OCEANAGOLD CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THIRD QUARTER REPORT

SEPTEMBER 30, 2010

UNAUDITED

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

As at September 30, 2010

(in thousands of United States dollars)	*Notes*	*September 30 2010 $'000*	*December 31 2009 $'000*
ASSETS			
Current assets			
Cash and cash equivalents		55 396	42 423
Accounts receivable and other receivables		5 818	3 460
Inventories	2	29 518	25 315
Prepayments		1 572	1 116
Derivatives	6	1	141
Future income tax assets	3	1 130	9 006
Total current assets		93 435	81 461
Non-current assets			
Inventories	2	37 915	33 133
Future income tax assets	3	-	8 684
Property, plant and equipment	4	116 365	118 156
Mining assets	5	599 071	546 272
Total non-current assets		753 351	706 245
TOTAL ASSETS		846 786	787 706
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		28 485	29 996
Employee benefits	7	3 581	2 358
Derivatives	6	-	89 875
Interest-bearing loans and borrowings	8	78 931	62 794
Asset retirement obligation		31	38
Total current liabilities		111 028	185 061
Non-current liabilities			
Other long term obligations		2 128	2 709
Employee benefits	7	73	69
Future income tax liabilities	3	83 722	77 753
Interest-bearing loans and borrowings	8	118 542	120 880
Asset retirement obligation		10 312	8 621
Total non-current liabilities		214 777	210 032
TOTAL LIABILITIES		325 805	395 093
SHAREHOLDERS' EQUITY			
Share capital	9	435 221	354 915
Accumulated deficit		(33 559)	(57 014)
Contributed surplus	13	33 111	32 690
Accumulated other comprehensive income	10	86 208	62 022
TOTAL SHAREHOLDERS' EQUITY		520 981	392 613
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		846 786	787 706

Contingencies (note 14)
Commitments (note 15)

On behalf of the Board of Directors:

James E. Askew
Director
October 28, 2010

J. Denham Shale
Director
October 28, 2010

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

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

For the Quarter ended September 30, 2010

(in thousands of United States dollars except per share amounts)	*Notes*	*Three months ended* *September 30 2010 $'000*	*September 30 2009 $'000*	*Nine months ended* *September 30 2010 $'000*	*September 30 2009 $'000*
Revenue					
Gold sales		83 344	59 928	211 861	170 208
		83 344	59 928	211 861	170 208
Cost of sales, excluding depreciation and amortisation		(37 847)	(32 972)	(110 770)	(86 770)
Depreciation and amortisation		(17 832)	(18 199)	(53 935)	(47 075)
General and administration expenses		(3 309)	(2 512)	(10 821)	(5 497)
Operating profit		**24 356**	**6 245**	**36 335**	**30 866**
Other expenses					
Interest expense		(4 244)	(4 002)	(12 273)	(10 908)
Foreign exchange gain/(loss)		639	34	572	(6)
		(3 605)	(3 968)	(11 701)	(10 914)
Gain on fair value of undesignated hedges		-	17 059	16 216	64 391
Interest income		398	65	931	269
Other income/(loss)		(219)	(54)	(586)	6
Earnings before income tax		20 930	19 347	41 195	84 618
Income tax expense		(7 247)	(5 547)	(17 739)	(21 650)
Net earnings		13 683	13 800	23 456	62 968
Net earnings per share:					
- basic	16	$0.06	$0.08	$0.11	$0.38
- diluted	16	$0.06	$0.07	$0.11	$0.33

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

For the Quarter ended September 30

(in thousands of United States dollars)	*Three months ended* *September 30 2010 $'000*	*September 30 2009 $'000*	*Nine months ended* *September 30 2010 $'000*	*September 30 2009 $'000*
Accumulated deficit at beginning of period	(47 242)	(62 358)	(57 015)	(111 526)
Net earnings	13 683	13 800	23 456	62 968
Accumulated deficit at end of period	(33 559)	(48 558)	(33 559)	(48 558)

