



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 the
President's Room, RACV Club
Level 1, 501 Bourke Street, Melbourne, Victoria, Australia
on Friday 3 June 2011 at 2.00pm (Australian Eastern Standard Time).

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting of the shareholders of OceanaGold Corporation (the "Company") will be held at the President's Room, RACV Club, Level 1, 501 Bourke Street, Melbourne, Victoria, Australia on Friday June 3, 2011 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, 2010, together with the auditor's report therein;
2. to elect or re-elect the following directors: (a) Mr James E. Askew; (b) Mr J. Denham Shale; and (c) Mr Michael F. Wilkes, 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 the accompanying Management Proxy Circular;
4. to approve an amendment to the Articles of the Company as described in the accompanying Management Proxy Circular;
5. to approve the previous issue of shares under the October 2010 offerings as described in the accompanying Management Proxy Circular;
6. to approve the previous issue of options under the Amended 2007 Stock Option Plan as described in the accompanying Management Proxy Circular;
7. to approve an increase to non-executive directors' aggregate fees from A\$550,000 per annum to A\$830,000 per annum as described in the accompanying Management Proxy Circular;
8. to approve the Performance Share Rights Plan as described in the accompanying Management Proxy Circular; and
9. 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 Proxy 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"); and (3) return envelope for use by the shareholders to send in their Proxy or VIF.

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.

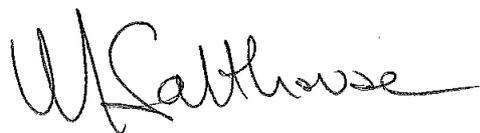
If you are a non-registered shareholder or a holder of CDIs in Australia, and receive a VIF from Computershare, please complete and return the form in accordance with the instructions of Computershare. If you do not complete and return the form in accordance with such instructions, you may lose your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

Voting exclusion statements under applicable Australian Securities Exchange requirements in relation to items 5, 6, 7 and 8 above are set out in the enclosed Management Proxy 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 April 29, 2011. Please advise the Company of any change in your address.

DATED at Melbourne, Australia, as of the 29th day of April, 2011.

**BY ORDER OF THE BOARD OF DIRECTORS OF
OCEANAGOLD CORPORATION**



Matthew Salthouse
Company Secretary



MANAGEMENT PROXY CIRCULAR
as at and dated April 29, 2011

The Annual General and Special Meeting of Shareholders
to be held on June 3, 2011



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Solicitation of proxies

This Management Proxy 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 3, 2011 (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.

Unless otherwise indicated, references in this Management Proxy 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
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
2009	End rate	0.8944	0.9492	0.7210	0.0217
	Avg rate	0.8061	0.8892	0.6470	0.0210
	High	0.9371	0.9730	0.7588	0.0218
	Low	0.6299	0.7684	0.4923	0.0204

Source: www.ozforex.com.au

References in this Management Proxy 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”).

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 Proxy 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 **MARCUS ENGELBRECHT**, Chief Financial Officer of the Company, or **DARREN KLINCK**, Vice President – Corporate & Investor Relations, the management designees, to attend and act for the Shareholder at the Meeting. 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 Depository for Securities Limited in Canada or CHESSE Depository 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 CHESSE 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 www.asx.com.au/CDIs 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 Proxy Circular, 262,180,388 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. April 29, 2011 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 Proxy Circular, there is no person who beneficially owns, or controls or directs, directly or indirectly, 10% or more of the Common Shares outstanding.

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 six (6)

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. Jim E. Askew, J. Denham Shale and Michael F. Wilkes 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 Meeting unless re-elected.	Chairman and Director of the Company	1,038,648
J. Denham Shale ⁽²⁾⁽⁴⁾ 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 Meeting unless re-elected.	Lawyer	2,000
Jose Paredes Leviste, Jr. ⁽⁴⁾ Director Philippines	Director of the Company since December 10, 2007. Term of office to expire at close of next annual general meeting of shareholders unless re-elected at such time.	Director of the Company	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 next annual general meeting of shareholders unless re-elected at such time.	Executive Director	79,300
William H. Myckatyn ⁽⁴⁾ Director Vancouver, Canada	Director of the Company since April 22, 2010. Term of office to expire at close of next annual general meeting of shareholders unless re-elected at such time.	Director	0
Michael F. Wilkes Managing Director 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	15,000

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.
- (2) Member of the Audit and Financial Risk Management Committee as at the date of this Management Proxy Circular
- (3) Member of the Remuneration and Nomination Committee as at the date of this Management Proxy Circular
- (4) Member of the Sustainability Committee as at the date of this Management Proxy 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 November 2006). Mr. Askew is a mining engineer with over 30 years of broad international experience as a Director and/or Chief Executive Officer for a wide range of Australian and international publicly listed mining, mining finance and other mining related companies. He holds a Bachelor of Mining Engineering (Honours) and a Masters Degree, Engineering Science. Mr. Askew has served on the board of a number of public companies, currently including Ausdrill Limited, Conquest Mining Ltd and Golden Star Resources Ltd.

J. Denham Shale is a director of OceanaGold (appointed February 2004). Mr. Shale is a lawyer in practice in Auckland, New Zealand. He was previously Chairman of Kensington Swan, a leading New Zealand law firm, and has been a director of listed companies for over 20 years. Mr. Shale was previously involved with gold mining in Australia and New Zealand as a Director of Otter Gold Limited from 1992, ending his involvement as Chairman when Otter was taken over by Normandy in 2002. Mr. Shale is currently Chairman of The Farmers Trading Company Limited and a director of New Zealand listed Turners Auctions Limited, unlisted Scales Corporation Limited and several other private companies. He has a Bachelor of Laws degree and is 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. Mr Leviste has been a Director of the Philippines company since OGL's merger with Climax Mining in 2006. He is also the Philippine Resident Representative of the Australia-Philippine Business Council and in 2005 was appointed as a Commissioner to the Consultative Commission tasked with advising the Philippines' President on the changes needed to the 1987 Constitution of the Philippines. Mr. Leviste graduated in economics from the Ateneo University with an MBA degree from Columbia University and a MA Economics degree from Fordham University in the United States.

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 the banking and international finance arena in South Africa and Australia. Mr Klein joined Macquarie Bank in 1991 and later in 1995 was a member of the Macquarie Bank team who participated in the formation of Asia Resource Capital Limited, a joint venture between Macquarie and China National Nuclear

Corporation (CNNC). Mr Klein is also Executive Chairman of Conquest Mining Limited and a director of Lynas Corporation.

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

Michael 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.

Collectively, as of the date hereof, the directors and executive officers of the Company, as a group, own 1,511,718 Common Shares, representing approximately 0.58% of the issued and outstanding Common Shares.

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 Proxy Circular, or has been, within 10 years before the date of this Management Proxy 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 Proxy Circular, or has been within 10 years before the date of this Management Proxy 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 Proxy 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.

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

On June 8, 2001, Allstate Exploration NL ("Allstate") was placed in administration under Australian law. Administration entails the appointment of a third party to manage the affairs of a company in financial distress in order to maximize the chances of a satisfactory outcome for creditors. At the time Allstate was placed in administration, Mr. Denham Shale was the non-executive chairman of Allstate. He ceased to hold this position on December 31, 2001. Allstate has since come out of administration and resumed business operations.

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

Eastern Hi Fi has since satisfied the debt owed to the creditor who appointed the receiver.

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

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.

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 and restricted share grants under the Restricted Share 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. 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 Australia Securities Exchange, 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 recommendation from the Secretary having regard to applicable laws and regulations and the specific terms of each of these plans. See "Incentive Stock Option Plan", "Restricted Share Plan" and the new "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, 2010 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)			
Paul Bibby <i>Former Chief Executive Officer</i>	2010	339,448	-	149,605	-	-	30,546	341,651	861,250
	2009	68,706	-	56,519	-	-	6,184	2,394	133,803
	2008	-	-	-	-	-	-	-	-
Marcus Engelbrecht <i>Chief Financial Officer</i>	2010	265,603	-	223,633	-	-	23,904	32,168	545,308
	2009	273,564	-	69,588	103,553	-	24,621	26,400	497,727
	2008	-	-	-	-	-	-	-	-
Matthew Salthouse <i>General Counsel and Company Secretary</i>	2010	264,232	-	230,661	-	-	13,643	32,168	540,704
	2009	205,361	-	151,157	74,157	-	11,008	27,930	469,612
	2008	-	-	-	-	-	-	-	-
Mark Cadzow <i>Chief Operating Officer</i>	2010	288,757	14,411	115,920	-	-	12,173	8,108	439,370
	2009	230,630	12,746	92,090	54,374	-	1,485	19,425	410,751
	2008	285,537	14,186	185,059	45,935	-	19,666	11,870	562,253
Darren Klinck <i>Vice President – Corporate & Investor Relations</i>	2010	208,028	-	167,054	-	-	18,723	-	393,805
	2009	-	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-	-

Notes:

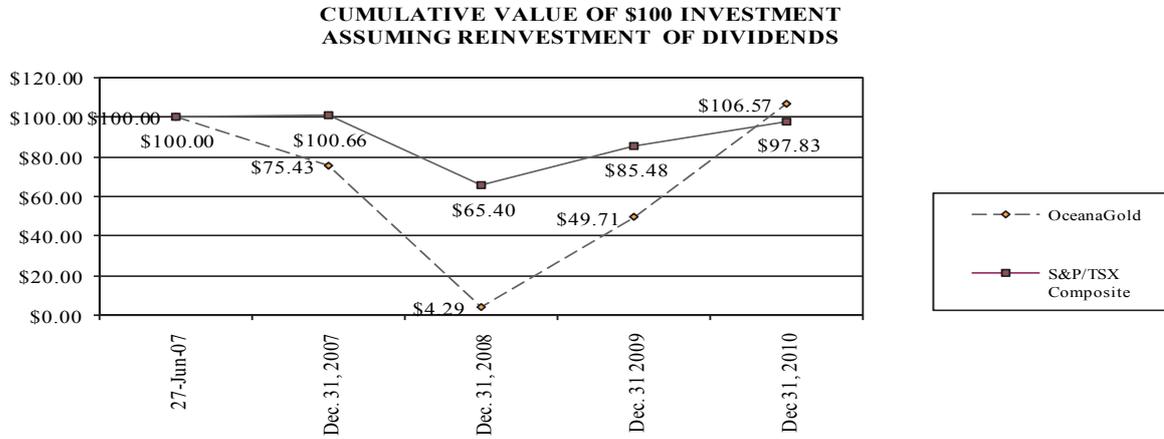
- Options granted pursuant to the 2007 Amended Stock Option Plan are valued as American-Style options using the Cox, Ross and Rubenstein binomial tree lattice model. The options granted under the Restricted Share Plan are valued as European-style options utilizing the Black Scholes closed-form model as the options can only be exercised on the exercise date which is one day after the end of the restriction period.
 - Other compensation comprises car allowances, vehicle leases and severance payments.
- 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 New Zealand Stock Market (the "NZSX") under the stock code "OGC" 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, 2010, assuming reinvestment of dividends.

Total Return Index Value



	June 27, 2007	Dec 31, 2007	Dec 31, 2008	Dec 31, 2009	Dec 31, 2010
S&P/TSX Composite	C\$100.00	C\$100.66	C\$65.40	C\$85.48	C\$97.83
OceanaGold Corporation	C\$100.00	C\$75.43	C\$4.29	C\$49.71	C\$106.57

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:

Name	Option-based Awards				Share-based Awards	
	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\$)
Paul Bibby ⁽²⁾	-	-	-	-	-	-
Marcus Engelbrecht	420,000	\$0 - \$3.54	19/12/11 - 18/06/17	\$1,125,023	-	-
Matthew Salthouse	476,331	\$0 - \$3.54	12/05/11 - 18/06/17	\$1,001,246	-	-
Mark Cadzow	323,556	\$0 - \$3.54	12/05/11 - 25/11/17	\$855,435	-	-
Darren Klinck	510,220	\$0 - \$3.84	12/05/11 - 18/06/17	\$541,204	-	-

Notes:

- (1) This amount is based on the difference between the market value of the securities listed on the ASX as at December 31, 2010 (being US\$3.73) and the exercise price of the option.
- (2) Paul Bibby departed the Company on September 8, 2010.

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\$)
Paul Bibby	\$242,730	-	-

Marcus Engelbrecht	\$137,601	-	-
Matthew Salthouse	\$246,064	-	-
Mark Cadzow	\$227,746	-	-
Darren Klinck	\$233,611	-	-

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, at which time he entered into an employment agreement which contains the following termination benefits. Mr Wilkes' annual base salary is A\$576,000 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.

Marcus Engelbrecht: Mr. Engelbrecht was appointed CFO of the Company on January 26, 2009. His annual base salary is A\$323,991 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. Engelbrecht receives employer contributions to his superannuation fund of A\$26,009 per year. He 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. Engelbrecht 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. Michael Wilkes will apply.

If Mr. Engelbrecht had been terminated, other than for cause, as of December 31, 2010, Mr. Engelbrecht would have been entitled to receive A\$206,539. If Mr. Engelbrecht had been terminated as a result of redundancy as of December 31, 2010, Mr. Engelbrecht would have been entitled to receive A\$399,039.

Matthew Salthouse: On January 7, 2008, Mr. Salthouse was appointed General Counsel and Company Secretary. He also acted as President of the Company's Philippines operations during 2010. His annual base salary is A\$312,800 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. Salthouse receives employer contributions to his superannuation fund of A\$15,199 per year. Mr. Salthouse is subject to the same termination provisions as detailed above in respect of Mr. Engelbrecht.

If Mr. Salthouse had been terminated, other than for cause, as of December 31, 2010, Mr. Salthouse would have been entitled to receive A\$196,642. If Mr. Salthouse had been terminated as a result of redundancy as of December 31, 2010, Mr. Salthouse would have been entitled to receive A\$378,142.

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 subject to substantially the same termination provisions as detailed above in respect of Mr. Engelbrecht.

If Mr. Cadzow had been terminated, other than for cause, as of December 31, 2010, 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, 2010, Mr. Cadzow would have been entitled to receive NZ\$457,665.

Darren Klinck: On April 23, 2007, Mr. Klinck was appointed Vice President – Corporate and Investor Relations. 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. Engelbrecht.

If Mr. Klinck had been terminated, other than for cause, as of December 31, 2010, 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, 2010, Mr. Klinck would have been entitled to receive A\$253,700.

Paul Bibby: Mr. Bibby departed the Company on September 8, 2010. Mr. Bibby received a payment on ceasing employment of A\$348,554.

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 <i>Chairman</i>	2010	\$98,733*	-	\$69,114	-	-	-	-	\$167,847
J D Shale <i>Director</i>	2010	\$95,124	-	\$69,114	-	-	-	-	\$164,238
T N Fern <i>Director</i>	2010	\$73,986	-	\$73,408	-	-	-	-	\$147,394
J P Leviste Jr. ² <i>Director</i>	2010	\$73,986*	-	\$69,114	-	-	-	-	\$143,100
J Klein <i>Director</i>	2010	\$80,454	-	\$73,408	-	-	-	-	\$153,862
W J Myckatyn <i>Director</i>	2010	\$59,752	-	\$59,641	-	-	-	-	\$119,393

Notes:

- (1) During 2010, Mr. Askew was paid an additional amount of US\$91,746 in compensation for his interim role as the executive chairman of the Company.
- (2) During 2010, Mr. Leviste Jr. was paid US\$176,572 in fees for the provision of consulting services in the Philippines.

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.

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 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.

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 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.

Pursuant to the Performance Rights Plan, the Board of Directors of the Company may grant Performance Rights to employees of, or consultants to, the Company or an affiliate of the Company in consideration of them providing their services to the Company or the affiliate. Whilst not anticipated, Directors of the Company may also participate in the Performance Rights Plan.

The Performance Rights granted to designated participants have a value based on the Common Shares. Performance Rights are normally redeemed at the end of each performance period without any payout by the designated participant, upon achievement by the designated participant of target milestones established by the Company.

The Performance Rights Plan authorizes the Board of Directors to grant Performance Rights to designated participants on the following terms:

1. 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 number of Common Shares reserved for issuance to any one designated participant exceeding 5% of the issued and outstanding Common Shares; or
 - (b) 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; or
 - (c) the number of Common Shares issuable to designated participants at any time exceeding 10% of the issued and outstanding Common Shares.

