OCEANAGOLD CORPORATION

FINANCIAL REPORT

DECEMBER 31 2009

NOT FOR DISSEMINATION OR DISTRIBUTION IN THE UNITED STATES OR TO US PERSONS AND NOT FOR DISTRIBUTION TO US NEWSWIRE SERVICE

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This report 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 illegal. The securities have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the securities are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. The securities may be offered and sold solely in "offshore transactions" in reliance on Regulation S under the Securities Act.

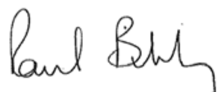
Management's Responsibility for Financial Reporting

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

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

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

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



Paul Bibby
Chief Executive Officer
Melbourne, Australia
February 25, 2010

Marcus Engelbrecht
Chief Financial Officer
Melbourne, Australia
February 25, 2010

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331
MELBOURNE VIC 3001
DX 77
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999
Website:www.pwc.com/au

Auditors' Report

To the Shareholders of OceanaGold Corporation

We have audited the consolidated balance sheets of OceanaGold Corporation as at December 31, 2009 and December 31, 2008 the consolidated statements of operations and comprehensive income / (Loss), the consolidated statements of accumulated deficit and consolidated statements of cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2009 and December 31, 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers

PricewaterhouseCoopers
Melbourne, Australia

February 25, 2010

Liability limited by a scheme approved under Professional Standards Legislation

CONSOLIDATED BALANCE SHEETS

As at December 31

(in thousands of United States dollars)	*Notes*	*2009 $'000*	*2008 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		42 423	9 711
Accounts receivable and other receivables	8	3 460	2 680
Inventories	9	25 315	21 910
Prepayments		1 116	961
Derivatives	20	141	1 493
Future income tax assets	6	9 006	8 936
Total current assets		81 461	45 691
Non-current assets			
Inventories	9	33 133	18 763
Derivatives	20	-	1 997
Future income tax assets	6	8 684	31 175
Property, plant and equipment	10	118 156	131 377
Mining assets	11	546 272	400 987
Total non-current assets		706 245	584 299
TOTAL ASSETS		787 706	629 990
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		29 996	24 459
Employee benefits	19	2 358	1 726
Derivatives	20	89 875	48 780
Interest-bearing loans and borrowings	13	62 794	14 087
Asset retirement obligation	12	38	53
Total current liabilities		185 061	89 105
Non-current liabilities			
Other long term obligations		2 709	3 216
Employee benefits	19	69	68
Derivatives	20	-	80 066
Future income tax liabilities	6	77 753	61 457
Interest-bearing loans and borrowings	13	120 880	142 625
Asset retirement obligation	12	8 621	6 797
Total non-current liabilities		210 032	294 229
TOTAL LIABILITIES		395 093	383 334
SHAREHOLDERS' EQUITY			
Share Capital	14	354 915	334 975
Accumulated deficit		(57 014)	(111 526)
Contributed surplus	16	32 690	33 897
Accumulated other comprehensive income	15	62 022	(10 690)
TOTAL SHAREHOLDERS' EQUITY		392 613	246 656
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		787 706	629 990

Nature of operations	1
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On behalf of the Board of Directors:

James Askew
Director

J Denham Shale
Director

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

CONSOLIDATED STATEMENTS OF OPERATIONS

For the year ended December 31

(in thousands of United States dollars except per share amounts)	*Notes*	*2009* *$'000*	*2008* *$'000*
Revenue			
Gold sales		237 057	217 214
Release from other comprehensive income of deferred unrealised gain on designated hedges		-	279
		237 057	217 493
Cost of sales, excluding depreciation and amortisation		(121 310)	(138 154)
Depreciation and amortisation		(66 181)	(50 547)
General & administration		(9 179)	(15 338)
		40 387	**13 454**
Other (expenses)/ income			
Interest expense and other finance charges		(15 086)	(20 992)
Foreign exchange gain/(loss)		(24)	2 254
Loss on disposal of equipment		(400)	-
		(15 510)	**(18 738)**
Gain/(loss) on fair value of derivative instruments		58 241	(73 408)
Interest income		697	2 936
Other income	5	34	133
Earnings/(loss) before income taxes		**83 849**	**(75 623)**
Income taxes benefit/(expense)	6	(29 337)	20 888
Net earnings/(loss)		**54 512**	**(54 735)**
Net earnings/(loss) per share:	7		
- basic		$0.32	($0.34)
- diluted		$0.29	($0.34)