U N A U D I T E D I N T E R I M C O N S O L I D A T E D S T A T E M E N T S O F C O M P R E H E N S I V E I N C O M E / (L O S S)

For the Quarter ended September 30

	Three months ended *September 30 2010 $'000*	*September 30 2009 $'000*	*Nine months ended* *September 30 2010 $'000*	*September 30 2009 $'000*
Net earnings	13 683	13 800	23 456	62 968
Other comprehensive income for the period, net of tax:				
Currency translation differences	49 945	35 711	24 186	67 780
Comprehensive income	63 628	49 511	47 642	130 748

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, 2010

(in thousands of United States dollars)	*Notes*	*Three months ended* *September 30 2010 $'000*	*September 30 2009 $'000*	*Nine months ended* *September 30 2010 $'000*	*September 30 2009 $'000*
Operating activities					
Net earnings		13 683	13 800	23 456	62 968
Charges/(credits) not affecting cash					
Depreciation and amortisation expense		17 832	18 198	53 935	47 074
Net loss/(gain) on disposal of property, plant & equipment		246	80	653	68
Non-cash interest charges		941	782	2 675	2 033
Unrealised foreign exchange (gains)/losses		(639)	(7)	(572)	(31)
Stock based compensation charge		504	(174)	1 328	(1 261)
(Gain)/loss on fair value of undesignated hedges		-	(17 059)	(16 216)	(64 391)
Future tax expense/(benefit)		7 247	5 547	17 739	21 650
Changes in non-cash working capital					
(Increase)/decrease in accounts receivable and other receivables		(2 166)	1 486	(2 218)	1 491
(Increase)/decrease in inventory		(74)	2 530	(3 575)	1 962
(Decrease)/increase in accounts payable		832	(4 127)	(69 970)	(5 362)
(Decrease)/increase in other working capital		(780)	592	(1 042)	(1 193)
Net cash provided by/(used in) operating activities		37 626	21 648	6 193	65 008
Investing activities					
Proceeds from sale of property, plant and equipment		173	1	644	27
Payments for property, plant and equipment		(13 590)	(1 684)	(19 120)	(5 877)
Payments for mining assets: exploration and evaluation		(561)	(1 067)	(774)	(940)
Payments for mining assets: development		(1 499)	(189)	(3 485)	(2 887)
Payments for mining assets: in production		(20 655)	(17 633)	(52 727)	(40 386)
Net cash provided by/(used for) investing activities		(36 132)	(20 572)	(75 462)	(50 063)
Financing activities					
Proceeds from issue of shares		2 319	19 587	87 368	19 587
Payment for equity raising costs		-	-	(5 560)	-
Payment of finance lease liabilities		(2 601)	(2 068)	(7 045)	(5 403)
Proceeds from finance leases		10 250	-	10 250	-
Proceeds from/(repayments) of borrowings		1 034	(2 063)	(3 431)	(4 011)
Net cash provided by/(used for) financing activities		11 002	15 456	81 582	10 173
Effect of exchange rates changes on cash held in foreign currencies		6 039	2 996	660	6 137
Net increase in cash and cash equivalents		18 535	19 528	12 973	31 255
Cash and cash equivalents at beginning of period		36 861	21 438	42 423	9 711
Cash and cash equivalents at end of period		55 396	40 966	55 396	40 966
Cash Interest Paid		(617)	(770)	(6 815)	(6 424)

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

1 BASIS OF PRESENTATION

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

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

The accompanying unaudited consolidated financial statements should be read in conjunction with the notes to the audited consolidated financial statements of OceanaGold Corporation (OceanaGold) for the year ended December 31, 2009, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

As at September 30, 2010, the current liabilities of the Company exceeded current assets by $17.6 million. Current liabilities include $53.8 million of convertible notes with a call option held by the note holders, for repayment in December 2010. The Company has cash on hand of $55.4 million and subsequent to period end has raised C$115 million (before costs) from a private placement of equity (Refer to note 17 for further details). Cash flow projections indicate that the Company will have sufficient funds to meet operating obligations and pay its debts as they fall due for at least 12 months. For the quarter ended September 30, 2010, the Company earned a profit of $13.7 million.

