

## QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS

### PIKE RIVER COAL LIMITED

For Quarter ended 31 March 2010

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	3,345	3,345
1(b)	Payments for		
	(a) exploration and evaluation	0	0
	(b) development	(8,204)	(16,503)
	(c) production	(6,710)	(30,467)
	(d) administration	(1,000)	(2,992)
1(c)	Dividends received	0	0
1(d)	Interest and other items of a similar nature received	46	329
1(e)	Interest and other costs of finance paid	(345)	(1,857)
1(f)	Income taxes (paid)/received	0	0
1(g)	Other	0	0
1(h)	<b>Net Operating Cash Flows</b>	<b>(12,868)</b>	<b>(48,145)</b>
	<b>Cash Flows Related to Investing Activities</b>		
2(a)	Cash paid for purchases of: (a) prospects	0	0
	(b) equity investments	0	0
	(c) other fixed assets	(349)	(619)
2(b)	Cash proceeds from sale of: (a) prospects	0	0
	(b) equity investments	0	0
	(c) other fixed assets	0	0
2(c)	Loans to other entities	0	0
2(d)	Loans repaid by other entities	0	0
2(e)	Other	0	0
2(f)	<b>Net Investing Cash Flows</b>	<b>(349)</b>	<b>(619)</b>
	<b>Total Operating and Investing Cash Flows</b>	<b>(13,217)</b>	<b>(48,764)</b>
	<b>Cash Flows Related to Financing Activities</b>		
3(a)	Cash proceeds from issue of shares	0	0
3(b)	Proceeds from sale of forfeited shares	534	534
3(c)	Borrowings	3,050	27,592
3(d)	Repayment of borrowings	(609)	(1,056)
3(e)	Dividends paid	-	-
3(f)	Other	330	990
3(g)	<b>Net Financing Cash Flows</b>	<b>3,305</b>	<b>28,060</b>
4(a)	<b>Net Decrease in Cash Held</b>	<b>(9,912)</b>	<b>(20,704)</b>
4(b)	Cash at beginning of quarter/year to date	10,954	21,746
4(c)	Exchange rate adjustments to Items 4(a) above		
4(d)	<b>Cash at End of Quarter</b>	<b>1,042</b>	<b>1,042</b>

**Notes:**

- 1(b) There was a net \$6.45 million increase in development assets principally related to the reclassification of operating costs to assets in the Interim Financial Statements ended 31 December 2009. This change was subsequent to the 31 December Quarterly Report of Consolidated Cash Flows and therefore the current March quarter has been updated.

**Pike River Coal Limited**  
**Quarterly Report of Consolidated Cashflows**

- 3(c) New Zealand Oil and Gas Limited (NZOG) has provided a \$15 million short term loan facility which will be repaid from proceeds of the current Equity Raising. Pike River Coal Limited has drawn down \$3.5 million of this facility from which a facility fee of \$0.45 million was deducted.
- 4(d) Subsequent to 31 March 2010, Pike River completed a \$10 million share placement to institutional shareholders, NZOG and Gujarat.

**NZX Ref**

**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

N/A

- 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	0	13,526
Multi-option Debt Facility	2	0	10,000
Short-Term Loan from NZOG	3	11,500	3,500

<b>7</b>	<b>Estimated Outlays for Specified Quarters</b>	Current Quarter # \$NZ'000	Following Quarter \$NZ'000
7(a)	Exploration and evaluation	-	-
7(b)	Development	3,000	4,000
	<b>Total</b>	<b>3,000</b>	<b>4,000</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. As discussed in note 1(b) above the cash flow effect of the transfer between production and development expenditure arising from the reclassification of operating expenditure to assets in the Interim Financial Statements ended 31 December 2009 resulted in actual development expenditure exceeding the current quarter forecast .

**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. NZOG has provided a \$15 million short term loan facility which will be repaid from proceeds of the current Equity Raising.

NZSX Ref

<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	100	100
Deposits at call and bank bills	942	10,854
Bank overdraft	-	-
Other	-	-
<b>Total: Cash at End of Quarter</b> (Item 4(d)/4(b))	<b>1,042</b>	<b>10,954</b>

**Note:**

Cash at End of Quarter does not include \$0.16 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.

NZSX Ref

**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	-	-	-

**Pike River Coal Limited**  
**Quarterly Report of Consolidated Cashflows**

**NZSX Issued and Quoted Securities at End of Current Quarter – 31 March 2010**

**Ref 10** 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</b>				
Opening balance 01/01/10	347,530,772	347,530,772	\$0.7627 <sup>(note 1)</sup>	\$0.7627
Issued during quarter	95,432	95,432	\$0.8614	\$0.8614
Closing balance at 31/03/10	347,626,204 <sup>(note 2)</sup>	347,626,204	\$0.7627	\$0.7627
<b>Partly Paid Securities</b> <i>(included in ordinary securities, but not part of quoted ordinary securities)</i>				
Opening balance	6,490,342	-	\$0.91 to \$2.68	\$0.01
Issued during quarter	-	-	-	-
Fully paid during quarter	(95,432)	-	(\$0.01)	(\$0.01)
Closing balance at 31/03/10	6,394,910	-	\$1.49 <sup>(note 1)</sup>	\$0.01
<b>Convertible Debt Securities</b> USD\$27.5 million convertible bonds maturing 13 March 2011				
Opening balance 01/01/10	550.00	-	Convertible at the bondholders election any time prior to maturity at a price of US\$0.870376 per share	
Issued/Converted during quarter	16.67	-	Convertible at the bondholders election any time prior to maturity at a price of US\$0.870376 per share	
Closing balance 31/03/10 (USD\$28.333 million convertible bonds)	566.67			
<b>Options</b>				
Opening balance 01/01/10	64,281,875	64,281,875	Exercise price of \$1.25	Expiry 24 April 2011
Issued during quarter	-	-	-	-
Exercised during quarter	-	-	-	-
Closing balance 31/03/10	64,281,875	64,281,875	Exercise price of \$1.25	Expiry 24 April 2011
<b>Debentures</b> (totals only)	-	-	-	-
<b>Unsecured Notes</b> (totals only)	-	-	-	-



Gordon Ward  
**Chief Executive**

<sup>1</sup> Value is shown on a weighted average basis.

<sup>2</sup> On the 23 of April 2010 a further 11,363,636 Ordinary Securities were issued as part of a \$10 million Placement. Pike River announced on 20 April 2010 a fully underwritten \$40 million rights issue to shareholders and option holders at \$0.88 per share.