OCEANAGOLD CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER REPORT

JUNE 30TH, 2008

UNAUDITED

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS

As at Quarter ended June 30, 2008

(in thousands of United States dollars)	*Notes*	*June 30 2008 $'000*	*December 31 2007 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		47 893	119 837
Restricted cash	3	27 000	-
Accounts receivable and other receivables		6 689	3 426
Inventories	4	18 845	20 937
Prepayments		662	945
Future income tax assets	5	20 297	9 009
Derivatives	8	480	1 084
Total current assets		121 866	155 238
Non-current assets			
Accounts receivable and other receivables		6	-
Inventories	4	24 510	23 953
Property, plant and equipment	6	183 516	196 320
Mining assets	7	502 111	415 723
Future income tax assets	5	17 143	12 611
Derivatives	8	2 414	4 097
Total non-current assets		729 700	652 704
TOTAL ASSETS		851 566	807 942
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		43 539	26 422
Asset retirement obligation		168	293
Derivatives	8	61 475	30 402
Employee benefits	9	2 099	2 291
Future income tax liabilities	5	12	-
Interest-bearing loans and borrowings	10	20 502	18 687
Total current liabilities		127 795	78 095
Non-current liabilities			
Other long term obligations		5 815	7 717
Employee benefits	9	71	-
Interest-bearing loans and borrowings	10	199 958	198 912
Future income tax liabilities	5	77 700	71 619
Asset retirement obligation		8 897	9 218
Derivatives	8	85 289	88 216
Total non-current liabilities		377 730	375 682
TOTAL LIABILITIES		505 525	453 777
SHAREHOLDERS' EQUITY			
Share capital	11	334 975	334 975
Accumulated deficit		(87 195)	(56 791)
Contributed surplus	14	33 240	32 379
Accumulated other comprehensive income	12	65 021	43 602
TOTAL SHAREHOLDERS' EQUITY		346 041	354 165
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		851 566	807 942

Contingencies (note 15)
Commitments (note 16)

On behalf of the Board of Directors:

(Signed) James E. Askew
Director

(Signed) J. Denham Shale
Director

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these financial statements.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

For the Quarter ended June 30, 2008

(in thousands of United States dollars except per share amounts)	*Notes*	*Three months ended June 30 2008 $'000*	*Three months ended June 30 2007 $'000*	*Six months ended June 30 2008 $'000*	*Six months ended June 30 2007 $'000*
Revenue					
Gold sales		53 068	22 644	115 331	43 413
Release from other comprehensive income of deferred unrealised gain/(loss) on designated hedges		122	(8 162)	279	(17 242)
		53 190	14 482	115 610	26 171
Cost of sales, excluding depreciation and amortisation		(42 953)	(17 316)	(75 953)	(30 749)
Depreciation and amortisation		(12 050)	(6 533)	(26 254)	(9 980)
General & administration		(4 684)	(2 719)	(8 593)	(4 502)
Operating profit / (loss)		**(6 497)**	**(12 086)**	**4 810**	**(19 060)**
Other expenses					
Interest expense		(5 927)	(4 781)	(11 824)	(8 325)
Foreign exchange gain/(loss)		(4 340)	32	(8 037)	(158)
		(10 267)	(4 749)	(19 861)	(8 483)
Gain/(loss) on fair value of undesignated hedges		(10 404)	38 871	(31 902)	32 495
Interest income		1 054	1 486	2 485	2 782
Other income		40	146	72	187
Earnings/(loss) before income taxes		(26 074)	23 668	(44 396)	7 921
Income taxes recovery/(expense)		6 826	(7 158)	13 992	(2 067)
Net earnings/(loss)		(19 248)	16 510	(30 404)	5 854
Net earnings/(loss) per share:					
- basic	17	($0.12)	$0.12	($0.19)	$0.04
- diluted	17	($0.12)	$0.11	($0.19)	$0.04

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF RETAINED EARNINGS/ (DEFICIT)

