

Pike River expects 40% coal price rise as first exports to begin

6 February 2010 - Pike River Coal which expects to ship its first export of coal this month is anticipating that world coking coal prices could rise by as much as 40% from April this year.

Sources: Pike River Coal and Lindsay Clark

Pike River says in its December quarter report that the shipment coincides with a buoyant and encouraging international market in which world coking coal prices are expected to rise even higher than previously forecast.

The company says international market observers anticipate that premium hard coking coal prices could rise by 40% from April 2010 to US\$180 (about NZ\$260) per tonne.

China is again driving demand and is expected to import more than 20 million tonnes of hard coking coal (premium and standard grades) in the 2010 calendar year.

India is also projected to import more than 20 million tonnes of hard coking coal in the 2010 calendar year, including more than six million tonnes of premium hard coking coal to feed its steel manufacturing industry.

The inaugural Pike River shipment with a value of approximately NZ\$3.4 million, will go to one of the company's Indian customers.

Pike River's second export shipment, scheduled for the April – June 2010 quarter, is expected to be around 40,000 tonnes.

Progress on roadway construction through a graben zone of faulted rock immediately ahead of pit-bottom have advanced through 106 m of rock with a further 40 m remaining to coal. This is expected to be reached in February 2010.

This will allow direct access to the main areas where hydro-mining production will commence.

First hydro-mining will be dependent upon advance rates achieved through the graben, construction of raw coal sumps in that stone area and access roadways through coal.

Commissioning of the hydro-mining system is now scheduled for June/July 2010. The impact is to defer approximately 120,000-150,000 tonnes of coal production to the July-September 2010 quarter.

The final recruitment of around 10 more staff to support hydro-mining operations will bring total employed to some 160.

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