



**PIKE RIVER COAL**

# Coaltrans Asia 2010

30 May – 2 June

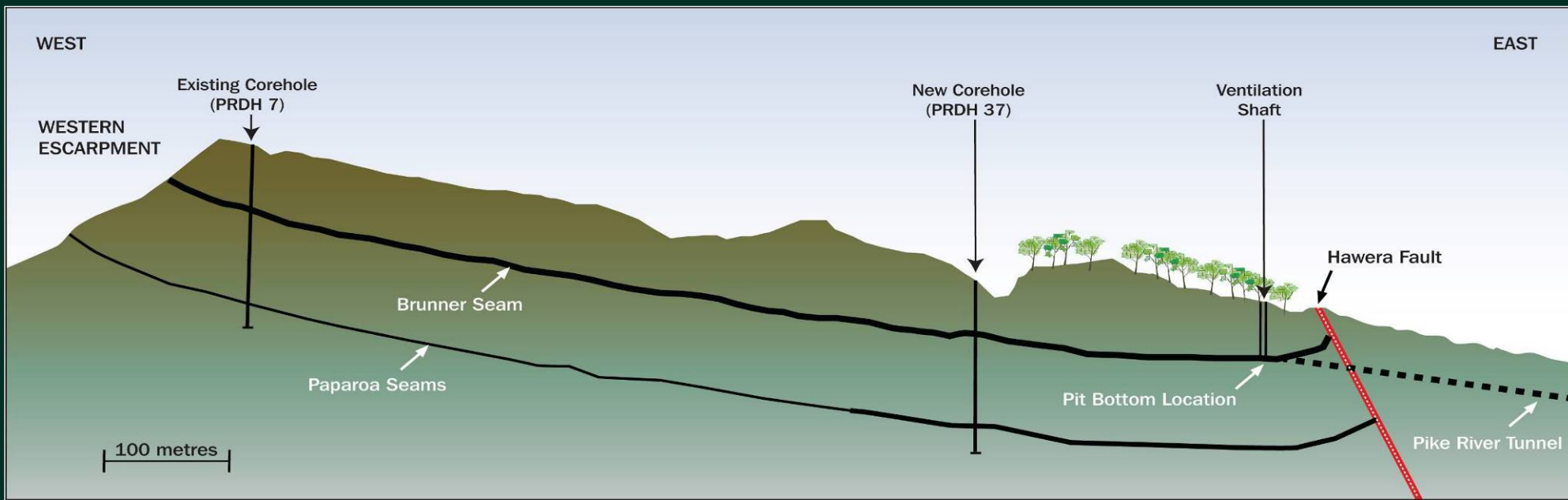
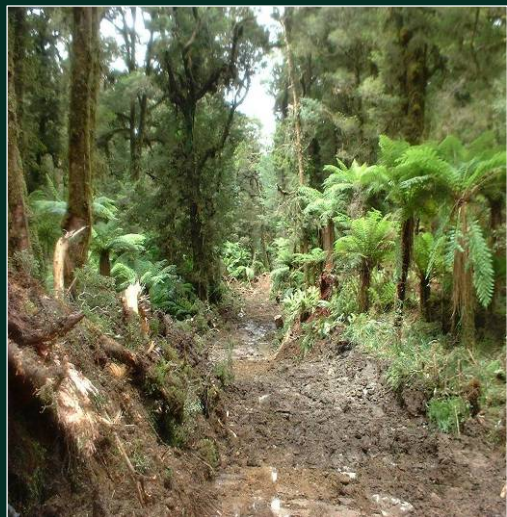


# Developing New Zealand's Coking Coal Resources

- Pike River Coal - independent producer
  - Listed on NZX/ASX in 2007
  - Ranked 35 in NZX top 50
  - Market cap. US\$259m
- NZ's largest premium coking coal resource
  - 58.5 million tonnes in ground
  - 18 million tonnes saleable coal
  - Annual production target 1 million tpa
- Significant upside potential
  - 11 million tonnes saleable coal (plus) from Brunner and Paparoa seams



