OCEANAGOLD CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THIRD QUARTER REPORT

SEPTEMBER 30TH, 2008

UNAUDITED

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

As at September 30, 2008

(in thousands of United States dollars)	*Notes*	*September 30 2008 $'000*	*December 31 2007 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		17 193	119 837
Accounts receivable and other receivables		4 872	3 426
Inventories	2	20 109	20 937
Prepayments		1 323	945
Future income tax assets	3	1 667	9 009
Derivatives	6	787	1 084
Total current assets		45 951	155 238
Non-current assets			
Inventories	2	22 590	23 953
Property, plant and equipment	4	156 855	196 320
Mining assets	5	437 313	415 723
Future income tax assets	3	35 749	12 611
Derivatives	6	3 005	4 097
Total non-current assets		655 512	652 704
TOTAL ASSETS		701 463	807 942
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		28 828	26 422
Asset retirement obligation		62	293
Derivatives	6	43 906	30 402
Employee benefits	7	1 891	2 291
Interest-bearing loans and borrowings	8	16 182	18 687
Total current liabilities		90 869	78 095
Non-current liabilities			
Other long term obligations		4 254	7 717
Employee benefits	7	68	-
Interest-bearing loans and borrowings	8	165 951	198 912
Future income tax liabilities	3	63 828	71 619
Asset retirement obligation		7 891	9 218
Derivatives	6	79 117	88 216
Total non-current liabilities		321 109	375 682
TOTAL LIABILITIES		411 978	453 777
SHAREHOLDERS' EQUITY			
Share capital	9	334 975	334 975
Accumulated deficit		(98 100)	(56 791)
Contributed surplus	13	33 653	32 379
Accumulated other comprehensive income	10	18 957	43 602
TOTAL SHAREHOLDERS' EQUITY		289 485	354 165
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		701 463	807 942

Basis of Presentation and Going Concern (note 1)
Contingencies (note 14)
Commitments (note 15)

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 September 30, 2008

(in thousands of United States dollars except per share amounts)	*Notes*	*Three months ended* September 30 2008 $'000	*Three months ended* September 30 2007 $'000	*Nine months ended* September 30 2008 $'000	*Nine months ended* September 30 2007 $'000
Revenue					
Gold sales		54 038	24 367	169 369	67 780
Release from other comprehensive income of deferred unrealised gain/(loss) on designated hedges		-	501	279	(16 741)
		54 038	24 868	169 648	51 039
Cost of sales, excluding depreciation and amortisation		(39 658)	(25 126)	(115 611)	(55 874)
Depreciation and amortisation		(11 420)	(8 447)	(37 674)	(18 428)
General and administration expenses		(3 784)	(3 790)	(12 377)	(8 290)
Operating profit / (loss)		**(824)**	(12 495)	**3 986**	(31 553)
Other expenses					
Interest expense		(5 183)	(5 353)	(17 007)	(13 678)
Foreign exchange gain/(loss)		8 367	(3 983)	330	(4 141)
		3 184	(9 336)	(16 677)	(17 819)
Gain/(loss) on fair value of undesignated hedges		(19 587)	(47 607)	(51 489)	(15 112)
Interest income		360	2 076	2 844	4 858
Other income		28	10	101	196
Earnings/(loss) before income taxes		(16 839)	(67 352)	(61 235)	(59 430)
Income taxes recovery/(expense)		5 934	19 622	19 926	17 554
Net earnings/(loss)		(10 905)	(47 730)	(41 309)	(41 876)
Net earnings/(loss) per share:					
- basic	16	($0.07)	($0.30)	($0.26)	($0.30)
- diluted	16	($0.07)	($0.30)	($0.26)	($0.30)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF ACCUMULATED DEFICIT

For the Quarter ended September 30, 2008

(in thousands of United States dollars)	*Notes*	*Three months ended* September 30 2008 $'000	*Three months ended* September 30 2007 $'000	*Nine months ended* September 30 2008 $'000	*Nine months ended* September 30 2007 $'000
Accumulated deficit at beginning of period		(87 195)	18 101	(56 791)	11 768
Net earnings/(loss)		(10 905)	(47 730)	(41 309)	(41 876)
Other		-	-	-	479
accumulated deficit at end of period		(98 100)	(29 629)	(98 100)	(29 629)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

