



PIKE RIVER COAL

30 May 2008

PIKE RIVER TUNNEL REACHES HAWERA FAULT

Pike River Coal Limited (Pike River) advises that the tunnel being driven to access the premium quality hard coking coal deposit has now reached the Hawera fault zone. The tunnel is at 2085 metres and the Hawera fault is 8 metres ahead.

The Hawera fault is a major reverse fault marking the change from hard rock (gneiss) on the eastern side, to sedimentary shales, sandstones and coal measures on the western side. Conditions through the fault zone which may extend for 50 metres will be quite fractured and may contain methane and water in varying quantities. Drill holes from the surface through the fault and also immediately west of the fault indicate quite variable conditions with crushed zones immediately adjacent to the fault.

To assist manage tunnel construction up to and through the Hawera fault in accordance with best industry practice, a number of measures were implemented following a comprehensive risk assessment between Pike River and the tunnelling contractor - McConnell Dowell, and following discussion with Department of Labour (DOL) Inspectors. Prior to advancing the tunnel closer than 50 metres from the fault, gas monitoring equipment was installed on the drilling jumbo and in the general roadway ventilation. Installed electrical equipment was replaced with coal mine compliant flameproof electrical equipment and advance drill holes were drilled to check for both gas and water accumulations.

Now 8 metres from the fault, advance drilling has started to produce sufficient methane from the fault zone to instigate the planned changeover of equipment to flameproof tunnelling equipment. No water has been evident to date from these drill holes. Over the next few weeks prior to advancing through the fault, the last remaining concreting and civil works in pit bottom will be completed and the equipment changeover, such as replacing the jumbo drilling unit with Pike River's road header, will be undertaken. This equipment is purpose built for use in sedimentary coal measures and where methane gas may be present and is on-site and ready for installation.

Pike River has pre-fabricated steel sets to be erected if required to support the tunnel roof through the forecast 50 metre crushed zone after the fault. A slower rate of advance is forecast by Pike River through this area, which is expected to be traversed during June. The tunnel is expected to intersect the coal seam in July 2008.

Gordon Ward, Pike River's Chief Executive says "Reaching the Hawera fault ticks the box for another important milestone in completing the mine development".

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The Pike River mine, about 50 kilometres northeast of Greymouth, is opening up New Zealand's largest known deposit of hard coking coal. The underground mine is expected to produce an average of one million tonnes a year for at least 18 years once hydro-mining commences in mid 2009.

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

WEST

EAST

Hawera Fault

Paparoa Ranges

COAL SEAM

COAL SEAM

Coal Measures
Sedimentary Rock

Hard Rock

REMAINING SECTION TO TUNNEL

TUNNEL

2300 metres

2090 metres

2000 metres

