OCEANAGOLD CORPORATION

I N T E R I M C O N S O L I D A T E D F I N A N C I A L S T A T E M E N T S

T H I R D Q U A R T E R R E P O R T

S E P T E M B E R 3 0 T H , 2 0 0 9

U N A U D I T E D

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

As at September 30, 2009

(in thousands of United States dollars)	*Notes*	*September 30 2009 $'000*	*December 31 2008 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		40 966	9 711
Accounts receivable and other receivables		2 248	2 680
Inventories	2	23 077	21 910
Prepayments		1 826	961
Derivatives	6	185	1 493
Future income tax assets	3	16 667	8 936
Total current assets		84 969	45 691
Non-current assets			
Inventories	2	27 710	18 763
Derivatives	6	189	1 997
Future income tax assets	3	4 386	31 175
Property, plant and equipment	4	122 876	131 377
Mining assets	5	540 040	400 987
Total non-current assets		695 201	584 299
TOTAL ASSETS		780 170	629 990
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		24 992	24 459
Employee benefits	7	2 601	1 726
Derivatives	6	64 799	48 780
Interest-bearing loans and borrowings	8	18 094	14 087
Asset retirement obligation		40	53
Total current liabilities		110 526	89 105
Non-current liabilities			
Other long term obligations		2 632	3 216
Employee benefits	7	68	68
Derivatives	6	19 172	80 066
Future income tax liabilities	3	73 844	61 457
Interest-bearing loans and borrowings	8	169 771	142 625
Asset retirement obligation		8 425	6 797
Total non-current liabilities		273 912	294 229
TOTAL LIABILITIES		384 438	383 334
SHAREHOLDERS' EQUITY			
Share capital	9	354 915	334 975
Accumulated deficit		(48 558)	(111 526)
Contributed surplus	13	32 285	33 897
Accumulated other comprehensive income	10	57 090	(10 690)
TOTAL SHAREHOLDERS' EQUITY		395 732	246 656
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		780 170	629 990

Contingencies	14		
Commitments	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, 2009

(in thousands of United States dollars except per share amounts)	*Notes*	*Three months ended September 30 2009 $'000*	*Three months ended September 30 2008 $'000*	*Nine months ended September 30 2009 $'000*	*Nine months ended September 30 2008 $'000*
Revenue					
Gold sales		59 928	54 038	170 208	169 369
Release from other comprehensive income of deferred unrealised gain/(loss) on designated hedges		-	-	-	279
		59 928	54 038	170 208	169 648
Cost of sales, excluding depreciation and amortisation		(32 972)	(39 658)	(86 770)	(115 611)
Depreciation and amortisation		(18 199)	(11 420)	(47 075)	(37 674)
General and administration expenses		(2 512)	(3 784)	(5 497)	(12 377)
Operating profit / (loss)		**6 245**	**(824)**	**30 866**	**3 986**
Other expenses					
Interest expense		(4 002)	(5 183)	(10 908)	(17 007)
Foreign exchange gain/(loss)		34	8 367	(6)	330
		(3 968)	3 184	(10 914)	(16 677)
Gain/(loss) on fair value of undesignated hedges		17 059	(19 587)	64 391	(51 489)
Interest income		65	360	269	2 844
Other income/(loss)		(54)	28	6	101
Earnings/(loss) before income taxes		19 347	(16 839)	84 618	(61 235)
Income taxes benefit/(expense)		(5 547)	5 934	(21 650)	19 926
Net earnings/(loss)		13 800	(10 905)	62 968	(41 309)
Net earnings/(loss) per share:					
- basic	16	$0.08	($0.07)	$0.38	($0.26)
- diluted	16	$0.07	($0.07)	$0.33	($0.26)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF ACCUMULATED DEFICIT

For the Quarter ended September 30, 2009

(in thousands of United States dollars)	*Three months ended September 30 2009 $'000*	*Three months ended September 30 2008 $'000*	*Nine months ended September 30 2009 $'000*	*Nine months ended September 30 2008 $'000*
Accumulated deficit at beginning of period	(62 358)	(87 195)	(111 526)	(56 791)
Net earnings/(loss)	13 800	(10 905)	62 968	(41 309)
Accumulated deficit at end of period	(48 558)	(98 100)	(48 558)	(98 100)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