For the Quarter ended September 30, 2008

	Notes	*Three months ended* September 30 2008 $'000	*Three months ended* September 30 2007 $'000	*Nine months ended* September 30 2008 $'000	*Nine months ended* September 30 2007 $'000
Net earnings / (loss)		(10 905)	(47 730)	(41 309)	(41 876)
Other comprehensive income for the year, net of tax:					
Cash flow hedge gain / (loss)		-	290	(881)	10 080
Currency translation differences		(46 064)	6 815	(23 764)	32 535
		(46 064)	7 105	(24 645)	42 615
Comprehensive income / (loss)		**(56 969)**	**(40 625)**	**(65 954)**	**739**

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 September 30, 2008

(in thousands of United States dollars)	Notes	Three months ended September 30 2008 $'000	Three months ended September 30 2007 $'000	Nine months ended September 30 2008 $'000	Nine months ended September 30 2007 $'000
Operating activities					
Net earnings/(loss)		(10 905)	(47 730)	(41 309)	(41 876)
Charges / (credits) not affecting cash					
Depreciation and amortisation expense		11 420	8 447	37 675	18 428
Net (gain) on disposal of property, plant & equipment		(6)	-	(20)	(108)
Non-cash interest charges		665	2 164	5 472	5 629
Unrealised foreign exchange (gains) / losses		(4 006)	41	(3 251)	(214)
Stock based compensation charge		380	645	1 218	1 014
Non-cash derivative expenses		19 587	47 106	51 210	31 853
Future tax expense/(benefit)		(5 934)	(19 622)	(19 926)	(17 554)
Changes in non-cash working capital					
(Increase)/decrease in accounts receivable and other receivables		1 220	708	(2 076)	(343)
(Increase)/decrease in inventory		(3 457)	(2 251)	(3 314)	(3 907)
(Decrease)/increase in accounts payable		(10 250)	10 119	5 792	12 184
(Decrease)/increase in other working capital		(1 444)	522	(3 664)	389
Net cash provided by / (used for) provided by operating activities		(2 730)	149	27 807	5 495
Investing activities					
Proceeds from sale of property, plant and equipment		10	-	26	122
Payments for property, plant and equipment		(1 209)	(6 952)	(1 771)	(39 514)
Payments for mining assets: exploration and evaluation		(1 475)	(8 927)	(4 381)	(18 382)
Payments for mining assets: development		(9 087)	(3 878)	(49 872)	(11 640)
Payments for mining assets: in production		(6 299)	(4 431)	(31 669)	(25 700)
Transfer to restricted cash		-	-	(27 000)	-
Transfer from restricted cash		27 000	-	27 000	-
Net cash provided by / (used by) used for investing activities		8 940	(24 188)	(87 667)	(95 114)
Financing activities					
Proceeds on issue of capital stock		-	94 392	-	94 702
Payment of transaction costs for equity raising		-	(7 043)	-	(8 820)
Payment of finance lease liabilities		(1 514)	(357)	(5 907)	(1 062)
Proceeds from finance leases		-	928	-	12 198
Settlement of derivatives		(25 906)	-	(25 906)	-
Proceeds / (repayments) from borrowings		(3 230)	1 001	(12 797)	19 990
Proceeds from convertible notes		-	-	-	23 776
Net cash provided by / (used for) financing activities		(30 650)	88 921	(44 610)	140 784
Effect of exchange rates changes on cash		(6 260)	5 234	1 826	10 302
Net (decrease) in cash and cash equivalents		(30 700)	70 116	(102 644)	61 467
Cash and cash equivalents at beginning of period		47 893	71 376	119 837	80 025
Cash and cash equivalents at end of period		17 193	141 492	17 193	141 492
Cash Interest Paid		(4 518)	(3 189)	(11 535)	(8 049)

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

1 BASIS OF PRESENTATION AND GOING CONCERN

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.

