



28 July 2006

REPORT FOR THE QUARTER ENDED 30 JUNE 2006

HIGHLIGHTS

- Production from Macraes mine totaled 46,973 ounces of gold, an increase of 16% on the comparable 2005 Quarter;
- Cash operating costs of A\$358 per ounce are 6.3% lower than the corresponding 2005 Quarter;
- A new record in monthly mining movement and mill throughput was achieved during the Quarter;
- Ongoing cost management initiatives delivered a 13% improvement on cash cost per tonne milled compared to the June 2005 Quarter and a 7% reduction from the March 2006 Quarter;
- The hedge book restructure was completed, allowing approximately 55% of Macraes production to be sold at spot prices until 2010;
- GRD sold 50% interest in OceanaGold, which significantly diversified OceanaGold's geographic and institutional ownership;
- Development of both the Globe Progress mine in Reefton and the Frasers Underground mine at Macraes are progressing on schedule and on budget;
- Drilling of the Supreme Prospect at Reefton delivered further positive results and increased the resource;
- Subsequent to Quarter end, OceanaGold announced a proposed merger with Climax Mining Ltd which is developing the Dinkidi gold-copper ore body in the Philippines.

OPERATIONS

Gold production for the Second Quarter increased 16% from the comparable period last year due to higher feed grades and record mill throughput. While cash costs on a per ounce basis increased slightly due to escalated fuel, electricity and explosive prices, higher mining efficiencies resulted in a unit cost per tonne (including pre-strip) of NZ\$0.92 per tonne versus NZ\$1.43 per tonne during the Second Quarter of 2005.

Mining for the Quarter occurred in Frasers North Stage 3 and Frasers South Stage 2 pits. Through ongoing tyre management programs, 27 damaged tyres were repaired rather than discarded as in the past. This has helped Macraes to minimize the impact from the global tyre shortage for mining equipment.

Another new record for total movement in the surface mine was set in May 2006. The mining group moved 5.3M tonnes exceeding the previous record from January 2006 of 5.1M tonnes.

For the Quarter, total tonnes moved increased 57% compared to the same Quarter for 2005. This is due to the addition of five new Cat 789 trucks in the latter part of 2005 and improved utilisation and efficiencies. The improved grade compared to the same quarter in 2005 is due to mining occurring closer to the higher-grade hanging wall.

Processing throughput for the Quarter was 18% higher compared to the same Quarter in 2005. The operation is benefiting from de-bottlenecking of the process plant that was conducted in late 2005 and early this year. The improved efficiency resulted in the unit cost declining to NZ\$8.61 per dry metric tonne (DMT) versus NZ\$9.72 for the Second Quarter of 2005.

Overall recoveries declined compared to the second quarter of 2005 due to a higher proportion of carbonaceous ore sourced from the Frasers South Stage 2 pit.

-Table 1-

Operating Statistics	Quarter Ended 30 June 2006	Quarter Ended 30 June 2005
Gold produced (ounces)	46,973	40,426
Gold sold (ounces)	44,703	40,633
Ore Delivered to ROM Pad (dmt)	1,353,439	1,063,144
Ore Mined grade (grams/tonne)	1.25	1.28
Total Ore Mined (dmt) >0.5g/t	1,300,353	1,063,144
Waste Mined (tonnes)	3,680,932	3,553,114
Pre-strip (Tonnes)	9,408,395	4,553,880
Total Material Mined (t) – incl pre-strip	14,389,680	9,170,138
Mill Feed (dry milled tonnes)	1,392,602	1,173,214
Mill Feed Grade (grams/tonne)	1.29	1.29
Recovery (%)	81.49	83.1
Autoclave feed (concentrate tonnes) dry with lime	35,851	40,492
Autoclave availability (%)	96.19	94.57

FINANCIAL

Gold sales for the Second Quarter 2006 improved 10% on the comparative Quarter in 2005, reflecting record mining volumes and processing efficiency improvements.

The completion of the hedge book restructure in May allowed the 45% of gold sales to be made at spot prices with the balance delivered into forward sales contracts. The average gold price of A\$715 per ounce received during the Quarter was up 7.4% on the A\$666 per ounce achieved for the Second Quarter of 2005.

