OCEANAGOLD CORPORATION

APPENDIX 4D - HALF YEAR REPORT
SIX MONTHS ENDED JUNE 30 2010

Results for announcement to the market

Financial Results	June 2010 US$'000	June 2009 US$'000	Change US$'000	Change %
Revenue - Gold Sales	128,517	110,280	18,237	Up 17%
Earnings before interest, tax, depreciation & amortisation (excluding unrealized hedge losses)	47,648	53,516	(5,868)	Down 11%
Net profit/(loss) after tax attributable to members	9,772	49,168	(39,396)	Down 80%

Dividends

In line with company policy, the Directors do not propose declaring an interim dividend for 2010. There is no dividend reinvestment plan for the Company.

Net Tangible Asset Backing	June 2010	June 2009
Net tangible asset backing per ordinary security	US$ 2.00	US$ 2.02

Explanation of Results

Earnings before interest, tax, depreciation & amortisation (excluding unrealized hedge losses) for the half year ended 30 June 2010 was $47.6 million representing an 11% decrease on the same period of 2009. The revenue increased after the close out of hedges in March 2010 and reflects the increase in the average gold price received. This was offset partly by a decrease in gold sales to 132,388 ounces (2009 156,412 ounces). The net profit was reduced by the impact of an increase in the average NZD/USD exchange rate for the half year period when compared to the comparative period in 2009.

Please refer to the Management Discussion and Analysis of Financial Condition and Results of Operations for the quarter and half year ended June 30, 2010 and the Unaudited Interim Consolidated Financial Statements for the period ended June 30, 2010, for further explanation of results.

The information required by listing rule 4.2A is contained in both this Appendix 4D, the attached Unaudited Interim Consolidated Financial Statements and the attached Management Discussion and Analysis of Financial Condition and Results of Operations for June 30, 2010.

The Financial Statements have been subject to review by the group's auditors and the review report is attached to this Appendix 4D.

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Review Engagement Report

To the Shareholders of OceanaGold Corporation

We have reviewed the interim consolidated balance sheet of OceanaGold Corporation as at 30 June 2010 and the interim consolidated statements of operations, accumulated deficit, comprehensive income and cash flows for the three and six-month periods then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the OceanaGold Corporation.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these interim consolidated financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants

Melbourne
28 July 2010

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the review of Ocean Gold Corporation for the half year ended 30 June 2010, I declare that to the best of my knowledge and belief, I am independent in accordance with the requirements of *The Code of Ethics for Professional Accountants* issued by the International Federation of Accountants.

This declaration is in respect of OceanaGold Corporation and the entities it controlled during the period.

Tim Goldsmith

Tim Goldsmith
Partner
PricewaterhouseCoopers

Melbourne
28 July 2010

OCEANAGOLD CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER REPORT

JUNE 30TH, 2010

UNAUDITED

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

As at June 30

(in thousands of United States dollars)	*Notes*	*June 30 2010 $'000*	*December 31 2009 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		36 860	42 423
Accounts receivable and other receivables		3 341	3 460
Inventories	2	23 706	25 315
Prepayments		128	1 116
Derivatives	6	1	141
Future income tax assets	3	2 454	9 006
Total current assets		66 490	81 461
Non-current assets			
Inventories	2	37 505	33 133
Future income tax assets	3	2 497	8 684
Property, plant and equipment	4	104 532	118 156
Mining assets	5	519 974	546 272
Total non-current assets		664 508	706 245
TOTAL ASSETS		730 998	787 706
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		23 207	29 996
Employee benefits	7	2 855	2 358
Derivatives	6	-	89 875
Interest-bearing loans and borrowings	8	55 604	62 794
Asset retirement obligation		32	38
Total current liabilities		81 698	185 061
Non-current liabilities			
Other long term obligations		1 850	2 709
Employee benefits	7	69	69
Future income tax liabilities	3	72 784	77 753
Interest-bearing loans and borrowings	8	109 768	120 880
Asset retirement obligation		9 513	8 621
Total non-current liabilities		193 984	210 032
TOTAL LIABILITIES		275 682	395 093
SHAREHOLDERS' EQUITY			
Share capital	9	432 903	354 915
Accumulated deficit		(47 242)	(57 014)
Contributed surplus	13	33 392	32 690
Accumulated other comprehensive income	10	36 263	62 022
TOTAL SHAREHOLDERS' EQUITY		455 316	392 613
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		730 998	787 706

