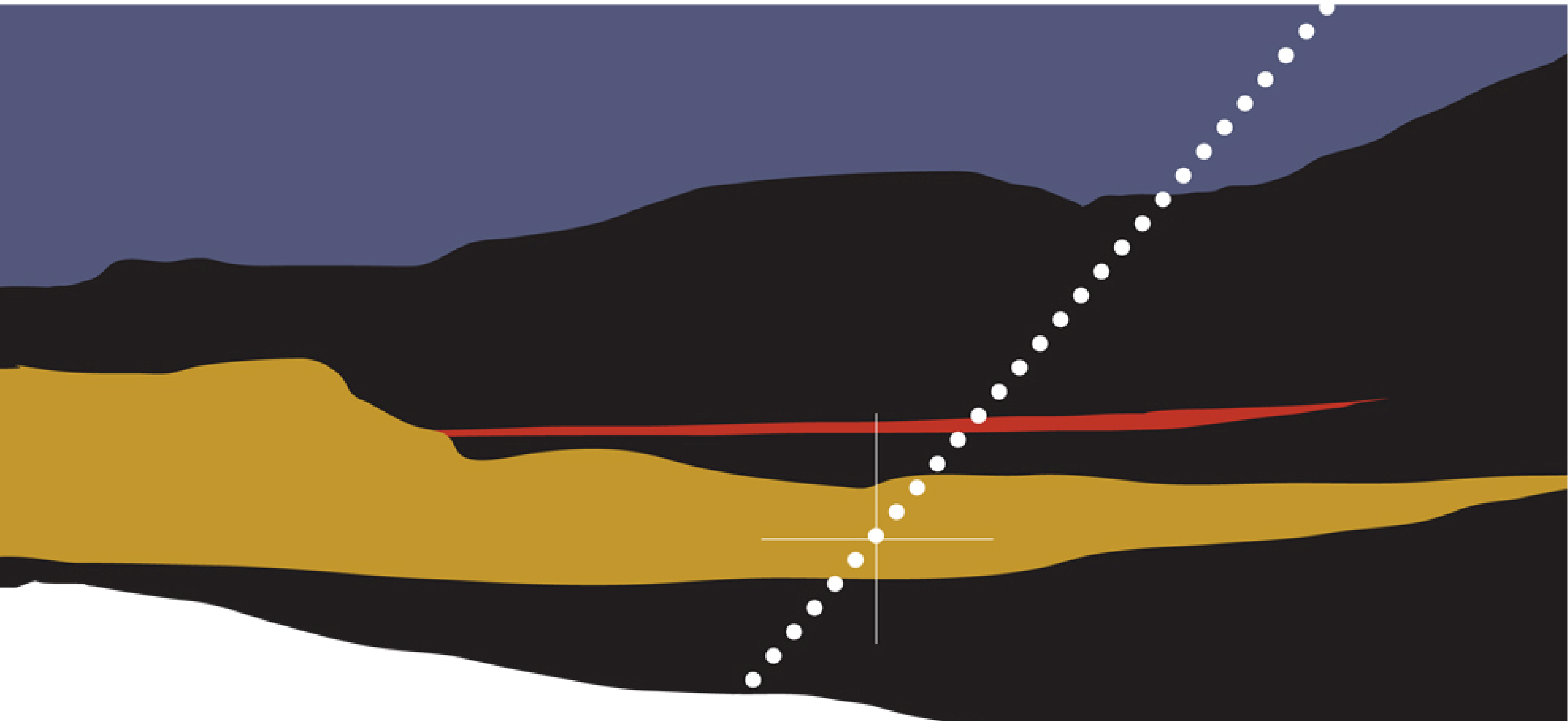
OceanaGold Corporation

2008
Second Quarter Results



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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, 2007, 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.

OCEANAGOLD

Delivering on Sustainable Growth

July 31 2008

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Quarter Ended June 30, 2008

HIGHLIGHTS

- Total gold sales for the quarter of 58,831 ounces – an increase of 54% for the same period in 2007
- 60% improvement in gold production from quarter 1 to quarter 2 at Frasers Underground resulting in solid performance for the quarter
- 6% improvement in process recoveries from quarter 1 to quarter 2 at Macraes processing plant after implementing process improvement measures
- Sold 17,453 gold ounces from the Reefton mine, which was in line with mine plan & expectations
- Appointment of Vice President, Exploration – Nick Franey. Comprehensive review of exploration portfolio underway
- Exploration drill program commenced on Didipio near-mine targets in close proximity to Didipio deposit

*All statistics are compared to the corresponding 2007 period.

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

OVERVIEW

OceanaGold sold 58,831 ounces during the second quarter of 2008 at a cash operating cost of $741 per ounce.

