2007 Third Quarter Results

Expanding our Horizons

14 November 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007

HIGHLIGHTS

- OceanaGold completed an IPO on the TSX, raising C$100.7 million of gross proceeds at C$3.50 per share, inclusive of the exercise of the underwriters' over-allotment option in late July.
- On the 3 July, OceanaGold and the West Coast community together celebrated the opening of the Reefton Gold Mine on the west coast of the south island of New Zealand.
- Construction activity at the Didipio Gold and Copper Project advanced according to plan with the award of further key contracts, the mobilisation of the EPCM contractor and the completion of the access road to all weather status.
- Gold production totalled 43,194 ounces and gold sales totalled 42,107 ounces with a 20% increase in the average gold price received over the same period last year.
- The first of two ventilation bore raises has been completed at the Frasers Underground Mine development and the project remains on schedule to commission in the first quarter of 2008.
- Infill diamond drilling was accelerated at the Frasers Underground Panel 2 Extension area in order to provide data for a resource upgrade expected in the fourth quarter of 2007.
- Exploration drilling continued to test for mineralisation at the Crushington Prospect, Reefton Goldfield.
- Exploration at the Papaya Project in the Philippines (located within the Didipio FTAA) has progressed well. Drill targets have been identified from this work and a drill will be mobilized in the fourth quarter of 2007.

*All statistics are compared to the corresponding 2006 quarter.

**OceanaGold has adopted USD as its presentation currency, the financial statements are presented in USD and all numbers in this document are expressed in USD unless otherwise stated.

GROUP OVERVIEW

Results from Operations

Gold revenue in the third quarter of 2007 was lower than the comparative quarter of 2006. This was primarily due to the processing of lower grade ore at the Macraes Mine, whilst overburden was removed to expose deeper higher grade ore in the Frasers Stage 4 portion of the open cut. There was also some impact due to the slower than expected ramp up to full production at the Reefton mine.

The lower gold sales volume was largely offset by a significant rise in the average gold price received per ounce. This increased 20% to $681 per ounce due to a combination of continued higher gold spot prices, the continued benefits of the hedge restructure completed in 2006, and the positive impact of the gold put options.

As a result of the reduced production and expensing the stripping costs associated with mining the early phases of the Frasers Stage 4, cash costs per ounce sold were higher for the quarter at $718 per ounce compared to the equivalent quarter of 2006. The increased costs experienced in the quarter produced a cash operating deficit of $37 per ounce sold.

Year to date, the average gold price received has increased 30% to $670 per ounce sold. This has offset the increase in cash costs to $563 per ounce and resulted in a cash operating margin of $107 per ounce.

Development Update

The development of the Frasers Underground Mine progressed well in the quarter and remains on schedule to commence commercial operations in first quarter of 2008. Development progressed 1,336 metres in the quarter for a total of 5,297 metres project to date. Panel one decline access was completed and several panel drives have been mined into the ore zone.

The first of two, 330 metre ventilation bore raises to the surface was completed during the period and the excavation of the second bore raise had commenced by the end of the quarter.

Progress on the Didipio Gold and Copper Project in the Philippines remains on schedule with the project detailed design further advanced and expected to be complete late in the fourth quarter of 2007. Contracts for the detailed design and construction of the accommodation village and for the design of the large river crossings were awarded.

The EPCM contractor mobilised their design and project management team to Manila and have commenced issuing procurement packages to the marketplace.

The site access road was elevated to all weather status and site earthworks for the accommodation camp also commenced.

-Table 1 -
Key Financial and Operating Statistics

Financial Statistics	**Quarter Ended 30 Sep 2007**	**Quarter Ended 30 Sep 2006**	**Nine Months Ended 30 Sep 2007**	**Nine Months Ended 30 Sep 2006**
Gold Sales (Ounces)	42,107	45,578	118,919	142,302
	USD	USD	USD	USD
Average Price Received ($ per ounce)	681	567	670	514
Cash Operating Cost ($ per ounce)	718	434	563	373
Cash Operating Margin ($ per ounce)	**(37)**	**133**	**107**	**142**
Non-Cash Cost ($ per ounce)	234	99	181	102
Total Operating Cost ($ per ounce)	952	533	744	475
Total Cash Operating Cost ($ per tonne)	15.82	13.34	12.41	12.94

New Zealand Operating Statistics	**Quarter Ended 30 Sep 2007**	**Quarter Ended 30 Sep 2006**	**Nine Months Ended 30 Sep 2007**	**Nine Months Ended 30 Sep 2006**
Gold produced (ounces)	43,194	43,577	119,704	143,738
Total Ore Mined (tonnes)	1,125,425	1,542,539	3,245,835	4,459,928
Ore Mined grade (grams/tonne)	1.35	1.10	1.27	1.24
Total Waste Mined (tonnes) - incl pre-strip	14,423,152	12,116,826	42,185,538	37,692,883
Total Material Mined (tonnes) – incl pre-strip	15,548,574	13,659,365	45,431,373	42,152,811
Mill Feed (dry milled tonnes)	1,624,064	1,482,874	4,590,367	4,099,776
Mill Feed Grade (grams/tonne)	1.11	1.12	1.04	1.33
Recovery (%)	73.7%	81.8%	77.3%	82.3%
Autoclave Feed Tonnes	33,307	30,765	94,875	107,108

Financial Statistics	**Quarter Ended 30 Sep 2007 $000's**	**Quarter Ended 30 Sep 2006 $000's**	**Nine Months Ended 30 Sep 2007 $000's**	**Nine Months Ended 30 Sep 2006 $000's**
EBITDA (excluding unrealized hedge losses)	(8,522)	5,730	(329)	15,027
Profit/(loss) after income tax (excluding unrealized hedge losses)	(16,169)	1,038	(20,534)	(939)
Reported EBITDA (including unrealized hedge losses)	(55,627)	16,927	(32,182)	(14,908)
Reported Profit/(loss) after income tax (including unrealized hedge losses)	(47,730)	8,540	(41,876)	(20,996)

OPERATIONS

New Zealand Operations

The New Zealand operations produced 43,194 ounces for the 2007 third quarter. This compares to 43,577 ounces produced in the same quarter in 2006.

