OCEANAGOLD

INNOVATION, PERFORMANCE & GROWTH

2011 Second Quarter Results

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Management Discussion and Analysis of Financial Condition and Results of Operations for the Quarter & Half Year Ended June 30, 2011

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 settlement and cancellation of the Company's hedging facilities, the early redemption of the Company’s convertible notes, 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, 2010, 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. Also, many of the factors are outside or beyond the control of the Company, its officers, employees, agents or associates. 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. All forward-looking statements and information made herein are qualified by this cautionary statement.

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

This document does not constitute an offer of securities for sale in the United States or to any person that is, or is acting for the account or benefit of, any U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “Securities Act”)) (“U.S. Person”), or in any other jurisdiction in which such an offer would be unlawful.

Technical Disclosure

Dr Michael Roache, (BSc, MSc(hons), PhD) is the Head of Exploration for Oceana Gold (NZ) Ltd and is a member of both the AusIMM and Australasian Institute of Geoscientists. Dr Roache is a Qualified Person under the Canadian Securities Administrators’ National Instrument 43-101 – Standards of Disclosure of Mineral Projects (“NI 43-101”) for the technical disclosure in this document and has verified the data disclosed, including sampling, analytical and test data underlying the information contained in this document. Samples, collected at 1m intervals, or less, from both reverse circulation chips and sawn diamond core, were prepared and assayed by fire assay methods at the OceanaGold facilities at Reefton, New Zealand, the SGS facilities in Westport and Waihi, New Zealand and the ALS facilities in Brisbane, Australia. Standard reference materials were inserted to monitor the quality control of the assay data. Dr Roache has prepared the technical information and approved the technical information in this document.

For further scientific and technical information (including disclosure regarding mineral resources and mineral reserves) relating to the Reefton Project, please refer to the NI 43-101 compliant technical report entitled “Independent Technical Report for the Reefton Project, located in the province of Westland, New Zealand” dated 9 May 2007, which is available at sedar.com under the Company’s name.

Management Discussion and Analysis of Financial Condition and Results of Operations for the Quarter & Half Year Ended June 30, 2011

HIGHLIGHTS

- Board Approval for Didipio Project in the Philippines and commenced construction activities during the quarter
- Revenue of $94.8 million for the quarter with average gold price received of $1,546 per ounce
- The strengthening New Zealand Dollar to unprecedented levels versus the USD is putting upward pressure on costs in USD terms. The NZD/USD has strengthened 12% since the start of the year to historical highs presently of $0.87
- Sold 61,335 ounces of gold during the second quarter at a cash cost of $921 per ounce
- EBITDA (earnings before interest, taxes, depreciation and amortisation) was $33.0 million for the second quarter
- Early stage diamond drilling at the Big River project (Reefton) returned several significant high grade results, including an intercept (hole BR0004) of 20m @ 8.08 g/t Au (estimated true width of 15.08m) from 127m depth, and 6.6m @ 21.37 g/t Au (estimated true width of 5.03m) from 136.4m depth
- Cash Balance June 30, 2011 $193.2 million

All statistics are compared to the corresponding 2010 period unless otherwise stated.

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

* EBITDA is a non GAAP measure. Refer to page 19 for explanation of non GAAP measures.

OVERVIEW

Results from Operations

OceanaGold recorded revenue of $94.8 million for Q2 2011 from sales of 61,335 ounces at a cash cost of $921 per ounce.

The strength of the New Zealand dollar and cost pressures on inputs have continued during Q2. Combined with slightly lower production levels, this has resulted in higher USD denominated cash costs. The NZD/USD exchange rate has strengthened 9% quarter on quarter and averaged $0.82 for reporting in Q2. Currently, the exchange rate has reached historical highs of $0.87 and remains volatile. In H1, the exchange rate alone added approximately $100 per ounce to the reported USD cash costs versus plan.

Higher unit costs were partially offset by the continued strength in the gold price received during the quarter which averaged $1,546 per ounce, an increase of $145 per ounce over the previous quarter.

Production for the second quarter was below expectation with lower productivity from the Frasers underground mine and mining rates at Reefton also underperforming against plan. The lower gold sales combined with continued pressure on labor and input costs alongside the strengthening New Zealand Dollar (NZD) resulted in higher unit costs.

Despite challenges with mining movements at two of the three operations during the quarter, process plant throughputs and recoveries remained strong, with improvements in both compared with the previous period.

Cash flow from operations for the second quarter was $29.2 million resulting in a total of $76.3 million for H1 2011.

Production & Cost Guidance

At the release of first quarter results in April, the Company indicated if cost pressures continued, guidance would be reassessed. The Company has now adjusted full year production guidance to 255,000 – 270,000 ozs Au at cash costs of US$850-$890 per ounce (from 260,000-280,000 ozs Au at cash costs of US$645-$685 per ounce). The higher cash cost guidance is largely driven by a $123 per ounce increase associated with the weaker USD, as well as slightly lower production in H1 2011, higher input costs and a lower amount of capitalised mining. The updated cost guidance is based on NZD/USD exchange rate of $0.88 for H2 2011.

Didipio Project

Construction activities commenced at Didipio during the second quarter.

Tendering processes are well underway for the construction and mining work. Contracts have already been awarded and contractors mobilised for upgrading the mine access road and construction of accommodation camp facilities.

In June, the Company announced the results of a major re-engineering of the Didipio Project which significantly enhanced the economics and de-risked several critical aspects of the project.

