



PIKE RIVER COAL LIMITED

CORPORATE GOVERNANCE MANUAL

1 June 2009

PIKE RIVER COAL LIMITED

MANUAL OF CORPORATE GOVERNANCE PRACTICES

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RECORDING OF MANUAL AMENDMENTS

Status:	Procedure
Purpose:	To specify the procedure necessary to keep this manual in a fully amended state at all times.
Scope:	All amendments to this manual shall be recorded.
Effective Date:	15 December 2005
Responsibility:	The manual holder is responsible for ensuring that amendments to this manual are properly carried out and recorded.

PROCEDURE

Manual Amendment Action - Periodically, amendments will be raised for this manual and sent out to manual holders. On receipt of amendments, manual holders shall as soon as is possible carry out the amendment action. Accompanying each amendment will be manual amendment instructions advising the manual holder what amendment action to take. These instructions must be strictly followed in order to ensure that proper amendment takes place.

Recording Manual Amendment - On completion of amendment action pertaining to this manual the manual holder shall certify in the Record of Manual Amendments, Annex 1 details of the amendment incorporated.

LIST OF EFFECTIVE POLICIES & CHARTERS

<i>POLICY/CHARTER</i>	<i>PAGES</i>	<i>EFFECTIVE DATE</i>
BOARD CHARTER	2 pages	15 December 2005
CODE OF ETHICS & BUSINESS CONDUCT	3 pages	15 December 2005
SECURITIES TRADING POLICY	8 pages	23 July 2008
AUDIT COMMITTEE CHARTER	3 pages	15 December 2005
REMUNERATION COMMITTEE CHARTER	2 pages	15 December 2005
HEALTH, SAFETY & ENVIRONMENT CHTR	3 pages	19 June 2006

PIKE RIVER COAL LIMITED

BOARD CHARTER

Board of Directors

The board is responsible for the overall corporate governance of the company including the strategic direction, determination of policy, and matters of finance, approval of significant contracts, capital and operating costs, and financial arrangements and investments. The board has a formal charter whereby it has set out its functions as follows.

The number of directors is specified in the Constitution as a minimum of three up to a maximum of seven. At least two directors must be persons ordinarily resident in New Zealand. Each year one-third of directors, other than the managing director, must retire by rotation. If eligible each retiring director may offer themselves for re-election.

The Board currently has a policy of having a minimum of five directors, including at least two independent directors. Each director has the right to seek independent professional advice in relation to matters arising in the conduct of director's duties, at the company's expense, subject to prior approval of the chairman, which is not to be unreasonably withheld.

[] The board has regular meetings, scheduled on a monthly basis, and holds other meetings as required.

Responsibilities of the Board

The board operates under the powers provided in the company's constitution, the Companies Act, and generally by law. Responsibility for implementation of strategy and managing operations is delegated by the Board to the Managing Director.

Specific responsibilities of the board include;

- Approving corporate strategy, and performance objectives
- Establishing policies appropriate for the company
- Oversight of the company, including its control and accountability systems
- Approving major investments and monitoring the return of those investments
- Evaluating the performance of the chief executive
- Setting broad remuneration policy including approving allocations under the company's employee share ownership plan
- Monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance
- Approving and monitoring financial and other reporting.
- Ensuring that the company provides continuous disclosure of information such that shareholders and the investment community have available all information to enable them to make informed assessments of the company's prospects
- Overall corporate governance of the consolidated entity.

The board has delegated limits of authority which define matters delegated to management and those requiring board approval.

The board has overall responsibility for the company's system of risk management and internal control, and has established procedures designed to provide effective control within the management and reporting structure. Management representations with respect to half-year and annual financial reporting provide accountability on disclosures and financial results.

The company recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. All Directors and employees are expected to act in accordance with the law and with the highest standards of propriety. Pike River has a formalised policy on business ethics.

The board has established several formal policies for management, which include;

- securities trading policy
- funds investment policy
- health, safety, and environment policy

These policies are reviewed on a regular basis. The board may establish other policies and practices to ensure it fulfills its functions and remains an effective decision making body.

Board Committees

The board has three formally constituted committees to provide specialist assistance with defined aspects of governance; the audit committee, the remuneration committee, and the health, safety, and environment committee. Each committee is comprised of non-executive directors and has a written charter setting out its respective roles and responsibilities.

The purpose of the audit committee is to review and monitor the financial affairs of Pike River. The audit committee is required to contain one member with an accounting or financial background. The committee is responsible to the board for overseeing the financial control, financial reporting, and audit practices of the company. Meetings are held at least twice a year, and at the discretion of the committee the external auditors, the chief executive, and other senior executives attend these meetings.