For the Quarter ended June 30, 2008

(in thousands of United States dollars)	*Notes*	*Three months ended June 30 2008 $'000*	*Three months ended June 30 2007 $'000*	*Six months ended June 30 2008 $'000*	*Six months ended June 30 2007 $'000*
Retained earnings / (deficit) at beginning of period		(67 947)	1 112	(56 791)	11 768
Net earnings/(loss)		(19 248)	16 510	(30 404)	5 854
Other		-	479	-	479
Retained earnings / (deficit) at end of period		(87 195)	18 101	(87 195)	18 101

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

For the Quarter ended June 30, 2008

	Notes	*Three months ended June 30 2008 $'000*	*Three months ended June 30 2007 $'000*	*Six months ended June 30 2008 $'000*	*Six months ended June 30 2007 $'000*
Net earnings / (loss)		(19 248)	16 510	(30 404)	5 854
Other comprehensive income for the year, net of tax:					
Cash flow hedge gain / (loss)		(779)	4 347	(881)	9 790
Currency translation differences		9 364	19 869	22 300	25 720
		8 585	24 216	21 419	35 510
Comprehensive income / (loss)		**(10 663)**	**40 726**	**(8 985)**	**41 364**

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these financial statements.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For Quarter ended June 30, 2008

(in thousands of United States dollars)	*Notes*	*Three months ended* June 30 2008 $'000	*Three months ended* June 30 2007 $'000	*Six months ended* June 30 2008 $'000	*Six months ended* June 30 2007 $'000
Operating activities					
Net earnings/(loss)		(19 248)	16 510	(30 404)	5 854
Charges (credits) not affecting cash					
Depreciation and amortisation expense		12 050	6 533	26 254	9 980
Net (gain) on disposal of property, plant & equipment		(1)	(105)	(13)	(108)
Non-cash interest charges		2 371	2 060	4 807	3 581
Unrealised foreign exchange (gains) / losses		1 096	-	755	-
Stock based compensation charge		335	283	838	372
Non-cash derivative expenses		10 282	(30 709)	31 623	(15 253)
Future tax expense/(benefit)		(6 826)	7 158	(13 992)	2 067
Changes in non-cash working capital					
(Increase)/decrease in accounts receivable and other receivables		(32)	(1 671)	(3 297)	(1 929)
(Increase)/decrease in inventory		(2 427)	(4 459)	143	(3 873)
(Decrease)/increase in accounts payable		15 924	1 683	16 042	3 573
(Decrease)/increase in other working capital		(2 721)	1 732	(2 219)	3 056
Net cash provided by operating activities		10 803	(985)	30 537	7 320
Investing activities					
Proceeds from sale of property, plant and equipment		-	238	16	257
Payments for property, plant and equipment		(504)	(11 122)	(562)	(31 105)
Payments for mining assets: exploration and evaluation		(1 311)	(7 392)	(2 906)	(9 596)
Payments for mining assets: development		(26 862)	(5 615)	(40 785)	(8 754)
Payments for mining assets: in production		(8 993)	(11 974)	(25 370)	(23 393)
Transfer to restricted cash	**3**	(27 000)	-	(27 000)	-
Net cash used for investing activities		(64 670)	(35 865)	(96 607)	(72 591)
Financing activities					
Proceeds on issue of capital stock		-	274	-	274
Payment of transaction costs for equity raising		-	(2 004)	-	(2004)
Payment of finance lease liabilities		(2 438)	(249)	(4 394)	(996)
Proceeds from finance leases		-	5 278	-	11 467
Proceeds / (repayments) from borrowings		(9 160)	-	(9 567)	18 710
Proceeds from convertible notes		-	-	-	23 175
Net cash provided by (used for) financing activities		(11 598)	3 299	(13 961)	50 626
Effect of exchange rates changes on cash		3 035	4 510	8 087	5 996
Net (decrease) in cash and cash equivalents		(62 430)	(29 041)	(71 944)	(8 649)
Cash and cash equivalents at beginning of period		110 323	100 417	119 837	80 025
Cash and cash equivalents at end of period		47 893	71 376	47 893	71 376
Cash Interest Paid		(3 556)	(2 721)	(7 017)	(4 744)

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these financial statements.