Didipio demonstrates strong economics with cash costs for the first 6 years averaging negative $79/oz (net of by-product credits based on US$3.00/lb Cu). Gold and copper reserves have increased significantly along with average annual gold production now expected to average 100,000 ounces per annum over a mine life of at least 16 years.

The project is on schedule to commission in Q4 2012.

Exploration

The Company invested $2.0 million on exploration during the quarter with the majority of that being incurred in New Zealand.

At Reefton, a number of exploration programs are in progress including drilling at the exciting Big River prospect. Initial results from Big River are promising and include an intercept (hole BR0004) of 20m @ 8.08 g/t Au (estimated true width of 15.1m). Based on a similar soil geochemical anomaly at the recently identified Crushington prospect, A third drill rig is expected to commence drilling in the Reefton goldfield in Q3.

Exploration continued at the Frasers Underground mine with mineralisation being confirmed to the north and northeast of the current workings and the deposit remains open in both directions. Surface exploration programs at the Macraes goldfield targeting extensions to the Frasers Underground mine between Panels 1 and 2 commenced in June.

Philippines exploration activities continue to focus on the Didipio FTAA and follow-up of anomalous regional assay results with grid-based soil sampling. Results are expected in Q3.

- Table 1 -
Key Financial and Operating Statistics

Financial Statistics	**Q2 Jun 30 2011**	**Q1 Mar 31 2011**	**Q2 Jun 30 2010**	**Half Year Jun 30 2011**	**Half Year Jun 30 2010**
Gold Sales (Ounces)	61,335	64,765	67,347	126,100	132,388
	USD	USD	USD	USD	USD
Average Price Received ($ per ounce)	1,546	1,401	1,191	1,471	971
Cash Operating Cost ($ per ounce)	921	687	564	801	557
Cash Operating Margin ($ per ounce)	**625**	**714**	**627**	**670**	**414**
Non-Cash Cost ($ per ounce)	349	296	277	322	274
Total Operating Cost ($ per ounce)	1,270	983	841	1,123	831
Total Cash Operating Cost ($ per tonne processed)	29.41	23.62	21.86	26.59	21.88

Combined Operating Statistics	**Q2 Jun 30 2011**	**Q1 Mar 31 2011**	**Q2 Jun 30 2010**	**Half Year Jun 30 2011**	**Half Year Jun 30 2010**
Gold produced (ounces)	61,988	65,671	67,541	127,659	132,832
Total Ore Mined (tonnes)	1,763,297	2,005,085	1,872,020	3,768,382	3,944,110
Ore Mined grade (grams/tonne)	1.23	1.21	1.38	1.22	1.42
Total Waste Mined (tonnes) - incl pre-strip	15,335,678	14,387,602	13,405,239	29,723,280	28,001,200
Mill Feed (dry milled tonnes)	1,920,854	1,876,154	1,737,669	3,797,008	3,373,327
Mill Feed Grade (grams/tonne)	1.19	1.29	1.41	1.24	1.47
Recovery (%)	83.5%	83.4%	84.0%	83.4%	83.0%

Combined Financial Results	**Q2 Jun 30 2011 $'000**	**Q1 Mar 31 2011 $'000**	**Q2 Jun 30 2010 $'000**	**Half Year Jun 30 2011 $'000**	**Half Year Jun 30 2010 $'000**
EBITDA (excluding unrealised gain/(loss) on hedges)	32,994	43,998	39,169	76,992	47,648
Earnings/(loss) after income tax and before undesignated gain/(loss) on hedges (net of tax)	4,147	14,772	7,968	18,919	(1,579)
Reported EBITDA (including unrealised gain/(loss) on hedges)	32,994	43,998	39,155	76,992	63,864
Reported earnings/(loss) after income tax (including unrealised gain/(loss) on hedges)	4,147	14,772	7,958	18,919	9,772

PRODUCTION

Gold production for the second quarter of 2011 was 61,988 ounces bringing the total for H1 2011 to 127,659 ounces.

Cash operating costs for the second quarter of 2011 were $921 per ounce bringing the average for H1 2011 to $801 per ounce. Cash costs for Q2 included a higher component of expensed waste as less volume was allocated to pre-strip for the quarter. As noted in the Q1 report, the Company continues to see pressure on its US$ costs due to the weakness of the USD along with increases to labour and input costs. Lower gold production during the quarter compared to Q1 also contributed to the higher unit cost per ounce.

OPERATIONS

Macraes Goldfield (New Zealand)

The Macraes operations (open-pit and underground) reported one lost time injury (LTI) during the quarter and this compares to one during the same period last year.

Production from the Macraes Goldfield for the quarter was 44,107 gold ounces and is consistent with the 44,157 ounces produced in the previous quarter.

Total material mined at Macraes was 13.4 million tonnes, a 7% increase on the previous quarter and attributable to the additional trucking capacity brought on with two additional Caterpillar 789C dump trucks delivered in the first quarter.

At the Frasers Underground mine, total ore mined was 178,000 tonnes which was below expectation for the second quarter in a row. Labour shortages in some of the key skilled operator positions continued to hamper mining productivity. The skills development program implemented during Q1 has made a positive impact but this has been partially offset with continued loss of some senior operators resulting in a slower than expected recovery back to planned production levels. Consistent improvements have been demonstrated in June and July so the Company expects to achieve improved production in Q3 with an objective to return to planned levels in Q4.

