

HD **RPT-Fallen Australian tycoon Tinkler attempts comeback in coal**

WC 722 words

PD 15 May 2014

ET 07:55

SN Reuters News

SC LBA

LA English

CY (c) 2014 Reuters Limited

LP

(Repeats story published late Wednesday; no changes to text)

* Tinkler buys old thermal **coal** mine from Peabody in cheap deal

TD

* Mine **sold** for less than one-fifth Peabody's original target

* Deal done as **Chinese** investors chase Australian resources

By Sonali Paul

MELBOURNE, May 14 (Reuters) - The **coal** price slump that brought Australian tycoon Nathan Tinkler down last year has also sown the seeds for his comeback, with the former electrician snapping up a closed **coal** mine from Peabody **Energy** for next to nothing.

Tinkler's Singapore-based **firm** Bentley Resources agreed to **buy** the Wilkie Creek mine from Peabody for \$70 **million** in cash, plus the assumption of \$60 **million** in various obligations and liabilities, in a deal announced on Tuesday.

The **sale** came as a surprise to bankers and analysts, who knew that Peabody had wanted well over \$500 **million** for the mine when it was put on the block two years ago.

After failing to attract a buyer, Peabody closed Wilkie Creek in December 2013, blaming weak **coal** prices, high costs and the impact of Australia's carbon tax, which the current government aims to repeal.

A Peabody spokesman was not immediately available for comment after hours in the United States.

Just a year ago Tinkler was forced to give up his **stake** in Whitehaven **Coal** Ltd, the biggest source of his wealth, to pay off creditors, and sell his prized horse farm and Aston Metals **business**.

"I was shocked Nathan's back. It's extraordinary. But he's a businessman. He's made plenty of money from making calls that other people haven't in the past," said Lawrence Grech, senior resources analyst at broker Octa Phillip.

Tinkler, now 38, was a pit electrician when he made his first big bet on **coal**, buying an unloved project for A\$15 **million** in 2006. Within two years he had minted a profit of more than A\$625 **million** on the deal and went on to **buy** another project, Maules Creek.

Riding a **China**-driven **coal** boom, his fortunes peaked in 2012, with the \$5 **billion** merger of his Aston Resources and Boardwalk Resources with Whitehaven **Coal**.

"He's not just lucky. He worked really hard. But he pushed the envelope in terms of risk," said Andrew Harrington, who runs the **coal** consultancy Indexys.

But it all started to unravel in the second half of 2012 as **coal** prices started to slide, hitting Tinkler's **mining**, sports and horse-racing empire, and he ended up moving his family to Singapore from Australia's **coal** hub of Newcastle.

Australian thermal **coal** export prices are now at their lowest levels in more than four years, with the Newcastle weekly spot index holding around \$73 a tonne for the past couple of months.

The Wilkie Creek is an aging, thermal **coal** mine, in stark contrast to the undeveloped Middlemount and Maules Creek projects on which he made his **billions**. Analysts and bankers questioned how profitable this new deal will be for Tinkler.

"They're chalk and **cheese**," said one banker, who declined to be named, as he was not involved in the Wilkie Creek deal.

Tinkler has lined up debt from Leucadia Corp, according to media reports, the same investors who made **millions** backing **iron ore** magnate Andrew Forrest's Fortescue Metals **Group**.

Based on how Tinkler funded his previous deals, analysts say he is unlikely to have put much of his own money down on the deal, and would probably face hefty interest costs on any loan from Leucadia.

Tinkler's spokesman said he did not know how much debt Leucadia had provided for the Wilkie Creek **acquisition**. Tinkler, who was on his way to Sydney to appear at a state hearing into political corruption, was not immediately available for comment.

Analysts said the structure of the deal will be key. Tinkler could come out ahead if recent moves by big **Chinese** investors on Australian resources companies are any indication of north Asian appetite for Australia's **iron ore**, **coal** and **copper**, they said.

"Hopefully the funding arrangements will have the longevity needed to play out his **business** strategy in the face of challenging commodity markets," Grech said. (Reporting by Sonali Paul; Editing by Tom Hogue)

RF Released: 2014-5-14T22:55:24.000Z
CO pbdy : Peabody Energy Corp | lehbro : Lehman Brothers Holdings Inc
IN i111 : Coal Mining | imet : Mining/Quarrying | i1 : Energy | ibasicm : Basic Materials/Resources
NS ccat : Corporate/Industrial News | reqmmm : Suggested Reading Metals/Mining | redit : Selection of Top Stories/Trends/Analysis | reqr : Suggested Reading Industry News
RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania
IPD Business
IPC SERVICE:AUF
PUB Thomson Reuters (Markets) LLC
AN Document LBA0000020140514ea5e00gzc