

## OceanaGold to Sell Larger Share of Gold on Spot Market

**3 July 2006 - New Zealand's largest producer of gold OceanaGold Ltd is to reduce the amount of gold it sells on hedge contracts from 80% to 45%.**

In a release made last month, OceanaGold said it has entered into arrangements with its banking syndicate to restructure its gold hedge book.

The company said it will restructure 423,000 oz of its existing forward sales contracts which were previously scheduled for delivery through 2007 at an average price of NZ\$710 oz.

Following this restructure, approximately 55% of production will be available to be sold at spot prices from now to the end of 2010 and the remaining 45% of yearly production delivered into hedge contracts with a significantly higher average delivery price than the current book.

OceanaGold said in its 2005 annual report that it had a policy to hedge up to 80% of gold production in any one year. As at 31 December 2005, OceanaGold had sold forward 480,000 oz for delivery in the period 2006 to 2008.

Oceana Gold said in the release that it expects to receive average revenue of approximately NZ\$770 oz for the 45% hedged portion.

At the current (mid-May) spot gold price of NZ\$1135 an oz, it was estimated that NZ\$45 million of additional cash will be generated from this restructure over the years 2006 and 2007, OceanaGold said.