Total non-current assets		656 953	591 155
TOTAL ASSETS		847 297	817 635
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		53 548	45 566
Employee benefits	9	5 812	5 382
Interest-bearing loans and borrowings	10	74 686	72 675
Total current liabilities		134 046	123 623
Non-current liabilities			
Other obligations		2 276	2 246
Employee benefits	9	188	187
Deferred tax liabilities	6	39 156	39 016
Interest-bearing loans and borrowings		156 284	153 148
Asset retirement obligation		22 400	21 175
Total non-current liabilities		220 304	215 772
TOTAL LIABILITIES		354 350	339 395
SHAREHOLDERS' EQUITY			
Share Capital	11	544 293	543 988
Accumulated losses		(120 587)	(116 724)
Contributed surplus	14	37 404	36 951
Accumulated other comprehensive income		31 837	14 025
TOTAL SHAREHOLDERS' EQUITY		492 947	478 240
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		847 297	817 635

On behalf of the Board of Directors:

James E. Askew
Director
26 April 2012

J. Denham Shale
Director
26 April 2012

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at March 31, 2012

(in United States dollars)	Notes	Three months ended March 31 2012 $'000	March 31 2011 $'000
Revenue			
Gold sales		88 558	90 746
Cost of sales, excluding depreciation and amortisation		(60 688)	(44 065)
Depreciation and amortisation		(21 823)	(18 927)
General and administration expenses		(3 093)	(3 356)
Operating profit		**2 954**	**24 398**
Other expenses			
Interest expense		(5 315)	(4 719)
Foreign exchange gain/(loss)		(1 622)	592
		(6 937)	20 271
Interest income		1 313	1 926
Other income		130	81
Profit /(Loss) before income tax		(2 540)	22 278
Income tax expense		(1 323)	(7 506)
Net Profit /(Loss)		**(3 863)**	**14 772**
Other comprehensive income for the period, net of tax:			
Currency translation gain/(loss)		17 812	(9 574)
Comprehensive income/(loss)		**13 949**	**5 198**
Net earnings/(loss) per share:			
- basic and diluted		($0.01)	$0.06

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter ended March 31, 2012

(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, 2012	**543 988**	**36 951**	**14 025**	**(116 724)**	**478 240**
Comprehensive income/ (loss) for the period	-	-	17 812	(3 863)	**13 949**
Employee share options:					
Share based payments	-	723	-	-	**723**
Forfeiture of options	-	(70)	-	-	**(70)**
Exercise of options	-	(200)	-	-	**(200)**
Issue of shares	305	-	-	-	**305**
Balance at March 31, 2012	**544 293**	**37 404**	**31 837**	**(120 587)**	**492 947**
Balance at January 1, 2011	**543 474**	**33 677**	**16 881**	**(157 666)**	**436 366**
Comprehensive income/ (loss) for the period	-	-	(9 574)	14 772	**5 198**
Employee share options:					
Share based payments	-	976	-	-	**976**
Forfeiture of options	-	(20)	-	-	**(20)**
Exercise of options	-	(64)	-	-	**(64)**
Issue of shares	(4)	-	-	-	**(4)**
Balance at March 31, 2011	**543 470**	**34 569**	**7 307**	**(142 894)**	**442 452**

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

As at March 31, 2012

(in United States dollars)	*Three months ended March 31 2012 $'000*	*March 31 2011 $'000*
Operating activities		
Net earnings/(loss)	(3 863)	14 772
Charges / (loss) not affecting cash		
Depreciation and amortisation expense	21 823	18 927
Net (gain)/loss on disposal of property, plant & equipment	(84)	(37)
Non-cash interest charges	1 229	1 077
Foreign exchange losses	1 622	-
Share based payments	654	770
Future tax expense/(benefit)	1 323	7 506
Changes in non-cash working capital		
(Increase)/decrease in trade and other receivables	(6 288)	(536)
(Increase) /decrease in inventory	720	(1 687)
(Decrease)/ increase in accounts payable	6 784	3 873
(Decrease) /increase in other working capital	147	2 498
Net cash provided by/(used in) operating activities	24 067	47 163
Investing activities		
Proceeds from sale of property, plant and equipment	-	37
Payments for property, plant and equipment	(5 475)	(4 627)
Payments for mining assets: exploration and evaluation	(1 444)	(801)
Payments for mining assets: development	(40 936)	(6 824)
Payments for mining assets: in production	(20 540)	(17 138)
Net cash used for investing activities	(68 395)	(29 353)
Financing activities		
Proceeds from issue of shares	112	58
Payments for equity raising costs	-	(126)
Repayment of finance lease liabilities	(3 162)	(4 526)
Proceeds from / (Repayments) of borrowings	(565)	(427)
Net cash provided by/(used in) financing activities	(3 615)	(5 021)
Effect of exchange rates changes on cash held in foreign currencies	1 251	(547)
Net increase/(decrease) in cash and cash equivalents	(46 692)	12 242
Cash and cash equivalents at beginning of period	169 989	181 328
Cash and cash equivalents at end of period	123 297	193 570
Cash Interest Paid	(1 272)	(883)

