



31 January 2008

## **OCEANAGOLD 2007 FOURTH QUARTER ACTIVITY REPORT & 2008 MARKET GUIDANCE**

OceanaGold Corporation ("OceanaGold" or "the Company") is pleased to release its Fourth Quarter Activity Report for the quarter ended 31 December 2007, in accordance with Australian Stock Exchange ("ASX") Listing Rule 5.1.

The 2007 full financial year-end results with detailed commentary will be released following ASX market close on 27 February 2008 with a conference call scheduled for 8:00am Melbourne time on 28 February 2008 (details to follow in February).

### **Mine Production**

Production from all mining operations in the fourth quarter of 2007 exceeded plan and totalled 63,505 ounces of gold compared to 43,194 ounces in the third quarter.

The Macraes complex produced 46,818 ounces with 36,537 ounces coming from the open pit and 10,281 ounces from the Frasers Underground. The major waste overburden removal campaign in the Macraes open pit was completed during the third quarter. As a result, Macraes ore grade through the mill improved by 56% over the third quarter to 1.43 g/t.

At Reefton, gold production totalled 16,687 ounces, a 31% increase over the third quarter. Mill throughput has improved significantly and is performing at expected levels due to successful modifications in the grinding circuit, water clarifying circuits and concentrate handling facilities.

Corporate gold sales for 2007 totalled 177,722 ounces at a cash cost of US\$556/ounce which was better than the Company's revised market guidance of US\$570-\$580/ounce. Performance in December was particularly strong and the Company sold 19,305 ounces at a cash cost of US\$372/ounce.

### **Development**

The Frasers Underground development continued with trial production mining and mine panel development in the fourth quarter. Raisebore development was completed to provide an escapeway

as well as additional ventilation for the mine. On January 17<sup>th</sup> the Company announced the successful commissioning of the Frasers Underground on schedule.

The development of the Didipio project on Luzon Island, Philippines continued as planned. A tender process for the open-cut mining contract was initiated and finalization is expected in the first quarter of 2008. Mobilization and commencement of the pre-stripping for the open-cut is scheduled to start in the second quarter. Hiring of key personnel continued and included appointments to senior roles for the Construction, Project and Process Manager positions. Ausenco also continued to increase manpower for construction activities at site.

Total corporate expenditure incurred at all projects on mining production and development activities (excluding depreciation and amortisation) in the quarter totalled US\$53.1 million.

## **Exploration**

Expenditures for exploration totalled US\$1.6 million during the fourth quarter of 2007.

Infill diamond drilling at the Macraes Goldfield continued at Frasers Underground Panel 2 extension. Results have continued to increase confidence in the resource and these holes will be integrated into an updated resource/reserve model expected in Q1/08.

Drilling at the Reefion Goldfield demonstrated strong results from areas within, and adjacent to, the current open pit design. High grade mineralized structures (RRC0051 – RRC0054; table attached) splaying northward from the main Globe pit have identified significant upside potential. Results from drilling at the Empress deposit (RRC0045 – RRC0047) suggest that the mineralized structure at depth contains a higher-grade zone that has continuity for 40 metres along strike. Mining has commenced at the Empress deposit and these new results are being incorporated to optimise the mine design.