CONSOLIDATED STATEMENTS OF ACCUMULATED DEFICIT

For the year ended December 31

(in thousands of United States dollars)	*Notes*	*2009* *$'000*	*2008* *$'000*
Accumulated deficit at beginning of period		(111 526)	(56 791)
Net earnings/(loss)		54 512	(54 735)
Accumulated deficit at end of period		(57 014)	(111 526)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

For the year ended December 31

(in thousands of United States dollars)	*Notes*	*2009* *$'000*	*2008* *$'000*
Net earnings/(loss)		54 512	(54 735)
Other comprehensive income for the year, net of tax:			
Cash flow hedge gain/(loss), net of tax	15	-	(882)
Currency translation differences	15	72 712	(53 410)
		72 712	(54 292)
Comprehensive income/(loss)		127 224	(109 027)

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

(in thousands of United States dollars)	*2009*	*2008*
	$'000	*$'000*
Operating activities		
Net earnings/(loss)	54 512	(54 735)
Charges/(credits) not affecting cash		
Depreciation and amortisation expense	66 181	50 547
Net loss/(gain) on disposal of property, plant and equipment	400	(34)
Non-cash interest charges	2 861	6 062
Accrued interest income	(210)	-
Unrealised foreign exchange gains	(171)	(2 998)
Stock based compensation charge	(855)	1 518
Non-cash derivative (gain)/ expense	(58 241)	73 408
Future tax expense/(benefit)	29 337	(20 888)
Changes in non-cash working capital		
(Increase)/decrease in accounts receivable and other receivables	494	(555)
Increase in inventory	(2 501)	(5 811)
Increase in accounts payable	2 916	5 153
Decrease in other working capital	(540)	(3 942)
Net cash provided by operating activities	94 183	47 725
Investing activities		
Proceeds from sale of property, plant and equipment	27	46
Payments for property, plant and equipment	(6 696)	(2 974)
Payments for mining assets: exploration and evaluation	(2 168)	(5 381)
Payments for mining assets: development	(3 022)	(56 373)
Payments for mining assets: in production	(59 154)	(43 634)
Net cash used in investing activities	(71 013)	(108 316)
Financing activities		
Proceeds on issue of capital stock	20 698	-
Payment of transaction costs for equity raising	(1 122)	-
Payment of finance lease liabilities	(7 605)	(7 513)
Settlement of derivatives	-	(25 906)
Repayments from other borrowings	(9 038)	(15 715)
Net cash provided by / (used in) financing activities	2 933	(49 134)
Effect of exchange rate changes on cash held in foreign currency	6 609	(401)
Net increase / (decrease) in cash and cash equivalents	32 712	(110 126)
Cash and cash equivalents at beginning of period	9 711	119 837
Cash and cash equivalents at end of period	42 423	9 711
Cash interest paid	(11 674)	(15 130)

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 Reefton 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 contemplates the realisation of assets and settlement of liabilities in the normal course of business, as they fall due.

For the twelve months ended December 31, 2009, the Company reported a profit of $54.5m. As at December 31, 2009 the current liabilities of the company exceeded current assets by $103.6m and included derivative liabilities of $89m, which will be settled from future gold production, and $48.7m of convertible notes with a call option held by the note holders, for repayment in December 2010. The company has cash on hand of $42.4m and cash flow projections indicate sufficient funds to meet all operating obligations for at least 12 months. However a funding shortfall was forecast to arise if all convertible note call options were exercised by the note holders, prior to completion of the committed equity raising described below.

On February 19, 2010 the Company announced that it has secured, through the issue of 27,099,132 Subscription Receipts in Canada and 10,949,648 CHESS Depository Interests (CDI's) in Australia, an equity raising of C$78m (before costs) at a price equivalent to C$2.05 per share. The Subscription Receipts will be converted to common shares and the CDI's will be issued, on shareholder approval, at an Extraordinary General Meeting to be held on March 25, 2010. The proceeds from the Subscription Receipts will be held in escrow until the Release Conditions (which include shareholder approval) have been met. The company expects these conditions will be met by 31 March 2010.

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 realized by a reduction in the net investment.

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

Estimates

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

Cash and cash equivalents

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

Trade and other receivables

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

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 expenses, and stock movements.

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

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

Property, plant and equipment

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

Depreciation rates used:

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

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

Exploration, Evaluation, Development and Restoration Costs

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

Such costs are only carried forward to the extent that they are expected to be recovered through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and 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 accumulated and brought to account at cost less accumulated amortisation in respect of each identifiable area of interest. Amortisation of capitalised costs, including the estimated future capital costs over the life of the area of interest, is provided on the units of production basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset Retirement Obligations
The Group recognises the fair value of a 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 ("ESOP"), which provides benefits to the managing director and senior executives,

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

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

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

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 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 uses derivative financial instruments to manage commodity price and foreign currency exposures.

