
Saurashtra's option to increase stake in Pike River lapses

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New Zealand daily The Press reported that India's leading coke manufacturer Saurashtra Fuels Pvt. Ltd has not used its option to lift its stake in Pike River Coal Company to 25%.

The report cites Mr John Draper a spokesman of Pike River as saying that Saurashtra had let an option in a 2005 equity subscription agreement and a shareholders agreement lapse. He said that Saurashtra had options to buy more shares and overseas investment office documents show Saurashtra had the option to lift its stake to 25%. Now Saurashtra will instead hold 9.5 % of Pike River after the completion of a USD 65 million offer of shares at 100 cents a share.

During September 2005 the board of Pike River made the formal decision to proceed with the mine development. New Zealand Oil & Gas joined forces with Saurashtra Fuels Private Limited to fund development of the Pike River coking coal mine. Saurashtra and NZOG contributed NZD 40 million in equity funding. In June 2006 Gujarat NRE Coke Limited extended its Australasian presence with the purchase of a NZD 20 million shareholding in Pike River.

Greymouth based Pike is a large underground coal mine project with projections to produce 17.6 million tonnes of high grade coking coal over an 18 year mine life. Production is scheduled to start in the first quarter of 2008.

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