

QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS
PIKE RIVER COAL LIMITED
For Quarter ended 31 December 2007

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.

NZSX Ref		Current Quarter December \$NZ'000	Year to Date (6 months) \$NZ'000
Cash Flows Relating to Operating Activities			
1(a)	Notes Receipts from product sales and related debtors	-	-
1(b)	Payments for		
	(a) exploration and evaluation	-	-
	(b) development	(27,093)	(51,584)
	(c) production	-	-
	(d) administration	(154)	(1,520)
1(c)	Dividends received	-	-
1(d)	Interest and other items of a similar nature received	1,006	2,180
1(e)	Interest and other costs of finance paid	(251)	(605)
1(f)	Income taxes (paid)/received	-	-
1(g)	Other	-	-
1(h)	Net Operating Cash Flows	(26,492)	(51,529)
Cash Flows Related to Investing Activities			
2(a)	Cash paid for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(47)	(124)
2(b)	Cash proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
2(c)	Loans to other entities	-	-
2(d)	Loans repaid by other entities	-	-
2(e)	Other	-	-
2(f)	Net Investing Cash Flows	(47)	(124)
Total Operating and Investing Cash Flows		(26,539)	(51,653)
Cash Flows Related to Financing Activities			
3(a)	Cash proceeds from issue of shares	(723)	81,756
3(b)	Proceeds from sale of forfeited shares	-	-
3(c)	Borrowings	-	-
3(d)	Repayment of borrowings	-	(18,500)
3(e)	Dividends paid	-	-
3(f)	Other	(883)	(883)
3(g)	Net Financing Cash Flows	(1,606)	62,373
4(a)	Net Increase in Cash Held	(28,145)	10,720
4(b)	Cash at beginning of quarter/year to date	47,197	7,406
4(c)	Exchange rate adjustments to Items 4(a) above	(406)	520
4(d)	Cash at End of Quarter	18,646	18,646

Notes:

1(b)(b) – Cash payments include \$8.203m (\$14.335m YTD) of milestone payments made in relation to purchase of major mining equipment. Development expenditure includes expenditure on physical assets which are in the course of construction. Once completed these items will be reclassified as fixed assets

3(a) – Cash proceeds from issue of shares is shown net of IPO costs

4(c) – Exchange rate adjustments relate to translation of retained AUD cash proceeds from issue of shares

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

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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
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Amount Available \$NZ'000	Amount Used \$NZ'000
-	-
-	-

Notes:

1. Westpac Banking Corporation had previously been mandated to arrange debt facilities totalling \$65 million. The Westpac mandate expired in December 2007 and the facilities were not put in place. Subsequent to 31 December 2007 the Company has announced a \$100 million funding package comprising a \$60 million Renounceable Rights Issue and proposed issuance of up to US\$30 million (NZ\$40 million) of convertible bonds to Liberty Harbor LLC.

7 **Estimated Outlays for Specified Quarters**

Notes

7(a) Exploration and evaluation

7(b) Development

Total

Current Quarter # \$NZ'000	Following Quarter \$NZ'000
-	-
(21,814)	(39,537)
(21,814)	(39,537)

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.

Notes:

1. The increase in actual versus estimated development outlays for the quarter ended 31 December 2007 was attributable primarily to increased costs relating to the development of the mine access tunnel. More heavily fractured ground than expected has attracted a higher contract cost. These costs have been previously been advised to the market.

8 **Reconciliation of Cash**

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	635	6
Deposits at call and bank bills	18,011	47,191
Bank overdraft	-	-
Other	-	-
Total: Cash at End of Quarter (Item 4(d)/4(b))	18,646	47,197
Note:		

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Changes in Interests in Mining Tenements

Note

	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	-	-

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Issued and Quoted Securities at End of Current Quarter – 31 December 2007

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)
Preference securities	-	-	-	-
Issued during quarter	-	-	-	-
Ordinary Securities	200,000,000	200,000,000	1.00	1.00
	200,000	-	1.00	1.00 ¹
Issued during quarter	-	-	-	-
Issued during quarter	-	-	-	-
Partly Paid Securities <i>(included in ordinary securities, but not part of quoted ordinary securities)</i>	3,167,820	-	1.15 to 1.34	0.01
Issued during quarter	-	-	-	-
Fully paid during quarter	-	-	-	-
Convertible Debt Securities 8.50% mandatory convertible notes maturing 31 December 2008	11,000,000	-	Conversion at 0.9174 ordinary shares per \$1 face value	1.00
Issued during quarter	-	-	-	-
Options	22,500,000	-	Exercise price of \$1.30 ²	Expiry 30 June 2009
Issued during quarter	-	-	-	-
Exercised during quarter	-	-	-	-
Expired during quarter	-	-	-	-
Debentures (totals only)	-	-	-	-
Unsecured Notes (totals only)	-	-	-	-



Gordon Ward
 Chief Executive

¹ Allocation is subject to performance criteria being met

² The exercise price will be subject to adjustment upon completion of the Rights Issue