



2012 Quarter 2 Results

July 26, 2012

www.oceanagold.com



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 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 and drilling programs, timing of filing of updated technical information, anticipated production amounts, 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, 2011, which is available on SEDAR at www.sedar.com under the Company’s name. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performance, achievements or events to differ from those anticipated, estimated or intended. Also, many of the factors are outside or beyond the control of the Company, its officers, employees, agents or associates. Forward-looking statements and information contained herein are made as of the date of this Management Discussion & Analysis and, subject to applicable securities laws, the Company disclaims any obligation to update any forward-looking statements and information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information due to the inherent uncertainty therein. All forward-looking statements and information made herein are qualified by this cautionary statement. This Management Discussion & Analysis may use the terms “Measured”, “Indicated” and “Inferred” Resources. U.S. investors are advised that while such terms are recognised and required by Canadian regulations, the Securities and Exchange Commission does not recognise them. “Inferred Resources” have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resources will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into reserves. U.S. investors are also cautioned not to assume that all or any part of an Inferred Resource exists, or is economically or legally mineable. This document does not constitute an offer of securities for sale in the United States or to any person that is, or is acting for the account or benefit of, any U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “Securities Act”)) (“U.S. Person”), or in any other jurisdiction in which such an offer would be unlawful.

Technical Disclosure

Dr Michael Roache, (PhD) - Head of Exploration, Mr Jonathan Moore - Group Mine Geology Manager, and Knowell Madambi - Principal Development Engineer all of OceanaGold, are responsible for the technical disclosure in this document, and are Qualified Persons under the Canadian Securities Administrators’ National Instrument 43-101 – Standards of Disclosure of Mineral Projects (“NI 43-101”). Dr Roache is a member of both the AusIMM and Australasian Institute of Geoscientists while Messrs. Moore and Madambi are both members and Chartered Professionals with the AusIMM. Dr Roache, Messrs Moore and Madambi have sufficient experience, which is relevant to the style of mineralisation and type of deposits under consideration, and to the activities which they are undertaking, to qualify as Competent Persons as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (“JORC Code”). Soil samples, and drill samples collected at 1 metre intervals or less, from both reverse circulation chips and sawn diamond core, were prepared and assayed by fire assay methods at either the SGS facilities at Macraes, Reefton, Westport and Waihi, New Zealand, or the ALS facilities in Brisbane and Townsville, Australia. Philippine soil samples were prepared and assayed at McPhar laboratories in Manila, Philippines. Standard reference materials were inserted to monitor the quality control of assay data. Dr Roache and Messrs. Moore, and Madambi consent to the inclusion in this document of the matters based on their information in the form and context in which the information appears.

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

Management Discussion and Analysis of Financial Condition and Results of Operations for the Quarter Ended June 30, 2012

HIGHLIGHTS

- Revenue of \$86.7 million for the quarter from gold sales of 53,756 ounces at an average price of \$1,613 per ounce and cash costs of \$1,029 per ounce.
- Produced 55,709 ounces of gold during the second quarter, up 10% over the previous quarter.
- EBITDA (earnings before interest, taxes, depreciation and amortisation)* was \$25.6 million, an increase of 10% versus the first quarter.
- Didipio Project construction is 70% complete and on track to commission in fourth quarter 2012. The project remains fully funded through to full operations.
- Deep drilling at the historic Blackwater Underground mine successfully intersected the reef at 391m below the old workings (drill hole WA21A). Assay results of 0.5m (true width) grading 23.3 g/t gold are consistent with historical mining records.
- Encouraging results from infill drilling in the south and east of the Macraes Open Pit with potential to increase current resources and reserves.
- Positive results from the “blind target” drilling program searching for more underground mining targets at Macraes including 16m down hole (15.5m true width) @2.07 g/t Au from 242m down dip of the Round Hill deposit, 3.5 kilometres north of the current underground operation.
- Cash Balance June 30, 2012 was \$73 million with a \$220 million corporate refinancing announced subsequent to quarter end.
- Established a Toronto office and full time Investor Relations Manager (North America) to better service the Company’s TSX listing and further meet the needs of the North America investment community.

All statistics are compared to the corresponding 2011 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 27 for explanation of non GAAP measures.

OVERVIEW

Results from Operations

OceanaGold recorded revenue of \$86.7 million in the second quarter of 2012 from sales of 53,756 ounces of gold at a cash cost of \$1,029 per ounce. Revenue for the first half of 2012 was \$175.3 million from sales of 105,608 ounces of gold at cash cost of \$1,077 per ounce sold.

Gold production for the second quarter of 2012 was 55,709 ounces, up 10% versus 50,842 ounces in the previous quarter. This increase was driven by improved production from Macraes Open Pit and Reefton Open Pit mines with higher mill throughput and higher mill feed grades partly offset by lower recoveries. Total production achieved for the first half of 2012 was 106,551 ounces of gold.

The average gold price received in the second quarter of 2012 was \$1,613 per ounce and versus \$1,708 per ounce in the first quarter. Operating cash cost per ounce sold improved to \$1,029 versus the prior quarter of \$1,126. The decrease in cash cost per ounce sold was due to favourable foreign exchange rate movements and an increase in gold ounces produced. Review of cost management is continuing as part of the Company's Performance Management Program. The cash operating margin of \$584 per ounce sold was comparable to the prior quarter with lower average gold price received offset by lower cash operating cost per ounce.

Total material mined was up 4% in the second quarter to 15.6 million tonnes compared to the previous quarter with a good increase in ore tonnes mined and improvements in truck availability at both Macraes and Reefton Goldfields.

Mill throughput for the second quarter increased by 6% to 1.91 million tonnes versus the first quarter. The mill feed grade also improved by 6% to 1.15 g/t from 1.08 g/t in the prior quarter with improved feed grades from Macraes Open Pit and Reefton mines.

The overall recovery for the second quarter was 79.0%, representing a 3% decrease from the previous quarter's recovery of 81.4%. The decrease was attributable to lower flotation recovery and higher autoclave throughput rates resulting in lower oxidation rates and lower carbon-in-leach recovery at Macraes. The processing of some oxide ore at Reefton was also a contributor.

Cash flow from operations for the second quarter was \$20.9 million and \$41.7 million for the half year. The cash balance at the end of the quarter was \$73.1 million.

Drilling of the inferred resource to the south and east of Macraes Open Pit has produced encouraging results with the potential to increase resource and reserves. Resource and reserve modelling is in progress.

Production & Cost Guidance

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

Overall, the Company expects gold production in the second half of the year to be greater than the first half as the production of the higher grade gold from Frasers Stage 5 at Macraes Goldfields commences, Frasers Underground returns to normal operating levels following the development of the new access and increased mining rates at Reefton. Full year 2012 production guidance of 230,000 to 250,000 ounces of gold remains unchanged.

As expected, first half cash operating costs fell outside of the full year guidance range of \$900 to \$980 per ounce. As production levels in the second half increase, cash costs are expected to fall below the average for the first half. Full year cash cost guidance remains unchanged.

Didipio Project

During the second quarter of 2012, construction remained on schedule and is now over 70% complete. The majority of the process plant structural steel has been installed along with the mills, flotation cells and other major mechanical equipment. Electrical works have also begun with the installation of the first power generating units.

Open pit mining continued to provide competent waste rock for construction of the Tailings Storage Facility (TSF), which is well underway, road sheeting, and other construction purposes. The mining of oxide mineralisation commenced at the top of the ore body. Ore mining will commence early third quarter. The mining contractor has started to take delivery of the large mining fleet and all equipment is due to arrive on site over the next few months on schedule.

The TSF construction is tracking to schedule and is now 50% complete. The critical activity of bringing in the embankment foundations for the TSF up and out of the ground has been completed prior to the onset of rain.

All major construction contracts have been awarded with the contractors mobilised to site and the final long

lead time items have arrived in the Philippines and are being transported to site.

There are currently over 1,700 contractors and employees on site engaged in construction and mining activities, of which 98% are Filipinos. The permanent operations accommodation village is now complete and the accommodation on site is nearing full capacity.

During the quarter, \$52.5 million was spent on construction. Total spend since the project recommenced in June 2011 was \$161.0 million with a further \$24 million committed in contracts. Subsequent to quarter end, the Company announced the Didipio Project capital costs are now expected to be \$220 million representing a 19% increase on the \$185 million reported at project recommencement in June 2011. The Company also announced that it has secured credit approvals from a group of large multinational banks for a \$220 million credit facility which includes a \$50 million working capital facility. The project is fully financed and on track for commissioning in fourth quarter 2012.

During the quarter, the Company advanced 30% of the 2013 Social Development and Management Plan (SDMP) funds to the nine surrounding local communities who have begun implementation of their priority community development projects. The local community development corporation formed in 2011 ("DiCorp") continued work on their awarded contracts such as road maintenance and transport services and the company continued its sponsorship and participation of the medical missions. In May, the Company received a commendation award from the Director of the Commission of Human Rights Region 02 in the Philippines as part of its 25th anniversary for "incorporating and observing a human rights perspective in the conduct of its business affairs..."

Exploration

The Company invested \$3.9 million on exploration during the second quarter with the majority (\$3.5 million) incurred in New Zealand.

At Reefton in New Zealand, exploration during the quarter focused on greenfields and brownfields exploration drilling. Diamond drill rigs continued deep drilling programs at the Globe Progress Mine and Blackwater historical mine during the quarter. Helicopter assisted diamond drilling was conducted at Blackwater North.