Total material mined was 15.5M tonnes for the quarter compared to 13.7M tonnes in the same quarter in 2006.

Macraes

The Macraes Gold Mine incurred two lost time injuries for the quarter, equivalent to the same period in 2006.

Gold production of 30,438 ounces during the third quarter of 2007 was 30% lower than the corresponding period in 2006 (43,577 ounces). As forecasted, much of the mill feed was from lower grade stockpiles. The mining during the third quarter was also mainly from transitional lower grade material just below the overburden in Frasers Stage 4 cutback and also from lower grade benches in the Golden Ridge open pit.

A significant amount of overburden stripping was expensed during the quarter so higher waste to ore mining ratios increased mining costs per ounce of gold. This will be reduced in future periods and higher grade benches in both the Frasers and Golden Ridge open pits will be mined in the fourth quarter of 2007.

Total material mined in the third quarter was 12.4 million tonnes compared to 13.7 million tonnes in 2006. Ore tonnes delivered to ROM pad was 10% lower than the previous quarter. The overall Open Pit mine grade averaged 1.04 g/t compared to 1.10 g/t in 2006 and again was in part due to the lower grade transitional ore being mined in Golden Ridge and Frasers 4 open pits.

Processing throughput at Macraes for the quarter was 1.42 million tonnes (95%) compared to 1.48 million tonnes the previous year. Mill feed grade averaged 0.92 g/t compared to 1.12 g/t in the same quarter in 2006. Mill recoveries were 73.7% for the quarter compared with 81.8% for the same quarter in 2006. This was due to larger grind size of the Reefton concentrate produced before its regrind mill was fully commissioned. Additionally, some ore was directly leached and resulted in lower recovery.

Reefton Open Pit Mine

On the 3rd of July, OceanaGold and the West Coast community celebrated the opening of the Reefton Open Pit Gold Mine with a tribute to the history and contribution of mining to New Zealand's West Coast. The opening included a traditional Maori welcome, speeches by dignitaries and attendance by descendants of former mine workers from the historical underground mines in the area. This was followed by an Open Day for local residents on 4th July.

During the third quarter, a total of 12,756 gold ounces was produced. The operation also incurred two lost time injuries to contractor employees.

Reefton ore tonnage mined for the quarter was 232,000 tonnes, with an average grade of 2.01 grams per tonne. Total movement was 3.1 million tonnes for the quarter. Unfavourable weather conditions and unplanned contractor workforce personnel shortages reduced productivity during the quarter. Ore deliveries to the process plant were not compromised however with adequate stocks supplied to the run-of-mine ore stockpile at all times.

Tonnes milled were 206,000 tonnes with a feed grade of 2.48 g/t. Process plant throughput was restricted by concentrate filtering adjustments and mill shutdowns to address a few residual commissioning issues.

These modifications are now resulting in significant improvements in concentrate production. Several throughput bottlenecks were addressed at the end of the quarter and continual improved performance is expected for the next quarter.

Due to the extended ramp-up period at Reefton, the Company now expects to produce between 170,000 – 180,000 ounces for 2007.

-Table 2 -
Macraes Operating Statistics

Macraes Goldfield Operating Statistics	Quarter Ended 30 Sep 2007	Quarter Ended 30 Sep 2006	Nine Months Ended 30 Sep 2007	Nine Months Ended 30 Sep 2006
Gold produced (ounces)	30,438	43,577	98,494	143,738
Total Ore Mined (tonnes)	892,681	1,542,539	2,682,593	4,459,928
Ore Mined grade (grams/tonne)	1.18	1.10	1.08	1.24
Total Waste Mined (tonnes) - incl pre-strip	11,517,535	12,116,826	33,097,359	37,692,883
Total Material Mined (tonnes) – incl pre-strip	12,410,216	13,659,365	35,779,952	42,152,811
Mill Feed (dry milled tonnes)	1,418,022	1,482,874	4,247,521	4,099,776
Mill Feed Grade (grams/tonne)	0.92	1.12	0.93	1.33
Recovery (%)	73.7%	81.8%	77.6%	82.3%
Total Autoclave feed tonnes	33,307	30,765	94,875	107,108
Autoclave availability (%)				

-Table 3 -
Reefton Operating Statistics

Reefton Goldfield Operating Statistics	Quarter Ended 30 Sep 2007	Quarter Ended 30 Sep 2006	Nine Months Ended 30 Sep 2007	Nine Months Ended 30 Sep 2006
Gold produced (ounces)	12,756	n/a	21,210	n/a
Total Ore Mined (tonnes)	232,741	n/a	563,242	n/a
Ore Mined grade (grams/tonne)	2.01	n/a	2.14	n/a
Total Waste Mined (tonnes) - incl pre-strip	2,905,617	n/a	9,088,179	n/a
Total Material Mined (tonnes) – incl pre-strip	3,138,358	n/a	9,651,421	n/a
Mill Feed (dry milled tonnes)	206,042	n/a	342,846	n/a
Mill Feed Grade (grams/tonne)	2.48	n/a	2.46	n/a
Recovery (%)	73.1%	n/a	73.5%	n/a

DEVELOPMENT PROJECTS

NEW ZEALAND

Frasers Underground Mine

Frasers Underground Mine continued on schedule with development progressing 1,336 metres in the third quarter to a total of 5,297 metres project to date. Ore extracted from the trial stopes was 87,333 tonnes for the quarter.

Frasers Underground Mine has zero lost time incidents for the quarter and year to date.

