

# **PIKE RIVER COAL LIMITED**

**Australian Registered Body Number 119 304 148  
New Zealand Registered Company Number 114243**

**Supplementary Information Memorandum dated 31 March 2009**

**regarding the**

**Information Memorandum dated Wednesday 12 March 2008**

**in relation to**

**6.75 per cent. Convertible Bonds Due 2011**

**Convertible into Ordinary Shares of Pike River Coal Limited**

## IMPORTANT NOTICE

### GENERAL

#### About this document

This Supplementary Information Memorandum relates to the issue by Pike River Coal Limited (the **Issuer**) of Convertible Bonds due 2011 (the **Bonds**) convertible into ordinary shares of the Issuer (the **Ordinary Shares**), to select investors.

This Supplementary Information Memorandum is lodged with the Australian Stock Exchange (**ASX**) in accordance with the requirements of declaration 08/0039 of the Australian Securities and Investment Commission (**ASIC**) dated 23 January 2008 under Subsection 741(1) of the Corporations Act 2001 (Cth) (**Corporations Act**).

Neither this Supplementary Information Memorandum nor any other disclosure document in relation to the issue of the Bonds or Ordinary Shares has been lodged with ASIC.

None of the ASIC, the ASX nor their respective officers take any responsibility for the contents of this Supplementary Information Memorandum or the merits of the investment to which this Information Memorandum relates. The fact that the ASX has quoted the Issuer's Ordinary Shares and may quote Ordinary Shares into which the Bonds are converted is not to be taken in any way as an indication of the merits of the Ordinary Shares, the Bonds or the Issuer.

This Supplementary Information Memorandum should be read in conjunction with the Information Memorandum dated 12 March 2008 and the Supplementary Information Memoranda dated 18 August 2008 and 16 October 2008 and all documents should be read in their entirety. It contains general information only and does not take account of any investor's specific objectives, financial situation or needs. In the case of any doubt, an investor should seek the advice of a stock broker or other professional advisor.

#### Restrictions in foreign jurisdiction

This Supplementary Information Memorandum must not be distributed in any place in which, or to any person to whom, or in any circumstances in which it would not be lawful to distribute this Supplementary Information Memorandum or to make an offer or invitation to purchase Bonds.

## **1. SUPPLEMENTARY INFORMATION**

### **1.1 Status of the Project**

The Issuer is a “disclosing entity” for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules of the ASX and NZSX. Copies of documents regarding the Issuer lodged with the ASIC or the ASX respectively may be obtained from, or inspected at, any ASIC office or the ASX respectively.

Pike River made the breakthrough to its premium hard coking coal during the half year ended 31 December 2008 and has now completed all surface infrastructure needed for mining.

Most recently, work has been required to remedy an unexpected rockfall in the lower portion of the ventilation shaft. This has led to a three month delay to coal production and sales receipts.

Once the shaft is remedied the company will ramp-up to full production using the high pressure water cutting system (hydro-monitor mining) by the quarter ended 31 December 2009.

### **1.2 Amendment to material covenants under the Bonds**

On 12 March 2008 the Issuer issued Liberty Harbor LLC (**Liberty**) US\$30 million of convertible bonds (**Bonds**). The Bonds have a term of 3 years and are convertible to new ordinary shares in the Issuer at any time by Liberty at the then applicable conversion price.

The Bonds were issued on terms and conditions which include a number of conditions and covenants which are common to facilities of this nature.

They included covenants relating to debt service ratios and the ongoing assessment of budgeted cashflows and also a date by which the Issuer’s production must average in excess of 66,667 tonnes per month, which was originally stated as 1 July 2009 but which, as a result of recent negotiations with Liberty, has now been extended to 30 November 2009.

As part of these arrangements, the Issuer has agreed to a revised interest rate of 10.75% and has obtained a right, provided the Issuer’s share price does not exceed the NZ dollar equivalent of US\$0.70 by 30 September 2009; increasing over time to US\$0.80 by the final maturity date of 11 March 2011, to repay the Bonds in full before their financial maturity date.

A copy of the Supplemental Deed by which the terms and conditions of the Bonds have been amended is attached as Appendix 1.

## **2. FURTHER INFORMATION**

As the Issuer’s business is dynamic, any prospective investor is encouraged to keep itself fully informed by reading all information that the Issuer releases to the market. The Issuer is presently required to disclose price-sensitive information to both the NZSX and the ASX on a continuous basis.

## **3. DIRECTORS’ AUTHORISATION AND CONSENT**

This Supplementary Information Memorandum has been prepared by the Issuer and its preparation and lodgement with the ASX has been authorised by a resolution of the Directors. The Directors state that they have made all reasonable enquiries and have

reasonable grounds to believe that all statements made by the Directors in this Supplementary Information Memorandum are true and not misleading.

Each Director has given and has not withdrawn, their consent to the lodgement of this Supplementary Information Memorandum with the ASX.