In April, the Company announced deep drilling at the historic Blackwater Underground mine successfully intersected the reef at 391m below the old workings (drill hole WA21A). Assay results of 0.5m (true width) grading 23.3 g/t gold are consistent with historical mining records. A second hole commenced in late

March to test the reef along strike to the north at a similar depth below the workings.

Exploration continued at the Frasers Underground mine with mineralisation being confirmed to the north and northeast of the current workings. Mineralisation remains open in both directions. Exploration drilling will continue in the down dip areas of Panel 2 of the underground to convert inferred resources to reserves.

Surface drilling programs at the Macraes Goldfield targeted blind mineralisation located immediately to the east (down dip) of the Frasers Underground mine and between 2.5 to 6.0 kilometres north of Macraes Open Pit (including Innes Mills, Round Hill and Coronation South projects).

Philippines exploration continued to focus on the FTAA exploration area. The copper-gold soil geochemical anomalies at the MMB, TNN, and D'Beau prospects have been further defined through infill sampling and expanded through additional wide-spaced sampling. Future work will focus on further defining drill targets at the MMB and TNN prospects.

Subsequent to quarter end, the Philippines Government released an Executive Order (EO79) in regards to the Philippines mining sector reform. As a result of EO79, the granting of exploration permits is expected to resume and the Company remains in "drill ready" status for some near mine prospects at the Didipio Project and awaits extension of its exploration period of its granted Financial or Technical Assistance Agreement (FTAA).

- Table 1 -
Key Financial and Operating Statistics

Financial Statistics	Q2 Jun 30 2012	Q1 Mar 31 2012	Q2 Jun 30 2011	Half Year Jun 30 2012	Half Year Jun 30 2011
Gold Sales (ounces)	53,756	51,852	61,335	105,608	126,100
	USD	USD	USD	USD	USD
Average Price Received (\$ per ounce)	1,613	1,708	1,546	1,660	1,471
Cash Operating Cost (\$ per ounce)	1,029*	1,126*	921	1,077*	801
Cash Operating Margin (\$ per ounce)	584	582	625	583	670
Non-Cash Cost (\$ per ounce)	375	426	349	399	322
Total Operating Cost (\$ per ounce)	1,404	1,598	1,270	1,476	1,123
Total Cash Operating Cost (\$ per tonne processed)	30.18	33.65	29.41	31.87	26.59
Combined Operating Statistics	Q2 Jun 30 2012	Q1 Mar 31 2012	Q2 Jun 30 2011	Half Year Jun 30 2012	Half Year Jun 30 2011
Gold Produced (ounces)	55,709	50,842	61,988	106,551	127,659
Total Ore Mined (tonnes)	1,571,658	1,407,349	1,763,297	2,979,007	3,768,382
Ore Mined Grade (grams/tonne)	1.29	1.29	1.23	1.29	1.22
Total Waste Mined (tonnes) - incl pre- strip	14,006,959	13,608,782	15,335,678	27,615,741	29,723,280
Mill Feed (dry milled tonnes)	1,909,670	1,806,704	1,920,854	3,716,374	3,797,008
Mill Feed Grade (grams/tonne)	1.15	1.08	1.19	1.12	1.24
Recovery (%)	79.0%	81.4%	83.5%	80.2%	83.4%
Combined Financial Results	Q2 Jun 30 2012 \$'000	Q1 Mar 31 2012 \$'000	Q2 Jun 30 2011 \$'000	Half Year Jun 30 2012 \$'000	Half Year Jun 30 2011 \$'000
EBITDA	25,632	23,285	32,994	48,917	76,992
Earnings/(loss) after income tax	735	(3,863)	4,147	(3,128)	18,919

* Cash operating costs per ounce has been adjusted in 2012 to reflect the decision to combine the administrative functions of the Melbourne, Dunedin and Makati offices under single management from 1 January 2012. In particular, previously the activities of the Dunedin office, such as finance, legal, regulatory, information technology, technical and supply services were treated as part of mine operating costs. With the start-up of the Didipio operations scheduled for Q4 2012, this change reflects the development of the business into a multi-regional mining company.

PRODUCTION

Gold production for the second quarter of 2012 was 55,709 ounces, up 10% versus 50,842 ounces in the previous quarter. This increase was driven by improved production from Macraes Open Pit and Reefton Open Pit mines as a result of higher mill throughput and higher mill feed grade, partly offset by lower recoveries. At the Frasers Underground mine, production in the second quarter was slightly below the first quarter due to slightly lower mill feed grade. Stope production improved as a new access was developed to areas that were inaccessible due to the greater than expected ground movement reported in the first quarter. The Frasers Underground mine production is expected to return to normal levels in the second half of the year. Total production for the first half of 2012 was 106,551 ounces of gold.

Overall, the Company expects gold production in the second half of the year to be greater than the first half as the production of the higher grade gold from Frasers Stage 5 at Macraes Goldfield commences, Frasers Underground returns to normal operating levels following the development of the new access and increased mining rates at Reefton.

Cash operating costs for the second quarter of 2012 were \$1,029 per ounce sold versus \$1,126 per ounce in the first quarter. The decrease of cash costs from the previous quarter was mainly due to favourable movement in foreign exchange rates and an increase in ounces of gold produced.

OPERATIONS

Macraes Goldfield (New Zealand)

The Macraes operations (Open Pit and Underground) incurred one lost time injury (LTI) during the quarter when an articulated 30-tonne dump truck partially rolled in slippery road conditions. Appropriate action has been taken to address driver safety.

Production from the Macraes Goldfield for the quarter was 39,012 gold ounces compared to 34,851 gold ounces the previous quarter. The improved production was due to higher mill throughput and higher mill grade in particular from Macraes Open Pit.

Total material mined from Macraes Open Pit was 10.3 million tonnes in the quarter, up 2% on the previous quarter, mainly due to an increase in ore tonnes mined and improved truck availability.

Mining continued in the Frasers 5 cutback and a small cutback to the west with the overburden material hauled to the Frasers East and Frasers West waste dumps.

At Frasers Underground, mining was carried out in Panel 2. Total ore mined for the quarter was 179,000 tonnes, an improvement of 14% on the first quarter in 2012. Stope production improved during the quarter as new access was developed to areas that were rendered inaccessible during the first quarter due to greater than expected ground movement as previously reported. Ore production levels from the underground are expected to return to normal rates in the second half of 2012.

Mill throughput was 1.48 million tonnes, an increase of 6% when compared to 1.39 million tonnes in the previous quarter. Mill feed grade for the quarter improved by 5% to 1.03g/t, versus the prior quarter of 0.98g/t. The higher mill grade was due to better grades mined from the bottom of the Macraes Open Pit.

The process plant recovery in the second quarter was 79.1% compared to 80.8% the previous quarter mainly due to lower flotation recoveries and targeting of higher autoclave throughput rates in order to reduce concentrate stock levels. This resulted in lower oxidation rates and lower CIL recovery.

Encouraging results from infill drilling in the south wall and east wall of Macraes Open Pit indicates potential to increase current resources and reserves. Best results for the Macraes east wall drilling include: RCH5531 11m @ 1.86 g/t from 131m, RCH5536 12m @ 3.23 g/t from 166m, and RCH5539 22m @ 1.36 g/t from 179m. Results of the south wall drilling are pending.

Reefton Goldfield (New Zealand)

There was one lost time injury (LTI) during the quarter at the Reefton Operations which was attributable to a mine operator slipping off the steps climbing onto a truck and spraining an ankle. An Incident Cause Analysis Method (ICAM) investigation was completed.

Significant improvements to Reefton's health and safety programs have been implemented following the two safety audits in the first quarter. In addition with the appointment of a Health, Safety & Training Manager for Reefton this site has seen a stronger focus on procedures and the use of safety tools.

Gold produced for the quarter was 16,697 ounces, up 4% over the first quarter. The improvement was due to increased throughput and higher feed grade partly offset by lower recoveries caused by trial processing of some stockpiled oxide ore.

Total material mined was up 6% to 5.0 million tonnes in the quarter versus 4.7 million tonnes in the first quarter due to increased capacity and mechanical

availability of fleet, as expected following improvements implemented in the prior quarter. Mining resumed at Souvenir Pit during the quarter following granted consents with the required cutback of the south wall. Mining of ore at Souvenir is expected to resume in the third quarter.

The total ore mined for the second quarter was 268,365 tonnes versus 319,112 tonnes in the prior quarter. The decrease in ore mined was due to less ore tonnes than was predicted by the resource model. On a short term basis there are variations, both positive and negative, in the resource model, however over the long term, the model is performing well.

During the second quarter, hired mining equipment was removed from Reefton and replaced by four the CAT 785 Haul trucks and ancillary equipment from Macraes.

Process plant throughput in the second quarter increased by 4% to 431,921 tonnes, versus the previous quarter of 414,644 tonnes.

Grade through the mill improved to 1.53 g/t in the second quarter versus 1.44 g/t in the prior quarter as a result of oxide ore being treated from the stockpiles. The oxide ore is of higher grade however the recovery of this oxide material is lower.

Gold recovery was 78.8% versus 83.2% in the previous quarter due to processing of oxide ore.