The purpose of the remuneration committee is to ensure Pike River attracts and retains the right people by offering competitive remuneration packages. The remuneration committee is responsible to the board for recommending the remuneration policies and packages for the chief executive and senior executives, including allocations under the employee share ownership plan and amendments to plan rules. The committee operates independently of management.

The purpose of the health, safety and environment committee is to ensure that Pike River is providing a safe work place for its staff and contractors, to monitor compliance with environmental consents, permits and agreements, and to review projects. The health, safety, & environment committee reports to the board on these matters, including review progress of development projects against stated objectives, budgets and schedules.

Because of the compact size of the board there is no formally constituted nomination committee. The board as a whole undertakes the responsibility for the appointment of directors, benefiting from the contribution of all its members in discussing the need for and identifying any new candidates for the board. The board aims to have a reasonable diversity of backgrounds and skills within its ranks as is relevant to the nature of the company's activities, and from time to time reviews its committees and their charters.

Adopted by the board of Pike River Coal Limited
30 June 2009



B W Roulston
For the board of Pike River Coal Limited.



PIKE RIVER COAL

CODE OF BUSINESS CONDUCT & ETHICS

Introduction

This *Code of Business Conduct and Ethics* details and explains the values and ethics and related expectations for those associated with Pike River Coal Limited (Pike River). Pike River strives to create a strong culture of honesty, integrity, loyalty, fairness, forthrightness, and ethical behaviour.

Obligation to Comply with Code

This code applies to all employees, directors, consultants and all other people when they represent Pike River and its subsidiaries and affiliates. Adherence to the code is expected both in letter and in spirit. Any violation of the code or unethical behaviour which may affect the reputation of the company may be subject to disciplinary action.

Primary Obligations of Code

Employees and directors of Pike River are required;

- to act with high standards of honesty, integrity, fairness, and equity in all aspects of their involvement with Pike River,
- to comply with the content and spirit of all laws and regulations which govern the operations of Pike River, its business environment, and its employment practises,
- to not knowingly participate in illegal or unethical activity,
- to actively promote compliance with laws, rules, regulations, and this code,
- to not do anything which would be likely to negatively affect Pike River's reputation.

Conflicts of Interest and Corporate Opportunities

A "conflict of interest" exists when a private interest or personal relationship interferes, or appears to interfere, with the best interest of the company. Pike River policy is that actual, or apparent, conflicts of interest must be reported to the board for the board to consider the potential ramifications; and that conflicts of interest should be avoided if possible.

Employees and directors owe a duty to the company to advance its interests when the opportunity to do so arises. Failure to do so creates a conflict of interest.

Company policy is that employees and directors shall not;

- take for themselves or others opportunities that are discovered through the use of the company property, information or position,

- use the company property, information, or position for improper personal gain, or
- compete with the company directly or indirectly.

Where a conflict of interest arises, or may arise, an employee must disclose the conflict to his or her supervisor. Where a conflict of interest arises, or may arise, in relation to a director that director must disclose the conflict to the board.

The supervisor and/or the board will ensure that measures are put in place to protect parties affected by conflict of interests from that conflict. These measures may include ensuring that the conflicted employee or board member does not participate in the relevant decision or activity, or disclosing the conflict to third parties affected by the conflict and ensuring that the conflicted or potentially conflicted person is not the sole decision maker on the matter.

Protection and Proper Use of Company Assets

Appropriate steps should be taken to protect Pike River assets and ensure their proper and efficient use. Pike River assets should be used for company business purposes.

Telephones and computer workstations and software, including network access to computing systems such as the internet and e-mail are provided to improve personal productivity and to efficiently manage proprietary information in a secure and reliable manner. Permission must be obtained to install any software on any company computer or connect any personal laptop to the company network. All e-mails and internet use on company equipment are subject to monitoring by the company.

Confidential and Proprietary Information

In general, all operations, activities and business affairs of Pike River and its business associates are to be kept confidential to the greatest extent possible. Confidential information includes all non-public information that might be of use to competitors, or that might be harmful to the company or its customers if disclosed. Confidential and proprietary information belongs to Pike River, must be treated with strictest confidence, and is not to be disclosed or discussed with others.

Intellectual Property

All intellectual property conceived or developed during the course of employment with Pike River shall be the sole property of the company. The term intellectual property includes any invention, discovery, concept, idea, or writing whether protectable or not by any copyright, trademark, patent, or common law including, but not limited to designs, materials, compositions of matter, machines, manufactures, processes, improvements, data, computer software, writings, formula, maps, techniques, know-how, methods, as well as improvements thereof or know-how related thereto concerning any past, present, or prospective activities of the company.