Mill throughput and grade during the quarter was similar to the previous quarter with 1.46 million tonnes being processed at an average grade of 1.12 g/t Au. Total gold production for Macraes was in line with expectations with higher underground grades offsetting the lower underground ore tonnage mined.

Gold recovery for the quarter was strong at 84.2% and higher than the 83.6% recovery reported in Q1 2011. Again, minimal direct leaching was undertaken during the quarter which contributed to the higher overall recovery rates.

Reefton Goldfield (New Zealand)

One Lost Time Injury was recorded during the quarter compared to one in the same period last year.

Total material mined was 3.72 million tonnes compared with 3.84 million tonnes in the preceding quarter. The transition to owner-mining during the first half of this year has been successful with an increase to manning implemented however retention of skilled and experienced operators continues to be a challenge in the current labour market for mining in Australia and New Zealand. While manning levels have increased overall, many of the new recruits have less applicable experience and this, combined with the turnover of more experienced operators, has resulted in below plan mining rates. Development of Souvenir pit and commencement of the Stage 7 cutback of the Globe Progress pit at Reefton also slowed productivity generally during a wetter than average Q2.

The process plant treated 462,426 tonnes, resulting in 881,958 tonnes for H1 2011. The process plant continues to outperform and has resulted in a higher % of low grade stockpiles being treated in order to maximise capacity through the mill. This resulted in grade through the mill of 1.42 g/t Au, well down on the previous quarter which was 1.84 g/t Au. As mining rates return to planned levels, more higher grade ore will be delivered to the ROM pad and thus grade through the mill should increase.

The lower mill feed grade also had an impact on the overall recovery rate of 81.1% down slightly on the previous quarter at 82.4%.

Gold produced for the quarter was 17,881 ounces, compared with 21,514 ounces in the preceding quarter. In addition to improved mining rates, production from the higher grade Souvenir pit will support a lift in gold production through Q3 and Q4.

- Table 2 -
Macraes Operating Statistics

Macraes Goldfield Operating Statistics	**Q2 Jun 30 2011**	**Q1 Mar 31 2011**	**Q2 Jun 30 2010**	**Half Year Jun 30 2011**	**Half Year Jun 30 2010**
Gold produced (ounces)	44,107	44,157	41,504	88,264	85,669
Total Ore Mined (tonnes)	1,375,342	1,618,906	1,497,042	2,994,248	3,220,501
Ore Mined grade (grams/tonne)	1.07	1.06	1.16	1.07	1.19
Total Waste Mined (tonnes) incl pre-strip	11,999,463	10,935,566	10,027,271	22,935,029	20,838,000
Mill Feed (dry milled tonnes)	1,458,428	1,456,622	1,336,605	2,915,050	2,626,543
Mill Feed Grade (grams/tonne)	1.12	1.13	1.16	1.12	1.23
Recovery (%)	84.2%	83.6%	83.9%	83.9%	82.7%

- Table 3 -
Reefton Operating Statistics

Reefton Goldfield Operating Statistics	**Q2 Jun 30 2011**	**Q1 Mar 31 2011**	**Q2 Jun 30 2010**	**Half Year Jun 30 2011**	**Half Year Jun 30 2010**
Gold produced (ounces)	17,881	21,514	26,037	39,395	47,163
Total Ore Mined (tonnes)	387,955	386,179	374,978	774,134	723,609
Ore Mined grade (grams/tonne)	1.80	1.82	2.27	1.81	2.4
Total Waste Mined (tonnes) incl pre-strip	3,336,216	3,452,036	3,377,968	6,788,252	7,163,200
Mill Feed (dry milled tonnes)	462,426	419,532	401,064	881,958	746,784
Mill Feed Grade (grams/tonne)	1.42	1.84	2.25	1.62	2.34
Recovery (%)	81.1%	82.4%	84.3%	81.8%	84.3%

DEVELOPMENT

Didipio Project (The Philippines)

There were no lost time injuries at the Didipio Project for the quarter.

The Company announced the commencement of construction at the Didipio Project in June. An update to the project plan was also provided which demonstrates strong economics for the operation over a planned 17 year mine life. The Board of Directors formally approved the capital expenditure to complete the project with commissioning targeted for Q4 2012.

Highlights from project include an average annual production rate of 100,000 oz Au and 14,000 t Cu. Gold reserves increased by 19% to 1.68M oz and copper reserves increased by 35% to 229,000t. Using US$3.00/lb Cu as a by-product credit, the project is expected to produce gold at negative US$79 per oz cash costs over the first six years of the mine life.

Changes to the mine design have resulted in the reserve expanding from approximately 30Mt to 50Mt. The process plant will be commissioned at 2.5Mtpa and will be ramped up to 3.5Mtpa by the end of year 2. Capital cost forecast to complete the development at June 30th, 2011 is US$166 million (total capital costs are US$185 million).

By the end of the June quarter, three contracting companies had mobilised their teams to site with more than 200 workers inducted into the project thus far. More than half of these workers are from the surrounding communities and the total number of construction related workers is expected to reach 700 at peak construction in first quarter 2012. These initial teams are focused on road upgrades, accommodation camp build-out, site earthworks, communication system installation and establishing concrete supply . Management personnel on site are now operating on regular rotations overseeing the day-to-day management of construction.

