



22 May 2007

PIKE RIVER COAL LIMITED LAUNCHES IPO

Initial Public Offer

New Zealand Oil & Gas Limited advises that Pike River Coal Limited (Pike River) today registered a prospectus with the Companies Office in New Zealand, and is to lodge a combined New Zealand Investment Statement and Australian Prospectus with ASIC today in Australia, to raise a minimum of \$65 million. The offer is being made to the public and institutional investors in New Zealand and Australia, and to qualified institutional investors in certain other countries. The funds will allow the company to continue progressing its premium hard coking coal mine into production at Pike River on the West Coast of the South Island.

The Initial Public Offering (IPO) of shares invites subscriptions for 65 million ordinary shares at \$1 each. At Pike River's election, over-subscriptions for up to 20 million additional shares may be accepted. The minimum application for New Zealand resident investors is NZ\$3,000 and for Australian resident investors is either NZ\$3,000 or, if applying in AU\$, AU\$3,000. Applications for additional allocations will be in parcels of NZ\$500 (or AU\$500 as the case may be).

New Zealand Oil & Gas Limited (NZOG) is a promoter of the offer and NZOG shareholders at 6 June 2007 will receive a preferential entitlement to subscribe for one Pike River share for every eight NZOG shares held at the close of business on that date, subject to the minimum application requirements. NZOG option holders are not eligible for an entitlement unless they exercise their options prior to this date. Lead broker to the offer is McDouall Stuart Securities Limited.

Following the IPO, and acceptance of its application for listing on the New Zealand stock market, Pike River will be the only New Zealand domiciled listed coal miner and exporter. Pike River will also make application to list on the Australian Stock Exchange.

"The IPO is a key step in the funding package required to bring this very exciting mining project to fruition," Pike River chairman John Dow says.

Coal Recoveries

Pike River intends to mine 17.6 million tonnes of coal identified as recoverable from the Brunner seam in the Paparoa ranges, 46 kilometres north-east of Greymouth. At today's prices and exchange rates, the 17.6 million tonnes has a gross sales revenue value of NZ\$2.3 billion. Hard coking coal is the highest value type of coal and is used to provide energy and act as a catalyst in the steel making process. Pike River coal has ultra low ash and high fluidity, qualities particularly sought after by coke manufacturers and steelmakers.

"The existence of hard coking coal at Pike River has been known for many years. But it has taken the dedication and backing of our largest shareholder, NZOG, to assist in bringing the mine to its current stage of development," says Gordon Ward, Pike River's Managing Director and Chief Executive Officer.

In addition to the known coal reserves, it is possible that additional coal of up to 11 million tonnes of hard coking coal may also be recoverable - eight million tonnes from the deeper Paparoa seam and three million tonnes from the Brunner seam – but this will require further investigation to determine the size and quality of any resource, particularly in the Paparoa seam.

Board and Management

The Pike River Board is comprised of highly experienced individuals with proven records in listed public companies, the private sector and in the coal industry.

Independent Chairman John Dow capped an international career in mining exploration and development as Chairman and Managing Director of Newmont Australia.

Pike River Managing Director Gordon Ward has been responsible for driving the Pike River project for the last nine years including whilst general manager of NZOG.

Stuart Natrass is a director of the dairy cooperative Fonterra and has 16 years prior experience in international banking. He is also an independent Director.

NZOG founder and Chairman Tony Radford and NZOG deputy chairman Professor Ray Meyer; an engineer and former public utilities director are non-executive Directors. Completing the Pike River board will be representatives of Pike River's two largest customers. Dipak Agarwalla, head of Indian pioneering coke manufacturer Saurashtra Fuels

is currently a member of the board, and Arun Jagatramka; Managing Director of Indian coke manufacturer, Gujarat NRE Coke is expected to be appointed following the IPO.

Pike River has also put together a highly experienced mine management team led by General Manager, Mines; Peter Whittall. Peter has 26 years experience in the underground coal mining industry including 24 years with BHP Billiton in Australia. Peter was Mine Manager for the development of the 5 million tonnes per annum 'greenfield' Dendrobium coal mine near Wollongong in New South Wales.

Shareholders and Listing

After the IPO is complete, NZOG will remain Pike River's largest shareholder with 34.6 per cent (excluding over-subscriptions) of the ordinary shares on issue. Foundation coal buyers, Gujarat and Saurashtra will hold 11.1 per cent and 9.5 per cent respectively.

Applications for shares in the IPO will be accepted from the expected opening day of the offer, 8 June 2007. The final closing date for the offer is expected to be 10 July 2007. Pike River has sought approval for the shares to be listed on the NZX and to commence trading on 20 July 2007. An application will be made to the ASX for trading to commence on the same day.

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Application has been made to New Zealand Exchange Limited ("NZX") for permission to list Pike River Coal Limited ordinary shares and all of the requirements of NZX relating thereto that can be complied with on or before the date of distribution of this announcement have been duly complied with. However, NZX accepts no responsibility for anything in this announcement.

Applications will not be accepted before 8 June 2007, the expected opening date of the offer in New Zealand and Australia.