



MEDIA STATEMENT

11 October 2005

OCEANAGOLD IMPROVES OPERATING COSTS

OceanaGold today announced that operating costs during the third quarter of 2005 were reduced by 18% from the second quarter of 2005.

Cash costs per ounce in the third quarter of 2005 averaged A\$353 per ounce compared to A\$429 per ounce incurred during the second quarter of 2005.

The Company has implemented and is benefiting from a cost improvement program that is expected to achieve immediate and sustaining operating cost reductions. Under this program, maintenance costs are expected to be reduced by replacing older mining equipment. Utilisation and availabilities with the remaining mining fleet are expected to be improved through reduction in shift change delays and better truck loading and equipment deployment with Caterpillar's Minestar fleet management system. Availability at the Macraes process plant will be increased through improved preventative maintenance planning and scheduling and relocation of the maintenance activity under the Processing Manager. The entire organisation will be streamlined to increase efficiency and reduce management layers.

In conjunction, a number of revenue enhancing projects and initiatives are being evaluated. Process plant throughput is being increased through open-circuit grinding. The elimination of fine carbonaceous material from the flotation circuit feed is being tested and is expected to improve gold recovery.

According to CEO Steve Orr, "This is part of our continuous improvement program at OceanaGold. Over the last seven months, the company has successfully reduced its expected capital expenditure and improved the margins at the Frasers underground and Reefion development projects. We are proactively responding to inflationary cost pressures that have affected the entire resource industry to ensure that we achieve our expected levels of profitability in 2006 and beyond."

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Background Information

OceanaGold is a leading gold producer listed on the Australian (ASX) and New Zealand (NZSX) Stock Exchanges. The Company currently produces 185,000 ounces of gold per annum from its Macraes Mine in New Zealand and is developing two further mines, the Frasers Underground in the Macraes Goldfield and the Globe Progress Open Pit in the Reefion Goldfield.

Further information is available on the Company's website www.oceanagold.com