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OceanaGold Corporation

Delivering on Sustainable Growth

2009
Third Quarter Results

October 29, 2009

www.oceanagold.com

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Quarter Ended September 30, 2009

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Management Discussion & Analysis contains "forward-looking statements and information" within the meaning of applicable securities laws which may include, but is not limited to, statements with respect to the future financial and operating performance of the Company, its subsidiaries and affiliated companies, its mining projects, the future price of gold, the estimation of mineral reserves and mineral resources, the realisation of mineral reserve and resource estimates, costs of production, estimates of initial capital, sustaining capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of the development of new mines, costs and timing of future exploration, requirements for additional capital, governmental regulation of mining operations and exploration operations, timing and receipt of approvals, consents and permits under applicable mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements and information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases, or may be identified by statements to the effect that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements and information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries and/or its affiliated companies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, future prices of gold; general business, economic, competitive, political and social uncertainties; the actual results of current production, development and/or exploration activities; conclusions of economic evaluations and studies; fluctuations in the value of the United States dollar relative to the Canadian dollar, the Australian dollar, the Philippines Peso or the New Zealand dollar; changes in project parameters as plans continue to be refined; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability or insurrection or war; labour force availability and turnover; delays in obtaining financing or governmental approvals or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled "Risk Factors" contained in the Company's Annual Information Form in respect of its fiscal year-ended December 31, 2008, which is available on SEDAR at www.sedar.com under the Company's name. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements and information contained herein are made as of the date of this Management Discussion & Analysis and, subject to applicable securities laws, the Company disclaims any obligation to update any forward-looking statements and information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information due to the inherent uncertainty therein.

This Management Discussion & Analysis may use the terms "Measured", "Indicated" and "Inferred" Resources. U.S. investors are advised that while such terms are recognised and required by Canadian regulations, the Securities and Exchange Commission does not recognise them. "Inferred Resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resources will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into reserves. U.S. investors are also cautioned not to assume that all or any part of an Inferred mineral Resource exists, or is economically or legally mineable.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Quarter Ended September 30, 2009

HIGHLIGHTS

- Sold 71,492 ounces of gold during the third quarter which was in line with plan bringing total sales for the nine months ended September 2009 to 227,904 ounces.
- EBITDA (earnings before interest, taxes, depreciation and amortisation and excluding unrealised gains/losses on undesignated hedges) was $24.4 million for the quarter.
- Achieved cash flow from operations of $21.6 million bringing the total for the nine months ended September to $65.0 million.
- Announced further drill results and a preliminary resource estimate for the Panel 2 Deeps deposit at the Frasers Underground mine.
- Scope and optimisation study of Didipio Gold Copper Project is being progressed.
- Successfully completed a capital raising by way of an institutional equity placement for A$24.2 million (gross proceeds).

*All statistics are compared to the corresponding 2008 period unless otherwise stated.

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

OVERVIEW

Results from Operations

OceanaGold New Zealand operations achieved gold sales of 71,492 ounces for the third quarter 2009. This was 5% below the previous quarter with lower mill feed grades and floatation recoveries at Macraes accounting for most of the difference. Gold sales for the nine months ended September 30, 2009 totaled 227,904 ounces and was in line with plan.

Operating cash costs for the third quarter were $473/oz bringing the YTD average cash costs to $388/oz. A stronger New Zealand Dollar (NZD) against the U.S. Dollar (USD) was a significant contributing factor to higher costs per ounce.

The NZD averaged $0.673 for the quarter up from $0.604 in Q2 2009 and $0.535 in Q1 2009.

Total material movement during the quarter was higher across all the operations as equipment utilisation improved and increased efficiencies were achieved through the continuous improvement programme at the mines. Combined material through the process plants was on plan with mill feed grade slightly lower compared to the previous quarter.

EBITDA (earnings before interest, tax and depreciation and amortisation and excluding gains/losses on undesignated hedges) for the quarter was $24.4 million and $77.9 million for the nine months ended September 30, 2009.

Cash flow from operating activities was $21.6 million, bringing total cash flow from operations for the nine month period ended September 30, 2009 to $65.0 million.

Didipio Gold – Copper Project

The Didipio project remained on care and maintenance during the quarter. The Company is continuing to progress an internal technical and optimisation study to establish the maximum value inherent in developing the project. Site accommodation and office facilities continue to be maintained for security, maintenance personnel, environmental and community relations staff at the project.

The company continues to fulfill all it's community commitments and pursued a number of initiatives during the quarter. Key areas of focus were community health, education and the provision of ongoing financial support to the local community development association for certain priority projects.

FY 2009 Production Guidance Revised

Production guidance for FY2009 has been increased to 297,000 – 303,000 ounces. Cash cost guidance has also been adjusted upwards to $405 - $435 per ounce, largely due to the stronger New Zealand Dollar.

FY 2010 Preliminary Production Guidance

Preliminary production guidance for 2010 is in the range of 270,000 – 290,000 ounces. The Company will provide further production and cash cost guidance in early 2010.