Non-cash investing and financing activities - Refer Note 17

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

1 BASIS OF PREPARATION

OceanaGold Corporation ("OceanaGold")("The Company") is a company domiciled in Canada. It is listed on the Toronto Stock Exchange, the Australian Stock Exchange and the New Zealand Stock Exchange. The registered address of the Company is c/o Fasken Martineau DuMoulin LLP, 2900-550 Burrard Street, Vancouver, British Columbia V6C 0A3, Canada. The Company is engaged in exploration and the development and operation of gold mines 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 unaudited interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as applicable to the preparation of interim financial statements including IAS 34. The policies applied are based on IFRS issued and outstanding as of the day the board of Directors approved the statements. These interim financial statements do not include all of the notes of the type normally included in an annual financial report and hence should be read in conjunction with the company's annual financial statements for the year ended December 31, 2011, as they provide an update of previously reported information.

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

2 ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS

The following accounting policies are effective for future periods:

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.

2 ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS (CONTINUED)

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. Not expected to have a material impact on the Company.

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 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. Capitalised exploration and evaluation expenditure

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

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

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

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

ii. 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 realizable value. Estimates of net realizable value include a number of assumptions, including commodity price forecasts, foreign exchange rates and costs to process inventories to a saleable product.

iii. Asset retirement obligations

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

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques 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.

iv. Determination of ore reserves and resources

Ore reserves and resources are based on information compiled by a Competent Person as defined in accordance with the Australasian Code of Mineral Resources and Ore Reserves (the JORC code) and in accordance with National Instrument 43-101-Standards of Disclosure for Mineral Projects ("NI-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 amortization rates, asset carrying values and provisions for rehabilitation.

v. Taxation

The company's accounting policy for taxation requires management judgment 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 recognizes liabilities for tax, and if appropriate taxation investigation or audit issues, based on whether tax will be due and payable. Where the taxation outcome of such matters is different from the amount initially recorded, such difference will impact the current and deferred tax positions in the period in which the assessment is made.

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

4. TRADE AND OTHER RECEIVABLES

	March 31 2012 $'000	December 31 2011 $'000
Current		
Trade receivables	8 881	4 376
Interest receivable	28	200
Other receivables	5 188	2 833
	14 097	7 409
Non-Current		
Other receivables	3 008	2 671
	3 008	2 671

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

5 INVENTORIES

	March 31 2012 $'000	December 31 2011 $'000
Current		
Gold in circuit	11 554	10 006
Ore – at cost	10 267	10 421
Maintenance Stores	29 262	26 548
	51 083	46 975
Non-Current		
Ore – at cost	43 888	48 803
Ore – at net realisable value	9 384	4 883
	53 272	53 686
Total Inventories	104 355	100 661

During the period, ore inventories were written down by $0.5m.

6 DEFERRED INCOME TAX

	March 31 2012 $'000	December 31 2011 $'000
Deferred income tax		
Deferred income tax at period end relates to the following:		
Deferred tax assets		
Losses available for offset against future taxable income	64 439	57 895
Provisions	8 021	9 557
Other	1 398	1 379
Gross deferred tax assets	73 858	68 831
Set off deferred tax liabilities	(70 847)	(63 003)
Net non-current deferred tax assets	3 011	5 828
Deferred tax liabilities		
Mining assets	(54 952)	(53 191)
Property, plant and equipment	(47 385)	(41 369)
Inventory	(2 299)	(1 831)
Interest Receivable	(8)	(61)
Accrued Revenue	(2 138)	(2 173)
Other	(3 221)	(3 394)
Gross deferred tax liabilities	(110 003)	(102 019)
Set off deferred tax assets	70 847	63 003
Net non-current deferred tax liabilities	(39 156)	(39 016)

