

QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS
PIKE RIVER COAL LIMITED
For Quarter ended 31 March 2008

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 March \$NZ'000 | Year to Date (9 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 | (19,615) | (71,199) |
| | (c) production | - | - |
| | (d) administration | (1,240) | (2,760) |
| 1(c) | Dividends received | - | - |
| 1(d) | Interest and other items of a similar nature received | 244 | 2,424 |
| 1(e) | Interest and other costs of finance paid | 605 | - |
| 1(f) | Income taxes (paid)/received | - | - |
| 1(g) | Other | - | - |
| 1(h) | Net Operating Cash Flows | (20,006) | (71,535) |
| | Cash Flows Related to Investing Activities | | |
| 2(a) | Cash paid for purchases of: | | |
| | (a) prospects | - | - |
| | (b) equity investments | - | - |
| | (c) other fixed assets | (247) | (371) |
| 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 | (247) | (371) |
| | Total Operating and Investing Cash Flows | (20,253) | (71,906) |
| | Cash Flows Related to Financing Activities | | |
| 3(a) | Cash proceeds from issue of shares | 58,661 | 140,417 |
| 3(b) | Proceeds from sale of forfeited shares | - | - |
| 3(c) | Borrowings | 35,862 | 35,862 |
| 3(d) | Repayment of borrowings | - | (18,500) |
| 3(e) | Dividends paid | - | - |
| 3(f) | Other | 808 | (75) |
| 3(g) | Net Financing Cash Flows | 95,331 | 157,704 |
| 4(a) | Net Increase in Cash Held | 75,078 | 85,798 |
| 4(b) | Cash at beginning of quarter/year to date | 18,646 | 7,406 |
| 4(c) | Exchange rate adjustments to Items 4(a) above | 37 | 557 |
| 4(d) | Cash at End of Quarter | 93,761 | 93,761 |

Notes:

- 1(b)(b) Cash payments include \$1.598m (\$15.933m 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) & 3(c) Cash proceeds from issue of shares and convertible bonds are shown net of directly attributable capital raising transaction costs
- 4(c) Exchange rate adjustments relate to translation of retained AUD and USD cash proceeds from issue of IPO shares and convertible bonds offset by revaluation of the USD convertible bond liability

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 |
|------------------------------|-------------------------|
| - | - |
| - | - |

7 Estimated Outlays for Specified Quarters

Notes

7(a) Exploration and evaluation

7(b) Development

Total

| Current Quarter # \$NZ'000 | Following Quarter \$NZ'000 |
|-------------------------------|-------------------------------|
| - | - |
| (39,537) | (40,000) |
| (39,537) | (40,000) |

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. Development expenditure during the current quarter has been significantly lower than forecast primarily due to a rephasing of the timing of certain items of expenditure.

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 | 932 | 635 |
| Deposits at call and bank bills | 92,829 | 18,011 |
| Bank overdraft | - | - |
| Other | - | - |
| Total: Cash at End of Quarter (Item 4(d)/4(b)) | 93,761 | 18,646 |
| 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 March 2008

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 | 266,696,667 | 266,696,667 | \$0.9750 ¹ | \$0.9750 |
| | 200,000 | - | \$1.00 | \$1.00 ² |
| Issued during quarter | 66,666,667 | - | \$0.90 | \$0.90 |
| | 30,000 | - | \$1.01 | \$1.01 |
| Partly Paid Securities <i>(included in ordinary securities, but not part of quoted ordinary securities)</i> | 3,322,820 | - | \$1.15 to \$1.34 | \$0.01 |
| Issued during quarter | 185,000 | - | \$1.15 | \$0.01 |
| Fully paid during quarter | (30,000) | - | \$1.01 | \$1.01 |
| Convertible Debt Securities 9.50% ³ 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 | - | - | - | - |
| Convertible Debt Securities USD\$30 million 6.75% convertible bonds maturing 13 March 2011 | 600 | - | Convertible at the bondholders election any time prior to maturity at a price of \$1.17 per share | \$62,305.30 ⁴ |
| Issued during quarter | 600 | - | - | \$62,305.30 |
| Options | 22,500,000 | - | Exercise price of \$1.30 | 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 Value is shown on a weighted average basis

² Allocation is subject to performance criteria being met

³ Coupon payable on the convertible notes has been increased from 8.50% to 9.50% with effect from 20 February 2008 through to maturity

⁴ Paid-up value is the NZD equivalent of each convertible bond's face value of USD\$50,000 converted at the NZD:USD rate in effect on the date of issue (being 0.8025)