Panel 1 decline access was completed and several Panel 1 mining cross cuts were driven into the ore zone. Underground diamond drilling is ongoing and the major pump station cut-out was excavated during the quarter. The decline continued towards Panel two.

The first of two, 330 metre ventilation bore raises to the surface was completed with the raise bore machine moving onto the second hole at the end of the quarter. The first raise is a secondary escapeway, while the second raise will be the primary ventilation raise.

Gold production for the quarter was 6,663 ounces and 18,756 ounces in the nine months to 30 September 2007.

PHILIPPINES

Didipio Gold and Copper Project

Progress on the Didipio Gold and Copper Project development remains on schedule. During the quarter, contracts were awarded for the detail design and construction of the accommodation village as well as for the larger river crossings.

Ausenco mobilized their design and project management team to Manila and commenced issuing procurement packages to the marketplace.

The site access road was improved to all weather status. Widening and stabilization continues in specific areas.

Employment of key project personnel continued, including the appointment of the Project Controls Manager.

Fabrication of the mill shells continued on schedule. The open cut mine plan was confirmed and requests for tender issued for the Mining Contract.

The tailings dam detailed design continued and General Arrangement layouts were agreed between the Mine, Process Plant, and Dam.

The acquisition of land progressed well and included completion of a cooperative agreement with the illegal small scale miners. Additionally, the small number of local landowners who are relocating, have moved to temporary housing. A permanent village will be complete by the end of the year.

EXPLORATION

NEW ZEALAND

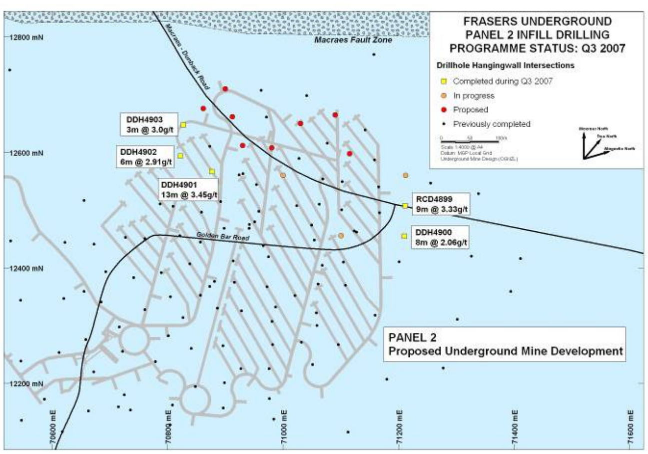
Exploration expenditure in New Zealand for the quarter was $0.9 million.

Macraes Goldfield

Infill diamond drilling continued at the Frasers Underground Panel 2 Extension to increase geological confidence in the resource for the area (Figure 1). A second diamond drill rig was mobilised to the site in August by contractors Boart Longyear and activity has increased commensurately.

A total of 3,231m diamond core drilling was completed for the quarter, progressively increasing the drill hole density to a nominal 50m x 50m grid. Seven holes in the current programme have now successfully intersected the mineralised hanging wall shear zone. Navigational drilling techniques were used during the quarter to ensure that the locations of the drill holes were optimised for resource estimation.

- Figure 1 -
Frasers Underground Panel 2
Extension Diamond Drilling



Assay results were received for five diamond drill holes: RCD4899 and DDH4900 to DDH4903 (Table 4). The grade and width of the mineralised hanging wall structure was within the expected range based on intersections from the surrounding holes. Several holes have also intersected significant stockwork style mineralisation beneath the Hangingwall (Appendix I).

- Table 4 -
Frasers Underground Panel 2
Extension Diamond Drilling Intersections

Prospect	Hole ID	From (m)	To (m)	Length (m)	True Width (m)	Grade (g/t Au)
FRUG P2 Extension	RCD4899	601	610	9	9	3.33
	DDH4900	604	612	8	8	2.06
	DDH4901	483	496	13	13	3.45
	DDH4902	451	457	6	6	2.91
	DDH4903	469	472	3	3	3.00

Drilling will continue on the Panel 2 Extension area in the next quarter and the work is scheduled for completion in time to allow a resource update to be completed in December 2007.