Derivative financial instruments are initially recognised in the balance sheet at fair value and 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 forecasted production is ultimately recognised in the statement of operations. However, if the committed or forecasted production is no longer expected to occur, the cumulative gain or loss reported in other comprehensive income is immediately transferred to the statement of operations.

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

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.

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 amortized over the reserve in the betterment accessed by the stripping activity using the units of production method.

Goods and Services Tax (GST)

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

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

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

Consolidation Policy

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

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

3 NEW ACCOUNTING POLICIES

On January 1, 2009, the Company adopted the following new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA").

Adopted in fiscal 2009

Mining Exploration Costs

In March 2009, the CICA issued EIC-174, "Mining Exploration Costs." The EIC provides guidance on accounting for capitalization and impairment of exploration costs. This standard was effective for the fiscal year beginning January 1, 2009. The application of this EIC had no effect on the consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The application of this EIC had no material effect on the consolidated financial statements.

3 NEW ACCOUNTING POLICIES (continued)

CICA 3064 Goodwill and Intangible Assets

The CICA has issued Handbook Section 3064 "Goodwill and Intangible assets" which may affect the financial disclosure and results of the Company. This Section applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008 and the Company adopted the requirements commencing in 2009. Section 3064 establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The application of this standard had no effect on the consolidated financial statements.

Amendment to Financial Instruments – Disclosures ("Section 3862")

During 2009, CICA Handbook Section 3862, Financial Instruments –Disclosures ("Section 3862"), was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data

See note 20 for relevant disclosures.

4 ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS

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.

5 OTHER INCOME

	2009 *$'000*	*2008* *$'000*
Other income		
Gain on disposal of property, plant and equipment	-	34
Other	34	99
Total other income	34	133

6 INCOME TAX

Major components of income tax expense/(benefit):

	2009 $'000	2008 $'000
Statement of operations		
Future income tax		
Income tax benefit relating to tax losses (carried forward)/utilised	15 583	(7 971)
Adjustments in respect of future income tax of previous years	(1 085)	(2 598)
Relating to origination and reversal of temporary differences	14 839	(10 319)
Income tax (benefit)/expense reported in statement of operations	29 337	(20 888)

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

	2009	2008
Accounting earnings/(loss) before tax from continuing operations	83 849	(75 623)
At the statutory income tax rate of 34.12% (2008 34.12%)	28 609	(25 803)
Adjustments in respect of current income tax of previous years	(1 085)	(2 598)
Expenditure not allowable for income tax purposes	(985)	1 581
Tax losses not recognised	6 430	3 531
Effect of differing tax rates between Canada, Australia and New Zealand	(3 632)	2 401
Income tax expense/(benefit) reported in the statement of operations	29 337	(20 888)

	2009 $'000	2008 $'000
Future income tax		
Future income tax at December 31 relates to the following:		
Future income tax assets		
Losses available for offset against future taxable income	58 045	57 136
Revaluations of derivative instruments to fair value	26 963	38 654
Provisions	4 884	4 312
Accrued expenses	135	3
Share issue costs	1 849	1 563
Other	1 061	614
Gross future income tax assets	92 937	102 282
Set-off future tax liabilities	(75 247)	(62 171)
	17 690	40 111
Less: current portion	(9 006)	(8 936)
Net non-current future tax assets	8 684	31 175
Future income tax liabilities		
Mining assets	(121 172)	(86 940)
Property, plant and equipment	(28 537)	(32 529)
Inventory	(1 264)	(913)
Interest Receivable	(463)	(313)
Accrued Revenue	(1 373)	(1 771)
Revaluations of derivative instruments to fair value	(42)	(1 047)
Other	(149)	(115)
Gross future income tax liabilities	(153 000)	(123 628)
Set-off future tax assets	75 247	62 171
	(77 753)	(61 457)
Less: current portion	-	-
Net non-current future tax liabilities	(77 753)	(61 457)

7 EARNINGS PER SHARE

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

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

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

	2009 *$'000*	*2008* *$'000*
Numerator:		
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of basic and diluted earnings per share)	54 512	(54 735)
Interest on convertible notes*	8 188	-
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)*	62 700	(54 735)
	Thousands	*Thousands*
Denominator:		
Weighted average number of common shares (used in calculation of basic earnings per share)	172 092	161 635
Effect of dilution:		
Share options*	1 371	-
Convertible notes*	40 729	-
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	214 192	161 635
Net income/(loss) per share:		
- basic	$0.32	($0.34)
- diluted	$0.29	($0.34)

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

8 ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	2009 *$'000*	*2008* *$'000*
Current		
Trade receivables	2 889	2 449
Interest receivable	207	-
Other receivables	364	231
	3 460	2 680

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.

