



16 December 2005

PIKE RIVER MINE ACCESS CONSTRUCTION UNDERWAY

- Two major contracts signed
- DOC approval received for entry
- Access road construction commenced

The first two major construction contracts for the underground Pike River coal mine development located 46km north of Greymouth, have been executed by Pike River Coal Company Ltd ("PRCC").

These contracts are:

- the engineer, procure and construct (EPC) contract for the road and bridges has been awarded to Ferguson Brothers Limited, a local West Coast company with twenty years in roading and civil construction.
- the tunneling EPC contract has been awarded to McConnell Dowell Constructors Limited New Zealand, the New Zealand division of McConnell Dowell, a major international construction company which has recently completed a similar 1.2 km tunneling contract at the Mandalong coal mine, NSW.

The Ferguson's contract is to build an 8.5 km long single lane road with passing bays from the coal processing plant to the mine tunnel (portal) entrance. This road will carry mine workers and equipment to the underground mine. 4.5 km of the road will be an upgraded logging track and 4 kms of newly constructed roadway. Six major bridges will be built.

The McConnell Dowell contract is to construct a 2.2 kilometre tunnel to access the coal deposit. The tunnel will be 4.5 metres high and 5.5 metres wide and will be constructed in extremely hard rock using standard drill and blast techniques. Following each blast, the rock will be stockpiled on PRCC-owned land. The tunnel is scheduled to intersect first coal in the March 2007 quarter.

PRCC has completed extensive management plans, following a thorough risk analysis of construction activities to ensure that the access road, bridges and tunnel construction will comply with comprehensive resource consent and access agreement terms. An independent engineer will monitor road contractor performance to ensure continued compliance with environmental conditions.

Work on the access road has commenced this week, following authorisation from the Department of Conservation.

FOR FURTHER INFORMATION PLEASE CONTACT:

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NZOG stock symbols:

NZX: Shares - NZO Options - NZOOD

ASX: Shares - NZO Options - NZOO