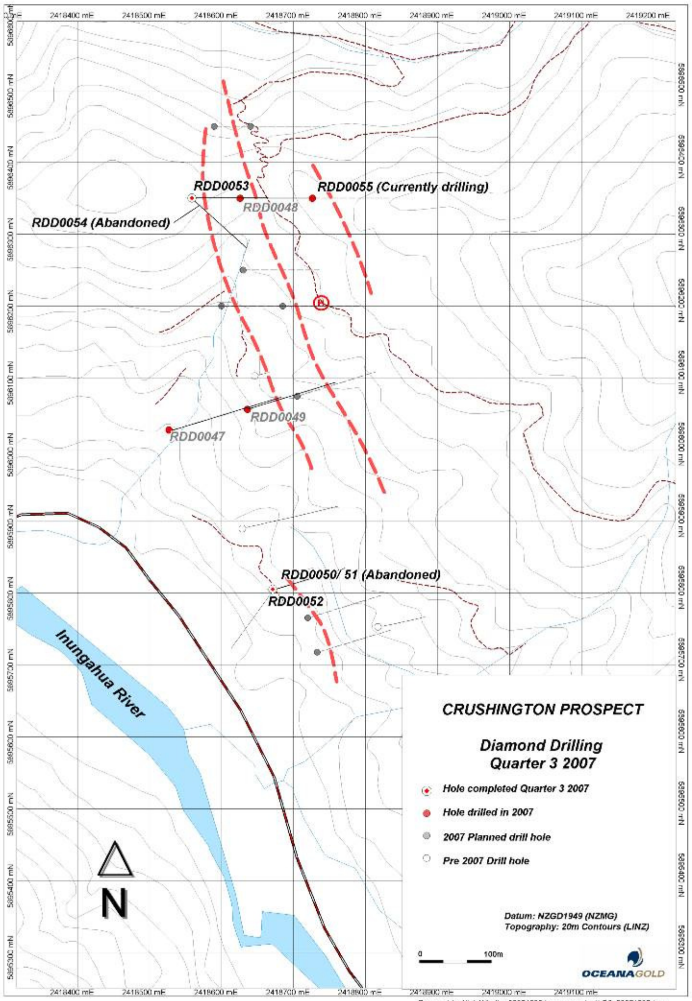
Rise and Shine Joint Venture

Joint Venture partners, CanAlaska Ventures Limited, have exercised their option to take a 70% interest in the Rise and Shine Joint Venture, located in Central Otago. CanAlaska Ventures Limited will manage the project going forward. OceanaGold elected not to exercise an option to increase its interest in the joint venture to 50%.

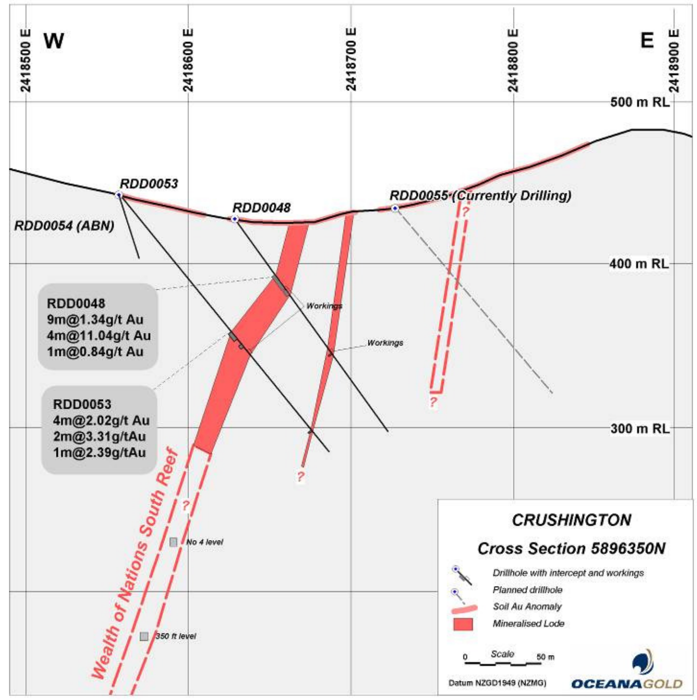
Reefton Goldfield

Testing of the Crushington prospect, approximately 3km north of the Reefton Operation (Figure 2) continued during the quarter. Drilling was completed on only 5 diamond drill holes (RDD0050 to RDD0054) for a total of 555.6m core drilling. Drilling during the quarter was again inhibited by poor ground conditions, which resulted in a number of holes being abandoned.

- Figure 2 -
Crushington Prospect Drilling Status Map



- Figure 3 -
Crushington Prospect Cross Section



Assay results were returned for five diamond drill holes during the quarter (RDD0049 to RDD0053). Significant intersections are shown in Table 5. Hole RDD0053 drilled down dip of a mineralised zone reported in the second quarter intersected the mineralised structure at depth (Figure 3).

- Table 5 -
Reefton Significant Diamond Drilling Intersections

Prospect	Hole ID	From (m)	To (m)	Length (m)	True Width (m)	Grade (g/t Au)
Crushington	RDD0049	119	120	1	0.7	1.04
		122	123	1	0.7	3.08
	RDD0053	113	117	4	2.8	2.02
		121	123	2	1.4	3.31
		188	189	1	0.7	2.39

The exploration diamond drilling program in Reefton will continue during the next quarter to test for mineralisation proximal to the Reefton mine.

PHILIPPINES

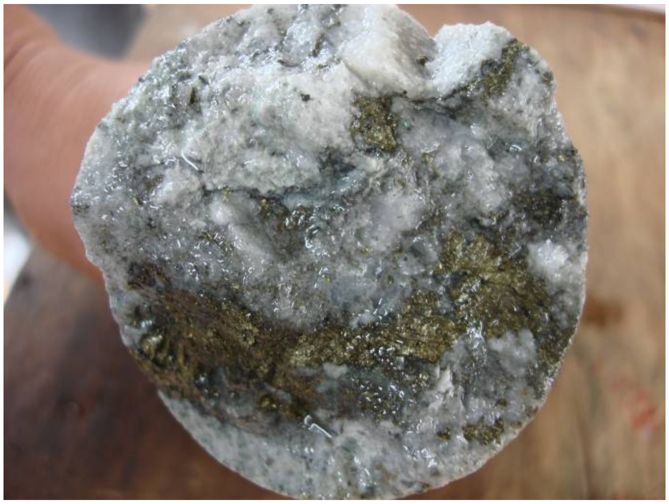
During the quarter US$ 0.4 million was spent on exploration activities. This level of expenditure is lower than expected and largely reflects extended time to build the Philippine exploration team and delays in gaining exploration approvals. Exploration at Manhulayan will begin late in 2007 and at Manag in 2008.

Didipio Gold and Copper Project

Nine drill holes of the infill diamond drilling program of the underground ore body at Didipio have been completed and drilling has started on the open pit infill diamond drilling targets. This infill drilling has been undertaken to increase drill density to enable the upgrade of some resources to reserves.

Infill drilling progressed during the quarter with three drill holes completed and a fourth hole in progress for a total of 1810m.

