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OceanaGold Corporation (TSX, ASX and NZX codes: "OGC") group production quarter on quarter increased by 8% to 63,270 ounces from 58,289 ounces and cash costs decreased to US$640 per ounce from US$741 per ounce. Total cash operating costs (US$ per tonne processed) fell to US$23.29 from US$26.21. What were the main drivers of the production and operating cost performance? What is the outlook?

CEO Steve Orr
The increased production this quarter was mostly due to improved performance at our newly commissioned Frasers Underground mine, where we achieved record mine production of over 14,000 ounces. The mine is operating to plan with ore mined averaging a higher grade than predicted partially due to a high grade quartz vein intersected by the decline development.

Higher production and lower electricity costs contributed to a 13% decline in cash costs compared to the June quarter 2008. Given this encouraging trend we're still maintaining our guidance for the full year of 265,000 to 275,000 ounces at a cash cost of between US$560 to US$595 an ounce. For Australian based gold producers, I believe that places us in the top five in terms of production for 2008.

In FY09, we are expecting combined production from our three New Zealand mines to be in the range of 280,000 - 300,000 ounces at a cash cost of US$425 to US$475 per ounce. We are expecting cash costs to decline further due to higher grades from the Macraes open pit and a weaker forecast for the New Zealand dollar against the US dollar.

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OGC announced in its September 2008 quarterly EBITDA of US$19 million, up from US$1.1 million in the June quarter. What were the major components of that increase? Can you reconcile EBITDA (excluding undesignated gain/(loss) on hedges) with Reported earnings/(loss) after income tax (including undesignated gain/(loss) on hedges) of minus US$10.9 million?

CEO Steve Orr
The weakening of the New Zealand dollar against the US dollar was the main component of the quarter on quarter increase with stronger production and lower operating costs, particularly electricity, contributing the remainder.

Regarding the reconciliation of EBITDA against the net earnings; about two thirds of the difference is an accounting charge which recognises unrealised losses on the value of the remaining hedge contracts. This was due to an increase in the New Zealand dollar gold price as a result of the decline of New Zealand dollar against the US dollar. The balance of the difference is due to depreciation charges.

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Can you reconcile the EBITDA of US$19 million with cash flow from operating activities of minus US$2.7 million (down from US$10.8 million in the June quarter)? What are your current cash and debt levels?

CEO Steve Orr
The reported negative US$2.7 million was mainly due to timing of creditor payments that we made in the Philippines for the Didipio project. To really understand the cash produced from operations, it's better to look at our New Zealand operations, where US$5.4 million in cash flow was generated.

Our cash position was US$17.2 million at the end of the quarter. Total debt is about US$135 million with an additional US$47 million for capital leases for our New Zealand equipment. The large majority of our debt is classified as non-current.

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OGC settled 78,312 ounces of fixed-forward hedging in September representing a 25% reduction in the total fixed-forward hedging position. What hedging remains in place? Do you have plans to review your hedging facility?

CEO Steve Orr
We have 241,000 ounces remaining in our entire portfolio. The average price of those flat forward hedges is NZ$773 per ounce and it's evenly split across 2009 and 2010 after which we will have completely closed out the entire hedging facility.

Our objective is to extinguish the remaining hedging facility as quickly as possible. We're quite bullish on the price of gold, particularly in New Zealand dollar terms. Our outlook is based on expected weakness in the New Zealand dollar at least over the next year. We would like to be selling as much of our production at spot market prices and we continue to look for opportunities to extinguish our existing hedge contracts.

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Limited construction continues at the Didipio Gold-Copper project in the Philippines with a temporary suspension of high expenditure activities. These low cost capital projects will assist with facilitating rapid ramp up of full construction activities in the future. How are you addressing the funding requirement to complete the total project? Can you comment on the range of options available and the process you will be undertaking to find a solution?

CEO Steve Orr
We are pursuing a range of options regarding Didipio including the possibility of establishing a joint venture and/or finding a suitable partner or investor for the project. We have made significant progress thus far.

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Gold’s traditional role as a store of value during times of economic uncertainty has been challenged. Where do you see the gold price moving and what is the impact of a low gold price on the viability of the gold mining industry? Where do you see the opportunities for OGC in the medium term?

CEO Steve Orr
I remain bullish on the US dollar gold price and expect to see it increasing from its current levels over the medium term. At the moment, it is being influenced by the unusual set of circumstances associated with the global liquidity crisis. There has been a high level of redemption demands on investment institutions. As a result, they have been liquidating positions in commodities such as gold, base metals and oil. We are seeing a significant amount of pressure on commodity prices. This will take some time to work its way through the system, but once it does, we expect to see an appreciation in the US dollar gold price.

Currently, the average industry production cost is about US$600 an ounce and that doesn’t include the exploration costs to regenerate reserves. We require a gold price in the US$750 per ounce to US$800 per ounce range to ensure a healthy industry.

The weakness in the New Zealand dollar creates obvious opportunities for OceanaGold in the near term. About 80% of our costs are denominated in New Zealand dollars, so we monitor the New Zealand dollar gold price closely. Every 1 cent decline in the NZ dollar compared to the US dollar generates about NZ$2 million of additional cash flow per year. This is quite substantial and foreign exchange is probably one of the most sensitive variables for us. The New Zealand dollar gold price is now about NZ$1,350 an ounce and has been as high as NZ$1,560 per ounce in recent weeks, which is a record gold price in New Zealand dollar terms.

Our New Zealand operations are now performing consistently and we've seen quarter on quarter improvement since the beginning of the year. Sustained strength in gold prices is expected through the current quarter and we remain focussed on identifying further cost reduction opportunities and driving greater value for OGC shareholders.

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Thank you Steve.

For more information about OceanaGold, please visit www.oceanagold.com or contact Darren Klinck, Vice President, Corporate and Investor Relations, OceanaGold Corporation, telephone + 61 3 9656 5300.

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