

## QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS

### PIKE RIVER COAL LIMITED

For Quarter ended 30 June 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 June \$NZ'000	Year to Date (12 months) \$NZ'000
	<b>Cash Flows Relating to Operating Activities</b>		
1(a)	Receipts from product sales and related debtors	0	3,345
1(b)	Payments for		
	(a) exploration and evaluation	0	0
	(b) development	(4,917)	(21,420)
	(c) production	(15,770)	(46,237)
	(d) administration	(887)	(3,879)
1(c)	Dividends received	0	0
1(d)	Interest and other items of a similar nature received	123	452
1(e)	Interest and other costs of finance paid	(1,850)	(3,707)
1(f)	Income taxes (paid)/received	0	0
1(g)	Other	0	0
1(h)	<b>Net Operating Cash Flows</b>	<b>(23,301)</b>	<b>(71,446)</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	(135)	(754)
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>(135)</b>	<b>(754)</b>
	<b>Total Operating and Investing Cash Flows</b>	<b>(23,436)</b>	<b>(72,200)</b>
	<b>Cash Flows Related to Financing Activities</b>		
3(a)	Cash proceeds from issue of shares	46,466	46,466
3(b)	Proceeds from sale of forfeited shares	472	1,006
3(c)	Borrowings	2,500	30,092
3(d)	Repayment of borrowings	(6,609)	(7,665)
3(e)	Dividends paid	-	-
3(f)	Other	160	1,150
3(g)	<b>Net Financing Cash Flows</b>	<b>42,989</b>	<b>71,049</b>
4(a)	<b>Net Increase/(Decrease) in Cash Held</b>	<b>19,553</b>	<b>(1,151)</b>
4(b)	Cash at beginning of quarter/year to date	1,042	21,746
4(c)	Exchange rate adjustments to Items 4(a) above		
4(d)	<b>Cash at End of Quarter</b>	<b>20,595</b>	<b>20,595</b>

**Notes:**

1(b) Development expenditure includes major items of mining equipment and other physical assets in the course of construction. Once completed and utilised in production these items will be reclassified as either PP&E or Production Assets.

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**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	12,917
Multi-option Debt Facility	2	0	10,000

		Current Quarter # \$NZ'000	Following Quarter \$NZ'000
<b>7</b>	<b>Estimated Outlays for Specified Quarters</b>		
7(a)	Exploration and evaluation	-	-
7(b)	Development	4,000	3,000
	<b>Total</b>	<b>4,000</b>	<b>3,000</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. The actual outlay for development expenditure in the quarter ended 30 June 2010 was \$4.9 million. Actual cash payments were more than forecast due to capital expenditure timing differences with budget.

**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).

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<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	20,495	942
Bank overdraft	-	-
Other	-	-
<b>Total: Cash at End of Quarter</b> (Item 4(d)/4(b))	20,595	1,042

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**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 – 30 June 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 01/04/2010	347,626,204	347,626,204	\$0.7627 <sup>(note 1)</sup>	\$0.7627
Issued during quarter	57,344,863 <sup>(note 2)</sup>	57,344,863	\$0.8800	\$0.8800
Closing balance at 30/06/2010	404,971,067	404,971,067	\$0.7794	\$0.7794
<b>Partly Paid Securities</b> <i>(included in ordinary securities, but not part of quoted ordinary securities)</i>				
Opening balance	6,394,910	-	\$0.91 to \$2.68	\$0.01
Issued during quarter	1,120,634	-	\$1.07 to \$1.35	\$0.01
Fully paid during quarter	(526,682)	-	(\$0.01)	(\$0.01)
Closing balance at 30/06/2010	6,988,862	-	\$1.35 <sup>(note 1)</sup>	\$0.01
<b>Convertible Debt Securities</b>				
Opening balance 01/04/2010 Liberty Harbor USD\$28.3 million convertible bonds maturing 13/03/2011.	566.67	-	Convertible at the bondholders election any time prior to maturity at a price of US\$0.870376 per share	
Issued 01/04/2010	5.67	-		
Liberty Harbor Repaid 21/05/2010	(572.34)			
Issued to New Zealand Oil & Gas on 21/05/2010	578			
Closing balance 30/06/2010 (USD\$28.9 million convertible bonds maturing 12/03/2012)	578		Convertible at the bondholders election any time prior to maturity at a price of US\$0.847607 per share	
<b>Options</b>				
Opening balance 01/04/2010	64,281,875	64,281,875	Exercise price of \$1.25	Expiry 24 April 2011
Issued during quarter	-	-	-	-
Exercised during quarter	-	-	-	-
Closing balance 30/06/2010	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 11,363,636 Ordinary Securities were issued as part of a \$10 million Placement. On 21 May 2010 Pike River issued a further 45,454,545 shares in a \$40 million rights issue to shareholders and option holders.