# Pike River Underground Mine in Paparoa Ranges



# Access Engineered for Low Environmental Impact

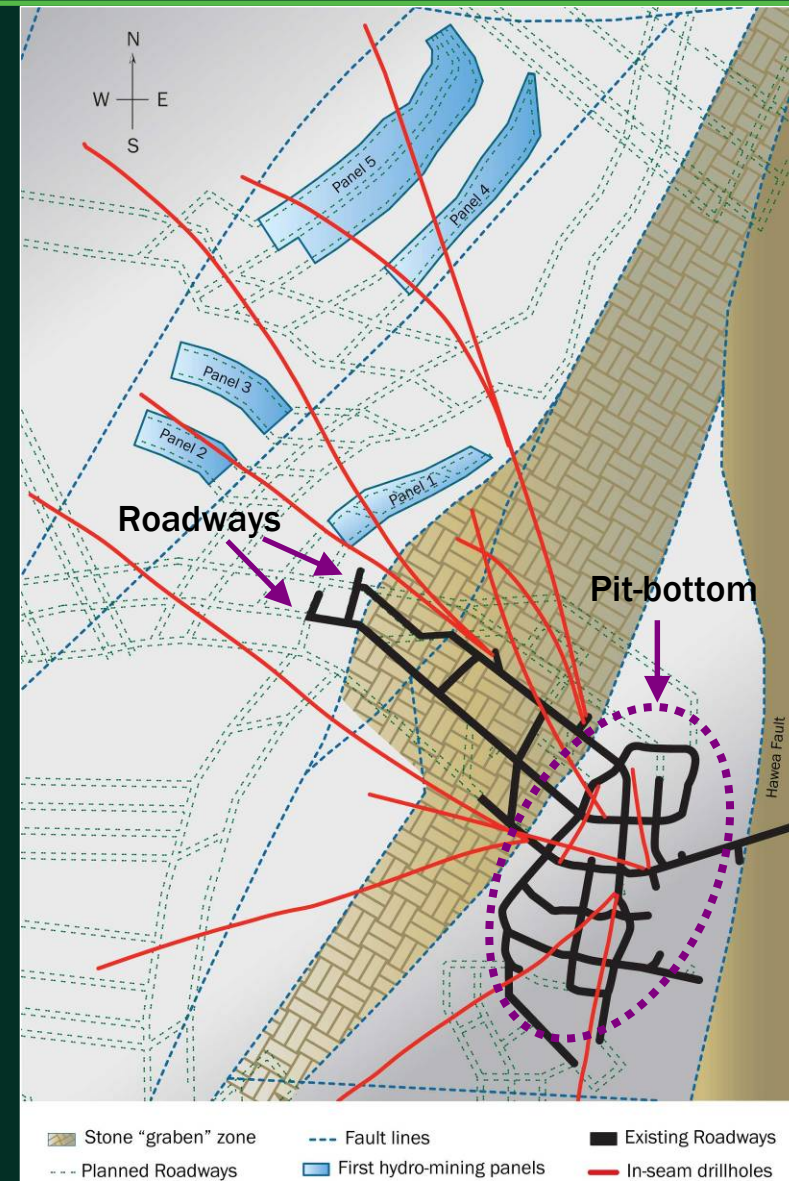


# Infrastructure and Mining Equipment Completed



# Mine Pit-bottom and First Hydro-Mining Panels

- Pit bottom at lowest point in mine
- Roadways through rock graben and into coal April
- Being driven uphill to first hydro-mining panels (shown in blue)
- Recent in-seam drilling 300m in coal (north and west) (red lines)
- Hydro mining infrastructure installation in south