1 BASIS OF PRESENTATION

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

The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. Where necessary, comparative information has been reclassified for consistency with current year disclosures.

The accompanying unaudited consolidated financial statements should be read in conjunction with the notes to the audited consolidated financial statements of OceanaGold Corporation (OceanaGold) for the year ended December 31, 2007, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital, development and exploration requirements to generate cash flows, either from operations, or sale of assets. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and reported expenses and balance sheet classifications that would be necessary if the going concern assumption was inappropriate, and these adjustments could be material.

The Company expects to continue funding its operations and development commitments through a combination of the cash & restricted cash balances of $74.9 million as at June 30, 2008, cash flow from operations (including sales through derivative instruments), existing financing facilities, the exercise of listed share options, from the capital markets or from new financing facilities. The restricted cash balance of $27 million is applied as surety to the bank syndicate in relation to the roll out of the 2008 gold forward sale contracts. Availability of these funds is subject to the conclusion of the ongoing negotiation with the syndicate in relation to the planned roll forward of these contracts to 2011 and agreement to that occurring.

2 SEGMENT INFORMATION

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

	New Zealand $'000	Philippines $'000	Total $'000
Quarter ended June 30, 2008			
Revenue			
Sales to external customers	53 068	-	53 068
Release from other comprehensive income of deferred unrealised losses on designated hedges	122	-	122
Total Segment Revenue	53 190	-	53 190
Result			
Segment result excluding unrealised hedge losses	(2 793)	(100)	(2 893)
Release from other comprehensive income of deferred unrealised losses on designated hedges	122	-	122
Loss on fair value of undesignated hedges	(10 404)	-	(10 404)
Total Segment result	(13 075)	(100)	(13 175)
Unallocated result			(6 972)
Loss before tax and finance costs			(20 147)
Interest expense			(5 927)
Loss before tax			(26 074)
Income tax recovery			6 826
Loss for the period			(19 248)

2 SEGMENT INFORMATION (continued)

	New Zealand $'000	Philippines $'000	Total $'000
Six months ended June 30, 2008			
Revenue			
Sales to external customers	115 331	-	115 331
Release from other comprehensive income of deferred unrealised losses on designated hedges	279	-	279
Total Segment Revenue	115 610	-	115 610
Result			
Segment result excluding unrealised hedge losses	11 577	(259)	11 318
Release from other comprehensive income of deferred unrealised losses on designated hedges	279	-	279
Loss on fair value of undesignated hedges	(31 902)	-	(31 902)
Total Segment result	(20 046)	(259)	(20 305)
Unallocated result			(12 267)
Loss before tax and finance costs			(32 572)
Interest expense			(11 824)
Loss before tax			(44 396)
Income tax recovery			13 992
Loss for the period			(30 404)
Assets			
Segment assets	414 083	382 646	796 729
Unallocated assets			54 837
Total assets			851 566

	New Zealand $'000	Philippines $'000	Total $'000
Quarter ended June 30, 2007			
Revenue			
Sales to external customers	22 644	-	22 644
Release from other comprehensive income of deferred unrealised losses on designated hedges	(8 162)	-	(8 162)
Total Segment Revenue	14 482	-	14 482
Result			
Segment result excluding unrealised hedge losses	(4 759)	267	(4 492)
Release from other comprehensive income of deferred unrealised losses on designated hedges	(8 162)	-	(8 162)
Profit on fair value of undesignated hedges	38 871	-	38 871
Total Segment result	25 950	267	26 217
Unallocated result			2 232
Profit before tax and finance costs			28 449
Interest expense			(4 781)
Profit before tax			23 668
Income tax expense			(7 158)
Profit for the period			16 510