For the three and nine months ended September 30, 2008, the Company incurred a loss of $10.9 million and $41.3 million respectively. As at September 30, 2008 the current liabilities of the company exceed current assets by $45 million and the company has capital commitments of $6.7 million. The company has cash on hand of $17.2 million and based on current cash flow estimates additional funding may need to be secured over the next twelve months. In the absence of securing additional funding, these circumstances generate substantial doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, whether the application of the going concern principle is appropriate.

The Company is pursuing a number of alternatives to secure additional capital including, a combination of asset sales or restructure, additional funding facilities or equity raisings. Nevertheless, there is no assurance that these initiatives would be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flows - either from operations, additional financing or the sale or restructure of assets. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary where the going concern assumption is inappropriate. These adjustments could be material.

2 INVENTORIES

	September 30 2008 $'000	*December 31 2007 $'000*
Current		
Gold in circuit	4 757	3 677
Gold on hand	-	2 828
Ore	2 206	2 275
Stores	13 146	12,157
	20 109	20 937
Non-Current		
Ore	22 590	23 953
Total inventories	42 699	44 890

3 FUTURE INCOME TAX

	September 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	69 702	66 840
Revaluations of derivatives to fair value	36 907	35 585
Provisions	2 918	3 509
Accrued expenses	4	4
Share issue costs	1 972	2 734
Other	992	677
Gross future income tax assets	112 495	109 349
Set off future tax liabilities	(75 079)	(87 729)
	37 416	21 620
Less: current portion	(1 667)	(9 009)
Net non-current future tax assets	35 749	12 611
Future income tax liabilities		
Mining assets	(97 621)	(105 275)
Property, plant and equipment	(38 721)	(48 622)
Inventory	(944)	(1 278)
Interest Receivable	(353)	(449)
Accrued Revenue	-	(2 024)
Revaluations of derivatives to fair value	(1 138)	(1 554)
Other	(130)	(146)
Gross future income tax liabilities	(138 907)	(159 348)
Set off future tax assets	75 079	87 729
	(63 828)	(71 619)
Less: current portion	-	-
Net non-current future tax liabilities	(63 828)	(71 619)

4 PROPERTY, PLANT AND EQUIPMENT

	September 30 2008 $'000	*December 31 2007 $'000*
Freehold land		
Cost	4 288	4 904
Buildings		
Cost	4 471	5 089
Accumulated depreciation	(2 104)	(2 216)
Net of accumulated depreciation	2 367	2 873
Plant and equipment		
Cost	173 695	196 958
Accumulated depreciation	(62 024)	(58 735)
Net of accumulated depreciation	111 671	138 223
Assets under capital lease		
Cost	76 665	87 686
Accumulated amortisation	(38 136)	(37 366)
Net of accumulated amortisation	38 529	50 320
Net book value of property, plant and equipment	156 855	196 320

5 MINING ASSETS

	September 30 2008 $'000	*December 31 2007 $'000*
Mining Assets: Exploration and evaluation phase		
Cost	19 711	319 993
Mining Assets: Development phase		
Cost	323 741	40 494
Mining Assets: In production		
Cost	163 706	112 691
Accumulated amortisation	(69 845)	(57 455)
Net of accumulated amortisation	93 861	55 236
Net book value of mining assets	437 313	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.

6 DERIVATIVES

	September 30 2008 $'000	*December 31 2007 $'000*
Current Assets		
Gold put options	787	1 084
Non-current Assets		
Gold put options	3 005	4 097
Total Assets	3 792	5 181
Current Liabilities		
Gold forward sales contracts	43 906	30 402
	43 906	30 402
Non Current Liabilities		
Gold forward sales contracts	49 268	67 322
Gold call options	29 849	20 894
	79 117	88 216
Total Liabilities	123 023	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 are fixed using forward sale contracts and options. Derivative financial instruments are matched with estimated future metal production.

The primary instruments held are undesignated forward gold sales contracts for 241,476 ounces with an average price of NZ$773 (2007: 319,788 ounces), undesignated gold put options over 187,728 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 against the assets of Oceana Gold (NZ) Ltd.

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.