Contingencies (Note 14)
Commitments (Note 15)

On behalf of the Board of Directors:

James E. Askew	J. Denham Shale
Director	Director
July 28, 2010	July 28, 2010

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

(in thousands of United States dollars except per share amounts)	Notes	*Three months ended June 30 2010 $'000*	*Three months ended June 30 2009 $'000*	*Six months ended June 30 2010 $'000*	*Six months ended June 30 2009 $'000*
Revenue					
Gold sales		80 218	55 010	128 517	110 280
		80 218	55 010	128 517	110 280
Cost of sales, excluding depreciation and amortisation		(37 560)	(31 456)	(72 924)	(53 798)
Depreciation and amortisation		(18 531)	(15 403)	(36 103)	(28 876)
General and administration expenses		(3 132)	(930)	(7 512)	(2 985)
Operating profit / (loss)		20 995	7 221	11 978	24 621
Other expenses					
Interest expense		(3 989)	(3 469)	(8 030)	(6 905)
Foreign exchange gain/(loss)		49	(154)	(66)	(41)
		(3 940)	(3 623)	(8 096)	(6 946)
Gain/(loss) on fair value of undesignated hedges		(14)	49 597	16 216	47 332
Interest income		283	132	533	204
Other income/(expense)- net		(406)	14	(367)	60
Earnings before income taxes		16 918	53 341	20 264	65 271
Income taxes expense		(8 960)	(13 227)	(10 492)	(16 103)
Net earnings		7 958	40 114	9 772	49 168
Net earnings per share:					
- basic	16	$0.03	$0.25	$0.05	$0.30
- diluted	16	$0.03	$0.21	$0.05	$0.26

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF ACCUMULATED DEFICIT

For the Quarter ended June 30

(in thousands of United States dollars)	*Three months ended June 30 2010 $'000*	*Three months ended June 30 2009 $'000*	*Six months ended June 30 2010 $'000*	*Six months ended June 30 2009 $'000*
Accumulated deficit at beginning of period	(55 200)	(102 472)	(57 014)	(111 526)
Net earnings	7 958	40 114	9 772	49 168
Accumulated deficit at end of period	(47 242)	(62 358)	(47 242)	(62 358)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

For the Quarter ended June 30

	Three months ended June 30 2010 $'000	*Three months ended June 30 2009 $'000*	*Six months ended June 30 2010 $'000*	*Six months ended June 30 2009 $'000*
Net earnings	7 958	40 114	9 772	49 168
Other comprehensive income for the period, net of tax:				
Currency translation differences	(26 776)	35 572	(25 759)	32 069
Comprehensive income / (loss)	(18 818)	75 686	(15 987)	81 237

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

(in thousands of United States dollars)	*Notes*	*Three months ended June 30 2010 $'000*	*Three months ended June 30 2009 $'000*	*Six months ended June 30 2010 $'000*	*Six months ended June 30 2009 $'000*
Operating activities					
Net earnings		7 958	40 114	9 772	49 169
Charges / (credits) not affecting cash					
Depreciation and amortisation expense		18 531	15 403	36 103	28 876
Net (gain)/loss on disposal of property, plant & equipment		433	-	407	(13)
Non-cash interest charges		853	659	1 733	1 251
Unrealised foreign exchange (gains)/ losses		(49)	(51)	66	(23)
Stock based compensation charge		608	(1 095)	824	(1 087)
(Gain)/loss on fair value of undesignated hedges		14	(49 597)	(16 216)	(47 332)
Future tax expense		8 959	13 227	10 492	16 103
Changes in non-cash working capital					
(Increase)/decrease in accounts receivable and other receivables		(854)	2 170	(52)	5
(Increase)/decrease in inventory		(1 108)	1 586	(3 501)	(567)
(Decrease)/increase in accounts payable		(56 222)	(1 558)	(70 800)	(1 235)
(Decrease)/increase in other working capital		(297)	(459)	(262)	(1 785)
Net cash provided by/(used in) operating activities		(21 174)	20 399	(31 434)	43 362
Investing activities					
Proceeds from sale of property, plant and equipment		472	-	472	26
Payments for property, plant and equipment		(4 334)	(3 613)	(5 530)	(4 193)
Payments for mining assets: exploration and evaluation		(147)	(37)	(213)	(166)
Payments for mining assets: development		(906)	(871)	(1 987)	(2 403)
Payments for mining assets: in production		(16 321)	(13 398)	(32 072)	(22 753)
Net cash used for investing activities		(21 236)	(17 919)	(39 330)	(29 489)
Financing activities					
Proceeds from issue of shares		230	-	85 049	-
Payments for equity raising costs		(860)	-	(5 560)	-
Payment of finance lease liabilities		(2 244)	(1 828)	(4 443)	(3 334)
Proceeds from borrowing		-	1 863	-	1 863
Repayments of borrowing		(1 326)	(1 233)	(4 465)	(3 811)
Net cash provided by/(used in) financing activities		(4 200)	(1 198)	70 581	(5 282)
Effect of exchange rates changes on cash held in foreign currencies		(4 788)	2 790	(5 380)	3 136
Net increase/(decrease) in cash and cash equivalents		(51 398)	4 072	(5 563)	11 727
Cash and cash equivalents at beginning of period		88 258	17 366	42 423	9 711
Cash and cash equivalents at end of period		36 860	21 438	36 860	21 438
Cash Interest Paid		(5 590)	(2 810)	(6 198)	(5 654)