Continued cost management initiatives and processing efficiency improvements delivered reductions in cash operating costs per tonne milled. The average cash cost per ounce sold for the Second Quarter of 2006 was A\$358, compared to the comparative Quarter in 2005 of A\$382.

Capital spending for the Second Quarter (including Pre-strip) totalled A\$16.0 million, with A\$6.45 million attributable to the development activities of Globe Progress and the Frasers Underground projects.

Cash and bullion on hand at 30 June 2006 was A\$54 million.

The hedge book restructure entailed OceanaGold restructuring its forward sale contracts over 423,000 ounces of production from the Macraes operation. Instead of scheduled delivery through 2006 & 2007 these ounces will now be delivered into contracts between 2006 & 2010. Furthermore, instead of an average contract price of NZ\$710 per ounce the new average contract price becomes NZ\$773 per ounce. The restructure generates significant additional cash flow by allowing 55% of production to be sold at higher spot prices from now until 2010.

The additional cash will be used in the development of the Globe Progress open cut and Frasers Underground mines and thereby reduces future funding requirements.

As at 30 June 2006 OceanaGold has forward sales contracts over 410,295 ounces with an average contract price of NZ\$773 (A\$635) per ounce.

In June and subsequent to quarter end OceanaGold purchased a series of put option contracts to provide an average floor sale price of NZ\$986 for 213,846 ounces produced from the new Globe Progress mine between 2007 and 2010. This was financed by the sale of call options which provide a cap of NZ\$1,075 on the average sale price of 51,200 ounces produced from the new Globe Progress mine in 2010.

This represents an excellent outcome for the company in that a minimum sale price of NZ\$986 is achieved for 213,846 ounces produced between 2007 & 2010 by selling only 51,200 ounces of call options in 2010. So during the first three years of operation in Reef ton, a minimum gold price is guaranteed while preserving the upside revenue potential from higher gold prices.

Under AIFRS, changes in the fair value of the hedge book must be brought to account. The fair value of the hedge book represents the difference between the current market gold price and the present value of the contract prices. As a result, changes in the market gold price generates non-cash accounting gains or losses that must be reported within the income statement. This charge does not represent a realised gain or loss incurred by the company and therefore has no influence on revenue generated.

Under AIFRS accounting requirements, the significant rise in the market gold price during the quarter and the half year will require an unrealised and non-cash accounting loss on hedge contracts of approximately \$56 million to be reported within the half year results to 30 June 2006.

-Table 2-

Financial Statistics	Quarter Ended 30 June 2006	Quarter Ended 30 June 2005*
Gold Sales (Ounces)	44,703	40,633
	<u>AUD</u>	<u>AUD</u>
Average Price Received (\$ per ounce)	715	666
Cost Operating Cost		
Cash Cost (\$ per ounce) excl Royalty	349	378
Royalty (\$ per ounce)	8	4
Total Cash Operating Cost (\$ per ounce)	358	382
Non-Cash Cost (\$ per ounce)	262	217
Gross Cash Operating Margin (\$ per ounce)	357	284
Total Cash Operating Cost (\$ per tonne)	11.48	13.20
	<u>USD</u>	<u>USD</u>
Average Price Received (US\$ per ounce)	540	511
Total Cash Operating Cost (US\$ per ounce)	269	292
Non-Cash Cost (US\$ per ounce)	197	91
Gross Cash Operating Margin (US\$ per ounce)	271	219

*2005 comparatives have been prepared on an AIFRS adjusted basis

DEVELOPMENT PROJECTS

Globe Progress Surface

The Globe Progress Project is on schedule for first gold production in December 2006, while the capital cost of the project is well within budget and over 60% of the capital has now been committed.

Activity	Project Budget AUD \$,000	Current Project Forecast AUD\$,000
Mining	8,906	9,074
Processing	34,337	34,736
Infrastructure	11,511	9,478
Total	54,754	53,288
Recoveries	-965	-412
Total Capital Expenditure	53,789	52,876

Infrastructure is at advanced development stages with the access road, tailings impoundments and silt ponds completed and the 33 kV transmission line to the Project site almost completed.

The Company has put extensive effort into building a qualified management team for Globe Progress. Gareth Thomas, with over 20 years experience, has been appointed as Operations Manager. He is supported by Paul Miles as Mining Manager and Quenton Johnston as Process Superintendent. Both are seasoned operators from our Macraes operation. Combined, they bring the skill and experience to ensure an efficient and effective operations unit.

