OCEANAGOLD

2007 Second Quarter Results

Expanding our Horizons

14 August 2007

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

HIGHLIGHTS

- The Oceana Group restructured to a Canadian corporation with a Canadian TSX listing.
- OceanaGold Corporation completed an IPO on the TSX; raising C$100.7 million of gross proceeds at C$3.50 per share, subsequent to quarter end, completing the financing for the Didipio Gold & Copper Project.
- Construction activity at Didipio in the quarter accelerated as planned, with the signing of key contracts and the continued advancement of site access works.
- Gold production totalled 40,255 ounces with a significantly improved average gold price received and an increased cash operating margin.
- Frasers underground mine development progressed well and remains on schedule to commence operations at the beginning of 2008.
- Diamond drilling results from the Golden Point Extension area provided indication of the existence of a new underground deposit at Macraes.
- Exploration drilling intersected high-grade mineralisation at the Crushington prospect, Reefton Goldfield.

*All statistics are compared to the corresponding 2006 quarter.

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

GROUP OVERVIEW

North American Listing

During the second quarter, OceanaGold completed a restructure whereby the parent company became a Canadian corporation with a Toronto Stock Exchange (TSX) listing.

As part of this process, the Company ceased trading as Oceana Gold Limited (stock code "OGD") and restarted trading as OceanaGold Corporation (stock code "OGC") on June 27, 2007, after the completion of a five for one share consolidation.

The Company subsequently completed a TSX initial public offering (IPO) on July 5, 2007. The IPO raised C$90,002,500 from the issue of 25,715,000 common shares at C$3.50 per share. On July 25, 2007 the syndicate of underwriters exercised their over-allotment option which raised an additional C$10,710,000 from the issue of 3,060,000 common shares at C$3.50 per share.

Net proceeds from both of these transactions will be used for the development of the Didipio Gold and Copper Project in the Philippines and for general corporate purposes.

The Company is now traded under the symbol "OGC" on the Toronto Stock Exchange (TSX), Australian Stock Exchange (ASX) and New Zealand Stock Exchange Limited (NZX).

Management

Patrick Goodfellow has been appointed to the position of Vice President, Philippines, based in Manila. He will be responsible for OceanaGold's business unit in the Philippines, including the development of the Didipio Gold and Copper Project. Patrick has been involved in the mining industry for over 27 years and has extensive experience in project development throughout Australasia and Africa.

Darren Klinck has been appointed OceanaGold's Vice President, Corporate and Investor Relations. Darren will increase OceanaGold's market exposure and build relationships with investor and financial networks internationally.

Employment of key personnel for the Didipio Gold and Copper Project continued, including the appointment of the Site General Manager, Jake Foronda.

Results from Operations

Gold revenue in the second quarter of 2007 was as expected, lower than the comparative quarter of 2006. This was primarily due to the processing of significant quantities of lower grade stockpiled ore, whilst overburden is removed to expose deeper ore in the Frasers Stage 4 pit at Macraes. There was also some impact due to the slower than expected ramp up to full production at the Globe Progress mine.

The lower gold production was partially offset by a significant rise in the average gold price received per ounce. This increased 30% to $698 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, cash costs per ounce sold were 39% higher at $544 per ounce compared to the equivalent quarter of 2006. However cash costs per tonne processed were reduced by 11% to $11.23 per tonne despite higher fuel and electricity costs, due to higher throughput rates and increased mill availability.

The increased average gold price received more than offset the higher costs and produced a cash operating margin of $154 per ounce sold, 5% higher than the comparative quarter in 2006.

Year to date, the average gold price received has increased 36% to $664 per ounce sold, this has more than offset the increase in cash costs per ounce to $481 per ounce, which is due to the lower mill feed grades and gold production.

Development Update

The development of the Frasers Underground mine progressed well in the quarter and remains on schedule to commence commercial operations at the beginning of 2008. Development progressed 1,276 metres in the quarter to a total of 3,967 metres project to date. Panel 1 was accessed during the quarter and initial stope development has now commenced.

Progress on the Didipio Gold and Copper Project development remains on schedule with the project further advanced in the second quarter. The EPCM and other key contracts were awarded along with the commencement of final engineering studies. Site access road improvements continued on schedule and the recruitment of key project personnel progressed well during the quarter.

2007 Guidance

Company guidance for 2007 gold production remains unchanged at 190,000 – 205,000 ounces. With the slower ramp-up of Reefton, the company expects production to be in the bottom end of this range.