**- Table 2 -
Macraes Operating Statistics**

Macraes Goldfield Operating Statistics	Q2 Jun 30 2012	Q1 Mar 31 2012	Q2 Jun 30 2011	Half Year Jun 30 2012	Half Year Jun 30 2011
Gold Produced (ounces)	39,012	34,851	44,107	73,863	88,264
Total Ore Mined (tonnes)	1,303,293	1,088,237	1,375,342	2,391,530	2,994,248
Ore Mined Grade (grams/tonne)	1.23	1.16	1.07	1.20	1.07
Total Waste Mined (tonnes) - incl pre-strip	9,226,327	9,183,015	11,999,463	18,409,342	22,935,029
Mill Feed (dry milled tonnes)	1,477,749	1,392,060	1,458,428	2,869,809	2,915,050
Mill Feed Grade (grams/tonne)	1.03	0.98	1.12	1.01	1.12
Recovery (%)	79.1%	80.8%	84.2%	79.9%	83.9%

**- Table 3 -
Reefton Operating Statistics**

Reefton Goldfields Operating Statistics	Q2 Jun 30 2012	Q1 Mar 31 2012	Q2 Jun 30 2011	Half Year Jun 30 2012	Half Year Jun 30 2011
Gold Produced (ounces)	16,697	15,991	17,881	32,688	39,395
Total Ore Mined (tonnes)	268,365	319,112	387,955	587,477	774,134
Ore Mined Grade (grams/tonne)	1.57	1.74	1.80	1.66	1.81
Total Waste Mined (tonnes) - incl pre-strip	4,780,632	4,425,767	3,336,216	9,206,399	6,788,252
Mill Feed (dry milled tonnes)	431,921	414,644	462,426	846,565	881,958
Mill Feed Grade (grams/tonne)	1.53	1.44	1.42	1.49	1.62
Recovery (%)	78.8%	83.2%	81.1%	80.9%	81.8%

DEVELOPMENT

Didipio Project (The Philippines)

There was one lost time injury (LTI) in the quarter, the second for the project, and shortly after achieving over one million man hours without a LTI.

Subsequent to quarter end, the Company regrettably announced the fatality of a contractor in an incident arising from a recent severe storm that impacted on the site. OceanaGold has arranged counselling and support services to be available for the family of the deceased and affected fellow employees in relation to this incident. Appropriate action will be undertaken to ensure that such incidents do not occur again.

Construction progress remained on track and is now over 70% complete. The majority of the process plant structural steel has been installed along with the mills, flotation cells and other major mechanical equipment. Electrical works have begun with the installation of the first power generating units.

Concrete foundations were 95% complete by the end of the quarter and will be fully complete on the process plant in the third quarter. All structural concrete foundations for the major areas have been completed. Steel erection is progressing well with over 65% of the process plant steel installed including milling, crushing and conveying steelwork. Mechanical, piping and electrical works have now begun on schedule with major mechanical equipment such as the cyclone cluster, flotation cells and pumps already in place.

Open pit mining continued in the quarter from the Bacbacan starter pit to provide competent waste rock for construction of the Tailings Storage Facility (TSF), road sheeting, and other construction purposes. The mining of a 20m thick oxide mineralisation commenced at the top of the outcropping ore body late in the quarter. First ore is expected to be mined in the third quarter. The mining contractor has started to take delivery of the large mining fleet and the first Komatsu HD785 trucks (100 tonne capacity) have begun to arrive on site. The remaining equipment is expected to arrive over the next few months on schedule.

The TSF construction is on schedule and now 50% complete. The critical activity of bringing in the embankment foundations up and out of the ground has been completed prior to the onset of rain. TSF construction can now continue unabated through wet weather.

All major construction contracts have been awarded and all contractors have now mobilised to site.

The switch rooms, being the final large items of equipment, were shipped during the quarter and are in

port at Manila ready for transportation to site.

There are currently over 1,700 contractors and employees on site engaged in construction activities, of which over 98% are Filipinos. Construction of the permanent accommodation village was completed during the quarter and along with the construction camps, accommodation of over 1,100 beds on site is nearing capacity. Of the remaining staff, 500 are from the local community and the rest are being billeted with families in the local community.

During the quarter, \$52.5 million was spent on the construction. Total spend on construction since the project recommenced in June 2011 was \$161.0 million, with a further \$24 million committed in contracts. Subsequent to quarter end, the Company provided an update of the capital cost of the Didipio Project which is now expected to be \$220 million which represents a 19% increase on the \$185 million reported at project recommencement in June 2011. The Company also announced that it has secured credit approvals from a group of large multinational banks for a \$220 million credit facility which includes a \$50 million working capital facility. The project is fully financed and on track for commissioning in fourth quarter 2012.

As part of its Financial or Technical Assistance Agreement (FTAA) at Didipio, the Company is committed to developing a Social Development and Management Plan (SDMP) and commit 1.5% of its operating costs to funding initiatives under the SDMP. The SDMP benefits are shared amongst the host community (Didipio) and nine other upstream and downstream communities. During the quarter, the Company advanced 30% of the 2013 SDMP funds to the nine communities who have begun implementation of their priority community development projects. An agreement has been reached with the neighbouring barangay to improve an access road to that community at an expected cost of \$400,000. Construction will commence in the third quarter and take 12 months to complete.

In the second quarter of 2012, the local community development corporation formed in 2011 ("DiCorp") continued work on ongoing maintenance of the access road, waste and recycling services, employee transport services, equipment hire and construction services. Planning is underway for DiCorp to take on the contract for the camp laundry and cleaning services in the third quarter.

As part of OceanaGold's commitments in the Memorandum of Agreement with the Didipio Community, the Company funded construction of a major drainage canal through the community to prevent flooding which was completed during the



second quarter. A second project involving road widening, slope stabilisation, and drainage is underway along the central road through the Didipio community.

The Company also continued its sponsorship and participation in number of medical missions in the surrounding villages, which have benefitted over 8,600 people since the inception of the program.

The Didipio Project was proud to receive a commendation in the last three months from the Director of the Commission of Human Rights Region 02 in the Philippines as part of its 25th anniversary. The Plaque of Recognition was for *“incorporating and observing a human rights perspective in the conduct of its business affairs and for giving due consideration to cultural rights as well as the social development of the Barangays impacted by its mining operations within the Provinces of Nueva Vizcaya and Quirino”*.

Figure 1: Commission of Human Rights Region 02 in the Philippines commendation award to OceanaGold



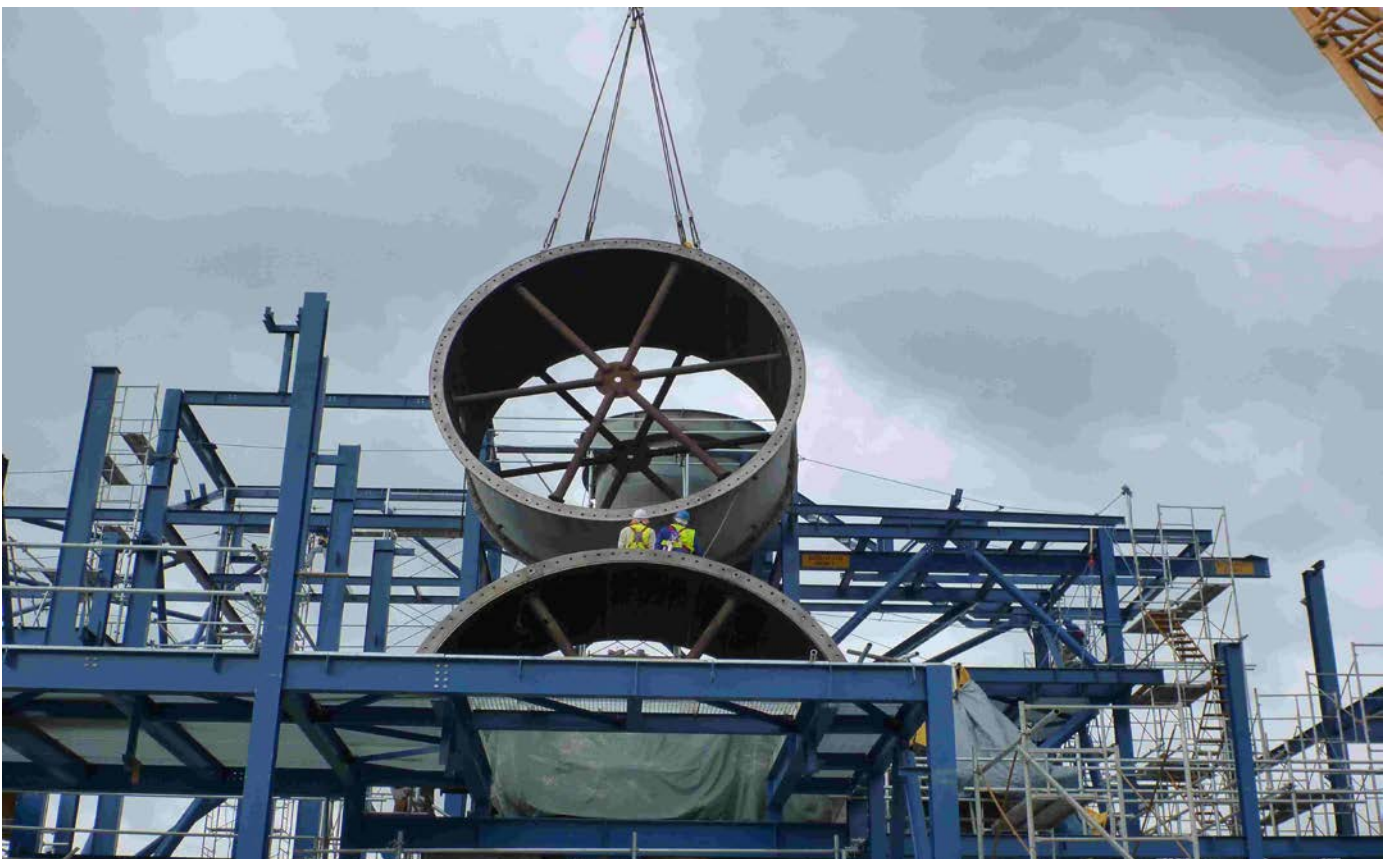
Figure 2: Flotation cells structural and mechanical installation, June 2012



Figure 3: Tailings storage facility construction 50% complete, June 2012



Figure 4: Ball mill shell installation, July 2012





EXPLORATION

New Zealand

Exploration expenditure in New Zealand was \$3.5 million during the second quarter and \$7.0 million for the half year.