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 assumes 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, 2009, 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.

For the quarter ended June 30, 2010, the Company earned a profit of $7.9 million. As at June 30, 2010, the current liabilities of the Company exceeded current assets by $15.2 million. Cash flow forecasts reflect that the company is able to pay its debts as they become due. Current liabilities include $46.4 million of convertible notes with a call option held by the note holders, for repayment in December 2010. The Company has cash on hand of $36.9 million and cash flow projections indicate sufficient funds to meet all operating obligations for at least 12 months based on forecast gold prices.

Accounting policies effective for future periods

Business Combinations

In October 2008, the CICA issued Handbook Section 1582, "Business Combinations", which establishes new standards for accounting for business combinations. This is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Should the Company engage in a future business combination, it would consider early adoption to coincide with the adoption of IFRS.

Non-controlling Interests

Also in October 2008, the CICA issued Handbook Section 1602, "Non-controlling Interests", to provide guidance on accounting for non-controlling interests subsequent to a business combination. This is effective for fiscal years beginning on or after January 2011. Should the Company engage in a future business combination, it would consider early adoption to coincide with the adoption of IFRS.

2 INVENTORIES

	June 30 2010 $'000	December 31 2009 $'000
Current		
Gold in circuit	4 591	4 416
Ore	2 994	3 289
Stores	16 121	17 610
	23 706	25 315
Non-Current		
Ore	37 505	33 133
Total inventories	61 211	58 448

3 FUTURE INCOME TAX

	June 30 2010 $'000	December 31 2009 $'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	67 392	58 045
Revaluations of derivatives to fair value	-	26 963
Provisions	3 607	4 884
Accrued expenses	-	135
Share issue costs	-	1 849
Other	500	1 061
Gross future income tax assets	71 499	92 937
Set off future tax liabilities	(66 548)	(75 247)
	4 951	17 690
Less: current portion	(2 454)	(9 006)
Net non-current future tax assets	2 497	8 684
Future income tax liabilities		
Mining assets	(112 430)	(121 172)
Property, plant and equipment	(23 930)	(28 537)
Inventory	(1 159)	(1 264)
Interest Receivable	(387)	(463)
Accrued Revenue	(1 287)	(1 373)
Revaluations of derivatives to fair value	-	(42)
Other	(139)	(149)
Gross future income tax liabilities	(139 332)	(153 000)
Set off future tax assets	66 548	75 247
Net non-current future tax liabilities	(72 784)	(77 753)

4 PROPERTY, PLANT AND EQUIPMENT

	June 30 2010 $'000	*December 31 2009 $'000*
Freehold land		
Cost	5 559	5 868
Buildings		
Cost	6 788	7 109
Accumulated depreciation	(2 970)	(2 957)
Net of accumulated depreciation	3 818	4 152
Plant and equipment		
Cost	226,566	237 618
Accumulated depreciation	(136,112)	(133 803)
Net of accumulated depreciation	90,454	103 815
Rehabilitation		
Cost	8,790	8 108
Accumulated amortisation	(4,089)	(3 787)
Net of accumulated amortisation	4,701	4 321
Net book value of property, plant and equipment	104,532	118 156

5 MINING ASSETS

	June 30 2010 $'000	*December 31 2009 $'000*
Mining Assets: Exploration and evaluation phase		
Cost	17 991	18 964
Mining Assets: Development phase		
Cost	357 119	379 233
Mining Assets: In production		
Cost	312 390	294 792
Accumulated amortisation	(167 526)	(146 717)
Net of accumulated amortisation	144 864	148 075
Net book value of mining assets	519 974	546 272

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.

