30 August 2006

PIKE RIVER COAL CONFERENCE PAPER

Attached is the Pike Mine Development Conference Paper being presented to the Australasian Institute of Mining and Metallurgy Conference at Waihi on 30 August 2006. The paper is being presented by Mr Peter Whittall, the General Manager, Mines for Pike River Coal Limited.

news release

FOR FURTHER INFORMATION PLEASE CONTACT:

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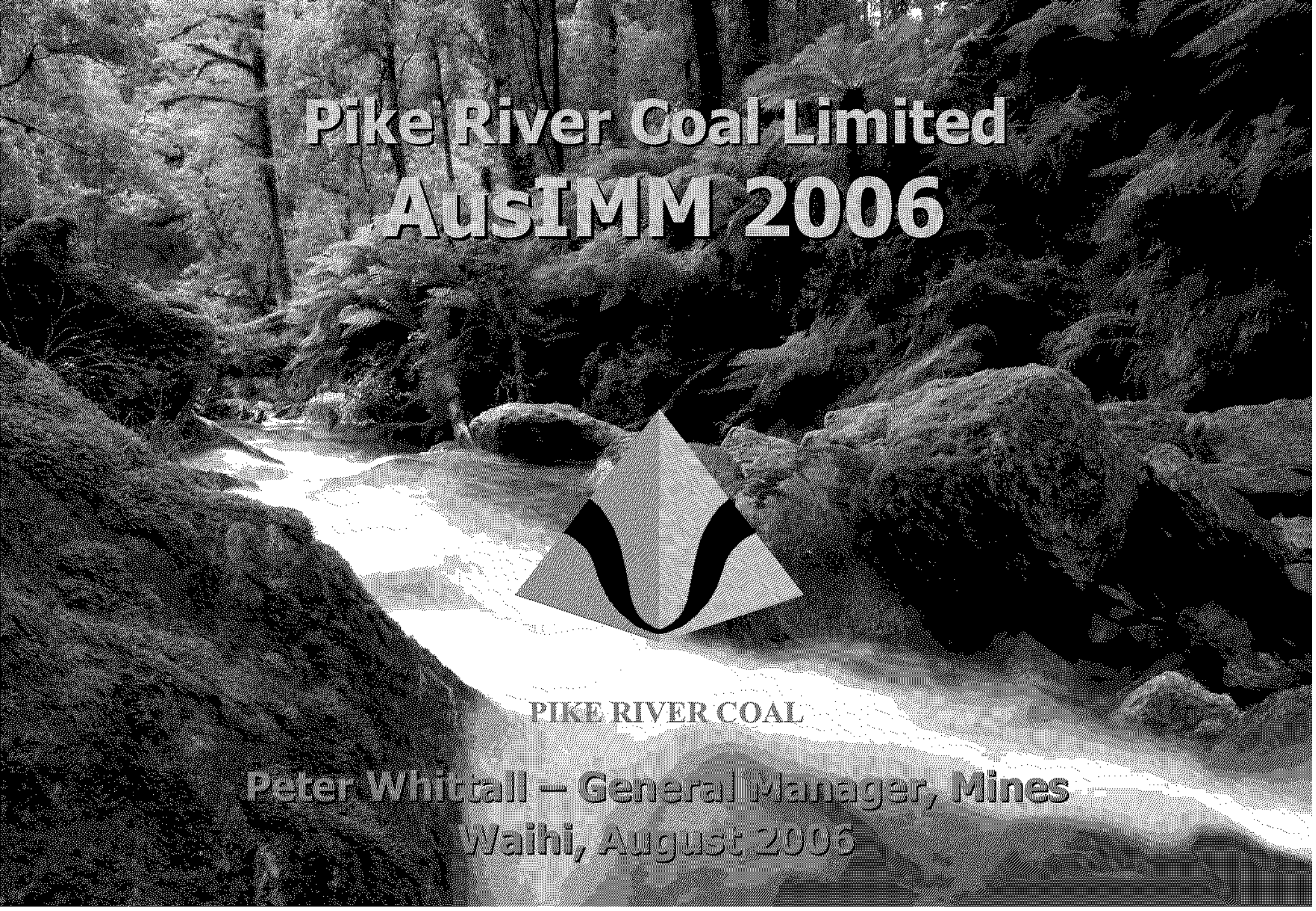
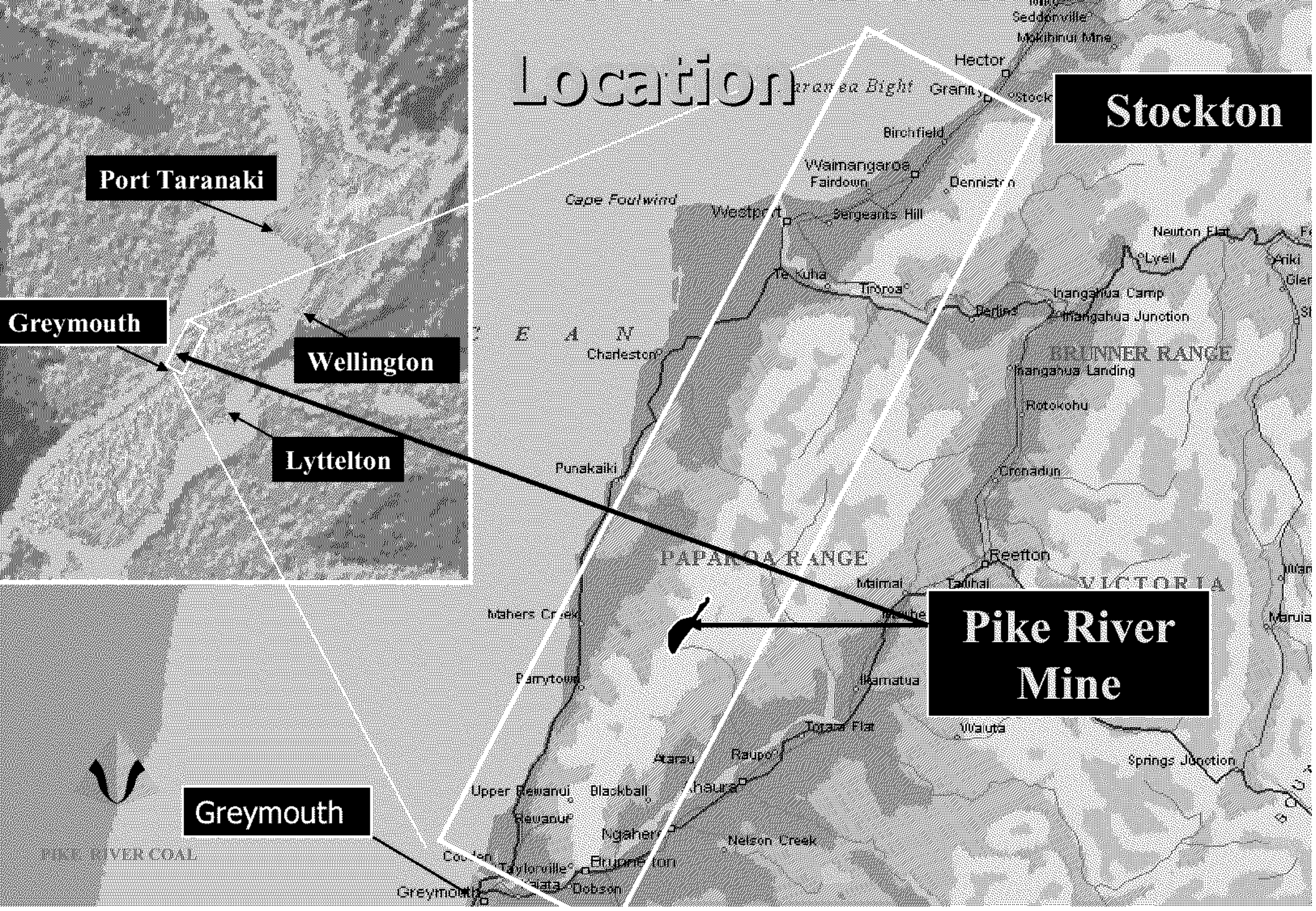
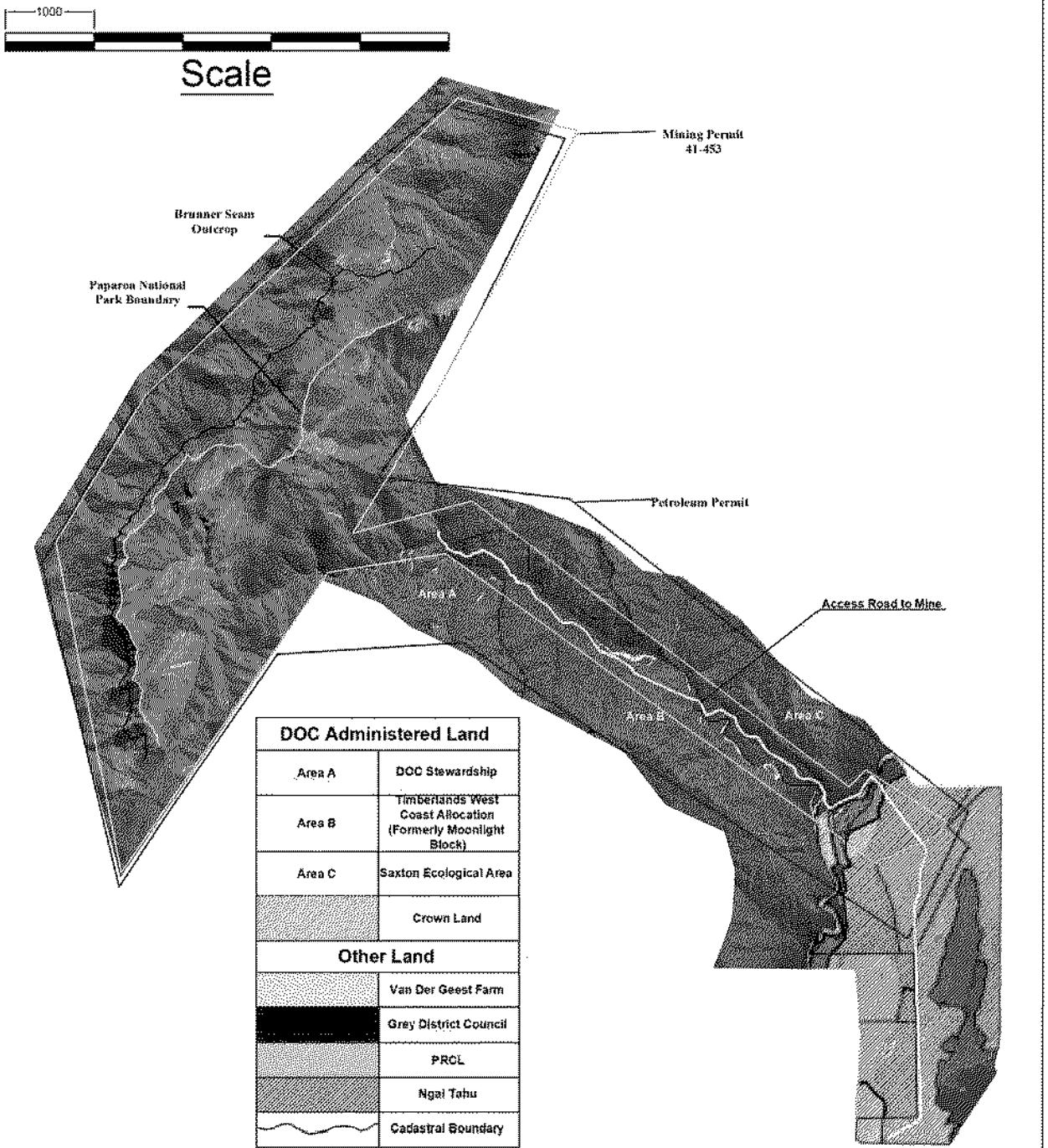
NZOG stock symbols: NZX shares - NZO options - NZOOD
ASX shares - NZO options - NZOO