Reefton Goldfield – New Zealand

The deep drill programs at the Globe Progress Mine and Blackwater historical mine continued throughout the second quarter. Helicopter assisted diamond drilling was conducted at Blackwater North (Figure 5).

The deep drilling program at the historic Blackwater Underground mine commenced in November 2011. Drill hole WA21A successfully intersected the reef at 1,316 metres down hole and approximately 652m down-plunge (391 vertical metres) from the base of the old workings. In April, the Company announced results from WA21A of 1.0m (estimated true width of 0.5m) grading 23.3 g/t Au. These results were consistent with the average grade and thickness obtained from historical mining records. A new hole WA22 commenced in late March to test the reef along strike to the north at a similar depth below the workings (Figure 6). Drilling is currently at a depth of 861m. The program is expected to continue throughout 2012.

An 18 drill hole program commenced at Globe Progress in the fourth quarter of 2011 with one hole remaining to be drilled. Ten of the drill holes consolidate mineralisation within the Globe Open Pit while eight test extensions, known as Globe Deeps, beneath the final pit design. Assay results have been received for 2 of the 18 holes: RCD0015 and RCD0018 (Table A). Both tested open pit targets. RCD0015, returned 12m @ 2.60 g/t Au from 229m, while RCD0018, returned 14m @ 2.63 g/t Au from 302m. The assay results from all drill holes are expected to be received and integrated into a revised resource model during the third quarter.

A seven hole diamond drill program was completed during the first quarter at the Big River South prospect located 11km to the south of the Reefton processing plant. Assay results for the final two Big River South diamond drill holes (BRS006 and BRS007) were received during the quarter. Best results include 1m (down hole) @ 5.49 g/t Au from 84m in BRS006 and 6m (down hole) @ 0.85 g/t Au from 28m depth and 1m (down hole) @ 2.61 g/t Au from 71m depth in hole BRS007 (Table B).

At Blackwater North, a three hole (WN0003 to WN0005) 533m, helicopter-assisted diamond drilling program was completed in the second quarter targeting potential strike extensions under cover, 500m north along strike from the historic Blackwater Underground mine. The area is located 14 kilometres

SSW of the Reefton processing plant. No significant assay results were returned.

Drilling in the Krantz Creek Exploration Permit (EP) 40 705 will commence in the third quarter targeting coincident gold and arsenic geochemical anomalies within the Krantz Creek shear (Figure 5).

Mapping is continuing in the Blackwater and Caplestone tenements with the aim of defining potential narrow, high-grade Blackwater-style targets.

Two prospecting permit applications (PPA) were submitted during the quarter; namely, Boatmans PPA 54 444 and Lyell PPA 54 446 (Figure 5). The Boatmans PPA 54 444 is contiguous with existing Exploration Permits and the Lyell PPA 54 446 is located 50 kilometres north of the Reefton processing plant. The Soldiers Flat EP 50 700 was relinquished.

Figure 5: Reefton exploration overview. Exploration drilling activity at Reefton during the quarter was conducted at several locations including Globe Progress Mine, Blackwater and Blackwater North.

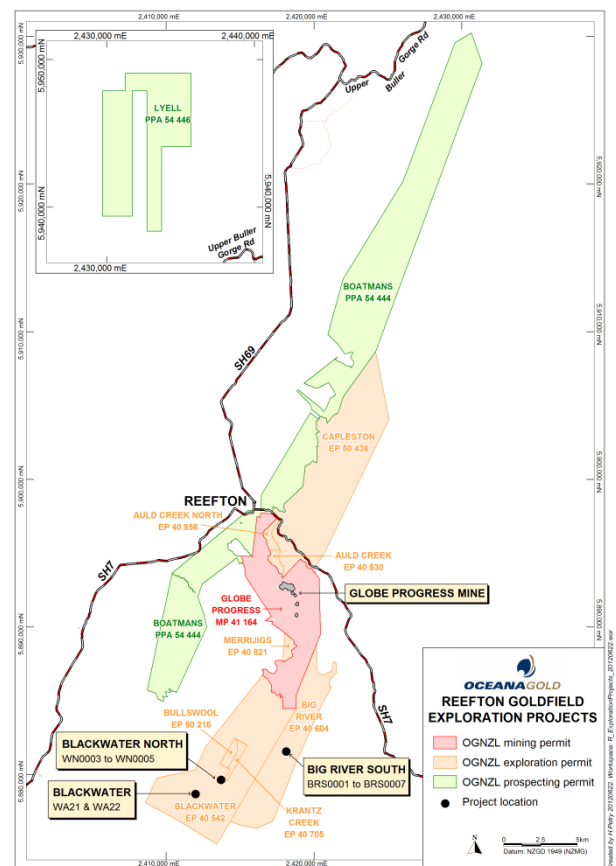
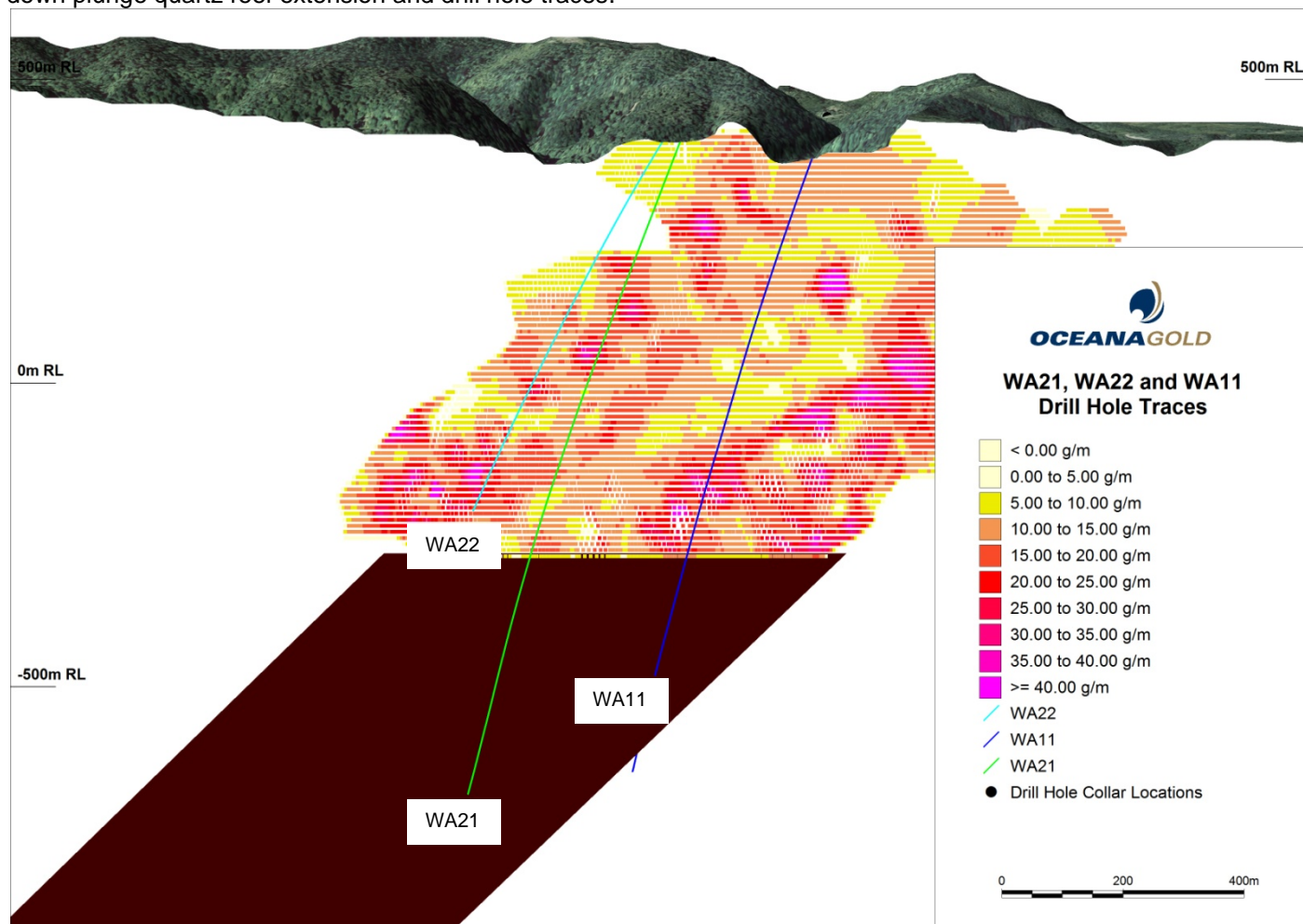


Figure 6: Oblique view of the Blackwater historical mine showing gram-metres from historical workings, modelled down plunge quartz reef extension and drill hole traces.



Macraes Goldfield

Underground exploration and resource infill drilling continued at the Frasers Underground mine with 4,603m drilled and 22 diamond drill holes completed from the Exploration Drive in the second quarter. The drilling confirmed mineralisation extends to the north and north-east of the underground workings and the deposit remains open in both directions.