Fig. 4 Mineralised core within the Didipio Ore Body



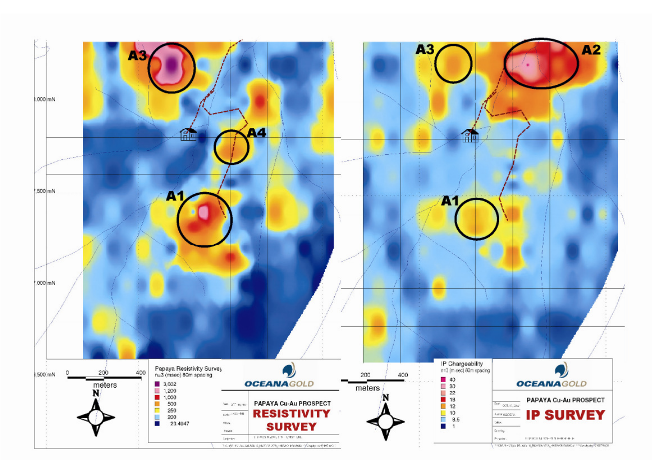
More active exploration within the near-mine area is planned during Q4 2007 including re-analysis of the GIS and assay database, field work, and drilling of advanced prospects.

Papaya Project

Exploration has progressed well at the Papaya target within the FTAA. Extensive gridding (21.4 line km), soil sampling (525 samples), mapping and an Induced Polarization geophysics study (IP Survey) have been carried out.

From Figure 5 below, Targets A1, A2, A3 all demonstrate strong responses from IP or resistivity surveys and will be the primary drill targets for the first drill program. A drill program focused on these targets is scheduled to begin in the fourth quarter of 2007.

Fig 5. Papaya IP anomaly map



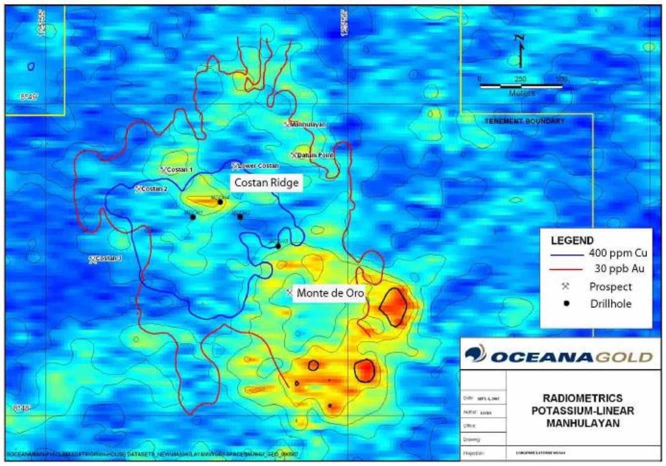
Various community development projects have been undertaken in conjunction with the field work. These activities include coordinating and funding Medical and Dental Missions to remote communities in Nueva Viscaya near Papaya. These were conducted in cooperation with the Provincial Governor and Congressman. The two Medical and Dental Missions were very successful with attendees numbering 205 and 1500 people respectively. Plans are underway to improve roads and farm-to-market access for the people of Papaya during the drilling program.

Fig 6. Nueva Viscaya Medical and Dental Mission

Other Philippines Exploration

The Manhulayan assay and GIS database has been reconstituted and re-evaluated. A program of mapping, stream sampling, soil gridding and IP surveying is planned to extend the previous work to the SE of the existing grid into the Monte de Oro area. Old grid lines centred on Costan Ridge will be re-opened to enable an IP survey over all mineralised areas and a comparison with previous drilling.

Fig 7. Manhulayan Radiometrics (K) map showing anomalous copper and gold contours



A crew of geologists has mobilised to the area to maintain community relations, re-establish survey points for the grid and to assess road access options.

Fig 8. OGC Geologists examining high grade ore at Manhulayan

At Manag and Claveria in northern Luzon, negotiations have progressed with the local residents and various branches of the Provincial Government. The Company is working with the local communities to further strengthen relationships and complete the necessary outstanding requirements so that exploration approvals can be granted.

APPENDIX I

Summary of Diamond Drill Holes and Mineralised Intercepts at the Frasers Underground Panel 2 Extension, Macraes

Hole ID	North (Mine Grid)	East (Mine Grid)	RL (m)	Depth (m)	Azimuth (°True)	Dip (°)	From (m)	To (m)	Length (m)	True Width (m)	Grade[1] (g/t Au)
RCD4895	12,501	71,101	529	110.1	300	-75	Hole abandoned, excessive deviation				
RCD4896	12,421	71,232	530	288.1	285	-75	Hole abandoned, excessive deviation				
RCD4897	12,400	71,282	532	620.6	286	-75	570 580	578 587	8 7	8 7	2.08 1.49
RCD4898	12,457	71,242	532	611.8	288	-75	561 568	568 581	7 13	7 13	4.25 1.79
RCD4899	12,455	71,335	534	650.8	286	-77	601 610 637	610 627 642	9 17 5	9 17 5	3.33 3.07 1.22
DDH4900	12,413	71,374	537	653.6	286	-78	604 619	612 626	8 7	8 7	2.06 2.55
DDH4901	12,541	70,997	525	536.3	283	-75	483	496	13	13	3.45
DDH4902	12,566	70,899	519	500.4	282	-79	451 457 473	457 470 482	6 13 5	6 13 5	2.91 0.84 1.71
DDH4903	12,603	70,922	523	512.5	288	-78	469 494	472 499	3 5	3 5	3.00 1.15
DDH4904	12,422	71,233	530	-	279	-76	Drilling in progress				
DDH4905	12,502	71,101	529	-	300	-77	Drilling in progress				

[1] Grades are uncut

APPENDIX II

Summary of Diamond Drill Holes and Mineralised Intercepts at the Crushington Prospect, Reefton