2 SEGMENT INFORMATION (continued)

	New Zealand $'000	Philippines $'000	Total $'000
Six months ended June 30, 2007			
Revenue			
Sales to external customers	43 413	-	43 413
Release from other comprehensive income of deferred unrealised losses on designated hedges	(17 242)	-	(17 242)
Total Segment Revenue	26 171	-	26 171
Result			
Segment result excluding unrealised hedge losses	(3 869)	15	(3 854)
Release from other comprehensive income of deferred unrealised losses on designated hedges	(17 242)	-	(17 242)
Profit on fair value of undesignated hedges	32 495	-	32 495
Total Segment result	11 384	15	11 399
Unallocated result			4 847
Profit before tax and finance costs			16 246
Interest expense			(8 325)
Profit before tax			7 921
Income tax expense			(2 067)
Profit for the period			5 854
Assets			
Segment assets	450 706	289 116	739 822
Unallocated assets			(18 430)
Total assets			721 392

3 RESTRICTED CASH

	June 30 2008 $'000	*December 31 2007 $'000*
Current		
Restricted cash (USD)	27 000	-
	27 000	-

The restricted cash balance is applied as surety to the bank syndicate in relation to the roll out of the 2008 gold forward sale contracts. Availability of these funds is subject to the conclusion of the ongoing negotiation with the syndicate in relation to the planned roll forward of these contracts to 2011 and agreement to that occurring.

4 INVENTORIES

	June 30 2008 $'000	*December 31 2007 $'000*
Current		
Gold in circuit	2 850	3 677
Gold on hand	-	2 828
Ore	2 427	2 275
Stores	13 568	12,157
	18 845	20 937
Non-Current		
Ore	24 510	23 953
Total inventories	43 355	44 890

5 FUTURE INCOME TAX

	June 30 2008 $'000	*December 31 2007 $'000*
Future income tax		
Future income tax at period end relates to the following:		
Future income tax assets		
Losses available for offset against future taxable income	72 733	66 840
Revaluations of hedge contracts to fair value	44 029	35 585
Provisions	3 257	3 509
Accrued expenses	4	4
Share issue costs	2 564	2 734
Other	1 019	677
Gross future income tax assets	123 606	109 349
Set off future tax liabilities	(86 166)	(87 729)
	37 440	21 620
Less: current portion	(20 297)	(9 009)
Net non-current future tax assets	17 143	12 611
Future income tax liabilities		
Mining assets	(116 150)	(105 275)
Property, plant and equipment	(45 140)	(48 622)
Inventory	(1 116)	(1 278)
Interest Receivable	(447)	(449)
Accrued Revenue	-	(2 024)
Revaluations of hedge contracts to fair value	(868)	(1 554)
Other	(157)	(146)
Gross future income tax liabilities	(163 878)	(159 348)
Set off future tax assets	86 166	87 729
	(77 712)	(71 619)
Less: current portion	(12)	-
Net non-current future tax liabilities	(77 700)	(71 619)

6 PROPERTY, PLANT AND EQUIPMENT

	June 30 2008 $'000	*December 31 2007 $'000*
Freehold land		
Cost	4 879	4 904
Buildings		
Cost	5 089	5 089
Accumulated depreciation	(2 332)	(2 216)
Net of accumulated depreciation	2 757	2 873
Plant and equipment		
Cost	196 522	196 958
Accumulated depreciation	(66 595)	(58 735)
Net of accumulated depreciation	129 927	138 223
Assets under capital lease		
Cost	87 275	87 686
Accumulated amortisation	(41 322)	(37 366)
Net of accumulated amortisation	45 953	50 320
Net book value of property, plant and equipment	183 516	196 320

7 MINING ASSETS

	June 30 2008 $'000	*December 31 2007 $'000*
Mining Assets: Exploration and evaluation phase		
Cost	12 709	319 993
Mining Assets: Development phase		
Cost	381 563	40 494
Mining Assets: In production		
Cost	179 011	112 691
Accumulated amortisation	(71 172)	(57 455)
Net of accumulated amortisation	107 839	55 236
Net book value of mining assets	502 111	415 723

The recovery of the costs deferred in respect of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation of the respective area of interest.

