

OceanaGold plans big exploration spend in NZ this year

5 June 2009 -OceanaGold plans to make a major step up in exploration for gold in and around its two New Zealand mines this year.

OceanaGold, which is New Zealand's largest gold producer, says that it plans to spend up to NZ\$10 million on a focused exploration programme in 2009 at the Macraes and Reefton Goldfields.

In the previous 2008 year the company spent \$2.7 million on exploration in New Zealand, according to its recently released annual report.

"The outlook for gold in 2009 is considerably brighter and the company intends to increase its focus on exploration."

For 2009, the Macraes programme will focus on defining near-surface, open-pittable, resources at the northern end of the Hyde-Macraes Shear Zone.

At the Frasers underground mine, an infill drilling programme will continue targeting the recently announced Panel 2 Deeps area of the mine. Also throughout the year drilling will be focused on the down dip extension potential of Panel 2.

At Reefton OceanaGold intends to implement a mix of near-mine step out drilling as well as goldfield-scale structural interpretation/target generation.

A drill programme is planned for the second half to test the deep 50-60 g/t, under 1 metre wide Birthday Reef at the Blackwater project, south of the current Reefton operations. Blackwater was historically the richest underground mine in the Reefton goldfield before mining stopped in 1951.

OceanaGold said that in light of improving economics, it will begin examining opportunities at the Macraes and Reefton open pits for future cut-backs and subsequently extension of mine life.

These improved economics showed in the 2009 first quarter result, with OceanaGold achieving a new gold sales record totaling 81,093 oz for the quarter. The higher production combined with lower costs from a drop in diesel and power costs, plus a weaker New Zealand dollar helped increased the cash operating margin for the quarter by 21% over the previous quarter to US\$403 per oz.

Sources: OceanaGold and Lindsay Clark