During the quarter, the Company incurred materially higher fuel and power costs for its New Zealand operations which reduced the cash operating margin. Diesel and electricity accounted for $45 per ounce and $74 per ounce increases to the cash cost per ounce compared to the first quarter of 2008. In addition, the Company recorded an additional expense of $76 per ounce compared to Q1 as a result of the timing of capital waste stripping activities.

Power in New Zealand is primarily hydro generated. Spot electricity rates exceeded NZ$ 0.55 / kWh due to a drought that depleted hydro power reservoirs and required reactivation of high cost fossil fuel plants. The Company has a portion of its electricity hedged which contained the overall effect of the volatility in the spot market. However, average electricity costs for the six month period ending June 30 were still approximately 67% higher than budgeted.

Due to higher oil prices, diesel prices increased 60% to approximately NZ$1.55 per litre by the end of the quarter, up from NZ$0.97 in December.

The cash operating margin for the quarter was $161 per ounce and slightly higher then the same period last year at $154 per ounce. The Company sold all of its gold on the spot market with an average price received of $902 per ounce which was up from $698 in 2007. The higher cash costs for the quarter kept pace with the higher gold price so the operating margin only increased 5% compared to the second quarter of 2007.

EBITDA (excluding unrealized gains/losses on hedges) for the quarter was $1.1 million compared to $2.8 million in the second quarter of 2007.

The Macraes Goldfield produced 40,698 ounces for the quarter. The average mill feed grade was 1.14 g/t, a 28% improvement over the same period in 2007. This was driven by higher grade material from the Frasers Underground and from the open pit. Similar grades are expected in Q3 with higher grade material expected from the open-pit in Q4.

Frasers Underground showed consistent improvement through the quarter after commissioning in Q1. Mined ore totalled 181,000 tonnes at an average grade of 2.49 g/t during the quarter. Mining efficiency and grade control were key drivers to the operation's improvement.

The Reefton mine performed to expectations and produced 17,591 ounces during the quarter with a mill feed grade of 2.42 g/t.

Construction activities at the Didipio Gold-Copper project progressed with the bulk earthworks, detailed design & engineering and procurement all reaching 60% complete status. The Company announced on June 24 a temporary suspension of some high cash-burn expenditures in order to preserve cash until supplementary funding for the project is secured.

Major contractors for earthworks, pre-stripping, EPCM have temporarily de-mobilized. Key long lead-time items such as the grinding mills, the jaw crusher, flotation cells, cyclones and gravity concentrators will be completed and remain with the vendor until required. Pending resolution of the additional funding requirement, the Company can not forecast a revised Didipio project commissioning date. However, a funding solution in the near-term would allow for a more seamless return to construction activities.

Nick Franey was appointed Vice President, Exploration. Nick brings 25 years of exploration experience in Australasia and Africa to the Company. He will be responsible for executing the Company's exploration strategy in New Zealand and the Philippines. Also, Jamila Abassi was appointed Director, Corporate Social Responsibility. Jamila is a cultural anthropologist and was most recently with TeckCominco Ltd in Canada. She will be responsible for developing and managing OceanaGold's community partnerships and sustainable development initiatives.

Revised Cost Guidance

The Company remains on track to meet FY 2008 production guidance of 265,000 – 275,000 ounces. However, given the increased costs experienced in the second quarter combined with allowances for higher commodity, particularly fuel, costs for the remainder of 2008, the Company has revised cash cost guidance for the year ending December 31, 2008 to: $560 - $595 per ounce.

-Table 1 -
Key Financial and Operating Statistics

Financial Statistics	**Quarter Ended Jun 30 2008**	**Quarter Ended Jun 30 2007**	**Half Year Ended Jun 30 2008**	**Half Year Ended Jun 30 2007**
Gold Sales (Ounces)	58,831	38,085	126,555	76,812
	USD	USD	USD	USD
Average Price Received ($ per ounce)	902	698	911	664
Cash Operating Cost ($ per ounce)	741	544	611	480
Cash Operating Margin ($ per ounce)	**161**	**154**	**300**	**183**
Non-Cash Cost ($ per ounce)	203	192	206	152
Total Operating Cost ($ per ounce)	944	736	817	632
Total Cash Operating Cost ($ per tonne processed)	26.21	11.23	23.26	10.59