Accounting policies effective for future periods

Business Combinations

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

Non-controlling Interests

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

2 INVENTORIES

	September 30 2010 $'000	*December 31 2009 $'000*
Current		
Gold in circuit	6 389	4 416
Ore	3 457	3 289
Stores	19 672	17 610
	29 518	25 315
Non-Current		
Ore	37 915	33 133
Total inventories	67 433	58 448

3 FUTURE INCOME TAX

	September 30 2010 $'000	*December 31 2009 $'000*
Future income tax		
Future income tax at period end relates to the following:		
Future income tax assets		
Losses available for offset against future taxable income	72 504	58 045
Revaluations of derivatives to fair value	-	26 963
Provisions	3 815	4 884
Accrued expenses	-	135
Share issue costs	-	1 849
Other	808	1 061
Gross future income tax assets	77 127	92 937
Set off future tax liabilities	(75 997)	(75 247)
	1 130	17 690
Less: current portion	(1 130)	(9 006)
Net non-current future tax assets	-	8 684
Future income tax liabilities		
Mining assets	(129 109)	(121 172)
Property, plant and equipment	(27 288)	(28 537)
Inventory	(1 230)	(1 264)
Interest Receivable	(452)	(463)
Accrued Revenue	(1 480)	(1 373)
Revaluations of derivatives to fair value	-	(42)
Other	(160)	(149)
Gross future income tax liabilities	(159 719)	(153 000)
Set off future tax assets	75 997	75 247
Net non-current future tax liabilities	(83 722)	(77 753)

4 PROPERTY, PLANT AND EQUIPMENT

	September 30 2010 $'000	*December 31 2009 $'000*
Freehold land		
Cost	6 013	5 868
Buildings		
Cost	7 467	7 109
Accumulated depreciation	(3 277)	(2 957)
Net of accumulated depreciation	4 190	4 152
Plant and equipment		
Cost	253 096	237 618
Accumulated depreciation	(151 741)	(133 803)
Net of accumulated depreciation	101 355	103 815
Rehabilitation		
Cost	9 426	8 108
Accumulated amortisation	(4 619)	(3 787)
Net of accumulated amortisation	4 807	4 321
Net book value of property, plant and equipment	116 365	118 156

5 MINING ASSETS

	September 30 2010 $'000	*December 31 2009 $'000*
Mining Assets: Exploration and evaluation phase		
Cost	22 154	18 964
Mining Assets: Development phase		
Cost	412 272	379 233
Mining Assets: In production		
Cost	358 240	294 792
Accumulated amortisation	(193 595)	(146 717)
Net of accumulated amortisation	164 645	148 075
Net book value of mining assets	599 071	546 272

The recovery of the costs deferred in respect of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation of the respective area of interest.

6 DERIVATIVES

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

7 EMPLOYEE BENEFITS

(a) Employee benefit liability

	September 30 2010 $'000	December 31 2009 $'000
Aggregate employee benefit liabilities are comprised of:		
Accrued wages and salaries	1 238	1 166
Employee benefit provisions current	3 581	2 358
Employee benefit provisions non-current	73	69
	4 892	3 593

(b) Defined Contribution Plans

The company has defined contribution pension plans for certain groups of employees. The company's share of contributions to these plans is recognised in the statement of operations in the year it is earned by the employee.