# Mining by Hydraulic Monitor (Hydro)

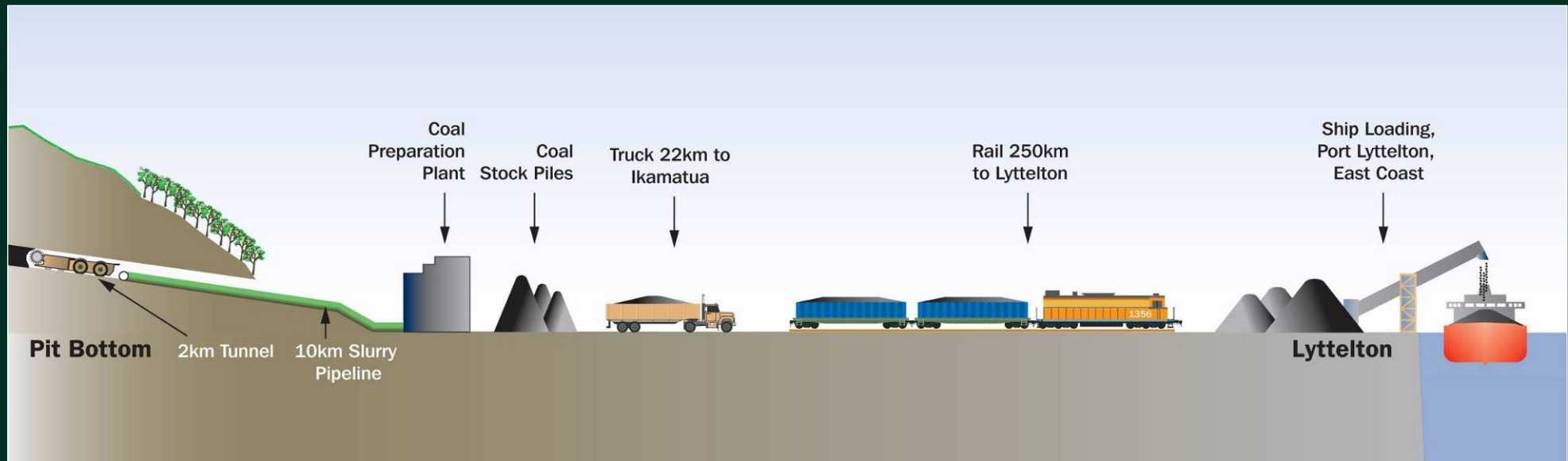
- High pressure water cutting
  - Conditions ideal at Pike River
  - Plenty of water and thick coal
  - Used by Solid Energy and elsewhere around world – China, Russia, Canada, Japan
- First hydro-mining Jul-Sep 2010 qtr
- Ramp-up to 1 million tpa saleable coal\*
- Hydro produces 80% of coal at steady state. Rest from CM/RH

\* Refer Behre Dolbear Australia Pike River Coal Project Independent Technical Review, 17 May 2007, IPO Prospectus



# Coal Export Chain

- Coal trucked and railed 270 kilometres to East Coast of South Island
- Panamax export port at Lyttelton
- Train capacity increased from 30 to 45 wagons (2250 tonnes)
- Midland rail line capacity ~ 5 million tonnes pa
- Current New Zealand exports ~ 2.7 mtpa



# Pike River Coal Export Chain

- 18 year agreement with state coal producer Solid Energy for rail and port
- Priority right of use
- 18 year agreement with TNL (trucking company)



Pike River coal stockpile at coal preparation plant



KiwiRail railing coal to Port Lyttelton



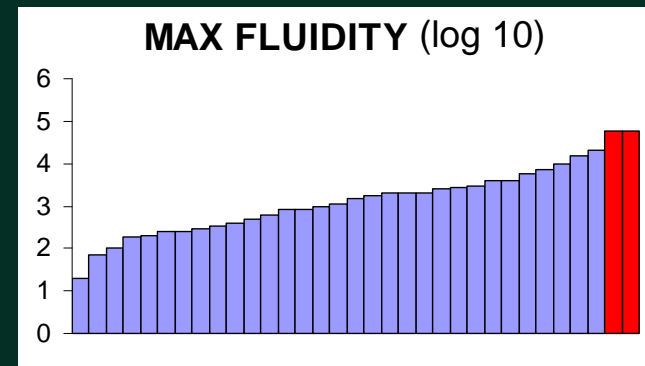
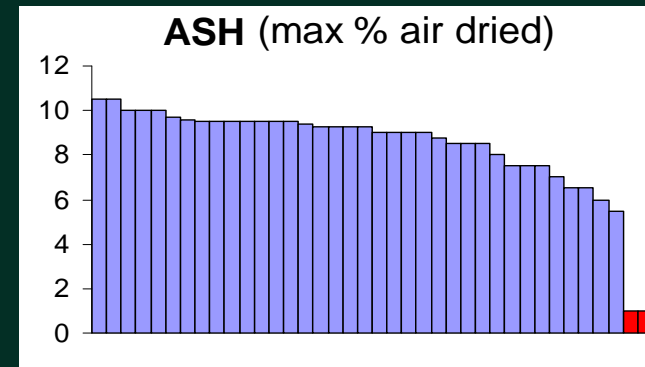
Port Lyttelton coal stockpile and handling facility