A further 959m were drilled and 8 diamond drill holes completed from a jump-up rise on the western edge of Panel 2 to test for extensions to the mineralisation in this area. The program is scheduled to be completed in the third quarter.

A previously reported eleven hole drill program was completed during the first quarter to test for projections of mineralisation into the east wall of the Macraes Open Pit. A 24 hole follow-up infill drilling program was completed in the second quarter. Best results include: RCH5531 11m @ 1.86 g/t from 131m, RCH5536 12m @ 3.23 g/t from 166m, and RCH5539 22m @ 1.36 g/t from 179m (Table C).

A separate 22 hole drilling program was completed in June to test for projections of mineralisation into the south wall of the Macraes Open Pit. Results are pending.

Results for both programs will be integrated into a revised Macraes resource estimate which will form the basis of the Life of Mine plan.

The final hole of a three hole (RCD5454, RCD5455 and RCD5545) drill program for 1,565m targeting blind mineralisation located between 2.5 and 3.5 kilometres north of the Macraes Open Pit was completed. Assay results for the final two holes have been returned with encouraging results including an intercept of 16m down hole (15.5m true width) @ 2.07 g/t Au from 242m including 2m down hole (1.9m true width) @ 4.64 g/t Au from 246m in RCD5455 down plunge from Round Hill deposit (Table D and Table E).

A combined surface reverse circulation (RC) and diamond drill program comprising 11 holes for 1,230m has been completed immediately south of the

Coronation deposit (Figure 7). Drilling has defined a shallow east dipping 1 to 2 metre thick mineralised hanging-wall shear. Assay results are summarised in Table F. Best results include 3m down hole (2.9m true

width) @ 7.94 g/t Au from 136m in hole RCD5464. A 31 RC drill hole infill and extension program (2,920m) has been designed and is expected to commence late in the fourth quarter.

Figure 7: Exploration drilling activity at Macraes during the quarter was conducted at several locations including east and southwest Macraes Open Pit, immediately east of the Fraser Underground mine and between 2.5 and 6 kilometres north of Macraes Open Pit (namely Innes Mills, Round Hill and Coronation South).

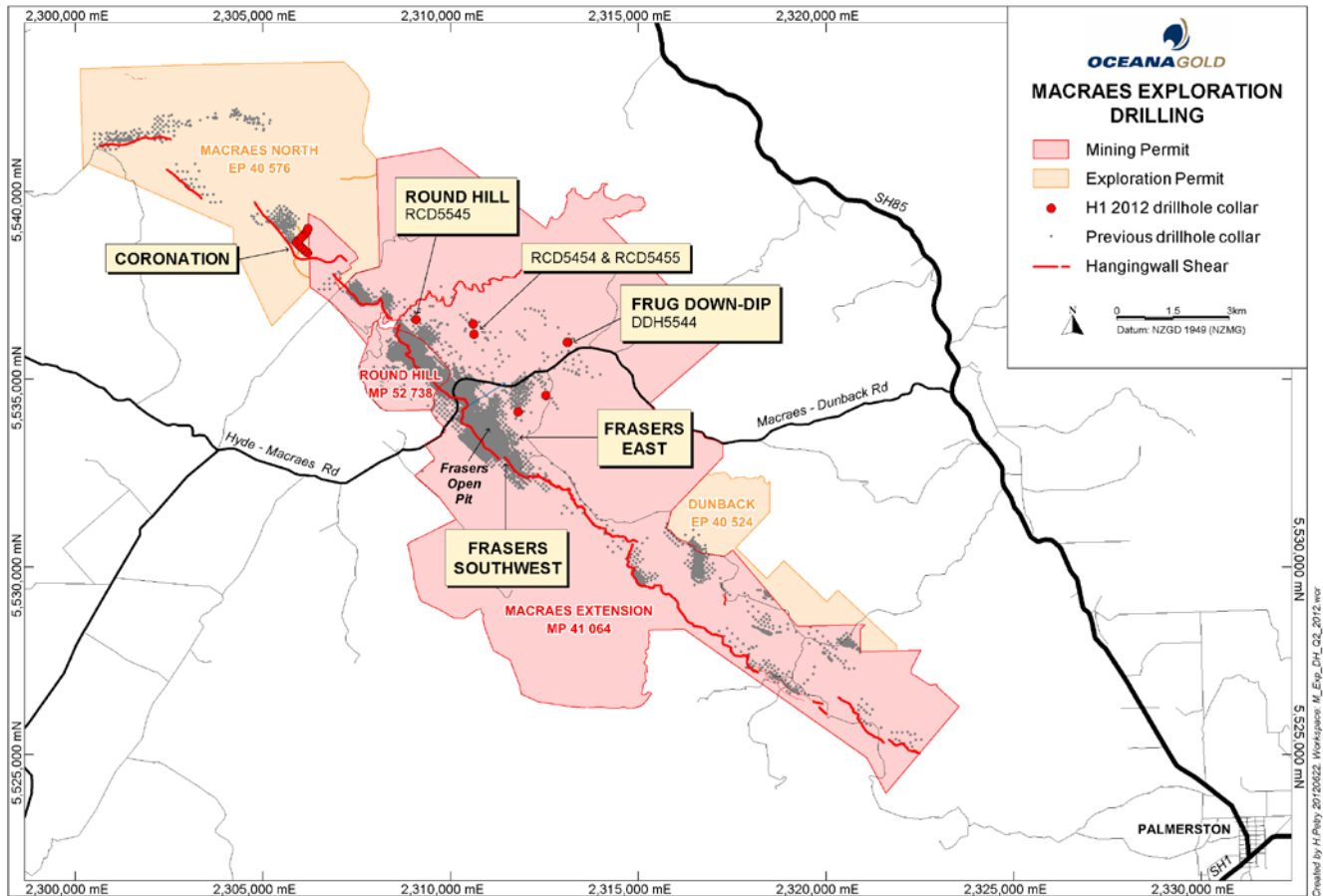


Table A: Globe Deeps Drilling Results received during Q2 2012

Hole ID	From (m)	To (m)	Intercept (m)	True Width (m)	Au (g/t)
RCD0015	229	241	12	*	2.60
RCD0018	302	316	14	*	2.63
including	305	309	4	*	6.07

* = true widths were not calculated because of variable orientations of mineralised structures

Table B: Big River South Drill Results received during Q2 2012

Hole ID	From (m)	To (m)	Intercept (m)	True Width (m)	Au (g/t)
BRS002	3.0	6.0	3.0	*	0.78
	8.0	10.0	2.0	*	1.70
BRS003	10.0	12.0	2.0	*	0.58
	44.0	45.0	1.0	*	1.81
	56.0	57.0	1.0	*	2.86
BRS004	80.0	81.0	1.0	*	1.24
	1.0	2.0	1.0	*	1.91
	72.0	76.0	4.0	*	2.09
BRS005	86.0	89.0	3.0	*	0.53
	14.0	16.0	2.0	*	0.80
BRS006	7.0	8.0	1.0	*	1.04
	66.0	67.0	1.0	*	1.86
	84.0	85.0	1.0	*	5.49
BRS007	103.0	106.0	3.0	*	0.89
	12.0	13.0	1.0	*	1.13
	28.0	34.0	6.0	*	0.85
	37.0	39.0	2.0	*	0.81
	71.0	72.0	1.0	*	2.61
	80.0	87.0	7.0	*	0.57
	109.0	110.0	1.0	*	2.90

* = true widths were not calculated because of variable orientations of the individual veins

Results quoted in table B are intercepts returning ≥ 1 gram metres (intercept (m) multiplied by gold grade in grams per ton)

Table C: Frasers East Drilling Results received during Q2 2012

Hole ID	From (m)	To (m)	Intercept (m)	True Width (m)	Au (g/t)
RCH5403	119	131	12	*	1.62
RCH5407	192	195	3	*	1.22
	220	230	10	*	1.40
RCH5419	199	203	4	*	1.03
	245	251	6	*	1.39
RCH5424	210	219	9	*	0.88
	223	225	2	*	2.71
	268	274	6	*	1.52
RCH5425	163	188	25	*	1.30
	216	219	3	*	1.64
RCH5426	167	175	8	*	0.94
RCH5427	197	199	2	*	2.30
	223	229	6	*	2.31
RCH5430	No Significant Results				
RCH5431	118	120	2	*	1.05
RCH5432	210	214	4	*	1.39
RCD5420	152	155	3	*	1.61
	242	243	1	*	8.21
RCH5527	184	185	1	*	10.00
RCH5528	196	199	3	*	0.76
RCH5529	115	120	5	*	1.51
	132	135	3	*	3.92
RCH5530	124	125	1	*	1.59
RCH5531	131	142	11	*	1.86
RCH5532	194	197	3	*	1.23
RCH5533	226	228	2	*	1.48
RCH5534	167	170	3	*	1.92
RCH5535	190	193	3	*	1.92
RCH5536	166	178	12	*	3.23
RCH5537	192	202	10	*	1.51
RCH5538	190	193	3	*	1.95
RCH5539	179	201	22	*	1.36
RCH5540	221	224	3	*	2.09
RCH5541	216	220	4	*	6.22
RCH5542	238	241	3	*	1.40
	272	275	3	*	3.13
RCH5543	129	133	4	*	1.28
RCH5547	140	146	6	*	0.76
RCH5548	149	152	3	*	2.58
RCH5549	210	213	3	*	1.31
RCH5550	215	219	4	*	3.34
RCH5551	199	206	7	*	1.01