8 INTEREST-BEARING LOANS AND BORROWINGS

	Effective interest rate %	*Maturity*	*September 30 2010 $'000*	*December 31 2009 $'000*
Current				
Capital leases	4.66%	5/31/2014	24 109	9 354
5.75% Convertible notes (A$55m)	9.16%	12/22/2012	53 755	48 735
Insurance premium loan	3.00%	02/28/2011	1 067	441
Project debt facility	4.67%	06/30/2010	-	4 264
			78 931	62 794
Non-current				
Capital leases	4.66%	5/31/2014	19 949	30 872
7.00% Convertible notes (A$70m)	10.13%	12/22/2013	69 015	63 006
7.00% Convertible notes (A$30m)	10.64%	12/22/2013	29 578	27 002
			118 542	120 880

5.75% Convertible notes (Unsecured)

The notes bear interest at 5.75% per annum payable semi-annually in arrears. The convertible note liability has been classified as current at September 30, 2010 as the note holder has the option to put the note for redemption to the issuer on December 22, 2010 at a price equal to its Accredited Principal Amount as at the date fixed for redemption together with accrued interest to such date. The notes mature in 2012 and are redeemable at 109% of their principal amount unless converted to common shares prior to this date at the option of the note holder. The number of shares to be delivered upon conversion shall be determined by dividing the principal amount of the notes by the conversion price of A$4.1011 (subject to adjustment for certain specified events). Of the A$52.9 million (US$39.1 million) net proceeds of the issue, A$48.5 million (US$35.8 million) was allocated to interest bearing liabilities and A$4.4 million (US$3.3 million) was allocated to equity.

7.00% Convertible notes (Unsecured)

The notes bear interest at 7.00% per annum, payable semi-annually in arrears and have a face value of A$70 million. Interest accrued in respect of the notes for the first two years is not payable but is instead capitalised into the redemption value of the notes. The notes are due for redemption in 2013 at a value equal to the sum of their principal amount plus the capitalised interest amount, unless converted to common shares prior to this date at the option of the note holder. 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$3.8699 (subject to adjustment for certain specified events). Of the A$67.4 million (US$52.9 million) net proceeds of the issue A$59.2 million (US$46.5 million) was allocated to interest bearing liabilities and A$8.2 million (US$6.4 million) was allocated to equity.

On March 22, 2007 an additional A$30 million (US$24.2 million) in convertible notes was issued under the same terms and conditions as the 7% convertible notes. The conversion price is A$4.0640 (subject to adjustment for certain specified events) and the notes are due for redemption in 2013. Of the A$28.8 million (US$23.2 million) net proceeds of the issue A$24.9 million (US$20.1 million) was allocated to interest bearing liabilities and A$3.9 million (US$3.1 million) was allocated to equity.

Project debt Facility (Secured)

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

9 SHARE CAPITAL

Movement in common shares on issue

	September 30 2010 '000	*September 30 2010 $'000*	*December 31 2009 '000*	*December 31 2009 $'000*
Balance at the beginning of the period	185 880	354 915	161 635	334 975
Shares issued	42 114	84 813	24 245	20 698
Options exercised	904	2 721	-	-
Share issue costs	-	(5 563)	-	(1 122)
Tax effect of share issue costs recognised/ (derecognised)	-	(1 665)	-	364
Balance at the end of the period	228 898	435 221	185 880	354 915

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

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

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

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

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

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

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

	September 30 2010 $'000	*December 31 2009 $'000*
Balance at the start of the period		
Currency translation adjustments	62 022	(10 690)
OCI for the period:		
Currency translation differences	24 186	72 712
Accumulated OCI at the end of the period	86 208	62 022

11 SEGMENT INFORMATION

The Group's operations are managed on a regional basis. The two reportable segments are New Zealand and the Philippines. Capital expenditure includes the cost of segment assets acquired by way of business combinations.