Construction of the Processing Plant at the Globe Progress site is progressing and on schedule. The civil works for the plant site area has been completed and the ROM Pad is due for completion shortly. Foundations for the mill and crusher areas have been poured, with work progressing next to the flotation area and structural steel due to start in August.

The bulk of the major contracts including earthworks, concrete, platework and structural steel have all been awarded while the SMP and electrical contracts will be finalised in early August.

All major equipment has been ordered or will be ordered by the end of July. Refurbishment of the mill is complete and preparations are being made for shipping to Reefton.

The mining contract has been awarded to Stracon Mining under an alliance agreement. Stracon is a successful New Zealand based contractor with experienced personnel suited to the conditions of the open cut mining required at the Globe Progress mine. Pre-stripping has started with a smaller civil fleet in advance of delivery of the new Caterpillar fleet starting in October.

Gough, Gough and Hamer the New Zealand Caterpillar agent has been awarded the supply of the mining fleet which is a combination of O&K excavators, Caterpillar trucks and auxiliary fleet. The first of the 777 trucks are due on site in late October.



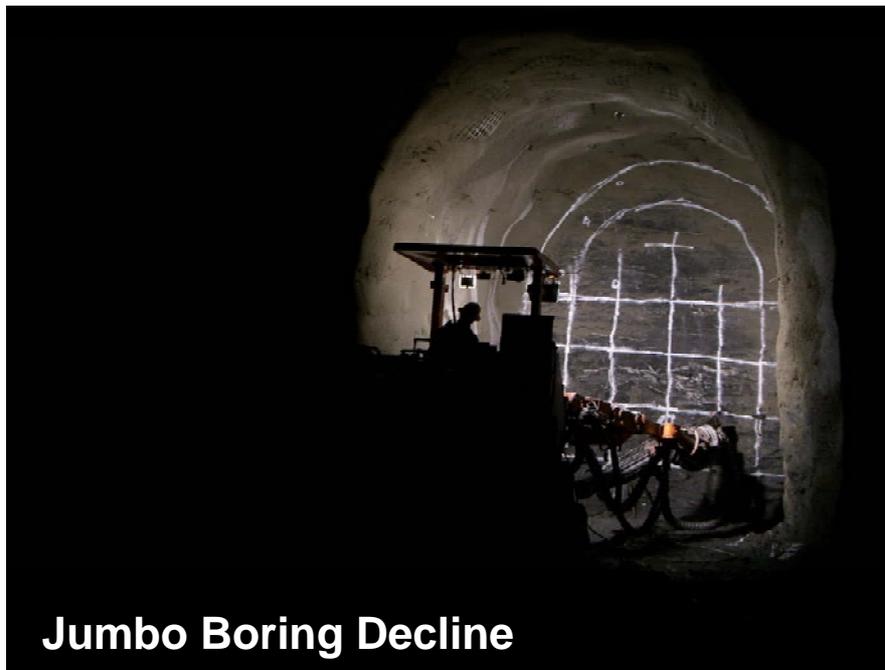
Frasers Underground Mine

Development for Frasers Underground started in the Second Quarter with Byrnescut Mining who were awarded a three year contract. The advance geotechnical work conducted during the project redesign allowed the development of a successful ground support regime for these rock conditions. As a result, the underground access ramp has progressed approximately 154 metres.

Most of the infrastructure such as offices, car wash, shop and other buildings were completed during the Quarter at budgeted costs. Five steel sets at the portal entrance were installed during the Quarter as well.

Five new pieces of equipment were ordered to include a 1400 LHD, 50D haulage truck, Longhole drill, jumbo drill and a Volvo 120 loader.

Recruiting for several positions for the project is underway.