The number of issued and outstanding Common Shares determined above shall be on a non-diluted basis, and, for purposes of paragraph (b), excludes Common Shares issued pursuant to the Company's security based compensation arrangements during the preceding one year period.

2. Performance Rights granted to designated participants from time to time are denominated in Common Shares. The market value of Performance Rights and Common Shares will be not less than the volume weighted average trading price (calculated in accordance with the rules and policies of the TSX) of the Shares on the TSX, or another stock exchange where the majority of the trading volume and value of the Shares occurs, for the thirty (30) trading days immediately preceding the day the Performance Right is granted.
3. Performance Rights granted to designated participants from time to time vest based upon the designated participant's performance toward a target milestone for the applicable performance period, in accordance with the vesting schedule established by the Board of Directors at the time of grant. Unless the directors decide otherwise, generally, if a designated participant dies, retires or suffers a disability preventing him from carrying out his employment, or is terminated without cause or by mutual agreement during a performance period, and the designated participant's target milestones have not been met, and the designated participant's performance toward the target milestones can be objectively measured, or cannot be objectively measured but the Board of Directors considers that it can nevertheless measure such performance, the Performance Rights granted to the designated participant from time to time shall vest in accordance with the proportional achievement by the

designated participant of the target milestone, as determined by the Board of Directors.

4. 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 resigns, 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).
5. 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 commences on the January 1 coincident with or immediately preceding the grant and ends 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.
6. The Performance Rights are not 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.
7. Shareholder approval is required to amend the Performance Rights Plan to increase the number of shares reserved for issuance under the Performance Rights Plan. In addition, shareholder approval is required to amend Performance Rights granted under the Performance Rights Plan to extend the termination date beyond the original expiration date for the benefit of Insiders of the Company, except in certain circumstances where the Company has imposed a trading blackout, as described in paragraph 6. 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.

8. 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 6;
 - (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.

9. No financial assistance is available to designated participants under the Performance Rights Plan.

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

Restricted share plan

Effective April 8, 2008 (as approved by Shareholders on May 12, 2008), the Board of Directors approved the adoption of a restricted share plan (the "Restricted Share Plan") in order to provide incentive compensation to directors, officers, employees and consultants of the Company and its subsidiaries (each an "Eligible Person"), to encourage stock ownership by Eligible Persons, to increase the proprietary interest of Eligible Persons in the success of the Company, to encourage Eligible Persons to remain with the Company or its affiliates and to attract new employees, officers, directors and consultants to the Company or its affiliates.

The Restricted Share Plan will lapse this year following the shareholders meeting and will not be renewed, given the preference of the Board to adopt the Performance Share Rights

Plan. Notwithstanding this, background to the Restricted Share Plan is set out below.

The Restricted Share Plan is administered by the Remuneration and Nomination Committee and, if at any time such committee has not been appointed by the Board of Directors, the Restricted Share Plan will be administered by the Board of Directors. The Remuneration and Nomination Committee has the authority to, among other things, grant rights ("Restricted Share Rights") to acquire fully paid and non-assessable Common Shares (the "Restricted Shares") as a discretionary payment in consideration of past services to the Company and determine the terms, including the limitations, restrictions and conditions, if any, upon such grants.

Each Restricted Share Right is exercisable for one Common Share, without payment of additional consideration, at the end of the Restricted Period. The "Restricted Period" is the period of time that a Restricted Share Right is not exercisable and the participant holding such Restricted Share Right remains ineligible to receive Restricted Shares. The Restricted Period is to be determined by the Remuneration and Nomination Committee, provided however that in the event the Remuneration and Nomination Committee does not set out such a period, the Restricted Period will commence on the grant date and continue until the third anniversary of such grant date. The Remuneration and Nomination Committee retains the right with respect to any one or more participants to accelerate the time at which a Restricted Share Right may be exercised. The Restricted Period may be deferred at the election of the participant to no later than the participant's retirement date.

The aggregate maximum number of Common Shares available for issuance from treasury under the Restricted Share Plan and all of the Company's other security based compensation arrangements (including the Option Plan) at any given time is 10% of the Company's issued and outstanding Common Shares (on a non-diluted basis) as at the grant date of any Restricted Share Rights under the Restricted Share Plan. Any Restricted Shares subject to Restricted Share Rights that have been granted under the Restricted Share Plan and which have been cancelled, repurchased, expired or terminated in accordance with the terms of the Restricted Share Plan without having been exercised will again be available under the Restricted Share Plan.

The aggregate number of Common Shares reserved for issuance pursuant to Restricted Share Rights and all of the Company's other security based compensation arrangements granted to insiders of the Company at any given time shall not exceed 10% of the total number of Common Shares then outstanding (on a non-diluted basis). The aggregate number of Common Shares reserved for issuance pursuant to Restricted Share Rights and all of the Company's other security based compensation arrangements granted to any one person or entity within any twelve-month period shall not exceed 5% of the total number of Common Shares then outstanding (on a non-diluted basis).

All Restricted Share Rights 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. Upon the death of a participant, the legal representatives of such participant may exercise the Restricted Share Rights held by such participant upon the earlier of (i) the expiry date of such Restricted Share Right; and (ii) 12 months following the date of death of the participant. Unless otherwise determined by the Board of Directors, in the event any Restricted Period expires during a blackout period such Restricted Period shall be automatically extended until 10 business days after such blackout period has expired.

Subject to the approval of the Board of Directors, in the event of a change of control of the Company, each participant will receive that number of Restricted Shares equal to the number of Restricted Share Rights held by such participant immediately prior to the change of control multiplied by the following fraction: (a) the numerator of which is the number of days since the grant date; and (b) the denominator of which is the number of days in the applicable Restricted Period, and all remaining Restricted Share Rights held by a participant will terminate without further consideration.

In the event there is any change in the Common Shares, whether by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of shares, or other fundamental or similar corporate change or otherwise, an appropriate adjustment shall be made by the Board of Directors in: (a) the number of Common Shares available under the Restricted Share Plan; and (b) the number of Common Shares subject to any Restricted Share Rights. In the event of the reorganization of the Company or the amalgamation or consolidation of the Company with another corporation, other than pursuant to a transaction resulting in a change of control of the Company, the Board of Directors may make such provision for the protection of the rights of participants as the Board in its discretion deems appropriate.

Subject to certain limited circumstances, the Restricted Share Rights 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 Restricted Share Right in any manner to the extent that the Board would have had the authority to initially grant the Restricted Share Right as so modified or amended, including without limitation, to change the Restricted Period, provided however, that the consent of the participant shall not be required where the rights of the participant are not adversely affected.

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

- (i) any amendment to the number of securities issuable under the Restricted Share 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 Persons which would have the potential of broadening or increasing insider participation; and
- (iii) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to participants 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 Restricted Share Plan that are not of the type contemplated above including, without limitation:

- (i) amendments of a clerical nature;
- (ii) a change to the Restricted Period applicable to Restricted Share Rights granted under the Restricted Share Plan;
- (iii) amendments to reflect any requirements of any regulatory authorities to which the Company is subject, including the TSX and ASX;
- (iv) a change to the termination provisions of a Restricted Share Right;
- (v) amendments to the change of control provisions of the Restricted Share Plan; and
- (vi) amendments to reflect changes to applicable laws or regulations.

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

As of April 29, 2011 an aggregate of 262,180,388 common shares of the Company were issued and outstanding, 10% of which is 26,218,038 common shares of the Company available for issue under the Option Plan and the Restricted Share Plan ("Equity Incentive Plans"). As at the April 29, 2010 a total of 4,560,773 options remain outstanding under the Option Plan, and a total of 1,084,380 share rights remain outstanding under the Restricted Share Plan (together representing approximately 2.2% of the issued and outstanding Common Shares on a non-diluted basis as of the date hereof). To date, 1,186,664 Common Shares have been issued as a result of the exercise of options, and no Common Shares have been issued pursuant to the Restricted Share Plan. Accordingly, a total of 20,470,601 options and/or share rights remain available for grant under the Equity Incentive Plans (representing approximately 7.8% of the issued and outstanding Common Shares on a non-diluted basis as of the date hereof).

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 or will be issued from treasury pursuant to the ESAP.

Equity Compensation Plan Information

The following table is as of December 31, 2010.

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	5,645,153	US\$1.96	20,470,601
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
Total	5,645,153	US\$1.96	20,470,601

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.

Corporate governance

As at December 31, 2010, the Company’s Board of Directors was composed of six (6) directors. Subsequent to the year end, Mr. Michael Wilkes was appointed to the Board on April 27, 2011.

On September 8, 2010, Mr. Paul Bibby resigned as the Chief Executive Officer of the Company. Following his departure, Mr. James Askew assumed the interim role of executive Chairman, and reverted to non-executive Chairman upon the commencement of Mr. Michael Wilkes as the new Chief Executive Officer on January 17, 2011 (noting Mr. Wilkes was appointed on November 8, 2010). The Board was of the opinion that during this interim period 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 and did bring quality and 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.

Further, Mr. Denham Shale was appointed as the lead director of the Company for 2010.

All other directors in 2010 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. Three of the directors (being Messrs. Askew, Shale and Wilkes) have been nominated for election or re-election at the Meeting, and three directors (being Messrs. Leviste Jr., Klein and Myckatyn) will remain on the Board until they stand for re-election at the Company’s next annual general meeting of Shareholders. Further, Mr. Fern will not be seeking re-election at the Meeting.

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 Proxy 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, 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 2010 fiscal year, participation

by the directors (as constituted at the relevant time) in meetings of the Board and committees is summarised as follows:

Director	Board of Directors		Audit and Risk Committee		Remuneration and Nomination Committee		Sustainability Committee	
	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
J E Askew	9	8	4	2	4	4	2	2
J D Shale	9	9	5	5	-	Non-member	2	2
T Fern	9	9	5	5	4	4	-	Non-member
J P Leviste Jr.	9	9	-	Non-member	-	Non-member	2	2
J Klein	9	9	5	5	4	4	-	Non-member
W H Myckatyn (since April 22, 2010)	7	7	-	Non-member	-	Non-member	-	Non-member

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 Australia 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.

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 2010 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 most part of 2010. 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.

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 2010 were:

J D Shale (Chairman);
J E Askew (until September 8, 2010);
J Klein (since February 17, 2010); and
T N Fern.

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 2010 were:

J Klein (Chairman);
J E Askew; and
T N Fern.

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 2010, members of the Sustainability Committee were as follows:

J E Askew (Chairman);
J D Shale; and

J P Leviste Jr.

Subsequent to December 31, 2010, Mr. Myckatyn joined as a member of the Sustainability Committee on April 27, 2011.

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 Proxy 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.

Particulars of other matters to be acted upon

With the exception of the first resolution, the following resolutions will require approval by a majority of votes cast on the matter at the Meeting. The first resolution with regards to amendment to the Articles of the Company will require approval by a special majority (two-thirds) of votes cast at the Meeting. Unless otherwise instructed the management nominees named in the form of Proxy accompanying this Management Proxy Circular will vote "FOR" the Resolution.

1. Approval of amendment to the Articles of the Company

The Company has applied to NZX Limited ("NZX"), as operator of the NZ Stock Market ("NZSX"), to re-categorise the Company's listing status from "overseas listed issuer" to "dual listed issuer" ("Dual Listed Issuer") under NZX Listing Rule 5.1.1(c).

Categorisation as a Dual Listed Issuer is available to certain companies with equity securities listed on both the ASX and NZSX. The Board considers that re-categorisation as a Dual Listed Issuer will give the Company greater access to a wider base of New Zealand institutional investors, and is in the best interests of the Shareholders.

In order to give effect to the re-categorisation, the Company is required to make certain amendments to its Articles. If the amendments are approved, the Company will seek NZX confirmation of the change of listing status. If the change of listing

status is confirmed, NZX will announce the date on which the change of status will take effect, which is expected to be shortly after the Meeting.

To become a Dual Listed Issuer, the Company must comply with NZX Listing Rules 3.1.1(c), 3.1.1(d) and 3.1.1(e) which requires the Company to include in its Articles:

- (a) a provision to the effect that, for so long as the Company is listed on the NZSX, the Company will comply with the NZX Listing Rules applicable to it;
- (b) a provision to the effect that if NZX has granted a ruling in relation to the Company authorising any act or omission which in the absence of the ruling would be in contravention of the NZX Listing Rules or the Company's Articles, that act or omission will, unless a contrary intention appears in the Company's Articles, be deemed to be authorised by the NZX Listing Rules and the Company's Articles; and
- (c) a provision that provides that if there is any provision in the Company's Articles that is inconsistent with the NZX Listing Rules applicable to the Company, the NZX Listing Rules shall prevail.

The Company is seeking Shareholder approval, by way of a special resolution, for amendments to the Articles to insert provisions to comply with NZX Listing Rules 3.1.1(c), 3.1.1(d) and 3.1.1(e).

As a Dual Listed Issuer under the NZX Listing Rules, the Company will be subject to compliance and reporting obligations in addition to those that currently apply to the Company under the TSX Listing Rules and the ASX Listing Rules. The Company is seeking certain waivers of the NZX Listing Rules in connection with its application to become a Dual Listed Issuer.

The following is a summary of certain material NZX Listing Rules that will apply to the Company from the effective date of the Company's re-categorisation as a Dual Listed Issuer:

- (a) The Company must provide certain indemnities to NZX, each director or employee of NZX, all NZX regulation personnel and each delegate of NZX under the NZX Listing Rules. The indemnities cover all liabilities and claims which may arise in relation to any action or inaction by any such person in connection with the Company, which NZX determines to have been taken or not taken in good faith and in response to circumstances for which the Company should bear the responsibility in whole or in part. The indemnities extend to all or such part of the liabilities and claims as NZX determines in the circumstances (NZX Listing Rule 2.5.2).
- (b) Any (i) proposed change to the Company's Articles, (ii) notice of meeting of Shareholders to consider non-regular matters or (iii) New Zealand offering document or prospectus is subject to the prior approval of NZX, and may not be circulated to Shareholders, executed, or otherwise given effect to until the

written approval of NZX is obtained (NZX Listing Rules 6.1.1 and 6.1.2).

- (c) Where the Company issues securities or acquires securities of the Company, the Company is required to give to NZX prescribed information relating to that issue or acquisition (NZX Listing Rule 7.12.1).
- (d) The Company must, once it becomes aware of any material information concerning the Company, immediately release that material information to NZX, unless a prescribed exception applies (NZX Listing Rule 10.1.1). This is similar to the "continuous disclosure" obligations the Company has under the ASX Listing Rules.
- (e) The Company must, where such information constitutes material information, disclose to NZX immediately upon entry into that arrangement, all arrangements that members of the public might reasonably consider confer terms more favourable to the parties to that arrangement than would be conferred in an arm's length negotiation (NZX Listing Rule 10.1.2).
- (f) The Company must, immediately upon entering into a transaction or a related series of transactions with a related party exceeding a defined financial threshold, disclose to NZX sufficient details of the transaction or transactions to reasonably inform the market of the nature and terms of the transaction or transactions (NZX Listing Rule 10.1.3). The relevant financial threshold for such related party transactions is 5% of the average market capitalisation of the Company (calculated in accordance with the NZX Listing Rules).

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

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT for the purposes of NZX Listing Rules 3.1.1(c), 3.1.1(d) and 3.1.1(e), the Company's Articles be amended by:

- (i) inserting, immediately following "Part 26 – ASX LISTING RULES", the following:

**"PART 26A
NZX LISTING RULES**

26A.1 **Definitions.** In this Part 26A:

- (a) "Dual Listed Issuer" has the meaning set out in the NZX Listing Rules subject to any NZX Ruling;
- (b) "NZ Markets Disciplinary Tribunal" has the meaning set out in the NZX Listing Rules;
- (c) "NZX" means NZX Limited, and includes its successors and assigns and, as the context permits, includes any authorised delegate of NZX (including the NZ Markets Disciplinary Tribunal);
- (d) "NZX Listing Rules" means the NZSX and NZDX Listing Rules as amended from time to time;
- (e) "NZX Ruling" has the meaning given to the term "Ruling" in the NZX Listing Rules; and

- (f) "NZSX" means the main board equity security market operated by NZX.

