28 October 2011

Update on PRCL debt recovery

NZOG (New Zealand Oil & Gas Ltd) advises that at this time there is no change in its assumptions regarding the possible further recovery of its investment in Pike River Coal Ltd (PRCL).

The Receivers for PRCL have publicly commented that they have received multiple bids for the mine assets. Further discussions with the bidders will be entered into and the Receivers have indicated that concluding a sale could take until the end of the year, or longer.

From the settlement reached with PRCL's insurers, NZOG has received $38.3m in part-payment of its total secured debt. Next week NZOG will receive $3m in part-payment of its unsecured debt. NZOG has also advanced $4.3m back to the Receivers under a $5m short term loan agreement to meet the Receivers' working capital requirements.

It is NZOG's expectation that the loan advance to the Receivers and the remaining secured debt and interest of approximately $18m will be recovered through the sales process.

The remaining unsecured debt and interest of approximately $12m, along with the $77m book value of NZOG's 29% shareholding in PRCL, remains fully impaired, as there is insufficient certainty at this time that this will be recovered.

For further information please contact:
David Salisbury, CEO & Managing Director OR; Chris Roberts, Corporate Affairs Manager
Telephone: +64 4 495 2424   Toll Free: 0800 000 594 (NZ)