



Royal Commission on the Pike River Coal Mine Tragedy
Te Komihana a te Karauna mō te Parekura Ana Waro o te Awa o Pike

Chronology Three - Pike River Coal: Financial/Company

| Date | Topic | Reference |
|--------------|--|---|
| 18 May 1982 | Pike River Coal Co Limited (PRC) incorporated under the Companies Act 1955. | Companies Office – Certificate of Incorporation |
| July 1988 | New Zealand Oil and Gas (NZOG) acquired all of the shares in PRC from United Resources Investment Holdings Limited as part of a merger with Oil Fields Limited. | NZOG00067/7 2.1 |
| 25 May 1995 | The Pike River Coal Mine Prefeasibility Study by CMS Ltd estimates the capital cost of developing the mine at \$29.3 million over three years. Estimated recoverable reserves 14 million tonnes. | NZOG0002/33 NZOG0002/11 |
| March 1998 | Minserv International Limited in a Pre-Feasibility Study of the Pike River Coal Mining project, estimate capital costs for new plant, equipment and structures at \$41.30 million over three years. | NZOG0005/37 |
| July 1999 | NZOG sign an agreement with AMC Resource Consultants Pty Ltd (AMC) to provide a feasibility study in return for equity. | NZOG0006/1 |
| 2000 | Investors acquire 25% of PRC. | NZOG00067/7 2.3 |
| 23 June 2000 | The Final Feasibility Study by AMC estimates initial capital expenditure for 2001 – 2004 to be \$54.02 million. Operating costs for the mine at full production are estimated at \$46.44 million per annum. | NZOG0007/35& 36 |
| March 2002 | Minarco Pty Limited (formerly AMC) prepares a financial update following further technical work to optimise the mine design and address environmental considerations. Initial capital expenditure is estimated at \$56.79 million. Operating costs for the mine at full production are estimated at between \$35 million and \$43.64 million (various scenarios were presented) Re-coverable reserves are estimated at 14.9 million tonnes. | NZOG0014/9 NZOG0014/34 NZOG0014/47 |
| 2005 | Saurashtra World Holdings Pte Limited invests \$17 million in PRC for a 10.6% interest. NZOG's shareholding in PRC reduced to approximately 65%. Other existing shareholders contributed an additional \$23 million. | NZOG0067/7 2.5 |
| Apr 2005 | Work commenced on the construction of access roads to the mine. | RM0002/3 3.2 |
| May 2005 | Minarco Asia Pacific Pty Ltd (previously AMC) prepares a financial update for the Pike River coal project. Capital | NZOG0026/9 120 NZOG0020/129 |

| | | |
|---------------|--|---|
| | costs are estimated at \$69.98 million. A further \$15 million is required for working capital during the period until the proceeds from coal sales from first mine production are received. Operating costs estimated at \$64.21 million a year. | |
| May 2005 | NZOG owns 72% of the existing shares in the PRC. The remaining 28% are held by 31 private New Zealand and Australian shareholders. Paid up capital as at 22 December 2004 was \$11.07 million. | NZOG0020/35 |
| 13 July 2005 | The final mine plan and financial model were prepared for the Board of PRC. It provided an update on the project and sought agreement to proceed with the mine development. Initial capital of \$95.7 million was required to fund all mine development activities and items until the completion of pit bottom development, main mine fan and slurry pipeline commissioning. An additional \$28.4 million required between July and September 2007 for hydromonitor extraction set-up. Total development capital \$124.1 million. The summary of average production and operating costs indicates annual expenditure to produce 1.4 million tonnes per annum of \$95.91 million. | NZOG0023/47 NZOG0023/58 |
| 13 March 2006 | Change of company name to Pike River Coal Limited (PRC). | Companies Office - Certificate of Incorporation |
| May 2006 | Minarco prepare a Statement of Coal Reserves in accordance with the Joint Ore Reserves Committee (JORC) code. As at 31 March 2006 recoverable reserves are estimated at 11.5 million tonnes and indicated reserve 27.5 million tonnes. | NZOG0036/11 7 |
| June 2006 | Gujurat NRE Coke Limited invests \$20 million into PRC. NZOGs shareholding in PRC was reduced to approximately 54%. | NZOG0067/8 2.6 |
| Sept 2006 | Behre Dolbear Australia Pty Ltd (BDA) undertook an independent technical review of the Pike River Coal project for use by PRC directors and advisors in connection with proposed financing of the project. Its view was that the project was technically feasible and economically viable. Initial capital costs were estimated at \$173 million. This estimate included all the costs of development, operating and administrative costs until production commenced. Operating costs for the life of the operation are estimated at \$1,388.6 million or \$77 per tonne. The operating costs estimates were considered reasonable. Capital and operating cost risks were assessed. Risk of project timing delays, capital cost increases (start-up) and operating cost underestimates were given a medium risk rating. | NZOG0048/49-52 |