Combined Operating Statistics	**Quarter Ended Jun 30 2008**	**Quarter Ended Jun 30 2007**	**Half Year Ended Jun 30 2008**	**Half Year Ended Jun 30 2007**
Gold produced (ounces)	58,289	40,255	121,124	76,510
Total Ore Mined (tonnes)	1,199,533	1,220,442	2,687,585	2,109,221
Ore Mined grade (grams/tonne)	1.66	1.24	1.62	1.23
Total Waste Mined (tonnes) - incl pre-strip	13,797,244	13,857,646	27,302,117	27,762,386
Total Material Mined (tonnes) – incl pre-strip	14,996,777	15,078,088	29,989,702	29,871,607
Total Material Moved (tonnes)	15,939,561	15,785,899	31,336,596	31,475,723
Mill Feed (dry milled tonnes)	1,662,933	1,572,704	3,323,698	2,966,303
Mill Feed Grade (grams/tonne)	1.34	0.89	1.46	0.93
Recovery (%)	79.5%	76.7%	76.9%	79.6%

Combined Financial Results	**Quarter Ended Jun 30 2008**	**Quarter Ended Jun 30 2007**	**Half Year Ended Jun 30 2008**	**Half Year Ended Jun 30 2007**
	$ ’000	$ ’000	$ ’000	$ ’000
EBITDA (excluding unrealized gain/(loss) on hedges)	1,131	2,787	22,820	8,191
Earnings/(loss) after income tax and before unrealized gain/(loss) on hedges	(12,051)	(4,066)	(8,268)	(4,366)
Reported EBITDA (including unrealized gain/(loss) on hedges)	(9,152)	33,496	(8,803)	23,444
Reported earnings/(loss) after income tax (including unrealized gain/(loss) on hedges)	(19,248)	16,510	(30,404)	5,854

PRODUCTION

Production for the second quarter of 2008 totalled 58,289 gold ounces, a 45% increase over the same period in 2007. Total gold sales were 58,831 ounces.

The higher production for the quarter compared to 2007 is due to the Company now operating three mines in New Zealand.

Total combined cash operating costs were $741 per ounce for the quarter. These were negatively affected by higher commodity costs and consistent with general cost pressures currently facing the mining industry. Of particular note were diesel and electricity, both which experienced substantial increases over the previous quarter. Compared to Q1 2008, diesel contributed an additional $45 per ounce whereas electricity contributed an additional $74 per ounce. The company expects diesel costs to remain higher throughout the remainder of 2008 and is determining means to improve fuel efficiency at the open pit operations. Higher electricity costs were driven by extreme drought conditions in New Zealand that resulted in a dramatic increase to rates which exceeded NZ$0.55 / kWh in the quarter. However, by mid-July, precipitation increased and spot prices had declined to NZ$0.06 – NZ$0.12 / kWh and are now back in line with expectations.

The Company also expensed rather than capitalised a larger amount of waste stripping compared to the first quarter of the year, resulting in an additional charge to cash operating costs of US$76 per ounce. Waste movement for the quarter focussed almost entirely at Frasers 4B pit. This will continue in Q3 in order to achieve the vertical advance necessary to reach higher grade benches by Q4 as planned.

OPERATIONS

Macraes Goldfield (New Zealand)

The Macraes operation (open-cut and underground) incurred nil lost time injuries (LTI) for the quarter. Total man hours without an LTI were 336,000 hours.

Production from the Macraes Goldfield for the quarter was 40,698 gold ounces, a 28% increase over the same period in 2007. The increase was attributed to production from the new underground mine and higher grades from the open pit compared to 2007.

Total material moved at Macraes Goldfield (open pit & underground) was 12.3 million tonnes compared to 12.5 million tonnes for the same period in 2007 and slightly behind expectations. Mine operator turnover has increased in the first half of 2008 due to increased competition globally for skilled mining labour. This has somewhat reduced haulage efficiencies. An improvement program is being implemented to improve productivity through shift roster changes and more efficient equipment deployment.

During Q2, meaningful improvements were achieved at the Frasers Underground where ore mined totalled 181,000 tonnes, a 14% increase over Q1. Mining has moved to Panel 1B where grades are higher than Panel 1A mined during Q1. The development decline accessed Panel 2 during the quarter and the Company expects to commence mining in Panel 2 in Q4 this year.

Processing throughput at Macraes for the quarter was 1.40 million tonnes compared to 1.44 million tonnes in during the same period in 2007. Mill feed grade averaged 1.14 g/t Au compared to 0.89 g/t Au for Q2 of 2007. This 28% increase can be attributed to higher grade ore processed from the pit compared to low grade stockpiles in 2007 and production from the higher-grade underground operation.

Grades through the mill will remain similar in Q3 with expectations of an improvement in Q4 as higher grade portions of the Macraes open pit are accessed.

Process recoveries were 79% for the quarter and represented a 6% improvement over the first quarter of 2008. Month on month improvement was demonstrated during the quarter with process recoveries achieving 81% by late June.

Reefton Goldfield (New Zealand)

Two LTIs were incurred in the second quarter at Reefton compared with one in the second quarter of 2007.