Pike River Coal Limited
AusIMM 2006
PIKE RIVER COAL
Peter Whittall – General Manager, Mines
Waihi, August 2006


Location
Stockton
Port Taranaki
Greymouth
Wellington
Lyttelton
Pike River Mine
Greymouth
Seddonville
Mokihinui Mine
Hector
Granity
Birchfield
Waimangaroa
Fairdown
Cape Foulwind
Westport
Sergeants Hill
Te Kuha
Tiroroa
Charleston
Punakaiki
PAPAROA RANGE
BRUNNER RANGE
Inangahua Camp
Inangahua Junction
Inangahua Landing
Rotokohu
Cronadun
Reefton
Maimai
Lyell
Newton Flat
VICTORIA
Barrytown
Ikamatua
Totara Flat
Waiuta
Springs Junction
Atarau
Raupo
Upper Rewanui
Blackball
Rewanui
Ngahere
Nelson Creek
Taylorville
Dobson
E A N
PIKE RIVER COAL

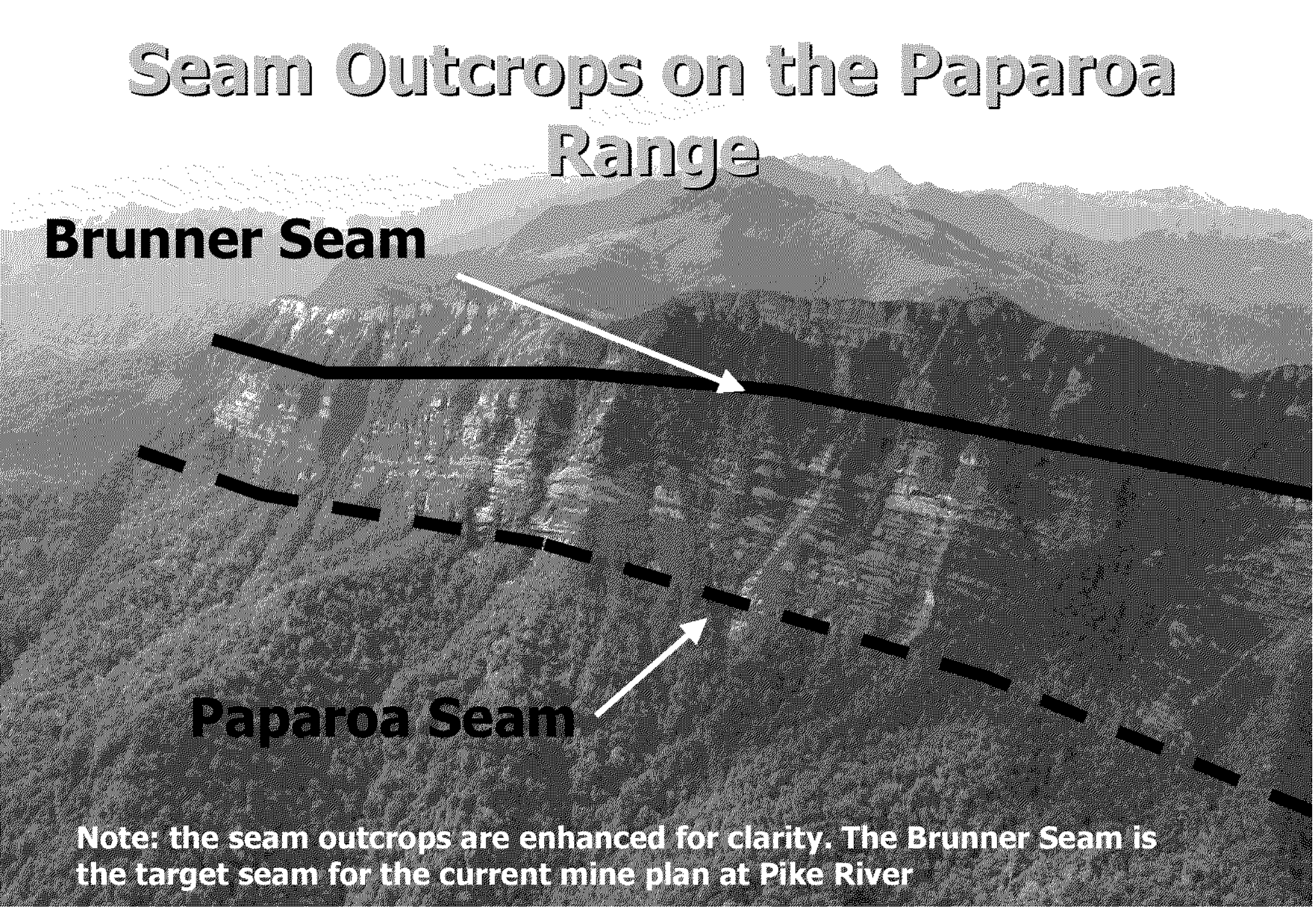


PIKE RIVER COAL

Pike River Mining Permit

(Topographic View)

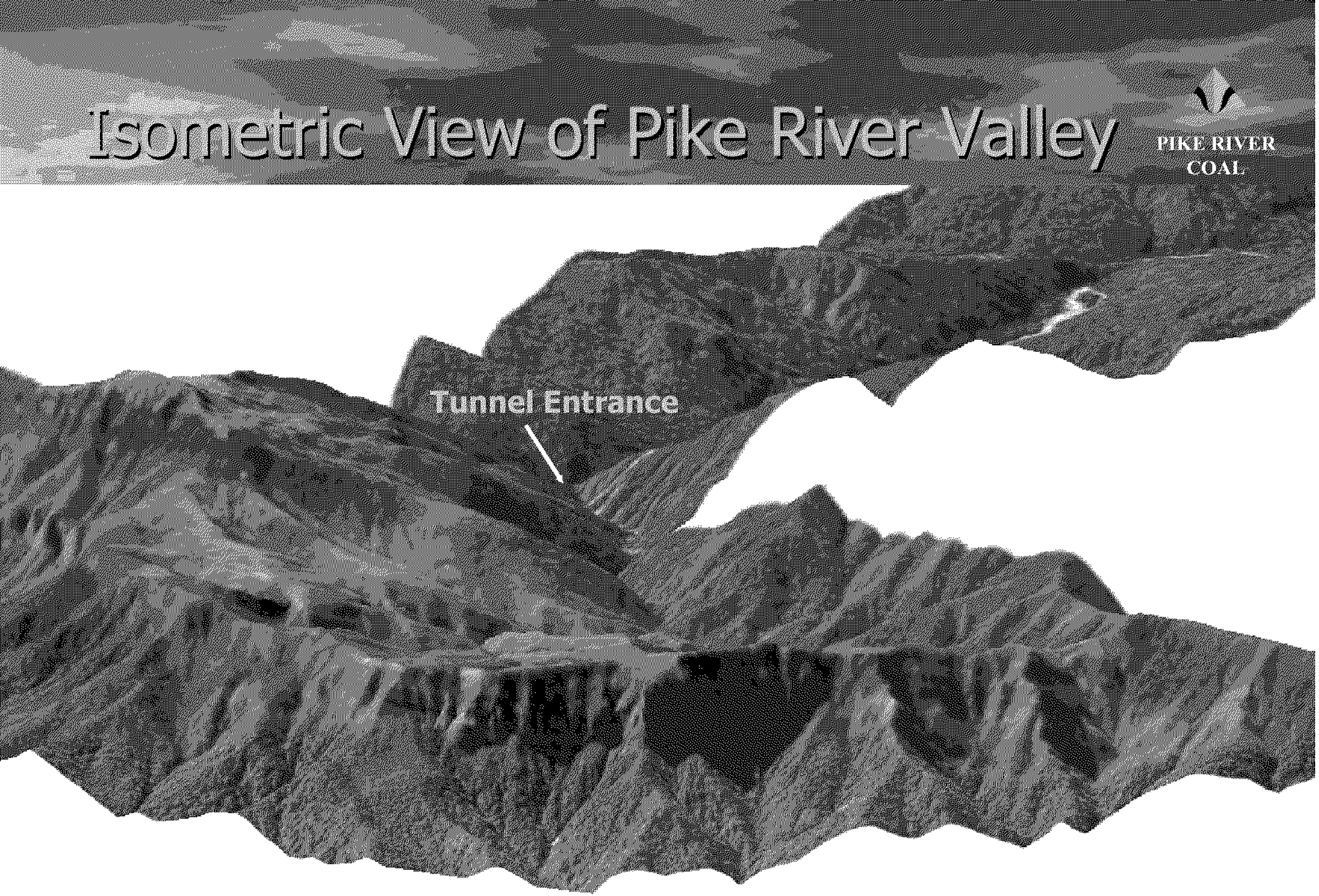
Seam Outcrops on the Paparoa Range



Note: the seam outcrops are enhanced for clarity. The Brunner Seam is the target seam for the current mine plan at Pike River