| <b>Prospect</b> | <b>Hole ID</b> | <b>From (m)</b> | <b>To (m)</b> | <b>Length (m)</b> | <b>True Width (m)</b> | <b>Grade (g/t Au)</b> |
|-----------------|----------------|-----------------|---------------|-------------------|-----------------------|-----------------------|
| <b>Empress</b>  | <b>RRC0045</b> | 71              | 93            | 22                | 12.5                  | 5.63                  |
|                 | <b>RRC0046</b> | 101             | 102           | 1                 | 0.8                   | 1.09                  |
|                 |                | 104             | 112           | 8                 | 6.3                   | 3.17                  |
|                 | <b>RRC0047</b> | 81              | 82            | 1                 | 0.7                   | 2.04                  |
|                 |                | 94              | 100           | 6                 | 4.2                   | 2.37                  |
| <b>Globe</b>    | <b>RRC0051</b> | 10              | 31            | 21                | 17.2                  | 3.59                  |
|                 | <b>RRC0052</b> | 3               | 7             | 4                 | 3.3                   | 0.47                  |
|                 |                | 18              | 29            | 11                | 9.0                   | 6.31                  |
|                 | <b>RRC0053</b> | 31              | 33            | 2                 | 1.6                   | 1.99                  |
|                 |                | 7               | 15            | 8                 | 4.6                   | 1.59                  |
|                 |                | 20              | 21            | 1                 | 0.6                   | 0.75                  |
|                 |                | 29              | 37            | 8                 | 4.6                   | 4.33                  |
|                 |                | 78              | 85            | 7                 | 4.0                   | 1.59                  |
|                 |                | 92              | 94            | 2                 | 1.1                   | 1.42                  |
|                 |                | 96              | 97            | 1                 | 0.6                   | 1.20                  |
|                 | <b>RRC0054</b> | 105             | 106           | 1                 | 0.6                   | 3.31                  |
|                 |                | 108             | 110           | 2                 | 1.1                   | 0.93                  |
|                 |                | 126             | 127           | 1                 | 0.6                   | 0.62                  |
|                 |                | 10              | 12            | 2                 | 1.6                   | 4.55                  |
|                 |                | 17              | 27            | 10                | 8.2                   | 5.20                  |

| Prospect          | Hole ID | From (m) | To (m) | Length (m) | True Width (m) | Grade (g/t Au) |
|-------------------|---------|----------|--------|------------|----------------|----------------|
| (Globe continued) |         | 61       | 62     | 1          | 0.8            | 0.77           |
|                   |         | 64       | 69     | 5          | 4.1            | 2.46           |
|                   |         | 72       | 73     | 1          | 0.8            | 0.53           |
|                   |         | 76       | 79     | 3          | 2.5            | 1.72           |

Exploration drilling in the Philippines focused on a program to upgrade resources to reserves at Didipio and results are pending. Near-mine exploration has commenced with targets being prioritized and drilling is expected the first quarter of 2008. The exploration permit was granted over the Manhulayan project located in the Surigao Peninsula, Eastern Mindanao. An exploration team has mobilized to site with field work and an IP/Magnetics survey slated for completion during the first quarter. Previous drilling in 2001 identified gold-copper anomalies with good continuity over long intervals. A drill program will be designed based on the outcomes of field studies and is expected to commence in late March to early April.

### **2008 Market Guidance**

Gold sales (FY 2008)                    280,000 – 300,000 ozs

Cash Costs (FY 2008)                    US\$440 – US\$460 per oz.

Production in 2008 is expected to reach record levels now that the Reefton and Frasers mines are commissioned and the cutback at the Macraes open-cut is completed. Cash cost guidance for 2008 in NZD terms has remained virtually unchanged reflecting the continued focus by our New Zealand team on cost management. While expenditures in New Zealand are not expected to increase from our 2008 plan, the appreciation of the NZD against the USD over the past year has resulted in an increase to the USD cash cost guidance for 2008.

The Company is forecasting gold sales of 71,000 – 74,000 oz for the first quarter of 2008.

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For further information please contact:

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## **About OceanaGold**

OceanaGold currently operates in the South Island of New Zealand and in the Philippines. The Company's assets encompass New Zealand's largest gold mine at Macraes which includes the recently commissioned Frasers Underground operation, Reefton Gold Mine also in New Zealand and the Didipio Gold-Copper Project in northern Luzon, Philippines scheduled for commissioning in H1 2009. The Company expects to achieve gold production of approximately 500,000 gold equivalent ounces (AuEq) in 2009.

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

## **Cautionary Statement**

Statements in this release may be viewed as forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. There are no assurances the Company can fulfil such forward-looking statements and the Company undertakes no obligation to update such statements. Such forward-looking statements are only predictions; actual events or results may differ materially as a result of risks facing the Company, some of which are beyond the Company's control.

## **Quality Control**

Mr Jonathan Moore, B.Sc (Hons) Geology and Dip.Grad. Physics, Resource Geologist is the Qualified Person for the technical disclosure in this release. Sampling of sawn diamond drill core was completed at the OceanaGold facilities at Reefton and Macraes, New Zealand. Samples were prepared and assayed by fire assay methods at the AMDEL laboratory located at Macraes Flat, New Zealand. Standard reference materials were inserted to monitor the quality control of the assay data.

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