- Table 1 -
Key Financial and Operating Statistics

Financial Statistics	Q3 Sep 30 2009	Q2 Jun 30 2009	Q3 Sep 30 2008	YTD Sep 30 2009	YTD Sep 30 2008
Gold Sales (Ounces)	71,492	75,319	62,753	227,904	189,308
	USD	USD	USD	USD	USD
Average Price Received ($ per ounce)	838	730	861	747	895
Cash Operating Cost ($ per ounce)	473	423	640	388	620
Cash Operating Margin ($ per ounce)	**365**	**307**	**222**	**359**	**273**
Non-Cash Cost ($ per ounce)	249	203	181	204	198
Total Operating Cost ($ per ounce)	722	626	821	592	818
Total Cash Operating Cost ($ per tonne processed)	19.83	18.59	23.29	17.13	23.35

Combined Operating Statistics	Q3 Sep 30 2009	Q2 Jun 30 2009	Q3 Sep 30 2008	YTD Sep 30 2009	YTD Sep 30 2008
Gold produced (ounces)	70,020	74,240	63,270	228,297	184,394
Total Ore Mined (tonnes)	1,521,202	1,026,082	1,381,744	4,036,145	4,069,329
Ore Mined grade (grams/tonne)	1.71	2.32	1.66	2.10	1.64
Total Waste Mined (tonnes) - incl pre-strip	16,437,702	15,059,680	12,644,334	45,847,924	39,946,451
Mill Feed (dry milled tonnes)	1,705,948	1,707,220	1,722,753	5,156,198	5,046,451
Mill Feed Grade (grams/tonne)	1.59	1.65	1.46	1.71	1.46
Recovery (%)	78.3%	80.4%	81.9%	80.1%	78.6%

Combined Financial Results	Q3 Sep 30 2009 $'000	Q2 Jun 30 2009 $'000	Q3 Sep 30 2008 $'000	YTD Sep 30 2009 $'000	YTD Sep 30 2008 $'000
EBITDA (excluding unrealised gain/(loss) on hedges)	24,425	22,484	18,991	77,941	41,812
Earnings/(loss) after income tax and before undesignated gain/(loss) on hedges (net of tax)	1,859	5,397	2,806	17,894	(5,462)
Reported EBITDA (including unrealised gain/(loss) on hedges)	41,484	72,081	(596)	142,332	(9,677)
Reported earnings/(loss) after income tax (including unrealised gain/(loss) on hedges)	13,800	40,114	(10,905)	62,968	(41,309)

PRODUCTION

Production for the third quarter of 2009 was 70,020 ounces of gold resulting in total production of 228,297 ounces for the nine months ended September 30, 2009. Total gold sales for the quarter were 71,492 ounces and 227,904 ounces for the nine month period ended September 30, 2009.

Total combined operating cash costs for the operations were $473/oz for the quarter. This was higher than Q2 2009 on account of lower gold sales and a stronger NZD/USD exchange rate which averaged 0.673 in the quarter compared to 0.604 in Q2 2009. The appreciation of the NZD contributed to an additional $30 per ounce in this quarter's cash costs compared to Q2 2009.

Production for the year to date is slightly ahead of expectation and is a result of steady operations at both Macraes and Reefton. Company production guidance for FY 2009 has been upgraded to 297,000 – 303,000 ounces (from the previous 280,000 – 300,000 ounces). Cash cost guidance has also been raised to $405 - $435 per ounce (from previous US$365-$405 per ounce) mainly due to the appreciating New Zealand Dollar.

Cash flow generated from operations for the quarter was $21.6 million, bringing the total to $65.0 million for the nine months ended September 30, 2009.

OPERATIONS

Macraes Goldfield (New Zealand)

The two Macraes mining operations (Macraes open-cut and Frasers underground) incurred one lost time injury (LTI) in the third quarter bringing the year to date total to four. Safety continues to be a key focus at the New Zealand operations and a formal job safety analysis (JSA) to further develop safety standards for high risk areas is scheduled to be undertaken in Q4.

Production from the Macraes Goldfield was 48,065 gold ounces, which was down slightly lower than recorded for Q2 2009. Planned changes to the mining sequence and lower recoveries from the material mined at the Frasers 4C area of the pit were the main contributing factors to the variance.

Total waste and ore mined was 14.74 million tonnes compared with 13.08 million tonnes in the previous quarter. Movements were positively affected by higher equipment utilisation, favourable weather conditions, and improved efficiencies achieved through a continuous improvement programme with initiatives such as hot seating. Ore tonnes mined were 63% higher when compared to the previous quarter. Shorter haul distances and improved efficiencies were the main contributors to the improved movements. As a result, a higher percentage of material mined was from the open pit with the average ore grade mined from the combined Macraes operations being lower than the previous quarter at 1.47 g/t.

Frasers underground mine produced another record quarter with 233,800 ore tonnes being mined improving on last quarter's total by approximately 10,000 tonnes. The mine is now operating at a rate of between 900,000 and one million tonnes per annum. Better ground conditions have led to less dilution than expected and this combined with slightly higher grades than modeled has resulted in a mined ore grade that is exceeding plan. Development metres for the quarter were slightly above plan with an additional development also started from Panel 2 for an exploration drive.