Competition and Fair Dealing

Employees and directors should endeavour to deal honestly and fairly with all persons or entities with whom Pike River does business. No one should take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

Business Entertainment & Gifts

Business entertainment and gifts should only be used to create and maintain goodwill and sound working relationships, not to gain unfair advantage. No business entertainment or gift should ever be offered or provided unless it is

- consistent with customary business practice
- is not excessive in value

- cannot be construed as a bribe or payoff
- does not violate any laws, rules, or regulations.

Insider Trading or Tipping

Directors, employees, consultants, and business associates who are aware of material, non-public information from, or about, Pike River (an "Insider") are prohibited by law, directly or through family members or other related persons or entities, from

- buying or selling securities of the company, or
- passing on, tipping or disclosing material, non-public information to others outside the company including family and friends.

When material information has been publicly disclosed, employees and directors are subject to the company's securities trading policy and should consult those procedures regarding such matters.

Reporting of Code Violations

Employees and directors should be alert and sensitive to situations that could result in actions that might violate any law or the standards of conduct set forth in this code. If any such laws or this code may have been violated there is an obligation to report the matter. Employees disclosing matters of serious wrongdoing may do so with the protection afforded by the Protected Disclosures Act.

Generally, such matters should be first raised with an immediate supervisor. However, if the person is not comfortable bringing the matter up with their immediate supervisor, or does not believe the supervisor has dealt with the matter properly, then the matter should be raised with the chief executive or the chairman of the audit committee. Directors and officers should report any potential violations of this code to the chairman of the audit committee.

If Pike River receives information regarding a potential violation of this code, the chief executive or the board, as appropriate, shall evaluate such information as to applicability, materiality and credibility. If, in their sole judgement, it is determined that the information is applicable, material and credible, they will initiate an informal inquiry or a formal investigation with respect thereto, prepare a report of the results of such investigation, including recommendations as to the disposition of such matter, including appropriate disciplinary action.

Policies and Procedures of the Company

In addition to compliance with this code, employees and directors are responsible for familiarity with and compliance with other company policies and procedures. In the inadvertent event of conflict between the provisions of this code and such other policy and procedure documents, the provisions of this code shall prevail.

Adopted by the board of Pike River Coal Limited.
15 December 2005.



B W Roulston
For the board of Pike River Coal Limited



PIKE RIVER COAL

SECURITIES TRADING POLICY

FUNDAMENTAL RULE – INSIDER TRADING IS PROHIBITED AT ALL TIMES

1. Securities Trading Policy and Guidelines – Employees & Contractors

This Policy applies to all employees of Pike River Coal Limited (Pike River) and its subsidiaries.

This Policy also applies to contractors of Pike River who have, or are likely to have, access to information on the company's operations.

In this Policy **trade** includes buying or selling securities, or agreeing to do so, whether as principal or agent, or encouraging others to do so. It does not include subscription for, or the issue of, new securities except for those persons subject to Australian law. This Policy applies to all Pike River's securities (whether quoted or not) including, for instance, unlisted options and convertible notes.

It is important to note that a person becomes an insider by possessing inside information, rather than by being connected to the company to which the inside information relates. In this way family, friends, and other contacts might become insiders.

2. Introduction and Purpose

This Policy details Pike River's policy on, and rules for dealing in **Restricted Securities** which include the following:

- Pike River ordinary shares; and
- Pike River unlisted options, convertible notes, and convertible bonds; and
- any other securities of Pike River or its subsidiaries, and any derivatives (including futures contracts) in respect of securities of Pike River and its subsidiaries, and
- listed securities of any other issuer (company) in relation to information gained from an involvement with Pike River.

The requirements imposed by this Policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand and Australia and any other country.

The legal requirements with respect to insider trading are set out in the New Zealand Securities Markets Act 1988, and the Australian Corporations Act 2001.

You may only trade in Restricted Securities by completing a Request for Consent to Trade form as attached to this policy.

If you do not understand any part of this policy, or how it applies to you, you should raise the matter with Pike River's Company Secretary before dealing with any Pike River Restricted Securities.

3. Insider Trading Laws

If you have any **material information** (see What is Material Information below), it is illegal to:

- trade Restricted Securities;
- advise or encourage any other person to trade or hold Restricted Securities;
- advise or encourage a person to advise or encourage another person to trade or hold Restricted Securities; or
- pass on **material information** to anyone else – including colleagues, family or friends.

The prohibitions apply regardless of how you learn of the information, and regardless of why you are trading.

It is important to note that a person becomes an insider by possessing inside information, rather than by being connected to the company to which the inside information relates. In this way family, friends, and other contacts might become insiders.

The offence called **insider trading** can subject you in New Zealand to criminal liability including fines up to \$300,000 for an individual and up to five years imprisonment; and civil liability which may include being sued by another party or Pike River for any loss suffered as a result of illegal trading. The maximum civil liability penalty is the greater of:

- the consideration paid for the shares;
- three times any profit made or loss avoided; or
- \$1 million.

