



PIKE RIVER COAL

Presentation 24 February 2010



NZ\$50m Equity Issue and New Bond Funding

Pike River announced today:

- Intention to make \$50m equity issue of ordinary shares and New Zealand Oil & Gas (NZOG) and Gujarat NRE to support¹
- Binding agreement with NZOG to subscribe to new bond facility of US\$28.9m (NZ\$42m at current fx) to repay Liberty Harbor²
- Grant of 2 year option to NZOG to purchase Pike River coal at market prices negotiated annually: – maximum volumes - all uncontracted coal to 31 March 2013 and then up to 30% of mine production²
- NZOG to provide \$15m interim funding facility on commercial terms

1 If a rights issue, conditional on issue being fully underwritten

2 Each is conditional on successful completion of equity issue and approval by Pike River shareholders by 30 June 2010 – independent expert report required



New Bond Facility

- NZOG to subscribe to new bond facility of US\$28.9m (NZ\$42m) to repay Liberty Harbor
- Terms favourable to Pike River including:
 - much better conversion price – NZ\$1.24 (at current fx US\$0.70)
 - less dilution for shareholders
 - no production condition
 - no fees
 - slightly lower interest rate at 10%
 - maturing March 2012
- Adequate compensation for coal contract option



Coal Contract Option

- 2 year option to NZOG to purchase Pike River's coal
- Maximum volumes - all uncontracted coal to 31 March 2013 and then up to 30% of mine production
- Price to be at market, negotiated annually
- Pike River can still sell into spot market during option period
- No impact on existing coal contracts with Indian and JSM customers



Mine Operational Status

- Mine now commercial coal exporter of premium hard coking coal
- To become NZ's largest underground coal mine
- Scheduled to produce 18 million tonnes over next 18 years



Mine Operational Status

- Ikamatua rail loadout facility commissioned February 2009
- Export coal railed from Ikamatua to Lyttelton
- Total coal railed - 20,000 tonnes



First Export Shipment

- 20,000 tonnes premium hard coking coal
- Gujarat NRE first customer
- Port Lyttelton to Bedi Port, Gujarat
- Value approx NZ\$3.4 million
- Next export shipment April – June 2010 quarter



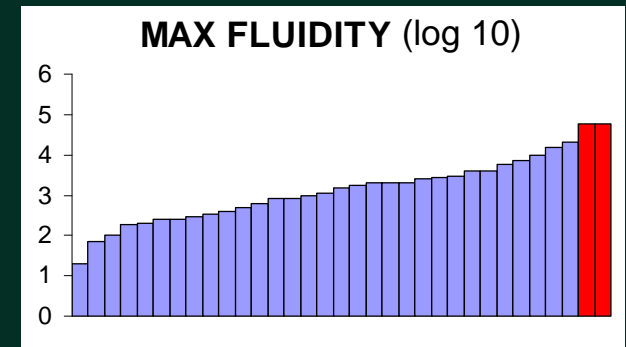
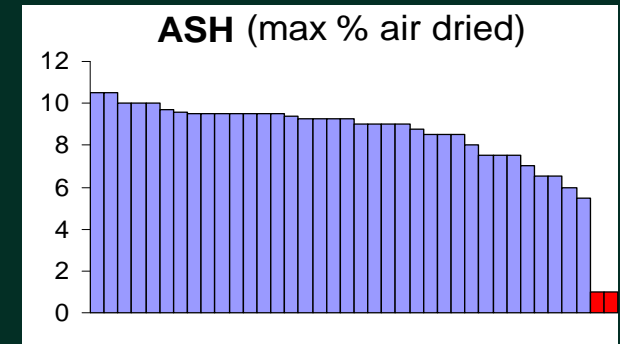
Coal Export Chain

- 18 year agreement with state coal producer Solid Energy for rail and port
- Priority right of use
- Transport cost NZ\$40 per tonne
- 18 year agreement with TNL (trucking company)



Long Term Sales Contracts

- 77%-100% for 3 years & 55-90%* for life of mine
 - Gujarat NRE - 40% life of mine
 - Saurashtra - 15% life of mine + option 5%
 - Japanese Steel Mills - 22% for 3 yrs
 - NZOG option – uncontracted for 3 years then 30% life of mine*
- Price benched against Queensland premium HCC
- Annual negotiations and sold at market price
- NZ \$4 billion of sales over mine life ¹