8 DERIVATIVES

	June 30 2008 $'000	*December 31 2007 $'000*
Current Assets		
Gold put options	480	1 084
Non-current Assets		
Gold put options	2 414	4 097
Total Assets	2 894	5 181
Current Liabilities		
Gold forward sales contracts	61 475	30 402
	61 475	30 402
Non Current Liabilities		
Gold forward sales contracts	58 520	67 322
Gold call options	26 769	20 894
	85 289	88 216
Total Liabilities	146 764	118 618

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

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

Primary instruments are undesignated forward gold sales contracts for 319,788 ounces with an average price of NZ$778 (2007: 319,788 ounces), undesignated gold put options over 208,389 ounces (2007: 248,538 ounces) with an average exercise price of NZ$1,000 and undesignated gold call options over 104,024 ounces (2007: 104,024 ounces) of forecast 2010 production with an average exercise price of NZ$1,062. These derivative instruments are contracted with a consortium of banks under a hedging facility, secured by a pledge of assets of Oceana Gold (NZ) Ltd.

Between December 31, 2007 and June 30, 2008 the NZD gold price moved from approximately $834 per ounce to $1,214 contributing significantly to the increase in the gold derivative liabilities.

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

The net gains and losses that relate to contracts not designated as specific hedges have been recognised in the statement of operations.

9 EMPLOYEE BENEFITS

(a) Employee benefit liability

	June 30 2008 $'000	*December 31 2007 $'000*
Aggregate employee benefit liability is comprised of:		
Accrued wages, salaries	1 284	331
Provisions current	2 099	2 291
Provisions non-current	71	-
	3 454	2 622

(b) Defined Contribution Plans

The company has defined contribution pension plans for certain groups of employees. The company's share of contributions to these plans is expensed in the year it is earned by the employee.

10 INTEREST-BEARING LOANS AND BORROWINGS

	Effective interest rate %	*Maturity*	*June 30 2008 $'000*	*December 31 2007 $'000*
Current				
Capital leases	10.75%	5/31/2014	8 688	8 153
Insurance Premium Loan (NZ$ Nil)	10.55%	4/30/2008	-	575
Project debt facility (NZ$15.5m)	10.51%	12/31/2010	11 814	9 959
			20 502	18 687
Non-current				
Capital leases	10.75%	5/31/2014	47 041	51 761
5.75% Convertible Notes (A$55m)	9.16%	12/22/2012	49 804	44 846
7.00% Convertible notes (A$70m)	10.13%	12/22/2013	65 689	57 255
7.00% Convertible notes (A$30m)	10.64%	3/22/2014	27 135	23 599
Project debt facility (NZ$13.5m)	10.51%	12/31/2010	10 289	21 451
			199 958	198 912

5.75% Convertible Notes (Unsecured)

The Notes bear interest at 5.75% per annum payable semi-annually in arrears. The Notes are due for redemption at 109% of their principal amount in 2012 unless prior conversion to common shares at the option of the noteholder. The number of shares to be delivered upon conversion shall be determined by dividing the principal amount of the note by the conversion price of A$4.2435 (subject to adjustment for certain specified events).

7.00% Convertible Notes (Unsecured)

The Notes bear interest at 7.00% per annum payable semi-annually in arrears. Interest accrued in respect of the notes for the first two years is not payable but is instead capitalised into the redemption value of the notes. The Notes are due for redemption in 2013 at a value equal to the sum of their principal amount plus the capitalised interest amount, unless prior conversion to common shares at the option of the noteholder. The number of shares to be delivered upon conversion shall be determined by dividing the principal amount of the note by the conversion price. The conversion price is A$4.0950 (subject to adjustment for certain specified events).

On March 22, 2007 an additional A$30m (US$24.2m) in convertible notes was issued under the same terms and conditions as the 7% convertible notes. The conversion price is A$4.3000 (subject to adjustment for certain specified events) and the notes are due for redemption in 2014. Of the A$28.8m (US$23.2m) net proceeds of the issue A$24.9m (US$20.1m) was allocated to interest bearing liabilities and A$3.9m (US$3.1m) was allocated to equity.

The consolidated entity has available a project debt facility of up to NZ$29m provided by a consortium of banks of which NZ$29m (2007: NZ$41m) has been drawn at June 30, 2008. The project debt facility has a floating interest rate which is paid quarterly in arrears.