	New Zealand $'000	Philippines $'000	Corporate $'000	Elimination $'000	Total $'000
Quarter ended September 30, 2010					
Revenue					
Sales to external customers	83 344	-	-	-	83 344
Inter segment management and gold handling fees	-	-	167	(167)	-
Total Segment Revenue	83 344	-	167	(167)	83 344
Result					
Segment result excluding unrealised hedge losses	27 834	(129)	(2 529)	-	25 176
Inter segment management and gold handling fees	(167)	-	167	-	-
Total segment result before interest and tax	27 667	(129)	(2 362)	-	25 176
Income tax expense	(7 249)	-	-	-	(7 249)
Total segment result	20 418	(129)	(2 362)	-	17 927
Interest expense					(4 244)
Net earnings for the period					13 683
Assets					
Segment assets	401 734	427 327	17 725	-	846 786

	New Zealand $'000	Philippines $'000	Corporate $'000	Elimination $'000	Total $'000
Nine months ended September 30, 2010					
Revenue					
Sales to external customers	211 861	-	-	-	211 861
Inter segment management and gold handling fees	-	-	424	(424)	-
Total Segment Revenue	211 861	-	424	(424)	211 861
Result					
Segment result excluding unrealised hedge losses	45 950	(441)	(8 256)	-	37 253
Inter segment management and gold handling fees	(424)	-	424	-	-
Gain on fair value of undesignated hedges	16 215	-	-	-	16 215
Total segment result before interest and tax	61 741	(441)	(7 832)	-	53 468
Income tax expense	(17 346)	-	(393)	-	(17 739)
Total segment result	44 395	(441)	(8 225)	-	35 729
Interest expense					(12 273)
Net earnings for the period					23 456

11 SEGMENT INFORMATION (continued)

	New Zealand $'000	Philippines $'000	Corporate $'000	Elimination $'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	(111)	59 928
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	Elimination $'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	(325)	170 208
Result					
Segment result excluding unrealised hedge losses	42 672	(928)	(10 284)	-	31 460
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

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 end of the period:

WAEP = weighted average exercise price

	September 30, 2010		*December 31, 2009*	
	No.	**WAEP**	**No.**	**WAEP**
Outstanding at the start of the period	5 637 259	A$1.45	4 019 988	A$2.74
Granted	963 999	A$1.98	3 756 155	A$0.94
Forfeited	(1 137 219)	A$1.27	(2 138 884)	A$2.97
Exercised	(903 888)	A$2.04	-	-
Balance at the end of the period	**4 560 151**	**A$1.49**	**5 637 259**	**A$1.45**
Exercisable at the end of the period	**718 337**	**A$3.13**	**774 453**	**A$3.21**

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

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

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

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

(ii) Balance at end of the period

The share options on issue at the end of the financial period had an exercise price of between A$0.00 and A$3.825 and a weighted average remaining vesting period of 4.4 years.

At September 30, 2010, $2.6 million remains to be expensed over the life of the options.

13 CONTRIBUTED SURPLUS MOVEMENT

	September 30 2010 $'000	*December 31 2009 $'000*
Balance at start of period	32 690	33 897
Stock based compensation expense	1 972	1 261
Cancelled options	(517)	(2 116)
Exercised options	(1 034)	-
Equity component of Convertible notes	-	(352)
Balance at end of period	33 111	32 690

Contributed surplus		
Employee stock based compensation	3 068	2 647
Shareholder options (lapsed on January 1, 2009)	18 083	18 083
Equity portion of Convertible notes	11 960	11 960
	33 111	32 690

14 CONTINGENCIES

a. The consolidated entity has issued bonds in favour of various New Zealand authorities (Ministry of Economic Development – Crown Minerals, Otago Regional Council, Waitaki District Council, West Coast Regional Council, Buller District Council, Timberlands West Coast Limited and Department of Conservation) as a condition for the grant of mining and exploration privileges, water rights and/or resource consents, and rights of access for the Macraes Gold Mine and the Globe Progress Mine at the Reefton Gold Project which amount to approximately $16.2 million (NZ$22.1 million) (December 31, 2009: $16.6 million NZ$23.0 million).