Hole ID	North (NZMG)	East (NZMG)	RL (m)	Depth (m)	Azimuth (°True)	Dip (°)	From (m)	To (m)	Length (m)	True Width[1] (m)	Grade[2] (g/t Au)
RDD0047	5,896,027	2,418,527	280	277.4	075	-50	177 269	178 270	1 1	0.7 0.7	0.60 0.88
RDD0048	5,896,350	2,418,626	430	162.9	090	-50	42 52 100	51 56 101	9 4 1	6.4 2.8 0.7	1.34 11.04 0.84
RDD0049	5,896,056	2,418,636	335	148.2	075	-50	119 122	120 123	1 1	0.7 0.7	1.04 3.08
RDD0050	5,895,805	2,418672	260	64.0	075	-50	Hole abandoned, no significant intersections				
RDD0051	5,895,805	2,418672	260	18.7	075	-50	Redrill of RDD0050 from 53m downhole				
RDD0052	5,895,805	2,418672	260	168.7	226	-50	153 165	154 166	1 1	0.3 0.3	0.77 1.86
RDD0053	5,896,350	2,418,558	445	200.7	090	-50	113 121 188	117 123 189	4 2 1	2.8 1.4 0.7	2.02 3.31 2.39
RDD0054	5,896,350	2,418,558	445	123.2	140	-50	Hole abandoned, intersected historical workings				
RDD0055	5,896,350	2,418,726	455	-	090	-50	Drilling in progress				

[1] True widths may change as structure geometry is updated
[2] Grades are uncut

FINANCIAL SUMMARY

The table below sets out selected financial data relating to the quarter and nine months ended September 30, 2007, with comparative data from the quarter and nine months ended September 30, 2006

INCOME STATEMENT	**Quarter Ended September 30 2007 $'000**	**Quarter Ended September 30 2006 $'000**	**Nine Months Ended September 30 2007 $'000**	**Nine Months Ended September 30 2006 $'000**
Gold sales	24,367	25,827	67,780	73,115
Cost of sales, excluding depreciation and amortization	(25,126)	(19,359)	(55,874)	(51,517)
Other expenses	(7,773)	(770)	(12,431)	(6,688)
Other income	10	32	196	117
Earnings before interest, tax, depreciation & amortization (EBITDA) (excluding unrealised gain/(loss) on hedges)	**(8,522)**	**5,730**	**(329)**	**15,027**
Depreciation and amortization	(8,447)	(2,375)	(18,428)	(12,280)
Net interest expense	(3,277)	(1,119)	(8,820)	(3,083)
Profit/(loss) before income tax and unrealized gain/(loss) on hedges	(20,246)	2,236	(27,577)	(336)
Profit/(loss) after income tax and before unrealized gain/(loss) on hedges	**(16,169)**	**1,038**	**(20,534)**	**(939)**
Release from OCI of deferred unrealized gain/(loss) on designated hedges	501	(10,917)	(16,741)	(18,100)
Gain / (loss) on fair value of undesignated hedges	(47,607)	22,114	(15,112)	(11,836)
Tax on unrealized (gain)/loss on hedges	15,545	(3,695)	10,511	9,879
Net earnings/(loss)	**(47,730)**	**8,540**	**(41,876)**	**(20,996)**
Basic earnings/ (loss) per share (cents)	(30)	12	(30)	(29)
Diluted earnings/ (loss) per share (cents)	(30)	11	(30)	(29)
CASHFLOW				
Cashflows from Operating Activities	149	4,947	5,495	17,955
Cashflows from Financing Activities	88,921	(1,169)	140,784	(2,214)
Cashflows from Investing Activities	(24,188)	(14,064)	(95,114)	(20,980)
BALANCE SHEET	**As at September 30 2007 $'000**	**As at December 31 2006 $'000**		
Total Current Assets	197,776	120,711		
Total Non Current Assets	623,326	503,018		
Total Assets	**821,102**	**623,729**		
Total Current Liabilities	128,261	91,185		
Total Non Current Liabilities	309,952	243,384		
Total Liabilities	**438,213**	**334,569**		
Total Shareholders' equity	**382,889**	**289,160**		

RESULTS OF OPERATIONS

Sales Revenue

Gold sales revenue in the third quarter was lower than the comparative quarter in 2006 due to reduced gold sales volume, offset to a significant degree by an increase in the average gold price received.

Overall gold production was materially equal to production in the third quarter of 2006. Gold production from the Macraes open pit mine declined due to reduced mill feed grade associated with mining transitional lower grade material within the Frasers Stage 4 cutback and from processing lower grade stockpiles. This shortfall was partially offset by gold production sourced from Reefton and the Frasers underground development at the Macraes Mine.

However, gold sales revenue from gold produced from Frasers underground ore was credited to the Frasers underground development project resulting in significantly lower gold sales revenue compared to the comparative quarter of 2006.This revenue reduction was largely offset by a 20% increase in the average gold price to $681 per ounce sold. This occurred due to the combination of higher gold spot prices and the continued benefits of the hedge restructure completed in 2006. During the quarter 30% of gold sales were sold into forward sales contracts compared to 45% sold into forward contracts in the equivalent quarter of 2006.

Year to date sales revenue is also lower than the comparative nine month period in 2006, due to lower gold sales volumes associated with the significant low grade stockpile volumes processed which reduced mill feed grades at the Macraes processing facility. This has been partially offset by a 30% increase in the average gold price received to $670 per ounce sold.

Unrealized Hedge Losses

In the third quarter of 2007 unrealized hedge losses recorded in the Statement of Earnings/(Loss) were $47.1 million compared with unrealised hedge gains of $11.2 million in the same quarter of 2006.

In the nine months ended 30 September 2007 unrealized hedge losses recorded in the Statement of Earnings/(Loss) were $31.9 million compared with unrealised hedge losses of $29.9 million in the same period of 2006.

These unrealised losses are a function of movements in the spot gold price.

The unrealized hedge gains or losses required to be brought to account do not represent a realized gain or loss incurred by OceanaGold and therefore have no influence upon the cash revenue generated in the period, nor does the accounting for unrealized hedges reflect their real value in terms of locking in a future price that exceeds the cost of production, or their value as a prudent approach to risk management.