26A.2 **Compliance with NZX Listing Rules.** Subject to:

- (a) the terms of any NZX Ruling from time to time given by NZX; and
- (b) the requirements of any applicable legislative or regulatory requirement,

the Company shall, for so long as it is listed on NZSX as a Dual Listed Issuer, comply with the NZX Listing Rules applicable to a Dual Listed Issuer.

26A.3 **NZX Rulings.** *If NZX has granted a NZX Ruling in relation to the Company authorising any act or omission which in the absence of the NZX Ruling would be in contravention of the NZX Listing Rules or these articles, that act or omission will, unless a contrary intention appears in these articles, be deemed to be authorised by the NZX Listing Rules and these articles.*

26A.4 **Inconsistency with NZX Listing Rules.** *While the Company is listed on the NZSX, if there is any provision in these articles that is inconsistent with the NZX Listing Rules applicable to the Company, the NZX Listing Rules prevail except when this would cause inconsistency with applicable law."*

AND THAT:

- (i) The alterations made to the Company's Articles shall take effect on deposit of this special resolution in the Company's minute book.
- (ii) Any one Director or Officer of the Company is, and the agents of the Company are, hereby authorized and directed for and on behalf of the Company to execute and deliver, under corporate seal of the Company or otherwise, all such documents and instruments and to do all such other acts and things as in his or her opinion may be necessary or desirable to give full effect to the above resolutions."

The special resolution must be passed, with or without amendment, by not less than 66 2/3% of votes cast by Shareholders voting in person or by proxy in respect of the special resolution at the Meeting.

The Board of Directors believes that the special resolution is in the best interests of the Shareholders and therefore unanimously recommends that Shareholders vote in favour of the special resolution. 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 special resolution to approve the Amendment to the Articles.

2. *Approval of previous issue of shares under the October 2010 offerings*

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 issues of 20,976,640 CDIs and 12,023,360 common shares under the Company's October 2010 equity raising 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 number of common shares allotted and issued was 12,023,360, and number of CDIs allotted and issued was 20,976,640. Total number of securities allotted and issued was 33,000,000 ("Shares").
- (b) The common shares were issued at an issue price of C\$3.50 each, and the CDIs were issued at an issue price of A\$3.54 each (the equivalent of C\$3.50 at the time of announcement).
- (c) The Shares were issued as fully paid shares of the Company which rank *pari passu* with existing Shares.
- (d) The allottees of the Shares were institutional and high net worth clients of a banking syndicate lead by Macquarie Capital Markets Canada Ltd and Citigroup Global Markets Canada Inc., identified through a bookbuild process. The allottees are not related parties of the Company.
- (e) The proceeds from the equity raising were used to fund development capital at the Didipio Project, future capital expenditures and exploration at the Company's New Zealand projects and for general working capital purposes.
- (f) 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 7.1 and for all other purposes, the Company approves the issue of 20,976,640 CDIs of the Company issued on October 20, 2010, and issue of 12,023,360 common shares of the Company issued on November 17, 2010 to the persons and on the terms set out in the Management Proxy Circular."

3. *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 issues of 1,250,000 stock options granted to the executives of the Company pursuant to the Amended 2007 Stock 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 1,250,000.
- (b) The issue price for each Option was nil.
- (c) The options were issued on the terms and conditions of the Amended 2007 Stock Option Plan. 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 exercise price.
- (d) The allottees of the options are senior executives of the Company.
- (e) No funds have been raised from the issuance of options as the options are zero priced.
- (f) 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 7.1 and for all other purposes, the Company approves the issue of 1,250,000 options during the third quarter of 2010 to the persons and on the terms set out in the Management Proxy Circular."

4. *Approval of increase to non-executive directors' aggregate fees*

ASX Listing Rule 10.17 provides that the Company cannot increase the aggregate amount of non-executive directors' fees payable by it without shareholder approval. Shareholders last approved the maximum aggregate amount of remuneration payable to non-executive directors' in 2007 (prior to the Reorganisation). Since then, the Company has appointed additional non-executive directors, being Mr. Jacob Klein and Mr. William H. Myckatyn. The increase will also allow the Company to attract and retain high calibre directors with appropriate experience, which is important especially given the significantly increased regulatory requirements and community expectations over the past few years.

Accordingly, the Company is seeking Shareholder approval to increase the maximum aggregate amount of remuneration payable to non-executive directors of the Company from A\$550,000 to A\$830,000 per annum.

The Company will disregard any votes cast on this resolution by a director 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 the maximum aggregate amount of remuneration which may be paid out of the funds of the Company to the Directors (excluding any director in receipt of salary from the Company) for their services under Article 13.5 of the Articles of Association be increased to a maximum of A\$830,000 per annum with effect from June 3, 2011 to be divided among those Directors in such manners as they may determine.”

5. *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 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, 1,511,718 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 above:

“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 providing for the issuance of performance rights and common shares of the Company, as described in the Company’s Management Proxy Circular dated April 29, 2011, be and is hereby approved;
- (ii) The Corporation have the ability to grant Performance Rights under the Performance Share Rights Plan until June 3, 2014, 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.

The Board of Directors believes that the resolution is in the best interests of the shareholders and therefore unanimously recommends that shareholders vote in favour of the resolution. 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.

Shareholder approval of resolution with respect to the Performance Rights Plan above is intended to also constitute shareholder approval for the purposes of ASX Listing Rule 7.2, Exception 9. Accordingly, the following information is provided:

- (a) A summary of the terms of the Performance Rights Plan is set out 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 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 form 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.

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 Proxy 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.
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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 materiality¹ 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

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 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.

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 CORPORATE GOVERNANCE STATEMENTS

2011



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Financial Report

For the Year Ended December 31, 2010

Management's Responsibility for Financial Reporting

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

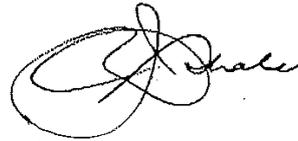
Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

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 17, 2011



J. Denham Shale
Director
Melbourne, Australia
February 17, 2011

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 balance sheet as at December 31, 2010 and December 31, 2009 and the consolidated statements of operations, accumulated deficit, comprehensive income/(loss) and cash flows for the years then ended, and the related notes including a summary of significant accounting policies.

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 Canadian generally accepted accounting principles, 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, 2010 and December 31, 2009 and the results of their operations and their cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



PricewaterhouseCoopers
Chartered Accountants
Melbourne, Australia
February 17, 2011

CONSOLIDATED BALANCE SHEET

As at December 31, 2010

<i>(in thousands of United States dollars)</i>	<i>Notes</i>	<i>2010</i> \$'000	<i>2009</i> \$'000
ASSETS			
Current assets			
Cash and cash equivalents		181 328	42 423
Accounts receivable and other receivables	7	10 395	3 460
Inventories	8	35 672	25 315
Prepayments		1 253	1 116
Derivatives	21	-	141
Future income tax assets	5	-	9 006
Total current assets		228 648	81 461
Non-current assets			
Inventories	8	40 060	33 133
Future income tax assets	5	-	8 684
Property, plant and equipment	9	124 277	118 156
Mining assets	10	650 761	546 272
Total non-current assets		815 098	706 245
TOTAL ASSETS		1 043 746	787 706
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		34 441	29 996
Employee benefits	18	4 208	2 358
Derivatives	21	-	89 875
Interest-bearing loans and borrowings	12	24 417	62 794
Asset retirement obligation	11	25	38
Future income tax liabilities	5	6 029	-
Total current liabilities		69 120	185 061
Non-current liabilities			
Other obligations		2 251	2 709
Employee benefits	18	73	69
Future income tax liabilities	5	89 978	77 753
Interest-bearing loans and borrowings	12	182 595	120 880
Asset retirement obligation	11	10 975	8 621
Total non-current liabilities		285 872	210 032
TOTAL LIABILITIES		354 992	395 093
SHAREHOLDERS' EQUITY			
Share Capital	13	543 474	354 915
Accumulated deficit		(12 579)	(57 014)
Contributed surplus	15	33 677	32 690
Accumulated other comprehensive income	14	124 182	62 022
TOTAL SHAREHOLDERS' EQUITY		688 754	392 613
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1 043 746	787 706

Nature of operations (note 1)

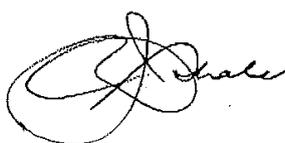
Commitments (note 22)

Contingencies (note 23)

On behalf of the Board of Directors:



James E. Askew
Director
February 17, 2011



J. Denham Shale
Director
February 17, 2011

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

CONSOLIDATED STATEMENTS OF OPERATIONS

For the year ended December 31, 2010

<i>(in thousands of United States dollars except for the per share amounts)</i>	<i>Notes</i>	<i>2010</i> \$'000	<i>2009</i> \$'000
Revenue			
Gold sales		305 638	237 057
Cost of sales, excluding depreciation and amortisation		(150 697)	(121 310)
Depreciation and amortisation		(69 337)	(66 181)
General and administration expenses		(13 805)	(9 179)
Operating profit		71 799	40 387
Other expenses			
Interest expense		(16 884)	(15 086)
Foreign exchange gain/(loss)		(961)	(24)
Loss on disposal of equipment		(752)	(400)
		(18 597)	(15 510)
Gain on fair value of undesignated hedges		16 215	58 241
Interest income		2 103	697
Other income	4	92	34
Earnings before income taxes		71 612	83 849
Income tax expense	5	(27 177)	(29 337)
Net earnings		44 435	54 512
Net earnings per share:			
- basic	6	\$0.20	\$0.32
- diluted	6	\$0.20	\$0.29

CONSOLIDATED STATEMENTS OF ACCUMULATED DEFICIT

For the year ended December 31, 2010

<i>(in thousands of United States dollars)</i>	<i>Notes</i>	<i>2010</i> \$'000	<i>2009</i> \$'000
Accumulated deficit at beginning of period		(57 014)	(111 526)
Net earnings		44 435	54 512
Accumulated deficit at end of period		(12 579)	(57 014)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

For the year ended December 31, 2010

<i>(in thousands of United States dollars)</i>	<i>Notes</i>	<i>2010</i> \$'000	<i>2009</i> \$'000
Net earnings		44 435	54 512
Other comprehensive income for the year, net of tax:			
Currency translation differences	14	62 160	72 712
Comprehensive income		106 595	127 224

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31, 2010

<i>(in thousands of United States dollars)</i>	2010 \$'000	2009 \$'000
Operating activities		
Net earnings	44 435	54 512
<i>Charges/(credits) not affecting cash</i>		
Depreciation and amortisation expense	69 337	66 181
Net loss on disposal of property, plant and equipment	752	400
Non-cash interest charges	3 670	2 861
Accrued interest income	(242)	(210)
Unrealised foreign exchange (gains)/losses	961	(171)
Stock based compensation charge/(write-back)	2 219	(855)
Non-cash derivative gain	(16 215)	(58 241)
Future tax expense	27 177	29 337
<i>Changes in non-cash working capital</i>		
(Increase)/decrease in accounts receivable and other receivables	(6 117)	494
Increase in inventory	(7 107)	(2 501)
Decrease in hedge liabilities upon settlement	(71 800)	-
Increase in accounts payable and other working capital	5 190	2 376
Net cash provided by operating activities	52 260	94 183
Investing activities		
Proceeds from sale of property, plant and equipment	644	27
Payments for property, plant and equipment	(26 421)	(6 696)
Payments for mining assets: exploration and evaluation	(1 571)	(2 168)
Payments for mining assets: development	(6 023)	(3 022)
Payments for mining assets: in production	(74 438)	(59 154)
Net cash used in investing activities	(107 809)	(71 013)
Financing activities		
Proceeds on issue of capital stock	201 397	20 698
Proceeds from finance leases	13 271	-
Payment of transaction costs for equity raising	(11 170)	(1 122)
Payment of finance lease liabilities	(10 573)	(7 605)
Repayments of convertible notes	(2 093)	-
Repayments of other borrowings	(4 064)	(9 038)
Net cash provided by financing activities	186 768	2 933
Effect of exchange rate changes on cash held in foreign currency	7 686	6 609
Net increase in cash and cash equivalents	138 905	32 712
Cash and cash equivalents at beginning of period	42 423	9 711
Cash and cash equivalents at end of period	181 328	42 423
Cash interest paid	(13 135)	(11 674)

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

As at December 31, 2010**1 NATURE OF OPERATIONS**

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

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

For the twelve months ended December 31, 2010, the Company reported a profit after tax of \$44.4m. As at December 31, 2010 the current assets of the company exceeded current liabilities by \$159.5m. The company has cash on hand of \$181.3m and cash flow projections indicate sufficient funds to meet all operating obligations for at least 12 months.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Foreign currency translation**

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

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

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

Estimates

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

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits 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 receivables are initially recorded at the amount of contracted sales proceeds, and then subsequently carried at cost less an allowance for doubtful accounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Bullion and ore

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

Gold in circuit

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

Stores

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

Property, plant and equipment

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

Depreciation rates used:

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

Impairment

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

Exploration, Evaluation, Development and Restoration Costs

Exploration and Evaluation Expenditure

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

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

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

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

Mining Properties in Production or Under Development

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

Impairment

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

As at December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Asset Retirement Obligations***

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

Trade and other payables

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

Interest-bearing loans and borrowings

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

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

Convertible notes

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

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

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

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

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

Stock based compensation

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

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

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

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

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

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

As at December 31, 2010**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

The cost of the plan is recognised as an operational expense. The value is measured 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 whether the arrangement conveys a right to use the asset.

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

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

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

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

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

Derivative financial instruments and hedge accounting

The consolidated entity has used derivative financial instruments to manage commodity price and foreign currency exposures.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Revenue

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

Bullion sales

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

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

Interest income

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

Borrowing costs

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

Income tax

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

Earnings per share

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

As at December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Stripping

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

Goods and Services Tax (GST)

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

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

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

Consolidation Policy

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

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

3 ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS

Adoption of IFRS

The Canadian Institute of Chartered Accountants (CICA) announced that publicly accountable enterprises will be required to adopt IFRS effective January 1, 2011. At the effective date, the balance sheet as at January 1, 2010 will require conversion to IFRS to establish opening balances which will form the basis for comparative information to be reported in 2011. Accordingly, this is the last set of financial statements for the Company using pre-IFRS CGAAP.

Business Combinations

In October 2008, the CICA issued Handbook Section 1582, "Business Combinations", which establishes new standards for accounting for business combinations. This is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Should the Company engage in a future business combination, it would consider early adoption to coincide with the adoption of IFRS.

Non-controlling Interests

Also in October 2008, the CICA issued Handbook Section 1602, "Non-controlling Interests", to provide guidance on accounting for non-controlling interests subsequent to a business combination. This is effective for fiscal years beginning on or after January 2011. Should the Company engage in a future business combination, it would consider early adoption to coincide with the adoption of IFRS.