Isometric View of Pike River Valley

PIKE RIVER COAL



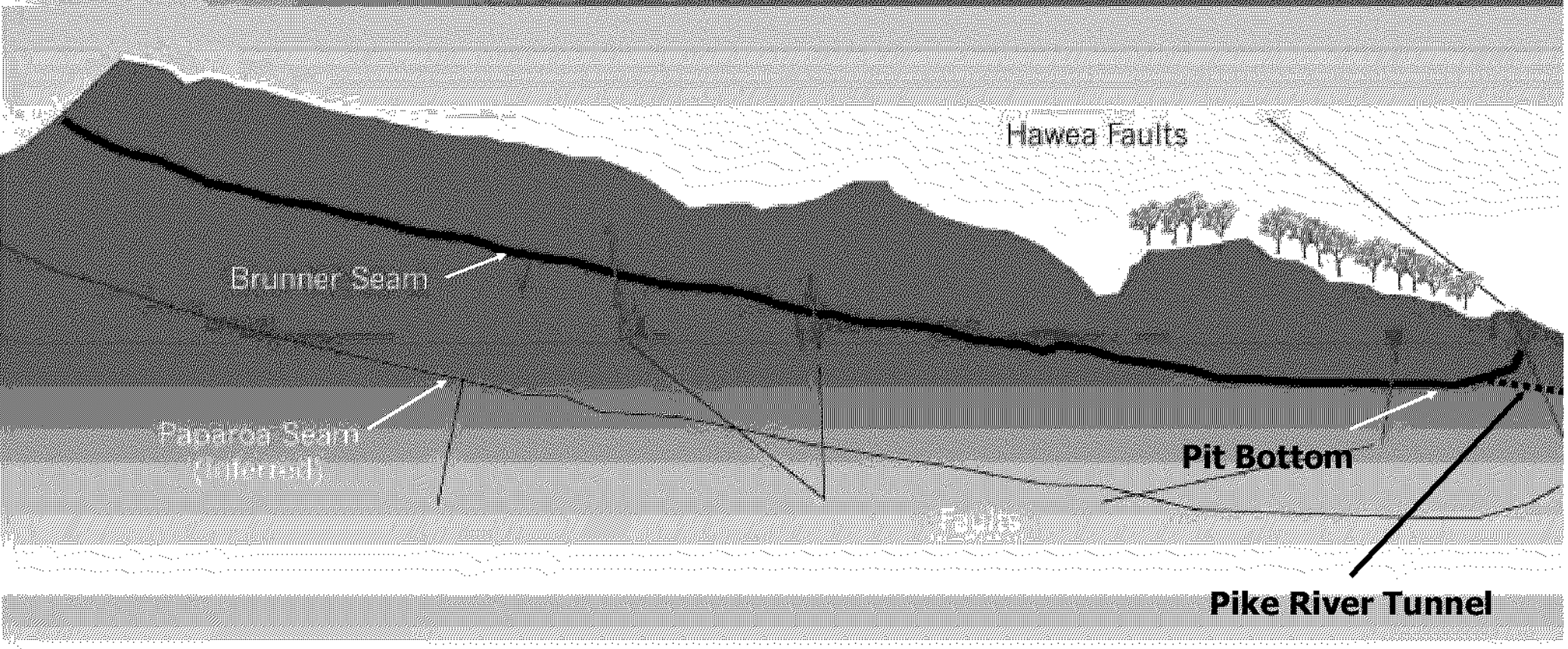
Mining Strategy and Parameters

PIKE RIVER COAL

- Seam thickness: 3 to 13m but typically 4 – 9m;
- Gas: 5 to 7 m^3/tonne. High of 10m^3/t under Mt Hawera and up to 8m^3/t in pit bottom area, high permeability;
- Roadway development by Continuous Miner and Roadheader
- Coal extraction by Hydro Monitor system
- All coal haulage by water
- In-seam drilling to define geological structure and limits
- Seam-, strata- and fault-originating mine water
- Coal products – 1.2 & 1.9% S; both 1% ash