# Long Term Sales Contracts

- International customer base
  - 77% to 100% sold for 3 years
  - 85% to 90% sold for life of mine
- Niche quality coal
  - Ultra low ash and moderate sulphur
  - Ultra high fluidity
  - Queensland premium HCC prices
- NZ \$4 billion of sales over mine life \*

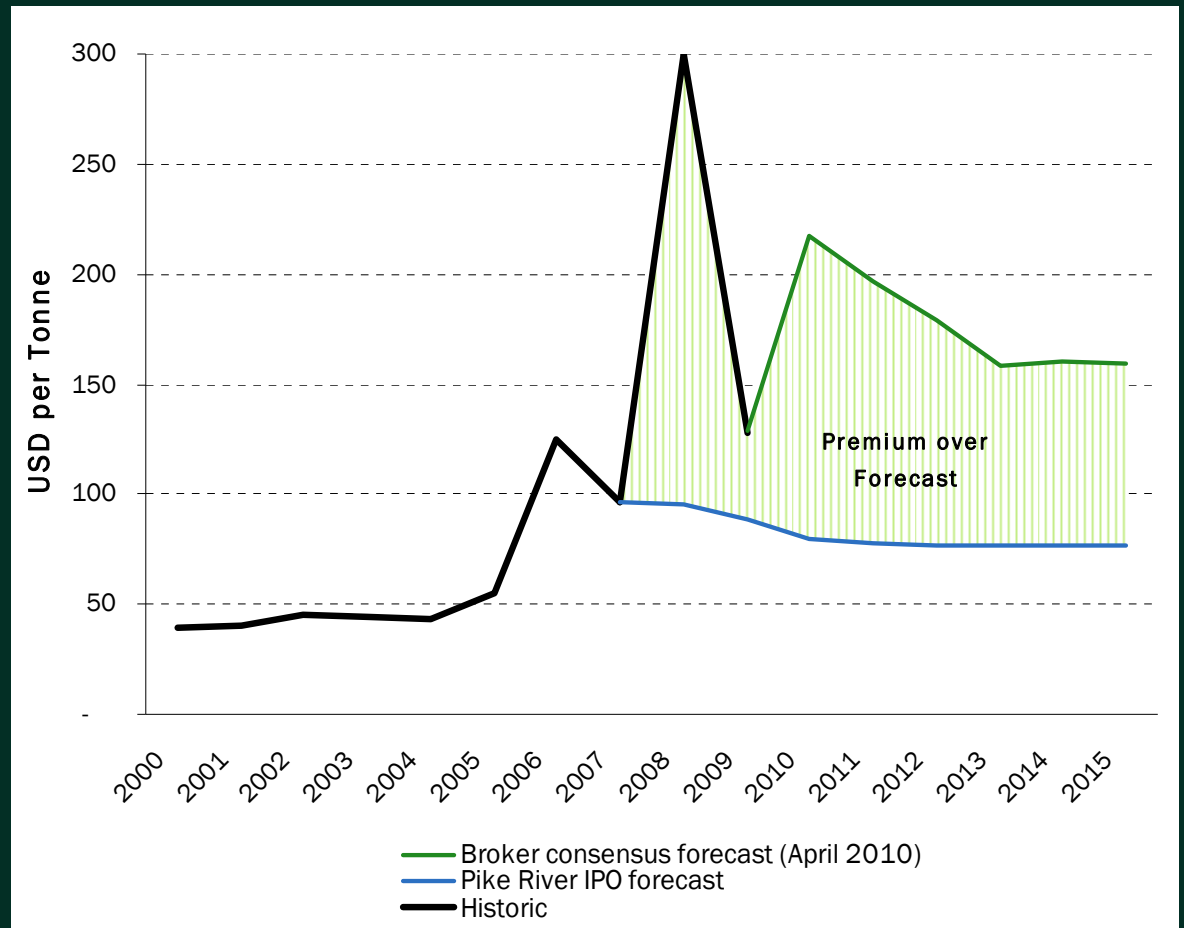
\* 17.6 million tonnes saleable coal assuming US\$136/t and long term FX 0.59 (ie historical average for NZ/USD cross). Excl. upside in Brunner and Papanoa

