



PIKE RIVER COAL

## QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS

### PIKE RIVER COAL LIMITED

For Quarter ended 31 March 2009

Quarterly Report of Consolidated Cash Flows prepared in accordance with NZSX Listing Rule 10.10.4. These figures are based on accounts which are unaudited. The Company has a formally constituted Audit Committee of the Board of Directors. All figures are in NZ dollars unless specified otherwise.

NZSX Ref		Current Quarter March \$NZ'000	Year to Date (9 months) \$NZ'000
	<b>Cash Flows Relating to Operating Activities</b>		
1(a)	Receipts from product sales and related debtors	-	-
1(b)	Payments for		
	(a) exploration and evaluation	(340)	(340)
	(b) development	(23,291)	(60,088)
	(c) production	-	-
	(d) administration	(1,595)	(4,505)
1(c)	Dividends received	-	-
1(d)	Interest and other items of a similar nature received	1,901	4,796
1(e)	Interest and other costs of finance paid	(2,450)	(4,577)
1(f)	Income taxes (paid)/received	-	-
1(g)	Other	-	-
1(h)	<b>Net Operating Cash Flows</b>	<b>(25,775)</b>	<b>(64,714)</b>
	<b>Cash Flows Related to Investing Activities</b>		
2(a)	Cash paid for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(371)	(4,568)
2(b)	Cash proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
2(c)	Loans to other entities	-	-
2(d)	Loans repaid by other entities	-	-
2(e)	Other	-	-
2(f)	<b>Net Investing Cash Flows</b>	<b>(371)</b>	<b>(4,568)</b>
	<b>Total Operating and Investing Cash Flows</b>	<b>(26,146)</b>	<b>(69,282)</b>
	<b>Cash Flows Related to Financing Activities</b>		
3(a)	Cash proceeds from issue of shares	4,262	4,540
3(b)	Proceeds from sale of forfeited shares	132	132
3(c)	Borrowings	8,500	8,500
3(d)	Repayment of borrowings	-	-
3(e)	Dividends paid	-	-
3(f)	Other	-	-
3(g)	<b>Net Financing Cash Flows</b>	<b>12,894</b>	<b>13,172</b>
4(a)	<b>Net Increase in Cash Held</b>	<b>(13,252)</b>	<b>(56,110)</b>
4(b)	Cash at beginning of quarter/year to date	22,370	63,911
4(c)	Exchange rate adjustments to Items 4(a) above	150	1,467
4(d)	<b>Cash at End of Quarter</b>	<b>9,268</b>	<b>9,268</b>

**Notes:**

- 1(b) Development expenditure includes major items of mining equipment and other physical assets in the course of construction. Once completed and utilised in production these items will be reclassified as either PP&E or Production Assets.
- 3(a) Cash proceeds from issue of shares comprises \$4 million from a placement to AMP Capital Investors on 31 March 2009 and \$0.262 million from the issue of partly-paid shares to employees under the company's Employee Share Ownership Plan ('ESOP').
- 4(c) Exchange rate adjustments relate to translation of retained USD cash holdings.

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**5 Non-Cash Financing and Investing Activities**

5(a) Provide details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 4 July 2008, Liberty Harbor LLC converted 50 bonds (with a face value of USD\$2.5 million) of its Pike River convertible bond holdings. This resulted in an amount of \$3.2 million being reclassified from debt to equity to reflect the financial impact of the conversion.

5(b) Provide details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

**6 Financing Facilities Available**

Provide details of used and unused loan facilities and credit standby arrangements, adding such notes as are necessary for an understanding of the position.

	Notes	Amount Available \$NZ'000	Amount Used \$NZ'000
CreditPlus Facility	1	16,160	8,500
Multi-option Debt Facility	2	10,000	-

		Current Quarter # \$NZ'000	Following Quarter \$NZ'000
<b>7</b>	<b>Estimated Outlays for Specified Quarters</b>		
7(a)	Exploration and evaluation	-	-
7(b)	Development	30,000	24,500
	<b>Total</b>	<b>30,000</b>	<b>24,500</b>

# The outlays to be shown in this column are the estimates made for this quarter in the previous quarterly report. When these estimates differ by more than 15% from the actual outlays reported in Item 1(b) of this report, provide an explanation of the reason(s) for these differences. The actual outlay for development expenditure in the quarter ended 31 March 2009 was \$23.6 million, less than forecast due to delays in some expenditure caused by the ventilation shaft rock fall.