During the third quarter, phase one accommodation and kitchen facilities are expected to be completed. Upgrades to site infrastructure including water, sewage and power for office and warehouse facilities are also expected. Geotechnical works along with civil and concrete works on the plant site are expected to commence in Q3. The tendering process for the open pit mining contract is also underway.

The Company's ongoing commitment to community programs continued with two medical missions hosted during the quarter in two local villages with more than 500 patients treated. Additionally, the Company worked with local organisations and co-operatives to establish new capacity building agriculture programs focused in the areas of banana production, poultry farming and composting. Funding was also provided to source key farming equipment. In preparation for the construction, twenty residents from local communities were sent to a construction training centre near Manila for a month to provide them with basic construction skills. Further work on improved water infrastructure for the local community, funding of scholarships and teachers salaries also continued throughout the quarter.

Figure 1 : Commencement of Access Road Repairs

Figure 2: Accommodation Camp Build-Out Underway

EXPLORATION

Exploration expenditure for the second quarter was $1.87 million.

New Zealand

Reefton Goldfield

A number of exploration programs are continuing at the Reefton Goldfield. These include helicopter assisted diamond drilling, surface geochemical sampling and prospect scale mapping.

The Globe Deeps preliminary geological interpretation has been completed with a 95,000 ounce inferred resource announced on 30 May. The pit optimisation study is at an advanced stage with infill and extension drilling options currently being considered.

Helicopter assisted diamond drilling continued during the quarter at Big River with 1,135 metres drilled and six holes (BR0002 to BR0007) completed. Drilling is targeting narrow, high-grade gold mineralisation associated with the historical Big River mine that produced 124,060 tonnes at an average grade of 34.1 g/t Au for a total of 135,974 ounces. Screen-fire gold assay results have been received for the first five holes (BR0001 to BR0005) with several high-grade intersections containing visible gold (Refer Figure 3 & Table A). These included an intercept (hole BR0004) of 20m @ 8.08 g/t Au (estimated true width of 15.1m) from 127m depth which included 6.6m @ 21.37 g/t Au (estimated true width of 5.0m). Mineralisation is currently open along strike to the north and south as well as down dip. Helicopter assisted diamond drilling is on-going with two rigs operating on this target. Future drilling is planned to ascertain the overall strike length and down dip extent of high grade gold mineralisation.

A diamond drilling program comprising a minimum of six holes for 750 meters at the Crushington group of historical mines commenced in July targeting coincident arsenic-antimony-gold anomalies. Drilling is targeting narrow, high-grade gold mineralisation adjacent to the historical Ajax and Venus mines. This program is expected to be completed during Q3. The Crushington group of historical workings produced over 500,000 ounces of gold from ~960,000 tonnes of quartz at an average grade of ~16 g/t Au and is located four kilometres north of the Reefton processing plant.

Drilling at the historic Blackwater underground mine is expected to recommence during Q4 2011.

Sampling programs using portable jack hammers capable of collecting samples at up to 10 m below surface continue to provide encouraging results with more than 442 samples collected. Sampling during the quarter tested three main areas including the Crushington group of historical mines, the Krantz Creek Shear, and the Cumberland prospect. Sampling highlighted coincident gold-arsenic-antimony anomalies that represent future drilling targets.

Macraes Goldfield

Underground exploration and resource infill drilling continued at the Frasers Underground mine with 3,040 metres drilled and 16 diamond drill holes completed. Drilling has confirmed mineralisation extends to the north and north-east of the underground workings and the deposit remains open in both directions. The underground exploration drive advanced 146 metres during the quarter providing access down-dip for step-out and infill underground drilling.

A three hole, 1,700 metre surface, drilling program to test for mineralisation in between Frasers Underground Panels 1 and 2 commenced in June. To date, 962 metres have been drilled with the program scheduled for completion in early Q3.

A mapping program at the Frasers pit was completed during the quarter. This program will be extended to Frasers Underground during Q3 2011 and will assist with targeting potential underground extensions to the mineralisation.

A follow-up soil sampling program (225 samples) on the Taieri permit (EP40822) was completed and samples submitted for analysis. Assay results are expected in Q3. The program which is located 15 kilometres south of the Macraes processing plant, was designed to further define two gold anomalies that were highlighted from the first pass soil sampling on the Taieri permit.