7 PROPERTY, PLANT AND EQUIPMENT

	March 31, 2012				
	Land	Buildings	Plant and equipment	Rehabilitation	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Net book value					
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)
At December 31, 2011	9 714	4 387	122 650	12 442	149 193
Movement for the period:					
Additions	2	-	9 071	-	9 073
Disposals/transfers	-	-	(386)	-	(386)
Depreciation for the period	-	(107)	(7 029)	(294)	(7 430)
Exchange differences	518	235	6 947	223	7 923
At March 31, 2012	10 234	4 515	131 253	12 371	158 373
At March 31, 2012:					
Cost	10 234	8 795	339 152	19 557	377 738
Accumulated depreciation	-	(4 280)	(207 899)	(7 186)	(219 365)
	10 234	4 515	131 253	12 371	158 373

Plant and equipment includes assets under capital lease net of accumulated depreciation of $60.4m (31 December 2011: $57.8m). 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 March 31, 2012 (2011: nil).

8 MINING ASSETS

	March 31, 2012			
	Exploration and evaluation phase	Development phase	In production	Total
	$'000	*$'000*	*$'000*	*$'000*
Net book value				
At December 31, 2011:				
Cost	13 406	182 962	465 307	661 675
Accumulated Amortisation	-	-	(281 898)	(281 898)
At December 31, 2011	13 406	182 962	183 409	379 777
Movement for the period:				
Additions/transfers	1 444	40 936	21 149	63 529
Disposals/ Write- Off	-	-	(90)	(90)
Amortisation for the period	-	-	(14 025)	(14 025)
Exchange differences	330	56	9 712	10 098
At March 31, 2012	15 180	223 954	200 155	439 289
At March 31, 2012:				
Cost	15 180	223 954	510 828	749 962
Accumulated amortisation	-	-	(310 673)	(310 673)
	15 180	223 954	200 155	439 289

Borrowing costs
There are no borrowing costs capitalised into the cost of assets held on the balance sheet at March 31, 2012 (2011: nil).

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

9 EMPLOYEE BENEFITS

(a) Leave entitlements liability

Aggregate employee benefit liability is comprised of:	*March 31 2012 $'000*	*December 31 2011 $'000*
Employee benefit provisions - current	5 812	5 382
Employee benefit provisions - non-current	188	187
	6 000	5 569

(b) Defined Contribution Plans

The company has defined contribution pension plans for certain groups of employees. The company's share of contributions to these plans is recognised in the statement of operations in the year it is earned by the employee.

10 INTEREST-BEARING LOANS AND BORROWINGS

	Effective interest rate %	*Maturity*	*March 31 2012 $'000*	*December 31 2011 $'000*
Current				
Capital leases	6.62%		16 526	15 241
5.75% Convertible notes (A$53m)	9.16%	12/22/2012	58 160	56 897
Other loan	2.35%	05/31/2012	-	537
			74 686	72 675
Non-current		*Maturity*		
Capital leases	6.62%		46 976	45 968
7.00% Convertible notes (A$70m)	10.13%	12/22/2013	77 048	75 567
7.00% Convertible notes (A$30m)	10.64%	12/22/2013	32 260	31 613
			156 284	153 148

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%.

11 SHARE CAPITAL

Movement in common shares on issue

	March 31 2012 Thousands	*March 31 2012 $'000*	*December 31 2011 Thousands*	*December 31 2011 $'000*
Balance at the beginning of the period	262 643	543 988	262 063	543 474
Options exercised	185	305	580	642
Share issue costs	-	-	-	(128)
Balance at the end of the period	262 828	544 293	262 643	543 988

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.

CHESS Depository Interests ("CDIs") 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 senior 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.

12 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
Quarter Ended March 31, 2012					
Revenue					
Sales to external customers	88 558	-	-	-	88 558
Inter segment management and gold handling fees	-	-	177	(177)	-
Total Segment Revenue	88 558	-	177	(177)	88 558
Result					
Segment result excluding unrealized hedge losses and depreciation and amortisation	26 456	105	(3 276)	-	23 285
Depreciation and amortisation	(21 788)	(33)	(3)	-	(21 824)
Inter segment management and gold handling fees	(177)	-	177	-	-
Total segment result before interest and tax	4 491	72	(3 102)	-	1 461
Income tax benefit/(expense)	(1 434)	-	112	-	(1 322)
Total segment result	3 057	72	(2 990)	-	139
Interest expense					(4 002)
Net earnings/(loss) for the period					(3 863)
Assets					
Additions to Property, Plant, Equipment and Mining Assets	31 281	41 306	15	-	72 602
Total Segment assets at March 31, 2012	571 318	253 196	22 783	-	847 297