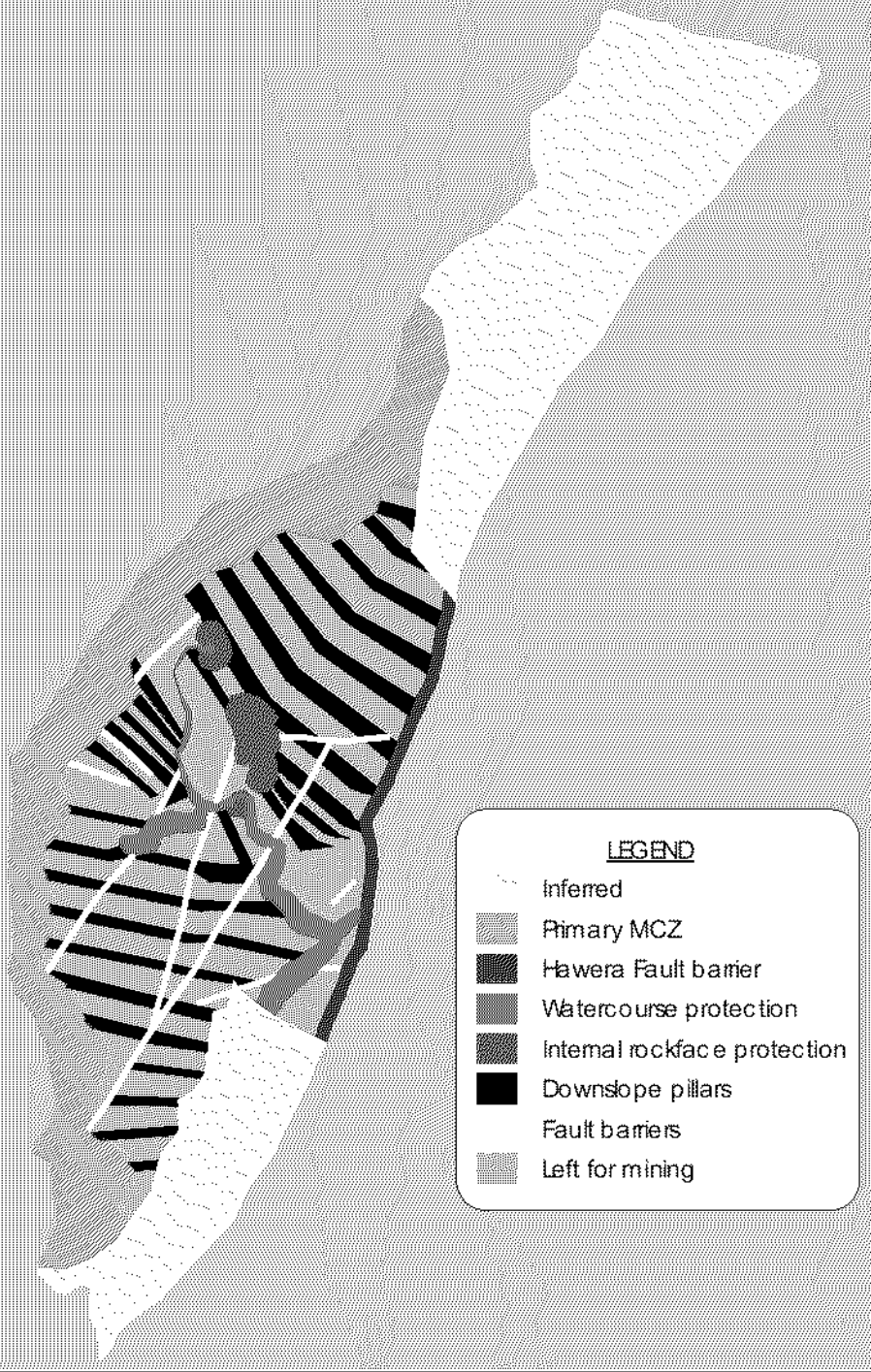
Cross Section of the Brunner Seam

PIKE RIVER COAL

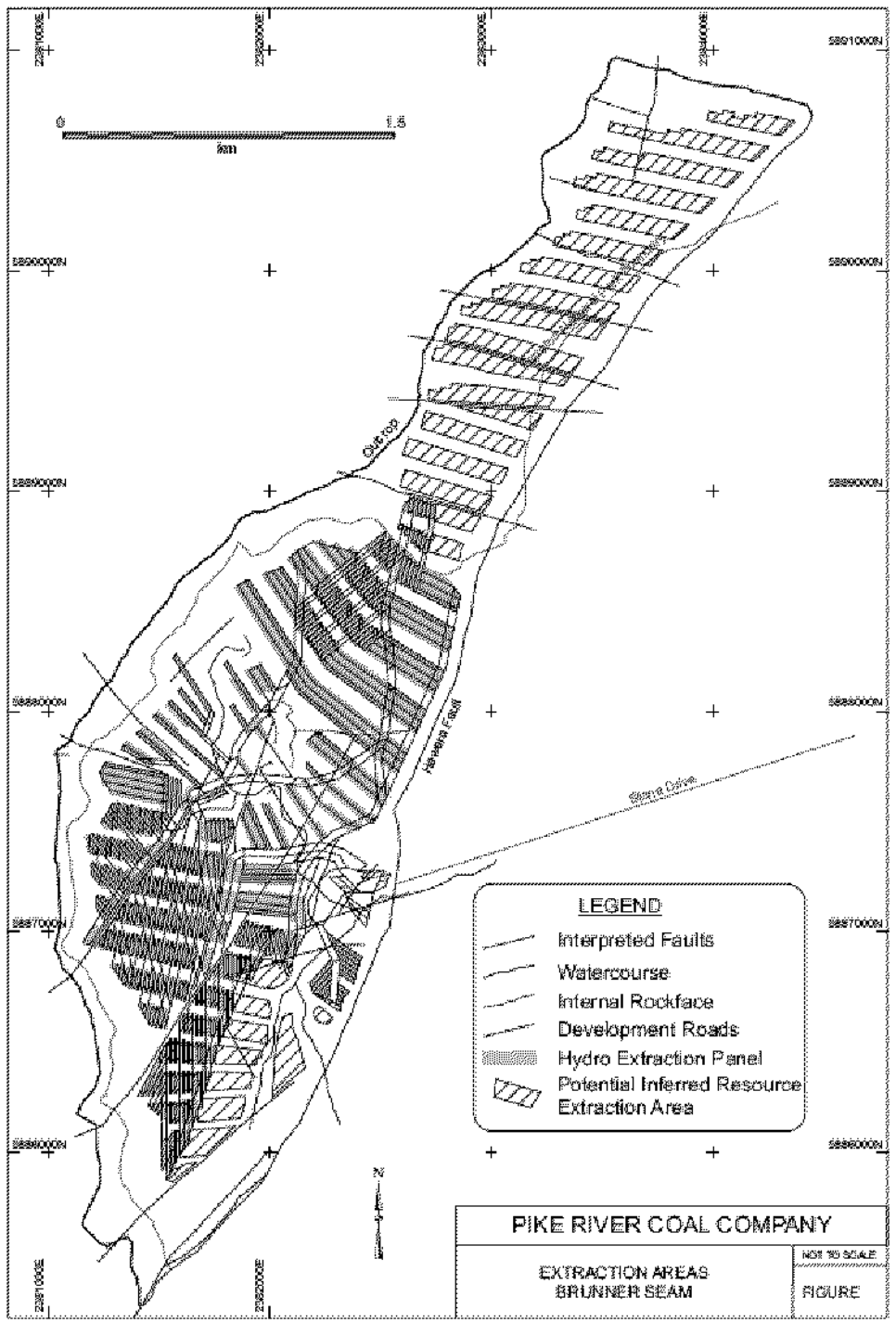


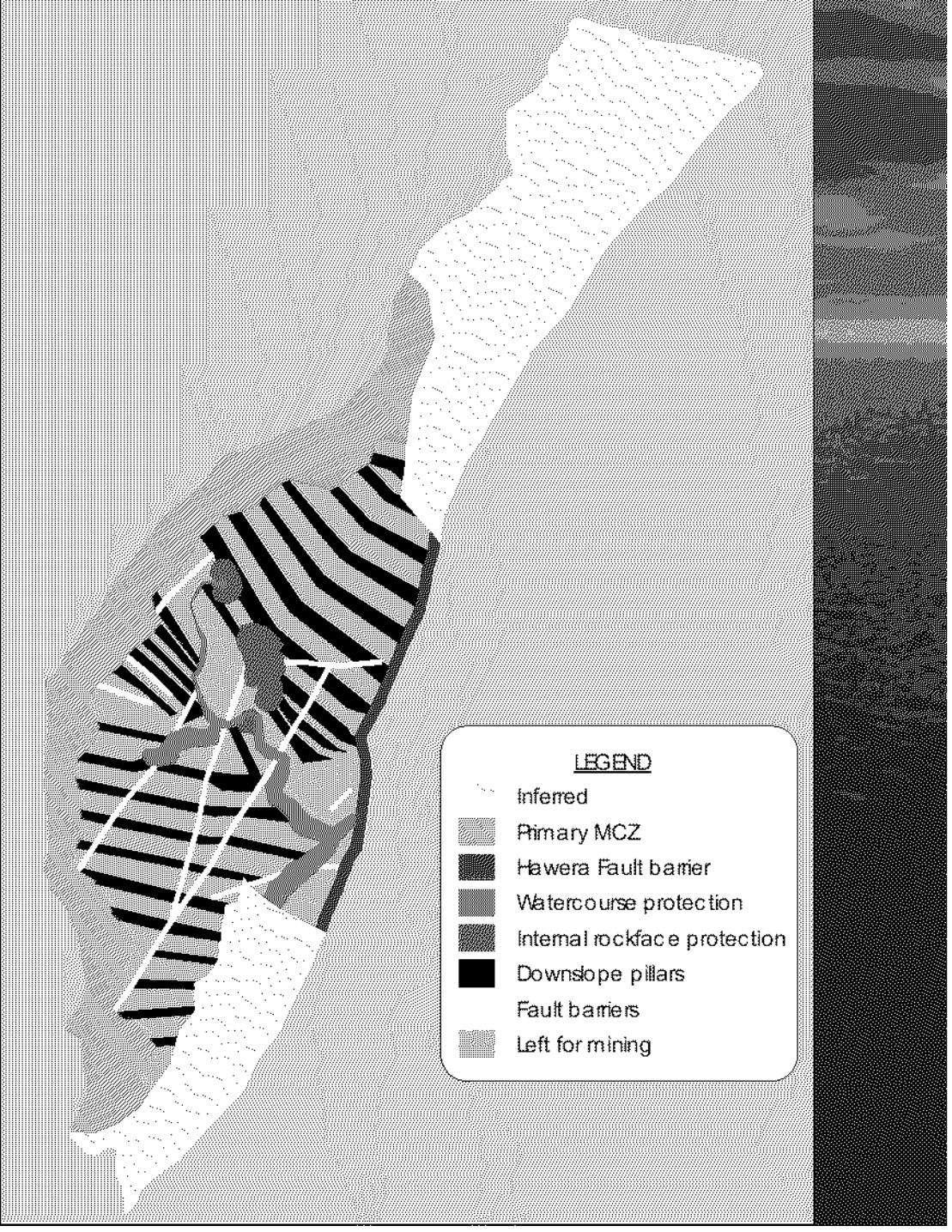
PIKE RIVER COAL

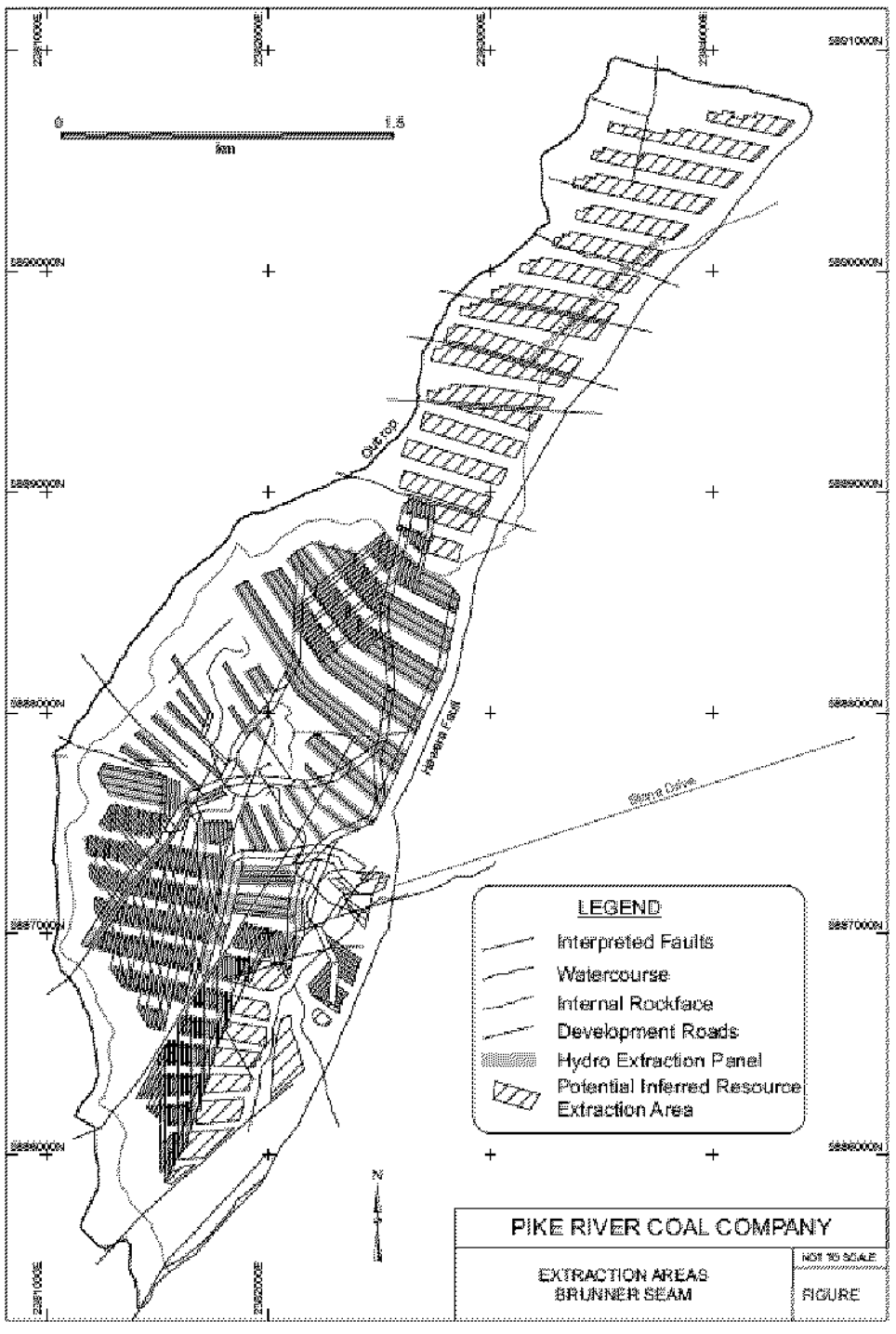
Mining Control Zones



Mine Plan


0
1.5
km
LEGEND
Interpreted Faults
Watercourse
Internal Rockface
Development Roads
Hydro Extraction Panel
Potential Inferred Resource Extraction Area
Outcrop
Pennant Fault
Stone Drive
N
PIKE RIVER COAL COMPANY
EXTRACTION AREAS
BRUNNER SEAM
NOT TO SCALE
FIGURE