Processing Plant throughput was according to plan for the quarter with mill feed of 1.39 million tonnes processed compared to 1.40 million tonnes in Q2 2009. Mill feed grade was 1.38 g/t and generally consistent with Q2 2009.

Recoveries at the Macraes process plant were lower than plan during the quarter and are the key area for operational focus. Process recoveries were 77.6% down from 80.3% achieved during Q2 2009. The main factor causing the underperformance was associated with lower than expected floatation recovery from the Frasers 4C open pit material on account of some subtle differences in ore characteristics which resulted in slower floatation response times. Additional test work and adjustments to the flotation circuit have resulted in the overall recovery now delivering in the 79-80% range. A number of additional recovery enhancement initiatives have been identified and will be actioned over the next two quarters. These include higher unit cell recoveries, improving the effectiveness of the classification cyclones and increased electrowinning efficiency. The expectation is that these initiatives should result in recoveries returning the 81-82% range.

Reefton Goldfield (New Zealand)

There were two LTI's in the third quarter bringing the year to date total to six.

Movements for the quarter were above plan at 3.41 million tonnes. This compares favorably to Q2 2009 (3.01 million tones). Improved weather conditions and better equipment availabilities were the main factors contributing to improved performance. The completion of the new Globe Progress South haul ramp has also shortened haul distances to the waste

rock stack. This should continue to assist productivity in future quarters.

Gold production from Reefton concentrate was 21,955 gold ounces. Mill throughputs continue to run above design capacity and were slightly higher than the previous quarter, with 309,762 tonnes being processed. Mill feed grade of 2.55 g/t was 6% lower than the previous quarter, nevertheless the average grade over the YTD period is still slightly ahead of plan. Overall recovery was 81.5% and 1.3% lower than Q2 2009 as a result of treatment of some higher clay content material.

A review of the process plant resulted in some minor changes to the circuit. Froth crowders in the cleaner scavenger flotation cells and some adjustments to the water treatment regime were implemented and should both contribute to improved recoveries. Additionally, improved ore feed strategies have been identified as part of our continuous improvement programme. This will result in a more steady process plant operation as they are implemented.

Community Relations

The OceanaGold Tours programme recorded a 12% increase in visitors over the same period last year. More than 150 people took in the mine tour which brings tourists to the region. The tour also links in with one of the more popular tourist attractions in central Otago, the Taieri Gorge railway tour which is fully booked for the summer season.

Both the Macraes and Reefton operations are regular supporters of local education initiatives and during the quarter support was provided to various schools in the district for the purchase of gym equipment and to assist with various school fieldtrips.

- Table 2 -
Macraes Operating Statistics

Macraes Goldfield Operating Statistics	Q3 Sep 30 2009	Q2 Jun 30 2009	Q3 Sep 30 2008	YTD Sep 30 2009	YTD Sep 30 2008
Gold produced (ounces)	48,065	51,148	45,843	165,579	131,172
Total Ore Mined (tonnes)	1,148,017	705,749	1,053,701	3,004,844	3,114,852
Ore Mined grade (grams/tonne)	1.47	2.26	1.49	1.96	1.47
Total Waste Mined (tonnes) incl pre-strip	13,591,306	12,369,452	9,921,061	37,123,550	30,818,559
Mill Feed (dry milled tonnes)	1,396,186	1,399,024	1,409,432	4,225,338	4,172,892
Mill Feed Grade (grams/tonne)	1.38	1.42	1.23	1.52	1.25
Recovery (%)	77.6%	80.3%	81.7%	79.9%	78.0%

- Table 3 -
Reefton Operating Statistics

Reefton Goldfield Operating Statistics	Q3 Sep 30 2009	Q2 Jun 30 2009	Q3 Sep 30 2008	YTD Sep 30 2009	YTD Sep 30 2008
Gold produced (ounces)	21,955	23,092	17,427	62,718	53,222
Total Ore Mined (tonnes)	373,185	320,333	328,043	1,031,301	954,477
Ore Mined grade (grams/tonne)	2.45	2.44	2.20	2.48	2.17
Total Waste Mined (tonnes) incl pre-strip	2,846,396	2,690,228	2,723,273	8,724,374	9,127,892
Mill Feed (dry milled tonnes)	309,762	308,196	313,321	930,860	873,559
Mill Feed Grade (grams/tonne)	2.55	2.71	2.51	2.59	2.45
Recovery (%)	81.5%	81.0%	82.8%	81.1%	81.2%
Gold held in concentrate at period end (ounces)	1,142	3,609	2,910	1,142	2,910

DEVELOPMENT

Didipio Gold & Copper Project (Philippines)

Development at the Didipio Gold and Copper project in Luzon Philippines, remains under care and maintenance. The Company maintains a reduced workforce at the project site. Site based work has been limited to care and maintenance focused activities primarily in the areas of environmental, safety, and security. The successful equity raising during the quarter has enabled the Company to advance the technical and optimisation study for the project.

During the quarter three lost time injuries (LTI's) occurred at the project. These were as a result of injuries sustained following a vehicle roll over during a security patrol.

