



PIKE RIVER COAL

21 April 2010

Dear Shareholder

Pike River Coal Limited - Rights Issue

Pike River Coal Limited (Pike River) is making a renounceable pro rata rights issue (the Offer) to existing shareholders and optionholders of 45,454,545 million fully paid ordinary shares (New Shares). The Offer is to raise NZ\$40 million (before offer expenses) and is fully underwritten.

Under the Offer, eligible existing shareholders will be able to subscribe for two New Shares in Pike River for every 19* Pike River shares and options they hold at 5pm 30 April 2009 (Record Date). Further details of the Offer are set out in a Simplified Disclosure Document (Offer Document). The Offer is being made to Australian resident securityholders in accordance with section 708AA of the Australian Corporations Act 2001. Accordingly the Offer Document is not a prospectus or any other form of disclosure document regulated by the Australian Corporations Act 2001.

You will receive an Offer Document and (if eligible) an entitlement and acceptance form, which are being mailed on 3 May 2010. The Offer is expected to close on 19 May 2010. If you are eligible and wish to participate, please carefully read the Offer Document when you receive it and follow the instructions.

The purpose of the Offer, in conjunction with a share placement of NZ\$10 million, is to raise funds (after payment of the expenses of the Offer) to provide the working capital until positive cash-flows from hydro-mining are achieved. This forms part of a refinancing package where our major shareholder, New Zealand Oil & Gas Limited, will subscribe to a new convertible bond, on completion of the offer and the placement, in order to refinance the existing US\$28.9 million bond facility.

Summary of Key Information

The key information and dates are set out below for your information:

Type of offer:	Renounceable pro rata rights issue of New Shares to be issued to existing shareholders and optionholders resident in New Zealand and Australia (the Offer will not be made to overseas persons (including US persons) or persons acting on account for or on behalf of overseas persons) as at the Record Date
Offer price:	NZ\$0.88 per New Share
Offer ratio:	2 New Shares in Pike River for every 19* Pike River shares and options held at the Record Date
Underwriters:	UBS New Zealand Limited, McDouall Stuart Securities Limited, New Zealand Oil & Gas Limited, and Gujarat NRE Limited. Details of the underwriting arrangements (including fees payable) are included in the Offer Document

* Rounded up from the actual entitlement ratio of 2 Rights for every 18.905331689 fully paid shares and options.

Shareholders and optionholders should note that as the Offer is renounceable, eligible securityholders may sell or otherwise transfer their rights to all or any part of their entitlement. To do so, please carefully follow the instructions detailed in the Offer Document and the entitlement and acceptance form.

Proposed Timetable

The current proposed timetable for the Offer is as follows:

Announcement of Offer	20 April 2010
Simplified Disclosure Prospectus dated	20 April 2010
Existing shares and options quoted ex-entitlement & rights trading commences on the ASX	23 April 2010
Existing shares and options quoted ex-entitlement & rights trading commences on the NZSX	3 May 2010
Record Date	30 April 2010
Offer Document mailing date	3 May 2010
Rights trading ceases on ASX	12 May 2010
Rights trading ceases on NZSX	17 May 2010
Offer closes (Closing Date)	19 May 2010
Allotment date and issue of New Shares	21 May 2010
Despatch date for CHESs/shareholder statements	24 May 2010

The above 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.

If you wish to participate in the Offer, it will be necessary for you to complete your personalised entitlement and acceptance form which will accompany your copy of the Offer Document and return it, with the appropriate application monies, to Pike River's New Zealand or Australian share registry (as appropriate).

If you have any questions in relation to the Offer, please do not hesitate to contact the Company Secretary, Brian Roulston, on +64 9 377 3517.

Yours faithfully



Gordon Ward

Chief Executive