Jumbo Boring Decline

EXPLORATION

Highlights

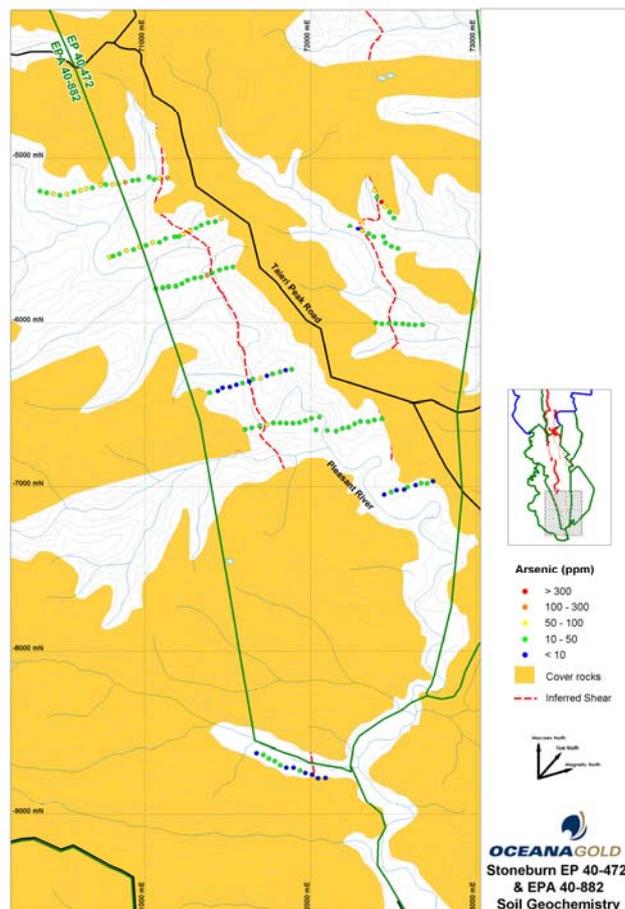
- High-grade mineralisation was further delineated at the Supreme prospect, 3km south of the Globe Progress deposit, Reefton. A preliminary Inferred Resource of 1.31 Mt @ 1.47 g/t Au (62,000 ounces of gold) to-date has been estimated for the Supreme mineralisation.
- Reconnaissance geochemical soil sampling has delineated anomalous gold and arsenic within the Hyde Macraes Shear Zone indicating previously unrecognised potential approximately 20km south of the Macraes Mill.
- A program of infill RC percussion drilling commenced at the Golden Ridge deposit south of the Frasers open-pit.

Macraes Goldfield

A reconnaissance program of soil geochemical sampling, comprising 109 samples, was completed in the Stoneburn area approximately 20km south of the Macraes Mill. The program targeted the southern extension of the mineralised Hydes Macraes Shear Zone (HMSZ) identified during First Quarter 2006 geological mapping.

Assay results defined localised gold (up to 66ppb) and arsenic (up to 130ppm) anomalism coincident with the mapped location of the HMSZ (Figure 1). Further soil sampling (approximately 80 samples) is scheduled during Third Quarter to infill anomalies to a 200m x 20m grid to identify potential drill targets.

- Figure 1 -
Stoneburn Geochemical Soil Sampling Results



An 18 hole (714m) reverse circulation (RC) percussion drill program commenced at the Golden Ridge deposit, south of Frasers open pit. Drilling will infill the existing Indicated Resource to provide a greater level of confidence to assist pit design and scheduling in preparation for mining.