Total movement for the quarter was 3.6 million tonnes which was slightly ahead of expectation and a 12% increase over the same period in 2007. Despite continued pressure on attracting and retaining skilled operators, ongoing process improvements to increase efficiencies as well as mechanical reliability have resulted in meeting or exceeding mining targets at the mine.

Production from Reefton concentrate was 17,591 gold ounces which achieved expectations. Average mill feed grade through the plant was 2.42 g/t and slightly above forecast due to positive mine-mill grade reconciliations. Overall gold recovery for Reefton was 82.3% and 8% higher than the same period during 2007.

-Table 2 -
Macraes Operating Statistics

Macraes Goldfield Operating Statistics	Quarter Ended Jun 30 2008	Quarter Ended Jun 30 2007	Half Year Ended Jun 30 2008	Half Year Ended Jun 30 2007
Gold produced (ounces)	40,698	31,826	85,329	68,056
Total Ore Mined (tonnes)	916,107	997,449	2,061,151	1,789,912
Ore Mined grade (grams/tonne)	1.48	1.00	1.46	1.04
Total Waste Mined (tonnes) - incl pre-strip	10,475,518	10,839,593	20,897,498	21,579,824
Total Material Mined (tonnes) – incl pre-strip	11,391,625	11,837,042	22,958,649	23,369,736
Total Material Moved (tonnes)	12,299,863	12,544,854	24,251,739	24,962,661
Mill Feed (dry milled tonnes)	1,401,322	1,436,513	2,763,460	2,829,499
Mill Feed Grade (grams/tonne)	1.14	0.89	1.27	0.93
Recovery (%)	79.0%	76.3%	76.1%	79.6%

-Table 3 -
Reefton Operating Statistics

Reefton Goldfield Operating Statistics	Quarter Ended Jun 30 2008	Quarter Ended Jun 30 2007	Half Year Ended Jun 30 2008	Half Year Ended Jun 30 2007
Gold produced (ounces)	17,591	8,429	35,795	8,454
Total Ore Mined (tonnes)	283,426	222,993	626,434	330,501
Ore Mined grade (grams/tonne)	2.26	2.34	2.15	2.23
Total Waste Mined (tonnes) - incl pre-strip	3,321,726	3,018,053	6,404,619	6,182,562
Total Material Mined (tonnes) – incl pre-strip	3,605,152	3,241,046	7,031,053	6,513,063
Total Material Moved (tonnes)	3,639,698	3,241,045	7,084,857	6,513,062
Mill Feed (dry milled tonnes)	261,611	136,191	560,238	136,804
Mill Feed Grade (grams/tonne)	2.42	2.43	2.41	2.43
Recovery (%)	82.3%	74.4%	80.8%	74.1%

DEVELOPMENT

Didipio Gold & Copper Project (Philippines)

On May 12, 2008, the Company announced that the capital cost to commission the Didipio Gold and Copper project in Luzon, Philippines has increased to $320 million due to project scope changes, adverse foreign exchange movements, labour and commodity inflation and a $33 million contingency allowance. This has created an expected $185 million funding shortfall. In mid-June, a number of work activities were temporarily suspended to manage costs pending completion of supplemental funding. The Company is considering debt options along with sale of a portion or all of the asset to provide sufficient funding. Full construction activities are not expected to resume until this funding is secured.

The project exceeded one million man hours during the quarter and one LTI was recorded. On-site activities during Q2 focused on bulk earthworks resulting in approximately 60% completion of the material to be excavated for the process plant and power station area. Civil works for the mining contractor site office and accommodation progressed to a 60% completion level as well. Leighton Contractors, the open-cut mining contractor is now ready to commence pre-stripping of the open-cut pending reactivation of full construction activities.

Non site activities progressed with procurement and detailed design on schedule until the temporary suspension was actioned. Long lead-time items such as the mills, jaw crusher, cyclones, flotation cells and gravity concentrators are all close to completion and will remain with vendors until they are required. Prudent measures have been taken to ensure that key items or contracts for the project are maintained or progressed in order to maximize value and minimize effect on the commissioning schedule once full activities are re-activated.

Through the balance of the year, OceanaGold still expects to spend approximately $29 million in value adding activities for the Didipio project.

- Figure A -
Didipio ROM Pad & Plant Site (May 2008)

EXPLORATION

Nick Franey was appointed Vice President, Exploration during the quarter. Nick brings 25 years of exploration experience to the management team and was previously with Anvil Mining Ltd and Anglo American Plc, working in Australasia and Africa. Nick is undertaking a comprehensive review of the entire exploration portfolio and new work programs are under development.