* = true widths were not calculated because of variable orientations of mineralised structures

Table D: Innes Mills down-plunge (Macraes) Drill Results

Hole ID	From (m)	To (m)	Intercept (m)	True Width (m)	Au (g/t)
RCD5454	470.0	473.0	3.0	3.0	0.81
	481.0	499.0	18.0	17.9	1.27
<i>Including</i>	495.0	496.0	1.0	1.0	5.29
	502.0	505.0	3.0	3.0	1.01
RCD5455	509.0	511.0	2.0	2.0	3.11
	521.0	522.0	1.0	1.0	1.92
	546.0	547.0	1.0	1.0	1.42

Results quoted in table D are intercepts returning ≥ 1 gram metres (true width (m) multiplied by gold grade in grams per ton)

Table E: Round Hill down-plunge (Macraes) Drill Results received during Q2 2012

Hole ID	From (m)	To (m)	Intercept (m)	True Width (m)	Au (g/t)
RCD5455	242.0	258.0	16.0	15.5	2.07
<i>Including</i>	246.0	248.0	2.0	1.9	4.64

Results quoted in table E are intercepts returning ≥ 1 gram metres (true width (m) multiplied by gold grade in grams per ton)

Table F: Coronation South (Macraes) Drill Results received during Q2 2012

Hole ID	From (m)	To (m)	Intercept (m)	True Width (m)	Au (g/t)
RCD5463	119.0	121.0	2.0	1.9	1.24
	130.0	131.0	1.0	0.9	1.61
RCD5464	136.0	139.0	3.0	2.9	7.94
<i>Including</i>	136.0	137.0	1.0	0.9	14.80
RCD5465	154.0	158.0	4.0	3.8	0.73
	160.0	161.0	1.0	0.9	1.35
	175.0	177.0	2.0	1.9	2.35
	179.0	184.0	4.0	3.8	1.09
RCD5515	79.0	81.0	2.0	1.9	1.36
RCH5456	44.0	46.0	2.0	1.9	2.62
	84.0	86.0	2.0	1.9	0.66
RCH5457	No significant results				
RCH5458	61.0	63.0	2.0	1.9	0.59
	77.0	81.0	4.0	3.8	1.23
	92.0	93.0	1.0	0.9	1.11
RCH5459	60.0	62.0	2.0	1.9	1.36
	69.0	76.0	7.0	6.7	0.89
RCH5460	No significant results				
RCH5461	No significant results				
RCH5462	99.0	103.0	4.0	3.8	1.32

Results quoted in table F are intercepts returning ≥ 1 gram metres (true width (m) multiplied by gold grade in grams per ton)

PHILIPPINES

Exploration expenditure in the Philippines for the second quarter of 2012 totalled \$0.4 million and \$0.7 million for the half year.

Didipio

Exploration continued to focus on the FTAA during the second quarter. Soil sampling and rock-chips have further defined significant Au–Cu geochemical anomalies in the Upper Tucod (part of TNN prospect), Wangal and Binugawan (part of MMB prospect), D’Beau, and Papaya prospects (Figure 8). Further mapping and sampling is anticipated to advance these prospects to a “drill-ready” with drilling anticipated for the fourth quarter in 2012.

Grid soil sampling continues at Upper Tucod and at Wangal and Binugawan. A total of 211 soil samples were taken from Upper Tucod and 213 from the MMB area. The soil sampling at Upper Tucod has closed-off the previously defined Au-Cu anomaly at the northern section. The Au anomaly measures 700m long by about 500m wide with partially coincident Cu. It corresponds to mapped diorite and monzonite porphyry intrusions emplaced within andesitic lavas and volcanic breccia. The intrusions exhibit weak potassic alteration with secondary biotite and K-spar and rare specks of chalcopyrite. Additional mapping and sampling is anticipated in the third quarter.

At MMB, soil sampling has further defined a N-S trending Au-Cu-As-Mo anomaly that appears to extend from Wangal to Binugawan for a distance of about 3 kilometres. Sampling of stream float returned an assay of 1.0 g/t Au, 659ppm Mo (Molybdenum). Additional mapping and sampling is required to further define this anomaly in anticipation of scout drilling.

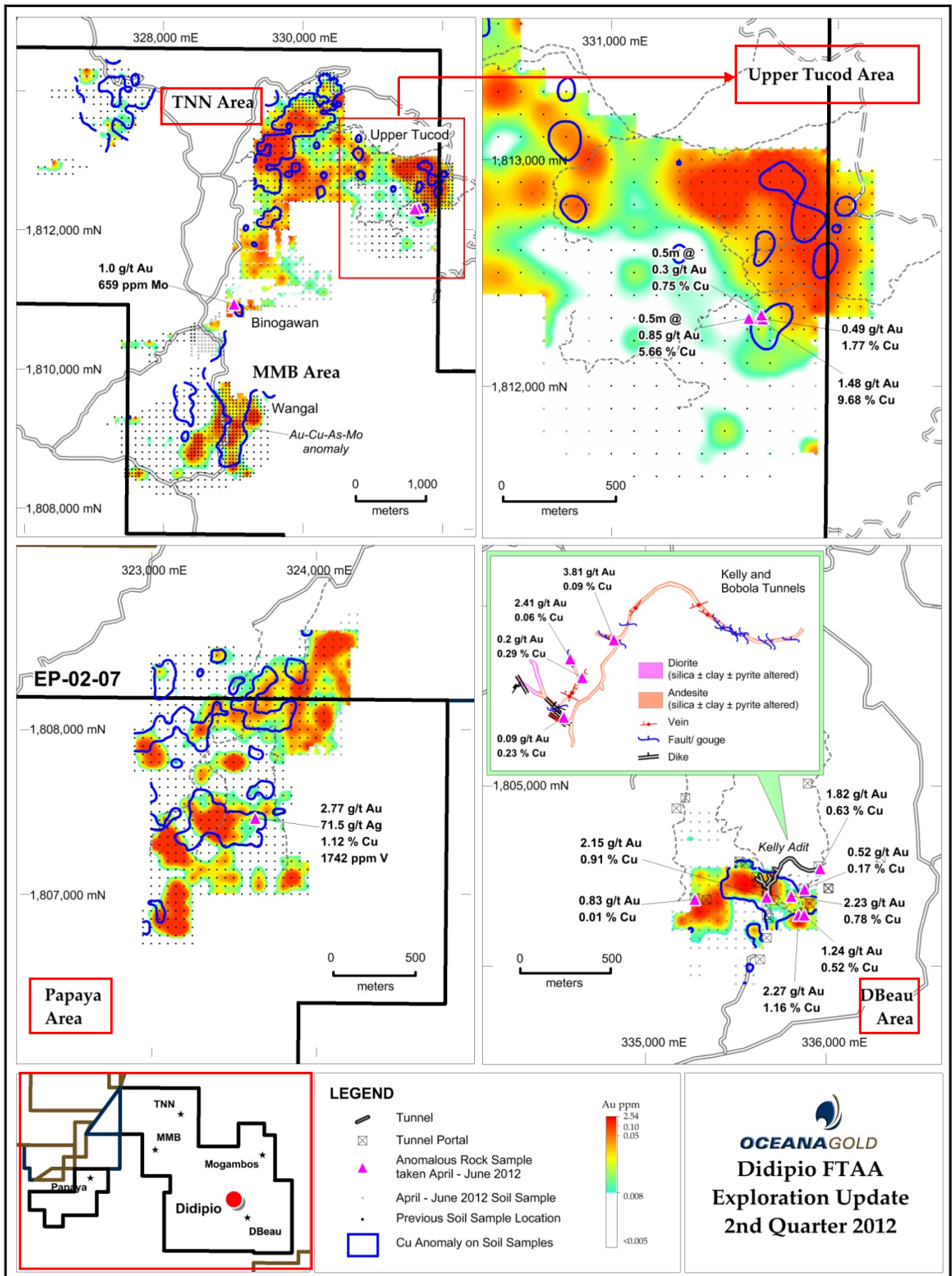
An additional 66 soil samples from the Papaya prospect has closed-off the gold anomaly to the NE

(within EP-02-07) in advance of drill target definition. Drilling of the Papaya prospect is anticipated for the fourth quarter of 2012. Analysis of rock specimens bearing a dark green micaceous mineral (possibly Roscoelite) returned values of 2.77 g/t Au, 71.5 g/t Ag, 1.12% Cu, and 1,742 ppm Vanadium

Exploration of the D’Beau prospect, 1.2 kilometres southeast of Didipio, progressed during the second quarter. A total of 228 soil samples and 17 rock samples were collected for analysis. Soil samples delineated a NW-SE Au-Cu anomaly with partly coincident Mo over an area of 500m by 300m consistent with alkali epithermal and/or porphyry-style mineralisation. To the southwest of this, a circular Au-As anomaly measuring 300m diameter was identified. Mapping of artisanal adits identified silica-clay-pyrite altered hornblende-andesite and microdiorite dikes with associated pyrite-chalcopyrite-bornite veinlets. Selected rock samples returned assays of up to 3.81 g/t Au and 1.16% Cu. These mineralised dikes may be explored further by drilling in the fourth quarter of 2012.

Subsequent to quarter end, the Philippines Government released an Executive Order (EO79) in regards to the Philippines mining sector reform. As a result of EO79, the granting of exploration permits is expected to resume and the Company remains in “drill ready” status for some near mine prospects at the Didipio Project and awaits extension of its exploration period of its granted Financial or Technical Assistance Agreement (FTAA).