In Australia section 1042B of the Corporations Act provides that insider trading provisions apply to:

acts and omissions within this jurisdiction in relation to securities and certain other financial products regardless of where the issuer of the products is formed, resides or is located and of where the issuer carries on business.

Of equal importance, perceptions of improper conduct by people associated with Pike River have the potential to substantially damage Pike River's reputation.

Confidential Information

In addition to the above, you also have a duty of confidentiality to Pike River. You must not reveal any confidential information concerning Pike River to a third party (unless that third party has signed a confidentiality agreement with Pike River and you have been authorised to disclose the confidential information), or use confidential information in any way which may injure or cause loss to Pike River, or use confidential information to gain an advantage for yourself. You should ensure that external advisers keep Pike River information confidential.

What is “material information”?

Material information is information that:

- is not generally available to the market; and
- if it were generally available to the market, would have a material effect on the price of Restricted Securities.

Information is generally available to the market if it has been released as an NZX/ASX announcement, or investors that commonly invest in Restricted Securities can readily obtain this information (whether by observation, use of expertise, purchase or other means).

It does not matter how you come to know the material information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or at a social function).

Information includes rumours, matters of supposition, intentions of a person (including Pike River), and information, which is insufficiently definite to warrant disclosure to the public.

What are some examples of material information?

The following list is illustrative only. Material information could include information concerning:

- the financial performance of Pike River;
- a possible change in the strategic direction of Pike River;
- the introduction of an important new product or service;
- a possible acquisition or sale of any assets or company by Pike River;
- entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;
- a possible change in Pike River’s capital structure;
- a change in the historical pattern of dividends;
- senior management changes;
- a material legal claim by or against Pike River; or
- any other unexpected liability,

which has not been released to the market.

4. Requirements before trading

Before trading in Pike River Securities, at any time, all employees of Pike River must, in writing:

- notify Pike River's Company Secretary of their intention to trade in securities, and seek consent to do so (using the Request for Consent to Trade in Securities form attached);
- confirm that they do not hold material information; and
- confirm that there is no known reason to prohibit trading in any Pike River Securities.

Consent is only valid for a period of 10 trading days after notification. Consent is automatically deemed to be withdrawn if the person becomes aware of material information prior to trading.

Exceptions

This policy does not apply to:

- acquisitions and disposals by gift or inheritance;
- acquisitions through an issue of new securities, such as an issue of new shares under a rights issue, or a dividend reinvestment plan.

However, you should not exercise options to subscribe for or convert securities into Restricted Securities unless this has first been discussed with and approved by the Company Secretary.

If you are subject to Australian law, for example through being an Australian citizen or resident, you cannot rely on the New Zealand "exemption" for the issue of new securities.

In the circumstances of an issue of new Pike River securities to a person subject to Australian law a Request for Consent to Trade in Securities form must be completed and submitted for approval as set out elsewhere in this Policy.

5. Short Term Trading Discouraged

You should not engage in short term trading (the buying or selling of Pike River Securities within a 3 month period), unless there are exceptional circumstances discussed with and approved by the Company Secretary.

Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. Therefore, to reduce the risk of an allegation of insider trading, do not trade Restricted Securities on a short-term basis.

6. If In Doubt, Don't

The rules contained in this policy do not replace your legal obligations. The boundary between what is (and is not) in breach of the law is not always clear. Sometimes behaviour that you consider to be ethical may actually be insider trading. If in doubt, don't.

If the circumstances change from that which existed when an approval was given, you must not trade. This includes cancelling any outstanding sell or buy order you may have placed with a broker.

7. Breaches of Policy

Strict compliance with this policy is a condition of employment. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

8. Monitoring of Trading

Pike River may monitor the trading of employees as part of the administration of this policy.

9. Application of Policy

The Board of Pike River has approved this policy. The Board may approve updates, amendments to and exemptions to this policy from time to time, which may be implemented by written notice to you.

To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails over them.

10. Notices

Pike River's Company Secretary is Mr Brian Roulston.

Notices should be sent by email to brianr@pike.co.nz or by facsimile to +64 9 358 0945. Pike River will endeavour to reply to the notices within 24 hours.

Adopted by the board of Pike River Coal Limited on 23 July 2008.



B W Roulston
On behalf of the board of Pike River Coal Limited.

PIKE RIVER COAL LIMITED

REQUEST FOR CONSENT TO TRADE IN SECURITIES

To: Company Secretary, Pike River Coal Limited (Pike River)

In accordance with Pike River's Securities Trading Policy, I request Pike River's consent be given to the following proposed transaction to be undertaken either by me or persons associated with me, within 10 trading days of approval being given. I acknowledge Pike River is not advising or encouraging me to trade or hold securities and does not provide any securities recommendation.