11 SHARE CAPITAL

	No. shares Thousands	$'000
Movement in common shares on issue		
At 1 January 2007	132 761	246 146
Shares issued	28 774	94 392
Share issue costs	-	(9 264)
Tax effect of share issue costs	-	3 158
Exercise of options	100	543
At 31 December 2007	161 635	334 975
At 30 June 2008	161 635	334 975

There are also 30,321,702 listed options in issue. Each OceanaGold option entitles the holder to subscribe for one OceanaGold share at an exercise price of A$4.625. The OceanaGold options can only be exercised during the period from January 1, 2008 to January 1, 2009 (or earlier in the event of a successful takeover bid for OceanaGold). The options lapse on January 1, 2009 if not exercised before that date.

On the June 27, 2007 OceanaGold listed on the Toronto Stock Exchange (TSX). An initial public offering of 25,715,000 common shares at C$3.50 per common share was completed on July 5, 2007. The underwriters were also granted an over allotment of shares which were completed on July 25, 2007 where 3,060,000 common shares were issued at C$3.50 per common share. The gross proceeds from the offering were C$100,712,500 (US$94,392,519).

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

12 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) ("OCI")

	June 30 2008 $'000	December 31 2007 $'000
Balance at the start of the period		
Deferred gain/(loss) on cash flow hedging activities	882	(8 975)
Currency translation adjustments	42 720	12 050
	43 602	3 075
OCI for the period:		
Effective portion of change in fair value of gold put options	(1 271)	(1 697)
Transfers of cash flow hedge (gains)/losses to earnings on recording hedged items in earnings	-	16 407
Currency translation differences	22 300	30 670
OCI before tax	21 029	45 380
Income tax recovery/(expense) on effective portion of change in fair value of gold put options	390	561
Income tax recovery/(expense) on transfers of cash flow hedge losses to earnings on recording hedged items in earnings.	-	(5 414)
OCI net of tax	21 419	40 527
Accumulated OCI at the end of the period		
Cash flow hedge gains (losses)	-	882
Currency translation adjustments	65 021	42 720
	65 021	43 602

13 STOCK-BASED COMPENSATION

(i) Stock Option movements

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

WAEP = weighted average exercise price

	June 30, 2008		*December 31, 2007*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	2 600 000	A$3.81	1 300 000	A$5.35
Granted in the money	1 729 991	A$2.66	1 930 000	A$3.47
Granted out of the money	-	-	1 460 000	A$4.07
Forfeited	(643 332)	A$3.40	(1 050 000)	A$4.14
Exercised	-	-	(100 000)	A$3.75
Cancelled	**-**	**-**	(940 000)	A$5.27
Balance at the end of the period	**3 686 659**	**A$3.34**	**2 600 000**	**A$3.81**
Exercisable at the end of the period	723 338	A$3.82	-	-

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

(ii) Balance at end of the period

The share options on issue at the end of the financial period had an exercise price of between A$2.283 and A$4.255 and a weighted average remaining contractual life of 5.04 years. The share options were restructured on a 1:5 basis for the TSX listing.

14 CONTRIBUTED SURPLUS MOVEMENT

	June 30 2008 $'000	**December 31 2007 $'000**
Balance at start of period	32 379	28 171
Stock based compensation expense	861	1 884
Cancelled Options	-	(519)
Exercise of options	-	(230)
Issue of convertible notes – value of conversion rights	-	3 073
Balance at end of period	33 240	32 379

Contributed surplus		
Employee stock based compensation	2 846	1 985
Shareholder option reserve	18 083	18 083
Equity portion of Convertible notes	12 311	12 311
	33 240	32 379

15 CONTINGENCIES

a. The company has issued bonds in favour of various New Zealand authorities (Ministry of Economic Development – Crown Minerals, Otago Regional Council, Waitaki District Council, West Coast Regional Council, Buller District Council, Timberlands West Coast Limited and Department of Conservation) as a condition for the grant of mining and exploration privileges, water rights and/or resource consents, and rights of access for the Macraes Gold Mine and the Globe Progress mine at the Reefton Gold Project which amount to approximately $18.2m (NZ$23.9m) (2007 $13.9m, NZ$18.2m).

b. The company has provided a cash operating bond to the New Zealand Department of Conservation of $0.3m (NZ$0.4m) (2007 $0.3m, NZ$0.4m) which is refundable at the end of the Globe Progress mine. This amount is included in the total referred to in (a) above.