Figure 8: Summary results of the Mogambos, MMB, TNN, Papaya, and D'Beau prospects showing soil and rock sampling, Didipio FTAA.



FINANCIAL SUMMARY

The table below provides selected financial data comparing Q2 2012 with Q1 2012, Q2 2011 and comparing H1 2012 to H1 2011.

STATEMENT OF OPERATIONS	Q2 Jun 30 2012 \$'000	Q1 Mar 31 2012 \$'000	Q2 Jun 30 2011 \$'000	Half Year Jun 30 2012 \$'000	Half Year Jun 30 2011 \$'000
Gold sales	86,719	88,558	94,805	175,277	185,551
Cost of sales, excluding depreciation and amortisation	(57,523)	(60,688)	(56,417)	(118,211)	(100,482)
General & Administration	(3,561)	(3,093)	(3,536)	(6,655)	(6,892)
Foreign Currency Exchange Gain/(Loss)	(31)	(1,622)	(1,922)	(1,652)	(1,330)
Other income/(expense)	28	130	64	158	145
Earnings before interest, tax, depreciation & amortisation (EBITDA)	25,632	23,285	32,994	48,917	76,992
Depreciation and amortisation	(20,009)	(21,823)	(20,952)	(41,832)	(39,879)
Net interest expense	(4,034)	(4,002)	(3,286)	(8,036)	(6,079)
Earnings/(loss) before income tax	1,589	(2,540)	8,756	(951)	31,034
Tax (expense)/ benefit	(854)	(1,323)	(4,609)	(2,177)	(12,115)
Net earnings/(loss)	735	(3,863)	4,147	(3,128)	18,919
Basic / Diluted earnings per share	\$0.00	\$(0.01)	\$0.02	\$(0.01)	\$0.07
CASH FLOWS					
Cash flows from Operating Activities	20,912	20,817*	29,166	41,729	76,328
Cash flows used in Investing Activities	(69,261)	(65,145)*	(32,008)	(134,406)	(61,361)
Cash flows used in Financing Activities	(4,561)	(3,615)	(3,762)	(8,176)	(8,783)

BALANCE SHEET	As at Jun 30 2012 \$'000	As at Dec 31 2011 \$'000
Cash and cash equivalents	73,142	169,989
Other Current Assets	69,481	56,491
Non Current Assets	717,356	591,155
Total Assets	859,979	817,635
Current Liabilities	148,900	123,623
Non Current Liabilities	221,827	215,772
Total Liabilities	370,727	339,395
Total Shareholders' Equity	489,252	478,240

* To reflect movements in project creditors as part of Investing Activities, a reclassification from Operating Activities to Investing Activities of \$3.3 million was made post Q1

RESULTS OF OPERATIONS

Net Earnings

The Company reported a second quarter net profit of \$0.7 million, a major improvement when compared to a net loss of \$3.9 million in the first quarter 2012. The result was largely attributable to higher ounces produced and sold, lower overall costs, offset by lower gold prices per ounce received.

Gold production for the second quarter of 2012 was 55,709 ounces, up 10% versus 50,842 ounces in the previous quarter. This increase was driven by improved production from Macraes Open Pit and Reefton Open Pit mines.

The Company reported EBITDA of \$25.6 million in the second quarter compared to \$23.3 million in Q1 2012, an increase reflecting the higher production and sale of gold ounces, lower costs of mining and processing offset by lower gold prices per ounce received during the period.

The net result before income tax was a profit of \$1.6 million for Q2 2012 compared to a loss of \$2.5 million in Q1 2012.

Sales Revenue

Gold revenue in Q2 2012 of \$86.7 million is a 2% decrease over Q1 2012 due to lower gold price received more than offsetting the increase in ounces sold.

The average gold price received in the second quarter was \$1,613 per ounce compared to \$1,708 in the previous quarter. Gold sales volumes for Q2 2012 of 53,756 ounces were 3.7% higher than Q1 2012 (sales of 51,852 ounces).

Operating Costs & Margins

Cash costs per ounce sold were \$1,029 for Q2 2012 a decrease of 8.6% compared to Q1 2012 costs of \$1,126. This decrease results largely from the higher ounces produced and sold and a weaker New Zealand dollar.

The average cash margin was \$584 per ounce for Q2 2012, compared to \$582 per ounce in Q1 2012.

Depreciation and Amortisation

Depreciation and amortisation charges include amortisation of mine development, deferred pre-stripping costs and depreciation on equipment.

Depreciation and amortisation charges are calculated on a unit of production basis and totalled \$20.0 million for Q2 2012 compared to \$21.8 million for Q1 2012.

Net Interest Expense

The net interest expense of \$4.0 million for Q2 2012 was in line with that incurred in Q1 2012.

DISCUSSION OF CASH FLOWS

Operating Activities

Cash inflows from operating activities were \$20.9 million in Q2 2012 compared to \$29.2 million in Q2 2011. The decrease reflected mainly the decrease in gold ounces sold as well as decreased cash margin per ounce.

Investing Activities

Investing activities comprised expenditure for pre-strip mining and sustaining capital at the New Zealand operations, plus capitalised development costs mainly associated with the construction of the Didipio Project in the Philippines.

Cash used for investing activities totalled \$69.3 million compared to \$32.0 million in Q2 2011. The expenditure reflects predominantly constructions costs for the Didipio Project of \$52.5 million during Q2 2012.

Financing Activities

Financing outflows for Q2 2012 were \$4.6 million compared to cash outflows of \$3.8 million in Q2 2011. The outflow predominantly represented lease and loan repayments offset by sundry proceeds from capital issues.

DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

Company's funding and capital requirements

For the quarter ended June 30, 2012, the Company recorded a net profit of \$0.7 million. As at that date, cash funds held were \$73.1 million. Net current liabilities were \$6.3 million at quarter end, after including as a current liability a convertible bond repayment due in December 2012. Subsequent to quarter end, the Company announced that it has secured credit approvals from a group of large multinational banks for a \$220 million credit facility to provide for additional liquidity for the repayment of the convertible bonds maturing in December 2012 and December 2013 and a \$50 million working capital facility.

Commitments

OceanaGold's capital commitments as at June 30, 2012 are as follows:

	June 30, 2012 \$'000
Within 1 year	47,509

This includes equipment for New Zealand operations and contracts supporting the construction of the Didipio Project.

Financial position

Current Assets

As at June 30, 2012 current assets were \$142.6 million compared to \$190.3 million at the end of the March 31, 2012. Current assets have decreased by \$47.7 million primarily due to a decrease in cash of \$50.2 million offset by increases in prepayments.

Non-Current Assets

At June 30, 2012 non-current assets were \$717.4 million compared to \$657.0 million at March 31, 2012. The increase mainly reflects expenditure of \$59.9 million on Property, Plant and Equipment, and Mining Assets resulting from the acquisition of additional equipment (some of which was leased) being greater than depreciation, and further capitalised expenditure in Q2 2012 for the construction of the Didipio Project.

Current Liabilities

Current liabilities increased by \$14.9 million in Q2 2012 to \$148.9 million compared to \$134.0 million in Q1 2012. This increase is attributable to increased accounts payable for the Didipio Project and New Zealand operations, and renewed insurance premium loan.

Non-Current Liabilities

Non-current liabilities were \$221.8 million at June 30, 2012, compared with \$220.3 million at March 31, 2012. The slight increase reflects increase in asset retirement and other obligations partly offset by repayment of lease liabilities.

Derivative Assets / Liabilities

For the quarter ended June 30, 2012 the company did not hold any financial derivatives or gold sales contracts.

Shareholders' Equity

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

	Quarter Ended June 30, 2012 \$'000
Total equity at beginning of financial period	492,947
Profit/(loss) after income tax	735
Movement in other comprehensive income	(4,957)
Movement in contributed surplus	384
Issue of shares (net of costs)	143
Total equity at end of financial period	489,252

Shareholders' equity has decreased by \$3.7 million to \$489.3 million at June 30, 2012 mainly as a result of currency translation differences reflected in Other Comprehensive Income that arise from the translation of entities with a functional currency other than USD, offset by a net profit for the quarter.

Capital Resources

As at June 30, 2012, the share and securities summary was:

Shares outstanding	262,886,876
Options outstanding	6,407,494

As at July 26, 2012 there was no change in shares and securities:

Shares outstanding	262,886,876
Options outstanding	6,407,494

As at March 31, 2012, the share and securities summary was:

Shares outstanding	262,827,709
Options outstanding	6,859,687

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. The accounting policies that involve significant management judgement and estimates are discussed in this section. For a list of the significant accounting policies, reference should be made to Note 2 of the December 31, 2011 audited consolidated financial statements of OceanaGold Corporation.

Exploration and Evaluation Expenditure

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

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

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

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

Mining Properties in Production or Under Development

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

Costs associated with the removal of overburden and other mine waste materials that are incurred in the production phase of mining operations are included in the costs of inventory in the period in which they are incurred, except when the charges represent a betterment to the mineral property.

Charges represent a betterment to the mineral property when the stripping activity provides access to reserves that will be produced in future periods that would not have been accessible without the stripping activity. When charges are deferred in relation to a betterment, the charges are amortised over the reserve in the betterment accessed by the stripping activity using the units of production method.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Should the carrying value of expenditure not yet amortised exceed its estimated recoverable amount, the excess is written off to the Statement of Comprehensive Income.