Throughout the care and maintenance period, the Company has continued to fulfill all its community and social commitments relating to the project. Community activities during the quarter focused on the continued financial support provided to the Didipio community under a Memorandum of Agreement (MOA) with the Didipio Community Development Association Inc. (DCDAI). Funding for this MOA contributed to the construction of a new community hall facility, in addition to the ongoing support for the local school to cover the salary costs of additional teachers. The construction of two floodway bridges was completed to provide safe river crossings for the local community, particularly during high rainfall periods. The local municipal council undertook the project using local labor and equipment funded by OceanaGold.

The Company continued to work in partnership with municipal health units and the municipal and provincial governments in the region to improve access to medical care in remote parts of Luzon. Three medical missions were held in local communities throughout Nueva Viscaya and Quirino provinces during the quarter with hundreds of patients treated for various medical and dental needs.

EXPLORATION

The Company successfully raised sufficient funds during the last quarter to finance a focused brownfields exploration programme in New Zealand. This programme commenced during the latter part of the quarter.

Total exploration expenditure for the quarter was $772,000.

New Zealand

Macraes Goldfield (Macraes and Frasers mines)

Recruitment of additional staff, including two exploration geologists and a second field technician took place as a part of the ramp-up of the brownfields exploration programme commencing during the quarter.

Seven drill holes were completed as part of an expanded diamond drill twinning programme within a potential cut-back to the Round Hill pit. All holes successfully sampled through the Hangingwall Shear to the Footwall Fault and early assay results indicate strong correlation with the adjacent RC holes completed previously. Two more holes are expected to be completed during early Q4 followed by a full review of the programme results.

Drill planning is well advanced on six surface drill holes down-dip of the Frasers Underground mine targeting Panel 3. A similar number of drill holes are also planned down-dip of the Round Hill orebody. Additional drill rigs are scheduled to arrive onsite during Q4 for these programmes.

Compilation of regional soil results across the northern strike extension of the Hyde-Macraes Shear Zone (HMSZ) has identified a number of geochemical anomalies ready for targeted trenching and drilling in Q4 and into H1 2010.

Development of the Frasers underground exploration drilling drive has progressed well. To date, two diamond drill holes have been completed from the exploration drive, and drilling targeting down-dip extensions of Panel 2 will continue through into 2010.

A Panel 2 Deeps preliminary resource estimate has been completed and was reported on September 14th (see company website for details). This estimate outlined 42,800 ounces of Indicated resource and 71,400 of Inferred resource. The deposit remains open and infill and extension drilling is continuing here from the exploration drive. A preliminary mine design of the Panel 2 Deeps area has commenced.

Reefton Goldfield

The exploration team at Reefton has also been bolstered to accelerate the exploration programme with the addition of three exploration geologists. The ensuing programme will augment existing exploration with data review, detailed relogging of existing drill core and interpretation.

The major geological review and structural analysis of the goldfield continued during the quarter with a structural geologist contracted to focus solely on this initiative. This programme will continue in Q4 and into 2010 and is expected to identify additional in-pit and near-mine targets at Reefton. As a part of this programme, the Company intends to reconstruct historical underground workings in a 3D format from archived data to facilitate regional structural interpretation.

The regional stream sediment sampling programme discussed in the Q2 report continued during the quarter, with the programme expected to be completed in early 2010. Results from this programme will assist with drill hole targeting in 2010.

The drilling programme over the next six months at Reefton is expected to focus on three key areas: 1) deep extensions of the Globe Progress, General Gordon and Empress ore bodies with a view to underground mining; 2) an infill reverse circulation drill programme at the Souvenir deposit for improved resource definition in preparation for mining in 2010 and 3) high-grade targets that are near-surface and along strike.

Philippines

Exploration activities in the Philippines continued while the Didipio project remained on care and maintenance.

Preliminary work commenced on the six Didipio regional exploration permits that were received late in the second quarter. Community relations, stream sediment sampling and mapping programmes were all undertaken in the quarter. Assay results from the sampling programmes are expected in Q4 with followup fieldwork studies to be planned, based on this data.

FINANCIAL SUMMARY

The table below provides selected financial data comparing Q3 2009 with Q2 2009 and Q3 2008.