4 OTHER INCOME

	2010	2009
	\$'000	\$'000
Other income		
Other income from sale of scrap metal	92	34
Total other income	92	34

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

5 INCOME TAX

Major components of income tax expense:

	<i>2010</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>
Statement of operations		
<i>Future income tax</i>		
Income tax benefit relating to tax losses carried forward/(utilised)	(11 104)	15 583
Adjustments in respect of future income tax of previous years	627	(1 085)
Origination and reversal of temporary differences	37 654	14 839
Income tax expense reported in statement of operations	27 177	29 337

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:

Accounting earnings before tax from continuing operations	71 612	83 849
At the statutory income tax rate of 34.12% (2009: 34.12%)	24 434	28 609
Adjustments in respect of current income tax of previous years	259	(1 085)
Expenditure not allowable for income tax purposes	3 481	(985)
Tax losses not recognised	2 886	6 430
Effect of differing tax rates between Canada, Australia and New Zealand	(3 883)	(3 632)
Income tax expense reported in the statement of operations	27 177	29 337

	<i>2010</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>

Future income tax

Future income tax at December 31 relates to the following:

<i>Future income tax assets</i>		
Losses available for offset against future taxable income	71 383	58 045
Revaluations of derivative instruments to fair value	-	26 963
Provisions	6 363	4 884
Accrued expenses	-	135
Share issue costs	-	1 849
Other	855	1 061
Gross future income tax assets	78 601	92 937
Set-off future tax liabilities	(78 601)	(75 247)
	-	17 690
Less: current portion	-	(9 006)
Net non-current future tax assets	-	8 684

<i>Future income tax liabilities</i>		
Mining assets	(140 557)	(121 172)
Property, plant and equipment	(29 656)	(28 537)
Inventory	(1 422)	(1 264)
Interest Receivable	(532)	(463)
Accrued Revenue	(2 272)	(1 373)
Revaluations of derivative instruments to fair value	-	(42)
Other	(169)	(149)
Gross future income tax liabilities	(174 608)	(153 000)
Set-off future tax assets	78 601	75 247
	(96 007)	(77 753)
Less: current portion	6 029	-
Net non-current future tax liabilities	(89 978)	(77 753)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

6 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:

	<i>2010</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>
<i>Numerator:</i>		
Net income attributable to equity holders from continuing operations (used in calculation of basic and diluted earnings per share)	44 435	54 512
Interest on convertible notes	9 759	8 188
Net income attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)	54 194	62 700
	<i>Thousands</i>	<i>Thousands</i>
<i>Denominator:</i>		
Weighted average number of common shares (used in calculation of basic earnings per share)	224 528	172 092
Effect of dilution:		
Share options	5 343	1 371
Convertible notes	41 128	40 729
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	270 999	214 192
Net income per share:		
- basic	\$0.20	\$0.32
- diluted	\$0.20	\$0.29

For the year to December 31, 2010, the conversion of employee share options and convertible notes are anti-dilutive as they increase earnings per share.

7 ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<i>2010</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>
Current		
Trade receivables	6 375	2 889
Interest receivable	242	207
Other receivables	3 778	364
	10 395	3 460

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

8 INVENTORIES

	<i>2010</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>
Current		
Gold in circuit	4 171	4 416
Ore – at cost	9 518	3 289
Maintenance Stores	21 983	17 610
	35 672	25 315
Non-Current		
Ore – at cost	6 393	4 260
Ore – at net realisable value	33 667	28 873
	75 732	58 448
Total inventories	75 732	58 448

Total inventories of \$58.4m at December 31, 2009 were pledged as security under project debt facilities. At December 31, 2010, the project debt facilities had been repaid, and all pledges extinguished.

9 PROPERTY, PLANT AND EQUIPMENT

	<i>2010</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>
Freehold land, at cost		
Cost	7 075	5 868
Buildings, at cost		
Cost	7 934	7 109
Accumulated depreciation	(3 580)	(2 957)
Net of accumulated depreciation	4 354	4 152
Plant and equipment, at cost		
Cost	275 263	237 618
Accumulated depreciation	(167 271)	(133 803)
Net of accumulated depreciation	107 992	103 815
Rehabilitation		
Cost	10 016	8 108
Accumulated depreciation	(5 160)	(3 787)
Net of accumulated depreciation	4 856	4 321
Net book value of property, plant and equipment	124 277	118 156

Plant and equipment includes assets under capital lease net of accumulated depreciation of \$39.6m (2009: \$32.1m). 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, 2010 (2009: nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

10 MINING ASSETS

	2010 \$'000	2009 \$'000
Mining Assets: Exploration and evaluation phase at cost		
Cost	24 266	18 964
Mining Assets: Development phase at cost		
Cost	438 868	379 233
Mining Assets: In production at cost		
Cost	404 413	294 792
Accumulated amortisation	(216 786)	(146 717)
Net of accumulated amortisation	187 627	148 075
Net book value of mining assets	650 761	546 272

Borrowing costs

There are no borrowing costs capitalised into the cost of assets held on the balance sheet at December 31, 2010 (2009: nil).

11 ASSET RETIREMENT OBLIGATION

	2010 \$'000	2009 \$'000
Current		
Rehabilitation	25	38
<i>Movement:</i>		
At January 1	38	53
Utilised	(17)	(26)
Exchange adjustment	4	11
At December 31	25	38
Non-Current		
Rehabilitation	10 975	8 621
<i>Movement:</i>		
At January 1	8 621	6 797
Arising during the year	1 168	122
Accretion	783	518
Utilised	(417)	(498)
Exchange adjustment	820	1 682
At December 31	10 975	8 621

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 Reefon, 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 fair value, assuming a credit adjusted risk free discount rate of 8.35% (2009: 6.5%). The liability for retirement and remediation on an undiscounted basis is estimated to be approximately \$15.4m.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

12 INTEREST-BEARING LOANS AND BORROWINGS

	<i>Effective interest rate %</i>	<i>Maturity</i>	<i>2010 \$'000</i>	<i>2009 \$'000</i>
Current				
Capital leases	5.19%	(note 22)	23 933	9 354
5.75% Convertible notes (A\$55m)	9.16%	12/22/2012	-	48 735
Other Loan	3.00%	02/28/2011	484	441
Project debt facility	4.67%	06/30/2010	-	4 264
			<u>24 417</u>	<u>62 794</u>
Non-current				
Capital leases	5.19%	(note 22)	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	73 431	63 006
7.00% Convertible notes (A\$30m)	10.64%	12/22/2013	31 471	27 002
			<u>182 595</u>	<u>120 880</u>

5.75% Convertible notes (Unsecured)

The notes bear interest at 5.75% per annum payable semi-annually in arrears. The convertible note liability had been classified as current at December 31, 2009 as the note holders had the option to put the note for redemption to the issuer on December 22, 2010 at a price equal to its Accredited Principal Amount as at the date fixed for redemption together with accrued interest to such date. Of the 550 notes on issue, 20 notes were duly put for redemption. The remaining 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. They have been re-classified as non-current at December 31, 2010. 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.

Project debt Facility (Secured)

On June 30, 2010, the consolidated entity had fully repaid the project debt facility that was provided by a consortium of banks.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

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 February 2011 to February 2016, and bear interest rates ranging from 4.25% to 8.04%. Refer to note 22(b) for the related lease commitments.

Capital facilities available

At December 31, 2010 the consolidated entity has available capital lease facilities of \$26.5m.

OGNZL's assets are pledged as security to a consortium of banks.

There are currently no other credit facilities utilised by OceanaGold Corporation.

13 SHARE CAPITAL

Movement in common shares on issue

	2010 '000	2010 \$'000	2009 '000	2009 \$'000
Balance at the beginning of the period	185 880	354 915	161 635	334 975
Shares issued	75 114	198 215	24 245	20 698
Options exercised	1 069	3 182	-	-
Share issue costs	-	(11 173)	-	(1 122)
Tax effect of share issue costs recognised/ (derecognised)	-	(1 665)	-	364
Balance at the end of the period	<u>262 063</u>	<u>543 474</u>	<u>185 880</u>	<u>354 915</u>

On March 30, 2010, the Company issued a total of 42,113,649 shares represented by 31,164,001 common shares in Canada at C\$2.05 per share and 10,949,648 CHESS Depository Interests ("CDIs") in Australia at an issue price of A\$2.18 per CDI.

On October 20, 2010, the Company issued a total of 33,000,000 shares represented by 12,023,360 special warrants in Canada at C\$3.50 per special warrant and 20,976,640 CHESS Depository Interests ("CDIs") in Australia at an issue price of A\$3.54 per CDI.

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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

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

	<i>2010</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>
Balance at the start of the period		
Currency translation adjustments	62 022	(10 690)
	62 022	(10 690)
OCI for the year:		
Currency translation differences	62 160	72 712
	62 160	72 712
Accumulated OCI at the end of the period	124 182	62 022

15 CONTRIBUTED SURPLUS MOVEMENT

	<i>2010</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>
At January 1	32 690	33 897
Stock based compensation expense	2 736	1 261
Forfeited options	(517)	(2 116)
Exercised options	(1 232)	-
Equity component of Convertible notes	-	(352)
At December 31	33 677	32 690

Contributed surplus

Employee stock based compensation	3 634	2 647
Shareholder options (lapsed on January 1, 2009)	18 083	18 083
Equity portion of Convertible notes	11 960	11 960
	33 677	32 690

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

16 SEGMENT INFORMATION

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

	New Zealand \$'000	Philippines \$'000	Corporate \$'000	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	83 644	(676)	(12 790)	-	70 178
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
Net Interest expense					(14 781)
Net profit for the year					44 435
Assets					
Segment assets	465 786	454 832	123 128	-	1 043 746

	New Zealand \$'000	Philippines \$'000	Corporate \$'000	Elimination \$'000	Total \$'000
Year Ended December 31, 2009					
Revenue					
Sales to external customers	237 057	-	-	-	237 057
Inter segment management and gold handling fees	-	-	5 071	(5 071)	-
Total Segment Revenue	237 057	-	5 071	(5 071)	237 057
Result					
Segment result excluding unrealised hedge losses	55 749	(1 143)	(13 912)	-	40 694
Inter segment management and gold handling fees	(5 071)	-	5 071	-	-
Gain on fair value of derivative instruments	58 241	-	-	-	58 241
Total segment result before interest and tax	108 919	(1 143)	(8 841)	-	98 935
Income tax (expense)	(27 798)	-	(1 539)	-	(29 337)
Total segment result	81 121	(1 143)	(10 380)	-	69 598
Interest expense					(15 086)
Net profit for the year					54 512
Assets					
Segment assets	372 176	392 909	22 621	-	787 706

Income derived in the New Zealand segment is from the sale of gold. The segment note above includes inter-company charges for management and gold handling fees of \$7.9m (2009: \$5.1m).

As at December 31, 2010

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

	<i>December 31, 2010</i>		<i>December 31, 2009</i>	
	No.	WAEP	No.	WAEP
Outstanding at the start of the period	5 637 259	A\$1.45	4 019 988	A\$2.74
Granted	2 213 999	A\$2.82	3 756 155	A\$0.94
Forfeited	(1 137 219)	A\$1.27	(2 138 884)	A\$2.97
Exercised	(1 068 886)	A\$1.97	-	-
Balance at the end of the period	5 645 153	A\$1.92	5 637 259	A\$1.45
Exercisable at the end of the period	1 204 847	A\$2.54	774 453	A\$3.21

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 vesting period of 4.71 years.

At December 31, 2010, \$4.3 million remains to be expensed over the life of the options.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

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
25 Nov 2009	0%	100.7%	4.78%	3.0	1.5213	1.70	1.124
25 Nov 2009	0%	100.7%	5.00%	4.0	1.5213	1.70	1.241
25 Nov 2009	0%	100.7%	5.12%	5.0	1.5213	1.70	1.329
25 Nov 2009	0%	100.7%	5.00%	4.0	1.5213	1.70	1.241
25 Nov 2009	0%	100.7%	5.06%	4.5	1.5213	1.70	1.288
19 Apr 2010	0%	72.1%	5.21%	3.0	2.6214	2.69	1.385
19 Apr 2010	0%	72.1%	5.37%	4.0	2.6214	2.69	1.571
19 Apr 2010	0%	72.1%	5.45%	5.0	2.6214	2.69	1.721
27 May 2010	0%	69.9%	4.95%	4.0	3.0311	3.55	2.126
27 May 2010	0%	69.9%	4.99%	4.5	3.0311	3.55	2.222
27 May 2010	0%	69.9%	5.04%	5.0	3.0311	3.55	2.309
27 May 2010	0%	69.9%	4.85%	3.5	3.0311	3.55	2.019
27 May 2010	0%	69.9%	5.08%	5.5	3.0311	3.55	2.389
18 Jun 2010	0%	64.8%	4.91%	3.8	3.5317	3.77	2.015
18 Jun 2010	0%	64.8%	4.98%	4.0	3.5317	3.77	2.125
18 Jun 2010	0%	64.8%	4.77%	3.0	3.5317	3.77	1.827
18 Jun 2010	0%	64.8%	4.96%	4.0	3.5317	3.77	2.072
29 Sep 2010	0%	59.8%	4.95%	4.0	3.9445	3.83	1.896
29 Sep 2010	0%	59.8%	4.95%	4.5	3.9445	3.83	2.003
29 Sep 2010	0%	59.8%	4.95%	5.0	3.9445	3.83	2.104
2 Dec 2010	0%	54.8%	4.88%	3.0	3.3100	3.44	1.457
2 Dec 2010	0%	54.8%	4.95%	4.0	3.3100	3.44	1.666
2 Dec 2010	0%	54.8%	4.96%	5.0	3.3100	3.44	1.841
2 Dec 2010	0%	54.8%	4.95%	4.5	3.3100	3.44	1.756
2 Dec 2010	0%	54.8%	4.96%	5.0	3.3100	3.44	1.841

(b) Employee share acquisition plan

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

Plan shares are acquired at market price and held in trust for the participating employees by a dedicated corporate trustee. While the Trustee holds the shares, the employees are entitled to full dividend and voting rights on the shares beneficially held on their behalf. A comprehensive Plan 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
2009	321,755	94,355	A\$79,517	113,273	A\$112,784	58,440	244,397	A\$437,471
2010	244,397	18,958	A\$55,325	63,363	A\$153,130	-	199,992	A\$729,971

Notes:

- The Trustee acquires shares regularly throughout the year, following receipt of contributions from employees and the consolidated entity.
- 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.

As at December 31, 2010

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

(a) Employee benefit liability

	2010 \$'000	2009 \$'000
Aggregate employee benefit liability is comprised of:		
Accrued wages and salaries	1 620	1 166
Employee benefit provisions - current	4 208	2 358
Employee benefit provisions - non-current	73	69
	5 901	3 593

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 are 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.

(b) Gold Price and Foreign Exchange Risk

OGNZL had a secured economic hedging facility for 285,944 ounces at December 31, 2009. On March 31, 2010, the Company closed out all hedges. At December 31, 2010, no hedge facility was in place, and there were no outstanding derivative liabilities.

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

	2010 \$'000	2009 \$'000
Current Assets		
Gold put options	-	141
Total assets	-	141
Current Liabilities		
Gold call options	-	35 318
Gold forward sales contracts	-	54 557
Total liabilities	-	89 875

As at December 31, 2010

19 FINANCIAL INSTRUMENTS (continued)

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.

Sensitivities

At December 31, 2010 if the US dollar had depreciated/ appreciated by 10% with all other constants remaining the same, the effect on the after tax profit will be \$13.9m higher/lower due to conversion of results from functional currency into reporting currency. The equity effect will be \$9.4m due to conversion from functional currency to reporting currency.

(c) Interest Rate Risk and Liquidity Risk

Interest rate risk

Objective

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

Policy

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

Sensitivities

At December 31, 2009 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 \$1.3m higher/lower, as a result of higher/lower interest income from cash and cash equivalents and higher/lower interest expense from capital leases and project loans. Equity would be \$1.3m higher/lower as a result of interest income and expenses.