Name:	
Name of registered holder (if different):	
Address:	
Position:	
Description and number of Securities:	
Type of proposed transaction: i.e. Purchase / Sale / Other (specify)	
To be transacted: i.e. on NZX / Off-market trade / Other (specify)	
Likely date or of transaction (on or about):	

I declare that I do not hold information which:

- is not generally available to the market; and
- would have a material effect on the price of Pike River Securities if it were generally available to the market.

I know of no reason to prohibit me from trading in Pike River Securities and certify that the details given above are complete, true and correct.

Signature

Date

**PIKE RIVER COAL
SECURITIES TRADING CONSENT**

Pike River hereby **consents/ does not consent** to the proposed transaction set out in the Request for Consent to Trade in Securities form dated _____.

Any consent is conditional on the proposed transaction being completed within 10 trading days of the date of this consent, and in compliance with Pike River's Securities Trading Policy.

Name:
on behalf of Pike River Coal Limited

Date



PIKE RIVER COAL

SECURITIES TRADING POLICY

FUNDAMENTAL RULE – INSIDER TRADING IS PROHIBITED AT ALL TIMES

1. Securities Trading Policy and Guidelines – Directors & Officers

This Policy applies to all directors and officers* of Pike River Coal Limited (Pike River) and its subsidiaries who intend to trade in Pike River's securities in New Zealand or Australia.

In this Policy **trade** includes buying or selling securities, or agreeing to do so, whether as principal or agent, or encouraging others to do so. It does not include subscription for, or the issue of, new securities except for those persons subject to Australian law. This Policy applies to all Pike River's securities (whether quoted or not) including, for instance, unlisted options and convertible notes.

It is important to note that a person becomes an insider by possessing inside information, rather than by being connected to the company to which the inside information relates. In this way family, friends, and other contacts might become insiders.

(*An officer is a senior employee who files disclosure notices under NZX listing rule requirements.)

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- Pike River unlisted options, convertible notes, and convertible bonds; and
- any other securities of Pike River or its subsidiaries, and any derivatives (including futures contracts) in respect of securities of Pike River and its subsidiaries, and
- Listed securities of any other issuer (company) in relation to information gained from involvement with Pike River.

The requirements imposed by this Policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand and Australia and any other country.

The legal requirements with respect to insider trading are set out in the New Zealand Securities Markets Act 1988, and the Australian Corporations Act 2001.

Please complete a Director's Acknowledgment form as attached to this policy prior to trading in Restricted Securities. If you would like any guidance about any part of this Policy, please contact the Chairman of the Audit Committee.

3. Insider Trading Laws

If you have any **material information** (see What is Material Information below), it is illegal for you to:

- trade Restricted Securities;
- advise or encourage any other person to trade or hold Restricted Securities;
- advise or encourage a person to advise or encourage another person to trade or hold Restricted Securities; or
- pass on the **material information** to anyone else – including colleagues, family or friends.

The prohibitions apply regardless of how you learn of the information, and regardless of why you are trading.

It is important to note that a person becomes an insider by possessing inside information, rather than by being connected to the company to which the inside information relates. In this manner relatives and spouses, friend, and general contacts can become insiders.

The offence, called **insider trading**, can subject you in New Zealand to criminal liability including fines up to \$300,000 for an individual and up to five years imprisonment; and civil liability which may include being sued by another party or Pike River for any loss suffered as a result of illegal trading. The maximum civil liability penalty is the greater of:

- the consideration paid for the shares;
- three times any profit made or loss avoided; or
- \$1 million.

In Australia section 1042B of the Corporations Act provides that insider trading provisions apply to:

acts and omissions within this jurisdiction in relation to securities and certain other financial products regardless of where the issuer of the products is formed, resides or is located and of where the issuer carries on business.

Of equal importance, perceptions of improper conduct by people associated with Pike River have the potential to substantially damage Pike River's reputation.

Confidential Information

In addition to the above, you also have a duty of confidentiality to Pike River. You must not reveal any confidential information concerning Pike River to a third party (unless that third party has signed a confidentiality agreement with Pike River and you have been authorised to disclose the confidential information), or use confidential information in any way which may injure or cause loss to Pike River, or use confidential information to gain an advantage for yourself. You should ensure that external advisers keep Pike River information confidential.

What is “material information”?

Material information is information that:

- is not generally available to the market; and
- if it were generally available to the market, would have a material effect on the price of Restricted Securities.

Information is generally available to the market if it has been released as an NZX/ASX announcement, or investors that commonly invest in Restricted Securities can readily obtain this information (whether by observation, use of expertise, purchase or other means).

It does not matter how you come to know the material information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or at a social function).