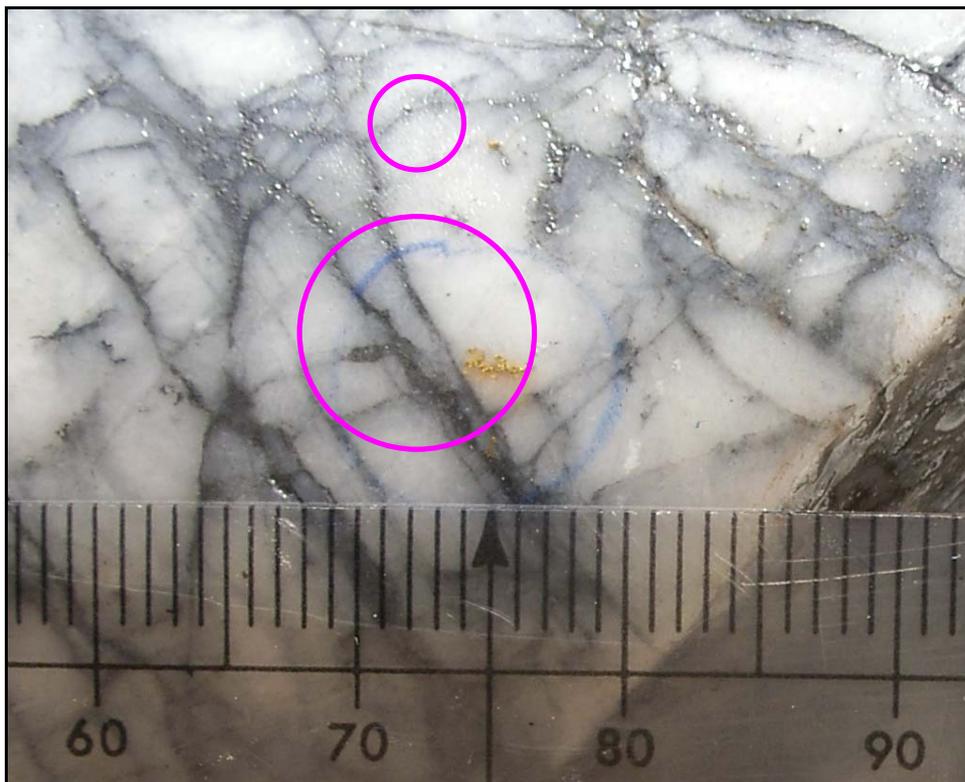
Reefton Goldfield

Helicopter-assisted diamond drilling continued during the Quarter at the Supreme prospect, 2.5km south of the Globe Progress Mine construction site. Nine (9) new holes were completed for 1,135m diamond coring bringing the total number of holes drilled at Supreme to eighteen (18) for 2,186m (see Appendix I).

Drilling has confirmed the presence of a mineralised structure similar to the Globe Progress orebody (Table 3). Mineralisation comprises a central core of gold-bearing quartz veins, locally containing visible gold (Figure. 2), surrounded by a more extensive halo of refractory sulphide-associated gold mineralisation.

Three sub-parallel mineralised structures extend approximately 250 metres along strike and at least 220 metres down-dip with an average thickness of 12 metres and moderate dip to the south-east (Figures 3 and 4). Historical workings indicate mineralisation extends further down-dip and remains open at depth.

- Figure 2 -
Visible Gold (circled) – Supreme Drill Hole RDD0017
(Scale in millimeters)

