



29 August 2006

PIKE RIVER MINE CONSTRUCTION UPDATE

A milestone for the Pike River coal mine development was reached by NZOG subsidiary, Pike River Coal Limited, during August 2006, with the access road reaching the rock face where the tunnel is to commence. Ten kilometres of basic access road has now been constructed from the public road to the Pike mine site and seven bridges installed. Tunnelling contractor, McConnell Dowell Constructors (NZ), has taken possession of site and have erected scaffolding around the tunnel entrance to allow supports to be installed and the site to be prepared for the drill and blast operation. Tunnelling equipment is now onsite, including a purpose built twin boom jumbo drilling unit, together with offices, workshops and support equipment. The tunnel will commence underground in September 2006.

Work is also progressing in clearing a 20 hectare area for the coal preparation plant, bathhouse and substation area located on Pike River owned land. Building of the electrical substation has now commenced and Westpower have been contracted to establish the power supply from the 110KV supply at Atarau Road through two new substations and build 17 kilometres of power line to deliver 11KV to the mine itself.

Several significant tenders have been closed and preferred contractors selected. Some technical and commercial issues are still to be finalised ahead of contract award. These tenders include the coal preparation plant (CPP), to be constructed on a build-own-operate basis, and the supply of two continuous miners and a roadheader for developing the mine's roadways. Work on the CPP will commence later this year for commissioning prior to first coal from the mine. Similarly the mining equipment has long lead times and are being ordered to allow delivery prior to the tunnel intersecting the coal seam.

Work is on track for first coal from the mine in the quarter ended December 2007.

The previously announced \$20 million equity investment by Gujarat NRE Coke Limited in Pike River Coal Limited was completed in August 2006 upon receiving payment of the funds.

FOR FURTHER INFORMATION PLEASE CONTACT:

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NZOG stock symbols: NZX shares - NZO options - NZOOD
ASX shares - NZO options - NZOO

Pike River Under Construction

Lower Pike
Bridge

