



23 December 2010

OCEANAGOLD CORPORATE UPDATE

(MELBOURNE) OceanaGold Corporation (ASX: OGC, TSX: OGC, NZX: OGC) ("the Company") is pleased to provide a corporate update.

Highlights

- Didipio project development team continues to be expanded in preparation for re-commencement of construction in H1 2011
- Detailed engineering design for Didipio set to re-commence in January 2011
- Updated resource/reserve statement will be released in late January/early February 2011 which is expected to increase reserves net of mine depletion
- FY2011 production guidance for NZ operations set at 260,000-280,000 oz Au @ cash costs of US\$645-\$685 / oz. Cash costs are moderately higher year on year to account for increased material movements consistent with the Company strategy to extend the mine life at the New Zealand operations. Costs are expected to decline significantly to below US\$400/oz by 2013 with the commissioning of the Didipio project.

Didipio Project

Work has been initiated on a number of fronts in preparation to re-commence construction on Didipio in H1 2011. Following the equity financing and appointment of Martyn Creaney as Project Director in early October, the Company has been assembling the project management and construction team while evaluating various contractors and consultants to assist with the build-out.

Detailed engineering design of infrastructure and the process plant will restart in January 2011 using much of the previous work as the basis for a head start toward completion. Upgrades to the site access road will also be undertaken in the New Year.

In parallel with the establishment of an owner's project management and construction team, Mark Cadzow, COO is recruiting an Operations General Manager to establish recruitment and training of an operations team well in advance of commissioning. It is expected that much of the operations, health and safety and environmental training will be undertaken at the Company's New Zealand mines where the incoming Filipino operating team will be trained and then will return back to roll-out the processes at Didipio.

Operations and Production Guidance

The exploration programs in New Zealand over the past twelve months have been successful in expanding the resource and reserve base. In line with Company practice, an updated resource/reserve statement is expected to be published by early February 2011, which will utilize US\$950 / oz Au and the same cut off grades as used in the previous estimate for the calculation of reserves. Consistent with earlier statements, OceanaGold expects to further expand the reserves across the New Zealand operations net of mining depletion for the second year in a row.

The approved FY2011 operations plan provides for an increase in the mining rate at both the Macraes and Reefton open cuts in order to remove adequate overburden to maintain access to run-of-mine ore. A new excavator and two new trucks will be commissioned at Macraes to assist increasing total mining to 59 million tonnes (from 52 million tonnes). Reefton will also receive additional equipment to facilitate an increase in movements from 15 million tonnes to 20 million tonnes. This is part of an overall strategy to ensure that the New Zealand business remains robust for years to come and that the mine life increases out to 7-8 years.

The increased movements will result in higher amounts of expensed overburden stripping and thus cash costs are expected to increase in FY2011. Under our current mine plan, costs in FY2012 are expected to reduce slightly and then in FY2013, decline significantly to below US\$400 per ounce on average across the business due to the commencement of gold and copper production from the Didipio project in The Philippines.

FY 2011 Production Guidance has been set at 260,000 - 280,000 oz Au @ cash costs = US\$ 645 - \$685 per ounce.

Jim Askew, Executive Chairman commented, "The decision to increase the mining rates at both the Macraes and Reefton open cut mines is important to ensure a stable operating platform over a longer mine life in New Zealand. With this extended mine life, capital can be allocated more efficiently when managing operating fleet requirements to maintain the highest level of mining efficiency at the operations."

Mr Askew went on to say, "While costs are expected to increase this year with the increased movements, this can also be attributed to some creeping of input costs such as diesel and labour, in addition to the strengthening New Zealand dollar against the US dollar. In spite of this, strong gold prices continue to drive expanding margins and healthy operating cash flows which will continue to underpin the business as we execute on our long term growth strategy."

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About OceanaGold

OceanaGold Corporation is a significant Pacific Rim gold producer with projects located on the South Island of New Zealand and in the Philippines. The Company's assets encompass New Zealand's largest gold mining operation at the Macraes goldfield in Otago which is made up of the Macraes open pit and the Frasers Underground mines. Additionally on the west coast of the South Island, the Company operates the Reefton open-pit mine. OceanaGold produces approximately 270,000 ounces of gold per annum from the New Zealand operations. The Company also owns the Didipio Project in northern Luzon, Philippines where construction is scheduled to re-commence in H1 2011.

OceanaGold is listed on the Toronto, Australian and New Zealand stock exchanges under the symbol OGC.

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