



PIKE RIVER COAL

2011 OPTIONS - TERMS

Terms applying to the 2011 Options issued by Pike River ("Options") are as follows:

- (a) Each Option entitles the Optionholder to subscribe for and be allotted one ordinary Share in the capital of Pike River, credited as fully paid, at \$1.25.
- (b) Options are exercisable by the Optionholder lodging with the share registrar a notice in writing of exercise of Options together with payment of \$1.25 per Option to be exercised.
- (c) Options can be exercised at any time on or prior to 5.00pm on 24 April 2011 (Option Expiry Date). Any Option not exercised prior to the Option Expiry Date will automatically lapse at that time.
- (d) Notices of exercise and the corresponding funds lodged with the share registrar will be held until the end of each month and, with the exception of April 2011, the corresponding number of new ordinary shares will be issued on the first day of the following month upon which the ASX and/or NZSX is/are open for trading. Notices of exercise and the corresponding funds lodged with the share registrar during April 2011 will be held until the Option Expiry Date and the corresponding number of new ordinary shares will be issued on the next day upon which the ASX and/or NZSX are/is open for trading. Interest will not be payable on funds for the time period between lodgement with the share registrar and allotment of the new ordinary shares.
- (e) Options may only be exercised if:
 - (i) the number of Shares that are to be issued as a consequence of such exercise, when aggregated with the number of ordinary shares that are held by the Optionholder at the time of exercise of the Options, constitute a minimum holding for the purposes of the NZSX Listing Rules and ASX Listing Rules (if applicable); and
 - (ii) the aggregate exercise price of the Shares that are to be issued to the Optionholder as a consequence of such exercise, amounts to at least \$5,000 unless the Optionholder is exercising the balance of the Options they hold.
- (f) Pike River will allot Shares on the exercise of the Options in accordance with the New Zealand Companies Act, the NZSX Listing Rules and the ASX Listing Rules (if applicable).
- (g) Options do not carry any right to dividends. Shares issued on the exercise of Options will participate in dividends declared after the date of exercise and will otherwise rank equally in all respects with the Shares in the capital of Pike

River on issue at the date of exercise of the Options. Pike River will ensure that any future record date for entitlements to a dividend payment will be set so as to provide Optionholders with a reasonable period of time in which to exercise their Options prior to that record date.

- (h) Options may be transferred at any time on or prior to the Option Expiry Date.
- (i) Options are transferrable on any common form of transfer. The Board has the same powers in respect of the registration of transfers of Options as it has in respect of Shares.
- (j) If Pike River makes any bonus issues of Shares (but not other securities) prior to the expiry or exercise of the Options, the Optionholders will be entitled to participate in such issue on the same basis as holders of Shares, but only upon the exercise of their Options. The entitlements of Optionholders will be determined as if the Options had been exercised immediately prior to the date at which entitlements to the bonus issue are determined.
- (k) Optionholders will be offered participation in all new cash issues of capital and securities of Pike River or of any other company, which are offered pro rata to shareholders of Pike River, on the same basis as the holders of Shares. The entitlement of Optionholders shall be calculated as if their Options had been exercised immediately prior to the applicable record date for that issue.
- (l) In the event of any reorganisation, other than a bonus issue per paragraph (j) above or any other issue of new securities (including consolidation, subdivision or cancellation) of the share capital of Pike River on or prior to the Option Expiry Date, the number of Shares to which each Optionholder is entitled upon exercise of the Options and/or the \$1.25 exercise price will be adjusted as permitted or required by the NZSX Listing Rules and ASX Listing Rules, as applicable, but on the basis which will not result in any additional benefits being conferred on Optionholders which are not conferred on Shareholders.
- (m) Optionholders will receive such reports, financial statements, and notices as are sent to Shareholders. Optionholders may attend but not vote at general meetings of Shareholders.
- (n) Subject to the NZSX Listing Rules and the ASX Listing Rules, as applicable, the rights and obligations attaching to Options can only be altered by special resolutions of Optionholders and Shareholders, respectively.

If an optionholder has any questions in relation to these terms, and in particular the restrictions in clause (e) they should contact the Company Secretary at brianr@pike.co.nz or by 'phone at +64 4 494 0190.