



3 March 2009

NZOG to partly underwrite Pike River Coal Rights Issue

New Zealand Oil & Gas Limited (NZOG) has agreed to partly underwrite the NZ\$41 million renounceable pro rata rights issue announced today by Pike River Coal Limited (PRC).

The capital raising planned by PRC includes a rights issue offer to shareholders of one new share and one bonus option for consideration of NZ\$0.70, for every 5 PRC shares held¹. In addition, PRC has also announced a NZ\$4m placement to an institutional shareholder.

As PRC's largest shareholder, NZOG has committed to take up its 30 per cent pro rata share of the new shares issued. Lead Manager for the issue is McDouall Stuart Securities NZ Limited.

PRC's decision to raise cash at this time follows a rock fall from the lower section of the new ventilation shaft which PRC advises has delayed the production ramp-up period by two to three months and delayed first coal sales proceeds to the third quarter of 2009. As a consequence PRC has been required to fund the final capital expenditure payments from a new equity issue instead of first coal sales proceeds. The issue will also provide some working capital for PRC and cover the expected cost of remedying the shaft, a portion of which may yet be covered by insurance.

NZOG holds 85,371,468 PRC shares. Under the rights issue NZOG will receive a little over 17 million new shares and the same number of options, for a total consideration of just under \$12 million. NZOG will fund this from its substantial cash reserves.

ENDS

FOR FURTHER INFORMATION PLEASE CONTACT:

Chris Roberts
Public Affairs Manager
New Zealand Oil & Gas Limited

Telephone: (04) 495 2424 Toll free 0800 000 594

NZOG stock symbols: NZX shares - NZO
ASX shares - NZO

¹ Rounded from actual entitlement ratio of 1 Right for every 5.01581192 shares held.