-Table 1 -
Key Financial and Operating Statistics

Financial Statistics	**Quarter Ended 30 Jun 2007**	**Quarter Ended 30 Jun 2006**	**Six Months Ended 30 Jun 2007**	**Six Months Ended 30 Jun 2006**
Gold Sales (Ounces)	38,085	44,703	76,812	96,724
	USD	USD	USD	USD
Average Price Received ($ per ounce)	698	538	664	490
Cash Operating Cost ($ per ounce)	544	392	481	344
Cash Operating Margin ($ per ounce)	**154**	**146**	**183**	**146**
Non-Cash Cost ($ per ounce)	192	120	152	103
Total Operating Cost ($ per ounce)	736	512	633	447
Total Cash Operating Cost ($ per tonne)	11.23	12.58	10.59	12.71

Operating Statistics	**Quarter Ended 30 Jun 2007**	**Quarter Ended 30 Jun 2006**	**Six Months Ended 30 Jun 2007**	**Six Months Ended 30 Jun 2006**
Gold produced (ounces)	40,255	46,973	76,510	100,161
Total Ore Mined (tonnes)	1,220,442	1,300,353	2,120,413	2,917,389
Ore Mined grade (grams/tonne)	1.24	1.22	1.22	1.22
Total Waste Mined (tonnes) - incl pre-strip	13,857,646	13,089,327	27,762,386	25,576,057
Total Material Mined (tonnes) – incl pre-strip	15,078,088	14,389,680	29,882,799	28,493,446
Mill Feed (dry milled tonnes)	1,572,704	1,392,602	2,966,303	2,616,902
Mill Feed Grade (grams/tonne)	0.89	1.29	0.93	1.44
Recovery (%)	76.7%	81.6%	79.6%	82.6%
Total Autoclave feed (concentrate tonnes) (dry with lime)	32,308	35,851	61,568	76,343

Financial Statistics	**Quarter Ended 30 Jun 2007**	**Quarter Ended 30 Jun 2006**	**Six Months Ended 30 Jun 2007**	**Six Months Ended 30 Jun 2006**
EBITDA (excluding unrealized hedge gains)	2,787	4,893	8,191	9,296
Profit/(loss) after income tax (excluding unrealized hedge gains)	(4,065)	(1,302)	(4,365)	(1,978)
Reported EBITDA	33,496	(78)	23,444	(31,836)
Reported Profit/(loss) after income tax	16,510	(4,633)	5,854	(29,536)

OPERATIONS

Macraes (New Zealand)

The Macraes Gold Mine recorded excellent safety performance for the quarter, achieving zero lost time injuries, compared to two for the same period in 2006.

Gold production of 31,826 ounces during the Second Quarter of 2007 was lower than the 46,973 ounces produced in the corresponding quarter of 2006. The variance is the result of processing lower grade transitional ore and stockpiles partially offset by some gold production from the Frasers Underground. This was anticipated in our 2007 budget as a necessary consequence of the overburden stripping campaign to expose deeper ore in the Frasers 4 pit.

Total material moved in the second quarter was 12.4 million tonnes compared to 14.9 million tonnes in 2006. Ore delivered to the ROM pad was 8% lower than the previous quarter. The overall mine grade to the ROM pads for the quarter averaged 0.78g/t compared to 1.25g/t in 2006 and was in part due to moving lower grade stockpiled material to the ROM pad (as anticipated in the 2007 plan).

Frasers Underground had higher than predicted mining activity with ore tonnes mined exceeding budget (140,642 versus 106,184 tonnes) for the quarter. The overall grade of the ore was 1.77g/t and reflects development grade ore along the footwall contact. Mining in the trial stope area is occurring. This initial trial mining is intended to perfect ground control and grade control parameters. To date the mining method is generally performing to expectations.

Processing throughput for the quarter was 1,436,513 tonnes compared to 1,392,602 the previous year. The increase is due to improved mill availability of 94% compared to 93% the previous year and the lower hardness of the stockpile material.

Reefton concentrate accounted for 8,429 produced ounces. The remainder of the produced ounces came from the Macraes operation (Macraes open pit and Frasers Underground).

Overall recovery was 76.7% for the quarter compared to 81.6% for 2006. The lower grade of the processed material generated an expected lower flotation recovery.

Globe Progress Open Cut Mine (New Zealand)

Safety performance was excellent with only one Lost Time Injury recorded in the quarter.

Total material mined in the quarter was close to target. Ore movements were limited by the ramp up of the processing plant, resulting in a buildup of ore stockpiles.

The processing plant was commissioned and producing concentrate at the end of the first quarter, and ramp up to full production was progressively completed over the second quarter. Debottle-necking and some modifications were required in the crushing, flash flotation, and concentrate handling sections of the plant. By July, concentrate production above design capacity had been achieved.

The concentrate produced and railed to Macraes mine since commissioning is almost double the target grade at 47 grams per tonne. This has a very favourable effect on transportation costs.

Mining costs have been well below budget, as have other production costs due to the lower production rates.

-Table 2 -
Macraes Operating Statistics

Macraes Goldfield Operating Statistics	Quarter Ended 30 Jun 2007	Quarter Ended 30 Jun 2006	Six Months Ended 30 Jun 2007	Six Months Ended 30 Jun 2006
Gold produced (ounces)	31,826	46,973	68,056	100,161
Total Ore Mined (tonnes)	997,449	1,300,353	1,789,912	2,917,389
Ore Mined grade (grams/tonne)	1.00	1.22	1.04	1.22
Total Waste Mined (tonnes) - incl pre-strip	10,839,593	13,089,327	21,579,824	25,576,057
Total Material Mined (tonnes) – incl pre-strip	11,837,042	14,389,680	23,369,736	28,493,446
Mill Feed (dry milled tonnes)	1,436,513	1,392,602	2,829,499	2,616,902
Mill Feed Grade (grams/tonne)	0.89	1.29	0.93	1.44
Recovery (%)	76.3%	81.6%	79.6%	82.6%
Total Autoclave feed (concentrate tonnes) (dry with lime)	32,308	35,851	61,568	76,343