STATEMENT OF OPERATIONS	Q3 Sep 30 2009 $'000	Q2 Jun 30 2009 $'000	Q3 Sep 30 2008 $'000	YTD Sep 30 2009 $'000	YTD Sep 30 2008 $'000
Gold sales	59,928	55,010	54,038	170,208	169,369
Cost of sales, excluding depreciation and amortisation	(32,972)	(31,456)	(39,658)	(86,770)	(115,611)
General & Administration	(2,512)	(930)	(3,784)	(5,497)	(12,377)
Foreign Currency Exchange Gain/(Loss)	35	(154)	8,367	(6)	330
Other expense/income	(54)	14	28	6	101
Earnings before interest, tax, depreciation & amortisation (EBITDA) (excluding gains/(losses) on undesignated hedges)	**24,425**	**22,484**	**18,991**	**77,941**	**41,812**
Depreciation and amortisation	(18,199)	(15,403)	(11,420)	(47,075)	(37,674)
Net interest expense	(3,938)	(3,337)	(4,823)	(10,639)	(14,163)
Earnings/(loss) before income tax and gains/(losses) on undesignated hedges	**2,288**	**3,744**	**2,748**	**20,227**	**(10,025)**
Tax on earnings / loss	(429)	1,653	58	(2,333)	4,563
Earnings after income tax and before gain/(loss) on undesignated hedges	**1,859**	**5,397**	**2,806**	**17,894**	**(5,462)**
Release from OCI of deferred unrealised gain/(loss) on designated hedges	-	-	-	-	279
Gains / (losses) on fair value of undesignated hedges	17,059	49,597	(19,587)	64,391	(51,489)
Tax on (gain)/loss on undesignated hedges	(5,118)	(14,880)	5,876	(19,317)	15,363
Net earnings/(loss)	**13,800**	**40,114**	**(10,905)**	**62,968**	**(41,309)**
Basic earnings/ (loss) per share	$0.08	$0.25	($0.07)	$0.38	($0.26)
Diluted earnings/ (loss) per share	$0.07	$0.21	($0.07)	$0.33	($0.26)
CASH FLOWS					
Cash flows from Operating Activities	21,647	20,399	(2,730)	65,008	27,807
Cash flows from Investing Activities	(20,572)	(17,919)	8,940	(50,063)	(87,667)
Cash flows from Financing Activities	15,456	(1,198)	(30,650)	10,174	(44,610)

BALANCE SHEET	As at Sep 30 2009 $'000	As at Dec 31 2008 $'000
Cash and cash equivalents	40,966	9,711
Other Current Assets	44,003	35,980
Non Current Assets	695,201	584,299
Total Assets	**780,170**	**629,990**
Current Liabilities	110,526	89,105
Non Current Liabilities	273,912	294,229
Total Liabilities	**384,438**	**383,334**
Total Shareholders' Equity	**395,732**	**246,656**

RESULTS OF OPERATIONS

The Company reported earnings before interest, tax, depreciation and amortisation excluding gains/losses on undesignated hedges (EBITDA) in Q3 2009 of $24.4 million compared with $18.9 million in Q3 2008 and $22.5 million in Q2 2009. The results for the period were characterised by increased revenue from higher gold prices and production, compared to the prior year, and supported by lower operating costs year on year. In comparison to the prior quarter gold sales volumes reduced 5.1% and costs in USD increased as the NZD strengthened. The average gold price received in the quarter increased to US$838 per ounce. The Company delivered approximately 30% of its production for the quarter into “out of the money” hedges. This was in contrast to Q3 2008 when all production was sold into the spot market and the gold price received year on year has declined marginally.

Cash costs per ounce in the third quarter were higher than Q2 2009 due to lower production which in part was a reflection of the planned mining sequence and slightly lower recoveries. US$ costs also increased due to the exchange rate impact and higher maintenance costs were offset in part, by lower operating costs for diesel and power compared to the prior year.

<u>Sales Revenue</u>

Gold revenue of $59.9 million in Q3 2009 was higher than the prior quarter with increased gold prices offsetting lower sales volumes. Sales revenue also increased 10.9% when compared to Q3 2008 when the Company reported revenue of $54.0 million. This was supported by increased ounces combined with the higher gold price.

Gold sales volume for Q3 2009 was 71,492 ounces which was higher than Q3 2008 by 13.9% and 5.1% lower than last quarter. Production was constrained due to changes in the mining sequence and lower recoveries of 78.3% compared to the prior quarter.

The average gold price received per ounce was $838, an increase of 14.8% over the prior quarter. This reflects the increased spot gold price achieved over the period and contributed to the hedged production level decreasing to 30% of sales from 44% the previous quarter.

<u>Undesignated Hedges Gains/Losses</u>

Unrealised gains and losses calculated on the fair value adjustment of the Company’s undesignated hedges are brought to account at the end of each reporting period and reflect changes in the spot gold price. This also includes the adjustments made to take account of the delivery of gold into the hedge book as the derivative liability was released. These valuation adjustments, as at June 30 2009, reflect a gain of $17.1 million for Q3.

The derivative instruments used to manage the impact of movements in gold prices are summarised below under “Current and Non-current Derivative Liabilities”.

<u>Operating Costs & Margins</u>

Cash costs per ounce sold were $473 which was $167 (26%) lower when compared to Q3 2008. This reflects the decline of input costs from the peaks experienced in mid 2008.

The cash margin of $365 per ounce resulted in earnings before interest, tax, depreciation & amortisation (excluding undesignated hedge gains/losses) of $24.4 million for the quarter, compared to $22.5 million in Q2 2009 and $19.0 million in Q3 2008.

Administration costs of $2.5 million were in line with plan and 33.6% lower than Q3 in 2008.

<u>Depreciation and Amortisation</u>

Depreciation and amortisation charges are calculated on a unit of production basis totaling $18.2 million for the quarter. These charges were higher in USD when compared to Q2 and Q1 2009 in part due to the strengthening NZ dollar and also combined with an additional allocation of deferred costs attributable to an increase in ore mined which was 48% higher when compared to last quarter.