Between December 31, 2007 and September 30, 2008 the NZD gold price moved from approximately $834 per ounce to $1,300 contributing significantly to the increase in the gold derivative liabilities, offset by the close out of contracts.

Forward gold sale contracts for 78,312 ounces were closed out on September 30, 2008. The contracts were 'out of the money' by $25.9m on the date of settlement. This liability was paid utilising the restricted cash facility that was set aside in June 2008.

7 EMPLOYEE BENEFITS

(a) Employee benefit liability

	September 30 2008 $'000	*December 31 2007 $'000*
Aggregate employee benefit liability is comprised of:		
Accrued wages, salaries	874	331
Provisions current	1 891	2 291
Provisions non-current	68	-
	2 833	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 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*	*September 30 2008 $'000*	*December 31 2007 $'000*
Current				
Capital leases	10.14%	5/31/2014	7 809	8 153
Insurance Premium Loan (NZ$ Nil)	10.55%	4/30/2008	-	575
Project debt facility (NZ$12.5m)	9.81%	12/31/2010	8 373	9 959
			16 182	18 687
Non-current				
Capital leases	10.14%	5/31/2014	39 331	51 761
5.75% Convertible Notes (A$55m)	9.16%	12/22/2012	41 464	44 846
7.00% Convertible notes (A$70m)	10.13%	12/22/2013	54 562	57 255
7.00% Convertible notes (A$30m)	10.64%	3/22/2014	22 557	23 599
Project debt facility (NZ$12.0m)	9.81%	12/31/2010	8 038	21 451
			165 951	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 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 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 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$4.0950 (subject to adjustment for certain specified events).

On March 22, 2007 A$30m (US$24.2m) in convertible notes were 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.

Project debt Facility

The consolidated entity has a project debt facility of NZ$24.5m (2007:NZ$41.0m) provided by a consortium of banks. The facility was fully drawn at September 30, 2008. The project debt facility has a floating interest rate which is paid quarterly in arrears.

9 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 September 2008	161 635	334 975

There are an additional 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.

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

	September 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	(23 764)	30 670
OCI before tax	(25 035)	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	(24 645)	40 527
Accumulated OCI at the end of the period		
Cash flow hedge gains (losses)	-	882
Currency translation adjustments	18 957	42 720
	18 957	43 602

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	Philippines	Total
	$'000	$'000	$'000
Quarter ended September 30, 2008			
Revenue			
Sales to external customers	54 038	-	54 038
Release from other comprehensive income of deferred unrealised losses on designated hedges	-	-	-
Total Segment Revenue	54 038	-	54 038
Result			
Segment result excluding unrealised hedge losses	631	(84)	547
Release from other comprehensive income of deferred unrealised losses on designated hedges	-	-	-
Loss on fair value of undesignated hedges	(19 587)	-	(19 587)
Total Segment result	(18 956)	(84)	(19 040)
Unallocated result			7 384
Loss before tax and finance costs			(11 656)
Interest expense			(5 183)
Loss before tax			(16 839)
Income tax recovery			5 934
Loss for the period			(10 905)

	New Zealand	Philippines	Total
	$'000	$'000	$'000
Nine months ended September 30, 2008			
Revenue			
Sales to external customers	169 369	-	169 369
Release from other comprehensive income of deferred unrealised losses on designated hedges	279	-	279
Total Segment Revenue	169 648	-	169 648
Result			
Segment result excluding unrealised hedge losses	11 684	(297)	11 387
Release from other comprehensive income of deferred unrealised losses on designated hedges	279	-	279
Loss on fair value of undesignated hedges	(51 489)	-	(51 489)
Total Segment result	(39 526)	(297)	(39 823)
Unallocated result			(4 405)
Loss before tax and finance costs			(44 228)
Interest expense			(17 007)
Loss before tax			(61 235)
Income tax recovery			19 926
Loss for the period			(41 309)
Assets			
Segment assets	346 481	333 785	680 266
Unallocated assets			21 197
Total assets			701 463