For the Quarter ended September 30, 2009

	Three months ended September 30 2009 $'000	*Three months ended September 30 2008 $'000*	*Nine months ended September 30 2009 $'000*	*Nine months ended September 30 2008 $'000*
Net earnings / (loss)	13 800	(10 905)	62 968	(41 309)
Other comprehensive income for the period, net of tax:				
Cash flow hedge loss	-	-	-	(881)
Currency translation differences	35 711	(46 064)	67 780	(23 764)
	35 711	(46 064)	67 780	(24 645)
Comprehensive income / (loss)	**49 511**	**(56 969)**	**130 748**	**(65 954)**

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, 2009

		Three months ended		Nine months ended	
(in thousands of United States dollars)	*Notes*	*September 30 2009 $'000*	*September 30 2008 $'000*	*September 30 2009 $'000*	*September 30 2008 $'000*
Operating activities					
Net earnings/(loss)		13 800	(10 905)	62 968	(41 309)
Charges / (credits) not affecting cash					
Depreciation and amortisation expense		18 198	11 420	47 074	37 675
Net loss/(gain) on disposal of property, plant & equipment		80	(6)	68	(20)
Non-cash interest charges		782	665	2 033	5 472
Unrealised foreign exchange (gains) / losses		(7)	(4 006)	(31)	(3 251)
Stock based compensation charge		(174)	380	(1 261)	1 218
Non cash derivative expense		(17 059)	19 587	(64 391)	51 210
(Gain)/loss on fair value of undesignated hedges					
Future tax expense/(benefit)		5 547	(5 934)	21 650	(19 926)
Changes in non-cash working capital					
(Increase)/decrease in accounts receivable and other receivables		1 486	1 220	1 491	(2 076)
(Increase)/decrease in inventory		2 530	(3 457)	1 962	(3 314)
(Decrease)/increase in accounts payable		(4 127)	(10 250)	(5 362)	5 792
(Decrease)/increase in other working capital		592	(1 444)	(1 193)	(3 664)
Net cash provided by/(used in) operating activities		21 648	(2 730)	65 008	27 807
Investing activities					
Proceeds from sale of property, plant and equipment		1	10	27	26
Payments for property, plant and equipment		(1 684)	(1 209)	(5 877)	(1 771)
Payments for mining assets: exploration and evaluation		(1 067)	(1 475)	(940)	(4 381)
Payments for mining assets: development		(189)	(9 087)	(2 887)	(49 872)
Payments for mining assets: in production		(17 633)	(6 299)	(40 386)	(31 669)
Payment to restricted cash		-	-	-	(27 000)
Payments from restricted cash		-	27 000	-	27 000
Net cash provided by/(used for) investing activities		(20 572)	8 940	(50 063)	(87 667)
Financing activities					
Proceeds from issue of shares		19 587	-	19 587	-
Payment of finance lease liabilities		(2 068)	(1 514)	(5 403)	(5 907)
Settlement of derivatives		-	(25 906)	-	(25 906)
Proceeds from borrowing			-	1 863	-
Repayments of borrowings		(2 063)	(3 230)	(5 874)	(12 797)
Net cash provided by/ (used for) financing activities		15 456	(30 650)	10 173	(44 610)
Effect of exchange rates changes on cash held in foreign currencies		2 996	(6 260)	6 137	1 826
Net increase/(decrease) in cash and cash equivalents		19 528	(30 700)	31 255	(102 644)
Cash and cash equivalents at beginning of period		21 438	47 893	9 711	119 837
Cash and cash equivalents at end of period		40 966	17 193	40 966	17 193
Cash Interest Paid		(3 221)	(4 518)	(8 875)	(11 535)

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

1 BASIS OF PRESENTATION

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

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

The accompanying unaudited consolidated financial statements should be read in conjunction with the notes to the audited consolidated financial statements of OceanaGold Corporation (OceanaGold) for the year ended December 31, 2008, 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.

Current liabilities exceed current assets by $25.6m. Cash flow forecasts reflect that debts will be repaid as they become due. The current liabilities include $64.8m of financial instruments that will be settled through delivery of future gold production.

Adoption of new accounting policies

Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the Canadian Institute of Chartered Accountants (“CICA”) approved an abstract EIC-174, “Mining Exploration Costs”, which provides guidance on capitalization 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.