1 17.6 million tonnes saleable coal assuming US\$136/t and long term FX 0.59 (ie historical average for NZ/USD cross). Excl. upside in Brunner and Paparoa
2 Coal quality graphs compare Pike River (red) to Australian hard coking coals (blue)
3 Pike River will produce a 1.2% sulphur and 1.9% sulphur hard coking coal product

Pike River: Operating Mine

Key Dates

- Development commenced Jan 06
- Tunnel started Sep 06
- Tunnel breakthrough to coal Oct 08
- Ventilation restored Jun 09
- First coal shipment¹ Feb 10
- First hydro mined coal¹ Jul-Sep 10



Budgeted Production

- Year ended 30 June 2011² 700-800kt
- Year ended 30 June 2012 1,000kt

1 Expected dates announced to NZX on 22 January 2010

2 Forecast based on mine plan 26 January 2010



Mining by Hydraulic Monitor (Hydro)

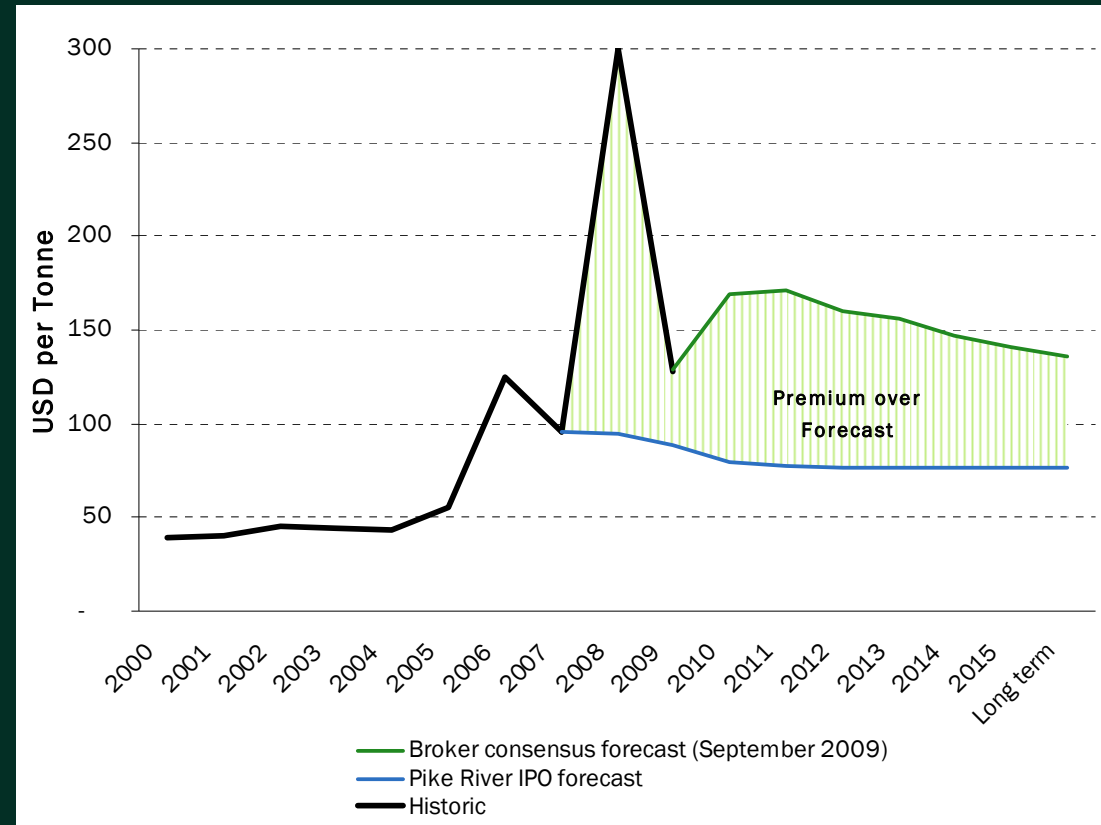
- High pressure water cutting
 - Conditions ideal at Pike River
 - Plenty of water and thick coal
 - Used by Solid Energy and elsewhere around world – China, Russia, Canada, Japan
- First hydro-mining of coal by Jul-Sep 2010 qtr
- Ramp-up to 1 million tpa saleable coal¹
- Hydro produces 80% of coal at steady state. Rest from CM/RH