6 DERIVATIVES

	June 30 2010 $'000	*December 31 2009 $'000*
Current Assets		
Gold put options	1	141
Current Liabilities		
Gold call options	-	35 318
Gold forward sales contracts	-	54 557
	-	**89 875**

7 EMPLOYEE BENEFITS

(a) Employee benefit liability

	June 30 2010 $'000	*December 31 2009 $'000*
Aggregate employee benefit liability is comprised of:		
Accrued wages and salaries	1 590	1 166
Employee benefit provisions current	2 855	2 358
Employee benefit provisions non-current	69	69
	4 514	3 593

(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 recognised in the statement of operations in the year it is earned by the employee.

8 INTEREST-BEARING LOANS AND BORROWINGS

	Effective interest rate %	*Maturity*	*June 30 2010 $'000*	*December 31 2009 $'000*
Current				
Capital leases	4.66%	5/31/2014	9 241	9 354
5.75% Convertible Notes (A$55m)	9.16%	12/22/2012	46 363	48,735
Insurance Premium Loan	3.26%	02/28/2010	-	441
Project debt facility	4.67%	06/30/2010	-	4 264
			55 604	62 794
Non-current				
Capital leases	4.66%	5/31/2014	24 523	30 872
7.00% Convertible notes (A$70m)	10.13%	12/22/2013	59 671	63 006
7.00% Convertible notes (A$30m)	10.64%	12/22/2013	25 574	27 002
			109 768	120 880

5.75% Convertible Notes (Unsecured)

The Notes bear interest at 5.75% per annum payable semi-annually in arrears. The convertible note liability has been classified as current at June 30, 2010 as the Note holder has the option to put the Note for redemption to the issuer on December 22, 2010 at a price equal to its Accredited Principal Amount as at the date fixed for redemption together with accrued interest to such date. The Notes mature in 2012 and are redeemable at 109% of their principal amount unless converted to common shares prior to this date at the option of the Note holder. The number of shares to be delivered upon conversion shall be determined by dividing the principal amount of the Notes by the conversion price of A$4.1470 (subject to adjustment for certain specified events). Of the A$52.9 million (US$39.1 million) net proceeds of the issue, A$48.5 million (US$35.8 million) was allocated to interest bearing liabilities and A$4.4 million (US$3.3 million) was allocated to equity.

7.00% Convertible Notes (Unsecured)

The Notes bear interest at 7.00% per annum, payable semi-annually in arrears and have a face value of A$70 million. Interest accrued in respect of the Notes for the first two years is not payable but is instead capitalised into the redemption value of the Notes. The Notes are due for redemption in 2013 at a value equal to the sum of their principal amount plus the capitalised interest amount, unless converted to common shares prior to this date at the option of the noteholder. The number of shares to be delivered upon conversion shall be determined by dividing the principal amount of the Note by the conversion price. The conversion price is A$3.9070 (subject to adjustment for certain specified events). Of the A$67.4 million (US$52.9 million) net proceeds of the issue A$59.2 million (US$46.5 million) was allocated to interest bearing liabilities and A$8.2 million (US$6.4 million) was allocated to equity.

On March 22, 2007 an additional A$30 million (US$24.2 million) in convertible Notes was issued under the same terms and conditions as the 7% convertible Notes. The conversion price is A$4.1030 (subject to adjustment for certain specified events) and the Notes are due for redemption in 2013. Of the A$28.8 million (US$23.2 million) net proceeds of the issue A$24.9 million (US$20.1 million) was allocated to interest bearing liabilities and A$3.9 million (US$3.1 million) was allocated to equity.

Project debt Facility (Secured)

On June 30, 2010, the consolidated entity fully repaid the project debt facility that was provided by a consortium of banks.

9 SHARE CAPITAL
Movement in common shares on issue

	June 30 2010 Thousands	*June 30 2010 $'000*	*December 31 2009 Thousands*	*December 31 2009 $'000*
Balance at the beginning of the period	185 880	354 915	161 635	334 975
Shares issued	42 114	84 813	24 245	20 698
Options exercised	204	400	-	-
Share issue costs	-	(5 561)	-	(1 122)
Tax effect of share issue costs recognised/ (derecognised)	-	(1 664)	-	364
Balance at the end of the period	228 198	432 903	185 880	354 915

On March 30, 2010, the Company issued a total of 42,113,649 shares represented by 31,164,001 common shares in Canada at C$2.05 per share and 10,949,648 CHESS Depository Interests ("CDI") in Australia at an issue price of A$2.18 per CDI.

