



PIKE RIVER COAL

25 January 2008

Pike River Rights Issue – Offer Price Reset at NZ\$0.90 per Share

Pike River Coal Limited (Pike River) has advised the New Zealand and Australian stock exchanges today that it has reduced the price payable for Shares offered in the Rights Issue announced on 16 January 2008 from NZ\$1.00 to NZ\$0.90 each. In addition the ratio at which rights are granted to existing shareholders and noteholders will change from 1:3.56 to 1:3.2¹. The New Zealand Prospectus, and New Zealand Investment Statement and Australian Prospectus, lodged on 17 and 18 January 2008 respectively will be amended accordingly. While still raising NZ\$60 million, the number of Pike River shares offered to existing shareholders and noteholders has been increased from 60,000,000 to 66,666,667 shares. The record date for this revised Offer will be 8 February 2008².

The Pike River Board was particularly concerned to ensure that the global stock market volatility and weakness over the past week, while not adversely impacting the economic fundamentals of Pike River, did not give rise to an event where standard termination clauses contained in the Rights Issue underwriting agreement could be invoked. The NZX50 index at one stage was down 8% (302 points) during the past week and, although there has been a slight recovery, if there was a further decline to 10% in total during the Offer period it would have given the underwriter the ability, if it chose, to terminate the underwriting agreement.

Pike River has significant capital purchases currently in progress or about to be incurred. Given the importance of certainty in the funding required, Pike River's directors considered the possibility of this termination event being triggered as having significantly increased and took the step of reducing the Offer price to NZ\$0.90.

The Rights Issue underwriters, McDouall Stuart Group Limited, New Zealand Oil & Gas Limited, Gujarat NRE Limited and Saurashtra World Holdings Private Limited have agreed that the market termination events in the underwriting agreement will now be measured starting from close of business on 24 January 2008.

Managing Director Gordon Ward said "Market events over the past week have to be recognised and the reduced Offer price, combined with an increasing expectation of a significant jump in hard coking coal prices this year, should make the Offer significantly more attractive to shareholders with the re-pricing providing an incentive for shareholders to exercise their rights".

A replacement New Zealand Investment Statement and Australian Prospectus for the Renounceable Rights Issue (Offer Document) and an accompanying Entitlement and Acceptance Form will be mailed to shareholders on 11 February 2008 and will be available to be viewed on-line at www.pike.co.nz

Eligible shareholders and noteholders should carefully read the Offer Document when they receive it. If they wish to participate in the Offer, they will need to complete the Entitlement and Acceptance Form accompanying the Offer Document in accordance with the instruction set out in the Offer Document.

¹ Rounded down from actual entitlement ratio of 1 Right for every 3.201893445 shares

² The change in Record Date means that trades on ASX of 41,500 Pike River ordinary shares on 23 January 2008 (Affected Trades) will be treated as 'cum entitlement' trades rather than 'ex-entitlement' trades. Pike River will compensate the relevant sellers by procuring for them the same rights entitlement they would have received if they had not sold those shares on 23 January 2008. No trades on NZX were affected as all trading on NZX up to the date of this announcement has been on a 'cum entitlement' basis.

Further details of the dates applicable to this revised Offer are set out in the Revised Summary details which follow, and in notices filed with NZX and ASX.

For further information please contact:

Gordon Ward +64 4 494 0190
Chief Executive and Managing Director
Pike River Coal Limited

or Brian Roulston +64 9 377 3517
Company Secretary
Pike River Coal Limited

Revised Summary details¹

Renounceable Rights Issue

Offer	One new share for every 3.2 ² shares held by shareholders as at 8 February 2008 or shares that noteholders would hold if their notes were to be converted into shares (in accordance with their respective terms) on 8 February 2008.
Subscription price	\$0.90 per share
Total new shares issued	66,666,667
Total shares on issue at completion of offer	270,034,487
Record Date	8 February 2008
Offer opens	11 February 2008
Offer closes	6 March 2008
Allotment	13 March 2008

Convertible Bond Facility

Bond subscriber	Liberty Harbor LLC (an investment fund which is part of Goldman Sachs Asset Management)
Size of issue	\$US30,000,000
Coupon	6.75 per cent paid quarterly in arrears
Term	3 years
Conversion timing	Any time at bondholders' option
Conversion price	30% premium to Rights Issue subscription price (ie \$1.17) payable in US currency based on the NZD:USD cross-rate at time of issue
Pike River Coal Limited shareholder meeting to approve bond facility	4 February 2008

¹ These 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. Refer to Prospectus for a detailed timetable.

² Rounded down from actual entitlement ratio of 1 Right for every 3.201893445 shares

news release
For personal use only