New Zealand

Macraes Goldfield

Exploration in the Macraes Goldfield was primarily focused on infill drilling in the northeastern part of Frasers Underground Panel 2 and several intercepts confirmed continuity of grade within and some minor extension to this orebody. In addition, a new drill programme was initiated to test the down-dip extensions of the Golden Point and Round Hill orebodies, and several holes have intersected the host shear zone.

Reefton Goldfield

Reefton exploration targeted orebody extensions immediately north of the Globe-Progress open pit, but only weak mineralization was logged in drill core. Focus will shift to other targets along the main Oriental Shear Zone next quarter.

Philippines

Didipio & Near-Mine Prospects

Assay results from the Didipio infill drill program were received confirming grade continuity of the orebody as expected. A trench program was completed on top of Didipio Hill and provided an initial indication of copper grades averaging 1% within the oxide zone of the deposit.

A comprehensive review of the geological model of Didipio is ongoing, to provide a better understanding of the controls of mineralization and grade distribution. This is expected to assist new target definition in the immediate vicinity of Didipio.

Five drill rigs are active on the near-mine exploration program and nine holes have been completed to date, with assays currently pending. Several holes have intersected thin zones of altered monzonite, which is consistent with Didipio-style mineralization.

Manhulayan

An Induced Polarization (IP) geophysics program was completed during the quarter, and geological mapping and reconnaissance sampling of old workings and some new outcrops (recently exposed by landslides) continues. A drill program to test at least two porphyry targets has been designed, but the program is temporarily on hold pending a resolution to the supplemental funding requirements for the Didipio project.

FINANCIAL SUMMARY

The table below provides selected financial data relating to the quarter ended June 30, 2008, with comparative data from the quarter ended June 30, 2007.

STATEMENT OF OPERATIONS	Quarter Ended June 30 2008 $'000	Quarter Ended June 30 2007 $'000	Half Year Ended June 30 2008 $'000	Half Year Ended June 30 2007 $'000
Gold sales	53,068	22,644	115,331	43,413
Cost of sales, excluding depreciation and amortization	(42,953)	(17,316)	(75,953)	(30,749)
General & Administration	(4,684)	(2,719)	(8,593)	(4,502)
Foreign Currency Exchange Loss	(4,340)	32	(8,037)	(158)
Other income	40	146	72	187
Earnings before interest, tax, depreciation & amortization (EBITDA) (excluding unrealized gain/(loss) on hedges)	**1,131**	**2,787**	**22,820**	**8,191**
Depreciation and amortization	(12,050)	(6,533)	(26,254)	(9,980)
Net interest expense	(4,873)	(3,295)	(9,339)	(5,543)
Earnings/(loss) before income tax and unrealized gain/(loss) on hedges	(15,792)	(7,042)	(12,773)	(7,332)
Earnings/(loss) after income tax and before unrealized gain/(loss) on hedges	**(12,051)**	**(4,066)**	**(8,268)**	**(4,366)**
Release from OCI of deferred unrealized gain/(loss) on designated hedges	122	(8,162)	279	(17,242)
Gain / (loss) on fair value of undesignated hedges	(10,404)	38,871	(31,902)	32,495
Tax on unrealized (gain)/loss on hedges	3,085	(10,134)	9,487	(5,033)
Net earnings/(loss)	**(19,248)**	**16,510**	**(30,404)**	**5,854**
Basic earnings/ (loss) per share	($0.12)	$0.12	($0.19)	$0.04
Diluted earnings/ (loss) per share	($0.12)	$0.11	($0.19)	$0.04
CASH FLOW				
Cash flows from Operating Activities	10,803	(985)	30,537	7,320
Cash flows from Investing Activities	(64,670)	(35,865)	(96,607)	(72,591)
Cash flows from Financing Activities	(11,598)	3,299	(13,961)	50,626
BALANCE SHEET	**As at June 30 2008 $'000**	**As at December 31 2007 $'000**		
Cash and cash equivalents	47,893	119,837		
Restricted Cash	27,000	-		
Other Current Assets	46,973	35,401		
Total Non Current Assets	729,700	652,704		
Total Assets	**851,566**	**807,942**		
Total Current Liabilities	127,795	78,095		
Total Non Current Liabilities	377,730	375,682		
Total Liabilities	**505,525**	**453,777**		
Total Shareholders' equity	**346,041**	**354,165**		

RESULTS OF OPERATIONS

The company reported earnings before interest, tax, depreciation and amortization (EBITDA) and unrealised gains and losses on hedges in the second quarter of 2008 of $1.1 million compared to $2.8 million in the same period of 2007.