| | | |
|--------------------|--|---|
| 21 Sept 2006 | Tunnelling work starts. | MCD0001/12 45 NZOG0067/58 6.99 |
| March & April 2007 | \$11 million raised through the issue of interest bearing convertible notes. | NZOG0056/19 |
| 13 Apr 2007 | BDA updated its initial review and incorporated the most recent changes advised as at 10 April 2007. Initial capital costs were estimated at \$186 million. BDA were advised that capital remaining to be spent at 10 April 2007 amounted to \$96 million including a project contingency of \$11 million. The average operating costs over the life of the mine was estimated at \$78 per tonne. This was assessed as a reasonable cost. | NZOG0054/12 50 |
| 22 May 2007 | PRC NZ Prospectus issued to raise \$65 - \$85 million. The total cost to develop the mine was expected to be \$207 million. Of the \$207 million Pike River had spent \$64 million in the period up to 22 May 2007 primarily on road access, tunnel construction, power supply and coal slurry pipeline. That expenditure was funded by contributions from existing shareholders. Remaining capital to be spent was therefore \$143 million allocated as follows: \$99 million – to complete mine development \$11 million – project contingency \$33 million – working capital Capital requirements were to be funded by the public share offer and other sources yet to be arranged. Pre-development costs such as defining the coal resource, completing feasibility studies, obtaining consents and mine design and planning of \$16 million are excluded from estimated total cost. The average cash production cost over the life of the mine (19 years) and total production of 17.6 million tonnes was estimated at \$77 per tonne. PRC was expected to commence production in the March 2008 quarter and reach full production (1.039 million tonnes of coal) during 2009. | NZOG0056 |
| 30 June 2007 | PRC records a loss of \$0.88 million. | DAO.001.0003/6 31 |
| 17 July 2007 | PRC raises \$85 million in capital and authorises the issue of 85 million shares. | DAO.001.0003/5 18 |
| 20 July 2007 | PRC lists on the New Zealand Stock Exchange | DAO.001.0003/5 20 |
| 25 July 2007 | PRC lists on the Australian Stock Exchange | DAO.001.0003/5 20 |
| March 2008 | Rights Issue and Convertible Bond placement raises \$100 million. | NZX20080331 interim report to 31 Dec 2007 |
| 30 June 2008 | PRC records a loss of \$1.14 million. | DAO.001.0003/6 31 |
| Jan 2008 | Tunnel reaches 1962 metres. Tunnel work commences on two faces, the second face being the start of the pit bottom in stone infrastructure. | DAO.001.0003/36 222 |
| 21 Apr 2009 | PRC raise \$41 million through a rights issue | NZOG0069/3 7 |
| 30 Jun 2009 | PRC records a loss of \$13.02 million. | DAO.001.0003 31 |

| | | |
|-------------------|---|--|
| 24 Aug 2009 | PRC announces delays to production and sales. Production is running at lower rates than forecast in July 2009 and the first export shipment of 60,000 tonnes is delayed from mid-November 2009 until the first quarter of 2010. | NZOG0069/5 14 |
| 20 April 2010 | PRC raises \$10 million through placement of shares. | NZX 20100430 Quarterly activities report |
| 19 May 2010 | PRC raises \$40 million through a rights issue. | NZX 20100521 Placement notice |
| 20 May 2010 | NZOG receive BDA technical and management review of PRC. BDA made several recommendations intended to bring PRC to steady state production. | NZOG0069/11 39 |
| 21 May 2010 | NZOG provides PRC with a new convertible bond facility of up to US\$28.9 million (approximately NZ\$41 million). | NZOG0069/10 33 |
| 30 June 2010 | PRC records a loss of \$39.3 million. | DAO.001.0003/6 31 |
| 1 July 2010 | PRC provides NZOG with an updated cash flow forecast indicating a potential \$5.8 million cash shortfall in January 2011 due to a \$33 million increase in forecast expenditure in the period to 30 June 2011. | NZOG0069/12 47 |
| 16 July 2010 | Meeting between NZOG and PRC indicates cash shortfall arose from: <ol style="list-style-type: none"> 1) Approximately \$7 million additional costs to implement BDA recommendations in particular acquiring new continuous miner and increased use of in-seam drilling. 2) The remainder being mostly mix of unbudgeted and under-budgeted costs identified through a more thorough "bottom-up" budgeting process than was previously the case. | NZOG0069/13 50 |
| 27 & 28 Sept 2010 | PRC advises NZOG that it is forecasting an increase in the working capital shortfall from previous estimate of \$6 million - \$12 million to between \$20 million-\$24 million. PRC had commenced planning for a capital raising to fund the shortfall. | NZOG0069/14 57 & 58 |
| Sept 2010 | NZOG agrees to provide PRC with a short-term loan of up to \$25 million on market terms to be repaid from the proceeds of any capital raising. | NZOG0069/14 59 |
| Oct 2010 | PRC announces it has downgraded production forecasts for the period to 30 June 2011 from 620,000 tonnes to between 320,000 and 360,000 tonnes. | NZOG0069/14 60 |
| Mid Nov 2010 | PRC advise NZOG that: <ol style="list-style-type: none"> 1) the cash shortfall for December 2010 had increased to \$54 million. 2) PRC proposed to raise \$70 million in capital in a process led by UBS. | NZOG0069/15 61 |
| 23 Nov 2010 | The Board of NZOG resolve to make the balance of the \$25 million loan facility (\$13 million of which had been drawn) available to PRC. | NZOG0069/15 65 |