9 INVENTORIES

	2009 *$'000*	*2008* *$'000*
Current		
Gold in circuit	4 416	2 415
Ore	3 289	7 434
Maintenance Stores	17 610	12 061
	25 315	21 910
Non-Current		
Ore	33 133	18 763
Total inventories	58 448	40 673

During 2009, $187.5m of inventories were recognised as an expense (2008: $188.7m) relating to cost of sales. This was net of a reversal of a previous impairment of nil (2008: $3.6m).

Total inventories of $58.4m at December 31, 2009 are pledged as security under project debt facilities (see Note 13).

10 PROPERTY, PLANT AND EQUIPMENT

	2009 $'000	2008 $'000
Freehold land, at cost		
Cost	5 868	3 708
Buildings, at cost		
Cost	7 109	3 927
Accumulated depreciation	(2 957)	(1 868)
Net of accumulated depreciation	4 152	2 059
Plant and equipment, at cost		
Cost	237 618	211 237
Accumulated depreciation	(133 803)	(89 639)
Net of accumulated depreciation	103 815	121 598
Rehabilitation		
Cost	8 108	6 415
Accumulated depreciation	(3 787)	(2 403)
Net of accumulated depreciation	4 321	4 012
Net book value of property, plant and equipment	118 156	131 377

Plant and equipment includes assets under capital lease net of accumulated depreciation of $32.1m (2008: $31.9m). 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 any assets held on the balance sheet at December 31, 2009 (2008: nil).

11 MINING ASSETS

	2009 $'000	2008 $'000
Mining Assets: Exploration and evaluation phase at cost		
Cost	18 964	22 717
Mining Assets: Development phase at cost		
Cost	379 233	293 817
Mining Assets: In production at cost		
Cost	294 792	154 769
Accumulated amortisation	(146 717)	(70 316)
Net of accumulated amortisation	148 075	84 453
Net book value of mining assets	546 272	400 987

Borrowing costs
There are no borrowing costs capitalised into the cost of any assets held on the balance sheet at December 31, 2009 (2008: nil).

12 ASSET RETIREMENT OBLIGATION

	2009 *$'000*	*2008* *$'000*
Current		
Rehabilitation	38	53
Movement:		
At January 1	53	293
Arising during the year	-	(16)
Utilised	(26)	(718)
Transferred from/(to) non-current	-	498
Exchange adjustment	11	(4)
At December 31	38	53
Non-Current		
Rehabilitation	8 621	6 797
Movement:		
At January 1	6 797	9 218
Arising during the year	122	(353)
Accretion	518	675
Utilised	(498)	-
Transferred from/(to) current	-	(498)
Exchange adjustment	1 682	(2 245)
At December 31	8 621	6 797

Rehabilitation

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

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

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

Asset retirement obligations are initially recorded as a liability at fair value, assuming a credit adjusted risk free discount rate of 6.5% (2008:9%). The liability for retirement and remediation on an undiscounted basis is estimated to be approximately $12.1 m.

13 INTEREST-BEARING LOANS AND BORROWINGS

	Effective interest rate %	*Maturity*	*2009 $'000*	*2008 $'000*
Current				
Capital leases (note 23)	4.66%	05/31/2014	9 354	6 897
5.75% Convertible notes (A$55m)	9.16%	12/22/2012	48 735	-
Insurance Premium Loan (NZD)	3.26%	02/28/2010	441	189
Insurance Premium Loan (AUD)	3.11%	02/28/2010	-	51
Project debt facility (NZD)	4.67%	06/30/2010	4 264	6 950
			62 794	14 087
Non-current				
Capital leases (note 23)	4.66%	05/31/2014	30 872	32 235
5.75% Convertible Notes (A$55m)	9.16%	12/22/2012	-	37 030
7.00% Convertible notes (A$70m)	10.13%	12/22/2013	63 006	48 614
7.00% Convertible notes (A$30m)	10.64%	12/22/2013	27 002	20 113
Project debt facility (NZD)	4.67%	06/30/2010	-	4 633
			120 880	142 625

5.75% Convertible Notes (Unsecured)