-Table 3 -
Reefton Operating Statistics

Reefton Goldfield Operating Statistics	Quarter Ended 30 Jun 2007	Quarter Ended 30 Jun 2006	Six Months Ended 30 Jun 2007	Six Months Ended 30 Jun 2006
Gold produced (ounces)	8,429	n/a	8,454	n/a
Total Ore Mined (tonnes)	222,993	n/a	330,501	n/a
Ore Mined grade (grams/tonne)	2.34	n/a	2.23	n/a
Total Waste Mined (tonnes) - incl pre-strip	3,018,053	n/a	6,182,562	n/a
Total Material Mined (tonnes) – incl pre-strip	3,241,046	n/a	6,513,063	n/a
Mill Feed (dry milled tonnes)	136,191	n/a	136,804	n/a
Mill Feed Grade (grams/tonne)	2.43	n/a	2.43	n/a
Recovery (%)	74.4%	n/a	74.1%	n/a

DEVELOPMENT PROJECTS

NEW ZEALAND

Frasers Underground Mine

Frasers Underground development continued on schedule with development progressing 1,276 metres in the quarter to a total of 3,967 metres (Figure 1) project to date. Panel 1 was accessed during the quarter and initial stope development has now commenced. The project remains on schedule to commence production at the beginning of 2008.

Production from the trial stopes began at the start of the second quarter and stope performance to date is generally in line with expectations. A higher proportion of ore was recovered from the development than budgeted, although development ore grade during the quarter was lower than expected. The main and vent declines were developed in areas outside the resource estimate that were found to contain low grade ore rather than the expected waste.

- Figure 1 -
Mining completed shown in red
as at 30 Jun 2007

During the quarter excavation of the primary vent and escapeway raise collars commenced in preparation for the start of pilot hole drilling (Figure 1).

PHILIPPINES

Didipio Gold and Copper Project

The Didipio Gold and Copper Project development comprises four years of open cut mining, followed by at least 11 years of underground sub-level caving operations, totalling an expected minimum 15 years of processing operations.

The project is designed for a throughput of two and a half million tonnes of ore per annum and annual metal production will average approximately 227,000 gold equivalent ounces (Au Eq) in the first ten years of production, comprising some 120,000 ounces of gold and 15,000 tonnes of copper in concentrate.

Progress on the Didipio Gold and Copper Project development remains on schedule and on budget.

During the second quarter, project development further advanced with the award of the EPCM contract to Ausenco and the underground mine drainage tunnel contract to McConnell Dowell.

Value engineering was completed by Ausenco to confirm the process flow and equipment list generated.

Site access road improvements continued with progress on track for completion by the end of September 2007.

Employment of key project personnel continued, including the appointment of the Site General Manager.

Long lead time equipment has been ordered and the fabrication of the mill shells commenced in South Africa during the quarter. In addition, key equipment required for the development of the underground drainage tunnel has been ordered and is on schedule.

The tailings dam concept design was peer reviewed and the detailed design commenced during the quarter.

- Figure 2 -
Access Road to Didipio

EXPLORATION

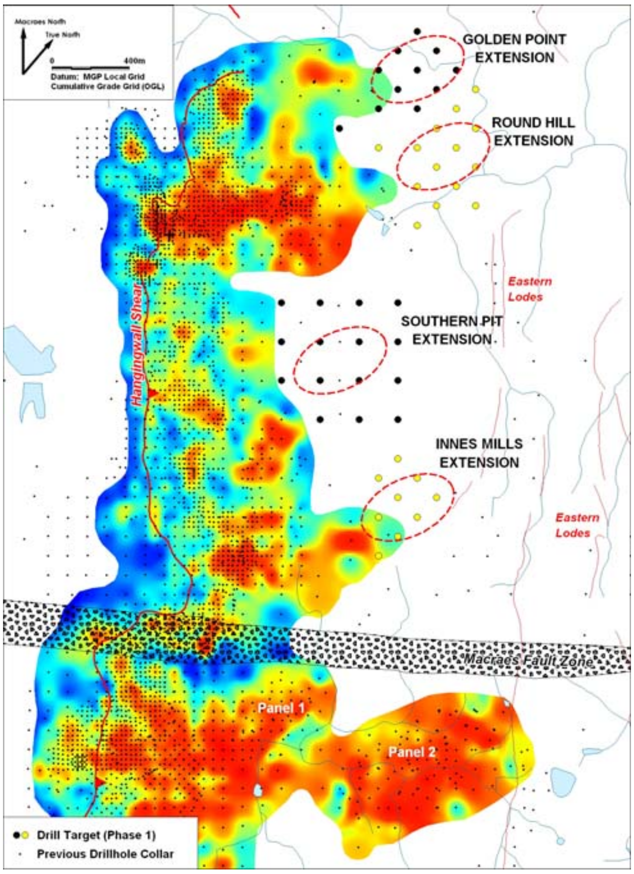
NEW ZEALAND

Exploration expenditure in New Zealand for the quarter was $0.7 million.