LEGEND
Inferred
Primary MCZ
Hawera Fault barrier
Watercourse protection
Internal rockface protection
Downslope pillars
Fault barriers
Left for mining


0
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Potential Inferred Resource Extraction Area
N
PIKE RIVER COAL COMPANY
EXTRACTION AREAS
BRUNNER SEAM
NOT TO SCALE
FIGURE

5 Parameters for Hydro Success

PIKE RIVER COAL

- Strong roof and floor
- Strong but fractured coal
- Moderate to thick seam (3 – 13m)
- Moderately dipping seam (5^0 - 30^0)

- Good supply of water – 6.9m/year

Roadway and Extraction Productivity

PIKE RIVER COAL

Continuous Miner v Roadheader Productivity

Pike will use 2 x continuous miners (CMs) + 1 x roadheader (RH)

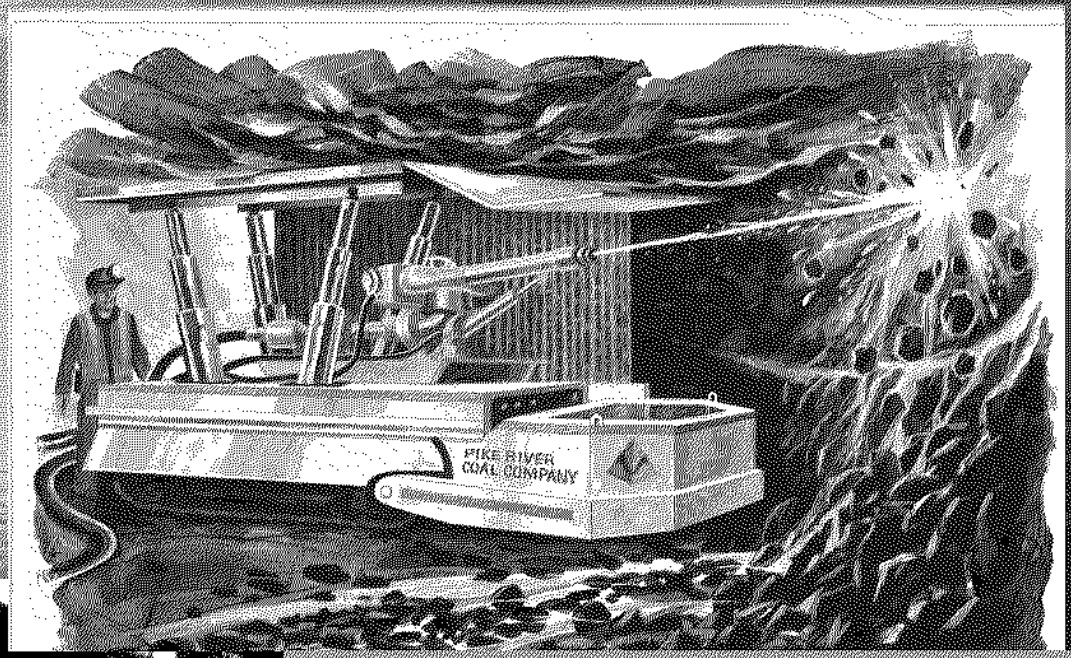
Hydro Productivity

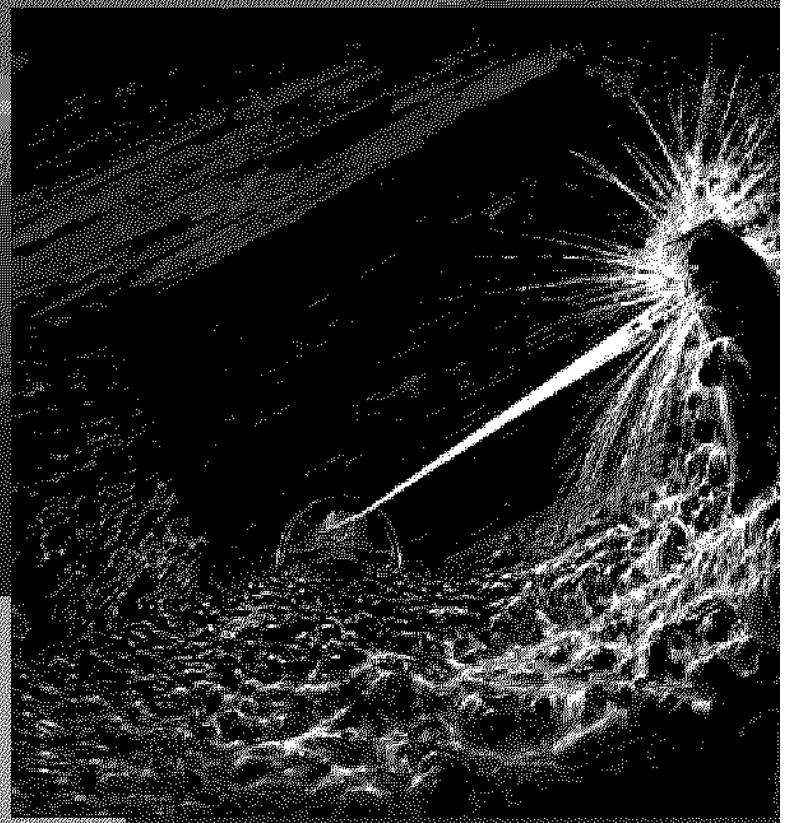
(Excluding continuous miner and roadheader production)

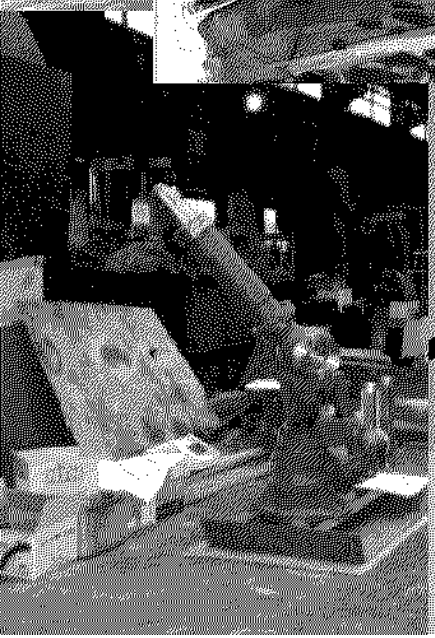
- 9,000 litres water/min
- 3.6 t/min coal cutting rate
- 40% Fluming density
- 61.5% efficiency
- Shift productivity = 1,062t
- Daily productivity = 3,186t
- Annual productivity = 1.1Mt