\*\* Coal quality graphs compare Pike River (red) to Australian hard coking coals (blue)  
Pike River will produce 1.2% and 1.9% sulphur products



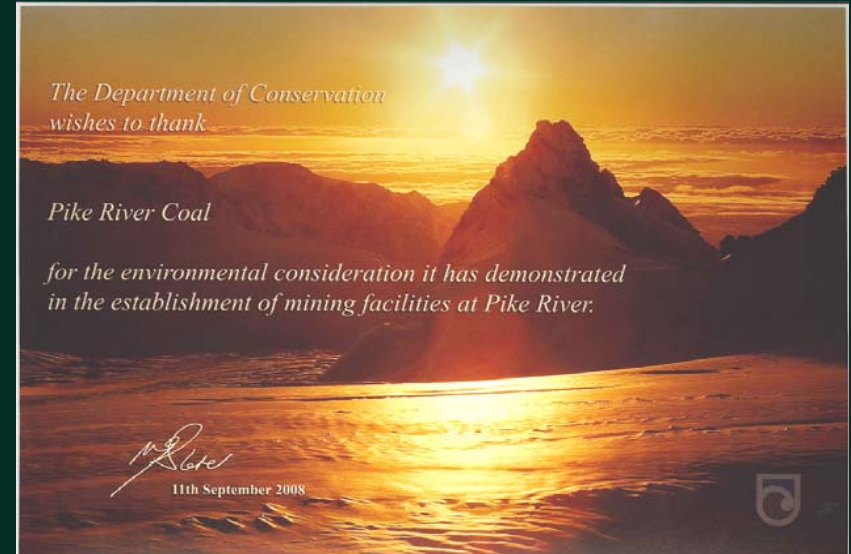
# Hard Coking Coal Prices

- Apr – Jun 2010 quarter US\$200
- Spot prices US\$240 plus
- Minaxis forecast
  - US\$225 for JFY 10
  - US\$190 in JFY 12
- At IPO long-term forecast was ~ US\$80



