



PIKE RIVER COAL

20 April 2010

PIKE RIVER COAL ANNOUNCES NZ\$10 MILLION PLACEMENT & UNDERWRITTEN NZ\$40 MILLION RIGHTS ISSUE

Pike River Coal Limited has announced details of the implementation of its NZ\$50 million equity-raising package.

The package features a \$10 million placement of shares and an underwritten \$40 million renounceable pro rata Rights Issue to shareholders and optionholders.

The Rights Issue offer will be two new shares for every 19 (note 1) Pike River shares; and two new shares for every 19 Pike River listed options (held at the record date) at a subscription price of \$0.88 per new share.

The placement will be made to institutional investors and to two of Pike River's major shareholders at the Rights Issue price of \$0.88. The placement shares will be entitled to participate in the Rights Issue. Cornerstone shareholder, New Zealand Oil & Gas Limited (NZOG), and Indian customer and shareholder, Gujarat NRE Limited, will participate in the placement at their current shareholding level.

Pike River chief executive Gordon Ward says the structure has been set for the company's equity-raising package.

"We have appointed major international investment bank UBS as joint lead manager together with McDouall Stuart Securities Limited. The Rights Issue will be fully underwritten by UBS, McDouall Stuart Group, NZOG and Gujarat.

"The Rights Issue offer and placement will provide funding through the ramp-up into hydro-mining operations and will also provide a cash buffer of \$18 million."

In addition to this equity raising Pike River announced to the stock exchanges in February 2010, a binding agreement with NZOG to subscribe to a new convertible bond to refinance the existing US\$28.6 million bond facility, and the granting of a two-year option to NZOG to purchase Pike River coking coal, over the life of mine, at market prices negotiated annually.

The NZOG funding package is conditional upon Pike River executing this coal option agreement with NZOG.

The underwriting of the Rights Issue and NZOG's subscription to the new convertible bond is conditional upon shareholder approval of the funding arrangements with NZOG which will be voted on at a shareholders' meeting to be held in Wellington on 7 May 2010.

A prospectus for the Rights Issue and an accompanying entitlement and acceptance form is expected to be mailed to shareholders about 3 May 2010 and will be available to view online at www.pike.co.nz. The offer is expected to open on 30 April 2010 and close on 19 May 2010.

OFFER SUMMARY

SHARE ENTITLEMENT	Two new shares for every 19 shares and options held as at the record date (see note 1)
Maximum number of new shares to be issued	45,454,545
Maximum number of shares on issue at completion of offer	410,839,295

TIMETABLE (all dates indicative (see note 2))	
Rights trading on ASX commences	22 April 2010
Record date	29 April 2010
Opening date of Right Issue offer	30 April 2010
Rights trading on NZX commences	30 April 2010
Shareholders' meeting	7 May 2010
Rights trading on ASX ceases	12 May 2010
Rights trading on NZX ceases	17 May 2010
Closing date of offer	19 May 2010
Allotment date	21 May 2010

Notes

- 1 Rounded from actual entitlement ratio of 2 Rights for every 18.905331689 shares and options held at record date.
- 2 These dates are subject to change and are indicative only. Pike River reserves the right to amend this timetable without prior written notice, subject to the respective Listing Rules of the NZSX and the ASX and relevant legislation, although an announcement of any changes will be made on the NZSX and the ASX. A full copy of the timetable will appear in the Prospectus.
- 3 No money is currently being sought and no applications for securities will be accepted for money received unless the subscriber has received an investment statement in relation to the offer.

ENDS

Further information:

Gordon Ward +64 4 494 0190
Chief Executive and Managing Director

Pike River Coal owns the rights to a premium hard coking coal resource located 50 kilometres north-east of Greymouth, New Zealand. All of Pike River's coal is used in steel-making.

Pike River shares are quoted on the NZSX and the ASX under the code "PRC"; and options are quoted on the NZSX under code "PRCOA", and the ASX under code "PRCO".
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MEDIA AND ANALYST BRIEFING AT 1PM 20 APRIL 2010

Venue:

The briefing will be held at the PWC Building, Level 17, 188 Quay Street, Auckland at 1.00pm.

Audio:

Dial in details for the 1:00pm briefing are as follows:

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