b. The consolidated entity has provided a cash operating bond to the New Zealand Department of Conservation of $0.3 million (NZ$0.4 million) (December 31, 2009: $0.3 million NZ$0.4 million) which is refundable at the end of the Globe Progress mine. This amount is included in the total referred to in (a) above.

c. In the course of normal operations the consolidated entity may receive from time to time claims for damages including workers compensation claims, motor vehicle accidents or other items of similar nature. The consolidated entity maintains specific insurance policies to transfer the risk of such claims. No provision is included in the accounts unless the Directors believe that a liability has been crystallised. In those circumstances where such claims are of material effect, have merit and are not covered by insurance, their financial effect is provided for within the financial statements.

d. The Group has provided a guarantee in respect of a capital lease agreement for certain mobile mining equipment entered into by a controlled entity. At September 30, 2010 the outstanding rental obligations under the capital lease are $44.3 million (December 31, 2009: $40.4 million). Associated with this guarantee are certain financial compliance undertakings by the Group, including gearing covenants.

e. The Didipio Project is held under a Financial and Technical Assistance Agreement (“FTAA”) granted by the Philippines Government in 1994. The FTAA grants title, exploration and mining rights with a fixed fiscal regime. Under the terms of the FTAA, after a period in which the company can recover development expenditure, capped at 5 years from the start of production, the Company is required to pay the Government of the Republic of the Philippines 60% of the “net revenue” earned from the Didipio Project. For the purposes of the FTAA, “net revenue” is generally the net revenues derived from mining operations, less deductions for, amongst 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.

15 COMMITMENTS

Capital commitments
At September 30, 2010, the consolidated entity has commitments of $12.7 million (December 31, 2009 $0.3 million), principally relating to the development of mining facilities.

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

	September 30 2010 $'000	*December 31 2009 $'000*
Within one year:		
- purchase of property, plant and equipment/ construction	12 722	267

Lease Commitments
During the period, the Company entered into capital lease commitments to the value of $10.3 million to fund the acquisition of plant and equipment, primarily mobile mining equipment. There have been no other material changes in the finance and operating lease commitments as disclosed in the December 31, 2009 audited financial statements.

16 EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the net income attributable to common shareholders (after adding back interest on the convertible notes) by the weighted average number of common shares outstanding during the period (adjusted for the effects of dilutive options and dilutive convertible notes where the conversion of potential common shares would decrease earnings per share).

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	Three months ended		*Nine months ended*	
	September 30 2010 $'000	*September 30 2009 $'000*	*September 30 2010 $'000*	*September 30 2009 $'000*
Numerator:				
Net income attributable to equity holders from continuing operations (used in calculation of basic earnings per share)	13 683	13 800	23 456	62 968
Interest on convertible notes	2 429	2 250	7 094	5 815
Net income/(loss) attributable to equity holders from continuing operations (used in calculation of diluted earnings per share)	16 112	16 050	30 550	68 783
	No. of shares '000	*No. of shares '000*	*No. of shares '000*	*No. of shares '000*
Denominator:				
Weighted average number of common shares (used in calculation of basic earnings per share)	228 325	178 953	214 492	167 429
Effect of dilution:				
Share options	4 917	1 506	5 377	1 249
Convertible notes	41 615	38 061	41 615	38 061
Adjusted weighted average number of common shares (used in calculation of diluted earnings per share)	274 857	218 520	261 484	206 739
Net earnings per share:				
- basic	$0.06	$0.08	$0.11	$0.38
- diluted	$0.06	$0.07	$0.11	$0.33

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

17 SUBSEQUENT EVENTS

On October 20, 2010, the Company issued 12,023,360 Special Warrants at a price of C$3.50 per Special Warrant for gross proceeds of C$42,081,760 and had also issued 20,976,640 CHESS Depository Interests ("CDIs") at A$3.54 (the Australian dollar equivalent of C$3.50 at the time of announcement on October 4, 2010) for gross proceeds of A$74,257,305.