This result was characterised by higher gold sales revenue from increased production at Macraes open pit, Reefton and Frasers Underground mines and an increased average realised gold price. However, more than offsetting this were increases in expenses due to higher consumable commodity costs. Earnings were also impacted by the timing of waste stripping, increased depreciation and amortisation expenses associated with the start of the Reefton and Frasers Underground mines and amortisation of capitalised stripping costs. Increased interest costs associated with higher levels of debt and an unrealised foreign exchange loss on cash balances also impacted the result.

Sales Revenue

Gold sales revenue in the second quarter exceeded the comparative quarter in 2007 by 134% or $30.4 million due to gold sales volume of 58,831 ounces, augmented by a 29% increase in the average gold price received.

Overall gold sales volume was 54% higher than the same quarter of 2007. This was due to increased production from the Macraes open pit mine, the commissioning of the Frasers Underground mine, increased contribution from the Reefton mine and improved gold recoveries.

Sales revenue was further augmented by the 29% increase in the average gold price to $902 per ounce sold. In combination with higher spot gold prices, gold forward sales contracts, which would otherwise have been due for settlement in the second quarter, have been deferred to the third quarter of 2008. During the quarter all gold was sold into the spot market compared to 72% in the equivalent quarter of 2007.

On a year-to-date basis sales revenue was 165% higher at $115.3 million due to higher gold volumes and 37% increase in the average gold price received.

Unrealized Hedge Losses

In the second quarter of 2008 unrealized hedge losses recorded in the Income Statement were $10.3 million compared with a gain of $30.7 million in the same quarter of 2007.

Year to date unrealized hedge losses recorded in the Income Statement were $31.6 million compared with a gain of $15.3 million in the same period of 2007.

These unrealised losses are a function of movements in the spot gold price. Additionally, the unrealized hedge gains or losses required to be brought to account do not represent a realized gain or loss incurred by OceanaGold and therefore have no influence upon the cash revenue generated in the period. The accounting for unrealized hedges does not reflect their real value in terms of locking in a future price that exceeds the cost of production, or their value as a prudent approach to risk management.

The derivative instruments used to manage the risk of adverse movements in gold prices and foreign exchange rates are discussed below under "Current and non-current derivative liabilities".

Operating Costs & Margins

Cash costs per ounce sold were $197 higher in the second quarter of 2008 compared to the same quarter of 2007. This is a result of sharp increases in the market price of electricity, rising diesel fuel prices and the timing of capital waste stripping activities. Cash costs were also negatively effected by the continued strength of the New Zealand dollar which has increased the cost per ounce expressed in US$ terms.

For the first half year of 2008 cash costs per ounce sold were $131 higher than the same period of 2007 at $611 per ounce. This was driven by same cost impacts noted above and the strength of the New Zealand dollar.

The increased average gold price received more than offset the cash cost per ounce increase and resulted in an increased cash operating margin of $161 per ounce in the quarter and $300 per ounce in the half year. This represents a 5% and 64% increase on the cash operating margins of the comparative periods of 2007.

The increased margin delivered earnings before interest, tax, depreciation & amortisation (excluding unrealized hedge losses) of $1.1 million in the quarter and $22.8 million in the half year compared to $2.8 million and $8.2 million in the same periods of 2007 respectively.

These results were both negatively impacted by unrealised foreign exchange losses on cash holdings. This impact was $4.3 million in the quarter and $8.0 million in the half year.

This loss is a result of the functional currency of the group being Australian dollars (AUD) notwithstanding that the financial statements of the group are presented in US dollars. US dollar cash holdings are required to be re-valued in AUD terms at period end which has resulted in recognizing a loss as the US dollar has weakened against the AUD in the period.

Depreciation and Amortization

Depreciation and amortization charges are calculated on a units of production basis and are consequently higher in the first quarter and half year of 2008 compared with the comparative periods of 2007.

In addition, the commissioning of both Reefton and Frasers Underground mines and the commencement of depreciation of these assets, together with the amortisation of deferred waste stripping costs has further increased the charges.

In the quarter, the new mines have added $5.2 million to depreciation & amortization expense and the amortisation of deferred stripping costs has added $3.6 million.

In the half year, the start up of the new mines has added $9.8 million and the amortisation of deferred stripping costs has added $9.0 million to depreciation & amortisation expense

Interest expense

The increased interest expense in the quarter and half year is a result of the higher levels of net debt carried by OceanaGold compared with the same periods of 2007.

This debt mainly relates to the convertible notes issued in 2006 and 2007, adding $1.2 million in interest for the quarter and $3.4 million for the half year, additional equipment lease liabilities, together adding a further $0.3 million for the quarter and $1.2 million for the half year and the impact of the weaker US dollar.

Net earnings/(loss)

The company reported total loss after tax in the first quarter of 2008 of $19.2 million compared with a profit after tax of $16.5 million in the same quarter of 2007. The impact of unrealised hedge gains and losses was influential in both periods. EBITDA is an alternative and more relevant measure of performance in each period.

