



**PIKE RIVER COAL**

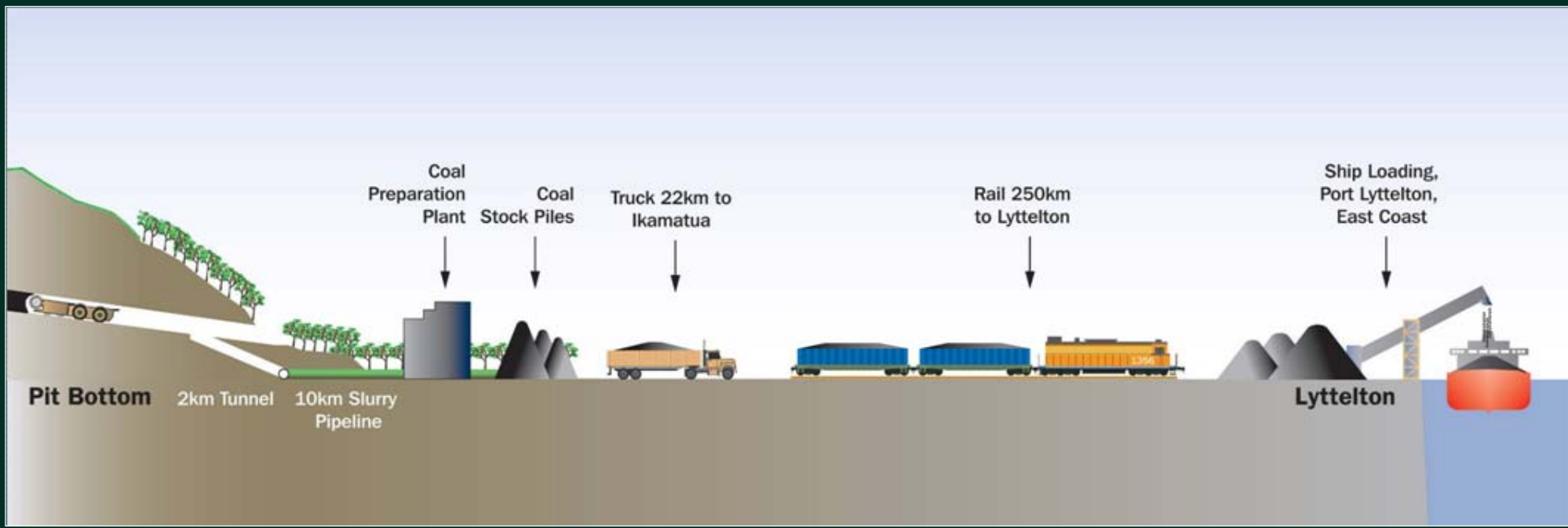
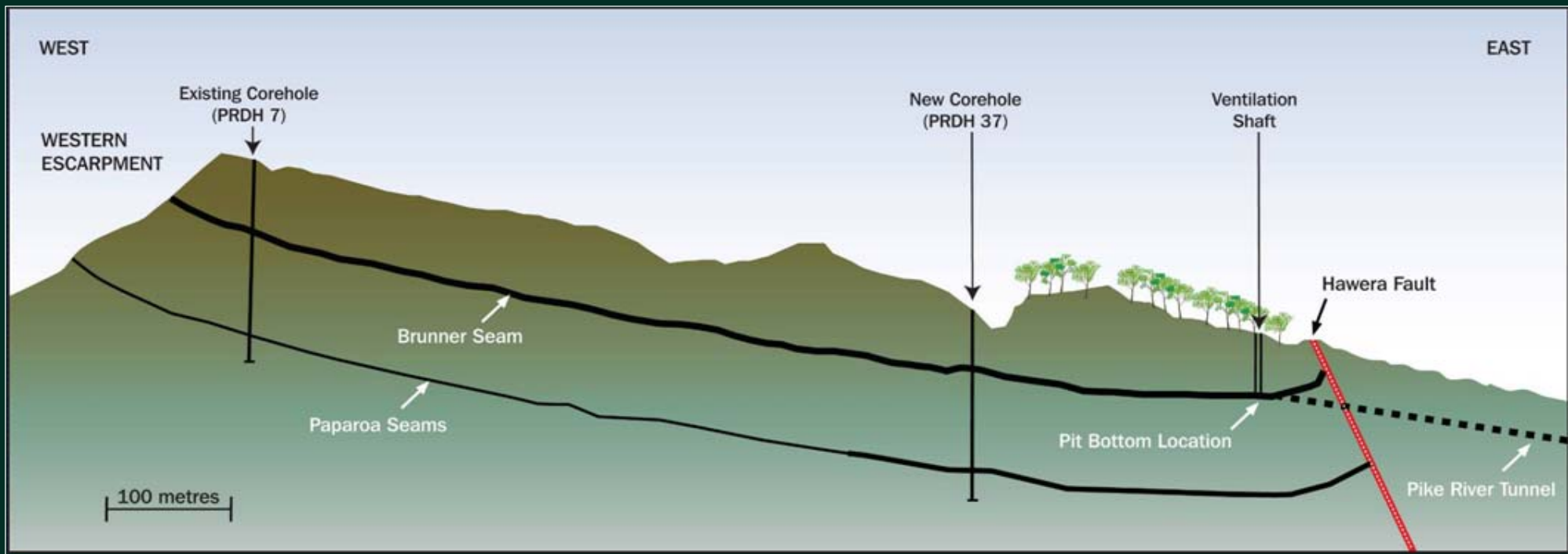
# ASX Small to Mid Caps Conference Hong Kong - 29 October 2009