## APPENDIX 1 – SUPPLEMENTAL DEED



### Supplemental Deed

Pike River Coal Limited

Liberty Harbor, LLC

KENSINGTON SWAN  
WELLINGTON 89 The Terrace, PO Box 10246, Wellington 6143. Fax +64 4 472 2291. Ph +64 4 472 7877  
AUCKLAND 18 Viaduct Harbour Avenue, Private Bag 92101, Auckland 1142. Fax +64 9 309 4276. Ph +64 9 379 4196

1911330.17

A handwritten signature in black ink, appearing to be a stylized 'C' or 'K'.

**Table of contents**

Parties ..... 3

Background ..... 3

Covenants ..... 3

1 Interpretation..... 3

2 Condition Precedent ..... 3

3 Extension of First Steady State Production Date ..... 4

4 Early Redemption Option ..... 4

5 Confirmation ..... 5

6 Miscellaneous ..... 6

Execution..... 7



**Deed** dated March 13, 2009

## **Parties**

- 1 **Pike River Coal Limited** ARBN 119 304 148, NZCN 114 243 ('**Issuer**')
- 2 **Liberty Harbor, LLC** ('**Bondholder**')

## **Background**

- A The Issuer has entered into a Bond Deed Poll dated 11 March 2008 for the issue of US\$30,000,000 Bonds, subsequently reduced to US\$27,500,000 by a conversion of 50 bonds.
- B The Bondholder is at the date of the Supplemental Deed the sole holder of the Bonds.
- C Subject to the Issuer completing a placement to an institutional shareholder and a pro-rata rights offering to its existing shareholders resulting in the Issuer receiving in cleared funds subscription proceeds in the amount of NZ\$45,000,000 (or such other amount agreed by the Bondholder), the Bondholder agrees to extend the last day by which the First Steady State Production Date is to be achieved under the Conditions to no later than 30 November 2009.
- D This Supplemental Deed records the consideration for the extension of the last day by which the First Steady Production Date is to be achieved and is supplemental to the Bond Deed Poll and Conditions.

## **Covenants**

### **1 Interpretation**

- 1.1 Unless the context otherwise requires:
  - a Terms defined or construed in the Bond Deed Poll or the Conditions have the same meanings in this Supplemental Deed.
  - b The rules of interpretation and construction set out in the Bond Deed Poll or the Conditions shall also apply to this Supplemental Deed as if fully set out; and
  - c Headings and the table of contents are to be ignored in construing this Supplemental Deed.

### **2 Condition Precedent**

- 2.1 The agreement of the Bondholder to extend the last day by which the First Steady State Production Date is to be achieved is conditional upon the Issuer providing to the Bondholder not later than 30 April 2009 from the registrar for its Ordinary Shares that the Issuer has received in cleared funds subscription proceeds from the placement and/or the rights issue for NZ\$45,000,000 (or such other amount agreed by the Bondholder) less

RENSINGTON SWAN  
1611330.17



---

arm's length fees or expenses paid to professional service providers and up to 3% of the subscription proceeds payable to the underwriter or sub underwriters or as broker handling fees in connection therewith, for the issue of fully paid ordinary shares and accompanying bonus options for a price no less than NZ\$0.70 per share pursuant to a pro-rata offer to the existing holders of ordinary shares and the existing holders of convertible notes on an as converted basis (and the underwriting of that offer).

### **3 Extension of First Steady State Production Date**

- 3.1 Subject to the clause 2.1, the Bondholder agrees to extend the last day by which the First Steady State Production Date is to be achieved to no later than 30 November 2009 and clause 12.3 of the Conditions shall be amended accordingly, but in consideration of that extension, if the Bonds have not been redeemed on or prior to 31 December 2009, then the Issuer shall be liable to pay the Bondholder an additional principal amount equal to 1.0% of the face value of the Outstanding Bonds for every three months commencing with the three month period 1 April 2009 to 30 June 2009 down to the date the Bonds are redeemed whether in accordance with the provisions set out below or otherwise in accordance with the Conditions. Where the Bonds are redeemed prior to the last day of any such quarter, the additional principal amount which the Issuer is liable to pay will be calculated on a straight line interpolation based on the number of days elapsed in the quarter down to and including the proposed date of redemption, and on the basis that each quarter will comprise 90 days. By way of example, if the Bonds are redeemed on 31 March 2010 then the additional principal amount will be 4% of the face value of the Outstanding Bonds.
- 3.2 In order to implement the provisions of clause 3.1 above, the Issuer will issue Bonds with a principal amount equal to the aggregate of the additional principal amounts specified above:
- a on the first Business Day of each calendar quarter (the first of such dates being 1 January 2010); and additionally
  - b on any Conversion Date or any other date specified for redemption of the Bonds, including the Final Maturity Date.
- 3.3 Notwithstanding Clause 2.2 of the Conditions, Bonds issued in accordance with clause 3.2 may be issued in any denomination requested by the Bondholder.