The depreciation and amortisation charges include amortisation of mine development and deferred waste stripping costs and depreciation on equipment.

<u>Net Interest expense</u>

The net interest expense of $3.9 million is broadly in line with Q2 2009 but has increased slightly in US$ due to the exchange rate effect.

Despite low interest rates, the stronger Australian and New Zealand dollars have contributed to an increase in the outstanding debt in the reporting currency of USD.

<u>Net earnings/(loss)</u>

The Company reported a net profit of $13.8 million in Q3 2009, compared with a net profit of $40.1 million in Q2 2009 and a net loss of $10.9 million in Q3 2008. The impact of non-cash charges for mark to market gains and losses is influential between the periods. This does not immediately affect cash flow in the reporting period but can have a significant impact on reported net earnings. As a result, EBITDA before undesignated hedge gains/losses is reported as a measure of operating performance on a consistent basis.

As a result of the increase in average gold price received in the period, the EBITDA before fair value adjustment for the period increased marginally compared to Q2 2009.

DISCUSSION OF CASH FLOWS

Operating Activities

Cash flows from operating activities for Q3 were $21.6 million, an increase from Q2 2009 of approximately $1.2 million. The increase reflects a higher average gold price offset in part by some increases in costs primarily associated with a weaker US dollar.

Investing Activities

Investing activities were comprised of expenditures for pre-stripping and sustaining capital for the New Zealand operations and a small number of payments capitalised for the development for the Didipio Gold - Copper Project.

Cash used for investing activities totaled $20.6 million compared to $17.9 million in Q2 2009 and $18.1 million in Q3 2008 (offset by $27 million for funds withdrawn from escrow the prior year). The expenditure for Q3 2009 included pre strip mining of $15.2 million.

Financing Activities

Financing cash flows totaled $15.5 million net inflow and included a new equity placement that contributed $19.6 million. The traditional finance payments comprised repayments of borrowings for a project loan, and finance lease payments. These payments continued to decline with no new proceeds being drawn from finance facilities during the quarter.

DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

Company's funding and capital requirements

For the quarter ended September 30, 2009, the Company earned a profit of $13.8 million. As at September 30, 2009 the current liabilities of the Company exceeded current assets by $25.6 million. Excluding the non-cash hedge derivative liabilities (which will be settled by delivery of future gold production by December 2010), current assets exceeded current liabilities by $39.2 million. The Company had cash on hand of $41.0 million at September 30, 2009. In July 2009 an institutional equity placement, for $19.6 million (A$23.0 million), (net of costs) was completed.

When combined with cash holdings the Company is expected to generate sufficient free cash flow from operations to meet all of its debt obligations as they become due over the next 12 months.

Capital commitments

OceanaGold's capital commitments as at September 30, 2009 are as follows:

Payments due by period as at September 30 2009			
Total $'000	**< 1 year $'000**	**1 - 2 years $'000**	**2 - 3 years $'000**
935	913	22	-

Financial position

Current Assets

Current assets have increased by $13.6 million since June 2009 primarily from increased cash balances of $19.6 million (largely from the equity placement), an increase of $3.0 million in future income tax assets and offset by a decrease in inventories of $7.5 million.

Non-Current Assets

During the quarter, non-current assets increased from $626 million to $695 million. The NZD appreciation has increased the value of Property, Plant and Equipment and Mining Assets in USD terms and depreciation was less than the capital expenditure. In addition, future income tax assets decreased by $6.7 million due to utilisation of tax losses in the New Zealand operations. Inventories increased $10 million in the form of low grade stock piles.

Current Liabilities

Current liabilities increased $9.1 million during the quarter largely reflecting an increase in the value of derivatives. Derivatives were also allocated to current liabilities from non current liabilities.

Non-Current Liabilities

Interest bearing loans and borrowings increased by $14.8 million during the quarter, primarily as a result of foreign exchange movements. This was offset by a change in derivative liabilities and a decrease of $17.6 million largely due to the lower New Zealand gold price quarter on quarter and gold deliveries into hedges.

Current and Non-Current derivative liabilities

OceanaGold holds certain derivative instruments that were intended to manage the impact of movements in the spot gold price. Currently instruments held include undesignated forward gold sales contracts for 122,340 ounces (Jun 2009: 144,255 ounces) at NZ$773, undesignated gold put options for 103,434 ounces (Mar 2009: 124,788 ounces) with an average exercise price of NZ$1,000 and undesignated gold call options (sold) for 104,024 ounces (Jun 2009: 104,024 ounces) with an average exercise price of NZ$1,062. A summary of OceanaGold's mark to market adjustment on derivatives is:

	Sep 30 2009 $'000	**Dec 31 2008 $'000**
Current Assets		
Gold put options	184	1,493
Non Current Assets		
Gold put options	190	1,997
Total Assets	**374**	**3,490**