Common shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Common shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

CDI holders have the same rights as holders of common shares.

The company has share option schemes under which options to subscribe for the company's shares have been granted to executives and management. Shareholders have approved the issue of up to 10% of the Company's issued and outstanding shares.

The Company also has an employee share purchase plan whereby certain employees are able to direct up to 10% of their gross salary to acquire shares, with the Company matching the employee contribution on a dollar for dollar basis. Plan shares are acquired at market price and held in trust. While the Trustee holds the shares, the employees are entitled to full dividend and voting rights on the shares beneficially held on their behalf.

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

	June 30 2010 $'000	*December 31 2009 $'000*
Balance at the start of the period		
Currency translation adjustments	62 022	(10 690)
OCI for the period:		
Currency translation differences	(25 759)	72 712
Accumulated OCI at the end of the period	36 263	62 022

11 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	Corporate $'000	Elimination $'000	Total $'000
Quarter Ended June 30, 2010					
Revenue					
Sales to external customers	80 218	-	-	-	80 218
Inter segment management and gold handling fees	-	-	160	(160)	-
Total Segment Revenue	80 218	-	160	(160)	80 218
Result					
Segment result excluding unrealised hedge losses	23 477	(153)	(2 403)	-	20 921
Inter segment management and gold handling fees	(160)	-	160	-	-
Loss on fair value of undesignated hedges	(14)	-	-	-	(14)
Total segment result before interest and tax	23 303	(153)	(2 243)	-	20 907
Income tax benefit/(expense)	(8 960)	-	-	-	(8 960)
Total segment result	14 343	(153)	(2 243)	-	11 947
Interest expense					(3 989)
Net earnings for the period					7 958
Assets					
Segment assets	343 513	370 179	17 306	-	730 998

	New Zealand $'000	Philippines $'000	Corporate $'000	Elimination $'000	Total $'000
Six months ended June 30, 2010					
Revenue					
Sales to external customers	128 517	-	-	-	128 517
Inter segment management and gold handling fees	-	-	257	(257)	-
Total Segment Revenue	128 517	-	257	(257)	128 517
Result					
Segment result excluding unrealised hedge losses	18 114	(312)	(5 723)	-	12 079
Inter segment management and gold handling fees	(257)	-	257	-	-
Gain on fair value of undesignated hedges	16 215	-	-	-	16 215
Total segment result before interest and tax	34 072	(312)	(5 466)	-	28 294
Income tax benefit/(expense)	(10 096)	-	(396)	-	(10 492)
Total segment result	23 976	(312)	(5 862)	-	17 802
Interest expense					(8 030)
Net earnings for the period					9 772

11 SEGMENT INFORMATION (continued)

	New Zealand	Philippines	Corporate	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
Quarter Ended June 30, 2009					
Revenue					
Sales to external customers	55 010	-	-	-	55 010
Inter segment management and gold handling fees	-	-	110	(110)	-
Total Segment Revenue	55 010	-	110	(110)	55 010
Result					
Segment result excluding unrealised hedge losses	13 207	(339)	(5 545)	-	7 323
Inter segment management and gold handling fees	(110)	-	-	-	(110)
Gain on fair value of undesignated hedges	49 597	-	-	-	49 597
Total segment result before interest and tax	62 694	(339)	(5 545)	-	56 810
Income tax benefit/(expense)	(15 270)	-	2 043	-	(13 227)
Total segment result	47 424	(339)	(3 502)	-	43 583
Interest expense					(3 469)
Net earnings for the period					40 114
Assets					
Segment assets	333 943	351 754	12 067	-	697 764

	New Zealand	Philippines	Corporate	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
Six months ended June 30, 2009					
Revenue					
Sales to external customers	110 280	-	-	-	110 280
Inter segment management and gold handling fees	-	-	214	(214)	-
Total Segment Revenue	110 280	-	214	(214)	110 280
Result					
Segment result excluding unrealised hedge losses	32 021	(656)	(6 307)	-	25 058
Inter segment management and gold handling fees	(214)	-	-	-	(214)
Gain on fair value of undesignated hedges	47 332	-	-	-	47 332
Total segment result before interest and tax	79 139	(656)	(6 307)	-	72 176
Income tax benefit/(expense)	(19 895)	-	3 792	-	(16 103)
Total segment result	59 244	(656)	(2 515)	-	56 073
Interest expense					(6 905)
Net earnings for the period					49 168