Information includes rumours, matters of supposition, intentions of a person (including Pike River), and information, which is insufficiently definite to warrant disclosure to the public.

What are some examples of material information?

The following list is illustrative only. Material information could include information concerning:

- the financial performance of Pike River;
- a possible change in the strategic direction of Pike River;
- the introduction of an important new product or service;
- a possible acquisition or sale of any assets or company by Pike River;
- entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;
- a possible change in Pike River's capital structure;
- a change in the historical pattern of dividends;
- senior management changes;
- a material legal claim by or against Pike River; or
- any other unexpected liability,

which has not been released to the market.

4. Director's Acknowledgement

Prior to trading in the Company's securities, a director will send a completed Director's Acknowledgment to:

- in the case of directors generally, the Chairman of the Audit Committee and the CEO; and
- in the case of the Chairman of the Audit Committee, the Chairman of the Board and the CEO;

of his or her intention to trade and confirm that he or she is not in possession of any Material Information. The relevant recipients will consult and will confirm whether Pike River knows of any reason why such trade should not occur.

Notification of trade in Company securities

Directors should also notify the Company Secretary of any trade in the Company's securities within 2 days of such trade occurring so that the Company Secretary can assist the director to comply with section 19T of the Securities Market Act 1988 and ASX Listing rule 3.19A which require the market to be notified of trading in the Company's securities by the director. The Company Secretary will maintain a register of all trades and holdings in Company securities by Directors and Officers of Pike River in accordance with the requirements of the Companies Act 1993.

Further advice from the Company

If the Chairman of the Audit Committee or the CEO is aware that a Director has provided an Acknowledgement in respect of an intention to trade Pike River restricted securities and:

- the trade has not yet occurred; and
- either the Chairman of the Audit Committee or the CEO becomes aware that any Material Information that is not known to the director may be announced or otherwise become known by the market within the next 10 trading days

then the Chairman of the Audit Committee or the CEO, as applicable, will notify the Director accordingly.

Exceptions

This policy does not apply to:

- acquisitions and disposals by gift or inheritance;
- acquisitions through an issue of new securities, such as an issue of new shares under a rights issue, or a dividend reinvestment plan.

However, you should not exercise options to subscribe for or convert securities into Restricted Securities unless this has first been discussed with and approved by the Company Secretary.

If you are subject to Australian law, for example through being an Australian citizen or resident, you cannot rely on the New Zealand "exemption" for the issue of new securities

In the circumstances of an issue of new Pike River securities to a person subject to Australian law a Request for Consent to Trade in Securities form must be completed and submitted for approval as set out elsewhere in this Policy.

5. Short Term Trading Discouraged

You should not engage in short term trading (the buying or selling of Pike River Securities within a 3 month period), unless there are exceptional circumstances discussed with and approved by the Company Secretary.

Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. Therefore, to reduce the risk of an allegation of insider trading, do not trade Restricted Securities on a short-term basis.

6. If In Doubt, Don't

The rules contained in this policy do not replace your legal obligations. The boundary between what is (and is not) in breach of the law is not always clear. Sometimes behaviour that you consider to be ethical may actually be insider trading. If in doubt, don't.

If the circumstances change from that which existed when an approval was given, you must not trade. This includes cancelling any outstanding sell or buy order you may have placed with a broker.

7. Breaches of Policy

Strict compliance with this policy is a condition of employment. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

8. Monitoring of Trading

Pike River may monitor the trading of directors and officers as part of the administration of this policy.

9. Application of Policy

The Board of Pike River has approved this policy. The Board may approve updates, amendments to and exemptions to this policy from time to time, which may be implemented by written notice to you.

To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails over them.

Adopted by the board of Pike River Coal Limited on 23 July 2008.



B W Roulston
On behalf of the board of Pike River Coal Limited.



PIKE RIVER COAL

DIRECTOR'S ACKNOWLEDGEMENT FOR TRADING PIKE RIVER SECURITIES

To: Chair of the Audit Committee, Pike River Coal Limited
 Chief Executive Officer
 Chairman of the Board
 (delete as appropriate in accordance with Securities Trading Policy for Directors)

In accordance with Pike River's Securities Trading Policy and Guidelines for Directors, I hereby give notice that I intend to trade in Restricted Securities of Pike River. I acknowledge Pike River is not advising or encouraging me to trade or hold securities and does not provide any securities recommendation.

Name:	
Name of registered holder (if different):	
Description and number of Securities:	
Type of proposed transaction: i.e. Purchase / Sale / Other (specify)	
To be transacted: i.e. on NZX / Off-market trade / Other (specify)	
Likely date or period of transaction (on or about):	

I declare that I do not hold Material Information which is information:

- not generally available to the market; and
- which would have a material effect on the price of Pike River's listed securities and certify that the details given above are complete.

