

## Pike River expects US\$120 a tonne coking coal prices

22 May 2009 - Pike River Coal Ltd - soon to begin producing from its West Coast underground mine - expects prices for its premium coking coal to reach over US\$120 per tonne for the next year.

Pike River says in its March quarterly report that the annual Australia-Japan benchmark price setting for the year ended 31 March 2010 saw premium hard coking coal struck at a healthy US\$128 per tonne (or about NZ\$216 per tonne).

Pike River anticipates a price at or about this US\$128 per tonne level when it completes its own negotiations. World coking coal prices have fallen from the record boom price of US\$300 per tonne in 2008-2009.

The first export shipment of 60,000 tonnes of Pike River coal to Japan is due in the July-September 2009 quarter.

Pike River has made good progress with restoring ventilation to its mine following a rockfall in February which blocked the vertical main ventilation shaft. Full ventilation will be restored by the end of May 2009 with completion of an angled shaft bypass around the main shaft.

Coal production with one of the continuous miner machines is to recommence at the start of May.

That will allow operation of all three roadway development machines and the in-seam drilling unit to start the ramping-up process, creating the access roadways for large-scale coal production.

Hydro mining is scheduled to start during the October-December 2009 quarter, boosting production to one million tonnes a year. Two hydro monitors (high pressure water cannon) will each cut coal at a rate averaging more than 2,000 tonnes a day.

The first of three hydro monitors has arrived at the mine for initial evaluation and familiarisation. Two hydro monitors are in Australia from Japan to be customised for Pike River.

Arriving with the hydro monitors will be two "guzzlers" which guzzle up the coal cut by the hydro monitors, crush it to less than 200 mm, and feed it into steel flumes.

Water and gravity will carry the crushed coal to the pit bottom coal handling facilities where it will be further crushed to 35 mm so it can be pumped via the water-fed slurry pipeline 10 km to the coal preparation plant at the bottom of the Pike River valley.

Pike River said current staffing is tracking well with 110 employed out of the total workforce of 150 required for full production.

Sources: Pike River Coal and Lindsay Clark