



**PIKE RIVER COAL**

Operations Update  
and  
Financial Results to 30 June 2010  
25 August 2010



# Hydro Mining Status

- Coal mining conditions are excellent
- Roadways in hydro panel completed Aug 2010
- Hydro-mining infrastructure largely completed
  - Large excavations completed at pit bottom for water storage, sumps, hydro-pumps
  - Pumps now installed underground
- First hydro-mining on track for mid Sept 2010



# Roadway Development – Mining Machines

## ABM20 Continuous Miner

- Coal cutting machines boosted by leased ABM20 continuous miner
  - Single pass machine ideally suited for long, straight roadways
  - Commenced mining at Pike 8 August 2010
  - Average daily advance rate achieved 12.2 metres per day compared to budget 8 metres. This includes equipment moves etc which are not regular.
- A second ABM20 has been purchased, for NZ\$5m scheduled start date January 2011

## Roadheader

- Performance improving
- Average daily advance rate:

May – Aug 10:	2.8 metres
July – Aug 10:	4.2 metres (budget 8m/day)
- Fluming has been trialed from directly behind roadheader and shows rates will improve.



# Roadway Development – Mining Machines

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## Continuous Miners

### Two CMs

- Average daily advance rate:
  - May-Aug 10: 2.2 metres per machine (budget 8m per machine)
- Modifications required to improve performance
  - Replace electric with hydraulic drives
  - Redesign cutting head booms
- Basic modification approx 2-3 months to modify the CM to increase availability
- Further design modifications required to improve machine performance
- Extent to which modifications undertaken will depend on performance of ABM20s

# Coal Price

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- Coal price achieved for February 2010 export shipment was US\$122 per tonne
- Industry has now moved to mixture of annual and quarterly coal price setting
  - Qtr ended 30 June 2010, US\$200 per tonne (FOB)
  - Qtr ended 30 September 2010, US\$225/t (FOB)
- Spot prices were below US\$200/t but now above US\$200/t



# Second Export Shipment

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- Next Pike shipment 20,000 tonnes worth approx NZ\$6m
  - Ship ETA 4 Sept 2010
  - Shipment to life-of-mine Indian customer, Gujarat NRE
  - Pike premium hard coking coal used in steel-making process



# Income Statement

	Year ended 30 June 2010 \$M		Year ended 30 June 2009 \$M
Operating loss	(48.8)	1	(11.2)
Net finance income (expense)	(3.2)	2	(5.6)
<b>Loss before income tax</b>	<b>(52.0)</b>		<b>(16.8)</b>
Income tax benefit	13.0		3.8
<b>Loss for the period</b>	<b>(39.0)</b>		<b>(13.0)</b>

- Mine in the development phase through the year
- Considerable amount of drivage in stone was required to drive access roadways through rock graben back into coal April 2010
- Cost of pit-bottom development work and stone drivage in rock graben from Sept 2009 to 20 April 2010 have been expensed.

1. Includes depreciation and amortization of \$8.8m

2. Includes \$4.9m interest expense; and is net of a \$2.7m fx gain primarily on convertible bonds.

# Balance Sheet

	At 30 June 2010 \$M	At 30 June 2009 \$M
<b>Assets</b>		
Non-current assets	309.4	280.6
Current assets	30.6	25.8
<b>Total assets</b>	<b>340.0</b>	<b>306.4</b>
<b>Liabilities</b>		
Non-current liabilities	42.9	43.0
Current liabilities	34.8	10.5
<b>Total liabilities</b>	<b>77.7</b>	<b>53.5</b>
<b>Net assets</b>	<b>262.3</b>	<b>252.9</b>
<b>Equity</b>		
Share capital	314.5	266.1
Retained earnings	(52.2)	(13.2)
<b>Total equity</b>	<b>262.3</b>	<b>252.9</b>



# Statement of Cash Flows

	Year ended 30 June 2010	Year ended 30 June 2009
	\$M	\$M
<b>Cash flows from operating activities</b>		
Cash from customers	3.4	-
Cash paid to suppliers and employees	(47.5)	(6.2)
Net interest	(3.3)	(0.9)
	<b>(47.4)</b>	<b>(7.1)</b>
<b>Cash flows from investing activities</b>		
Acquisition of mine development assets	(13.0)	(77.4)
Acquisition of intangible mine assets	(1.1)	-
Acquisition of mine production assets	(10.5)	(2.3)
Acquisition of property, plant and equipment	(0.6)	(0.1)
Repayment of bonds and deposits	1.1	1.3
	<b>(24.1)</b>	<b>(78.5)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	47.5	43.4
Loan drawdowns	30.5	-
Repayment of borrowings	(7.6)	-
	<b>70.4</b>	<b>43.4</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1.1)</b>	<b>(42.2)</b>
Opening cash and cash equivalents	21.7	63.9
<b>Closing cash and cash equivalents</b>	<b>20.6</b>	<b>21.7</b>