Liquidity risk

Objective

The consolidated entity's approach to managing liquidity risk is to ensure cost effective continuity in funding and trading liquidity. Funding liquidity is maintained through the use of 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

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, 2010	<i>Less than 1 year</i>	<i>1-2 years</i>	<i>2-3 years</i>	<i>3-4 years</i>	<i>4-5 years</i>	<i>5 + years</i>	<i>Total</i>	<i>Weighted average effective interest rate %</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Fixed rate								
<i>Financial Liabilities</i>								
Insurance loan	484	-	-	-	-	-	484	3.00%
Convertible Notes	-	55 163	104 902	-	-	-	160 065	9.89%
	484	55 163	104 902	-	-	-	160 549	
Floating rate								
<i>Financial Assets</i>								
Cash and cash equivalents	181 328	-	-	-	-	-	181 328	3.77%
	181 328	-	-	-	-	-	181 328	
<i>Financial Liabilities</i>								
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	
Year ended December 31, 2009								
	<i>Less than 1 year</i>	<i>1-2 years</i>	<i>2-3 years</i>	<i>3-4 years</i>	<i>4-5 years</i>	<i>5 + years</i>	<i>Total</i>	<i>Weighted average effective interest rate %</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Fixed rate								
<i>Financial Liabilities</i>								
Insurance loan	441	-	-	-	-	-	441	3.26%
Convertible Notes	48 735	-	-	-	90 008	-	138 743	9.89%
	49 176	-	-	-	90 008	-	139 184	
Floating rate								
<i>Financial Assets</i>								
Cash and cash equivalents	42 423	-	-	-	-	-	42 423	2.82%
	42 423	-	-	-	-	-	42 423	
<i>Financial Liabilities</i>								
Project Debt facility	4 264	-	-	-	-	-	4 264	4.67%
Capital Leases	9 354	19 065	3 258	6 508	2 041	-	40 226	4.66%
	13 618	19 065	3 258	6 508	2 041	-	44 490	

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

19 FINANCIAL INSTRUMENTS (continued)

(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, 2010

	Interest rate risk					Foreign exchange risk			
	Carrying amount \$'000	-100 bps		+100 bps		-10%		+10%	
		Profit/ (Loss) \$'000	Equity \$'000	Profit/ (Loss) \$'000	Equity \$'000	Profit/ (Loss) \$'000	Equity \$'000	Profit/ (Loss) \$'000	Equity \$'000
Financial assets									
Cash and cash equivalents	181 328	(1 813)	(1 813)	1 813	1 813	(13 929)	(13 929)	13 929	13 929
Other assets	10 395	-	-	-	-	-	(1 039)	-	1 039
Financial Liabilities									
Capital Leases	46 463	464	464	(464)	(464)	-	4 646	-	(4 646)
Other liabilities	197 242	-	-	-	-	-	19 724	-	(19 724)
Total									
increase/(decrease)		(1 349)	(1 349)	1 349	1 349	(13 929)	9 402	13 929	(9 402)

December 31, 2009

	Interest rate risk					Foreign exchange risk			
	Carrying amount \$'000	-100 bps		+100 bps		-10%		+10%	
		Profit/ (Loss) \$'000	Equity \$'000	Profit/ (Loss) \$'000	Equity \$'000	Profit/ (Loss) \$'000	Equity \$'000	Profit/ (Loss) \$'000	Equity \$'000
Financial assets									
Cash and cash equivalents	42 423	(424)	(424)	424	424	(4 242)	(4 242)	4 242	4 242
Other assets	3 460	-	-	-	-	-	(346)	-	346
Financial Liabilities									
Capital Leases	40 226	402	402	(402)	(402)	-	4 023	-	(4 023)
Project Loan	4 264	43	43	(43)	(43)	-	426	-	(426)
Other liabilities *	229 793	-	-	-	-	-	22 979	-	(22 979)
Total									
increase/(decrease)		21	21	(21)	(21)	(4 242)	22 840	4 242	(22 840)

*Includes outstanding gold derivative instruments and convertible notes liabilities.

As at December 31, 2010

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-adjusted capital ratio. The components and calculation of this ratio is shown below.

	2010 \$'000	2009 \$'000
Total Debt (as shown in the balance sheet)*	207 012	273 549
Less: Cash and cash equivalents	181 328	42 423
Net Debt	25 684	231 126
Total Equity (as shown in the balance sheet)	688 754	392 613
Adjusted capital	688 754	392 613
Debt to adjusted capital ratio	0.04	0.59

* Interest bearing liabilities and derivative liabilities

The change in the debt-to-adjusted capital ratio results principally from equity raised during the year, a higher cash balance 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, 2010 the company was in compliance with all requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

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:

	<i>Carrying amount</i>		<i>Net Fair value</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<i>Financial assets</i>				
Cash	181 328	42 423	181 328	42 423
Accounts receivable and other receivables	10 395	3 460	10 395	3 460
Put options	-	141	-	141
<i>Financial liabilities</i>				
Trade payables	36 692	29 996	36 692	29 996
Capital leases	46 463	40 226	46 463	40 226
Forward gold contracts	-	54 557	-	54 557
Convertible notes	160 065	138 743	161 234	157 514
Call options	-	35 318	-	35 318
Project debt facility	-	4 264	-	4 264
Insurance premium loan	484	441	484	441

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

- (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)

Financial assets and liabilities at fair value as at December 31

	Level 1		Level 2		Level 3		Total	
	\$'000		\$'000		\$'000		\$'000	
	2010	2009	2010	2009	2010	2009	2010	2009
<i>Financial assets</i>								
Put options ²	-	-	-	141	-	-	-	141
	-	-	-	141	-	-	-	141
<i>Financial liabilities</i>								
Convertible notes ¹	-	-	161 234	157,514	-	-	161 234	157,514
Forward gold contracts ²	-	-	-	54 557	-	-	-	54 557
Call options ²	-	-	-	35 318	-	-	-	35 318
	-	-	161 234	247 389	-	-	161 234	247 389

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

(2) The fair value of gold derivative instruments has been calculated by discounting the future value of the forward contracts and options at the appropriate prevailing quoted market rates at reporting date.

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

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 being short term maturities.

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

(b) Unrecognised Financial Instruments

There are no unrecognised financial instruments held by the Group at December 31, 2010 (2009: nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

22 COMMITMENTS

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

	2010 \$'000	2009 \$,000
Within 1 year	4 605	4 560
Within 1 to 2 years	4 179	3 623
Within 2 to 3 years	3 761	3 284
Within 3 to 4 years	2 425	2 990
Within 4 to 5 years	149	1 961
More than five years	4	49
	<u>15 123</u>	<u>16 467</u>

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:

	2010 \$'000	2009 \$'000
Within 1 year	25 799	11 075
Within 1 to 2 years	7 606	20 216
Within 2 to 3 years	6 627	3 768
Within 3 to 4 years	6 310	6 832
Within 4 to 5 years	3 808	2 082
More than five years	1 308	-
	<u>51 458</u>	<u>43 973</u>
Future finance charges	(4 995)	(3 747)
Present value of minimum lease payments	<u>46 463</u>	<u>40 226</u>
<i>Reconciled to:</i>		
Current interest bearing liability (Note 12)	23 933	9 354
Non-Current interest bearing liability (Note 12)	22 530	30 872
Total	<u>46 463</u>	<u>40 226</u>

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 2010.

(d) Capital commitments

At December 31, 2010, the consolidated entity has commitments of \$9.7m (2009: \$0.3m), principally relating to the purchase of property, plant and equipment.

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

	2010 \$'000	2009 \$'000
Within one year:		
- purchase of property, plant and equipment	<u>9 710</u>	<u>267</u>

(e) The consolidated entity is committed to annual expenditure of approximately \$0.3m (2009: \$0.3m) to comply with regulatory conditions attached to its New Zealand prospecting licences and prospecting, exploration and mining permits

As at December 31, 2010**23 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 \$17.2 million (2009: \$16.6 million).
- b. The consolidated entity has provided a cash operating bond to the New Zealand Department of Conservation of \$0.3 million (2009: \$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, 2010 the outstanding rental obligations under the capital lease are \$33.3 million (2009: \$40.4 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.

24 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.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Year Ended December 31, 2010

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS**

for the Year Ended December 31, 2010

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, 2009, which is available on SEDAR at 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 recognized and required by Canadian regulations, the Securities and Exchange Commission does not recognize 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS**

for the Year Ended December 31, 2010

HIGHLIGHTS

- Sold 68,027 ounces of gold during the fourth quarter resulting in FY2010 gold sales of 268,087 ounces at cash operating costs of \$570 per ounce
- Net Earnings of \$21.0 million for the fourth quarter and \$44.4 million for the year ended December 2010. Earnings before hedging and income tax was \$55.4 million for 2010 compared to \$25.6 million in 2009
- EBITDA (earnings before interest, taxes, depreciation and amortization and before gains/losses on hedges)* was \$49.3 million for the fourth quarter and \$139.5 million for FY2010 compared to \$106.2 million the prior year.
- Completed a successful C\$115.5 million equity raising during the quarter to support Didipio development
- Recruited key members of project management and construction team in the fourth quarter and commenced detailed engineering, design and procurement for the Didipio Project in the Philippines
- Announced in the fourth quarter that the "Globe Deeps" drill program at Reefton had successfully intersected mineralization 250m down plunge from current pit design
- Gold reserves in New Zealand increased to 2.15 million ounces net of mine depletion.

All statistics are compared to the corresponding 2009 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 55 for explanation of non GAAP measures.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

for the Year Ended December 31, 2010

OVERVIEW

Results from Operations

OceanaGold recorded gold sales for Q4 2010 of 68,027 ounces at cash costs of \$596 per ounce. Sales for the FY2010 were 268,087 ounces at an average cash cost of \$570 per ounce.

Sales for the fourth quarter and for the full year were slightly below expectations with cash costs per ounce in the middle of the guidance range. Lower throughputs combined with slightly lower recoveries in the fourth quarter at both Macraes and Reefon contributed to the lower sales for the quarter. Cash costs in US dollar terms increased throughout the year with key drivers being the stronger New Zealand dollar and increasing input costs.

Despite inclement weather in second and third quarters, combined with unplanned maintenance to the autoclave early in the year, overall throughputs through the processing plants in New Zealand were higher for the year helping to offset lower feed grades achieved. Recoveries were also an area of improvement year on year recording a 2% improvement to 81.6% for FY2010. These gains were a direct result of specific focus on process improvement throughout the year.

Cash operating margins continued to be robust with a margin of \$783 per ounce recorded for the fourth quarter. Margins continued to expand over the year with the increasing gold price resulting in an average margin for the full year of \$570 per ounce, notwithstanding the first quarter 2010 being constrained by a hedge book that was "out of the money."

Cash flow from operations for FY 2010 was \$52.3 million. However this was negatively impacted by a \$71.8 million outflow used to settle the hedge book in Q1. Normalized cash flow from operations would have been \$124.1 million for the year.

The Company announced in Q4 a plan to increase the mining rates at both the Macraes and Reefon operations in FY2011. This will require additional excavator and haulage equipment being added to complement the current fleet. The result will be a 13% increase in material movements at Macraes and a 33% increase to the mining rate at Reefon compared to FY2010. Some of the necessary equipment has already been commissioned with the balance of the equipment arriving at various times throughout 2011.

Didipio Project

The Didipio Project in Luzon province, Philippines was re-activated in Q4 following the release of a project re-optimization study, underwritten equity financing and the appointment of the Project Director.

Recruitment of the key members of the owner's project management and construction team was undertaken in Q4 and pre-construction activities have commenced. In addition, the contract to complete the detailed design, engineering and procurement for the processing plant, water and electricity was awarded to Ausenco subsequent to year end. The Company expects to re-commence construction activities mid 2011 and has a target schedule to be in production by Q1 2013.

Exploration

The Company invested \$10 million in exploration across the New Zealand operations in FY2010 with a focus on further extensions to mine life and on the generation of drill targets from greenfield prospects across the mining tenements. Subsequent to year end, the Company also announced increased gold reserves net of mine depletion at the New Zealand operations for the second year in a row. Proven and probable reserves in New Zealand now stand at 2.15 million ounces of gold.

Infill drilling along the Macraes line of strike improved the confidence of some resources to a higher classification and also identified additional targets for followup programs in 2011.

Broad-based step out drilling along strike and down dip at the Frasers underground mine indicated continuity of mineralization a further 300 metres beyond previous intercepts. Further drilling from an exploration drive will continue in 2011.

At Reefon, exploration focused on extending existing resources beyond the margins of existing pit shells. In particular, the "Globe Deeps" program has identified mineralization that continues 250 metres down plunge from the base of the current pit design. Analysis for the potential of an expanded pit or for underground mining will be evaluated in H1 2011.

Also at Reefon, exploration focused on identification and interpretation of the factors that control the location of mineralization outside the current mining footprint. Multiple targets were identified and scout drill testing of three targets within two kilometres of the Globe pit resulted in mineralized intercepts. Follow-up programs on these and other high-priority targets are planned for 2011.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS**

for the Year Ended December 31, 2010

**- Table 1 -
Key Financial and Operating Statistics**

Financial Statistics	Q4 Dec 31 2010	Q3 Sep 30 2010	Q4 Dec 31 2009	Year 2010	Year 2009	Year 2008
Gold Sales (Ounces)	68,027	67,672	72,140	268,087	300,044	264,124
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Average Price Received (\$ per ounce)	1,379	1,232	927	1,140	790	822
Cash Operating Cost (\$ per ounce)	596	568	485	570	411	532
Cash Operating Margin (\$ per ounce)	783	664	442	570	379	290
Non-Cash Cost (\$ per ounce)	229	266	265	260	219	190
Total Operating Cost (\$ per ounce)	825	834	750	830	630	722
Total Cash Operating Cost (\$ per tonne processed)	22.98	19.76	19.90	21.57	17.84	20.80

Combined Operating Statistics	Q4 Dec 31 2010	Q3 Sep 30 2010	Q4 Dec 31 2009	Year 2010	Year 2009	Year 2008
Gold produced (ounces)	67,007	68,763	72,094	268,602	300,391	259,812
Total Ore Mined (tonnes)	2,154,347	1,807,007	2,222,661	7,905,464	6,258,806	5,629,135
Ore Mined grade (grams/tonne)	1.42	1.46	1.40	1.43	1.85	1.69
Total Waste Mined (tonnes) - incl pre-strip	14,785,737	16,663,727	15,239,910	57,643,657	61,087,834	52,726,488
Mill Feed (dry milled tonnes)	1,763,817	1,944,344	1,757,515	7,081,488	6,913,713	6,737,962
Mill Feed Grade (grams/tonne)	1.54	1.33	1.59	1.45	1.68	1.52
Recovery (%)	77.9%	82.4%	79.7%	81.6%	80.0%	79.1%

Combined Financial Results	Q4 Dec 31 2010 \$'000	Q3 Sep 30 2010 \$'000	Q4 Dec 31 2009 \$'000	Year 2010 \$'000	Year 2009 \$'000	Year 2008 \$'000
EBITDA (excluding unrealized gain/(loss) on hedges)	49,259	42,608	28,237	139,515	106,178	66,109
Earnings/(loss) after income tax and before undesignated gain/(loss) on hedges	20,655	13,683	(4,151)	32,760	13,743	(3,545)
Reported EBITDA (including unrealized gain/(loss) on hedges)	49,258	42,608	22,087	155,730	164,419	(7,022)
Reported earnings/(loss) after income tax (including unrealized gain/(loss) on hedges)	20,979	13,683	(8,456)	44,435	54,512	(54,735)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

for the Year Ended December 31, 2010

PRODUCTION

Gold production for the fourth quarter of 2010 was 67,007 ounces, resulting in total production for FY2010 of 268,602 ounces. Production for the quarter was slightly higher than the previous period but as expected was approximately 10% lower for the Full Year as reflected in the Company's production guidance. Production for FY2010 is generally in line with future expectations from the New Zealand operations with production guidance for FY2011 set at 260,000 – 280,000 ounces. Cash cost guidance for FY2011 is \$645-\$685 per ounce.

Cash operating costs per ounce for the fourth quarter of 2010 was \$596 per ounce resulting in \$570 per ounce for FY2010. This compares to \$411 per ounce for FY2009. The stronger New Zealand dollar along with lower gold sales when compared to 2009 were the key contributors to higher US dollar unit costs.

OPERATIONS

Macraes Goldfield (New Zealand)

The Macraes operations (open-pit and underground) incurred no lost time injuries (LTI) for the quarter and two LTIs for the full year. The lost time injury frequency rate for 2010 (per 200,000 man hours) was 0.29 compared to 0.61 in 2009. The introduction of the Positive Attitude Safety System (PASS) during the first quarter of the year was a significant contributing factor to the improved outcomes. This has resulted in a greater safety focus by the workforce, particularly with regard to immediate hazard identification and corrective actions by the work crews.

Production from the Macraes Goldfield for the quarter was 47,359 gold ounces for a total of 182,759 ounces for the year. Quarterly production at Macraes was 5% lower than the previous quarter. This was largely attributable to lower mill throughputs (down 8%) and lower metallurgical recoveries due to a higher proportion of direct leaching of the Macraes concentrate. With continued performance above nameplate design at Reefion there was increased gold in concentrate produced from the NZ operations and thus additional material that cannot be processed through the autoclave is direct leached.

Total material movement at Macraes for FY2010 was 50.3 million tonnes compared to 53.4 million tonnes in 2009. The 6% lower movement in material of 3.1 million tonnes was mainly attributable to additional ore tonnes being mined on longer haulage cycle times than for overburden haulage.