The Notes bear interest at 5.75% per annum payable semi-annually in arrears. The convertible note liability has been classified as current at December 31, 2009 as the note holder has 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. The Notes mature in 2012 and are redeemable at 109% of their principal amount unless converted to common shares prior to this date at the option of the note holder. The number of shares to be delivered upon conversion shall be determined by dividing the principal amount of the note by the conversion price of A$4.162 (subject to adjustment for certain specified events). Of the A$52.9 million (US$39.1m) net proceeds of the issue A$48.5 million (US$35.8m) was allocated to interest bearing liabilities and A$4.4 million (US$3.3m) 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 noteholder. The number of shares to be delivered upon conversion shall be determined by dividing the principal amount of the note by the conversion price. The conversion price is A$3.967 (subject to adjustment for certain specified events). Of the A$67.4 million (US$52.9m) net proceeds of the issue A$59.2 million (US$46.5m) was allocated to interest bearing liabilities and A$8.2 million (US$6.4m) was allocated to equity.

On March 22, 2007 an additional A$30 million (US$24.2m) in convertible notes was issued under the same terms and conditions as the 7% convertible notes. The conversion price is A$4.166 (subject to adjustment for certain specified events) and the notes are due for redemption in 2013. Of the A$28.8 million (US$23.2m) net proceeds of the issue A$24.9 million (US$20.1m) was allocated to interest bearing liabilities and A$3.9 million (US$3.1m) was allocated to equity.

Project Debt Facility

The consolidated entity has a project debt facility of NZ$5.9m (2008:NZ$20.0m) provided by a consortium of banks. The facility was fully drawn at December 31, 2009. The project debt facility has a floating interest rate which is paid quarterly in arrears.

Capital Leases

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

		ANZ	CAT Master
Original drawdown date		December 28, 2006	October 5, 2006
Term		5 years	7 years
Amount drawn down	NZ$ component	30,053,197	25,602,526
Interest rates	NZ$ component	4.66%	4.81%

Capital facilities available

At 31 December 2009 the consolidated entity has issued A$155m (2008: A$155m) of convertible notes and has available capital lease facilities of NZ$55.7m (2008: NZ$67.6m) which have been fully drawn.

A consortium of banks provides a 285,944 (2008: 405 572) ounce hedging facility to wholly owned subsidiary, Oceana Gold New Zealand Ltd (OGNZL) (refer to Note 20). OGNZL's assets are pledged as security.

Additionally, the consolidated entity has available a project debt facility of NZ$5.9m (2008: NZ$20m) provided by a consortium of banks which has been fully drawn at December 31, 2009. OGNZL's assets are pledged as security.

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

14 SHARE CAPITAL

(a) Authorised capital

The number of authorised common shares of the company is unlimited

(b) Movement in common shares on issue

	2009 *$'000*	*2008* *$'000*
Common shares		
Issued and fully paid	354 915	334 975

	Thousands	*$'000*
Movement in common shares on issue		
At January 1 2008	161 635	334 975
At December 31 2008	161 635	334 975
At January 1 2009	161 635	334 975
Shares issued	24 245	20 698
Share issue costs	-	(1 122)
Tax effect of share issue costs	-	364
At December 31 2009	185 880	354 915
As at December 31 2009	185 880	354 915

On 21 July 2009, the Company issued 24,245,226 new ASX-listed Chess Depository Interests ("CDI") at an issue price of A$1.00 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.

The company has share option schemes under which options to subscribe for the company's shares have been granted to executives and management. Details of options on issue are provided in Note 18. 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 note 18).

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

	2009 *$'000*	*2008* *$'000*
Balance at the start of the period		
Deferred gain/(loss) on cash flow hedging activities	-	882
Currency translation adjustments	(10 690)	42 720
	(10 690)	43 602
OCI for the year:		
Transfers of cash flow hedge (gains) to earnings on recording hedged items in earnings	-	(1 272)
Currency translation differences	72 712	(53 410)
OCI before tax	72 712	(54 682)
Income tax recovery on effective portion of change in fair value of gold put options	-	390
OCI net of tax	72 712	(54 292)
Accumulated OCI at the end of the period		
Currency translation adjustments	62 022	(10 690)
	62 022	(10 690)

16 CONTRIBUTED SURPLUS MOVEMENT

Movement in contributed surplus

	2009 *$'000*	*2008* *$'000*
At January 1	33 897	32 379
Stock-based compensation expense	1 261	1 518
Cancelled options	(2 116)	-
Equity component of convertible notes	(352)	-
At December 31	32 690	33 897

Contributed surplus

Employee stock based compensation	2 647	3 503
Shareholder option reserve	18 083	18 083
Equity portion of Convertible notes	11 960	12 311
	32 690	33 897