Macraes Goldfield

Diamond drilling to test for a new zone of mineralisation down dip from Golden Point open pit continued in the second quarter. Two holes were completed for a total of 562.5m drilling.

- Figure 3 -
Macraes Exploration Targets



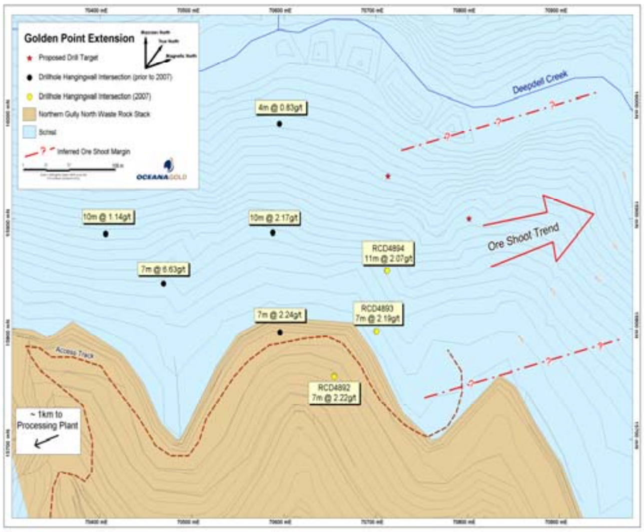
Assay results confirm mineralisation widths and grade (Table 4) that are consistent with previous mineralisation intersected in the area. The results indicate that mineralisation has continuity within the host shear zone structure.

The mineralised structure is open to the east and north and further drilling has been planned to test for higher grade zones to the east and down-dip of the current drilling (Figure 3). This work is scheduled to be completed later in 2007.

- Table 4 -
Golden Point Extension
Significant Diamond Drilling Intersections

Prospect	Hole ID	From (m)	To (m)	Length (m)	True Width (m)	Grade (g/t Au)
Golden Point Extension	RCD4893	289	296	7	7	2.19
		299	301	2	2	1.72
	RCD4894	293	304	11	11	2.08

- Figure 4 -
Golden Point Extension Diamond Drilling



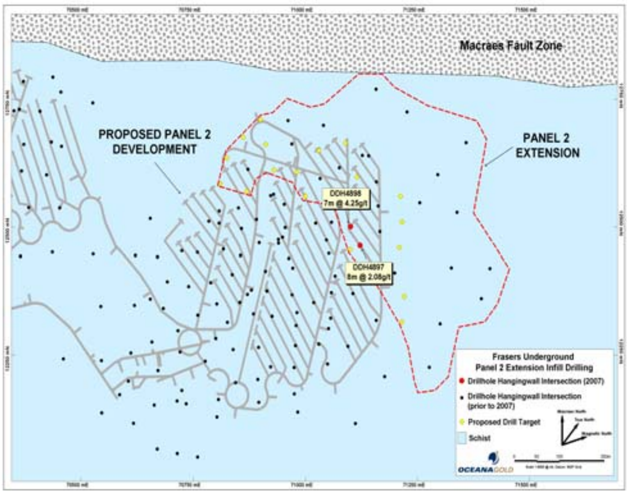
Infill diamond drilling commenced at the Frasers Underground Panel 2 Extension in order to increase geological confidence in the resource for the area. A total of 18 deep diamond drill holes are planned for the Extension area, which will increase the drill hole density to a nominal 50m x 50m grid. A total of 1,752.6m drilling was completed for the quarter and two holes successfully intersected the mineralised hanging wall shear zone.

Assay results were received for holes RCD4897 and RCD4898 (Table 5). The grade and width of the mineralised hangingwall structure was within the expected range based on intersections from the surrounding holes.

- Table 5 -
Frasers Underground Panel 2 Extension Diamond Drilling Intersections

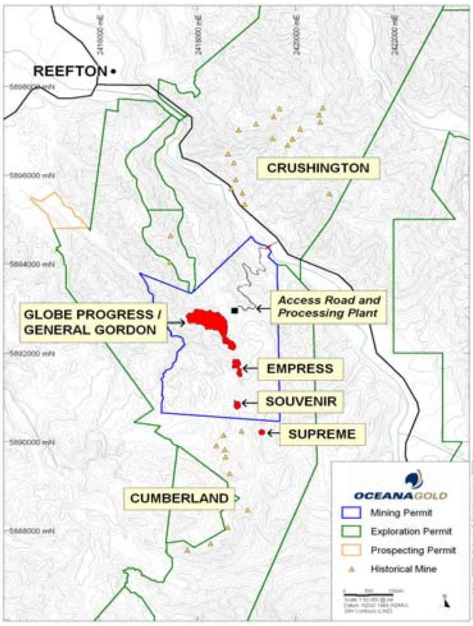
Prospect	Hole ID	From (m)	To (m)	Length (m)	True Width (m)	Grade (g/t Au)
FRUG P2 Extension	RCD4897	570	578	8	8	2.08
		580	587	7	7	1.49
	RCD4898	561	568	7	7	4.25
		568	581	13	13	1.79