Figure 3: Big River (Reefton) Long Section

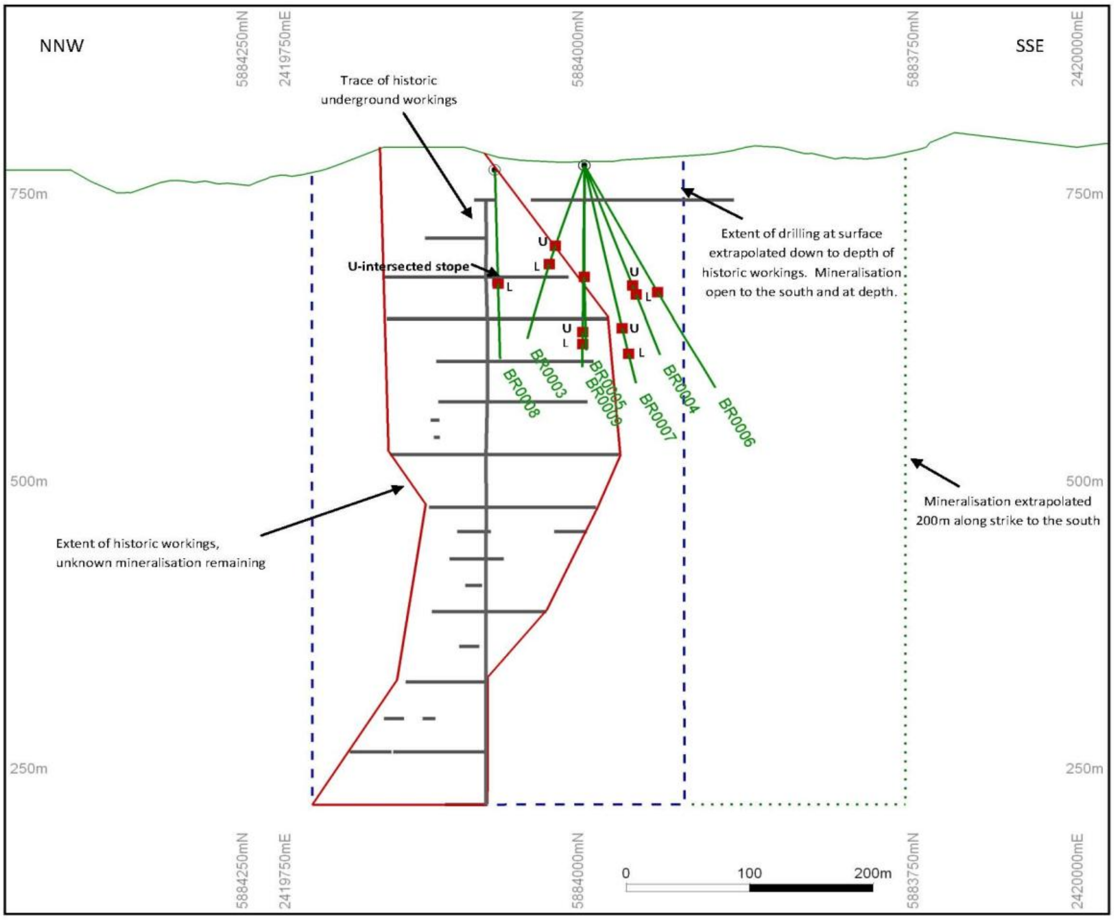

Table A: Big River (Reefton) Drill Results

Hole ID		From (m)	To (m)	Intercept (m)	True Width (m)	Au (g/t)
BR0001		36	39	3		2.86
BR0002						NSA
BR0003		99.0	101.0	2.0	1.2	12.11
	including	99.5	100.2	0.7	0.4	26.60
BR0004		127.0	147.0	20.0	15.1	8.08
BR0004	*including*	136.4	143.0	6.6	5.0	21.37
BR0004	*including*	137.4	138.2	0.8	0.6	71.50
BR0004	*including*	141.6	142.3	0.7	0.6	54.50
BR0005		112.1	117.1	5.0	4.0	3.18
	including	112.1	114.9	2.8	2.2	3.25
	including	116.1	117.1	1.0	0.8	6.63
BR0006	Results Pending					
BR0007	Results Pending					

NSA: No significant assay results

Philippines

Exploration expenditure in the Philippines was $0.2 million for the quarter.

Didipio

Activities continue to focus on granted regional tenements in the vicinity of the Didipio Project in northern Luzon.

Regional geochemical sampling has identified a broad, low-level zone Au-Cu-As anomaly to the north of the Didipio Project – the ‘Mogambos’ prospect area. The Mogambos prospect has been geologically mapped and grid soil sampled over an area of approximately 2.5km by 800m. Assay results are expected in Q3 2011.

Low-level Au-Cu-As geochemical anomalies defined from earlier geochemical surveys in the western (MMB area) and northern (Tadje area) regions of the FTAA are currently being mapped and sampled in advance of more detailed exploration activities planned in H2 2011.

Subsequent to quarter end, the Company appointed a Philippines based Exploration Manager who will lead the exploration programs going forward. Priorities for 2011 will remain within the Didipio FTAA with exploration expected to re-commence in 2012 on some of the other tenements held by the Company in Luzon and the throughout the Surigao peninsula in northeastern Mindanao.

FINANCIAL SUMMARY

The table below provides selected financial data comparing Q2 2011 with Q1 2011 and Q2 2010 together with the half year 2011 compared to the half year 2010.

STATEMENT OF OPERATIONS	Q2 Jun 30 2011 $'000	Q1 Mar 31 2011 $'000	Q2 Jun 30 2010 $'000	Half Year Jun 30 2011 $'000	Half Year Jun 30 2010 $'000
Gold sales	94,805	90,746	80,218	185,551	128,517
Cost of sales, excluding depreciation and amortisation	(56,417)	(44,065)	(37,560)	(100,482)	(72,924)
General & Administration	(3,536)	(3,356)	(3,132)	(6,892)	(7,512)
Foreign Currency Exchange Gain/(Loss)	(1,922)	592	49	(1,330)	(66)
Other income/(expense)	64	81	(406)	145	(367)
Earnings before interest, tax, depreciation & amortisation (EBITDA) (excluding gain/(loss) on undesignated hedges)	**32,994**	**43,998**	**39,169**	**76,992**	**47,648**
Depreciation and amortisation	(20,952)	(18,927)	(18,531)	(39,879)	(36,103)
Net interest expense	(3,286)	(2,793)	(3,706)	(6,079)	(7,497)
Earnings/(loss) before income tax and gain/(loss) on undesignated hedges	8,756	22,278	16,932	31,034	4,048
Tax on earnings / loss	(4,609)	(7,506)	(8,964)	(12,115)	(5,627)
Earnings after income tax and before gain/(loss) on undesignated hedges	**4,147**	**14,772**	**7,968**	**18,919**	**(1,579)**
Gain / (loss) on fair value of undesignated hedges	-	-	(14)	-	16,216
Tax on (gain)/loss on undesignated hedges	-	-	4	-	(4,865)
Net earnings/(loss)	**4,147**	**14,772**	**7,958**	**18,919**	**9,772**
Basic earnings per share	$0.02	$0.06	$0.03	$0.07	$0.05
Diluted earnings per share	$0.02	$0.06	$0.03	$0.07	$0.05
CASH FLOWS					
Cash flows from Operating Activities	29,166	47,163	(21,174)	76,328	(31,434)
Cash flows from Investing Activities	(32,008)	(29,353)	(21,236)	(61,361)	(39,330)
Cash flows from Financing Activities	(3,762)	(5,021)	(4,200)	(8,783)	70,581