17 SEGMENT INFORMATION

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

	New Zealand $'000	Philippines $'000	Corporate $'000	Total $'000
Year Ended December 31, 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	242 128
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
Year Ended December 31, 2008				
Revenue				
Sales to external customers	217 214	-	-	217 214
Inter segment management and gold handling fees	-	-	7 589	7 589
Release from other comprehensive income of deferred unrealised losses on designated hedges	279	-	-	279
Total Segment Revenue	217 493	-	7 589	225 082
Result				
Segment result excluding unrealised hedge losses	27 337	(653)	(8 185)	18 499
Inter segment management and gold handling fees	(7 589)	-	7 589	-
Release from other comprehensive income of deferred unrealised losses on designated hedges	278	-	-	278
Loss on fair value of derivative instruments	(73 408)	-	-	(73 408)
Total segment result before interest and tax	(53 382)	(653)	(596)	(54 631)
Income tax benefit/ (expense)	27 110	-	(6 222)	20 888
Total segment result	(26 272)	(653)	(6 818)	(33 743)
Interest expense				(20 992)
Net loss for the year				(54 735)
Assets				
Segment assets	310 065	307 505	12 420	629 990

Income derived in the New Zealand segment is from the sale of gold. The segment note above includes inter-company charges of management and gold handling fees of $5.1 m (2008: $7.6m).

18 STOCK-BASED COMPENSATION

(a) Executive share options plan

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

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

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

WAEP = weighted average exercise price

	December 31, 2009		December 31, 2008	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	4 019 988	A$2.74	2 600 000	A$3.81
Granted	3 756 155	A$0.94	2 403 320	A$1.68
Forfeited	(2 138 884)	A$2.97	(983 332)	A$3.00
Exercised	-	-	-	-
Cancelled	-	-	-	-
Balance at the end of the period	**5 637 259**	A$1.45	**4 019 988**	**A$2.74**
Exercisable at the end of the period	774 453	A$3.21	703 338	A$3.825

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

(ii) Balance at end of the period

The share options at the end of the financial year had an exercise price of between A$0.00 and A$3.825 and a weighted average remaining vesting period of 4.94 years. The share options were restructured on a 1:5 basis for the TSX listing.

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

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

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

Dividend yield is assumed to be nil on the basis that no dividends have been declared for the 2008 or 2007 financial years due to the large ongoing capital commitment.

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

Grant Date	Dividend yield	Expected volatility	Risk-free interest rate	Expected life of option	Option Exercise Price	Share Price at Grant Date	Weighted Average Fair Value
18 Feb 2009	0%	98.9%	3.120%	3.5	0.538	0.635	0.4396
18 Feb 2009	0%	98.9%	3.394%	4.5	0.538	0.635	0.4766
18 Feb 2009	0%	98.9%	3.596%	5.5	0.538	0.635	0.5055
18 Feb 2009	0%	98.9%	2.985%	3.0	0.000	0.635	0.6350
8 Sep 2009	0%	117.5%	4.906%	3.0	0.000	1.060	1.0600
8 Sep 2009	0%	117.5%	5.299%	3.5	0.992	1.060	0.8046
8 Sep 2009	0%	117.5%	5.353%	4.5	0.992	1.060	0.8658
8 Sep 2009	0%	117.5%	5.378%	5.5	0.992	1.060	0.9105
4 Nov 2009	0%	108.0%	5.502%	4.0	1.191	1.280	0.9682
4 Nov 2009	0%	108.0%	5.502%	4.5	1.191	1.280	1.0031
4 Nov 2009	0%	108.0%	5.502%	5.0	1.191	1.280	1.0341
25 Nov 2009	0%	101.9%	4.783%	3.0	0.000	1.700	1.7000
25 Nov 2009	0%	101.9%	5.317%	4.0	1.521	1.700	1.2494
25 Nov 2009	0%	101.9%	5.317%	4.5	1.521	1.700	1.2957
25 Nov 2009	0%	101.9%	5.317%	5.0	1.521	1.700	1.3371

(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]
2008	134 978	195 942	A$157 232	9 165	A$15 726	-	321 755	A$70 786
2009	321,755	94,355	A$79,517	113,273	A$112,784	58,440	244,397	A$437,471

Notes:

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

19 EMPLOYEE BENEFITS

(a) Employee benefit liability

	2009 *$'000*	2008 *$'000*
Aggregate employee benefit liability is comprised of:		
Accrued wages and salaries	1 166	660
Provisions current	2 358	1 726
Provisions non-current	69	68
	3 593	2 454