- Figure 5 -
Frasers Underground Panel 2 Extension Diamond Drilling



Reefton Goldfield

- Figure 6 -
Reefton Goldfield



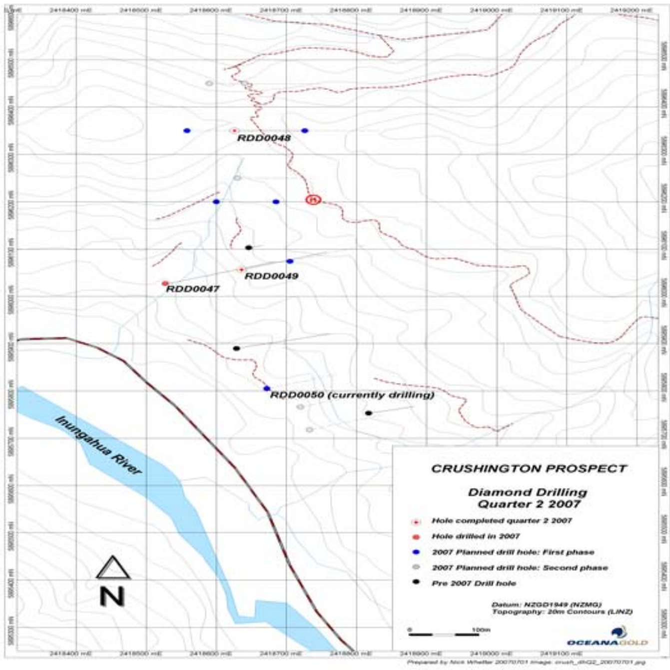
Testing of the Crushington prospect, approximately 3km north of the Globe Operation (Figure 6) continued during the quarter. Drilling was completed on only 3 diamond drill holes (RDD0047 – RDD0049) for a total of 405.6m of core drilling.

Assays were received for drill holes completed at the Auld Creek and Crushington prospects. (Table 6). Hole RDD0048 at Crushington intersected two zones of disseminated mineralisation, both of which were associated with historical mining voids. Mineralised rocks included some quartz breccia but no significant pug breccia zones. Assay results confirmed the presence of high-grade gold in the upper zone (Table 6) within a halo of lower-grade mineralisation around the previously mined lode structures. Drilling will continue during the next quarter to test this prospect for Globe-Progress style mineralised structures.

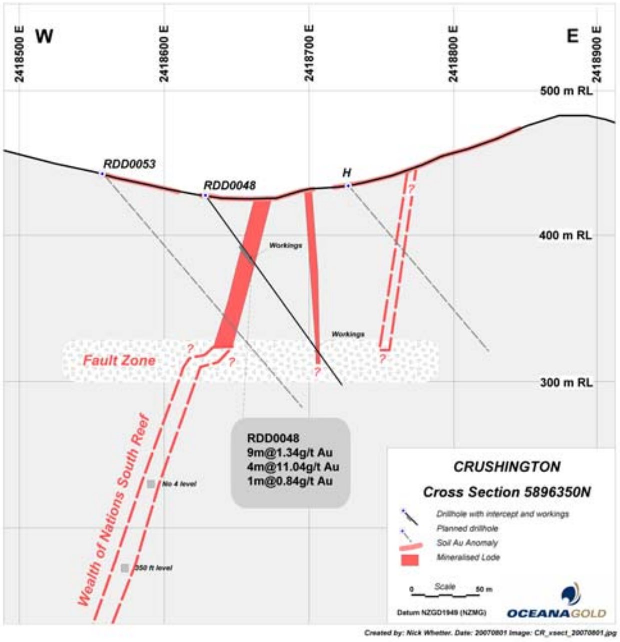
- Table 6 -
Reefton Significant Diamond Drilling Intersections

Prospect	Hole ID	From (m)	To (m)	Length (m)	True Width (m)	Grade (g/t Au)
Auld Creek	RDD0046	34	35	1	-	0.51
Crushington	RDD0047	177	178	1	0.7	0.60
		269	270	1	0.7	0.88
	RDD0048	42	51	9	6.4	1.34
		52	56	4	2.8	11.04
		100	101	1	0.7	0.84

- Figure 7 -
Crushington Prospect Drilling Status Map



- Figure 8 -
Crushington Prospect Cross Section



Third Quarter 2007 Activities

The diamond drill rig at the Macraes Operation will continue infill drilling of the Frasers Underground Panel 2 Extension and the work is scheduled for completion in time to allow a resource update to be completed by December 2007.

In the Reefton Goldfield, the exploration diamond drilling program will continue at the Crushington prospect.

PHILIPPINES

During the quarter $0.7 million was spent on exploration activities.