**Notes:**

1. CreditPlus Facility with Bank of New Zealand – akin to a ‘revolving credit’ style facility which is fully redrawable and repayable at any time. Facility is secured against certain major pieces of mobile mining equipment.
2. Multi-option Debt Facility with Bank of New Zealand – a one year working capital facility secured via a pari-passu first ranking charge over the company assets (excluding major pieces of mobile mining equipment).
3. Development expenditure during the current quarter has been lower than previously forecast primarily due to a rephasing of the timing of certain items of expenditure.

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<b>8 Reconciliation of Cash</b>		
For the purposes of this statement of cashflows, cash includes: bank bills, cash on hand and at bank, short term deposits less any overdraft.		
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:	Current Quarter \$NZ'000	Previous Quarter \$NZ'000
Cash on hand and at bank	99	178
Deposits at call and bank bills	9,169	22,192
Bank overdraft		
Other		
<b>Total: Cash at End of Quarter</b> (Item 4(d)/4(b))	<b>9,268</b>	<b>22,370</b>

**Note:**

Cash at End of Quarter does not include \$1.48 million of cash lodged by Pike River to guarantee certain obligations under a contract with Westpower Limited. This cash is repaid to Pike River in equal instalments over the remaining term of the contractual arrangements which expire in May 2010

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**9 Changes in Interests in Mining Tenements**

	Tenement Reference	Nature of Interest	Interest at Beginning of Quarter %	Interest at End of Quarter %
9(a)	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
9(b)	Interests in mining tenements acquired or increased	-	-	-

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**10 Issued and Quoted Securities at End of Current Quarter – 31 March 2009**

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Number Issued	Number Quoted	Value (cents)	Paid-Up Value (cents)
<b>Preference securities</b>	-	-	-	-
Issued during quarter	-	-	-	-
<b>Ordinary Securities<sup>1</sup></b>	288,117,304	288,117,304	\$0.9768 <sup>2</sup>	\$0.9768
	100,000	-	\$1.00	\$1.00 <sup>3</sup>
Issued during quarter	130,000	130,000	\$1.01	\$1.01
	5,714,285	5,714,285	\$0.70	\$0.70
<b>Partly Paid Securities</b> <i>(included in ordinary securities, but not part of quoted ordinary securities)</i>	5,948,406	-	\$0.91 to \$2.68	\$0.01
Issued during quarter	570,830	-	\$1.15 to \$1.16	\$0.01
	528,400	-	\$0.91	\$0.01
Fully paid during quarter	(130,000)	-	(\$1.15)	(\$0.01)
<b>Convertible Debt Securities</b>	-	-	-	-
Issued during quarter	-	-	-	-
<b>Convertible Debt Securities</b> USD\$27.5 million 6.75% convertible bonds maturing 13 March 2011	550	-	Convertible at the bondholders election any time prior to maturity at a price of \$1.08 per share	\$62,305.30 <sup>4</sup>
Converted during quarter	-	-	-	-
<b>Options<sup>1</sup></b>	22,496,694	-	Exercise price of \$1.30	Expiry 30 June 2009
Issued during quarter	5,714,285	-	Exercise price of \$1.25	Expiry 24 April 2011
Exercised during quarter	-	-	-	-
Expired during quarter	-	-	-	-
<b>Debentures</b> (totals only)	-	-	-	-
<b>Unsecured Notes</b> (totals only)	-	-	-	-

Gordon Ward  
Chief Executive

Notes:

<sup>1</sup> Pike River successfully completed a one for five \$41 million rights issue on 17 April 2009 pursuant to an Investment Statement dated 16 March 2009. As a consequence, 58,571,429 new ordinary fully paid shares and 58,571,429 new options (exercisable at \$1.25 each) were allotted on 24 April 2009.

<sup>2</sup> Value is shown on a weighted average basis.

<sup>3</sup> Allocation is subject to performance criteria being met.

<sup>4</sup> Paid-up value is the NZD equivalent of each convertible bond's face value of USD\$50,000 converted at the NZD:USD rate in effect on the date of issue (being 0.8025).