20 FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies and Objectives

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

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

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

(b) Gold Price and Foreign Exchange Risk

OGNZL has an economic hedging facility for 285,944 (2008: 405,572) ounces at December 31, 2009. The security for this facility consists of:

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

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

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

The primary instruments held are undesignated forward gold sales contracts for 99,840 ounces with an average price of NZ$773 (2008: 206,076 ounces), undesignated gold put options over 82,080 ounces (2008: 199,496 ounces) with an average exercise price of NZ$1,000 and undesignated gold call options over 104,024 ounces (2008: 136,024 ounces) of forecast 2010 production with an average exercise price of NZ$1,062. These derivative instruments are contracted with a consortium of banks under an economic hedging facility, secured by a pledge against the assets of Oceana Gold (NZ) Ltd.

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

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

Between December 31, 2008 and December 31, 2009 the NZD gold price moved from approximately NZ$1,523 per ounce to NZ$1,516. The gold derivative liabilities decreased mainly as a result of the delivery into a number of contracts during the year.

The following summarises the gold forward obligations at December 31, 2009:

	Total Dec 31 2009	*Maturity 2010*
Gold fixed forward sales		
Ounces	99 840	99 840
Weighted average NZ$/oz	773	773
Present value NZ$/oz	760	760

The net return if all the bullion forward contracts guaranteed by the consolidated entity were to be delivered as compared to the market value of these obligations at December 31, 2009 was $54.6m deficit (2008: $92.7m deficit).

The following summarises the gold option contracts at December 31, 2009:

Metal Commitments	*Total Dec 31 2009*	*Maturity 2010*
Gold Put options		
Ounces	82 080	82 080
Weighted average NZ$/oz	1 000	1 000
Present value NZ$/oz	1 519	1 519
Gold Call Options		
Ounces	104 024	104 024
Weighted average NZ$/oz	1 062	1 062
Present value NZ$/oz	1 047	1 047

The net return if all the bullion option contracts guaranteed by the consolidated entity were to be delivered as compared to the market value of these obligations at December 31, 2009 was $35.2m deficit (2008: $32.7m deficit).

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

	2009 $'000	*2008 $'000*
Current Assets		
Gold put options	141	1 493
Non Current Assets		
Gold put options	-	1 997
Total Assets	**141**	**3 490**
Current Liabilities		
Gold call options	35 318	1 831
Gold forward sales contracts	54 557	46 949
	89 875	48 780
Non Current Liabilities		
Gold call options	-	34 358
Gold forward sale contracts	-	45 708
	-	80 066
Total liabilities	**89 875**	**128 846**

Sensitivities

At December 31, 2009 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 $4.2m higher/lower due to conversion of results from functional currency into reporting currency. The equity effect will be $22.8m 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 $21,000 lower/higher, as a result of higher/lower interest income from cash and cash equivalents and higher/lower interest expense from capital lease and project loan facility. Equity would be $21,000 lower/higher as a result of interest income and expenses.

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

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

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

Year ended December 31, 2009	*Less than 1 year*	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*5 + years*	*Total*	*Weighted average effective interest rate*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*%*
Fixed rate								
Financial Liabilities								
Insurance loan	441	-	-	-	-	-	441	3.26%
Convertible Notes	48 735	-	-	-	90 008	-	138 743	9.89%
	49 176	-	-	-	90 008	-	139 184	
Floating rate								
Financial Assets								
Cash and cash equivalents	42 423	-	-	-	-	-	42 423	2.82%
	42 423	-	-	-	-	-	42 423	
Financial Liabilities								
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	

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

(d) Credit Risk

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

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

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

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

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

(e) Sensitivities

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

December 31, 2009		Interest rate risk				Foreign exchange risk			
		-100 bps		+100 bps		-10%		+10%	
	Carrying amount	Profit/ (Loss)	Equity	Profit/ (Loss)	Equity	Profit/ (Loss)	Equity	Profit/ (Loss)	Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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.

21 CAPITAL DISCLOSURE

The company's objective when managing capital is to:

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

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

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

	31 December 2009	31 December 2008
Total Debt (as shown in the balance sheet)*	273 549	285 558
Less: Cash and cash equivalents	42 423	9 711
Net Debt	231 126	275 847
Total Equity (as shown in the balance sheet)	392 613	246 656
Adjusted capital	392 613	246 656
Debt to adjusted capital ratio	0.59	1.12

* Interest bearing liabilities and Derivative liabilities

The change in the debt-to-adjusted capital ratio results principally from equity raised during the year, higher cash balance and depreciating US dollars- the reporting currency.

The company is subject to a number of externally imposed capital requirements relating to financing agreements; as at December 31, 2009 the company was in compliance with all requirements.