Credit Risk and the fair value of financial assets and liabilities

On January, 20 2009, the CICA issued EIC Abstract 173 - Credit risk and the fair value of financial assets and liabilities (“EIC-173”). EIC-173 provides guidance to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 is applicable for the Company’s interim and annual consolidated financial statements for the fiscal year ending December 31, 2009. The adoption of EIC-173 had no impact on the Company’s consolidated financial statements.

Accounting policies effective for future periods

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.

2 INVENTORIES

	September 30 2009 $'000	December 31 2008 $'000
Current		
Gold in circuit	5 015	2 415
Ore	2 345	7 434
Stores	15 717	12 061
	23 077	21 910
Non-Current		
Ore	27 710	18 763
Total inventories	50 787	40 673

3 FUTURE INCOME TAX

	September 30 2009 $'000	December 31 2008 $'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	67 232	57 136
Revaluations of derivatives to fair value	25 192	38 654
Provisions	3 441	4 312
Accrued expenses	66	3
Share issue costs	1 838	1 563
Other	1 067	614
Gross future income tax assets	98 836	102 282
Set off future tax liabilities	(77 783)	(62 171)
	21 053	40 111
Less: current portion	(16 667)	(8 936)
Net non-current future tax assets	4 386	31 175
Future income tax liabilities		
Mining assets	(120 370)	(86 940)
Property, plant and equipment	(29 561)	(32 529)
Inventory	(1 044)	(913)
Interest Receivable	(394)	(313)
Accrued Revenue	-	(1 771)
Revaluations of derivatives to fair value	(112)	(1 047)
Other	(146)	(115)
Gross future income tax liabilities	(151 627)	(123 628)
Set off future tax assets	77 783	62 171
Net non-current future tax liabilities	(73 844)	(61 457)

4 PROPERTY, PLANT AND EQUIPMENT

	September 30 2009 $'000	*December 31 2008 $'000*
Freehold land		
Cost	5 871	3 708
Buildings		
Cost	7 113	3 927
Accumulated depreciation	(2 870)	(1 868)
Net of accumulated depreciation	4 243	2 059
Plant and equipment		
Cost	236 392	211 237
Accumulated depreciation	(127 732)	(89 639)
Net of accumulated depreciation	108 660	121 598
Rehabilitation		
Cost	8 028	6 415
Accumulated amortisation	(3 926)	(2 403)
Net of accumulated amortisation	4 102	4 012
Net book value of property, plant and equipment	122 876	131 377

5 MINING ASSETS

	September 30 2009 $'000	*December 31 2008 $'000*
Mining Assets: Exploration and evaluation phase		
Cost	17 484	22 717
Mining Assets: Development phase		
Cost	372 818	293 817
Mining Assets: In production		
Cost	279 347	154 769
Accumulated amortisation	(129 609)	(70 316)
Net of accumulated amortisation	149 738	84 453
Net book value of mining assets	540 040	400 987

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 2009 $'000	*December 31 2008 $'000*
Current Assets		
Gold put options	185	1 493
Non-current Assets		
Gold put options	189	1 997
Total Assets	374	3 490
Current Liabilities		
Gold call options	20 324	1 831
Gold forward sales contracts	44 475	46 949
	64 799	48 780
Non Current Liabilities		
Gold call options	7 365	34 358
Gold forward sales contracts	11 807	45 708
	19 172	80 066
Total Liabilities	83 971	128 846

Prices for the consolidated entity's primary commodity product (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 122,340 ounces with an average price of NZ$773 (Dec 31, 2008: 206,076 ounces), undesignated gold put options over 103,434 ounces (Dec 31, 2008: 199,496 ounces) with an average exercise price of NZ$1,000 and undesignated gold call options over 104,024 ounces (Dec 31, 2008: 136,024 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 (New Zealand) Ltd.

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

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

From December 31, 2008 to September 30, 2009 the NZD gold price moved from approximately $1,523 per ounce to $1,393 contributing significantly to the decrease in the gold derivative liabilities along with the close out of contracts.

