



## PIKE RIVER COAL

27 January 2009

### PAPAROA COAL EXPLORATION SUCCESS

**Pike River Coal has confirmed the presence of three potentially mineable seams of low sulphur hard coking coal beneath the main Brunner seam it has opened up under the Paparoa Ranges.**

Chief Executive Gordon Ward says a new exploration hole just drilled from the surface to more than 250 metres below the Brunner seam, has found three additional, separate mineable seams of 2.2 metres, 3.4 metres, and 5.4 metres thickness respectively. The new corehole was located 600 metres north of the ventilation shaft and 1900 metres northeast from a previous hole drilled into these coal seams.

The new corehole intersected the first seam 140 metres below the Brunner seam and the third (and thickest) seam 240 metres below the Brunner seam.

Mr Ward cautions that one drilling test – the first in nearly 20 years - does not prove the extent of the new resource “but it is a most positive and encouraging result”.

The only previous corehole, located close to the western outcrop along the Paparoa ranges and about 1.3 kilometres south-west of the ventilation shaft, intersected six thin seams with just one seam of about 2 metres thickness. The current hole appears to have all the seams represented, but all seams have thickened appreciably.

Based on sampling the Paparoa coal seams which are exposed along the western outcrop, it was expected that the coal resource would improve to the north. The latest corehole has confirmed this is the case.

Pike River Coal is now waiting for test results, due in a few weeks, on the quality of coal in each of the three potentially mineable seams.

Over the next 18 months, as mining of the Brunner seam advances, more test drilling will be undertaken from underground using an in-seam drilling rig, to establish the thickness and length of the Paparoa seams before any decisions are made.

Analysis from the original test drilling nearly 20 years ago and sampling along the western outcrop of the Paparoa Ranges showed the Paparoa seams vary in thickness with potential for up to 8 million tonnes of recoverable coal.

Mr Ward says if any of the new Paparoa seams prove economically viable, Pike River Coal would benefit from having a source of low sulphur coking coal on-site and since much of the infrastructure is already in place development costs would be significantly reduced.

Further information:

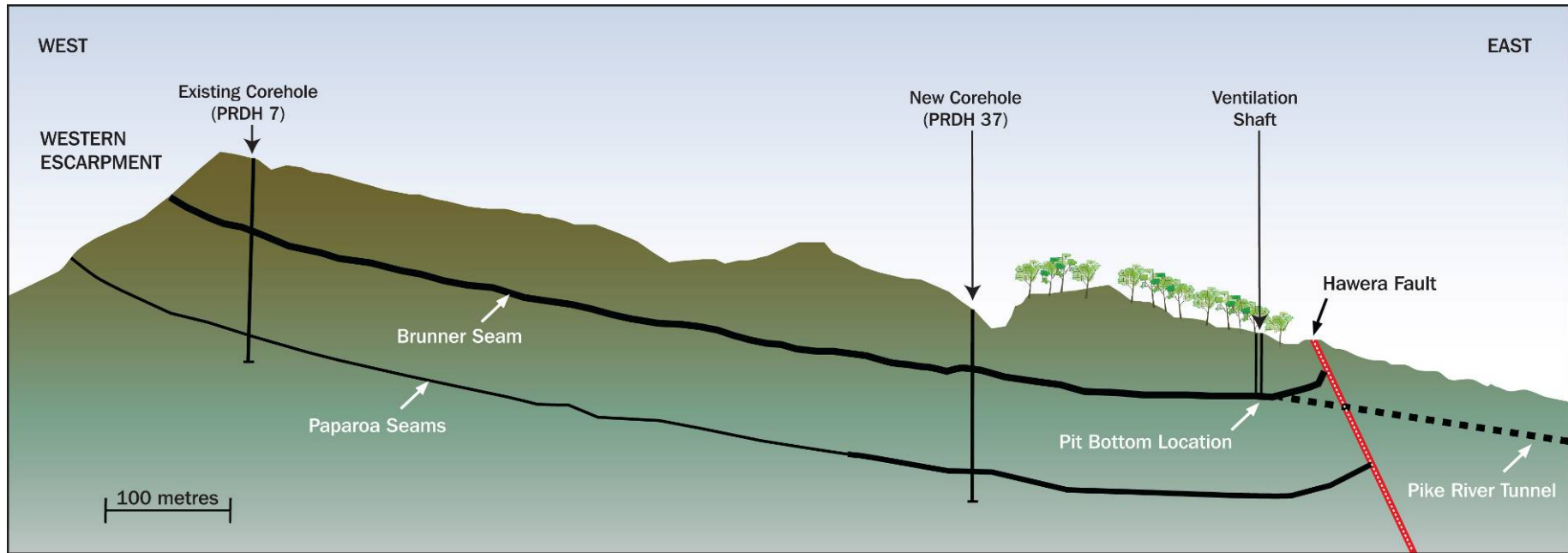
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Page 2: Schematic showing location of Paparoa Seams and new exploration corehole



Schematic showing location of Paparoa Seams and new exploration corehole (PRDH 37)

*The Pike River mine, about 50 kilometres northeast of Greymouth, has opened up New Zealand's largest known deposit of hard coking coal. The mine is expected to produce a revised production target of 160,000 tonnes to the end of June 2009 and then one million tonnes a year for each of 18 years once hydro-mining commences in mid 2009.*

Pike River shares are quoted on the NZSX and the ASX under the code "PRC"