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Recognised Financial Instruments

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

	Carrying amount		*Net Fair value*	
	2009	*2008*	*2009*	*2008*
	$'000	*$'000*	*$'000*	*$'000*
Financial assets				
Cash	42 423	9 711	42 423	9 711
Accounts receivable and other receivables	3 460	2 680	3 460	2 680
Put options	141	3 490	141	3 490
Financial liabilities				
Trade payables	29 996	27 675	29 996	27 675
Capital leases	40 226	39 131	40 226	30 381
Forward gold contracts	54 557	92 657	54 557	92 657
Convertible notes	138 743	105 757	157 514	105 436
Call options	35 318	36 190	35 318	36 190
Project debt facility	4 264	11 583	4 264	10 550
Insurance premium loan	441	240	441	240

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy established using Canadian GAAP as at December 31, 2009 [1]

	Financial assets and liabilities at fair value as at December 31, 2009			
	Level 1 ***$'000***	**Level 2** ***$'000***	**Level 3** ***$'000***	**Total** ***$'000***
Financial assets				
Put options (2)	-	141	-	141
	-	**141**	**-**	**141**
Financial liabilities				
Convertible notes (1)	-	157,514	-	157,514
Forward gold contracts (2)	-	54 557	-	54 557
Call options (2)	-	35 318	-	35 318
	-	**247 389**	-	**247 389**

[1] Comparative information has not been presented in the table because this comparative information is not required in the year of adoption.

(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, 2009 (2008: nil).

23 COMMITMENTS

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

	2009 *$'000*	*2008* *$,000*
Within 1 year	4 560	2 501
Within 1 to 2 years	3 623	2 327
Within 2 to 3 years	3 284	2 145
Within 3 to 4 years	2 990	2 053
Within 4 to 5 years	1 961	2 053
More than five years	49	1 420
	16 467	12 499

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

(b) Lease commitments under capital leases:

	2009 *$'000*	*2008* *$'000*
Within 1 year	11 075	8 904
Within 1 to 2 years	20 216	9 129
Within 2 to 3 years	3 768	16 523
Within 3 to 4 years	6 832	3 451
Within 4 to 5 years	2 082	5 750
More than five years	-	1 703
	43 973	45 460
Future finance charges	(3 747)	(6 328)
Present value of minimum lease payments	40 226	39 132
Reconciled to:		
Current interest bearing liability (Note 13)	9 354	6 897
Non-Current interest bearing liability (Note 13)	30 872	32 235
Total	40 226	39 132

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

(c) Gold Production

The consolidated entity has certain obligations to deliver future gold production into bullion forward sales contracts. Refer to Note 20(b).

The consolidated entity also 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, 2009, the consolidated entity has commitments of $0.3m (2008: $6.6m), principally relating to the development of mining facilities.

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

	2009 *$'000*	*2008* *$'000*
Within one year:		
- development of new mining facilities	-	5 656
- purchase of property, plant and equipment	267	-
After one year but not more than five years:		
- development of new mining facilities	-	917
	267	6 573

(e) The consolidated entity is committed to annual expenditure of approximately $0.3m (NZ$0.4m) (2008 $0.2m NZ$0.4m) to comply with regulatory conditions attached to its New Zealand prospecting licences and prospecting, exploration and mining permits

24 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 $16.6m (NZ$23.0m) (2008 $13.8m NZ$23.9m).

b. The consolidated entity has provided a cash operating bond to the New Zealand Department of Conservation of $0.3m (NZ$0.4 m) (2008 $0.2m NZ$0.4m) which is refundable at the end of the Globe Progress mine. This amount is included in the total referred to in (a) above.

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

d. The Group has provided a guarantee in respect of a capital lease agreement for certain mobile mining equipment entered into by a controlled entity. At December 31, 2009 the outstanding rental obligations under the capital lease are $40.4m (2008 $39.1m). Refer to Note 23 (b). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

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

25 SUBSEQUENT EVENTS

On February 19, 2010 the Company announced that it has secured, through the issue of 27,099,132 Subscription Receipts in Canada and 10,949,648 CHESS Depository Interests (CDI's) in Australia, an equity raising of C$78m (before costs) at a price equivalent to C$2.05 per share. The Subscription Receipts will be converted to common shares and the CDI's will be issued, on shareholder approval, at an Extraordinary General Meeting to be held on March 25, 2010. The proceeds from the Subscription Receipts will be held in escrow until the Release Conditions (which include shareholder approval) have been met. The company expects these conditions will be met by 31 March 2010

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