Asset Retirement Obligations

OceanaGold recognises the fair value of future asset retirement obligations as a liability in the period in which it incurs a legal obligation associated with the retirement of long-lived assets that results from the acquisition, construction, development and/or normal use of the assets. OceanaGold concurrently recognises a corresponding increase in the carrying amount of the related long-lived asset that is depreciated over the life of the asset.

The key assumptions on which the fair value of the asset retirement obligations are based include the estimated risk-adjusted future cash flows, the timing of those cash flows and the risk-free rate or rates on which the estimated cash flows have been discounted. Subsequent to the initial measurement, the liability is accreted over time through periodic charges to earnings. The amount of the liability is subject to re-measurement at each reporting period if there has been a change to the key assumptions.

Asset Impairment Evaluations

The carrying values of exploration, evaluation, mining properties in production or under development and plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the discounted future cash flows from these assets, the assets are written down to the fair value of the estimated future cash flows based on OceanaGold's discount rate for the asset.

Derivative Financial Instruments/Hedge Accounting

The consolidated entity has used derivative financial instruments to manage commodity price and foreign currency exposures from time to time. Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently re-measured at their fair values at each reporting date.

The fair value of gold hedging instruments is calculated by discounting the future value of the hedge contract at the appropriate prevailing quoted market rates at the reporting date. The fair value of forward exchange contracts is calculated by reference to the current forward exchange rate for contracts with similar maturity profiles.

Stock Option Pricing Model

Stock options granted to employees or external parties are measured by reference to the fair value at grant date and are recognised as an expense in equal instalments over the vesting period and credited to the contributed surplus account. The expense is determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradable nature of the option, the current price and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Income Tax

The Group follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets including tax losses are recognised to the extent that it is probable that the company will generate future taxable income. Utilisation of the tax losses also depends on the ability of the entities to satisfy certain tests at the time the losses are recouped.

Foreign Currency Translation

The consolidated financial statements are expressed in United States dollars ("USD") and have been translated to USD using the current rate method described below. The controlled entities of OceanaGold have either Australian dollars ("AUD"), New Zealand dollars ("NZD") or United States dollars ("USD") as their functional currency.

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

ACCOUNTING ESTIMATES

Significant areas where management's judgment is applied include ore reserve and resource determinations, exploration and evaluation assets, mine development costs, plant and equipment lives, contingent liabilities, current tax provisions and future tax balances and asset retirement obligations. Actual results may differ from those estimates.

RISKS AND UNCERTAINTIES

This document contains some forward looking statements that involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by those forward looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things: volatility and sensitivity to market prices for gold; replacement of reserves; possible variations of ore grade or recovery rates; changes in project parameters; procurement of required capital equipment and operating parts and supplies; equipment failures; unexpected geological conditions; political risks arising from operating in certain developing countries; inability to enforce legal rights; defects in title; imprecision in reserve estimates; success of future exploration and development initiatives; operating performance of current operations; ability to secure long term financing and capital, water management, environmental and safety risks; seismic activity, weather and other natural phenomena; failure to obtain necessary permits and approvals from government authorities; changes in government regulations and policies including tax and trade laws and policies; ability to maintain and further improve labour relations; general business, economic, competitive, political and social uncertainties and other development and operating risks.

For further detail and discussion of risks and uncertainties refer to the Annual Information Form available on the Company's website.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Adoption of new accounting policies

No new accounting policies were adopted during the quarter.

Accounting policies effective for future periods

IFRS 9 – “Financial instruments - classification and measurement”

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

A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Effective for years beginning on/after January 1, 2015. The group does not have any liabilities designated at fair value so there is no impact expected for reporting.

IFRS 9 – “Financial instruments – classification and measurement”

Updated to include guidance on financial liabilities and de-recognition of financial instruments. Effective for years beginning on/after January 1, 2015. The Company has not assessed the impact of this new standard.

IAS 1 – “Presentation of items of other comprehensive income (“OCI”)

Change to the disclosure in OCI, including a requirement to separate items presented into two groups based on whether or not they may be recycled to profit or loss in the future. Effective for years beginning on/after July 1, 2012.

IAS 19 – “Employee benefits”

Amended for (i) changes to recognition and measurement of defined benefit pension expense and termination benefits, and (ii) expanded disclosure. Effective for years beginning on/after January 1, 2013. Not expected to have a material impact on the Company.

IFRS 13 – “Fair value measurement and disclosure requirements”

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

“New standards addressing scope of reporting entity”

IFRS 10, - “*Consolidated Financial Statements*”,
IAS 27, - “*Consolidated and Separate Financial Statements*”, and

SIC-12, - “*Consolidation – Special Purpose Entities*”

IFRS 11, - “*Joint Arrangements*”

Entities in joint operations will follow accounting for jointly controlled assets and jointly controlled operations under IAS 31.

IFRS 12, - “*Disclosure of Interests in Other Entities*”,
Effective for years beginning on/after January 1, 2013.

Not expected to have a material effect on the Company disclosure.

IFRIC 20 - “*Stripping costs in the production phase of a surface mine*”

Provides guidance on the accounting for overburden (pre-strip) in the production phase. Costs can only be recognised as an asset if they can be attributed to an identifiable component of the ore body. Effective January 1, 2013. Not expected to have a material impact on the Company.

IFRS 7 - “*Financial instruments*” – disclosures

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

IAS 32 - “*Financial instruments*” – presentation

Amended to clarify requirements for offsetting of financial assets and financial liabilities. Effective for annual periods beginning on/after January 1, 2014. Not expected to affect the treatment of offsetting arrangements or have a material effect on the Company.

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended September 30, 2010 through to June 30, 2012. This information has been derived from our unaudited consolidated financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of our financial position and results of operations for those periods. On adoption to IFRS there were no material differences to the income statements and management believes the results are comparable as they were prepared on a consistent basis.

STATEMENT OF OPERATIONS	Jun 30 2012 \$'000	Mar 31 2012 \$'000	Dec 31 2011 \$'000	Sep 30 2011 \$'000	Jun 30 2011 \$'000	Mar 31 2011 \$'000	Dec 31 2010 \$'000	Sep 30 2010 \$'000
Gold sales	86,719	88,558	106,603	103,455	94,805	90,746	93,777	83,344
Earnings before interest, tax, depreciation & amortisation (EBITDA)	25,632	23,285	43,622	43,270	32,994	43,998	49,259	42,608
Earnings/(loss) after income tax and before undesignated gain/(loss) on hedges (net of tax)	735	(3,863)	14,336	10,912	4,147	14,772	20,655	13,683
Net earnings/(loss)	735	(3,863)	14,336	10,912	4,147	14,772	20,979	13,683
Net earnings/(loss) per share								
Basic	\$0.00	(\$0.01)	\$0.05	\$0.04	\$0.02	\$0.06	\$0.08	\$0.06
Diluted	\$0.00	(\$0.01)	\$0.05	\$0.04	\$0.02	\$0.06	\$0.08	\$0.06

The most significant factors causing variation in the results are the variability in the grade of ore mined from the Macraes and Reefton Open Pit mines and variability of cash cost of sales due to the timing of waste stripping activities. The volatility of the gold price has a significant impact both in terms of its influence upon gold revenue and returns. Adding to the variation are large movements in foreign exchange rates between the USD and the NZD.

Earnings before interest, tax, depreciation and amortisation (EBITDA) is one such non-GAAP measure and a reconciliation of this measure to net earnings/(losses) is provided on page 21.

Cash and non cash costs per ounce are other such non-GAAP measures and a reconciliation of these measures to cost of sales, including depreciation and amortisation, is provided on the next page.

NON-GAAP MEASURES

Throughout this document, we have provided measures prepared according to IFRS ("GAAP"), as well as some non-GAAP performance measures. As non-GAAP performance measures do not have a standardised meaning prescribed by GAAP, they are unlikely to be comparable to similar measures presented by other companies.

We provide these non-GAAP measures as they are used by some investors to evaluate OceanaGold's performance. Accordingly, such non-GAAP measures are intended to provide additional information and should not be considered in isolation, or a substitute for measures of performance in accordance with GAAP.

STATEMENT OF OPERATIONS	Q2 Jun 30 2012 \$'000	Q1 Mar 31 2012 \$'000	Q2 Jun 30 2011 \$'000	Half Year Jun 30 2012 \$'000	Half Year Jun 30 2011 \$'000
Cost of sales, excluding depreciation and amortisation	57,523	60,688	56,417	118,211	100,482
Depreciation and amortisation	20,009	21,823	20,952	41,832	39,879
Total cost of sales	77,532	82,511	77,369	160,043	140,361
Add sundry general & administration	116	114	78	230	492
Add non cash & selling costs	144	193	471	337	738
Total operating cost of sales	77,792	82,818	77,918	160,610	141,591
Gold Sales from operating mines (ounces)	53,756	51,852	61,335	105,608	126,100
Total Operating Cost (\$/ ounce)	1,447	1,598	1,270	1,521	1,123
Less Non-Cash Cost and 2012 Corporate Admin adjustment (\$/ ounce)	418	472	349	444	322
Cash Operating Costs (\$/ounce)	1,029*	1,126*	921	1,077*	801

ADDITIONAL INFORMATION

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

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at June 30, 2012. 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 June 30, 2012 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 internal controls over financial reporting and disclosure controls and procedures as of June 30, 2012.

Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that they were effective at a reasonable assurance level.

There were no significant changes in the Company's internal controls, or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls requiring corrective actions.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that its disclosure controls and internal controls over financial reporting will prevent all errors and fraud. A cost effective system of internal controls, no matter how well conceived or operated, can provide only reasonable not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

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*Refer to page 6 for further details.