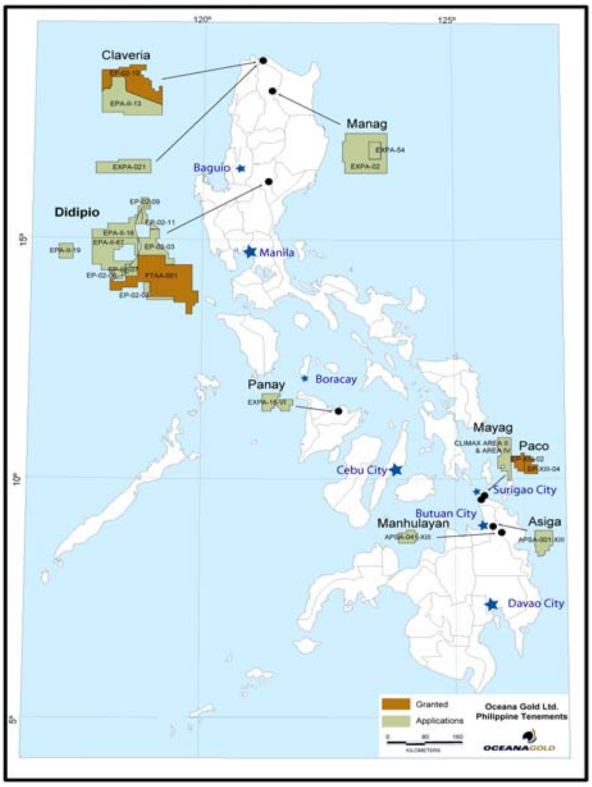
Didipio Gold and Copper project

A 10 hole, infill diamond drilling program for 4,850m is currently underway. This infill drilling has been undertaken to infill the resource for mine planning and resource evaluation to a level compliant with Canadian reporting standards.

Infill drilling progressed during the quarter with four drill holes completed and a fifth hole nearing completion.

Other Philippines Exploration

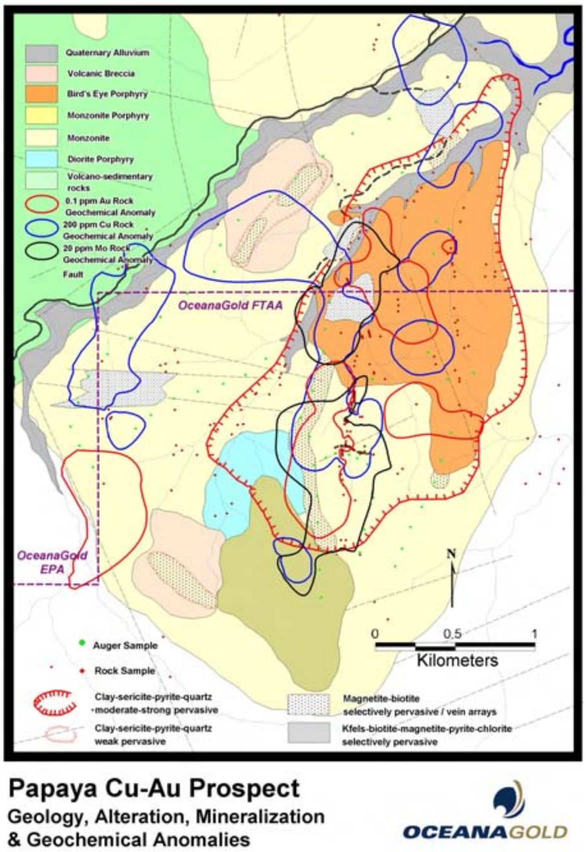
- Figure 9 -
OceanaGold Philippine Mineral Permit Locations



Papaya and Runamok Projects (FTAA 001)

Exploration work has started on the Papaya Project (Figure 10). All historical Climax data has been collated in the GIS, maps and reports. Work to date includes additional stream mapping and sediment sampling. A soil grid is planned to investigate a mineralised fault found near the edge of the mineralised monzonite intrusive. Exploration work on the Runamok prospect is expected to begin in December 2007.

- Figure 10 -
Papaya Prospect Geology



Manhulayan Project

At Manhulayan the regional NCIP clearance was received and endorsed to the Manila Commission. We expect the permit to be approved by the MGB in August 2007.

- Figure 11 -
Manhulayan MOA signing ceremony

Meanwhile data collation, interpretation and planning for the upcoming fieldwork are continuing.

Paco Project

During the quarter, stream sediment sampling and float mapping was carried out in a number of areas that have suitable structural similarities with known deposits nearby.

Planned Third Quarter 2007 Activities

At Didipio Mine Site, the diamond drill rig will carry on drilling infill underground and open pit targets.

Exploration of Papaya prospect within the FTAA will start with stream sediment sampling and detailed mapping and a soil grid will be surveyed and sampled to determine optimum drill targets.

At the Manhulayan Project, the access road will be started as soon as the tenement is granted and a temporary camp built near Costan Village for use during fieldwork and drilling.

At the Manag Project, NCIP will undertake final meetings with the local people to complete the access MOA.