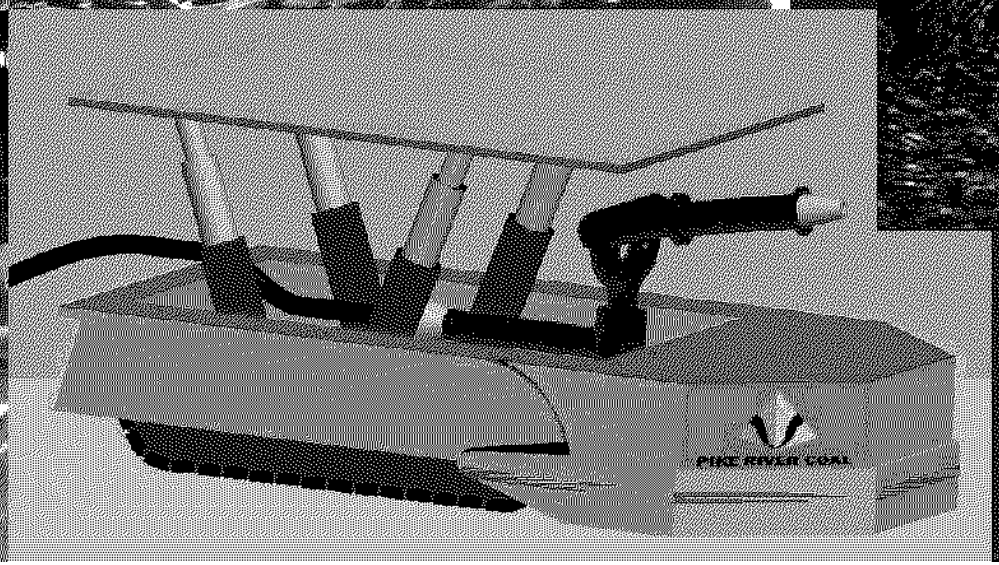
Hydro Extraction Unit

PIKE RIVER
COAL





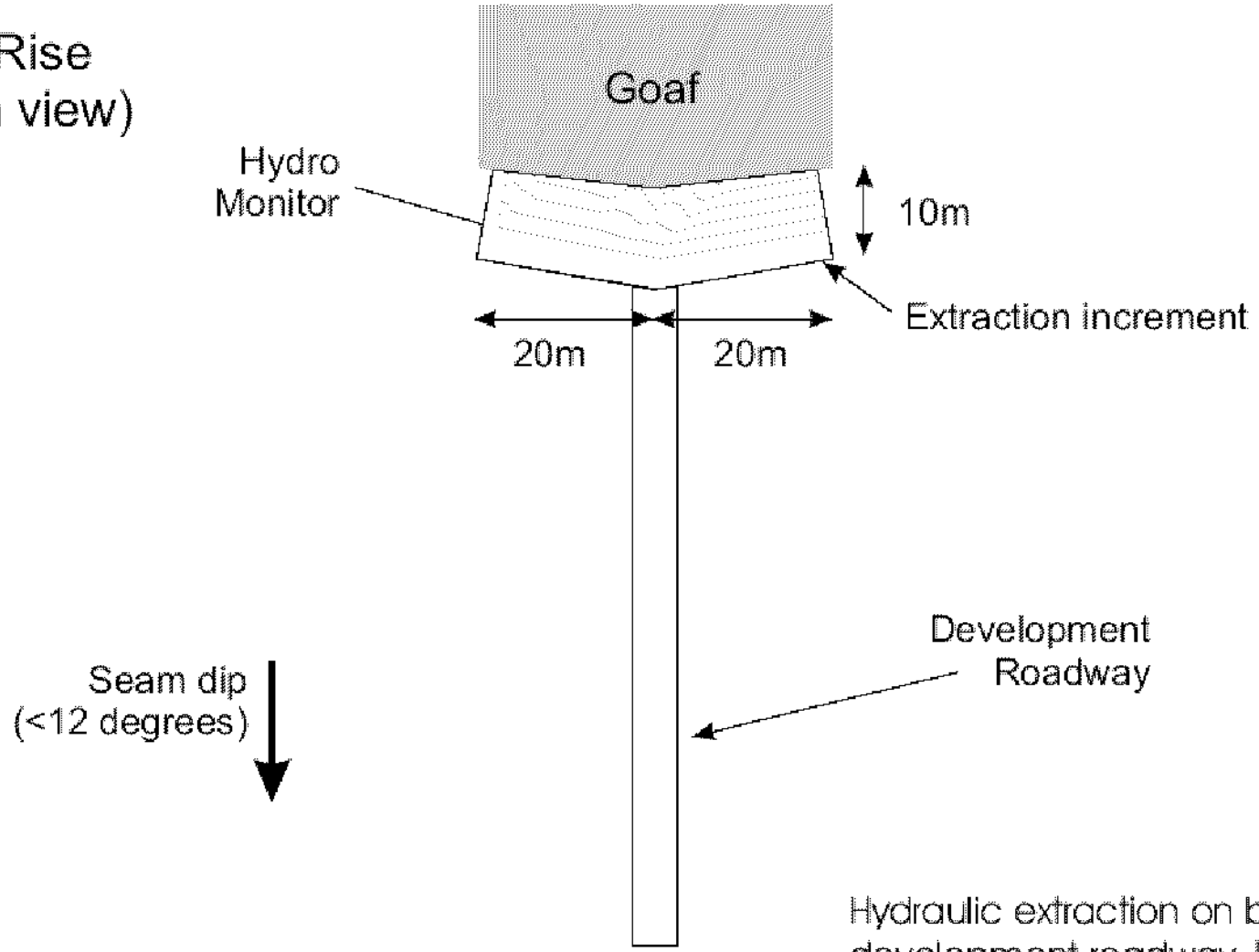




Sub-Rise Extraction

PIKE RIVER COAL

Sub-Rise
(Plan view)

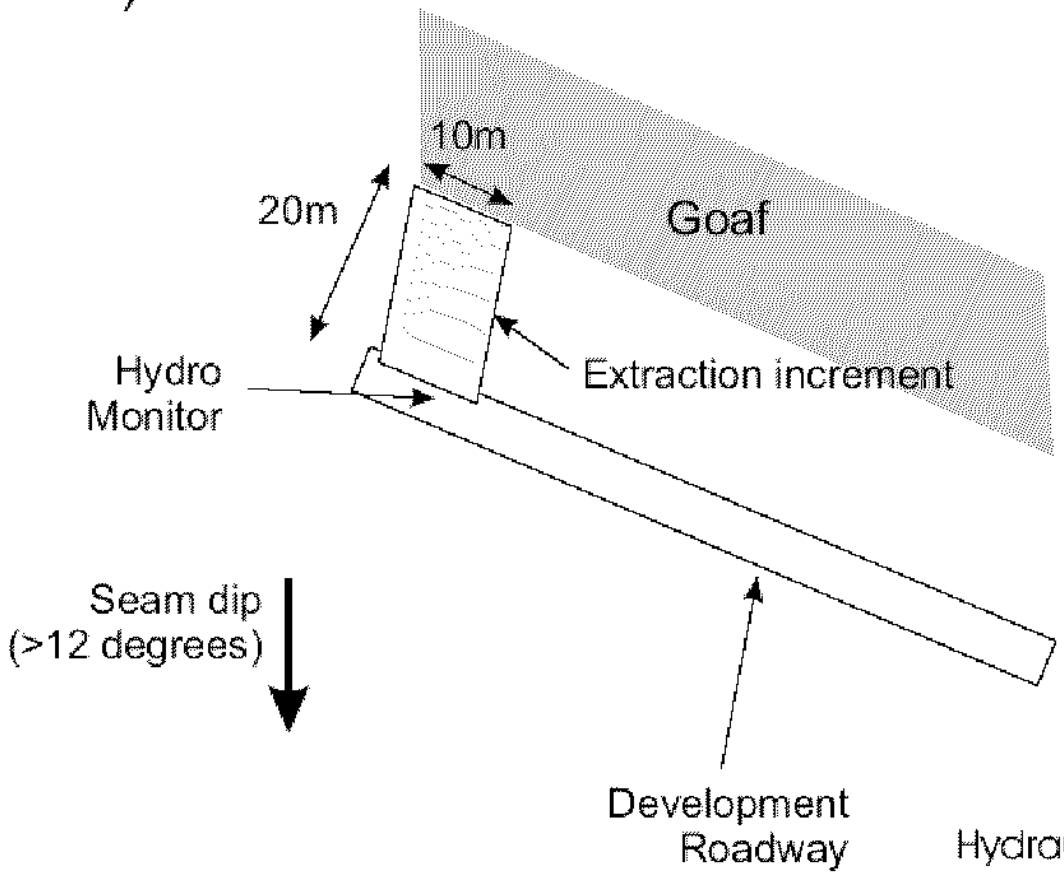


Hydraulic extraction on both sides of development roadway. Development roads at 40m centres.

Sub-Level Extraction

PIKE RIVER COAL

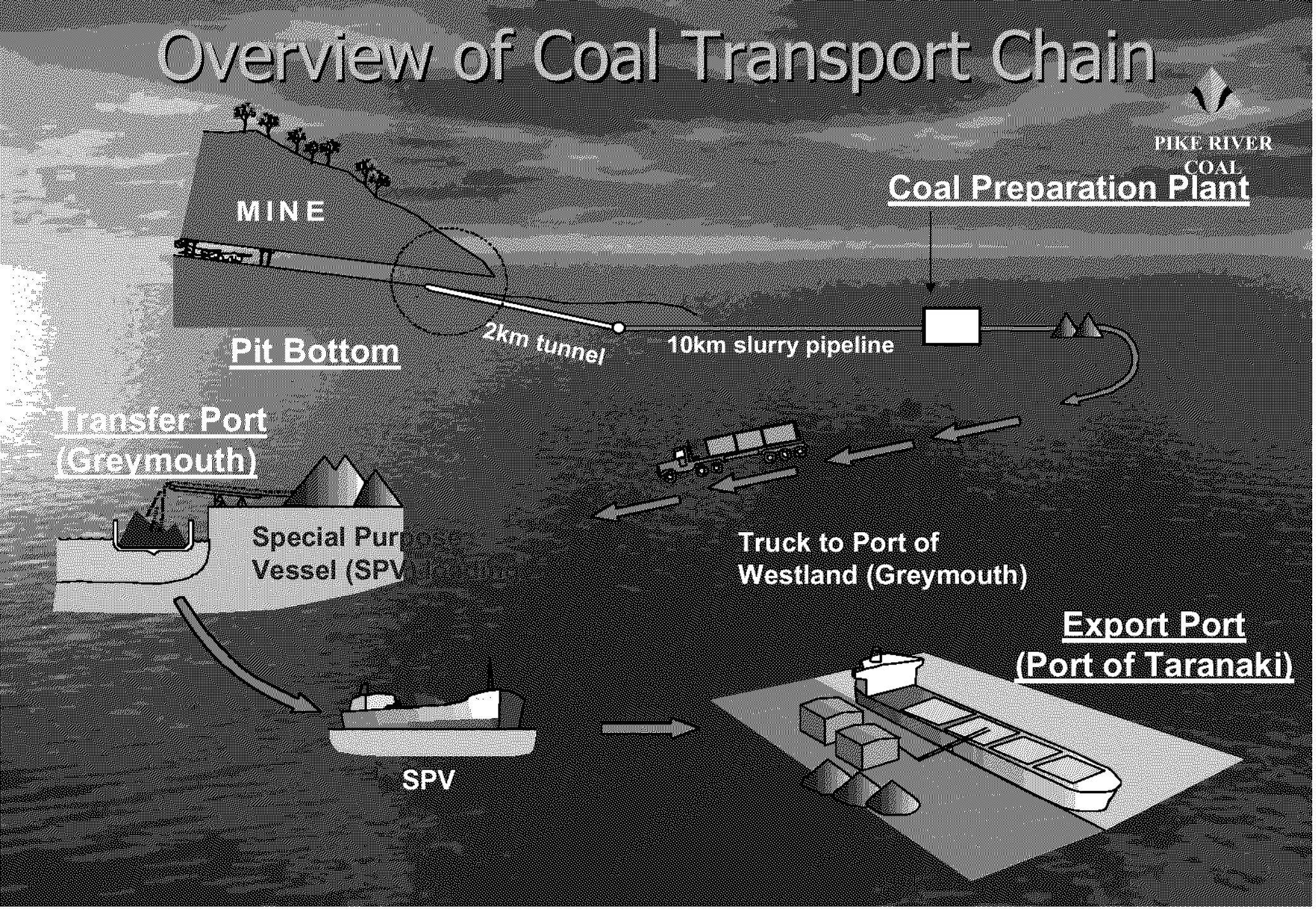
Sub-Level
(Plan view)