Mining at the Macraes open cut was almost completed at stage "Frasers 4C" with the "Frasers 5" cutback providing the majority of the ore by the end of the year. "Frasers 5" will be the main source of ore for 2011.

As outlined in the Company's December 23rd news release, material movements are expected to increase at Macraes this year and this will require additional equipment to complement the current fleet. A new hydraulic excavator (a Hitachi EX3600) has been fully commissioned and is being used in tandem with the existing EX3600 for overburden removal. Combined with additional dump trucks which will arrive throughout the year, total material movement is planned to increase by about 13%.

At the Frasers underground mine, mining was undertaken in the 2E, 2F and 4D panels. Total ore mined for the quarter was 235,844 tonnes, resulting in 919,792 tonnes for 2010 which was 2% higher than FY2009. Development advance achieved was 1,656m for the quarter and 6,300 metres for the full year which was a 20% increase on 2009.

On 1 July 2010, the Company transitioned to 'owner-mining' to replace contract underground mining. The transition has gone to plan and a monthly production record for ore tonnes mined and development advance achieved post-transition. Total underground mining costs since the transition have decreased by approximately 9% and unit mining costs per ore tonne mined have decreased by 14%. A new mechanical cable bolter was commissioned during the quarter resulting in safer and faster installation of cable bolts used for ground support.

Underground mining is planned to continue down dip in Panel 2 in 2011. Resource drilling in this area will continue in the down dip areas of Panel 2 to convert inferred resources to measured & indicated resources and ultimately to reserves.

Mill throughput was 1.36 million tonnes compared to 1.48 million tonnes in the previous quarter. Lower throughputs were due to both planned and unplanned maintenance shutdowns, but overall the second half mill performance was to plan with a similar mill throughput expected in 2011. The full year throughput was 5.46 million tonnes compared to 5.64 million tonnes in 2009 which was 3% lower and attributable to ore hardness and a heavy rain event in H1 which negatively affected mill performance early in the year

Mill feed grade for the quarter was 1.40 grams per tonne and was well up on the previous quarter of 1.27 grams per tonne due to higher grade from the mined stages of "Frasers 5" in the open pit, and slightly higher grade out of the Frasers underground. Mill feed grade for the year was 1.28 g/t, 13% lower than FY2009. This was

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
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for the Year Ended December 31, 2010

expected by the mine schedule given that higher grade benches were mined in FY2009 at the open pit operation. The expectation for FY2011 is for a similar grade profile as was achieved in FY2010.

The process plant recovery was 77.6% in the fourth quarter and well below the previous quarter's performance (82.3%) as well as the overall performance for the year (81.3%). The fourth quarter recoveries at Macraes were particularly impacted by a higher percentage of material being direct leached in order to accommodate increased material from Reefton utilising the autoclave. Full year recovery of 81.3% and was still 2.1% higher than FY2009. This was a direct reflection of changes made early in the year to the classification cyclones and the electrowinning circuit in particular.

Detailed technical studies were undertaken in the last quarter to support forthcoming applications for additional resource consents. These consents are to allow an extension of the Macraes operations to at least 2020 and include additional waste rock stacks and a new tailings storage facility. The consent applications will be lodged in the 1st half of 2011.

Reefton Goldfield (New Zealand)

There were no LTI's for the fourth quarter compared with two during the same quarter of last year. The total number of LTI's fell from ten during FY2009 to four in FY2010. This substantial improvement was achieved through a concerted effort to improve the use of Job Safety Analysis and Standard Operating Procedures along with the introduction of PASS at the start of the year.

Gold production at Reefton was 19,649 ounces for the quarter which was slightly higher than the previous quarter. FY 2010 production was 85,843 ounces, 1.7% lower than FY2009.

Total material mined for the quarter was 3.87 million tonnes which was slightly higher than the previous quarter. Material mined for FY2010 was 15.24 million tonnes, 9% higher than the previous year. Shorter haulage distances, improved operator efficiencies and increases to excavator capacity all contributed to the strong performance during the year.

The processing plant continued to perform well above design capacity achieving 408,418 tonnes processed in the quarter. This resulted in a throughput of 1.62 million tonnes for the year, compared with 1.28 million tonnes in FY2009, a 27% increase year on year. The higher throughputs offset lower grade through the mill with 2.01 g/t being achieved during the year versus 2.60 g/t in FY2009. This was attributable to lower grade benches being mined in comparison to FY2009 but also a higher percentage of lower grade stockpiles being processed in order to feed the mill at higher throughput rates.

Recoveries during the fourth quarter were lower at 79% compared to 82.7% in the third quarter but were in line with expectations over the year achieving 82.5% which was an improvement on FY2009.

Mining rates in FY2011 are expected to increase significantly from 15 Mt/year to over 20 Mt/year. To support this, additional excavator and haulage capacity will be added in addition to expanding the workforce at the operation. The Company also plans to transition to owner mining in Q1 taking over from Stracon Mining which has been providing contract mining services since mining started in 2006.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
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for the Year Ended December 31, 2010

**- Table 2 -
Macraes Operating Statistics**

Macraes Goldfield Operating Statistics	Q4 Dec 31 2010	Q3 Sep 30 2010	Q4 Dec 31 2009	Year 2010	Year 2009	Year 2008
Gold produced (ounces)	47,358	49,732	47,470	182,759	213,049	183,680
Total Ore Mined (tonnes)	1,661,246	1,484,108	1,828,827	6,365,855	4,833,671	4,322,001
Ore Mined grade (grams/tonne)	1.32	1.35	1.18	1.26	1.67	1.52
Total Waste Mined (tonnes) incl pre-strip	11,411,337	13,179,718	11,454,630	43,944,947	48,578,180	40,339,489
Mill Feed (dry milled tonnes)	1,355,399	1,476,665	1,410,198	5,458,607	5,635,537	5,545,008
Mill Feed Grade (grams/tonne)	1.40	1.27	1.33	1.28	1.47	1.31
Recovery (%)	77.6%	82.3%	78.9%	81.3%	79.6%	78.6%

**- Table 3 -
Reefton Operating Statistics**

Reefton Goldfield Operating Statistics	Q4 Dec 31 2010	Q3 Sep 30 2010	Q4 Dec 31 2009	2010	2009	2008
Gold produced (ounces)	19,649	19,031	24,624	85,843	87,342	76,132
Total Ore Mined (tonnes)	493,101	322,899	393,834	1,539,609	1,425,135	1,307,134
Ore Mined grade (grams/tonne)	1.74	1.95	2.42	2.11	2.46	2.24
Total Waste Mined (tonnes) incl pre-strip	3,,374,400	3,484,009	3,785,280	13,698,710	12,509,654	12,386,999
Mill Feed (dry milled tonnes)	408,418	467,679	347,316	1,622,881	1,278,176	1,192,954
Mill Feed Grade (grams/tonne)	1.98	1.51	2.62	2.01	2.60	2.47
Recovery (%)	79.0%	82.7%	82.8%	82.5%	81.5%	81.8%

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
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for the Year Ended December 31, 2010

DEVELOPMENT

Didipio Project (The Philippines)

Following the September announcement that outlined the details of a re-optimisation study on the Didipio Project and the subsequent C\$115 million equity financing to secure the necessary funds for the project, the Company has continued to progress through pre-construction activities in preparation for re-commencement of construction activities in mid 2011.

During the fourth quarter, the Company assembled the expatriate component of the project management and construction team as well as reviewed the design and engineering requirements. It also evaluated various contractors and consultants that will be needed to assist with the construction of the project. Additionally, the recruitment process for the Operations General Manager commenced in order to establish recruitment and training of the operations team well in advance of the expected commissioning in Q4 2012.

A final review of the optimum design for the project commenced post year end. The contract to complete the detailed engineering design and procurement of the process plant, water and electricity was awarded to Ausenco subsequent to year end.

Detailed design of the tailings storage facility (TSF) and waste dumps also commenced early in 2011.

Contracts are expected to be tendered over the next two months for design and construction of camp facilities and local infrastructure. The completion of accommodation camps, offices and site roads will be key to advancing full ramp-up of construction activities later this year.

The Company continued to deploy resources for a number of humanitarian and community support initiatives within the immediate and surrounding communities of the Didipio Project.

During the fourth quarter, the Memorandum of Agreement (MOA) between OceanaGold Philippines and Nueva Vizcaya State University (NVSU) and Quirino State College (QSC) was renewed. The program is a continuation of a highly successful educational assistance program that provides funding and support for local students to attend post secondary institutions.

Throughout the year, more than 2,500 residents from the local and surrounding region attended medical missions where free medical and dental checkups were provided along with the provision of medicines and associated supplies to the patients. Additional programs in the areas of nutrition awareness and anti-malaria programs were also areas of focus throughout the year.

No lost time injuries (LTI) were recorded during the quarter.

EXPLORATION

Exploration expenditure for the fourth quarter totaled \$3.3 million. FY2010 expenditure totaled \$10 million.

New Zealand

The Company has reported gold reserves of 2.15 million ounces in New Zealand, which after mining depletion is an increase of 12% year on year. The recent update to the mineral resources and reserves represents the second year in a row that the Company has increased the New Zealand gold reserves net of mine depletion. Mineral resources stand at 4.61 million ounces Au of measured & indicated with an additional 2.55 million ounces Au of inferred.

Known mineralisation at the Macraes mine has a NW-SE trend and extends for 28 km, all of which is held under lease by the company. At the Reefton goldfield, mineralisation has a broad N-S trend and the company has contiguous tenements over 30 km of this trend, providing considerable opportunity for near mine exploration and discovery.

Macraes Goldfield

Exploration activities at Macraes continued steadily throughout the year with a combination of infill and expansion drilling adjacent to the current mining area and drill testing of satellite prospects along strike to the NW and SE (Figure A).

During the first half of the year, a program of deep diamond drilling from surface was completed to further test the down-dip extent of the Frasers Underground Panel 2 mineralisation. A total of eight holes successfully intercepted mineralisation at depths of between 785 metres and 986 metres down dip and provided sufficient confidence to extend the development of underground exploration drives.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

for the Year Ended December 31, 2010

A 9,000 metre diamond drilling program was completed from within the Frasers Underground Mine to infill and further expand the extent of known mineralisation. Drilling was successful in extending the resource boundary to the NW and NE where it remains open. A new zone of mineralization was also identified approximately 25 metres below that currently being mined. This lower zone will be further tested in 2011.

At the Macraes open pit, approximately 15,000 metres of infill drilling was completed over the year and this resulted in significant gains to short-term scheduling at Frasers pit and improved confidence in the resource classification of the Innes Mills deposit.

Additional drilling programs at the Round Hill, Coronation, Wilson Lode, Golden Bar and Stoneburn deposits had varied results with some follow-up programs planned as a result.

In the Macraes North area, approximately 10 km to the north of the processing plant, trenching and five reverse circulation drill holes confirmed the presence of gold mineralisation at the newly discovered Longdale prospect. Step-out drilling along strike of the trenched area is planned along with further mapping and structural analyses to identify additional drill targets.

Reefton Goldfield

Exploration and drilling activities increased significantly through 2010 with a focus on brownfields drilling in the vicinity of the Globe progress pit as well as regional greenfields exploration (Figure B).

Five drilling programs comprising 82 holes for 12,000 metres were completed in the vicinity of the Globe-Progress pit targeting extensions of known mineralisation.

14 diamond-tail holes for 5,800 metres were drilled adjacent to the pit and successfully tested extensions of mineralisation up to 250 metres down plunge at Globe Deeps. The program was designed to evaluate the open pit and underground potential beyond the limit of the existing pit design. Initial results confirm the continuation of high grade mineralisation beneath the open pit. Remaining assays from the program are pending.

Reverse circulation (RC) drilling programs were undertaken at Souvenir and most recently at Empress to test for high grade mineralization down dip. Both of these programs were successful in identifying mineralized extensions some of which will be integrated into the next resource update.

Extensions of high grade mineralisation beneath the General Gordon deposit were targeted with two phases of reverse circulation (RC) drilling throughout the year and are expected to result in expanded pit shells.

A deep drilling program to test for the down-dip economic potential of the Birthday Reef at the historic Blackwater mine commenced in Q3 and is expected to continue well in 2011.

Structural and geologic mapping programs early in 2010 identified high priority targets all of which were located within a few kilometers for the processing plant. Three of these prospects were subject to various drilling programs in H2 with mineralization intersected in all three. Further programs are planned for H1 2011 in these areas.

In the fourth quarter, very strong Au-As-Sb geochemical surface anomalies were identified through sampling programs in the Big River and Big River South areas. Drilling programs will commence for these prospective targets in Q1 2011 as a priority.

Philippines

The Didipio project, under the Financial and Technical Assistance Agreement (FTAA), incorporates some 158 square kilometers of surface rights and has reported reserves of 1.41 Moz gold and 0.17 Mt copper. During 2010, there were eight granted exploration tenements covering areas surrounding the FTAA and areas in northern Luzon and north-eastern Mindanao (Didipio Regional, Claveria and Manhulayan projects). Two exploration tenements located in the northeastern Mindanao (Paco project) were under renewal application.

Exploration activities in 2010 were confined to preliminary follow-up of previously identified geochemical anomalies and known prospects. A regional reconnaissance survey was conducted on granted tenements located in northern Luzon and limited geochemical sampling and mapping has constrained the source of anomalous stream sediment geochemistry. Prospects will be further investigated in 2011.

Within the Didipio FTAA, several prospects with anomalous Au-Cu geochemistry were further investigated and mapped. Drill core from the True Blue Cu-Au porphyry deposit, located 700 metres northeast of the Didipio Cu-Au porphyry deposit was re-logged and previous drill core that had not been assayed was submitted for assay.

Exploration activities are expected to be ramped up in 2011 with a focus on targets in the vicinity of the Didipio deposit.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
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for the Year Ended December 31, 2010

Figure A – Macraes Exploration

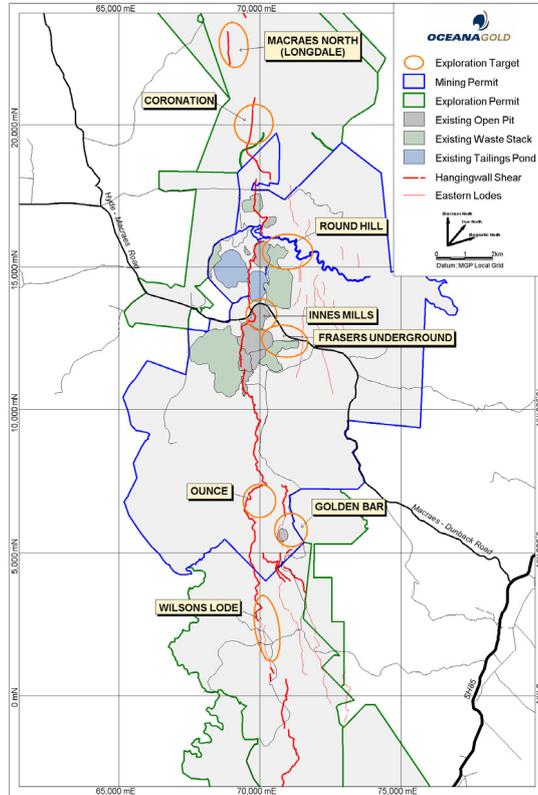
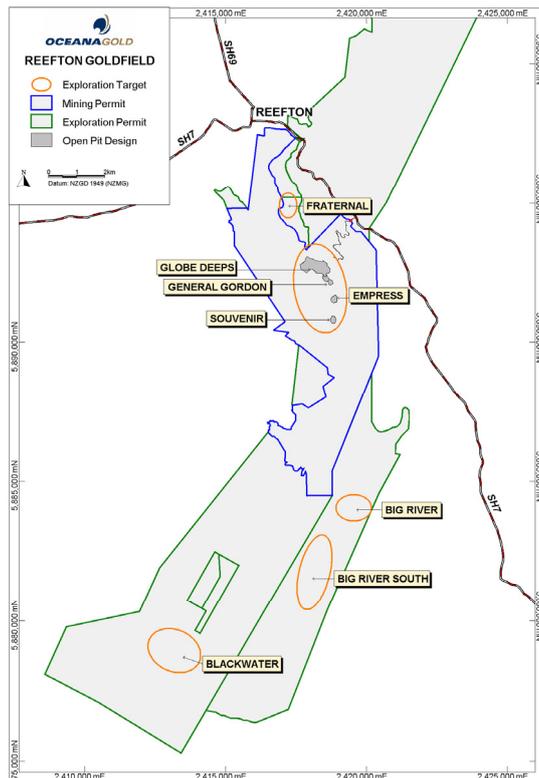


Figure B - Reefton Exploration



**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
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for the Year Ended December 31, 2010

FINANCIAL SUMMARY

The table below provides selected financial data comparing Q4 2010 with Q3 2010 and Q4 2009 together with full years December 2010 compared to December 2009 and December 2008.