7 EMPLOYEE BENEFITS

(a) Employee benefit liability

	September 30 2009 $'000	*December 31 2008 $'000*
Aggregate employee benefit liability is comprised of:		
Accrued wages and salaries	-	660
Employee benefit provisions current	2 601	1 726
Employee benefit provisions non-current	68	68
	2 669	2 454

(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 2009 $'000*	*December 31 2008 $'000*
Current				
Capital leases (NZ$12.4m)	4.87%	5/31/2014	8 323	6 897
Insurance Premium Loan (NZ$2.3m)	2.35%	02/28/2010	1 093	189
Insurance Premium Loan (AUD$0.6m)	2.50%	02/28/2010		51
Project debt facility (NZ$13.5m)	4.69%	06/30/2010	8 678	6 950
			18 094	14 087
Non-current				
Capital leases (NZ$49.3m)	4.87%	5/31/2014	34 140	32 235
5.75% Convertible Notes (A$55m)	9.16%	12/22/2012	47 568	37 030
7.00% Convertible notes (A$70m)	10.13%	12/22/2013	62 239	48 614
7.00% Convertible notes (A$30m)	10.64%	12/22/2013	25 824	20 113
Project debt facility	4.69%	06/30/2010	-	4 633
			169 771	142 625

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$4.162 (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$3.967 (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$4.166 (subject to adjustment for certain specified events) and the notes are due for redemption in 2013. 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 (Secured)

The consolidated entity has a project debt facility of NZ$13.5m (US$8.7m) (December 31, 2008:NZ$20.0m (US$11.6m)) provided by a consortium of banks. The facility was fully drawn at September 30, 2009. The project debt facility has a floating interest rate which is paid quarterly in arrears. Oceana Gold (New Zealand) Ltd's assets are pledged as security over this facility.

9 SHARE CAPITAL

	No. shares '000	$'000
Movement in common shares on issue		
At 31 December 2008	161 635	334 975
Issue of shares	24 245	20 698
Equity raising costs	-	(1 122)
Deferred tax impact	-	364
At 30 September 2009	185 880	354 915

On 21 July 2009, the Company issued 24,245,226 new ASX-listed Chess Depository Interests ("CDI") at an issue price of A$1.00 per CDI.

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

	September 30 2009 $'000	December 31 2008 $'000
Balance at the start of the period		
Deferred gain/(loss) on cash flow hedging activities	-	882
Currency translation adjustments	21 378	42 720
	21 378	43 602
OCI for the period:		
Transfers of cash flow hedge gains to earnings	-	(1 272)
Currency translation differences	35 712	(53 410)
OCI before tax	57 090	(54 682)
Income tax benefit on effective portion of change in fair value of gold put options	-	390
OCI net of tax	57 090	(54 292)
Accumulated OCI at the end of the period	57 090	(10 690)

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	Total $'000
Quarter Ended September 30, 2009				
Revenue				
Sales to external customers	59 928	-	-	59 928
Inter segment management and gold handling fees	-	-	111	111
Total Segment Revenue	59 928		111	60 039
Result				
Segment result excluding unrealised hedge losses	10 651	(274)	(3 976)	6 401
Inter segment management and gold handling fees	(111)	-	-	(111)
Gain on fair value of undesignated hedges	17 077	-	(18)	17 059
Total segment result before interest and tax	27 617	(274)	(3 994)	23 349
Income tax benefit/(expense)	(7 494)	-	1 947	(5 547)
Total segment result	20 123	(274)	(2 047)	17 802
Interest expense				(4 002)
Net earnings for the period				13 800
Assets				
Segment assets	361 762	385 146	33 262	780 170

	New Zealand $'000	Philippines $'000	Corporate $'000	Total $'000
Nine months ended September 30, 2009				
Revenue				
Sales to external customers	170 208	-	-	170 208
Inter segment management and gold handling fees	-	-	325	325
Total Segment Revenue	170 208	-	325	170 533
Result				
Segment result excluding unrealised hedge losses	42 672	(928)	(10 284)	31 459
Inter segment management and gold handling fees	(325)	-	-	(325)
Gain on fair value of undesignated hedges	64 409	-	(18)	64 391
Total segment result before interest and tax	106 756	(928)	(10 302)	95 526
Income tax benefit/(expense)	(27 389)	-	5 739	(21 650)
Total segment result	79 367	(928)	(4 563)	73 876
Interest expense				(10 908)
Net earnings for the period				62 968