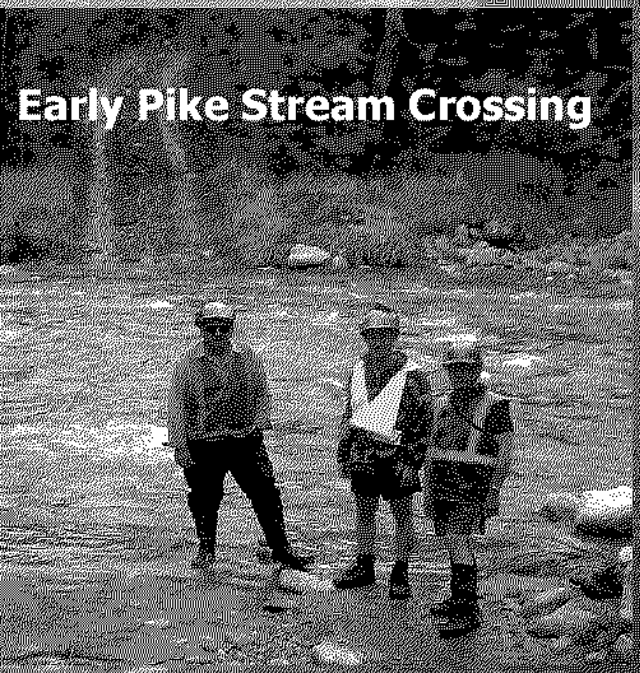
Hydraulic extraction on up-dip side of development roadway. Development roads at 20m centres.

