

Equity-Raising Fully Underwritten

Pike River announced details of its \$50 million equity-raising package on 20 April 2010. The equity-raising comprises a fully underwritten \$10 million placement of shares, completed on 20 April, and a \$40 million renounceable pro rata Rights Issue to shareholders and optionholders. The Rights Issue offer is two new shares for every 19 Pike River shares¹ or Pike River listed options¹ held at the record date, at a subscription price of \$0.88 for each new share.

The placement was made to institutional investors as well as New Zealand Oil & Gas Limited (NZOG) and Gujarat NRE Limited (both participating in the placement at their current shareholding level). The \$10 million placement attracted strong interest from a wide range and number of institutional investors. The underwriting of the \$40 million Rights Issue is conditional upon shareholder approval of previously announced funding arrangements with NZOG and will be voted on at a shareholders' meeting in Wellington on 7 May 2010. The equity-raising package will provide funding through the ramp-up into hydro-mining operations and will provide a cash buffer of \$18 million².



Key Points

\$50m equity-raising fully underwritten

Roadway through rock graben into coal

First export shipment completed

Hard coking coal prices at US\$200 per tonne for April-June 2010

Rights Issue – Summary of Important Dates

Record Date to determine entitlements	30/4/2010
Prospectus & Acceptance/Entitlement form mailed	3/5/2010
Offer opens	3/5/2010
Shareholders' meeting ³	7/5/2010
Rights trading ceases ASX	12/5/2010
Rights trading ceases NZSX	17/5/2010
Offer closes	19/5/2010
New shares allotted	21/5/2010

Coal stockpile at coal preparation plant before first shipment

- 1 This figure is rounded from 18.905331689.
- 2 The cash buffer of \$18 million provides approximately 3.5 months cashflow cover assuming a monthly cash spend of \$5.5 million excluding any revenue from coal sales.
- 3 The shareholders' meeting is to obtain shareholder approval for the NZOG funding arrangements, including the coal option agreement.

Back Into Coal

Pike River also announced on 20 April 2010 that the first road through the rock graben has now re-entered the coal seam and is being driven to the closest hydro-mining area (called a “panel”), located just 80 metres further to the north-west. Whilst the entry point to this first panel is located nearby, approximately 1,000 metres of roadway driveage in coal is needed to open up this panel for mining, including two roadways which each run for the 200 metre distance of the panel.

Mine development work during the March 2010 quarter has been in two primary areas underground at pit bottom, which is situated at the far end of the access tunnel. Access roadways have been driven out towards the hydro-mining areas west of the graben and large underground excavations are being constructed for hydro-mining infrastructure in the southern pit bottom area.

A second roadway through the graben has a further 38 metres to re-enter the coal seam with a further 163 metres of additional critical path stone driveage being completed in the April-June 2010 quarter for hydro infrastructure and water management installations. To the south, roadways are to be developed to support the future mining operations.

In-Seam Drilling Continues To Prove Its Worth

Pike River’s use of in-seam drilling as a technique that allows our mine planning staff to accurately determine ground conditions for several hundreds of metres ahead of each coal working face, continues to pay dividends.

Six in-seam holes have now been drilled through the rock graben into the coal seam in a fan from the north-west down to the south, all confirming at least 300 metres of coal. All in-seam holes intersected at least nine metres of Brunner seam premium hard coking coal consistent with the updated geological model. During the January-March 2010 quarter a total of 3,309 metres were drilled on four holes.

The most recent hole was drilled through the graben and continued laterally, in a north-western direction for 400 metres and extended beyond the location of the first hydro-mining areas. The results of the first 300 metres of coal drilling were consistent with the previous in-seam holes described above and confirmed the absence of significant faulting in this target area and extended a further 100 metres towards the north-west without intersecting significant faulting.

Current drilling is radiating out to give detailed information for approximately the first six months of hydro-mining extraction.