# Overview

- Independent producer of high value hard coking coal (HCC)
- 18 million tonnes + to be sold over 18 years
- Bouyant HCC market
- NZ \$240m development capex with NZ \$20m to spend
- Significant upside potential in deeper Paparoa coal seam







# Pike River is an Operating Mine

- Tunnel breakthrough to coal in October 2008
- Opened November 2008 by Hon. Gerry Brownlee Minister of Energy and Resources
- 14,000 tonnes on stockpile
- First coal shipment Jan-Mar 2010 quarter
- Budgeted production 250,000 tonnes to 30 June 2010



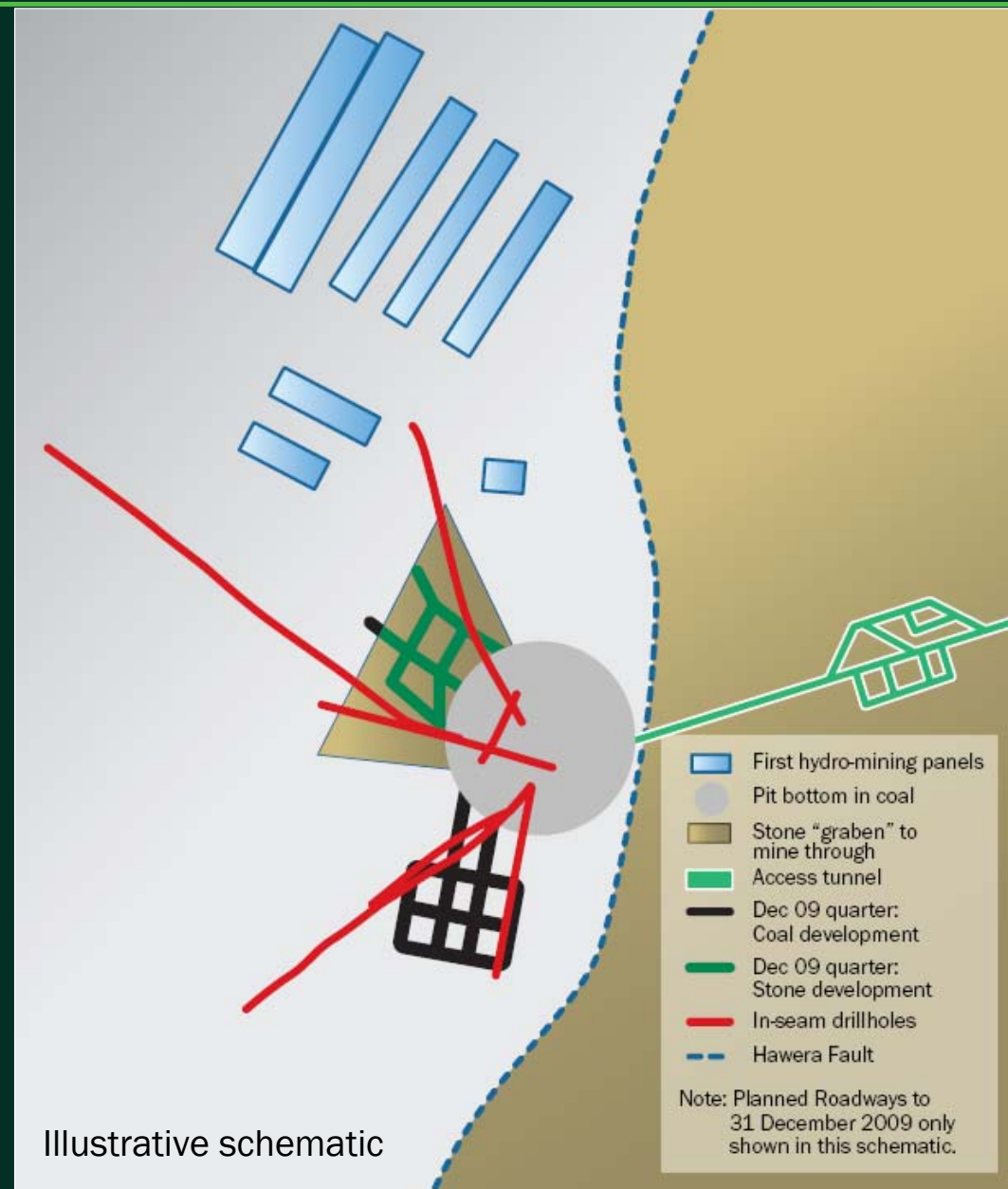
# Infrastructure and Mining Equipment Ready