	New Zealand $'000	Philippines $'000	Corporate $'000	Elimination $'000	Total $'000
Quarter Ended March 31, 2011					
Revenue					
Sales to external customers	90 746	-	-	-	90 746
Inter segment management and gold handling fees	-	-	182	(182)	-
Total Segment Revenue	90 746	-	182	(182)	90 746
Result					
Segment result excluding unrealized hedge losses and depreciation and amortisation	47 734	(118)	(3 619)	-	43 997
Depreciation and amortisation	(18 907)	(16)	(4)	-	(18 927)
Inter segment management and gold handling fees	(182)	-	182	-	-
Total segment result before interest and tax	28 645	(134)	(3 441)	-	25 070
Income tax benefit/(expense)	(7 577)	-	71	-	(7 506)
Total segment result	21 068	(134)	(3 370)	-	17 564
Interest expense					(2 792)
Net earnings for the period					14 772
Assets					
Additions to Property, Plant, Equipment and Mining Assets	117 885	70 994	265	-	189 144
Total Segment assets at December 31,2011	544 763	205 988	66 884	-	817 635

13 STOCK-BASED COMPENSATION

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 the end of the period:

WAEP = weighted average exercise price

	March 31, 2012		*December 31, 2011*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	7 404 540	A$2.38	5 645 153	A$1.92
Granted	-	-	3 500 380	A$2.61
Forfeited	(89 750)	A$1.88	(1 160 997)	A$1.88
Expired	(270 000)	A$3.40	-	-
Exercised	(185 103)	A$0.57	(579 996)	A$0.32
Balance at the end of the period	**6 859 687**	**A$2.39**	**7 404 540**	**A$2.38**
Exercisable at the end of the period	**2 817 231**	**A$2.33**	**2 367 790**	**A$2.36**

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

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

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

Dividend yield is assumed to be nil on the basis that no dividends have been declared for the 2011 or 2010 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$3.9445 and a weighted average remaining life of 4.92 years.

14 CONTRIBUTED SURPLUS MOVEMENT

	March 31 2012 $'000	*December 31 2011 $'000*
Balance at start of period	36 951	33 677
Share based compensation expense	723	4,426
Forfeited options	(70)	(709)
Exercised options	(200)	(443)
Balance at end of period	37 404	36,951
Contributed surplus		
Employee stock based compensation	7 361	6 908
Shareholder options (lapsed on January 1, 2009)	18 083	18 083
Equity portion of convertible notes	11 960	11 960
	37 404	36 951

15 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 $27.0 million (December 31, 2011: $21.3 million).

b. The consolidated entity has provided a cash operating bond to the New Zealand Department of Conservation of $0.3 milion (December 31, 2011: $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 March 31, 2012 the outstanding rental obligations under the capital lease are $61.4 million (December 31, 2011: $61.2 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.

16 COMMITMENTS

Capital commitments

At March 31, 2012, the consolidated entity has commitments of $30.9m (December 31, 2011: $40.8 m), principally relating to the development of mining facilities, and property, plant and equipment.

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

	March 31 2012 $'000	*December 31 2011 $'000*
Within one year:		
-purchase of property, plant and equipment	4 912	3 333
-development of mining assets	26 026	37 465
	30 938	40 798

17 NON-CASH INVESTING AND FINANCING ACTIVITIES

	March 31 2012 $'000	*March 31 2011 $'000*
Acquisition of plant and equipment by means of finance leases	3 495	6 612

18 EARNINGS PER SHARE

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

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

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

	Three months ended	
	March 31 2012 $'000	*March 31 2011 $'000*
Numerator:		
Net income attributable to equity holders from continuing operations (used in calculation of basic earnings per share)	(3 863)	14 772
Interest on convertible notes	2 930	2 688
Net income attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)	(933)	17 460
	No. of shares '000	*No. of shares '000*
Denominator:		
Weighted average number of common shares (used in calculation of basic earnings per share)	262 754	262 101
Effect of dilution:		
Share options	2 607	5 007
Convertible notes	41 128	41 128
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	306 489	308 236
Net earnings/(loss) per share:		
- basic and diluted	($0.01)	$0.06

For the period to March 31, 2012, conversion of employee share options and convertible notes are anti-dilutive as they increase earnings per share.

19 RELATED PARTIES

There were no significant related party transactions during the period.

20 EVENTS OCCURRING AFTER THE REPORTING PERIOD

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