I am aware that it is a criminal offence to knowingly breach insider trading laws. If convicted of insider trading I acknowledge that I am liable to a term of imprisonment of up to 5 years or a fine not exceeding \$300,000 or both.

I know of no reason why I should refrain from trading in Pike River's listed securities and certify that the details given above are complete, true and correct.

Signature

Date

Pike River hereby confirms that it has considered this notification and is not aware of any Material Information that is not known to the director but which may be announced or otherwise become known by the market within the next 10 trading days and accordingly knows of no reason why the transaction described above should not occur.

Directors are reminded of their obligation to notify the Company Secretary of any trade in the Company's securities within 2 days of such trade occurring so the Company Secretary can assist the director to comply with section 19T of the Securities Market Act 1988 and ASX Listing rule 3.19A which require the market to be notified of trading in the Company's securities by the director.

Name (on behalf of Pike River)

Date



PIKE RIVER COAL

AUDIT COMMITTEE CHARTER

Role

The audit committee is a committee of the board and reports on matters related to Pike River Coal Limited and its subsidiaries (Pike River).

The primary responsibility for implementation of financial and other reporting, risk oversight and management, internal control, and compliance with laws and regulations by the company rests with executive management.

However, the board has the ultimate responsibility in these areas, and the audit committee supports the board in fulfilling certain of these functions by way of its delegated responsibility.

Composition

The audit committee shall be comprised of three non-executive members of the Pike River board, with a majority of members being independent directors. Committee appointments shall be approved by the board. At least one member of the audit committee shall have an accounting or financial background. The committee chairman shall be an independent director.

The chairman of the board shall not be the chairman of the audit committee.

Administration & Procedures

The quorum shall be two.

The audit committee has the ability to obtain independent advice if thought necessary to adequately perform its role.

The audit committee has the authority to conduct or authorise investigations into any matters within the committee's scope of responsibility.

The audit committee will have unrestricted access to all company information, including documents and personnel, and shall have adequate resources in order to fulfil its overview responsibilities.

The audit committee will appoint a suitable person as secretary of the audit committee. The secretary will call a meeting of the audit committee if so requested by any committee member, or the auditors.

The secretary will prepare agendas for each meeting of the committee in consultation with the committee chairman.

The chairman of the board, the chief executive and other executives may be invited to attend meetings of the committee.

The auditors will be given notice of all meetings of the audit committee, and relevant extracts of minutes.

The committee will meet as required to consider, review, and approve half yearly and annual financial statements; and discuss planning, strategy and costs for the upcoming audits.

The committee will report to the board on its activities including its recommendations.

Objectives & Responsibilities

The objectives and responsibilities of the Audit Committee are as follows:

- (a) To ensure that the requirements of the Pike River board for full and appropriate reporting by Pike River is in accordance with financial reporting legislation, generally accepted accounting practice and stock exchange listing requirements. Assistance will be sought from the auditors in meeting this objective.
- (b) Review of half year and full year financial statements and consideration of whether the information contained in those documents is consistent with financial and other information provided.
- (c) Review and approve significant accounting policy changes and evaluate the appropriateness of the company's accounting policies.
- (d) To review the internal control systems instituted by management for Pike River and monitor their appropriateness.
- (e) To provide an avenue of communication between auditors and the board, in particular in relation to matters requiring consideration by directors which relate to financial reporting.
- (f) Relations with external auditors including:
 - selection of external auditors
 - approval of the auditors engagement letter;
 - ensuring that the lead audit partner is changed every five years
 - pre and post audit meetings;
 - review of Pike River annual audit plan;
 - review of the audit timetable;
 - review of the management letter (a copy of which will be sent by the auditors directly to the address of the chairman of the audit committee);
 - the setting of audit fees;
 - determine the non-audit functions that the external auditors may provide;
 - annually review the performance (effectiveness, independence and objectivity) of the external auditors.
- (g) To meet with the auditors and management in separate sessions to discuss any matters that the Audit Committee or these parties believe should be discussed privately with the Audit Committee.
- (h) To monitor Pike River's compliance with significant laws and regulations relating to financial reporting.
- (i) To ensure that any solvency certificate in the event of distributions to shareholders, is able to be given.
- (j) Review legal and regulatory matters that may have a material impact on the financial statements and related accounting policies.

Review of Charter

The audit committee will review its charter from time to time to ensure its relevance and the effectiveness of the audit committee. Any changes are to be recommended to the board for approval.

Adopted by the board of Pike River Coal Limited.
15 December 2005.