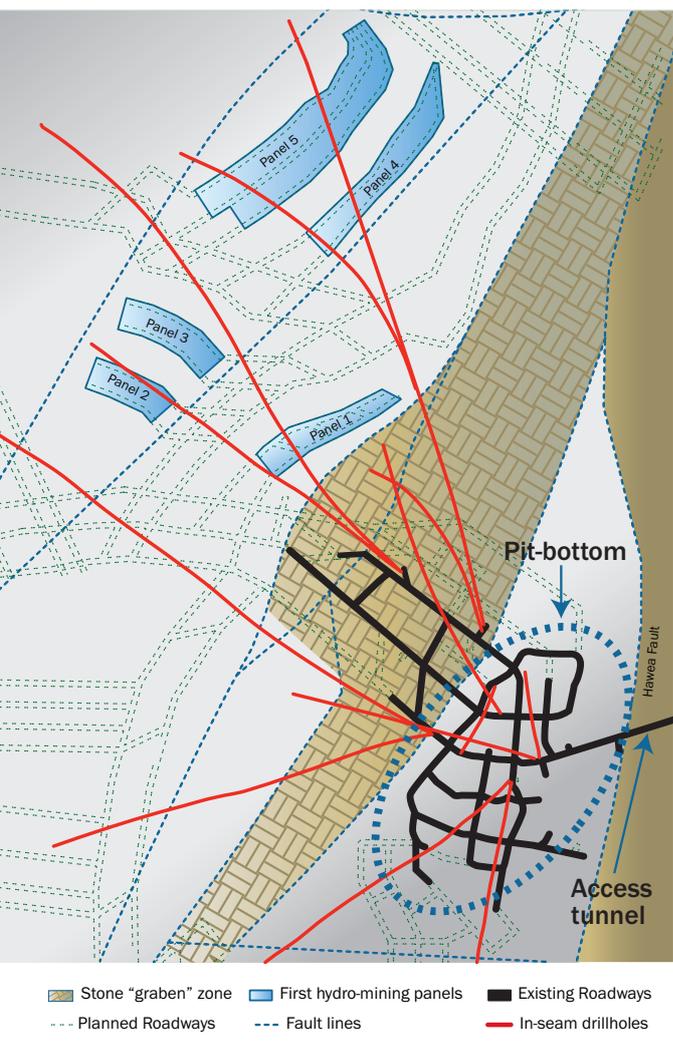


Diagram showing location of pit bottom, roadway access tunnels, rock graben, in-seam drilling and first hydro-mining panels (looking down)



Hydro monitor pump station being assembled for testing before being deployed underground



Countdown to Hydro-Mining

The first of the two mobile coal receiver/crushers (called a “Guzzler”) that arrived from Australia in January 2010 is being inspected on-site and configured for testing on the surface before being deployed underground. The large pumps and electric motors used with the hydro monitors are being fully assembled as an operating system and will then be transported underground for re-assembly and use in mining operations. Other equipment required for hydro-mining which is not already on-site is on-track for delivery as scheduled.

First hydro-mining is forecast to commence in the July-September 2010 quarter. Timing of first hydro-mining is dependent upon advance rates achieved through the graben, construction of raw coal sumps in that stone area, development of access roadways through coal and the subsequent installation and commissioning of the hydro-monitor infrastructure.

Production Profile Update

Based on the revised production ramp-up and the latest mine plan (April 2010), Pike River has reforecast using more conservative development rates of advance for roadways and the ramp-up for hydro-mining. Production for the year ended 30 June 2011 is forecast at approximately 620,000 tonnes, compared to the prior forecast in the range of 700,000 to 800,000 tonnes. The Mine is forecast to hit its average steady state rate of approximately 1 million tonnes per annum in the first half of 2011.

Export Shipment Milestone

Pike River celebrated a milestone in the company’s history with its first export shipment of coal to India in February 2010.

Twenty thousand tonnes of premium hard coking coal left Port Lyttelton on board the Tian Bai Feng and reached its destination, Port Bedi in Gujarat, about four weeks later. The first shipment went to coke-maker, Gujarat NRE – one of Pike River’s life-of-mine customers. Its sale value was in excess of NZ\$3 million.

The next export 20,000 tonnes is scheduled for July 2010. Once hydro-mining is underway in the July-September 2010 quarter, the typical export shipment size of premium hard coking coal will be approximately 60,000 tonnes, although several early shipments may be contracted at lesser tonnages to assist with company cashflows and also customer requirements.

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Pike River’s chairman John Dow (left) and Pike River’s General Manager Peter Whittall at the first export shipment at Port Lyttelton



Aerial view of Pike River coal being prepared for loading prior to being exported to India



Health, Safety and Environment

Pike River continually looks for ways to enhance its health and safety practices and has, this quarter, developed a new hazard identification system for use site-wide. The new system aims to improve the identification of workplace hazards. Three medically treated injuries were reported in the March 2010 quarter.

In February, Pike River self-reported a minor discharge of coal fines through the water discharge pipeline into Big River. International consultancy firm, Golders, has reported that the minor discharge has not resulted in any effects on the aquatic macroinvertebrate communities.

Shareholders and optionholders are strongly encouraged to lodge a submission on the *Government's Review of Schedule 4 of the Crown Minerals Act* discussion document outlining the potential in unlocking some of New Zealand's mineral wealth.

Your voice is important. To make a submission please visit:

www.med.govt.nz/Schedule4.

A submission form can also be found at:

www.pike.co.nz

Global Coal Prices Remain Buoyant

China and India continue to be dominant players in the world coking coal market, but the global steel industry's recovery from the global financial crisis is also a significant factor in the rise, according to market commentators.

In March 2010, Reuters and Bloomberg reported that hard coking coal prices for the April-June 2010 quarter at US\$200 per tonne had been agreed between major coking coal suppliers BHP Billiton, Rio Tinto Group and Teck Resources, and Japanese steelmakers JFE Holdings, Sumitomo Metal Industries Limited and Kobe Steel Limited⁴. Hard coking coal benchmark prices for 2010, although yet to be established in Japan and other regions to date, are projected at circa US\$225 per tonne⁵. Pike River has taken a conservative position and has budgeted at US\$160 per tonne.

⁴ Coal price data from Reuters at <http://uk.reuters.com/article/idUKSGE62FOHA20100317>

⁵ Source – MinAxis Pty Limited, Campbell MacPherson Ltd 16 April 2010 Report

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Investors should register at:

www.pike.co.nz/email_alerts.php

to receive reports, news releases and other company announcements via email on the day they are released.

Pike River website: www.pike.co.nz