BALANCE SHEET	As at Jun 30 2011 $'000	As at Dec 31 2010 $'000
Cash and cash equivalents	193,176	181,328
Other Current Assets	53,368	47,320
Non Current Assets	539,409	477,568
Total Assets	**785,953**	**706,216**
Current Liabilities	65,718	63,091
Non Current Liabilities	243,932	206,759
Total Liabilities	**309,650**	**269,850**
Total Shareholders' Equity	**476,303**	**436,366**

RESULTS OF OPERATIONS

Net Earnings

The Company reported second quarter net earnings of $4.1 million, a decrease when compared to $8.0 million in Q2 2010. This was also lower than the Q1 result of $14.8 million and was attributable to higher unit costs and lower production levels. Significant contributors to the higher unit costs were the impact of a strengthening NZ dollar and a reduced volume of capitalised stripping resulting in more expensed waste being included in the cash costs compared to previous periods.

Total production of 61,988 oz was lower than the same period in 2010 and below the Q1 2011 result of 65,671 ounces. Production was a reflection of mining underperformance at the Frasers Underground mine and Reefton Open Pit mine which resulted in a higher percentage of lower grade stockpiles being processed and hence lower gold production.

The impact of non-cash charges for marked to market gains and losses on hedges have in the past been significant. Consequently, EBITDA (earnings before interest, tax, depreciation and amortisation excluding gains/losses on undesignated hedges) and EBIT (earnings before interest and tax before undesignated hedge gains/losses) have been highlighted as measures of operational performance on a consistent and comparable basis.

The Company reported EBITDA before gains/losses on undesignated hedges of $33.0 million compared with $39.2 million in Q2 2010. This remains a strong operating result and reflects higher gold revenue from increased gold prices offset by lower production, increased costs and a weakening USD.

The earnings for the quarter, excluding hedges, and before income tax were a profit of $8.8 million compared to a Q1 2011 profit of $22.3 million.

Sales Revenue

Gold revenue in Q2 2011 of $94.8 million is a 4.5% increase over Q1 2011 due to higher gold prices received offset by a 5.3% decrease in sales volumes. The average gold price received was $1,546 per ounce compared to $1,401 in Q1 2011. In comparison the average gold price for Q2 2010 was $1,191 per ounce.

Gold sales volumes for Q2 2011 of 61,335 ounces were 5.3% lower than Q1 2011 (64,765 ounces).

Undesignated Hedges Gains/Losses

Undesignated hedge gains and losses calculated as a fair value adjustment of the Company's undesignated hedges up to March 2010 had previously been brought to account at the end of the reporting period, and reflected changes in the spot gold price. This adjustment also included entries made to take account of gold deliveries into the hedge book as the derivative liability was released. These valuation adjustments reflected a gain of $16.2 million attributable to Q1 2010 prior to close out of the hedge book.

Proceeds from an equity financing in March, 2010 were utilised to settle all outstanding forward and call derivative instruments. The Company's current policy is to be unhedged with all gold production sold into the market at spot rates.

Operating Costs & Margins

Cash costs per ounce sold were $921 in Q2 2011, an increase of 34.1% compared to Q1 2011 ($687). This increase relates to increased costs for diesel, maintenance and a reduction in pre-strip excavated. When compared to the prior period cash unit costs are also higher in USD terms due to the strengthening of the NZD.

The cash margin of $625 per ounce, compared to $714 margin in Q1 2011 resulted in earnings before interest, tax, depreciation & amortisation (excluding undesignated hedge gains/losses) of $33.0 million for the quarter, compared to $44.0 million in Q1 2011.

Depreciation and Amortisation

Depreciation and amortisation charges are calculated on a unit of production basis and total $21.0 million for the quarter. These charges have increased on the previous quarter due to increased mining costs and additional equipment leading to increased amortisation.

Depreciation and amortisation charges include amortisation of mine development, deferred pre-stripping costs and depreciation on equipment.

Net Interest expense

The net interest expense of $3.3 million compares to $2.8 million for Q1 2011 and reflects higher interest costs due to additional leased mining equipment offset by the benefit of interest income from funds on deposit. Interest expenses are associated with convertible notes and finance leases.

DISCUSSION OF CASH FLOWS

Operating Activities

Cash inflows from operating activities were $29.2 million compared to $47.2 million in Q1 2011. This compares to Q2 2010 cash outflow of $21.2 million which was after payment of $56.7 million for settlement of hedges. Cash flows have continued to benefit from higher gold prices but offset by increased costs and an increase in inventory of $6.3 million.