	Sep 30 2009 $'000	**Dec 31 2008 $'000**
Current Liabilities		
Gold forward sales contracts	44,474	46,949
Gold call options (sold)	20,325	1,831
	64,799	**48,780**
Non Current Liabilities		
Gold forward sales contracts	11,807	45,708
Gold call options (sold)	7,365	34,358
	19,172	**80,066**
Total Liabilities	**83,971**	**128,846**

Shareholders' Equity

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

	Quarter ended Sept 30 2009 $'000
Total equity at beginning of financial period	**326,456**
Profit/(loss) after income tax	13,800
Movement in other comprehensive income	35,711
Movement in contributed surplus	(175)
Equity raising	19,940
Total equity at end of financial period	**395,732**

Shareholders' equity has increased to $395.7 million at period end primarily as a result of the profit earned for the quarter, funds raised from equity raising and gains from currency translation differences reflected in other comprehensive income that arise from consolidation of foreign entities.

Capital Resources

As at September 30, 2009 share and securities summary

Shares outstanding	185,880,075
Options outstanding	2,967,759

As at December 31, 2008 share and securities summary

Shares outstanding	161,634,849
Options outstanding	4,019,988
Corporate options *	30,321,702

* Lapsed January 1, 2009

As at October 29, 2009 share and securities summary

Shares outstanding	185,880,075
Options outstanding	2,967,759

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The accounting policies that involve significant management judgment and estimates are discussed in this section. For a complete list of the significant accounting policies, reference should be made to Note 1 of the 2008 audited consolidated financial statements of OceanaGold Corporation.

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and active work is continuing.

Accumulated costs in relation to an abandoned area are written off to the Statement of Operations in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Mining Properties in Production or Under Development

Expenditure relating to mining properties in production (including exploration, evaluation and development expenditure) are accumulated and brought to account at cost less accumulated amortisation in respect of each identifiable area of interest. Amortisation of capitalised costs, including the estimated future capital costs over the life of the area of interest, is provided on the production output basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Should the carrying value of expenditure not yet amortised exceed its estimated recoverable amount, the excess is written off to the Statement of Operations.

Asset Retirement Obligations

OceanaGold recognises the fair value of future asset retirement obligations as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development and/or normal use of the assets. OceanaGold concurrently recognises a corresponding increase in the carrying amount of the related long-lived asset that is depreciated over the life of the asset.

The key assumptions on which the fair value of the asset retirement obligations are based include the estimated future cash flow, the timing of those cash flows and the credit-adjusted risk-free rate or rates on which the estimated cash flows have been discounted. Subsequent to the initial measurement the liability is accreted over time through periodic charges to earnings. The amount of the liability is subject to re-measurement at each reporting period if there has been a change to certain of the key assumptions.

Asset Impairment Evaluations

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

Derivative Financial Instruments /Hedge Accounting

The consolidated entity benefits from the use of derivative financial instruments to manage commodity price and foreign currency exposures.

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently re-measured at their fair values at each reporting date.

The fair value of gold hedging instruments is calculated by discounting the future value of the hedge contract at the appropriate prevailing quoted market rates at reporting date. The fair value of forward exchange contracts is calculated by reference to current forward exchange rate for contracts with similar maturity profiles.

Certain derivative instruments do not qualify for hedge accounting or have not been accounted for as fair value or cash flow hedges. Changes in the fair value of these derivative instruments are recognised immediately in the statement of operations. The company does not have any designated hedges.

Stock Option Pricing Model

Stock options granted to employees or external parties are measured by reference to the fair value at grant date and are recognised as an expense in equal installments over the vesting period and credited to the contributed surplus account. The expense is determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradable nature of the option, the current price and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Income Tax

The Group follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided to the extent that it is more likely than not that those future income tax assets will not be realised.

ESTIMATES, RISKS AND UNCERTAINTIES

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

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

FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are expressed in United States dollars ("USD") and have been translated to USD using the current rate method described below. The controlled entities of OceanaGold have either Australian dollars ("AUD") or New Zealand dollars ("NZD") as their functional currency.

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

OceanaGold employs the temporal method of translation for its integrated operations. Under this method, monetary assets and liabilities are translated at the period end rates and all other assets and liabilities are translated at applicable historical exchange rates. Revenue and expense items are translated at the rate of exchange in effect at the date the transactions are recognised in income, with the exception of depreciation and amortisation which is translated at the historical rate for the associated asset. Exchange gains and losses and currency translation adjustments are included in income.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There have been no material changes from the accounting policies of FY2008.

Adoption of new accounting policies

Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalisation of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The Company has applied this new abstract for the year ended December 31, 2008 and there was no significant impact on its financial statements as a result of applying this abstract.

Accounting policies effective for future periods

International Financial Reporting Standards (“IFRS”)

The Canadian Institute of Chartered Accountant’s (CICA’s) Accounting Standards Board announced that publicly accountable enterprises will be required to adopt IFRS effective January 1, 2011.

OceanaGold Corporation has commenced transition planning and conversion to IFRS, including assessment of the impact on its accounting systems and financial statements. The conversion project scope includes review of project structure and governance, resources, analyses of key GAAP differences, policies and implementation plan. The status of elements of the conversion project is as follows:

Project Structure and Governance
A steering committee and implementation team has been identified and management will update the audit committee on a quarterly basis.

