



PIKE RIVER COAL

Financial Results and Operations Update

25 August 2009



Overview

- Production underway since 9 June 2009
- Compiling first export shipment
- Recruitment nearly complete
- Infrastructure in place
- Contract price to March 2010 set at US\$128/t
- Strong forward sales outlook



Ramp-up Slowed

- Progress since market update Jul 2009
 - Machinery issues
 - More rockbolting due to geology
 - New staff take time
- Effect on production schedule
 - First shipment delayed to Jan-Mar 2010
 - Hydro coal scheduled Apr-Jun 2010
- What we're doing about it
 - Machinery issues largely resolved
 - Geology improving – less rockbolting
 - Training intensified



First Shipment

- 60,000 tonnes due mid-Nov 2009
- Now Jan-Mar 2010
- Customers and other key stakeholders have been briefed and are accommodating including:
 - coal customers in Japan and India
 - TNL and Solid Energy who are transporting coal



Funding

- Convertible bond condition at 30 Nov 2009 - requires mine to be capable of producing 800,000 tonnes in year ended 30 Nov 2010
- Liberty Harbor indicate extension would be viewed favourably and formal request to be made soon
- Mine plan and geological model currently being updated
- Need for additional funds, if any, will take a couple of months to determine
- Board is satisfied on company's ability to raise small amount of funding given:
 - the mine is operating
 - healthy state of international coking coal markets



Positive Sales Outlook

- Rising market for premium hard coking coal
- Contract price for this year settled at US\$128/tonne
- Growing international demand, led by China and India
- Spot prices currently above US\$160 – bodes well for next year
- 76% of coal sold for first three years – 55% for life of mine



Income Statement

	Year ended 30 June 2009	Year ended 30 June 2008
Operating loss	(11.2) ¹	(5.8)
Net finance income (expense)	(5.6) ²	2.5
Loss before income tax	(16.8)	(3.3)
Income tax benefit	3.8	2.1
Loss for the period	(13.0)	(1.2)

1. Includes depreciation \$2.1m

2. Includes \$6.2m fx loss on convertible bonds



Balance Sheet

	At 30 June 2009	At 30 June 2008
Assets		
Non-current assets	280.6	198.6
Current assets	25.8	66.4
Total assets	306.4	265.0
Liabilities		
Non-current liabilities	43.0	38.5
Current liabilities	10.5	8.7
Total liabilities	53.5	47.2
Net assets	252.9	217.8
Equity		
Share capital	266.1	218.0
Retained earnings	(13.2)	(0.2)
Total equity	252.9	217.8

There are undrawn debt facilities of \$26m



Statement of Cash Flows

	Year ended 30 June 2009	Year ended 30 June 2008
Cash flows from operating activities		
Cash paid to suppliers and employees	(6.2)	(6.0)
Net interest	(0.9)	3.5
	(7.1)	(2.5)
Cash flows from investing activities		
Acquisition of tangible mine assets	(77.4)	(97.7)
Other	(1.1)	(1.9)
	(78.5)	(99.6)
Cash flows from financing activities		
Proceeds from issue of share capital	43.4	140.1
Proceeds from issue of convertible bonds	-	37.4
Deferred expenditure	-	(0.4)
Repayment of borrowings	-	(18.5)
	43.4	158.6
Net increase/(decrease) in cash and cash equivalents	(42.2)	56.5
Opening cash and cash equivalents	63.9	7.4
Closing cash and cash equivalents	21.7	63.9