# Mine Pit-bottom and First Hydro-Mining Panels

- Pit bottom development nearly complete
- Roadways being driven out to first hydro-mining panels
- In-seam drilling to north for hydro-mining



# Mining by Hydraulic Monitor

- High pressure water cutting
  - Conditions ideal at Pike River
  - Plenty of water and thick coal
  - Used by Solid Energy and elsewhere around world
- First hydro-mining in Apr-Jun 2010 quarter
- Will produce 80% of coal at steady state





# Proven Coal Transport Chain

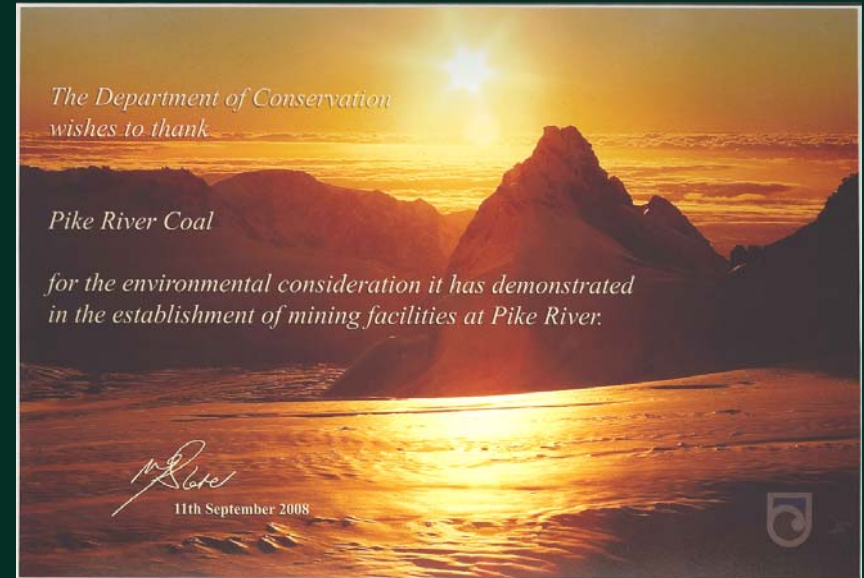
- 18 year agreement with state coal producer Solid Energy
- Transport cost NZ\$40 per tonne
- Priority right of use
- Pike River coal loadout facility below