Overview of Coal Transport Chain

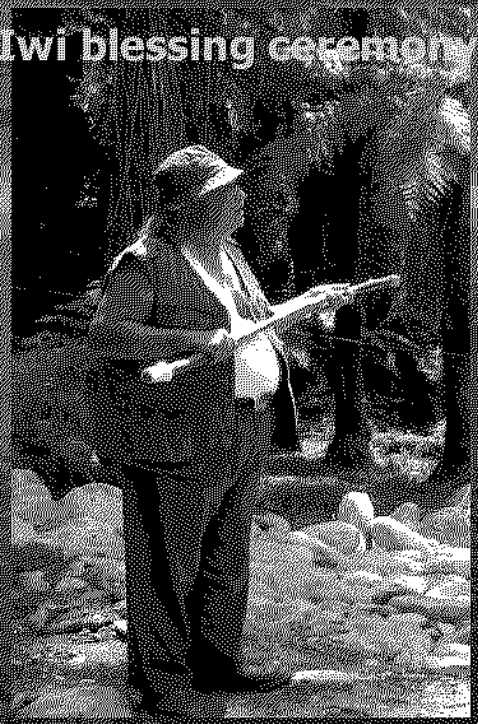
PIKE RIVER COAL



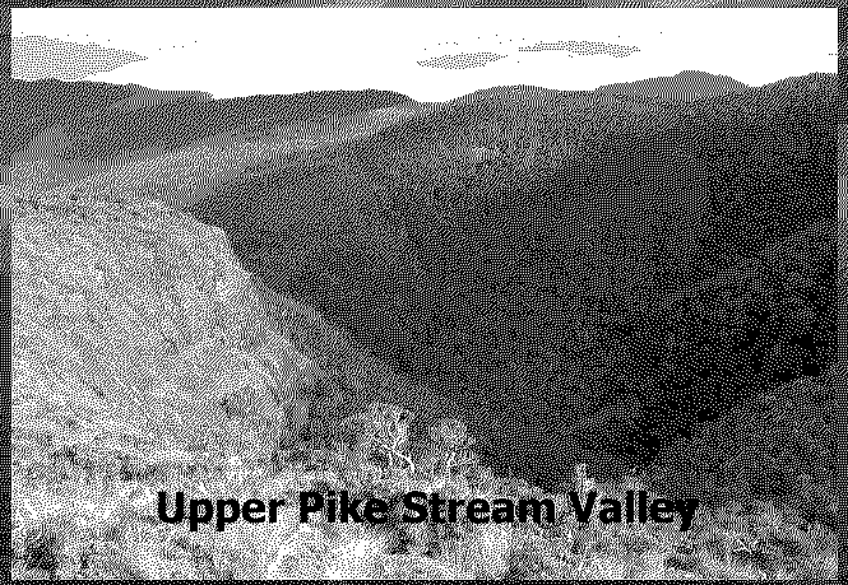
Pike in Progress – 2005/2006



Early Pike Stream Crossing



Iwi blessing ceremony

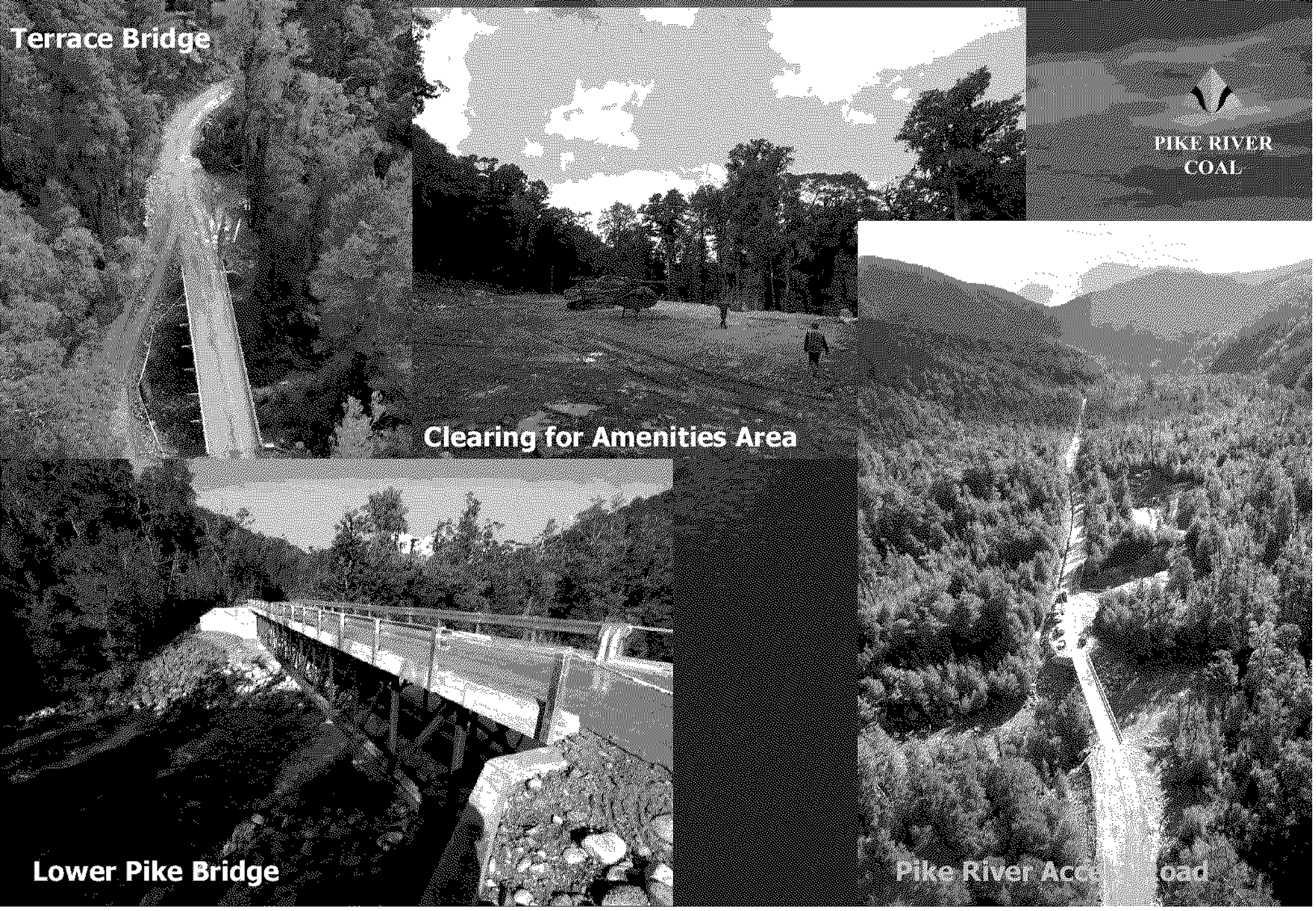


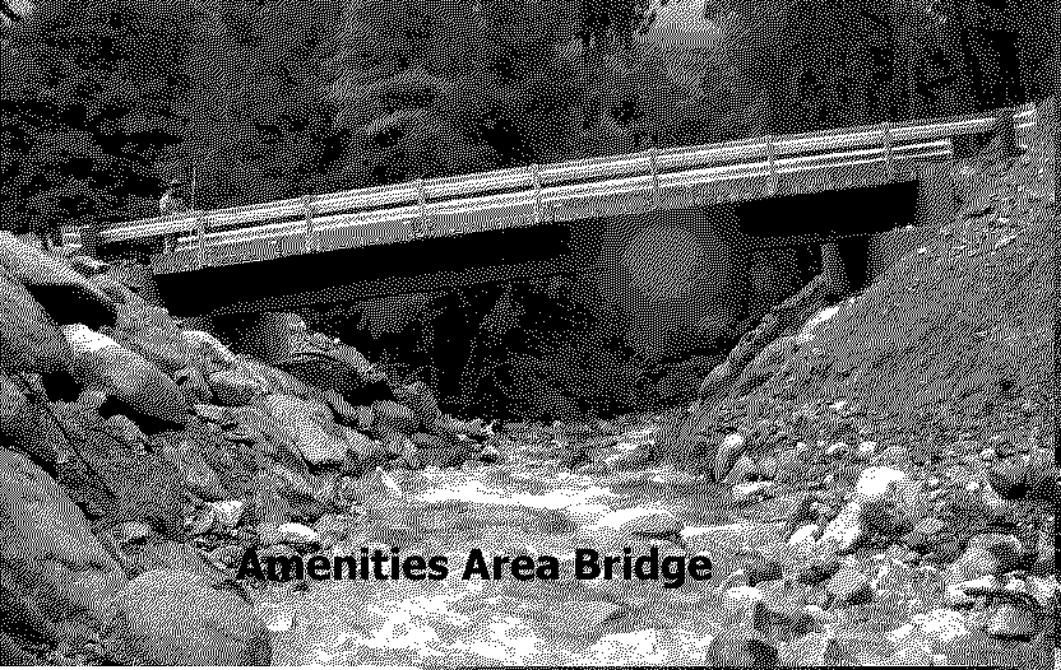
Upper Pike Stream Valley

First stage of road clearing

Helicopter access only to tunnel portal site

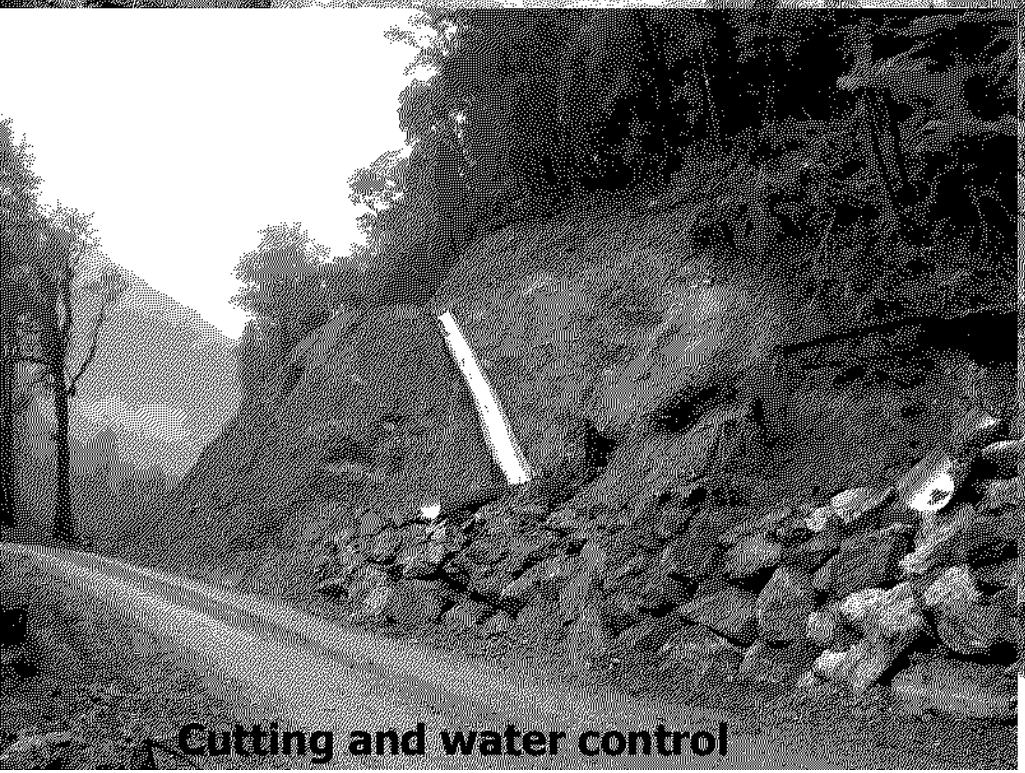
Coal sampling adit


Terrace Bridge
PIKE RIVER
COAL
Clearing for Amenities Area
Lower Pike Bridge
Pike River Acc oad



Amenities Area Bridge

Snow on the cutting 200m from the portal

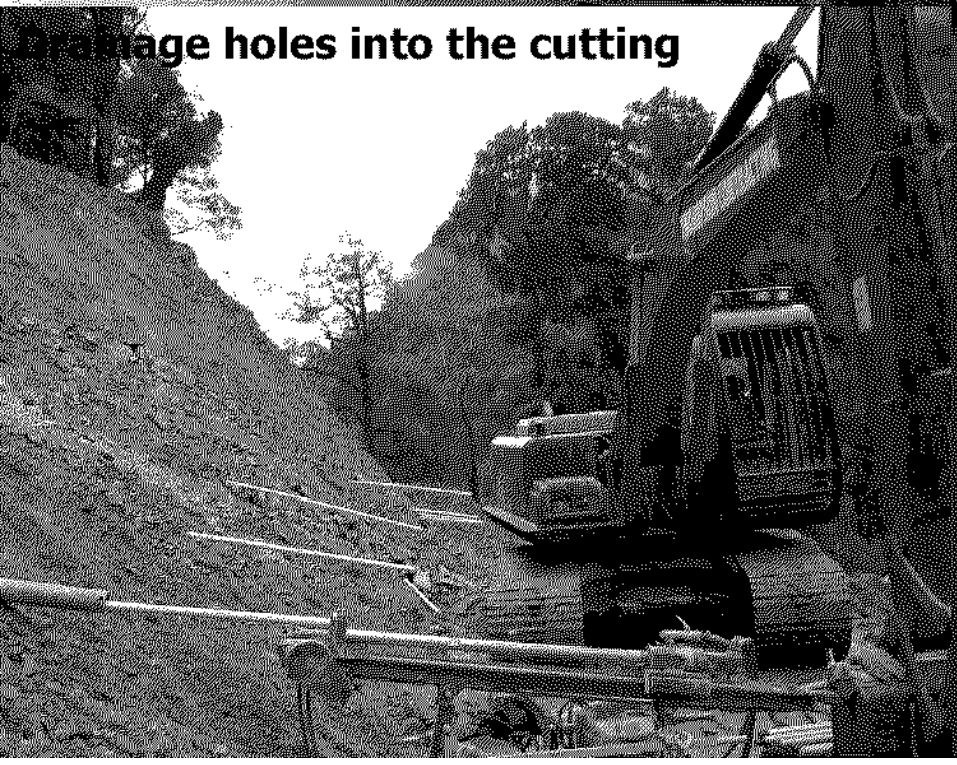


Cutting and water control

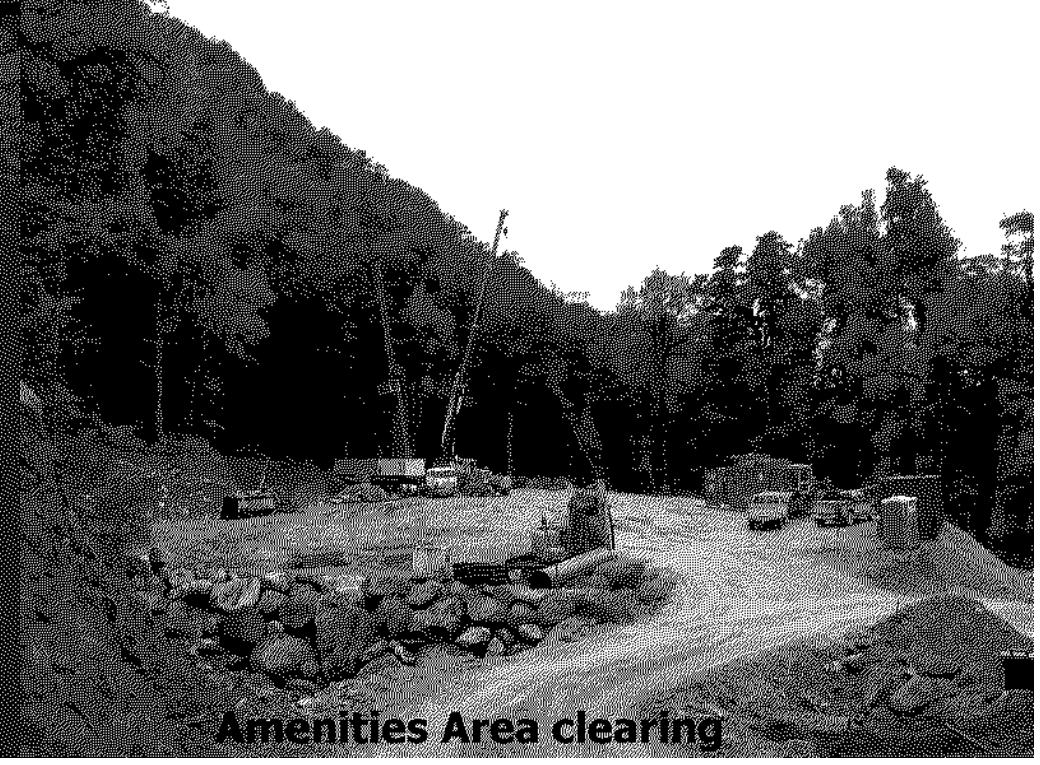
Preparing the Tunnel portal for excavation

PIKE RIVER
COAL

Pike and McConnell Dowell crews with new jumbo drill rig



Drainage holes into the cutting



Amenities Area clearing

Opportunities and Challenges

PIKE RIVER COAL

- PRCL will have the advantage of not only being a greenfield site but also a greenfield organisation;
- Ability to apply best-practice technical and management systems;
- Opportunity to recruit and develop a workforce with aligned goals;
- Opportunity to achieve benchmark environmental standards for an underground operation.

- Good relationship being developed with DOC but steep learning curve (for both);
- 12 month lead time to coal then 12 month lead time to hydro;
- The effective application of the hydraulic mining technique to achieve consistently high output and product quality;
- Recruitment and retention; and
- Manage the mine's effect on the surface features and general environment from it's operations.

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