



21 July 2009

PIKE RIVER MINE OPERATIONS UPDATE

Coal Price Settled at US\$128 per Tonne

Pike River has sold its premium hard coking coal for the current Japanese Fiscal Year ended 31 March 2010 at US\$128 per tonne*.

Pike River says that settlement at this level was anticipated and matches prices reported for benchmark premium hard coking coal achieved by major Australian coal producers. With industry analysts predicting China will import a record quantity of hard coking coal in 2009, as much as 17 million tonnes, an increase in coking coal prices is looking more likely for next year.

First Export Shipment and Hydro Coal Now Scheduled for November

Meanwhile, at the mine some “teething problems” have slowed production ramp-up, putting back the scheduled date for the first 60,000 tonne export shipment by six weeks.

The first coal shipment is now scheduled to leave for Japan around mid-November 2009.

Pike River has sufficient funding in place to accommodate the delay and it is on track to meet the Liberty Harbor convertible bond condition that “first steady state” production is demonstrated by 30 November 2009. This requires Pike River to be capable of producing 800,000 tonnes in the following year to 30 November 2010. The mine infrastructure is in place and once hydro-mining commences the Pike River mine will be capable of producing in excess of 1 million tonnes per year.

Chief Executive Gordon Ward says to overcome the delay in production ramp-up, the mine plan has been modified to access the first hydro mining (high pressure water cannon) extraction panels closer to pit bottom. First hydro mining is now expected in November.

He says good progress was made with the restoration of the ventilation shaft in early June. However, building up production has taken longer than anticipated because of relatively minor, but time-consuming, faults in the brand new heavy cutting machines and the need for Pike River mining crews to become familiar with these machines.

Mr Ward says “recent modifications made to the machines together with additional training and increased familiarization by the mining crews is already seeing significantly improved performance”.

He also said “given the mining experience to date and the need for a reasonable level of work in stone over the next couple of months, it is prudent to apply a more conservative timeframe for completion of the ramp-up which pushes out the first coal shipment date”.

The roadheader and one continuous miner are now in operation with the second continuous miner planned to go underground this week.

Meanwhile the pit bottom infrastructure has been completed, with the 10-kilometre coal slurry pipeline now carrying all crushed coal – previously being taken out by truck - from the pit bottom to the coal preparation plant.

The coal slurry and flume pumps have been commissioned, the coal crusher and coal flumes tested, electrical installations completed, and the first full test run for loading export coal at the Ikamatua rail loadout facility will be in the next month.

* Coal sales prices agreed with Gujarat NRE Coal (NSW) Pty Limited and Saurashtra Fuels Private Limited are subject to receipt of an NZX waiver or shareholder approval.

Further information:

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Pike River Coal owns the rights to a premium hard coking coal resource located 50 kilometres north-east of Greymouth, New Zealand.

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

Next page: Diagram showing Pit Bottom development

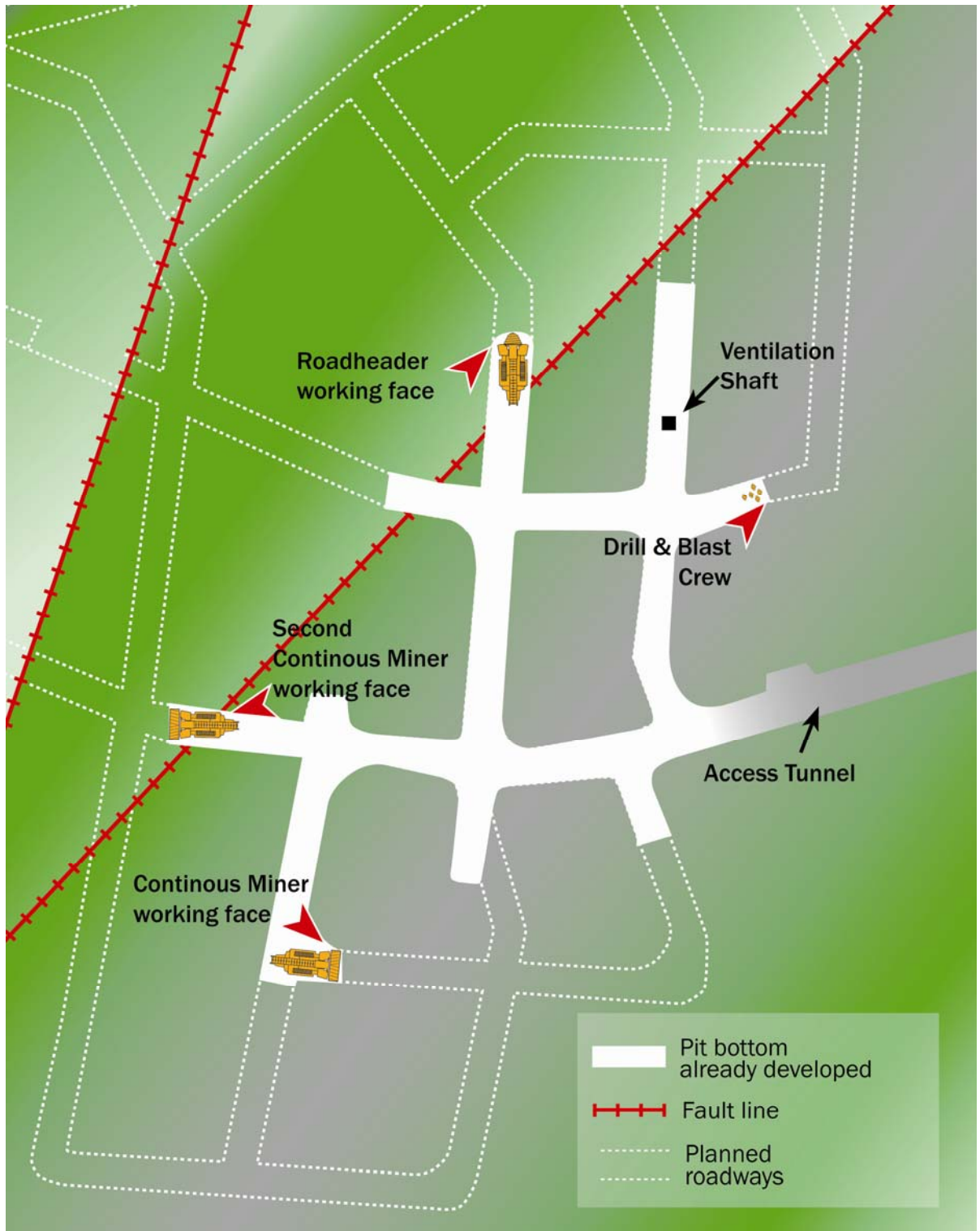


Diagram showing Pit Bottom development