The derivative instruments used to manage the risk of adverse movements in gold prices and FX rates are discussed below.

Operating Costs & Margins

As a result of the reduced production from the Macraes open pit and expensing of the high overburden removal for the Frasers Stage 4 cutback, cash costs per ounce sold in the quarter were 65% higher at $718 per ounce. Cash costs per ounce sold in the nine months ended 30 September 2007 were 51% higher at $563 per ounce.

Whilst cash costs per tonne processed increased 19% to $15.82 per tonne, this was moderated by higher mill throughput. On a year to date basis cash costs per tonne processed have reduced 4% to $12.41 driven by increased mill throughput and other efficiencies.

The increased costs experienced in the quarter produced a cash operating deficit of $37 per ounce sold. On a year to date basis the cash operating margin is $107 per ounce sold.

The cost increase together with the lower sales revenues combined to produce a loss before interest, tax, depreciation & amortisation (excluding unrealized hedge losses) of $8.5 million in the quarter. In the nine months ended 30 September 2007 the company has produced a loss before interest, tax, depreciation & amortisation (excluding unrealised hedge losses) of $0.3 million.

The results for both the third quarter and the year were negatively impacted by a $4m unrealised foreign exchange loss on cash holdings.

Depreciation and Amortization

Depreciation and amortization charges are calculated on a units of production basis and are consequently lower for the Macraes operations in the third quarter of 2007 compared with the third quarter of 2006. However, the start of operations at Reefton mine and the commencement of depreciation of these assets together with the amortisation of deferred waste stripping costs have more than offset this in the quarter.

On a year to date basis, the start up of Reefton operations and the amortisation of deferred stripping costs have also offset the impact of lower production at Macraes to produce a depreciation & amortisation charge 50% higher than in the same period of 2006.

Interest expense

The increased interest expense in the third quarter and in the nine months of 2007 is a result of the higher levels of debt carried by OceanaGold through the periods compared with the comparative periods of 2006. This debt relates to the convertible notes issued in December 2006 and March 2007, the project debt facility drawn in late 2006 and additional equipment lease liabilities, all associated with financing the company's mine development program.

Profit/(Loss) after Tax

The company reported total loss after tax in the third quarter of 2007 of $47.7 million compared with a profit after tax of $8.5 million in the third quarter of 2006. The impact of unrealised hedge gains and losses was influential in both periods. Earnings/(loss) before interest, tax, depreciation and amortisation (EBITDA) is an alternative and more relevant measure of performance in each period.

The company produced a loss before interest, tax, depreciation and amortisation of $8.5 million in the third quarter, down from EBITDA of $5.7 million in the same quarter of 2006. On a year to date basis a loss before interest, tax, depreciation and amortisation of 0.3 million was generated in 2007 compared with EBITDA of $15.0 million in 2006.

This is primarily a result of the reduced mill feed grades at the Macraes processing plant resulting from the processing of lower grade stockpiles whilst the Frasers Stage 4 stripping program was undertaken to expose higher grade ore that will be mined in later periods. An unrealised foreign exchange loss of $4 million on cash holdings also influenced the result for the quarter and the nine months to September 30, 2007.

DISCUSSION OF CASH FLOWS

Operating Activities

Cash inflows from operating activities were lower in the third quarter of 2007 compared to the third quarter of 2006 as a result of the reduced gold sales revenue, increased mining costs and an increase in net interest payments associated with the higher debt levels. This was partially offset by a reduction in working capital driven by timing of creditor payments.

Cash inflows from operating activities were also lower in the nine months to September 30, 2007 compared to the same period of 2006, primarily as a result of reduced gold sales revenue, increased mining costs and an increase in debt interest payments, partially offset by reduced working capital.

Financing Activities

Cash inflows from financing activities in the quarter generated a net inflow of $88.9 million compared to an outflow of $1.2 million in the same quarter of 2006.

This was principally due to a net inflow of $87.3 million from the issue of shares as part of the TSX IPO completed in July. In addition there were proceeds from borrowings of $1 million.

Cash inflows from financing activities in the nine months to September 30, 2007 were $140.8 million compared to a cash outflow of $2.2 million in the equivalent period of 2006. This was primarily due to the proceeds from the IPO noted above, a net inflow of $11.1 million from finance lease facilities, $20.0 million from drawings from the NZD project debt facility and from the issuance of an additional A$30 million of convertible notes to a nominee of Goldman Sachs (Asia) Finance. These notes were issued on March 22, 2007, with a coupon rate of 7%, and mature on March 22, 2014.

Investing Activities

Cash outflows due to investing activities in the third quarter were principally for the construction and development of the Reefton open pit and Frasers underground mines in New Zealand and totalled $8.6 million. Expenditure of $8.2 million was also incurred on the Didipio Gold and Copper Project in the Philippines.

Expenditure of $6.4 million was incurred in pre-stripping, exploration and sustaining activities and $1 million was spent upgrading and adding to the mining fleet.

Capital expenditure in the nine months ended September 30, 2007 totalled $95.1 million. This was incurred for the development of the Reefton open pit and Frasers Underground mines, the development of the Didipio Gold and Copper Project, pre-stripping and sustaining activities at the Macreas open pit mine, and the expansion of the mining fleet.

DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

Company's funding and capital requirements

The Company expects to continue to fund its planned growth and development through a combination of the cash balance as at September 30, 2007 of $141.5 million, cash flow from operations (including sales through derivative instruments), from various financing facilities, from the exercise of listed share options, or from the capital markets.

Current financing facilities available to the group include finance lease facilities of NZ$83.5 million of which NZ$78.8 million has been drawn and a fully drawn NZ$41 million project debt facility. In addition a consortium of banks provides a 337,247 ounce hedging facility, secured by a pledge of the assets of OceanaGold NZ Ltd.