	Q4 Dec 31 2010 \$'000	Q3 Sep 30 2010 \$'000	Q4 Dec 31 2009 \$'000	Year 2010 \$'000	Year 2009 \$'000	Year 2008 \$'000
STATEMENT OF OPERATIONS						
Gold sales	93,777	83,344	66,849	305,638	237,057	217,214
Cost of sales, excluding depreciation and amortization	(39,927)	(37,847)	(34,540)	(150,697)	(121,310)	(138,154)
General & Administration	(2,984)	(3,309)	(3,682)	(13,805)	(9,179)	(15,338)
Foreign Currency Exchange Gain/(Loss)	(1,533)	639	(18)	(961)	(24)	2,254
Other income (expense)	(74)	(219)	(372)	(660)	(366)	133
Earnings before interest, tax, depreciation & amortization (EBITDA) (excluding gain/(loss) on undesignated hedges)	49,259	42,608	28,237	139,515	106,178	66,109
Depreciation and amortization	(15,402)	(17,832)	(19,106)	(69,337)	(66,181)	(50,547)
Net interest expense	(3,438)	(3,846)	(3,750)	(14,780)	(14,389)	(18,056)
Earnings/(loss) before income tax and gain/(loss) on undesignated hedges	30,419	20,930	5,381	55,398	25,608	(2,494)
Tax on earnings / loss	(9,764)	(7,247)	(9,532)	(22,638)	(11,865)	(1,051)
Earnings/(loss) after income tax and before gain/(loss) on undesignated hedges	20,655	13,683	(4,151)	32,760	13,743	(3,545)
Release from OCI of deferred unrealized gain/(loss) on designated hedges	-	-	-	-	-	279
Gain / (loss) on fair value of undesignated hedges	(1)	-	(6,150)	16,215	58,241	(73,408)
Tax on (gain)/loss on undesignated hedges	325	-	1,845	(4,540)	(17,472)	21,939
Net earnings/(loss)	20,979	13,683	(8,456)	44,435	54,512	(54,735)
Basic earnings/ (loss) per share	\$0.08	\$0.06	(\$0.05)	\$0.20	\$0.32	(\$0.34)
Diluted earnings/ (loss) per share	\$0.08	\$0.06	(\$0.05)	\$0.20	\$0.29	(\$0.34)
CASH FLOW						
Cash flows from Operating Activities	46,067	37,627	29,175	52,260	94,183	47,725
Cash flows from Investing Activities	(32,347)	(36,131)	(20,951)	(107,809)	(71,013)	(108,316)
Cash flows from Financing Activities	105,187	11,001	(7,241)	186,768	2,933	(49,134)

	As at Dec 31 2010 \$'000	As at Dec 31 2009 \$'000	As at Dec 31 2008 \$'000
BALANCE SHEET			
Cash and cash equivalents	181,328	42,423	9,711
Other Current Assets	47,320	39,038	35,980
Non Current Assets	815,098	706,245	584,299
Total Assets	1,043,746	787,706	629,990
Current Liabilities	69,120	185,061	89,105
Non Current Liabilities	285,873	210,032	294,229
Total Liabilities	354,992	395,093	383,334
Total Shareholders' Equity	688,754	392,613	246,656

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
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for the Year Ended December 31, 2010

RESULTS OF OPERATIONS

Net Earnings

The Company reported a fourth quarter net earnings of \$21.0 million an increase of 53% compared to \$13.7 million in Q3 2010. The 2010 full year net earnings was \$44.4 million compared to \$54.5 million in 2009. The earnings before hedging and income tax was \$55.4 million in 2010 an increase of 116% from \$25.6 million in 2009.

Total production of 268,602 ozs was 10.6% lower than in 2009 largely due to weather, autoclave availability and lower grades.

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 reported as measures of operating performance on a consistent and comparable basis.

The Company reported EBITDA before gains/losses on undesignated hedges of \$49.3 million compared with \$42.6 million in Q3 2010. This strong operating result has been achieved by higher gold revenue from increased gold prices. The full year EBITDA before gains/losses on undesignated hedges is \$139.5 million compared to \$106.2 million, in the prior year, with higher gold prices more than offsetting slightly lower production.

The earnings excluding hedges before income tax is a profit of \$55.4 million compared to a profit of \$25.6 million in 2009.

Sales Revenue

Gold revenue in 2010 of \$305.6 million is a 28.9% increase over 2009 due to a 44.3% increase in the average price received offset by a 10.6% decrease in sales volumes. The increases in revenue is a result of higher prices with all sales being made into the gold spot market after the hedge book was closed out with effect from March 31, 2010. The average gold price received was \$1,379 compared to \$1,231 in Q3. The full year average gold price received was \$1,140 for 2010. Gold sales in Q4 were 12.5 % above Q3 2010 due to higher gold sales prices.

Gold sales volumes for 2010 of 268,087 ounces were 10.6% lower than 2009 (300,044 ounces).

Undesignated Hedges Gains/Losses

Undesignated hedge gains and losses calculated as a fair value adjustment of the Company's undesignated hedges have previously been brought to account at the end of each reporting period, and reflected changes in the spot gold price. This also includes adjustments made to take account of gold deliveries into the hedge book as the derivative liability was released. These valuation adjustments, year to date to December 31, 2010, reflect a gain of \$16.2 million which is attributable to Q1 2010 prior to close out of the hedge book.

Proceeds from an equity financing in March, 2010 were utilized to settle all outstanding forward and call derivative instruments. The Company's current policy is to be unhedged with all gold production sold into the market at spot rates.

Operating Costs & Margins

Cash costs per ounce sold were \$570 for the year 38.7% higher compared to 2009 (\$411). Some cost increases relate in part to increase volumes of ore mined. In comparison to the prior year cash unit costs are also higher in USD terms, due to both an exchange rate impact (NZD strengthened 13%) and lower production volumes.

The cash margin of \$782 per ounce resulted in earnings before interest, tax, depreciation & amortization (excluding undesignated hedge gains/losses) of \$49.3 million for the quarter, compared to \$42.6 million in Q3 2010. The cash margin for the full year was \$570 compared to \$379 for 2009.

Depreciation and Amortization

Depreciation and amortization charges are calculated on a unit of production basis and total \$69.3 million for the year (2009 \$66.2 million). These charges were slightly higher due to increased ore mined, combined with a stronger NZD.

Depreciation and amortization charges include amortization of mine development, deferred waste stripping costs and depreciation on equipment.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
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for the Year Ended December 31, 2010

Net Interest expense

The net interest expense of \$14.8 million compares to \$14.4 million for 2009. Interest expenses are associated with repayment of a project loan, convertible notes and finance leases.

DISCUSSION OF CASH FLOWS

Operating Activities

Cash flows from operating activities were \$52.3 million in 2010 compared to \$94.2 million in 2009. The net inflows in 2010 are after the payment of \$71.8 million to settle the balance of hedge contracts at the end of March. Notwithstanding hedge settlements cash flows have benefited directly from higher gold prices.

Q4 2010 operating cash flows were 22.4% higher at \$46.1 million compared to \$37.6 million in Q3 2010.

Investing Activities

Investing activities were comprised of expenditures for pre-stripping and sustaining capital at the New Zealand operations, plus some capitalised holding costs associated with the Didipio Gold - Copper Project.

Cash used for investing activities totaled \$107.8 million compared to \$71.0 million in 2009. The increase reflects the acquisition of a new excavator at the Macraes open pit and underground mining equipment (after transition to owner mining at the Frasers underground mine) plus \$74.4 million of pre-strip.

Cash outflows for investing in Q4 was \$32.3 million compared to \$36.1 million in Q3 2010

Financing Activities

Finance inflows were \$189.8 million compared to \$2.9 million in 2009 representing lease financing for new equipment, including an excavator and underground mining equipment, offset by lease payments and equity raisings. The cash inflows include equity placements in March and October that raised \$190.2 million, net of costs. Outflows include loan and convertible note repayments of \$6.1 million and lease payments of \$10.6 million.

Cash inflows from financing in Q4 were \$105.2 million compared to Q3 2010 inflows of \$11 million.

DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

Company's funding and capital requirements

For the year ended December 31, 2010, the Company earned a net profit of \$44.4 million. As at that date, cash funds held were \$181.3 million. Current liabilities were \$66.6 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, 2010 are as follows:

	2010
	\$'000
Within 1 year	4,605
Within 1 to 2 years	4,179
Within 2 to 3 years	3,761
Within 3 to 4 years	2,425
Within 4 to 5 years	149
More than five years	4
	<u>15,123</u>

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OceanaGold's capital lease commitments as at December 31, 2010 are as follows:

	2010 \$'000
Within 1 year	25,799
Within 1 to 2 years	7,606
Within 2 to 3 years	6,627
Within 3 to 4 years	6,310
Within 4 to 5 years	3,808
More than five years	1,308
	<u>51,458</u>

OceanaGold's capital commitments as at December 31, 2010 are as follows:

	Dec 31 2010 \$'000
Within 1 year	<u>9,710</u>

These commitments include equipment associated with a move to owner mining at the Frasers underground mine in addition to orders for long lead time mining equipment. Certain of these commitments are expected to be serviced with lease contracts.

During the year the company entered into capital lease commitments for \$13.3 million to fund the acquisition of primarily mobile mining equipment. Additions to leases have been offset by payments on leases with the strengthening NZD increasing the lease liability in USD.

Financial position

Current Assets

Current assets have increased by \$139.9 million during 2010 primarily due to an increase in cash of \$138.9 million which included the equity placement in October. An increase in inventory was offset by a reduction in future income tax assets.

Non-Current Assets

At December 2010 non-current assets were \$720.9 million compared to \$706.2 million at the end of the prior year. The expenditure on Property, Plant and Equipment, Mining Assets and non-current inventories was higher than depreciation and amortization due to additional leased equipment, an increase in pre-strip related expenditure and higher asset values due to the weakening USD dollar. Future income tax assets decreased by \$8.6 million largely due to utilisation of tax losses and an offset against deferred tax liability.

Current Liabilities

Current liabilities decreased \$118.4 million during 2010. This reflects the decrease in derivatives of \$89.8 million as gold was delivered into hedges in Q1 with the balance of the hedges being settled in March. The liability for convertible notes has reduced as \$46.6 million of notes have been disclosed as non-current on expiry of a put option. Lease liabilities have increased \$14.6 million as the NZD and AUD has strengthened against the USD and there are leases due for repayment in 2011.

Non-Current Liabilities

Non-current liabilities are \$285.9 million at December 31 2010, an increase of \$75.8 million since the prior year. This is due to an increase of \$70 million from reclassification of convertible notes (\$53 million) from current liabilities combined with a translation impact from a weakening US dollar.

Derivative Assets / Liabilities

OceanaGold settled derivatives in relation to 74,880 ounces under forward gold sales contracts and 78,018 ounces under gold put options in March 2010.

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Summary of marked to market adjustment on derivatives:

	Dec 31 2010 \$'000	Dec 31 2009 \$'000
Current Assets		
Gold put options	-	141
Total Assets	-	141
	Dec 31 2010 \$'000	Dec 31 2009 \$'000
Current Liabilities		
Gold forward sales contracts	-	54,557
Gold call options	-	35,318
Total Liabilities	-	89,875

Shareholders' Equity

A summary of the movement in shareholders' equity is set out below:

	Year Ended Dec 31 2010 \$'000
Total equity at beginning of financial period	392,613
Profit/(loss) after income tax	44,435
Movement in other comprehensive income	62,160
Movement in contributed surplus	987
Equity raising (net of costs)	188,559
Total equity at end of financial period	688,754

Shareholders' equity has increased to \$688.7 million at year end primarily as a result of a profit earned for the year, and gains from currency translation differences reflected in Other Comprehensive Income that arises from the translation of entities with a functional currency other than USD. The USD depreciated significantly against the AUD and NZD during the quarter. In addition, a \$188.5 million contribution related to two equity raisings during the year.

Capital Resources

As at December 31, 2010, the share and securities summary was:

Shares outstanding	262,062,610
Options outstanding	5,645,153

As at February 17, 2011 no change in shares and securities:

As at December 31, 2009, the share and securities summary was:

Shares outstanding	185,880,075
Options outstanding	5,637,259

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The accounting policies that involve significant management judgment and estimates are discussed in this section. For a complete list of the significant accounting policies, reference should be made to Note 1 of the 2010 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.

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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 amortized 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 Operations.

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 undiscounted future cash flows from these assets, the assets are written down to the fair value of the future cash flows based on OceanaGold's discount rate of 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 installments 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.

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Income Tax

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

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.

OceanaGold employs the current rate method of translation for its self-sustaining operations. Under this method, all assets and liabilities are translated at the period end rates and all revenue and expense items are translated at the average exchange rates for recognition in the statement of operations. Differences arising from these foreign currency translations are recorded in shareholders' equity as a cumulative translation adjustment.

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

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. Significant areas where management's 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; 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 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

There have been no material changes from the accounting policies of FY2009.

Adoption of new accounting policies

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

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Section 1582, "Business Combinations" replaces section 1581, "Business Combinations", and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 – "Business Combinations". The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Sections 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling interests", together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Section 1602 "Non-Controlling interests" establishes standards for accounting for non-controlling interests in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS 27 – "Consolidated and Separate Financial Statements" and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Accounting policies effective for future periods

International Financial Reporting Standards ("IFRS")

The Canadian Institute of Chartered Accountant's (CICA's) Accounting Standards Board announced that publicly accountable enterprises will be required to adopt IFRS effective January 1, 2011. At the effective date, the balance sheet as at January 1, 2010 will require conversion to IFRS to establish opening balances which will form the basis for comparative information to be reported in 2011.

OceanaGold Corporation has continued to work on its transition to IFRS, including assessment of the impact on its accounting systems and financial statements. The conversion project includes review of project team, governance, resources, key CGAAP to IFRS differences, accounting policies and an implementation plan. The financial reporting impact of transitioning to IFRS has been evaluated and the preliminary quantitative impact is summarised on the balance sheet below.

The following table summarises the key activities in the transition plan and the current status.

ACTIVITY	MILESTONES	STATUS
<p>Financial reporting:</p> <ul style="list-style-type: none"> • Complete diagnostic assessment of accounting and reporting differences between CGAAP and IFRS. • Assess IFRS 1 elections, options and selection of IFRS accounting policies. • Development of IFRS financial statement format, including disclosures. • Quantification of effects of conversion. 	<p>Diagnostic analysis prepared.</p> <p>Management and audit committee approval for policy recommendations and IFRS elections 2nd half of 2010.</p> <p>Management and audit committee approval on IFRS consolidated financial statements during Q1 2011.</p> <p>Final quantification of conversion effects on 2010 comparative period Q4 2010</p>	<p>Preliminary assessment of accounting and reporting differences has been completed based on full GAAP diagnostic.</p> <p>Decisions in relation to IFRS 1 elections and selection of IFRS accounting policies were reviewed by the audit committee in July 2010.</p> <p>Preliminary drafting and consideration of disclosure issues are being assessed in the process of drafting IFRS reporting which has commenced in Q3 and continued in Q4.</p> <p>Preliminary opening balance sheet in December MD&A</p>
<p>Systems and processes:</p> <ul style="list-style-type: none"> • Assessment of impact of changes to key systems and processes. • Documentation and testing of internal controls and disclosure controls over amended systems and processes. 	<p>Systems, processes and internal control documentation changes finalised Q4 2010.</p> <p>Evaluation and update of controls and processes in Q1 2011</p>	<p>Preliminary assessment of potential updates is underway. Based on work done to date the impact on IT systems is not expected to be significant.</p> <p>In progress during Q4. The transition to IFRS is not expected to have a significant impact on internal controls or disclosure controls.</p>

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ACTIVITY	MILESTONES	STATUS
Business: <ul style="list-style-type: none"> • Assessment of impacts on all aspects of the business, including contractual arrangements. • Communicate conversion plan and progress internally and externally. • Training staff and ensuring adequate financial reporting expertise is in place. 	<p>Contract analysis and impact to be completed by Q4 2010.</p> <p>Budgets and long term planning to incorporate outcomes of IFRS transition from Q4 2010.</p>	<p>Preliminary assessment of the impacts on other areas of the business is underway.</p> <p>Communication is to the audit committee and ongoing.</p>

First-time adoption of IFRS

IFRS 1 requires that an entity apply all standards effective at the end of its first IFRS reporting period retrospectively. However, IFRS 1 does provide certain mandatory and limited optional exemptions in specific areas of certain standards that will not require retrospective application of IFRS. The most significant exemptions which are expected to apply in preparation of the company's first consolidated financial statements under IFRS are summarised as follows:

Accounting Estimates

Accounting estimates applied in accordance with IFRS at the date of transition should be consistent with estimates in accordance with Canadian GAAP unless there is objective evidence that estimates were in error.

