

OceanaGold exploring for new Macraes underground deposits

1 March 2007 - Exploration in 2007 at the Macraes goldfield in Otago will focus on discovery of more underground ore bodies, OceanaGold says in its report for the 2006 year.

Targets have been ranked according to their similarity to the mineralised ore extensions at Frasers underground deposits. The Golden Point and Round Hill areas just 1km of the Macraes plant, are interpreted to fulfil these criteria and will be the focus of exploration drilling.

Delineation exploration of Frasers Underground Panel 2 Extension will also be carried out this year. The higher grade mineralisation in this zone is expected to be confirmed and the existing Inferred resource elevated to at least Indicated category.

OceanaGold expects to spend A\$2.5 million in exploration at Macraes in 2007.

Expansion of the Coronation open-pit resource 5 km north of the plant to an estimated 55,000 oz is also planned.

In addition further soil sampling is required to infill target areas and identify potential open-pit drill targets within the Hyde-Macraes Shear Zone.

During 2006 exploration at Macraes consisted of a programme of reverse circulation percussion drilling at the Golden Ridge and nearby Frasers South deposits to provide a greater level of geological confidence in preparation for mining.

At OceanaGold's Reefton project, exploration drilling in 2007 will commence at the Auld Creek prospect (immediately north of the Globe Progress mine) and historic Crushington workings a further 1 to 3 km north. A programme of geological mapping and sampling will also continue at Reefton to generate new prospects for future drill testing.

Infill drilling at the Supreme deposit (south of Globe Progress) will be carried out to resolve continuity of lower mineralised structures. OceanaGold has located what it calculates as an inferred resource of 845,000 tonnes grading 1.46 g/t gold at Supreme for a total of 39,800 ounces of gold.

Pre-stripping was completed on the Globe Progress and General Gordon pits and 30,000 tonnes of ore had been stockpiled for processing by the new Globe Progress concentrate plant in the first quarter of 2007.

OceanaGold expects to produce 55 to 60 thousand ounces of gold from Reefton in 2007, by shipping the concentrate to Macraes plant for final processing.

At the Sams Creek greenfield exploration target, 50 km north-west of Nelson on the north coast of the South Island, a tenement-wide exploration programme to evaluate the potential of the project has been proposed and the most effective method to implement this programme is under consideration.

Development of the Frasers underground mine at Macraes continued with the decline progressing to 760 metres from the portal. In 2006 a total of 1361 metres were driven which slightly exceeded budgeted advance.

The mining crews are developing the main decline heading and initial mining stopes and a total of 47,456 tonnes of ore was mined by year end. All major development is progressing to plan.

Development rates underground continue to increase with additional equipment and resources coming on-line. As a result further efficiency improvements are forecasted.

Production from the initial underground mining area in the second quarter of 2007 remains on target. The primary ventilation raise will be completed during the year.

Gold production from OceanaGold's Macraes operation performed solidly in 2006 with output of 182,288 oz, up 12,269 oz or 7.2%, from the 2005 production of 170,019 oz.

The average price received was A\$749 an oz, resulting in an average cash margin of A\$388 per oz.

Source: OceanaGold