B W Roulston
For the board of Pike River Coal Limited



PIKE RIVER COAL

REMUNERATION COMMITTEE CHARTER

Role

It is the role of the Pike River Coal Limited's (Pike River) Remuneration Committee to support the Board by ensuring that employees are appropriately compensated for their services to the company and motivated to perform to the best of their abilities, by

- a) Approving the performance criteria, remuneration and employment terms and conditions of the chief executive.
- b) Regularly reviewing the chief executive's performance against the criteria.
- c) Approving share and option allocations to Pike River staff pursuant to the Pike River employee share ownership plan and advising the Trustee accordingly.
- d) Recommending to the board and Trustee any amendments to the Pike River employee share ownership plan.
- e) Reviewing submissions from the chief executive on staff conditions of employment, performance and remuneration.
- f) Reviewing the remuneration framework for directors in relation to factors such as size of responsibilities, market capitalisation, time involvement, and comparative remuneration; and when appropriate making recommendations on directors' remuneration to shareholders at general meetings.

Composition

The Remuneration Committee shall be chaired by a non-executive director. It shall consist of three non-executive members, and a majority of its members shall be independent directors.

Administration & Procedures

The quorum shall be two.

The remuneration committee may take independent advice if thought necessary to adequately perform its role.

A suitable person shall be appointed secretary of the remuneration committee.

The committee secretary will call a meeting of the remuneration committee if so requested by any committee member.

The committee secretary shall prepare agendas for each meeting of the committee in consultation with the committee chairman.

The committee shall meet as required but should meet formally at least twice a year. The committee may invite executive directors or management to participate in meetings.

Review of Charter

The remuneration committee shall review the charter from time to time to ensure its relevance and the effectiveness of the remuneration committee. The remuneration committee charter shall be approved by the full board.

Adopted by the board of Pike River Coal Limited.
15 December 2005.



B W Roulston
For the board of Pike River Coal Limited



PIKE RIVER COAL

HEALTH, SAFETY, & ENVIRONMENT COMMITTEE CHARTER

Role

The health, safety, & environment committee is a committee of the board and reports on matters related to Pike River Coal Limited and its subsidiaries (Pike River).

The primary responsibility for implementation of health, safety, and environment and compliance with laws and regulations by the company rests with executive management.

However, the board has the ultimate responsibility in these areas, and the health, safety, & environment committee supports the board in fulfilling certain of these functions by way of its delegated responsibility.

The committee is also responsible to the board for reviewing the progress of development projects against the stated objectives, budgets and schedules and for reporting the project's status against these objectives.

Composition

The health, safety, & environment committee shall be comprised of two non-executive members of the Pike River board. Committee appointments shall be approved by the board.

Administration & Procedures

The quorum shall be two.

The committee will meet at least half yearly, but may meet more frequently if required.

The health, safety, & environment committee has the ability to obtain independent advice if thought necessary to adequately perform its role.

The health, safety, & environment committee has the authority to conduct or authorise investigations into any matters within the committee's scope of responsibility.

The health, safety, & environment will have unrestricted access to all company information, including documents and personnel, and shall have adequate resources in order to fulfil its overview responsibilities.

The safety, health, environment and project review committee shall meet with Pike River and site management twice per year in order to review the status of the operations and be updated on site practices, compliance and new initiatives in safety, health and environmental compliance. The committee will also review the status of the project and review its performance against approved budgets and schedules.

The health, safety, & environment committee will appoint a suitable person as secretary of the safety, health & environment committee.

The secretary will call a meeting of the health, safety, & environment committee if so requested by any committee member, or the auditors.

The secretary will prepare agendas for each meeting of the committee in consultation with the committee chairman.

The chief executive and/or other executives may be invited to attend meetings of the committee.

The committee will report to the board on its activities including its recommendations.

Objectives & Responsibilities

The objectives and responsibilities of the health, safety, & environment committee are as follows:

- (c) To assess the effectiveness of management in providing leadership in safety, health, and environment matters. In particular the committee will advise the board on the adequacy of corporate policy and performance standards in relation to health, safety, & environment.
- (d) Review with management the company's health, safety, and environment strategy and performance, including receiving reports on any significant incidents and measures arising from them to avoid future incidents.
- (c) Consider and review the adequacy of the company's health, safety, and environmental management systems, including appropriate levels of consultation.
- (d) Consider and review the identification and management of health, safety, and environmental risks as part of the company's overall risk management system.
- (e) Review legal and regulatory matters that may have a material impact on the health, safety, and environmental policies.
- (f) Monitor compliance with legal and statutory obligations.
- (g) Review the progress of the project against the project's approved objectives, budgets and schedules. Review the adequacy of the management strategies to ensure delivery of these objectives.

Review of Charter

The health, safety, & environment committee will review its charter from time to time to ensure its relevance and the effectiveness of the committee. Any changes are to be recommended to the board for approval.

Adopted by the board of Pike River Coal Limited.
19 June 2006.



B W Roulston
For the board of Pike River Coal Limited