The company produced EBITDA (excluding unrealised hedge losses) of $1.1 million in the quarter, compared with $2.8 million in the same period of 2007.

For the half year the company produced EBITDA (excluding unrealised hedge losses) of $22.8 million, compared with $8.2 million in the same period of 2007.

As detailed above, the EBITDA for the quarter and year was primarily the net result of higher gold production from the combined operations and the increased average realised gold price received offset by higher cash costs and unrealised foreign exchange losses

DISCUSSION OF CASH FLOWS

Operating Activities

Cash inflows from operating activities were higher in the second quarter of 2008 compared to the same quarter of 2007 as a result of the increased gold sales revenue and a reduction in working capital, partially offset by increased cash operating costs and an increase in net interest payments associated with the higher debt levels.

Cash inflows from operating activities for the half year ending 30 June 2008 were likewise higher than in the same period of 2007 as a result of higher EBITDA of $22.8m and reduced working capital offset by higher net interest payments.

Financing Activities

Cash flows from financing activities in the quarter were a net outflow of $11.6 million. This was comprised of a $9.2 million part repayment of the project debt facility and a $2.4 million repayment of finance lease liabilities.

Financing cash outflow for the first half of 2008 was only slightly higher at $14.0 million due to additional lease liability repayments in the first quarter.

Investing Activities

Cash outflows due to investing activities in the second quarter and half year were principally for the construction and development of the Didipio Project in the Philippines and totalled $26.9 million and $40.8 million respectively

Expenditure was also incurred in the quarter and half year on pre-stripping at the NZ operations ($6.4 million in the second quarter and $20.7 million in the half year) An additional $4.4 million was spent in the quarter ($8.1 million in the half year) on sustaining capital, exploration and further development of the Frasers Underground mine.

Also included in investing cash flows is a $27.0 million transfer of cash into a restricted bank account to provide security for the rolling forward of gold forward sales contracts to the third quarter of 2008.

DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

Company's funding and capital requirements

The Company expects to continue to fund its operations and development through a combination of the cash & restricted cash balances as at June 30, 2008 of $74.9 million, cash flow from operations (including sales through derivative instruments), from various financing facilities, from the exercise of listed share options, or from the capital markets.

Current financing facilities available to the group include finance lease facilities of NZ$80.5 million of which NZ$73.1 million has been drawn and a fully drawn NZ$29 million project debt facility. In addition a consortium of banks provides a 528,177 ounce hedging facility, secured by a pledge of the assets of OceanaGold NZ Ltd.

The Company's principal requirements for cash over the next twelve months will be for the development of the Didipio Project in the Philippines.

Capital commitments

OceanaGold's existing capital commitments as at June 30, 2008 are as follows:

	Payments due by period as at June 30, 2008		
	$'000 Total	$'000 < 1 year	$'000 1 – 5 years
Capital commitments	26,651	26,621	30

Financial position

Total Current Assets

Total current assets have fallen by $33.4 million since December 2007. This is the net result of reductions in cash and inventories partially offset by an increase in future income tax assets due to the increase in derivative liabilities and carried forward tax losses and an increase in trade receivables.

Total Non Current Assets

The increase of $77.0 million was driven by increased Mining Asset balances resulting from the mine development activities at the Didipio Gold and Copper project and the pre-stripping and sustaining capital activities at the New Zealand mines. In addition, the depreciation in the U.S. dollar has generated material foreign currency translation differences related to Property, Plant and Equipment and Mining Assets.

Total Current Liabilities

The increase of $49.7 million in the half year to June 30, 2008 was driven by a $31.1 million increase in the current unrealised derivative liability balances due to the increase in the spot price of gold. There was also an increase in accounts payable due to the timing of creditor payments and interest bearing liabilities due to the reclassification of part of the project debt facility to current and due to the depreciation of the U.S. dollar.

Total Non Current Liabilities

The increase of $2.0 million in the quarter was driven by $6.0 million increase in future income tax liabilities related to capital expenditure deductions in NZ offset by a reduction in the non current derivatives balance due to reclassification to current derivatives.

Current and non-current derivative liabilities

OceanaGold currently maintains some derivative instruments to manage the risk of adverse movements in gold prices and foreign exchange rates.

Primary instruments are undesignated forward gold sales contracts for over 319,788 ounces (2007: 319,788 ounces) at NZ$777, undesignated gold put options over 208,389 ounces (2007: 248,538 ounces) with an average exercise price of NZ$1,000 and undesignated gold call options sold over 104,024 ounces (2007: 104,024 ounces) of forecast 2010 production with an average exercise price of NZ$1,062.