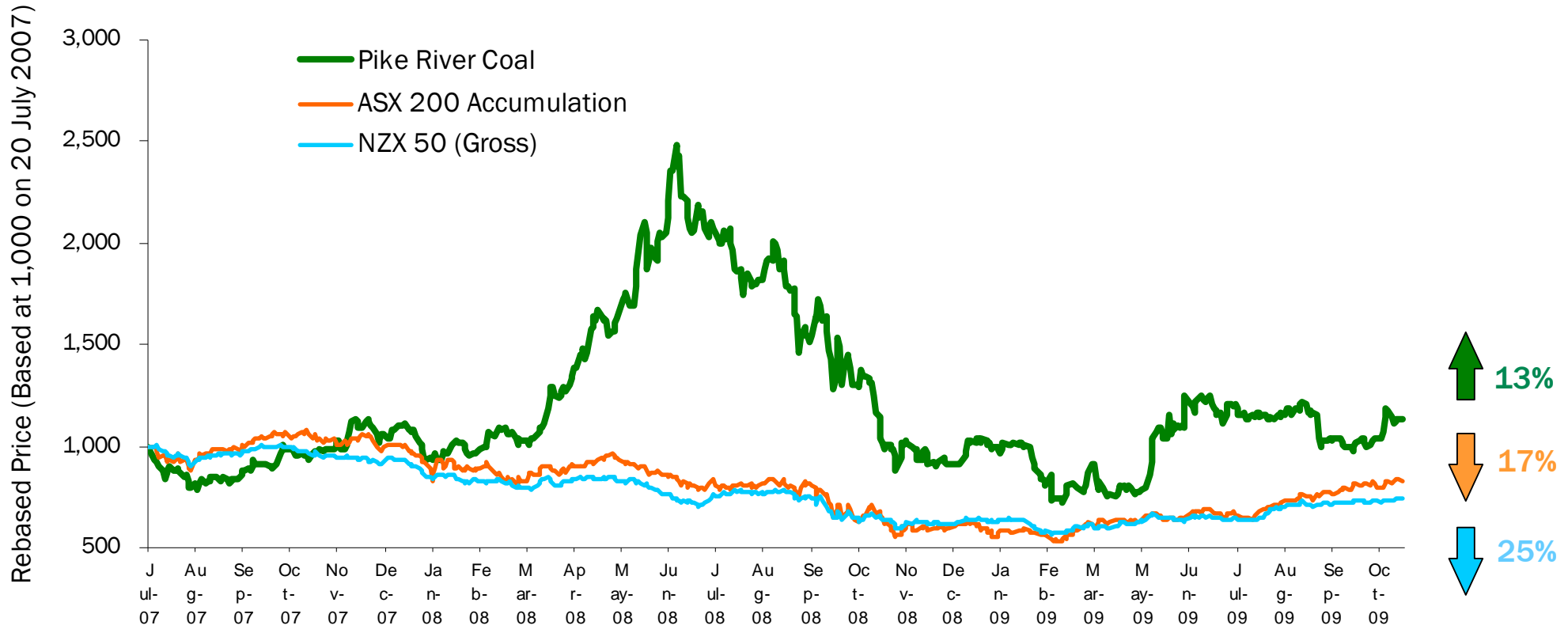
# Top Environmental Recognition from NZ Govt

- DoC certificate achieved in August 2008 for the mine's construction
- Prime Minister: *“an example of modern mining practices that had a minimal impact on the landscape”*
- Minister of Energy: *“Marriage of good mining practice and environmental good management”*
- Minister of Conservation: *“A new environmental standard for mining” and a “showcase development”*