FINANCIAL SUMMARY

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

INCOME STATEMENT	**Quarter Ended June 30 2007 $'000**	**Quarter Ended June 30 2006 $'000**	**Six Months Ended June 30 2007 $'000**	**Six Months Ended June 30 2006 $'000**
Gold sales	22,644	24,063	43,413	47,287
Cost of sales, excluding depreciation and amortization	17, 316	16,622	30,749	32,158
Other expenses	2,687	2,633	4,660	5,918
Other income	146	85	187	85
Earnings before interest, tax, depreciation & amortization (EBITDA) (excluding unrealised gain/(loss) on hedges)	**2,787**	**4,893**	**8,191**	**9,296**
Depreciation and amortization	6,533	5,352	9,980	9,905
Net interest expense	3,295	1,048	5,543	1,965
Profit/(loss) before income tax and unrealized gain/(loss) on hedges	(7,041)	(1,507)	(7,332)	(2,574)
Profit/(loss) after income tax and before unrealized gain/(loss) on hedges	**(4,065)**	**(1,302)**	**(4,366)**	**(1,978)**
Release from OCI of deferred unrealized loss on designated hedges	(8,162)	(7,183)	(17,242)	(7,183)
Gain / (loss) on fair value of undesignated hedges	38,871	2,212	32,495	(33,949)
Tax on unrealized gain/(loss) on hedges	10,134	(1,640)	5,033	(13,574)
Profit/(loss) after income tax	**16,510**	**(4,633)**	**5,854**	**(29,536)**
Basic & diluted earnings/ (loss) per share (cents)				
CASHFLOW				
Cashflows from Operating Activities	(985)	1,839	7,320	5,740
Cashflows from Financing Activities	3,299	(1,336)	50,626	(2,763)
Cashflows from Investing Activities	(35,865)	(5,589)	(72,591)	(6,817)
BALANCE SHEET	**As at June 30 2007 $'000**	**As at December 31 2006 $'000**		
Total Current Assets	122,607	120,711		
Total Non Current Assets	598,785	503,018		
Total Assets	**721,392**	**623,729**		
Total Current Liabilities	77,852	91,185		
Total Non Current Liabilities	309,091	243,384		
Total Liabilities	**386,943**	**334,569**		
Total Shareholders' equity	**334,449**	**289,160**		

RESULTS OF OPERATIONS

Sales Revenue

Gold revenue in the second quarter was lower than the comparative quarter in 2006 due to the reduced gold production as a result of reduced mill feed grade at Macraes associated with the high percentage of low grade stockpile processed while overburden removal is conducted to access higher grade ore in the Frasers Stage 4.

The lower gold production was largely offset by a significant rise in the average gold price received per ounce sold. This increased 30% to $698 per ounce due to the combination of continued higher gold spot prices and the continued benefits of the hedge restructure completed in 2006. During the quarter 28% of gold sales were sold into forward sales contracts compared to 55% sold into forward contracts in the equivalent quarter of 2006.

Year to date sales revenue is also lower than the comparative period in 2006, due to lower gold production associated with the reduced mill feed grade. This has been offset by a 36% increase in the average gold price received to $664 per ounce sold.

Unrealized hedge gains

In the second quarter of 2007 unrealized hedge gains recorded in the Statement of Earnings/(Loss) were $30.7 million compared with unrealised hedge losses of $5.0 million in the same quarter of 2006.

In the half year ended 30 June 2007 unrealized hedge gains recorded in the Statement of Earnings/(Loss) were $15.3 million compared with unrealised hedge losses of $41.1 million in the same period of 2006.

These amounts 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 associated with lower mill feed grades, cash costs per ounce sold in the quarter were 39% higher at $544 per ounce. Cash costs per ounce sold in the half year ended 30 June 2007 were 40% higher at $481 per ounce.

However, cash costs per tonne processed reduced 11% to $11.23 per tonne, due to higher throughput rates and increased mill availability. On a year to date basis cash costs per tonne processed have reduced 17% to $10.59 driven by increased throughput rates, mill availability and other efficiencies.

The increasing exposure to the spot gold price and the consequential increase in the average gold price received produced a cash operating margin of $154 per ounce sold, 5% greater than the comparative quarter in 2006, despite the cost increases noted above. On a year to date basis cash operating margin has increased 25% to $183 per ounce sold.

This increased margin per ounce was critical to producing earnings before interest, tax, depreciation & amortisation (EBITDA) (excluding unrealized hedge losses) of $2.8 million in the quarter and $8.2 million in the half year ended 30 June 2007, despite the reduced sales volumes and higher cash costs.

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 second quarter of 2007 compared with the second quarter of 2006. However, the start of operations at the Globe Progress Mine and the associated start of depreciation of these assets have more than offset this in the quarter. On a year to date basis the lower production in 2007 has resulted in a depreciation expense similar to the comparative period in 2006 despite the start up at Globe Progress.

Interest expense

The increased interest expense in the second quarter and first half 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 increased debt relates to the convertible notes issued in December 2006 and March 2007, the project debt facility drawn in late 2006 and higher finance lease liabilities, all associated with financing the company's mine development program.

Profit/(Loss) after Tax

The company reported total profit after tax in the second quarter of 2007 of $16.5 million compared with a loss after tax of $4.6 million in the second quarter of 2006. The impact of unrealised hedge gains and losses was influential in both periods and EBITDA is an alternative measure of performance in each period. The company produced an EBITDA of $2.8 million in the second quarter, down from $4.9 million in the same quarter of 2006. On a year to date basis EBITDA of $8.2 million was generated in 2007 compared with $9.3 million in 2006.

This is a result of the reduced mill feed grades at the Macraes processing plant resulting from the necessity of processing lower grade stockpiles whilst the Frasers 4 stripping program is undertaken to expose higher grade ore that will be mined in later periods

DISCUSSION OF CASH FLOWS

Operating Activities

Cash inflows from operating activities were lower in the second quarter of 2007 compared to the second quarter of 2006 as a result of reduced gold sales revenue and the consequential reduction in EBITDA, together with an increase in net interest payments associated with the higher debt levels.