### **4 Early Redemption Option**

- 4.1 Notwithstanding any other provision of the Conditions, the Issuer, having given not less than three and not more than four Business Days written notice of its intention to do so, may redeem all or part of the Bonds at their face value (calculated by the Bondholder as at the proposed date of redemption so as to include any increase under the preceding provision), by payment in cash to the Bondholder but only if:





- a In the case of redemption proposed to occur prior to 30 September 2009, only if the price of the Issuer's Ordinary Shares does not exceed the NZ\$ equivalent of US\$0.70 at any time on the date on which the notice of redemption is given;
- b In the case of redemption proposed to occur in the period between 30 September 2009 and 30 September 2010, only if the price of the Issuer's Ordinary Shares does not exceed the NZ\$ equivalent of US\$0.75 at any time on the date on which the notice of redemption is given;
- c In the case of redemption proposed to occur in the period between 30 September 2010 and the Final Maturity Date, only if the price of the Issuer's Ordinary Shares does not exceed the NZ\$ equivalent of US\$0.80 at any time on the date on which the notice of redemption is given,

in each case, on the basis that the NZ\$ equivalent amount of any US\$ figure on any date relevant for the purposes of this clause will be determined by reference to the average of NZ\$/US\$ rates quoted by 3 New Zealand registered banks to the Issuer and Bondholders jointly at or about 11am on the relevant date.

- 4.2 For the avoidance of doubt a redemption of Bonds on or prior to 31 December 2009 maybe made at the original face value of the Bonds without any obligation to pay an additional principal amount under clause 3.1.
- 4.3 In consideration of the extension granted by the Bondholder above, and notwithstanding that the Issuer has exercised the Early Redemption Option set out above, and notwithstanding any other provision of the Conditions (including without limitation clause 7.5 of the Conditions), as a separate, new and independent obligation of the Issuer, if a Change of Control occurs at any time:
  - a within six months from the date of redemption; or
  - b if the Final Maturity Date would otherwise fall within that six month period then within the period between the date of redemption and the Final Maturity Date,

then in that event the Issuer shall be obliged to give the notices and to pay the additional amounts contemplated by clause 6.6 of the Conditions as if the redemption had not occurred and on the basis that the Change of Control Make Whole Amount shall be calculated by discounting the interest which would have been payable to the Bondholder between the redemption date and the Final Maturity Date in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Bonds is payable) equal to the Bank Bill Rate.

## 5 Confirmation

- 5.1 Other than as amended and supplemented by this Supplemental Deed, the Bond Deed Poll, Subscription Agreement and the Conditions and all the covenants and obligations contained therein remain in full force and effect.

---

## **6 Miscellaneous**

### **6.1 Counterparts**

This Supplemental Deed may be signed in any number of counterparts all of which, when taken together, will constitute one and the same instrument. A party may enter into this Supplemental Deed by executing any counterpart.

### **6.2 Governing Law**

This Supplemental Deed is governed by and is to be construed in accordance with New Zealand law.

### **6.3 General Expenses**

The Issuer shall pay the legal fees, advisory fees and disbursements and any other costs and expenses incurred by or on behalf of the Bondholder in connection with the negotiation, preparation, execution and completion of this Supplementary Deed including any applicable goods and services tax or value added tax.

### **6.4 Binding, delivered and force**

For the purposes of section 9 of the Property Law Act 2007, this deed is intended to be immediately and unconditionally binding upon the parties when they:

- a execute this deed; and
- b deliver to the other party, or its designated agent, an original or copy, of this deed executed by that party.

### **6.5 Without limiting any other mode of delivery previously approved by the parties, for the purposes of this deed, delivery may be effected by:**

- a physical delivery; or
- b transmission (whether by facsimile or email),


to the other party to this deed or its designated agent.

### **6.6 For the purposes of section 10 of the Property Law Act 2007, this deed shall be deemed to come into force on delivery in accordance with this clause 6.**



**Execution**

Signed for Pike River Coal Limited  
in the presence of:


  
\_\_\_\_\_  
Signature of director

GORDON WARD  
\_\_\_\_\_  
Name of director

  
\_\_\_\_\_  
Signature of director/authorised signatory

BRIAN WAYNE GOULSTON  
\_\_\_\_\_  
Name of director/authorised signatory

Witness signature

  
\_\_\_\_\_

Full name

KATHRYN WALTERS

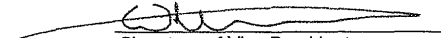
Occupation

ADMINISTRATOR

Town/city

WELLINGTON

Signed for Liberty Harbor, LLC  
in the presence of:

  
Signature of Vice President

Will Matthews  
Name of Vice President

Witness signature Jonathan Hatch  
Full name Jonathan Hatch  
Occupation Finance  
Town/city Singapore

KENSKINGTON SWAN  
1911330.7