The Company's principal requirements for cash over the next twelve months will be for capital expenditures at its two major projects, being the development of the Frasers Underground mine at Macraes, NZ and the development of the Didipio Gold and Copper Project in the Philippines.

Capital commitments

OceanaGold's capital commitments as at September 30, 2007 are as follows:

	Payments due by period as at September 30, 2007		
	$'000 Total	**$'000 < 1 year**	**$'000 1 – 5 years**
Capital commitments	34,656	28,296	6,360

Financial position

Total Current Assets

Total current assets have risen by $77.1 million since December 2006. The most significant driver of this is the increase in the cash balance by $61.5 million due to the recent equity raising offset by significant capital expenditure in the period.

The balance of the increase is due to increases in current inventory balances and the current portion of future tax assets and a reclassification of derivative assets associated with the gold put options.

Total Non Current Assets

The increase of $120.3 million was driven by increased Property, Plant & Equipment and Mining Asset balances resulting from the mine development activities at the Globe Progress, Frasers Underground and Didipio Gold and Copper projects and the pre-stripping and sustaining capital activities at the Macraes open pit mine. In addition, the depreciation in the U.S. dollar has generated material foreign currency translation differences related to Property, Plant and Equipment and Mining Assets.

A $10.2 million reduction in derivative assets associated with the reclassification of gold put options to current assets partially offset these increases.

Total Current Liabilities

The increase of $37.1 million in the nine months to September 30, 2007 was driven by the increase in unrealised derivative liability balances due to the increase in the spot price of gold. There was an increase in creditors due to timing of payments and increased activities. Some of the finance lease liabilities were also reclassified to current due to the passage of time.

Total Non Current Liabilities

The increase of $66.6 million in the nine months to September 30, 2007 was due to issuing the additional A$30 million in convertibles notes during March and further draw downs of the project debt and finance lease facilities.

These financing activities have been detailed in the analysis of cash flows above.

Current and non-current derivative liabilities

OceanaGold currently maintains some derivative instruments to manage the risk of adverse movements in gold prices and foreign exchange rates.

Primary instruments are undesignated forward gold sales contracts for over 337,247 ounces (2006: 389,976 ounces) at NZ$773, undesignated gold put options over 264,996 ounces (2006: 320,769 ounces) with an average exercise price of NZ$1,000 and undesignated gold call options over 104,024 ounces (2006: 104,024 ounces) of forecast 2010 production with an average exercise price of NZ$1,062.

A summary of OceanaGold's derivatives is set out below:

	September 30 2007 $'000	**December 31 2006 $'000**
Current Assets		
Gold put options	7,905	4,298
Non Current Assets		
Gold put options	-	10,170
Current Liabilities		
Gold forward sales contracts	75,677	63,374
Gold call options	14,110	10,322
Forward currency contracts	-	282
	89,787	**73,978**

Shareholders' Equity

A summary of OceanaGold's changes in shareholders' equity is set out below:

	Nine months ended September 30 2007 $'000
Total equity at beginning of financial period	**289,160**
Profit/(loss) after income tax	(41,876)
Other movements in retained earnings	479
Movement in other comprehensive income	42,615
Equity portion of convertible debt	3,073
Movement in contributed surplus	468
Exercise of options	543
Shares Issued	88,427
Total equity at end of financial period	**382,889**

Shareholders' equity has increased to $382.9 million as at September 30, 2007 primarily as a result of the shares issued as part of the TSX IPO and the movement in other comprehensive income driven by a reduction in deferred unrealised hedge losses and currency translation differences. This was offset by the loss incurred during the nine months ending 30 September 2007.

The other significant movement is the increase in the equity portion of convertible debt associated with the issue of an additional A$30 million in convertibles notes in March 2007.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The accounting policies that involve significant management judgement and estimates are discussed in this section. For a complete list of the significant accounting policies, reference should be made to Note 1 of the 2006 audited consolidated financial statements of Oceana Gold Ltd.

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 Earnings 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 (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 production output basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

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 Earnings.

Asset Retirement Obligations

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

Asset Impairment Evaluations

The carrying values of exploration, evaluation, development costs and plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the undiscounted future cash flows from these assets, the assets are written down to the discounted value of the future cash flows based on OceanaGold's average cost of borrowing.

Stock Option Pricing Model

Stock options granted to employees or external parties are recognized at fair value 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.

ESTIMATES, RISKS AND UNCERTAINTIES

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

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

FOREIGN CURRENCY TRANSLATION

The unaudited quarterly consolidated financial statements are expressed in United States dollars ("US$") and have been translated to US$ using the current rate method described below.

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

OceanaGold 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 amortization which is translated at the historical rate for the associated asset. Realized exchange gains and losses and currency translation adjustments are included in income.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Effective January 1 2007, the Company adopted, on a prospective basis, the new recommendations of the Canadian Institute of Chartered Accountants with respect to stripping charges, EIC 160 *Stripping Costs Incurred in the Production Phase of a Mining Operation.* The new recommendations require the costs associated with the removal of overburden and other mine waste materials that are incurred in the production phase of mining operations to be 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 accessed by the stripping activity using the units of production method.

As at 30 September 2007 the balance of stripping costs deferred in accordance with the policy set out above was $23.5 million.

These policies have been applied prospectively and prior years' financial statements have not been restated.

NON-GAAP MEASURES

Throughout this document, we have provided measures prepared according to Canadian generally accepted accounting principles ("GAAP"), as well as some non-GAAP performance measures. Because non-GAAP performance measures do not have any standardized meaning prescribed by GAAP, they are unlikely to be comparable to similar measures presented by other companies.

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

REVIEW BY AUDITORS

The unaudited interim consolidated financial statements for the quarter ended September 30, 2007 have been reviewed by the company's auditor, Ernst & Young.