

Administrators sign coal supply deal

By ADAM ORLANDO

Griffin Coal appears to be on the road to recovery after its administrators signed a 25-year coal supply agreement with Perdaman Chemicals and Fertilisers last week.

KordaMentha and Perdaman signed the long-term agreement to supply almost three million tonnes of coal per annum to the Perdaman Collie Urea Project, starting in 2014.

The deal follows the recent announcement made by KordaMentha regarding the sale of Griffin to India-based power giant Lanco Infratech.

Perdaman is developing a \$3.5 billion urea manufacturing plant at Collie, which will produce two million tonnes of urea per annum for local customers as well as for export through the Port of Bunbury.

The company's managing direc-

tor Vikas Rambal said he was appreciative of the efforts shown by Griffin's administrators in finalising the contract during "a difficult period for Griffin Coal".

"This agreement is a significant step forward in terms of having now signed the three key contracts, that is urea off take agreement, the engineering, procurement and construction contract and coal supply agreement, which allows us to accelerate the debt funding phase of the project," Mr Rambal said.

Earlier this month KordaMentha announced Lanco Infratech agreed to buy Rick Stowe's failed coal mining empire for an undisclosed sum.

Local industry figureheads welcomed the news, with some calling on the State Government to turn its attention towards upgrading key transport infrastructure.

Bunbury-Wellington Economic Alliance chief executive officer Matt Granger said Griffin's sale represented an exciting opportunity for Collie and the South West, but should also focus government attention on transport bottlenecks.

The privately-owned Griffin Coal ran into financial trouble in late 2009 owing US bondholders \$428 million and collapsed with debts totalling almost \$2 billion.

In June Griffin began selling its Collie coal mines and stake in Bluewaters in a deal that was estimated to earn the business \$700 million.

Lanco Infratech had its operating power capacity more than double to 1349 megawatts in the past year and the company has a market capitalisation of about US\$3 billion.