Assessment and Diagnostic
An initial diagnostic of key areas for which adjustments will be required and accounting policy choices available upon adoption of IFRS will be completed in 2009. This review phase will address the impact on accounting, information technology, internal controls and disclosure.

Design, Planning, Valuation and Solution Development
An impact analysis will be performed and draft financial statements and disclosures will be prepared with an implementation plan. During this phase the impacts will be reliably quantified with judgements based relative to January 2010 for the purpose of having comparative reporting to support the conversion from January 1, 2011. Accounting policy choices and first time adoption exemption alternatives will be analysed as part of this process.

Implementation
Implementation of the required changes necessary for IFRS compliance will include approval of accounting adjustments, policies and exemptions (as applicable).

A high–level diagnostic assessment phase will be conducted in the fourth quarter of 2009. At this stage the impact on the financial position and future results of the conversion cannot be reasonably determined so no indication or estimate is available at this time.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582, "Business Combinations" replaces section 1581, "Business Combinations", and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies prospectively to 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. Sections 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling interests", together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standard 27 - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended December 31, 2007 through to September 30, 2009. This information has been derived from our unaudited consolidated financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of our financial position and results of operations for those periods.

	Sep 30 2009 $'000	**Jun 30 2009 $'000**	**Mar 31 2009 $'000**	**Dec 31 2008 $'000**	**Sep 30 2008 $'000**	**Jun 30 2008 $'000**	**Mar 31 2008 $'000**	**Dec 31 2007 $'000**
Gold sales	59,928	55,010	55,270	47,845	54,038	53,068	62,263	36,615
EBITDA (excluding undesignated gain/(loss) on hedges)	24,425	22,484	31,032	24,294	18,991	1,131	21,690	9,057
Earnings/(loss) after income tax and before undesignated gain/(loss) on hedges (net of tax)	1,859	5,397	10,639	1,917	2,806	(12,051)	3,783	(5,880)
Net earnings/(loss)	13,800	40,114	9,054	(13,426)	(10,905)	(19,248)	(11,156)	(27,162)
Net earnings per share								
Basic	$0.08	$0.25	$0.06	($0.08)	($0.07)	($0.12)	($0.07)	($0.17)
Diluted	$0.07	$0.21	$0.05	($0.08)	($0.07)	($0.12)	($0.07)	($0.17)

The most significant factors causing variation in the results are the commissioning of both the Reefton open pit and Frasers underground mines, the variability in the grade of ore mined from the Macraes open pit mine and variability of cash cost of sales due to the timing of waste stripping activities. The volatility of the gold price has a significant impact both in terms of its influence upon gold sales revenue and its impact upon undesignated gains/(losses) on hedges. Adding to the variation are the large movements in foreign exchange rates between the USD and the NZD.

As noted in the December 2008 MD&A an adjustment in the fourth quarter 2008 to the pre-stripping account is reflected in the "December 2008" quarter above. If the adjustment is updated to the quarter to which it relates there is an equal and offsetting effect increasing Q2 2008 EBITDA by $4.9 million, earnings after tax and net earnings by $3.4 million and earnings per share by $0.02. This is considered a timing difference and therefore not significant with the details and analysis provided above.

NON-GAAP MEASURES

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

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

Earnings before interest, tax, depreciation and amortisation (EBITDA) is one such non-GAAP measure and a reconciliation of this measure to net earnings/(losses) is provided on page 11.

Cash and non cash costs per ounce are other such non-GAAP measures and a reconciliation of these measures to cost of sales, including depreciation and amortisation, is provided on the next page.

	Q3 Sep 30 2009 $'000	Q2 Jun 30 2009 $'000	Q3 Sep 30 2008 $'000	YTD Sep 30 2009 $'000	YTD Sep 30 2008 $'000
Cost of sales, excluding depreciation and amortisation	32,972	31,456	39,658	86,771	115,611
Depreciation and amortisation	18,199	15,403	11,420	47,075	37,674
Total cost of sales	51,171	46,859	51,078	133,846	153,285
Add sundry general & administration adjustment	850	415	552	1,569	2,090
Less selling costs	(429)	(110)	(114)	(632)	(362)
Total operating cost of sales	51,592	47,164	51,516	134,783	155,013
Gold Sales from operating mines (ounces)	71,492	75,319	62,753	227,904	189,308
Total Operating Cost ($ per ounce)	722	626	821	592	818
Less Non-Cash Cost ($ per ounce)	249	203	181	204	198
Cash Operating Cost ($ per ounce)	473	423	640	388	620

ADDITIONAL INFORMATION

Additional information referring to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com and the Company's website at www.oceanagold.com.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2008. Based on that evaluation and review to September 30 2009, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at those dates to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As at December 31, 2008, the Interim Chief Executive Officer and Chief Financial Officer evaluated the design and effectiveness of the Company's internal control over financial reporting. Based on that evaluation and testing and review to September 30 2009, the Chief Executive Officer and the Chief Financial Officer concluded that the design of internal control over financial reporting was effective as at those dates to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

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