



## **MEDIA STATEMENT**

12 May 2008

### **OceanaGold Provides Corporate Update**

OceanaGold Corporation today announced a revised capital cost for the Didipio Gold Copper project under construction on Northern Luzon Island in the Philippines. Didipio is one of the highest grade gold-copper porphyries being developed in the world today. With current proven and probable reserves of 1.57 million ounces of gold and 200 thousand tonnes of copper, the deposit has a 15 year mine life at 2.5 million tonnes per annum of production. The mineral resource if converted to reserves, will add another 610 thousand ounces of gold and 100 thousand tonnes of copper. The deposit is open at depth and a near-mine exploration drilling program has commenced.

The latest feasibility study was completed in 2006, and the Company has recently finalized a detailed review and third party audit of the project scope and cost to completion.

The project is now expected to cost US\$320 million of which US\$40 million has been spent. This revised capital cost includes a US\$33 million contingency and the Company has US\$105 million in cash. Using a US\$800 / oz gold price and a US\$3.50 / lb copper price, the project has an IRR of 22% and a payback of three years measured from the completion of commissioning on June 30, 2009.

A number of scope changes have been made to reduce project risk:

- Addition of power generation through the purchase of a Caterpillar heavy fuel oil power plant
- Increase to the Ausenco scope for the power plant design, installation and integration
- Removal of 6.2 km drainage tunnel
- Additional pumping capacity for the open pit, underground and tailings impoundment
- Increased concentrate storage capacity at site.

Key increases to capital costs compared to the 2006 Feasibility study are:

- Infrastructure – increase of \$44M (includes \$33M for power plant)
- Engineering, Procurement, Construction & Management Contract – increase of \$28M (EPCM contractor, freight)
- Process Plant – increase of \$25M (includes increases in labour, foreign exchange, general commodity inflation)
- Indirect Costs – increase of \$23M (includes land acquisition, engineering & project management, commissioning)
- Contingency – increase of \$22M.

The Company is in the process of finalizing an updated NI 43-101 report in accordance with Canadian requirements and this is expected to be filed in June.

Steve Orr, CEO commented, "We are seeing an unprecedented inflationary environment across our industry that has caused numerous projects throughout the world to be suspended or cancelled indefinitely. The robustness of the Didipio project remains intact with a payback in three years from the time we achieve full production rate. We have de-risked the project in a number of key areas and are working through proposals to complete the funding for the project. "

### **Revised Production Guidance**

The Company has reduced 2008 gold production guidance to 265,000 – 275,000 ounces at cash costs of US\$490 – US\$520 per ounce. The adjustment reflects an updated forecast for process recovery and mining challenges at Macraes. However, there have been measurable improvements in the month of April. Further allowance has been made for increasing fuel costs and a strong New Zealand dollar exchange rate.

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### **Cautionary Statement**

Statements in this release may be viewed as forward-looking statements. Any statements regarding the impact of future exploration on reserve estimates; expectations as to the timing and extent of production, estimates as to the future costs relating to the development of Didipio; or 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.

### **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, Reefion Gold Mine also in New Zealand and the Didipio Gold-Copper Project in northern Luzon, Philippines scheduled for commissioning in H1 2009.

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

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