11 SEGMENT INFORMATION (continued)

	New Zealand $'000	Philippines $'000	Corporate $'000	Total $'000
Quarter Ended September 30, 2008				
Revenue				
Sales to external customers	54 038	-	-	54 038
Inter segment management and gold handling fees	-	-	108	108
Total Segment Revenue	54 038	-	108	54 146
Result				
Segment result excluding unrealised hedge losses	739	(84)	7 384	8 039
Inter segment management and gold handling fees	(108)	-	-	(108)
Gain/(loss) on fair value of undesignated hedges	(19 587)	-	-	(19 587)
Total segment result before interest and tax	(18 956)	(84)	7 384	(11 656)
Income tax expense	4 264	-	1 670	5 934
Total segment result	(14 692)	(84)	9 054	(5 722)
Interest benefit/(expense)				(5 183)
Net profit/(loss) for year				(10 905)
Assets and liabilities				
Segment assets	346 481	333 785	21 197	701 463

	New Zealand $'000	Philippines $'000	Corporate $'000	Total $'000
Nine months ended September 30, 2008				
Revenue				
Sales to external customers	169 369	-	-	169 369
Inter segment management and gold handling fees	-	-	345	345
Release from other comprehensive income of deferred unrealised losses on designated hedges	279	-	-	279
Total Segment Revenue	169 648	-	345	169 993
Result				
Segment result excluding unrealised hedge losses	12 553	(343)	(4 883)	7 327
Inter segment management and gold handling fees	(345)	-	-	(345)
Release from other comprehensive income of deferred unrealised losses on designated hedges	279	-	-	279
Gain/(loss) on fair value of undesignated hedges	(51 489)	-	-	(51 489)
Total segment result before interest and tax	(39 002)	(343)	(4 883)	(44 228)
Income tax expense	17 069	-	2 857	19 926
Total segment result	(21 933)	(343)	(2 026)	(24 302)
Interest benefit/(expense)				(17 007)
Net profit/(loss) for the period				(41 309)

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, 2009		*December 31, 2008*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	**4 019 988**	**A$2.74**	2 600 000	A$3.81
Granted	1 086 655	**A$0.44**	2 403 320	A$1.68
Forfeited	(2 138 884)	**A$2.97**	(983 332)	A$3.00
Balance at the end of the period	**2 967 759**	**A$1.73**	**4 019 988**	**A$2.74**
Exercisable at the end of the period	764 453	**A$3.217**	703 338	A$3.825

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 2009 or 2008 financial years in line with company policy.

(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 4.1 years.

13 CONTRIBUTED SURPLUS MOVEMENT

	September 30 2009 $'000	*December 31 2008 $'000*
Balance at start of period	33 897	32 379
Stock based compensation expense	(1 261)	1 518
Equity component of Convertible notes	(351)	-
Balance at end of period	32 285	33 897
Contributed surplus		
Employee stock based compensation	2 242	3 503
Fair value of options issued	18 083	18 083
Equity portion of Convertible notes	11 960	12 311
	32 285	33 897

There were 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 could 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). These options lapsed on January 1, 2009.

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 $17.1m (NZ$23.9m) (December 31, 2008 $13.8m, (NZ$23.9m)).

b. The company has provided a cash operating bond to the New Zealand Department of Conservation of $0.3m (NZ$0.4m) (December 31, 2008 $0.2m, (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, 2009 the outstanding rental obligations under the capital lease are $42.5m (NZ$ 58.8m) (December 31, 2008 $39.1m (NZ$67.6m)).

e. The Didipio Project is held under a Financial or 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 September 30, 2009, the consolidated entity has commitments of $0.9m (Dec 31, 2008 $6.6m), principally relating to the development of mining facilities.

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

	September 30 2009 $'000	*December 31 2008 $'000*
Within one year:		
- development of new mining facilities	913	5 656
After one year but not more than five years:		
- development of new mining facilities	22	917
	935	6 573

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		*Nine months ended*	
	September 30 2009 $'000	*September 30 2008 $'000*	*September 30 2009 $'000*	*September 30 2008 $'000*
Numerator:				
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of basic earnings per share)	13 800	(10 905)	62 968	(41 309)
Interest on convertible notes*	2 250	-	5 815	-
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)*	16 050	(10 905)	68 783	(41 309)
	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)	178 953	161 635	167 429	161 635
Effect of dilution:				
Share options*	1 506	-	1 249	-
Convertible notes*	38 061	-	38 061	-
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)*	218 520	161 635	206 739	161 635
Net earnings / (loss) per share:				
- basic	$0.08	($0.07)	$0.38	($0.26)
- diluted	$0.07	($0.07)	$0.33	($0.26)

* For periods to September 30, 2008 conversion of share options and convertible notes would decrease the loss per share and hence are non-dilutive.