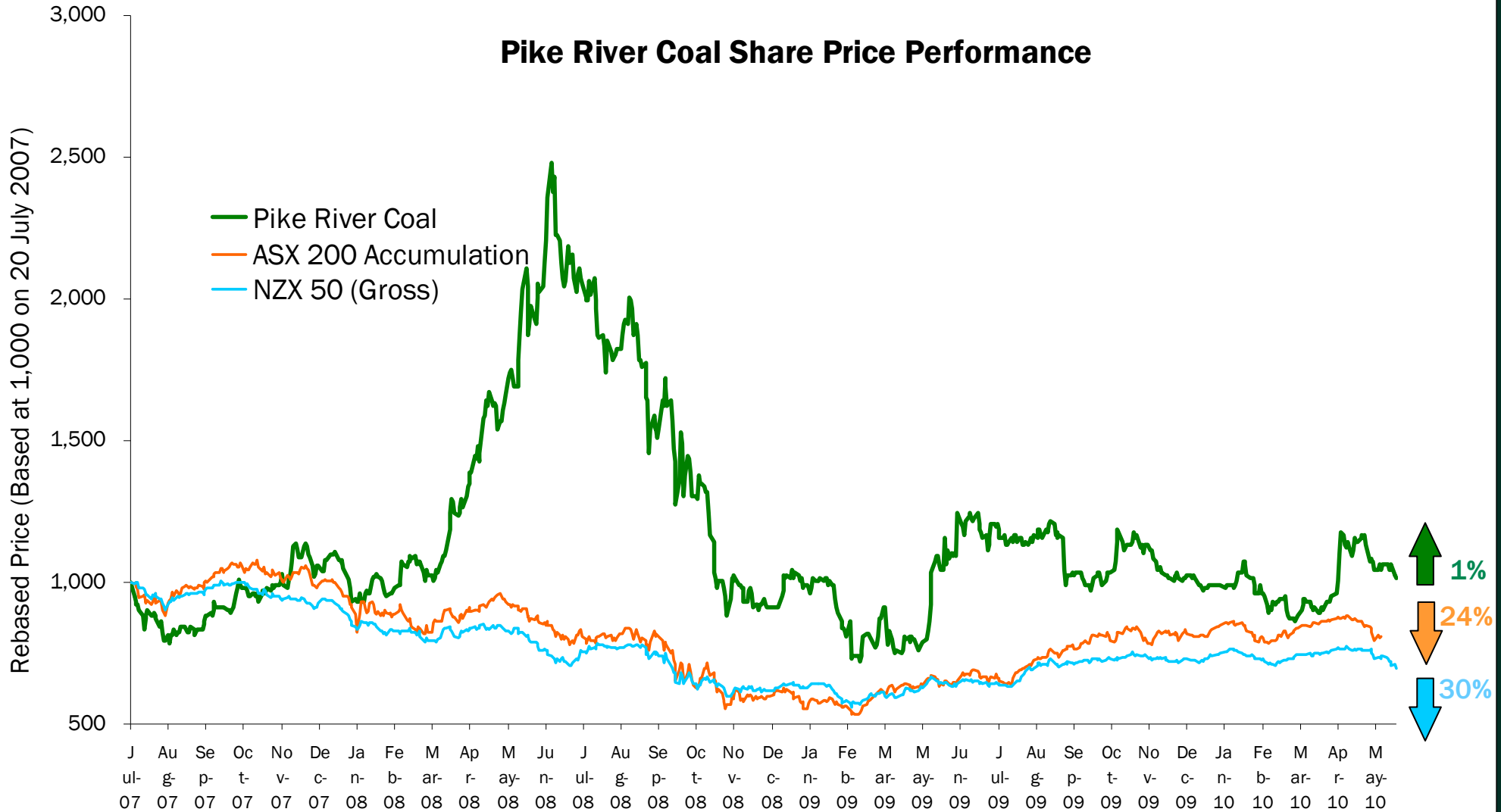
# Top Environmental Recognition from NZ Govt

- DoC certificate achieved in August 2008 for the mine's construction
- Prime Minister: *“an example of modern mining practices that had a minimal impact on the landscape”*
- Minister of Energy: *“Marriage of good mining practice and environmental good management”*
- Minister of Conservation: *“A new environmental standard for mining” and a “showcase development”*



# Share Price Performance

## Pike River Coal Share Price Performance



# Pike River Cashflow Margins at Steady State

Average Per Tonne at Steady State	Estimate (NZ\$)
Sales price (FOB)	225
Less cash costs	
Mining	55
Transport	40
Royalties and overheads	10
	105
Margin (pre interest, tax and depn)	120

## Assumptions:

- 1 Sales price is broker consensus of US \$136 for long term average. US\$3/t deducted to reflect average price for Pike HCC and converted at NZD:USD 0.59 (long term average cross rate since NZD floated)
- 2 Based on forecast annual saleable production averaging 1 million tonnes
- 3 The mine does not yet have an operating cost history
- 4 Costs during ramp-up to 30 Jun 10 mostly capitalised
- 5 Mining costs are based on budget. Transport costs are per the Solid Energy and TNL long term contracts, CPI adjusted. Royalties are payable to the Crown at the greater of 1% ad valorem or 5% accounting profits royalty calculated in accordance with the Minerals Programme for Coal (1996) and Crown Minerals act 1991



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