A summary of OceanaGold's derivatives is set out below:

	Jun 30 2008 $'000	Dec 31 2007 $'000
Current Assets		
Gold put options	480	1,084
Non Current Assets		
Gold put options	2,414	4,097
	2,894	**5,181**
Current Liabilities		
Gold forward sales contracts	61,475	30,402
Non Current Liabilities		
Gold forward sales contracts	58,520	67,322
Gold call options	26,769	20,894
	146,764	**118,618**
Net Liabilities	**143,870**	**113,437**

Shareholders' Equity

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

	Half year ended June 30 2008 $'000
Total equity at beginning of financial period	**354,165**
Profit/(loss) after income tax	(30,404)
Movement in other comprehensive income	21,419
Movement in contributed surplus	861
Total equity at end of financial period	**346,041**

Shareholders' equity has decreased to $346.0 million as at June 30, 2008 primarily as a result of the loss incurred during the half year. This was partially offset by the movement in other comprehensive income driven by currency translation differences.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The accounting policies that involve significant management judgement 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 2007 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 Earnings 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 Earnings.

Asset Retirement Obligations

OceanaGold recognises the fair value of a future asset retirement obligation 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.

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 instalments 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 ("US$") and have been translated to US$ using the current rate method described below. The controlled entities of OceanaGold have either Australian dollars ("A$") or New Zealand dollars ("NZ$") 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 realized 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 recognized in income, with the exception of depreciation and amortization 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 detailed in Note 1 of the 2007 audited consolidated financial statements of OceanaGold Corporation.

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended September 30, 2006 through to June 30, 2008. 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 2006	Dec 31 2006	Mar 31 2007	Jun 30 2007	Sep 30 2007	Dec 31 2007	Mar 31 2008	Jun 30 2008
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Gold sales	25,827	21,635	20,769	22,644	24,367	36,615	62,263	53,068
EBITDA (excluding unrealized gain/(loss) on hedges)	5,730	975	5,404	2,787	(8,522)	9,057	21,690	1,131
Earnings/(loss) after income tax and before unrealised gain/(loss) on hedges	1,038	(536)	(300)	(4,066)	(16,169)	(5,880)	3,783	(12,051)
Net earnings/(loss)	8 540	(2 431)	(10 656)	16 510	(47 730)	(27 162)	(11 156)	(19 248)
Net earnings per share								
Basic	$0.12	($0.02)	($0.08)	$0.12	($0.30)	($0.17)	($0.07)	($0.12)
Diluted	$0.11	($0.02)	($0.08)	$0.11	($0.30)	($0.17)	($0.07)	($0.12)

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. In addition the volatility of the gold price has a significant impact both in terms of its influence upon gold sales revenue and its impact upon unrealised gains/(losses) on hedges.

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. Because non-GAAP performance measures do not have any standardized 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 amortization (EBITDA) is one such non-GAAP measure and a reconciliation of this measure to net earnings/(loss) is provided on page 10.

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 below.

	Quarter Ended Jun 30 2008	Quarter Ended Jun 30 2007	Half Year Ended Jun 30 2008	Half Year Ended Jun 30 2007
	$ '000	$ '000	$ '000	$ '000
Cost of sales, excluding depreciation and amortisation	42,953	17,316	75,953	30,749
Depreciation and amortisation	12,050	6,533	26,254	9,980
Total cost of sales	55,003	23,849	102,207	40,729
Add operating general & administration	630	148	1,369	861
Less selling costs	(112)	(92)	(238)	(244)
Total operating cost of sales	55,521	23,905	103,338	41,346
Gold Sales from operating mines (ounces)	58,831	32,469	126,555	65,348
Total Operating Cost ($ per ounce)	944	736	817	632
Less Non-Cash Cost ($ per ounce)	203	192	206	152
Cash Operating Cost ($ per ounce)	741	544	611	480

ADDITIONAL INFORMATION

Additional information referring to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.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 June 30, 2008. Based on that evaluation, 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 June 30, 2008 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, 2007 and June 30, 2008, the Chief Executive Officer and Chief Financial Officer evaluated the design of the Company's internal control over financial reporting. Based on that evaluation, 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.

REVIEW BY AUDITORS

The unaudited interim consolidated financial statements for the quarter ended June 30, 2008 have been reviewed in accordance with Canadian generally accepted standards for a review of interim financial statements by the company's auditor, PricewaterhouseCoopers. Such an interim review consists principally of applying analytical procedures to financial data, and making enquiries of, and having discussion with, persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit, whose objective is the expression of an opinion regarding the financial statements; accordingly, they do not express such an opinion. An interim review does not provide assurance that they would become aware of any or all significant matters that might be identified in an audit.

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