Business Combinations

IFRS allows guidance under IFRS 3R *Business Combinations* to be applied retrospectively or prospectively. OceanaGold expects to adopt IFRS 3 prospectively.

Asset Retirement Obligations (ARO)

IFRIC 1 requires changes in decommissioning liabilities to be included in the cost of the asset and depreciated. A first-time adopter has an option to a simplified approach to calculate and record the asset related to the ARO. OceanaGold's existing approach complies with recognition and measurement of decommissioning liabilities under IFRS, including

recording the liability in the cost of the asset, by discounting the liability to the date when it first arose, and depreciating the asset to transition date. There will be no material change on transition to IFRS.

Property, Plant and Equipment

There is an option to record property, plant and equipment at fair value on transition to IFRS. This fair value becomes the deemed cost of the asset for reporting under IFRS. OceanaGold is not planning to use this election and property, plant and equipment will continue to be recorded under the cost model, at the carrying amounts, on the date of transition to IFRS.

Cumulative translation differences

IAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires an entity to determine the translation differences in accordance with IFRS from the date on which a subsidiary was formed or acquired. IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising from periods prior to the date of transition to IFRS. OceanaGold expects to use this exemption and existing cumulative translation differences will be transferred to retained earnings on transition to IFRS.

Key Differences - Canadian GAAP to IFRS

In addition to the exemptions and exceptions discussed above, the following explains the key areas where changes in accounting policies could have significant differences between Canadian GAAP and IFRS as they apply to OceanaGold consolidated financial statements:

Impairment

Canadian GAAP – A recoverability test is performed by first comparing the undiscounted expected future cash flows to be derived from the asset to its carrying amount. If an asset's undiscounted expected future cash flows do not exceed its carrying value, an impairment loss is calculated as the excess of the asset's carrying amount over its fair value (on a discounted basis).

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IFRS – A recoverability test is performed by comparing the carrying amount to the asset's recoverable amount. The impairment loss is calculated as the excess of the asset's carrying amount over its recoverable amount. The recoverable amount is defined as the higher of the asset's fair value less costs to sell and its value-in-use. The expected future cash flows from the asset are discounted to their net present value in the recoverable amount test. As a result of this difference in measurement methodology, impairments under IFRS are more likely.

With the Didipio project currently on pre-development phase there is an impairment adjustment required on these assets due to the change in methodology for impairment testing.

Foreign Exchange Translation

Canadian GAAP – Distinction is made between integrated and self sustaining foreign operations with the temporal and the current rate methods of translation applied respectively.

IFRS – A functional and presentation currency approach is taken to foreign exchange translation and no distinction is made between integrated and self sustaining foreign operations. Where the functional currency of an entity is different from the presentation currency, an approach similar to the current rate method under CGAAP is applied. The key elements are:

- Assets and liabilities are translated at the balance date exchange rate.
- Income and expenses are translated at the exchange rate at the date of the transaction although an average rate may be applied as a proxy in many circumstances.
- All resulting currency exchange differences are recognised in the Foreign Currency Translation Reserve (FCTR) within other comprehensive income.

The most significant differences for OceanaGold are likely to be in relation to the Philippines operations which are currently being treated as an integrated foreign operation under CGAAP. There will be no change in the current treatment of New Zealand operations which are classified as self-sustaining under CGAAP.

Income tax

Canadian GAAP – The amount at which a future income tax asset is recognised is limited to the amount that is more likely than not to be realised. Future taxes are split between current and non-current components on the basis of either (1) the underlying asset or liability or (2) the expected timing reversal of items when not related to an asset or liability.

IFRS – Deferred tax assets are recognised in their entirety when it is probable that sufficient future taxable profit will be available to recover the asset. All deferred tax assets and liabilities will be classified as non-current.

OceanaGold does not expect there to be changes in the deferred tax assets currently recognised. The impact of the differences on transition will be limited to reclassification of current deferred tax liabilities and assets to non-current classification.

Other Business Considerations

The transition to IFRS may also have an impact on some contractual obligations. Management will have more insight on the effects and other business considerations as the transition project is completed.

Preliminary IFRS Consolidated Opening Balance Sheet

The opening balance sheet reflects the impact of the applicable IFRS1 elections and the impact of accounting policy differences arising from US GAAP to IFRS. The opening consolidated IFRS balance sheet below is preliminary and the final opening balance sheet may reflect adjustments relating to any new IFRS pronouncements or other items verified through the first quarter 2011.

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<i>Reconciliation of Consolidated Balance Sheet under CGAAP and IFRS</i>	<i>Dec 31 2009 CGAAP Ref</i>	<i>Conversion Adjustment to IFRS \$'000</i>	<i>Jan 1 2010 IFRS \$'000</i>
ASSETS			
Current assets			
Cash and cash equivalents	42 423	-	42 423
Accounts receivable and other receivables	3 460	-	3 460
Inventories	25 315	-	25 315
Prepayments	1 116	-	1 116
Derivatives	141	-	141
Future income tax assets	A. 9 006	(9 006)	-
Total current assets	81 461	(9 006)	72 455
Non-current assets			
Inventories	33 133	-	33 133
Future income tax assets	A. 8 684	9 006	17 690
Property, plant and equipment	118 156	(267)	117 889
Mining assets	B. 546 272	(283 080)	263 192
Total non-current assets	706 245	(274 341)	431 904
TOTAL ASSETS	787 706	(283 347)	504 359
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	29 996	-	29 996
Employee benefits	2 358	-	2 358
Derivatives	89 875	-	89 875
Interest-bearing loans and borrowings	62 794	-	62 794
Asset retirement obligation	38	-	38
Future income tax liabilities	-	-	-
Total current liabilities	185 061	-	185 061
Non-current liabilities			
Other long term obligations	2 709	-	2 709
Employee benefits	69	-	69
Future income tax liabilities	C. 77 753	(75 920)	1 833
Interest-bearing loans and borrowings	120 880	-	120 880
Asset retirement obligation	D. 8 621	1 232	9 853
Total non-current liabilities	210 032	(74 688)	135 344
TOTAL LIABILITIES	395 093	(74 688)	320 405
SHAREHOLDERS' EQUITY			
Share Capital	354 915	-	354 915
Accumulated deficit	(57 014)	(146 637)	(203,651)
Contributed surplus	32 690	-	32 690
Accumulated other comprehensive income	E. 62 022	(62 022)	-
TOTAL SHAREHOLDERS' EQUITY	392 613	(208 659)	183 954
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	787 706	(283 347)	504 359

- A. Deferred tax assets
Reclassified to non-current.
- B. Carrying value of mining assets
The recoverable amount is assessed by reference to the net present value of future cash flows. Didipio project adjustment. (\$253.6) m
Translation Reserve allocation (\$30.7)m
Rehabilitation Provision \$1.2m
- C. Future tax liabilities
Adjustment of deferred tax liabilities associated with the Didipio project assets.
- D. Asset retirement obligation
Adjustment for different discount rate methodology
- E. Translation reserve
Reset cumulative translation account to zero on transition to IFRS.

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SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended March 31, 2009 through to December 31, 2010. 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.

	Dec 31 2010 \$'000	Sep 30 2010 \$'000	Jun 30 2010 \$'000	Mar 31 2010 \$'000	Dec 31 2009 \$'000	Sep 30 2009 \$'000	Jun 30 2009 \$'000	Mar 31 2009 \$'000
Gold sales	93,777	83,344	80,218	48,299	66,849	59,928	55,010	55,270
EBITDA (excluding undesignated gain/(loss) on hedges)	49,259	42,608	39,169	8,479	28,237	24,425	22,484	31,032
Earnings/(loss) after income tax and before undesignated gain/(loss) on hedges (net of tax)	20,655	13,683	7,968	(9,547)	(4,151)	1,859	5,397	10,639
Net earnings/(loss)	20,979	13,683	7,958	1,814	(8,456)	13,800	40,114	9,054
Net earnings per share								
Basic	\$0.08	\$0.06	\$0.03	\$0.01	(\$0.05)	\$0.08	\$0.25	\$0.06
Diluted	\$0.08	\$0.06	\$0.03	\$0.01	(\$0.05)	\$0.07	\$0.21	\$0.05

The most significant factors causing variation in the results are the variability in the grade of ore mined from the Macraes open pit mine 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 Canadian generally accepted accounting principles ("GAAP"), as well as some non-GAAP performance measures. As non-GAAP performance measures do not have a standardized 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 amortization (EBITDA) is one such non-GAAP measure and a reconciliation of this measure to net earnings/(losses) is provided on page 44.

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 amortization, is provided on the next page.

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	Q4 Dec 31 2010 \$'000	Q3 Sep 30 2010 \$'000	Q4 Dec 31 2009 \$'000	Year 2010 \$'000	Year 2009 \$'000	Year 2008 \$'000
Cost of sales, excluding depreciation and amortisation	39,927	37,847	34,540	150,697	121,310	138,154
Depreciation and amortisation	15,402	17,832	19,106	69,337	66,181	50,547
Total cost of sales	55,329	55,679	53,646	220,034	187,491	188,701
Add operating general & administration	607	576	431	2,049	2,000	2,479
Selling costs	149	144	25	470	(607)	(459)
Total operating cost of sales	56,085	56,399	54,102	222,553	188,884	190,721
Gold Sales from operating mines (ounces)	68,027	67,672	72,140	268,087	300,044	264,124
Total Operating Cost (\$ per ounce)	825	834	750	830	630	722
Less Non-Cash Cost (\$ per ounce)	229	266	265	260	219	190
Cash Operating Cost (\$ per ounce)	596	568	485	570	411	532

ADDITIONAL INFORMATION

Additional information referring to the Company, including the Company's Annual Information Form, is available on SEDAR at sedar.com and the Company's website at 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, 2010. 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, 2010 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, 2010.

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

Shareholder Information

SHAREHOLDER INFORMATION

Number of holders of equity securities

FULLY PAID ORDINARY SHARES

- 262,180,388 ordinary shares are held by 8335 individual shareholders as at 31 March 2011.

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	3,671	1,726,474
1,001 - 5,000	3,225	7,961,143
5,001 - 10,000	761	5,881,152
10,001 - 100,000	614	15,708,633
100,001 and over	62	230,902,986
Total number of holders	8,335	262,180,388

Number of shareholders holding less than a marketable parcel (of 188 shares) - 885

(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 8 April 2011 are:

Name:	FP Ordinary Shares
Baker Steel Capital Managers LLP	16,313,000

(c) Top 20 Shareholders

The names of the 20 largest holders of fully paid ordinary shares as at 8 April 2011 are listed below:

Rank	Name	Number	%
1	CDS & Co	126,458,958	48.23
2	HSBC Custody Nominees (Australia) Limited	19,478,078	7.43
3	J P Morgan Nominees Australia Limited	17,122,206	6.53
4	National Nominees Limited	16,221,039	6.19
5	JP Morgan Nominees Australia Limited <Cash Income A/C>	15,676,393	5.98
6	Merrill Lynch (Australia) Nominees Pty Limited	7,337,984	2.80
7	AMP Life Limited	3,393,373	1.29
8	Citicorp Nominees Pty Limited	2,268,795	0.87
9	Forbar Custodians Limited <Forsyth Barr LTD-Nominee A/C>	2,066,735	0.79
10	Goldman Sachs & Co Tr 02433415 Donald Smith Value Fund LP	2,000,000	0.76
11	Den Duyts Corporation Pty Ltd	1,542,855	0.59
12	Hestian Pty Ltd	1,318,123	0.50
13	Bond Street Custodians Ltd <Macquarie Smaller Co's A/C>	1,302,361	0.50
14	Yandal Investments Pty Ltd	1,123,653	0.43
15	SFB Investments Pty Limited <SFB Settlements A/C>	1,050,000	0.40
16	CS Fourth Nominees Pty Ltd	884,996	0.34
17	Cogent Nominees Pty Limited	852,201	0.33
18	CDS & CO	594,600	0.23
19	Dr Peter Malcolm Heyworth	533,300	0.20
20	Cogent Nominees Pty Limited <SMP Accounts>	511,271	0.20
Total		221,736,921	84.57

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 2010 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 2010, the Board is comprised of six non-executive directors, who provide an appropriate mix of business and specialist skills and qualifications. During the Company's 2010 financial year, the composition of the Board was as follows:

- James E Askew (Chairman and director; executive Chairman from 8 September 2010 to 8 March 2011);
- Jacob Klein (non-executive director);
- J Denham Shale (non-executive director);
- Terence N Fern (non-executive director);
- Jose P Leviste, Jr (non-executive director); and
- William H Myckatyn (non-executive director since 12 April 2010).

Mr J E Askew was appointed Chairman by the Board in November 2006. He was an independent non-executive director until 8 September 2010, when he assumed the interim role of executive Chairman following the departure of the then Chief Executive Officer Mr Paul Bibby. Mr Askew has since reverted to the role of non-executive Chairman from 8 March 2011.

The Board recognises the Corporate Governance Council's recommendation that the Chairman should be an independent director. The Board was of the opinion that during the interim period that Mr Askew held an executive position, he continued to be the most appropriate person to lead the Board as Chairman. Further, the Board was and is of the opinion that Mr Askew is able to and did bring quality and independent judgment to all relevant issues falling within the scope of the role of Chairman and that the Company as a whole benefits from his long standing experience of its operations and business relationships.

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 Recommendation 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.

The Board was of the view that, except for the executive Chairman as disclosed above, the non-executive directors were independent in the manner contemplated by the Board Charter and the Principles. Accordingly, during the Company's 2010 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 the Management Proxy 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 two or three 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 as at 31 December 2010 comprised:

- J D Shale (Chairman);
- J Klein (since 17 February 2010); and
- T N Fern.

The Audit Committee consisted only of independent non-executive directors at all times during the year.

The Board considers that the skills, experience and independence of the current Audit Committee members (as set out in the Management Proxy 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 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 2010 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 as at 31 December 2010 comprised:

- J Klein (Chairman);
- J E Askew; and
- T N Fern.

The Remuneration and Nomination Committee had three members at all key times in 2010.

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. As at 31 December 2010, members of the Sustainability Committee are:

- J E Askew (Chairman);

CORPORATE GOVERNANCE STATEMENT

- J D Shale; and
- J P Leviste Jr.

Each Committee contained a majority of independent non-executive directors at all times 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.

Director	Board of Directors		Audit and Risk Committee		Remuneration and Nomination Committee		Sustainability Committee	
	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
J E Askew	9	8	4	2	4	4	2	2
J D Shale	9	9	5	5	-	Non-member	2	2
T Fern	9	9	5	5	4	4	-	Non-member
J P Leviste Jr.	9	9	-	Non-member	-	Non-member	2	2
J Klein	9	9	5	5	4	4	-	Non-member
W H Myckatyn (since April 22,2010)	7	7	-	Non-member	-	Non-member		

1.3. 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.

1.4. 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.

1.5. 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.

1.6. 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.

1.7. 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. 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. 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.

1.8. 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 Proxy 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.

1.9. 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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