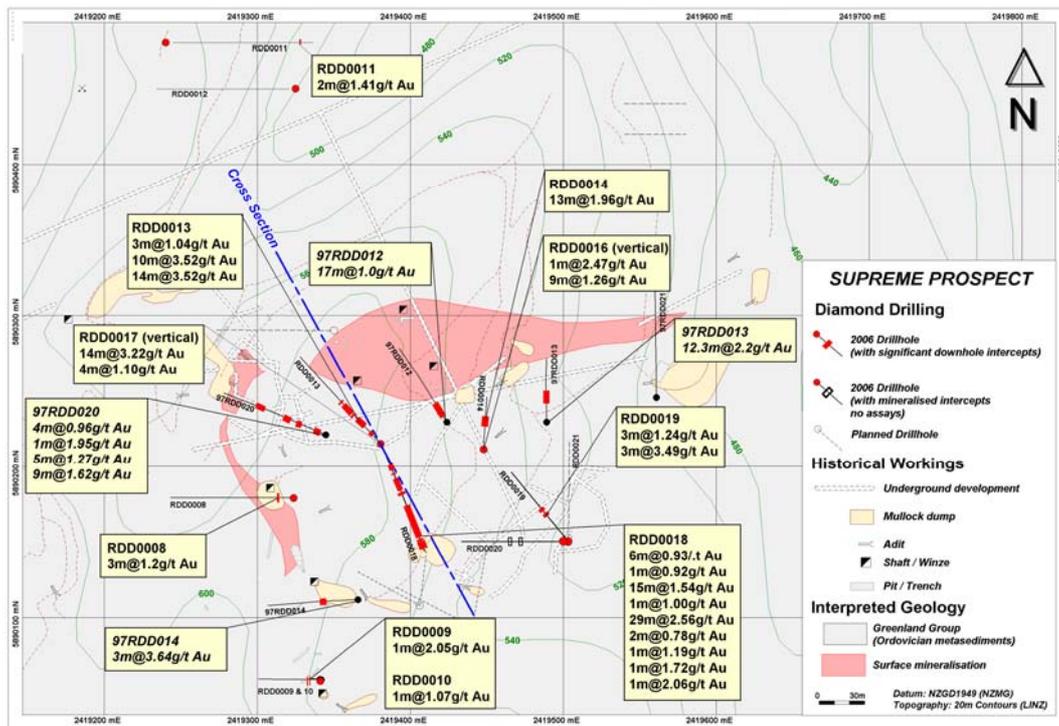


- Table 3 -
Supreme Prospect Significant Drilling Intersections

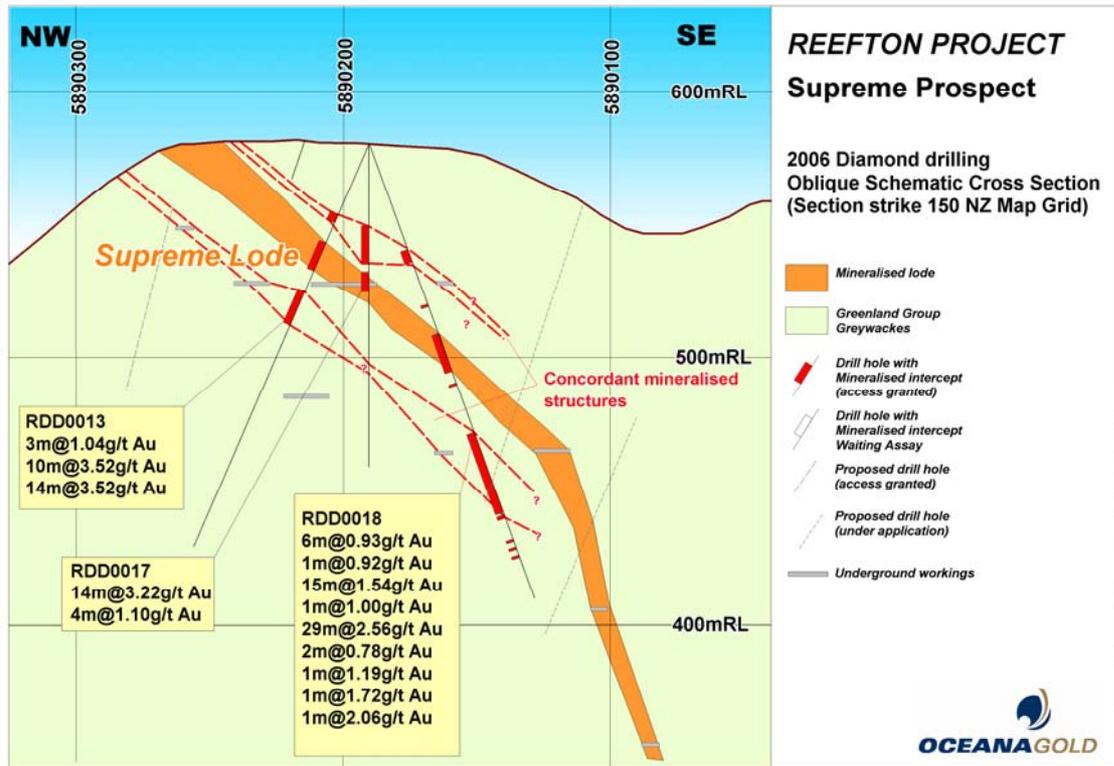
Hole ID	From (m)	To (m)	Length (m)	True1 Width (m)	Grade2 (g/t Au)
RDD0011	149	151	2	2	1.41
RDD0012	No significant intersections				
RDD0013	25	28	3	3	1.04
	37	47	10	10	3.52
	59	73	14	13.9	3.52
RDD0014	31	44	13	12.7	1.96
RDD0015	Hole abandoned				
RDD0016	43	44	1	0.8	2.47
	51	60	9	7.4	1.26
RDD0017	26	40	14	11.5	3.22
	43	47	4	3.3	1.10
RDD0018	39	45	6	2.8	0.93
	66	67	1	0.5	0.92
	75	90	15	6.9	1.54
	95	96	1	0.5	1.00
	122	151	29	13.3	2.56
	153	155	2	0.9	0.78
	162	163	1	0.5	1.19
	165	166	1	0.5	1.72
	169	170	1	0.5	2.06
RDD0019	56	59	3	3	1.24
	62	65	3	3	3.49