Investing Activities

Investing activities were comprised of expenditures for pre-strip mining and sustaining capital at the New Zealand operations, plus capitalised development costs associated with the construction of the Didipio Project in the Philippines.

Cash used for investing activities totaled $32.0 million compared to $29.4 million and $21.2 million in Q1 2011 and Q2 2010 respectively. The expenditure reflects the acquisition of new equipment at the Macraes Open Pit, Frasers Underground mine and land acquisitions along with $13.5 million of capitalised pre-strip mining. Development costs were $10.9 million for the Didipio Project in the quarter.

Financing Activities

Finance out flows were $3.8 million compared to cash out flows of $5.0 million in Q1 2011 and $4.2 million in Q2 2010. The out flow represents predominantly lease payments. The comparative cash inflows in H1 2010 include an equity placement in March ($80.1 million).

DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

Company's funding and capital requirements

For the quarter ended June 30, 2011, the Company earned a net profit of $4.1 million. As at that date, cash funds held were $193.2 million. Current liabilities were $65.7 million at period end. Cash flow projections indicate sufficient funds will be available to meet all operating obligations in the next twelve month period.

Commitments

There have been no material changes in the capital and operating lease commitments as disclosed in the December 31 2011 audited financial statements.

Additions to leases have in part been offset by payments on leases

OceanaGold's capital commitments as at June 30, 2011 are as follows:

	June 30 2011 $'000
Within 1 year	19,659

This includes equipment for New Zealand operations and contracts supporting the construction of the Didipio Project.

Financial position

Current Assets

Current assets have increased by $4.4 million since Q1 2011 primarily due to an increase in inventory of $5.8 million due to additional parts for owner mining at Reefton and the higher costs reflected in the ore stockpiles. There was a small decrease other assets and prepayments.

Non-Current Assets

At June 2011 non-current assets were $539.4 million compared to $485.7 million at March 2011 under IFRS reporting. The expenditure on Property, Plant and Equipment, Mining Assets and non-current inventories was higher than depreciation and amortisation due to additional leased equipment and an increase in pre-strip related expenditure. Expenditure for Didipio Project was $10.9 million.

Current Liabilities

Current liabilities at June 2011 were $65.7 million compared to $64.4 million at March 31, 2011.

Non-Current Liabilities

Non-current liabilities are $243.9 million at June 30 2011, an increase of $23.0 million since March 2011. This is due to an increase of $7.9 million in interest bearing loans, a $6.6 million increase in deferred tax liabilities reflecting the utilisation of tax losses and an increase in asset retirement obligations of $8.4 million.

Derivative Assets / Liabilities

For the period ended June 30, 2011 the company does not hold any financial or gold sales contracts.

Shareholders' Equity

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

	Quarter Ended June 30 2011 $'000
Total equity at beginning of financial period	**442,452**
Profit/(loss) after income tax	4,147
Movement in other comprehensive income	28,614
Movement in contributed surplus	705
Equity raising (net of costs)	385
Total equity at end of financial period	**476,303**

Shareholders' equity has increased $33.9 million to $476.3 million at June 30 primarily as a result of a profit earned for the period, and gains from currency translation differences reflected in Other Comprehensive Income that arose from the translation of entities with a functional currency other than USD.

Capital Resources

As at December 31, 2010, the share and securities summary was:

Shares outstanding	262,062,610
Options outstanding	5,645,153

As at June 30, 2011, the share and securities summary was:

Shares outstanding	262,590,386
Options outstanding	7,681,827

As at July 20, 2011, the share and securities summary was:

Shares outstanding	262,600,385
Options outstanding	7,671,828

As at July 28, 2011 no change in shares and securities.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

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. The accounting policies that involve significant management judgment and estimates are discussed in this section. For a list of the significant accounting policies, reference should be made to Note 1 of the June 30, 2011 unaudited interim consolidated financial statements of OceanaGold Corporation.

Exploration and Evaluation Expenditure

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

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

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

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

Mining Properties in Production or Under Development

Expenditure relating to mining properties in production and development 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.

Costs associated with the removal of overburden and other mine waste materials that are incurred in the production phase of mining operations are included in the costs of inventory in the period in which they are incurred, except when the charges represent a betterment to the mineral property. Charges represent a betterment to the mineral property when the stripping activity provides access to reserves that will be produced in future periods that would not have been accessible without the stripping activity. When charges are deferred in relation to a betterment, the charges are amortised over the reserve in the betterment accessed by the stripping activity using the units of production method.

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 Income.

Asset Retirement Obligations

OceanaGold recognises the fair value of future asset retirement obligations as a liability in the period in which it incurs a legal obligation associated with the retirement of 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 the key assumptions.

Asset Impairment Evaluations

The carrying values of exploration, evaluation, mining properties in production or under development 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 discounted future cash flows from these assets, the assets are written down to the fair value of the estimated future cash flows based on OceanaGold's discount rate for the asset.

Derivative Financial Instruments /Hedge Accounting

The consolidated entity has used derivative financial instruments to manage commodity price and foreign currency exposures from time to time. Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently re-measured at their fair values at each reporting date.

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

Stock Option Pricing Model

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

Income Tax

The Group follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets including tax losses are recognised to the extent that it is probable that the company will generate future taxable income. Utilisation of the tax losses also depends on the ability of the entities to satisfy certain tests at the time the losses are recouped.