11 SEGMENT INFORMATION (continued)

	New Zealand $'000	Philippines $'000	Total $'000
Quarter ended September 30, 2007			
Revenue			
Sales to external customers	24 367	-	24 367
Release from other comprehensive income of deferred unrealised losses on designated hedges	501	-	501
Total Segment Revenue	24 868	-	24 868
Result			
Segment result excluding unrealised hedge losses	(9 467)	(205)	(9 672)
Release from other comprehensive income of deferred unrealised losses on designated hedges	501	-	501
Profit on fair value of undesignated hedges	(47 607)	-	(47 607)
Total Segment result	(56 573)	(205)	(56 778)
Unallocated result			(5 221)
Profit before tax and finance costs			(61 999)
Interest expense			(5 353)
Profit before tax			(67 352)
Income tax expense			19 622
Profit for the period			(47 730)

	New Zealand $'000	Philippines $'000	Total $'000
Nine months ended September 30, 2007			
Revenue			
Sales to external customers	67 780	-	67 780
Release from other comprehensive income of deferred unrealised losses on designated hedges	(16 741)	-	(16 741)
Total Segment Revenue	51 039	-	51 039
Result			
Segment result excluding unrealised hedge losses	(4 740)	(439)	(5 179)
Release from other comprehensive income of deferred unrealised losses on designated hedges	(16 741)	-	(16 741)
Profit on fair value of undesignated hedges	(15 112)	-	(15 112)
Total Segment result	(36 593)	(439)	(37 032)
Unallocated result			(8 720)
Profit before tax and finance costs			(45 752)
Interest expense			(13 678)
Profit before tax			(59 430)
Income tax expense			17 554
Profit for the period			(41 876)
Assets			
Segment assets	384 685	313 977	698 662
Unallocated assets			122 440
Total assets			821 102

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

	September 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	2 736 653	A$1.81	3 390 000	A$3.73
Forfeited	(893 332)	A$3.25	(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	**4 443 321**	**A$2.69**	**2 600 000**	**A$3.81**
Exercisable at the end of the period	693 338	A$3.84	-	-

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$0.00 and A$4.255 and a weighted average remaining vesting period of 4.41 years. The share options were restructured on a 1:5 basis for the TSX listing.

13 CONTRIBUTED SURPLUS MOVEMENT

	September 30 2008 $'000	**December 31 2007 $'000**
Balance at start of period	32 379	28 171
Stock based compensation expense	1 274	1 884
Cancelled Options	-	(519)
Exercise of options	-	(230)
Issue of convertible notes – value of conversion rights	-	3 073
Balance at end of period	33 653	32 379

Contributed surplus		
Employee stock based compensation	3 259	1 985
Shareholder option reserve	18 083	18 083
Equity portion of Convertible notes	12 311	12 311
	33 653	32 379

14 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 $16.0m (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 September 30, 2008 the outstanding rental obligations under the capital lease are $47.1m (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 September 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.

15 COMMITMENTS

Capital commitments
At September 30, 2008, the consolidated entity has commitments of $6.7m (2007 $32.7m), principally relating to the development of mining facilities.

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

	September 30 2008 $'000	*December 31 2007 $'000*
Within one year:		
- development of new mining facilities	6 712	29 746
After one year but not more than five years:		
- development of new mining facilities	27	2 951
	6 739	32 697

16 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		*Nine months ended*	
	September 30 2008 $'000	*September 30 2007 $'000*	*September 30 2008 $'000*	*September 30 2007 $'000*
Numerator:				
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of basic earnings per share)	(10 905)	(47 730)	(41 309)	(41 876)
Interest on convertible notes*	-	-	-	-
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)*	(10 905)	(47 730)	(41 309)	(41 876)
	Thousands	*Thousands*	*Thousands*	*Thousands*
Denominator:				
Weighted average number of common shares (used in calculation of basic earnings per share)	161 635	159 406	161 635	141 769
Effect of dilution:				
Share options*	-	-	-	-
Convertible notes*	-	-	-	-
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)*	161 635	159 406	161 635	141 769
Net loss per share:				
- basic	($0.07)	($0.30)	($0.26)	($0.30)
- diluted	($0.07)	($0.30)	($0.26)	($0.30)

* For periods to September 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 9, 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.