1 True width may change as structural and deposit geometries are updated
2 Grades are uncut

- Figure 3 -
Supreme Prospect Drilling



- Figure 4 -
Supreme Prospect Cross Section



A preliminary, geologically constrained, polygonal inferred resource of 1.31 Mt @ 1.47 g/t Au for a total of 62,000 ounces has been estimated to-date for the Supreme prospect based on mineralised intercepts in nine (9) diamond drill holes and an assumed average SG of 2.6. No lower or upper cut-off grades have been applied. Wireframes have been depth-limited to 120 metres below surface (460mRL), although historical underground workings indicate mineralisation extends to at least 350mRL (Figure 4). Infill and extensional drilling during Third Quarter will continue to target higher-grade zones to expand the resource base with an increased level of confidence.

The Company is extremely encouraged by the initial success of this program. It represents our first target to test the theory that extensive refractory mineralization remains around the historical mine workings in the Reefton Goldfield.

Globe Progress

A drilling program will commence in the Third Quarter of 2006 to better define, and potentially extend, mineralisation at the Empress deposit to the immediate south of the Globe Progress mine construction site. The General Gordon and Souvenir deposits will also be assessed for additional infill drilling to further delineate reserves.

APPENDIX I
Summary of Drill Holes and Mineralised Intercepts at the Supreme Prospect, Reefton

Hole ID	North (NZMG)	East (NZMG)	RL (m)	Depth (m)	Azimuth (°True)	Dip (°)	From (m)	To (m)	-	True ¹ Width (m)	Grade ² (g/t Au)
97RDD012	5890230	2419429	550	121.5	330	-60	11	28	17	17	1.00
97RDD013	5890229	2419489	521	88.4	000	-60	28	40.3	12.3	12.3	2.20
97RDD014	5890112	2419366	551	89.9	270	-50	33	36	3	3	3.64
97RDD020	5890221	2419345	585	161.9	290	-65	12	16	4	3.8	0.96
							43	44	1	1	1.95
							59	64	5	4.9	1.27
							100	109	9	6.6	1.62
97RDD021	5890246	2419561	481	145.5	000	-60	No significant intersections				
RDD0008	5890179	2419324	585	160.7	270	-60	19	22	3	3	1.20
RDD0009	5890059	2419341	574	83.0	270	-60	17	18	1	1	2.05
RDD0010	5890059	2419342	574	43.6	270	-80	17	18	1	1	1.07
RDD0011	5890474	2419206	565	157.3	090	-60	149	151	2	2	1.41
RDD0012	5890504	2419298	498	151.9	270	-60	No significant intersections				
RDD0013	5890216	2419381	576	166.9	315	-60	25	28	3	3	1.04
							37	47	10	10	3.52
							59	73	14	13.9	3.52
RDD0014	5890212	2419448	543	70.1	000	-60	31	44	13	12.7	1.96
RDD0015	5890212	2419448	543	42.9	000	-90	Hole abandoned				
RDD0016	5890210	2419448	543	100.7	000	-90	43	44	1	0.8	2.47
							51	60	9	7.4	1.26
RDD0017	5890215	2419380	576	122.4	000	-90	26	40	14	11.5	3.22
							43	47	4	3.3	1.10
RDD0018	5890215	2419380	576	181.3	160	-65	39	45	6	2.8	0.93
							66	67	1	0.5	0.92
							75	90	15	6.9	1.54
							95	96	1	0.5	1.00
							122	151	29	13.3	2.56
							153	155	2	0.9	0.78
							162	163	1	0.5	1.19
							165	166	1	0.5	1.72
169	170	1	0.5	2.06							
RDD0019	5890150	2419530	515	142.4	320	-60	56	59	3	3	1.24
							62	65	3	3	3.49
RDD0020	5890150	2419530	515	155.5	270	-60	Awaiting assay results				

¹ True width may change as structural and deposit geometries are updated

² Grades are uncut

STEPHEN ORR
Chief Executive Officer

Information in this report which relates to Mineral Resources and Ore Reserves is based on information compiled by Lachlan Reynolds (a full-time employee of OceanaGold) who is a member of the Australasian Institute of Mining and Metallurgy. Mr Reynolds has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Identified Mineral Resources and Ore Reserves. Mr Reynolds consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.