¹ Refer Behre Dolbear Australia Pike River Coal Project Independent Technical Review, 17 May 2007, IPO Prospectus



Hard Coking Coal Prices

- Contract US\$128 for JFY 09
- Spot prices US\$200/t plus
- Forecast for JFY 10 – US\$160 to US\$200
- Minaxis forecast US\$180 for JFY 10 and US\$168 in JFY 12
- Broker long-term average US\$136 - up US\$60 cf IPO



Income Statement

	Six months ended 31 Dec 2009	Six months ended 31 Dec 2008	Year ended 30 June 2009
Operating loss	(21.5) ¹	(4.6)	(11.2)
Net finance income (expense)	1.5 ²	(8.8)	(5.6)
Loss before income tax	(20.0)	(13.4)	(16.8)
Income tax benefit	5.9 ³	3.8	3.8
Loss for the period	(14.1)	(9.6)	(13.0)

1. Includes depreciation and amortisation of \$3.8m
2. Is net of \$4.3m fx gain on convertible bonds
3. 30% tax value of net loss adjusted for non-deductible items
4. Post production opex of \$6.8m for pit-bottom construction costs capitalised (to 31 Aug 09)



Balance Sheet

	Six months ended 31 Dec 2009	Six months ended 31 Dec 2008	Year ended 30 June 2008
Assets			
Non-current assets	294.0	247.1	280.6
Current assets	19.5	26.6	25.8
Total assets	313.5	273.7	306.4
Liabilities			
Non-current liabilities	15.2	47.5	43.0
Current liabilities	58.7 ¹	14.0	10.5
Total liabilities	73.9	61.5	53.5
Net assets	239.6	212.2	252.9
Equity			
Share capital	266.9	221.9	266.1
Retained earnings	(27.3)	(9.7)	(13.2)
Total equity	239.6	212.2	252.9

1. Current liabilities include Liberty Harbor bond of NZ\$39.0m



Statement of Cash Flows

	Six months ended 31 Dec 2009	Six months ended 31 Dec 2008	Year ended 30 June 2009
Cash flows from operating activities			
Cash paid to suppliers and employees	(20.3)	(7.5)	(6.2)
Net interest	(1.2)	0.8	(0.9)
	(21.5)	(6.7)	(7.1)
Cash flows from investing activities			
Acquisition of mine assets	(14.6)	(35.8)	(79.8)
Other	0.7	0.7	1.3
	(13.9)	(35.1)	(78.5)
Cash flows from financing activities			
Proceeds from issue of share capital	0.5	0.3	43.4
Loan drawdowns	24.5	-	-
Repayment of borrowings	(0.4)	-	-
	24.6	0.3	43.4
Net increase/(decrease) in cash and cash equivalents	(10.8)	(41.5)	(42.2)
Opening cash and cash equivalents	21.7	63.9	63.9
Closing cash and cash equivalents	10.9	22.4	21.7

Equity – 31 Dec 2009

Equity

Ordinary shares	347.5m
Share options (2011) ¹	64.3m
Partly paid shares (ESOP) ²	6.5m

Major Shareholders	Shares m	%
NZOG	102.6	29.5
Gujarat NRE	26.2	7.6
Saurashtra Fuels	22.3	6.4
Major Institutions	45.3	13.0
Public	151.1	43.5
TOTAL:	347.5	100.0

1 Exercise price NZ\$1.25, expiring 24 April 2011

2 Employee Share Plan – average price to fully pay shares is \$1.43

3 Debt facilities comprise a \$14.1m creditplus facility and \$10m working capital facility (both fully drawn). Both facilities are with the BNZ. The creditplus facility amortises over 5 years (4 yrs to run) and the working capital facility is renewed annually.

4 US\$27.5m at 31 Dec 09, final maturity date 12 March 2011. 31.6 million shares issued if all remaining bonds converted. Post 31 December 2009 additional US\$0.83m bonds issued on account of capitalised interest which will convert into an additional 0.95m shares being issued.



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