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

d. The company has provided a guarantee in respect of a capital lease agreement for certain mobile mining equipment entered into by a controlled entity. At June 30, 2008 the outstanding rental obligations under the capital lease are $55.7m (2007 $59.9m).

e. A third party has a contractual right to an 8% free carried interest in the operating company that will be formed to undertake the management, development, mining and processing of ore, and marketing of products as part of the Didipio project. This free carried interest is a right to 8% of the common share capital of the operating vehicle. At June 30, 2008 no such equity has been issued to the third party as the conditions precedent to such an issue have not yet been satisfied. As no liability has been crystallized and the fair value of the contingent liability is unable to be measured reliably as there is inherent uncertainty about the operating company's future dividend distribution policy after development expenditure has been recovered, no provision has been included in the accounts.

f. The Didipio Project is held under a Financial of Technical Assistance Agreement ("FTAA") granted by the Philippines Government in 1994. The FTAA grants title, exploration and mining rights with a fixed fiscal regime. Under the terms of the FTAA, after a period in which the company can recover development expenditure, capped at 5 years from the start of production, the Company is required to pay the Government of the Republic of the Philippines 60% of the "net revenue" earned from the Didipio Project. For the purposes of the FTAA, "net revenue" is generally the net revenues derived from mining operations, less deductions for, among other things, expenses relating to mining, processing, marketing, depreciation and certain specified overheads. In addition, all taxes paid to the Government shall be included as part of the 60% payable to the Government. The FTAA also contains a provision requiring the Company to divest 60% of its interest in the project (or such lesser percentage as may be imposed by law) to Filipino persons by the later of ten years after the recovery of pre-operating expenses or 20 years after the FTAA, in which case the revenue sharing arrangement described above will cease to apply; provided that as an alternative to divestment the Company may, at its option, enter into a mineral production sharing agreement with the Government.

16 COMMITMENTS

Capital commitments
At June 30, 2008, the consolidated entity has commitments of $26.7m (2007 $32.7m), principally relating to the development of mining facilities.

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

	June 30 2008 $'000	*December 31 2007 $'000*
Within one year:		
- development of new mining facilities	26 621	29 746
After one year but not more than five years:		
- development of new mining facilities	30	2 951
	26 651	32 697

17 EARNINGS PER SHARE

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

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

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

	Three months ended		*Six months ended*	
	June 30 2008 $'000	*June 30 2007 $'000*	*June 30 2008 $'000*	*June 30 2007 $'000*
Numerator:				
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of basic earnings per share)	(19 248)	16 510	(30 404)	5 854
Interest on convertible notes*	-	1 893	-	3 340
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)*	(19 248)	18 403	(30 404)	9 194
	Thousands	*Thousands*	*Thousands*	*Thousands*
Denominator:				
Weighted average number of common shares (used in calculation of basic earnings per share)	161 635	132 848	161 635	132 805
Effect of dilution:				
Share options*	-	292	-	186
Convertible notes*	-	37 032	-	33 909
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)*	161 635	170 172	161 635	166 900
Net loss per share:				
- basic	($0.12)	$0.12	($0.19)	$0.04
- diluted	($0.12)	$0.11	($0.19)	$0.04

* For periods to June 30, 2008 conversion of share options and convertible notes would decrease the loss per share and hence are non-dilutive. The change in the weighted average number of shares is due to restructure for the TSX listing. Shares were adjusted from the beginning of the comparative period as per CICA 3500.
As described in Note 11, the company restructured its share capital during the comparative period. The computation of basic and diluted EPS has been adjusted for all periods presented to reflect that change.