12 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, 2010		*December 31, 2009*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	5 637 259	A$1.45	4 019 988	A$2.74
Granted	963 999	A$1.98	3 756 155	A$0.94
Forfeited	(637 219)	A$1.33	(2 138 884)	A$2.97
Exercised	(204 446)	A$1.32	-	-
Balance at the end of the period	**5 759 593**	**A$1.56**	**5 637 259**	A$1.45
Exercisable at the end of the period	1 097 779	A$3.12	774 453	A$3.21

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

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

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

Dividend yield is assumed to be nil on the basis that no dividends have been declared for the 2010 or 2009 financial years due to the large ongoing capital commitment.

(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$0.00 and A$3.825 and a weighted average remaining vesting period of 4.7 years.

13 CONTRIBUTED SURPLUS MOVEMENT

	June 30 2010 $'000	*December 31 2009 $'000*
Balance at start of period	32 690	33 897
Stock based compensation expense	1 223	1 261
Cancelled options	(356)	(2 116)
Exercised options	(165)	-
Equity component of Convertible notes	-	(352)
Balance at end of period	33 392	32 690

Contributed surplus		
Employee stock based compensation	3 349	2 647
Shareholder options	18 083	18 083
Equity portion of Convertible notes	11 960	11 960
	33 392	32 690

14 CONTINGENCIES

a. The consolidated entity has issued bonds in favour of various New Zealand authorities (Ministry of Economic Development – Crown Minerals, Otago Regional Council, Waitaki District Council, West Coast Regional Council, Buller District Council, Timberlands West Coast Limited and Department of Conservation) as a condition for the grant of mining and exploration privileges, water rights and/or resource consents, and rights of access for the Macraes Gold Mine and the Globe Progress mine at the Reefton Gold Project which amount to approximately $15.1 million (NZ$22.1 million) (December 31, 2009: $16.6 million NZ$23.0 million).

b. The consolidated entity has provided a cash operating bond to the New Zealand Department of Conservation of $0.3 million (NZ$0.4 million) (December 31, 2009: $0.3 million NZ$0.4 million) 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 for damages including workers compensation claims, motor vehicle accidents or other items of similar nature. The consolidated entity maintains specific insurance policies to transfer the risk of such claims. No provision is included in the accounts unless the Directors believe that a liability has been crystallised. In those circumstances where such claims are of material effect, have merit and are not covered by insurance, their financial effect is provided for within the financial statements.

d. The Group has provided a guarantee in respect of a capital lease agreement for certain mobile mining equipment entered into by a controlled entity. At June 30, 2010 the outstanding rental obligations under the capital lease are $33.8 million (December 31, 2009: $40.4 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

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

15 COMMITMENTS

Capital commitments

At June 30, 2010, the consolidated entity has commitments of $15.3 million (December 31, 2009 $0.3 million), principally relating to the development of mining facilities.

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

	June 30 2010 $'000	*December 31 2009 $'000*
Within one year:		
- purchase of property, plant and equipment/ construction	15 326	267
	15 326	267

Lease Commitments

There have been no material changes in the finance and operating lease commitments as disclosed in the December 31, 2009 audited financial statements.

16 EARNINGS PER SHARE

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

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 period (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 2010 $'000	*June 30 2009 $'000*	*June 30 2010 $'000*	*June 30 2009 $'000*
Numerator:				
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of basic earnings per share)	7 958	40 114	9 772	49 168
Interest on convertible notes	2 320	1 905	4 591	3 577
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)	10 278	42 019	14 363	52 745
	No. of shares '000	*No. of shares '000*	*No. of shares '000*	*No. of shares '000*
Denominator:				
Weighted average number of common shares (used in calculation of basic earnings per share)	228 028	161 635	207 422	161 635
Effect of dilution:				
Share options	5 161	2 563	4 591	1 249
Convertible notes	41 199	37 032	41 199	37 032
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	274 388	201 230	253 212	199 916
Net earnings per share:				
- basic	$0.03	$0.25	$0.05	$0.30
- diluted	$0.03	$0.21	$0.05	$0.26

For the period to June 30, 2010, conversion of employee share options and convertible notes are anti-dilutive as they increase earnings per share.