

26 November 2010

## **NZOG provides funding**

NZOG (New Zealand Oil & Gas Ltd) has today provided the balance of a short-term funding facility to Pike River Coal Ltd (PRC).

The \$25m facility was agreed in September 2010, to support PRC as it commissioned the hydro-mining equipment and prepared for regular coal shipments.

Since September, \$13m of the facility had been drawn by PRC to meet operating costs.

Following the first explosion at the Pike River Coal mine, the NZOG Board was advised that the outstanding loan was repayable and that NZOG had no legal obligation to advance any further money.

The Board resolved that it would not seek immediate repayment and that it would honour the spirit of the agreement and make the remaining \$12m available to PRC.

That sum has this morning been transferred to PRC. NZOG has also agreed to extend the repayment date from 15 December 2010 to 28 February 2011, and to defer interest payments that would otherwise be due until that time.

NZOG Chief Executive David Salisbury says it is the right thing to do.

“NZOG has always managed its investment in PRC with the best interests of NZOG shareholders in mind. This decision was taken because there are sound business reasons for honouring our earlier funding commitment. It is also the right moral decision. During this difficult time, the mine company’s workforce needs to know it can still be paid.”

NZOG also holds US\$28.9m in secured Convertible Bonds. NZOG has agreed to a 90 day standstill period for the Bonds, including deferred payment of interest.

NZOG has made a \$500,000 donation to the Pike River Miner’s Relief Fund.