# Share Price Performance

## Pike River Coal Share Price Performance





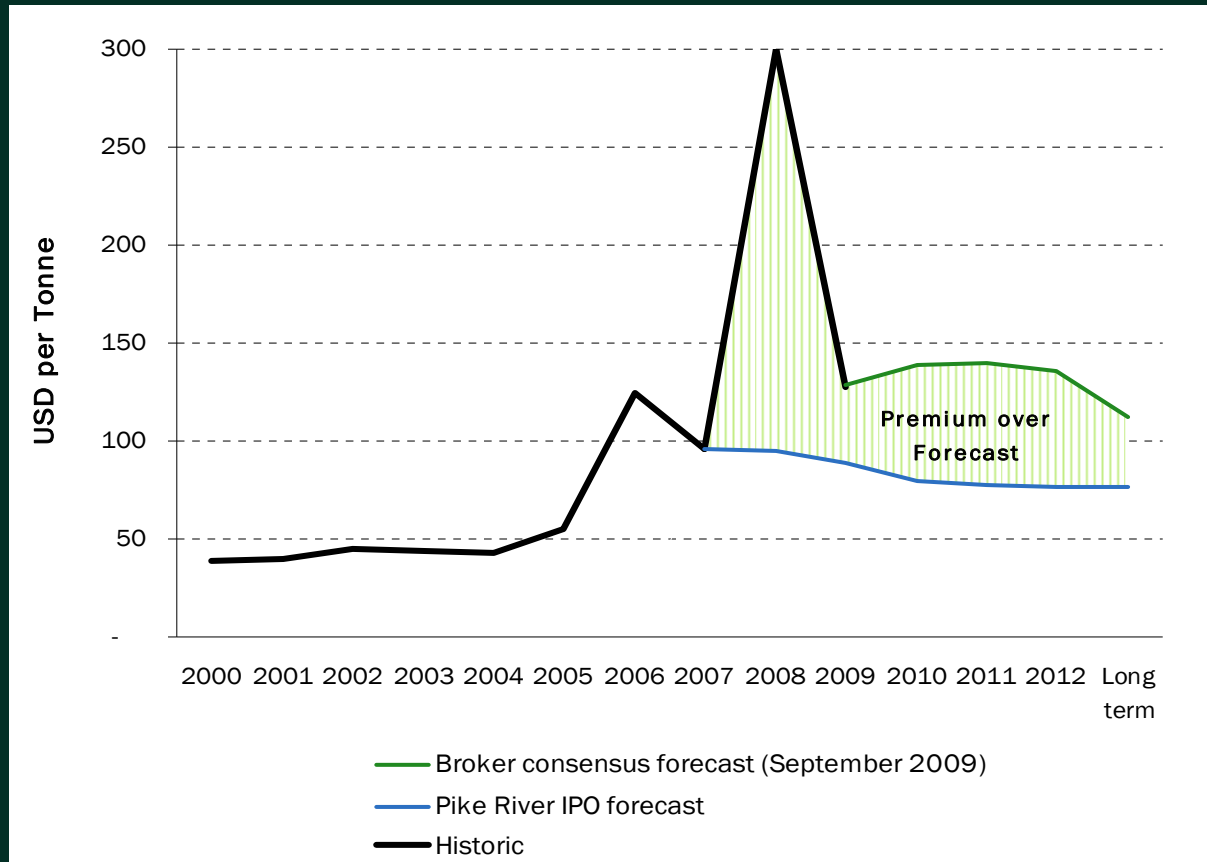
# Broker Valuations for Pike River

<b>Broker</b>	<b>Date of report</b>	<b>Target price</b>	<b>Recommendation</b>
Goldman Sachs JBWere	Oct 2009	\$1.25	Buy
Macquarie	Oct 2009	\$1.05	Neutral
McDouall Stuart	Sept 2009	\$1.61	Hold
UBS	Sept 2009	\$1.18	Buy
Forsyth Barr	Aug 2009	\$1.37	Hold
First NZ Capital	Aug 2009	\$1.14	Underperform



# Hard Coking Coal Price Graph

- Contracted at US\$128 per tonne
- Sport prices US\$160 per tonne
- China imported 15.7mt of HCC to Aug 09
- Massive increase on last years total imports of 2.5mt





# Coal Price Sensitivities to FX

Sales price per tonne (USD)	Potential NZD:USD rate	Sales price per tonne (NZD)
\$137	0.7500	\$ 183
	0.7000	\$ 195
	0.6500	\$ 210
	0.6000 <sup>1</sup>	\$ 228
	0.5500	\$ 249

<sup>1</sup>Historical long run average NZD:USD post-float has been 0.59



# Pike River Summary

- Producing premium quality hard coking coal
- Market capitalisation of NZ\$400m (at NZ\$1.14) – US \$296m
- NZX Top 50 Company
- Will be NZ's second largest coal exporter when at 1 Mtpa
- Significant upside in Brunner and Paparoa seams
- Will look at expansion opportunities
- Committed to sustainable mining





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