



**PIKE RIVER COAL**

## **Pike River Coal Limited (In Receivership)**

12 September 2011

### **INSURANCE SETTLEMENT & EARLY PAYMENT PLAN FOR UNSECURED CREDITORS**

The Receivers of Pike River Coal Limited (In Receivership) have advised that a conditional agreement has been reached in respect of material damage and business interruption insurance claims arising from the tragic events of 19 November 2010.

They have also advised they and New Zealand Oil & Gas Limited have agreed an Early Repayment Plan for the unsecured creditors, including contractors and former employees, of Pike River Coal Limited (In Receivership).

Details are contained in the attached news release made by the Receivers.

**ENDS**

**Further information:**

**Brian Roulston**

Company Secretary  
09 367 9367  
brianr@pike.co.nz

**news release**



Monday 12 September 2011

# News Release

## **Receivers of Pike River Coal Limited (In Receivership) successfully settle the company's insurance claim and announce an early payment to creditors**

---

The Receivers of Pike River Coal Limited (In Receivership) (PRC) – John Fisk, David Bridgman and Malcolm Hollis, from PwC – have successfully reached a settlement with PRC's insurers in respect of material damage and business interruption claims arising from the tragic events of 19 November 2010.

At the time of the events in November 2010, PRC held extensive insurance with a cap of \$100 million. The Receivers are pleased to advise they have agreed with the insurers to accept a payment of \$80m in full and final settlement of claims under those insurance policies. The settlement agreement remains conditional on execution of all required documentation, and subject to this, the Receivers expect to receive the settlement proceeds around the end of this month (September).

The Bank of New Zealand is a first ranking secured lender to PRC and will be fully repaid from the proceeds.

The Receivers and New Zealand Oil & Gas Limited (NZOG), the largest secured creditor of PRC, have agreed up to \$10.5 million of the insurance settlement can be directed to PRC's unsecured creditors, including contractors and former employees, through an Early Payment Plan (EPP). Under the proposed EPP unsecured creditors will receive a part payment of the first \$10,000 of their claim (or their full claim if less than \$10,000) and up to 20c in the dollar for any balance above that amount, up to a capped aggregate amount of \$10.5 million. Unsecured creditors are not being asked to reduce their total claim and will still be entitled to claim for the full remaining balance, once the Receivers complete the sales process. Unsecured creditors will be asked to agree to a moratorium on certain actions they could otherwise contemplate, including seeking the appointment of a liquidator. As the total amount available for early payment to unsecured creditors under the plan is limited, the amount to be paid to each may need to be reduced if actual claims accepted are greater than the amounts of claims known to date.

Under Section 229 of the Companies Act 1993, a Notice of Meeting is being sent to all creditors and they will be asked to submit postal votes on the early payment plan, which if accepted by a majority in number representing at least 75% in value of each class of creditors, will be binding on all creditors. Details of the EPP will be mailed to creditors within the next week.

If the EPP is approved, the unsecured creditors (including NZOG, the owners of leased mining equipment, trade creditors and employees) will receive payments. On the basis of known creditor claims to date, around 243 creditors will be repaid in full and a further 222 creditors will receive a part-payment.

The remainder of the settlement proceeds will be used to repay owners of leased mining equipment that was lost underground and make a partial repayment of amounts owing to NZOG in respect of its secured debt.

One of the Receivers of the Company, Mr John Fisk, acknowledges the support of NZOG in working with the Receivers to ensure some of the insurance settlement proceeds will be used to make an early payment to the unsecured creditors, many of whom are local West Coast businesses and contractors.



Mr Fisk also says “the sale process in respect of the mine continues to progress well and we hope to achieve a successful outcome that allows all of the unsecured creditors to be repaid in full. A number of interested parties are presently conducting due diligence before submitting their final bids. We’ll also be ensuring the new owner is fully able to continue the mine stabilisation work, and to attempt to recover the bodies of the deceased miners and ultimately to recommence commercial mining activity.”

With the support of the Receivers and an expert panel, PRC is continuing with the mine stabilisation work and is currently planning the next phase of work to reclaim the access tunnel up to the likely rock fall, which is necessary before any attempt can be made to re-enter the main workings of the mine and recover the bodies.

**-ends-**

**For further information or media inquiries please contact:**

John Fisk: 021 492 052 or David Bridgman: 021 760 524

| Karine Fox

Head of Communications

PwC

Ph (09) 355 8703 or (021) 820 378 Email: [karine.l.fox@nz.pwc.com](mailto:karine.l.fox@nz.pwc.com)