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Griffin Coal Names Administrator After Bond Default (Update1)

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(Adds bond price in sixth paragraph.)

By Sarah McDonald

Jan. 4 (Bloomberg) -- Griffin Coal Mining Co., the second-largest supplier of coal to power stations in the state of Western Australia, appointed an administrator after defaulting on \$475 million in bonds.

The Perth-based company failed to pay A\$25 million (\$22 million) of interest due to noteholders by Dec. 31 and missed a payment to Australia's tax authority, administrator KordaMentha said in a statement e-mailed late yesterday.

"The company owns an important piece of infrastructure and is a major contributor to the south-west economy," KordaMentha partner Brian McMaster said in the statement. "Selling the business as a going concern or a restructuring are options being evaluated."

Griffin Coal said Dec. 11 that it would ask bondholders to agree to waive their rights to take enforcement action over the missed bond payment, which was originally due Dec. 1. The coal mining company, Western Australia's oldest, said it was struggling with "a temporary liquidity shortage".

Moody's Investors Service withdrew its B3 credit rating on Griffin Coal on Nov. 25, saying the company didn't provide it with enough information.

Griffin Coal's \$475 million in 9.5 percent bonds due 2016 last traded at 55 cents on the dollar on Dec. 23 to yield 23 percent, according to Trace, the bond-price reporting system of the Financial Industry Regulatory Authority.

Total Debt

Griffin Coal's total debts amount to about A\$700 million according to KordaMentha's statement. The company employs about 500 people and produces more than 5 million metric tons of coal a year, it said.

Company officials and the administrator will meet with Western Australia Premier Colin Barnett and Energy Minister Peter Collier today to discuss the impact on the state's electricity generation capacity, the West Australian newspaper reported, citing McMaster.

Griffin Coal is a unit of the Griffin Group, which was founded by businessman Rick Stowe and has investments in energy, property, agriculture, coal, office products and helicopters, according to its Web site.

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