Cash inflows from operating activities were higher in the first half of 2007 compared to the second quarter of 2006 primarily as a result of a reduction in working capital balances partially offset by an increase in debt interest payments.

Financing Activities

Cash inflows from financing activities in the quarter generated a net inflow of $3.3 million (Second Quarter 2006: $1.3 million outflow).

This was principally as a result of a net inflow of $5.0 million from finance lease facilities and was primarily used for the acquisition of mobile mining equipment. In addition there was a $0.3 million cash inflow related to the issuance of shares in relation to the exercise of executive share options and $2.0 million outflow related to the payment of transaction costs incurred in relation to the equity raising completed in July 2007.

Cash inflows from financing activities in the half year ending June 30, 2007 was $50.6 million compared to a cash outflow of $2.8 million in the equivalent period of 2006 primarily due to a net inflow of $10.5 million from finance lease facilities, $18.7 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 were issued on March 22, 2007, with a coupon rate of 7%, and mature on March 22, 2014.

Investing Activities

Cash flows used in investing activities in the second quarter were principally for the construction and development of the Globe Progress mine at Reefton and the Fraser's underground mine and totalled $14.1 million.

Expenditure of $12.3 million was incurred in pre-stripping and sustaining activities and $5 million was spent upgrading and adding to the mining fleet. Expenditure was also incurred on the Didipio Gold and Copper Project.

Expenditure in the half year ended June 30, 2007 totalled $72.6 million. This was incurred for the development of the Globe Progress and Frasers Underground mines, the development of the Didipio Gold and Copper Project, pre-stripping and sustaining activities at the Macreas open cut 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 June 30, 2007 of $71.4 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$78.0 million has been drawn and a fully drawn NZ$41 million project debt facility. In addition a consortium of banks provides a 350,750 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 June 30, 2007 are as follows:

	Payments due by period as at June 30, 2007		
	$'000 Total	$'000 < 1 year	$'000 1 – 5 years
Capital commitments	18,631	7,542	11,089

Financial position

Total Current Assets

There has not been any significant change in total current assets since December 2006. The cash balance has reduced $8.6m in the period due to significant capital expenditure in the period offset by cash inflows from financing activities, and the current portion of future tax assets has declined primarily as a result of the reduction in the NZ company tax rate and revaluations of gold derivatives.

These reductions have been offset by increases in current inventories, prepayments and a reclassification of derivative assets associated with the gold put options.

Total Non Current Assets

The increase of $95.8 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 cut mine. In addition the appreciation in the New Zealand dollar has generated material foreign currency translation differences related to New Zealand based Property, Plant and Equipment and Mining Assets.

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

Total Current Liabilities

The decrease of $13.3 million in the six months to June 30, 2007 was driven by the reduction in unrealised hedge liability balances related to the gold forward sales contracts and the gold call options due to the reduction in the market price of gold and the settlement of a number of these contracts.

Total Non Current Liabilities

The increase of $65.7 million in the first six months of 2007 was due to the issuing of the additional A$30 million in convertibles notes in March, and further draw downs of the project debt and finance lease facilities.

These financing activities have been discussed in more detail in the analysis of cash flows above.

Current and non-current derivative liabilities

OceanaGold has in place some derivative instruments used to manage the risk of adverse movements in gold prices and foreign exchange rates.

Primary instruments are undesignated forward gold sales contracts for over 350,750 ounces (2006: 374,037 ounces), gold put options over 281,151 ounces (2006: 320,769 ounces) with an average exercise price of NZ$1,000 and gold call options over 104,024 ounces (2006: 104,024 ounce) of forecast 2010 production with an average exercise price of NZ$1,062

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

	June 30 2007 $'000	Decembe r 31 2006 $'000
Current Assets		
Gold put options	17,954	4,298
Non Current Assets		
Gold put options	-	10,170
Current Liabilities		
Gold forward sales contracts	45,046	63,374
Gold call options	6,650	10,322
Forward currency contracts	890	282
	52,586	**73,978**

Shareholders' Equity

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

	Half Year ended June 30 2007 $'000
Total equity at beginning of financial period	**289,160**
Profit/(loss) after income tax	5,854
Other movements in retained earnings	479
Movement in other comprehensive income	35,510
Equity portion of convertible debt	3,073
Movement in contributed surplus	(170)
Exercise of options	543
Total equity at end of financial period	**334,449**

Shareholders' equity has increased to $334.4 million as at June 30, 2007 primarily as a result of the profit incurred in the six months and the movement in other comprehensive income driven by a reduction in deferred unrealised hedge losses and currency translation differences.

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.

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 year-end rates and all revenue and expense items are translated at the average monthly exchange rates for recognition in income. Differences arising from these foreign currency translations are recorded in shareholders' equity as a 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 June 2007 the balance of the deferred stripping costs was $263,000

In addition, the Company has changed its accounting policy in respect of costs associated with the removal of overburden and other mine waste materials that are incurred prior to the beginning of the production phase of mining operations. These costs are capitalized as mining assets and are amortized over the reserve accessed by the stripping activity using the units of production method.

As at 30 June 2007 the balance of capitalized pre production stripping costs was $21,952,000

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.