Foreign Currency Translation

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognised in the statement of income.

ACCOUNTING ESTIMATES

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.

RISKS AND UNCERTAINTIES

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; ability to secure long term financing and capital, water management, 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.

For further detail and discussion of risks and uncertainties refer to the Annual Information Form available on the Company's website.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Adoption of new accounting policies

International Financial Reporting Standards (“IFRS”)

With effect from January 1, 2011 the Company adopted IFRS. The balance sheet was converted as at January 1, 2010 to establish opening balances to support the comparative information as at and for the period ended December 31, 2010 included in the 2011 financial statements. The impact of the adoption and reporting of IFRS is disclosed in the June 30, 2011 unaudited interim consolidated financial statements.

Accounting policies effective for future periods

IFRS 1 - “*Exemption for severe hyperinflation and removal of fixed dates”*
Amended to create additional exemptions (i) for when an entity that has been subject to severe hyperinflation resumes presenting or presents for the first time, financial statements in accordance with IFRS, and (ii) to eliminate references to fixed dates for one exception and one exemption, both dealing with financial assets and liabilities. Effective for annual periods beginning on or after July 1, 2011. Not expected to have an impact on the Company as IFRS adopted January 1, 2011.

IFRS 7 – *“Financial instruments” – disclosures*
Amended to require additional disclosures in respect of risk exposures arising from transferred financial assets. Effective for annual periods beginning on/after July 1, 2011. Not expected to have a material effect on the Company.

IAS12 – *“Deferred tax accounting for investment property at fair value”*
Amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. Effective for annual periods beginning on or after January 1, 2012. Not expected to have an impact on the Company as there are no investment properties.

IFRS 9 – *“Financial instruments - classification and measurement”*
This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Effective for years beginning on/after January 1, 2013.

IFRS 9 – “*Financial instruments – classification and measurement”*
Updated to include guidance on financial liabilities and derecognition of financial instruments. Effective for years beginning on/after January 1, 2013. The company has not assessed the impact of this new stanadard.

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended September 30, 2009 through to June 30, 2011. 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. On adoption to IFRS there were no material differences to the income statements and management believe the results are comparable as they were prepared on a consistent basis.

.	Jun 30 2011 $'000	Mar 31 2011 $'000	Dec 31 2010 $'000	Sep 30 2010 $'000	Jun 30 2010 $'000	Mar 31 2010 $'000	Dec 31 2009 $'000	Sep 30 2009 $'000
Gold sales	94,805	90,746	93,777	83,344	80,218	48,299	66,849	59,928
EBITDA (excluding undesignated gain/(loss) on hedges)	32,994	43,998	49,259	42,608	39,169	8,479	28,237	24,425
Earnings/(loss) after income tax and before undesignated gain/(loss) on hedges (net of tax)	3,697	14,772	20,655	13,683	7,968	(9,547)	(4,151)	1,859
Net earnings/(loss)	4,147	14,772	20,979	13,683	7,958	1,814	(8,456)	13,800
Net earnings per share								
Basic	$0.02	$0.06	$0.08	$0.06	$0.03	$0.01	($0.05)	$0.08
Diluted	$0.02	$0.06	$0.08	$0.06	$0.03	$0.01	($0.05)	$0.07

The most significant factors causing variation in the results are the variability in the grade of ore mined from the Macraes and Reefton open pit mines and variability of cash cost of sales due to the timing of waste stripping activities. The volatility of the gold price has a significant impact both in terms of its influence upon gold revenue and returns. Adding to the variation are large movements in foreign exchange rates between the USD and the NZD.

NON-GAAP MEASURES

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

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

Earnings before interest, tax, depreciation and amortisation (EBITDA) is one such non-GAAP measure and a reconciliation of this measure to net earnings/(losses) is provided on page 12.

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

	Q2 Jun 30 2011 $'000	Q1 Mar 31 2011 $'000	Q2 Jun 30 2010 $'000	Half year Ended Jun 30 2011 $'000	Half year Ended Jun 30 2010 $'000
Cost of sales, excluding depreciation and amortisation	56,417	44,065	37,560	100,482	72,924
Depreciation and amortisation	20,952	18,927	18,531	39,879	36,103
Total cost of sales	77,369	62,992	56,091	140,361	109,027
Add sundry general & administration	78	414	428	492	875
Add non cash & selling costs	471	267	117	738	176
Total operating cost of sales	77,918	63,673	56,636	141,591	110,078
Gold Sales from operating mines (ounces)	61,335	64,765	67,347	126,100	132,388
Total Operating Cost ($/ ounce)	1,270	983	841	1,123	831
Less Non-Cash Cost ($/ ounce)	349	296	277	322	274
Cash Operating Cost ($/ ounce)	921	687	564	801	557

ADDITIONAL INFORMATION

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

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at June 30, 2011. 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, 2011 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

Management of OceanaGold, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of the Company's of the internal controls over financial reporting and disclosure controls and procedures as of June 30, 2011.

Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that they were effective at a reasonable assurance level.

There were no significant changes in the Company's internal controls, or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls requiring corrective actions.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer does not expect that its disclosure controls and internal controls over financial reporting will prevent all errors and fraud. A cost effective system of internal controls, no matter how well conceived or operated, can provide only reasonable not absolute, assurance that the objectives of the internal controls over financial reporting are achieved

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