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HD **Tinkler backs high quality coal**  
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Exclusive NATHAN Tinkler is backing the quality of Australian thermal **coal** with his \$150 **million** move back into the resource space, saying he is confident use of low-emission **coal** has a long-term future.

Mr Tinkler surprised the market with the **purchase** of Peabody **Energy's** Wilkie Creek mine in Queensland, which he plans to reopen by year's end.

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Acknowledging **coal** markets were doing it tough, given the market is over-supplied, Mr Tinkler said what had resonated with him most was how much **coal** quality had sunk in the past decade. "Ten years ago, a benchmark Newcastle product was the norm but with the influx of **China** and India, it has almost been a race to the bottom on **coal** quality," he said.

"All this new production we have seen come on in the last five years has been at the bottom of the market, mostly focused out of Indonesia and mostly finding a home in India and **China**.

"I believe that has dragged the **coal** market down and it is a big reason why **coal** has come under heavy scrutiny as far as its pollution and how it's used in the environment." The former Newcastle electrician, who once topped the BRW Young Rich List before his fortune tumbled, said he would like to see Australian **coal**, given its high quality, be part of the solution for lowering emissions globally.

Wilkie Creek has approval to mine 2.5 **million** tonnes of thermal **coal** each year and Mr Tinkler said his team would assess the potential to expand the operation. "We are confident we can strip some costs out of the structure to make it competitive in today's market," he said.

Peabody hired UBS in mid-2012 to shop Wilkie Creek — near Dalby, northwest of Brisbane — to potential buyers with a price tag of about \$500m mooted at the time.

Mr Tinkler first reviewed the asset 18 months ago but has moved on it now in the low point of the cycle with the support of former Andrew Forrest backers, the New York-based **equity firm** Leucadia.

The 38-year-old told The Australian he had learned lessons over the past few years, which he said had been a tough time.

He was once hailed a successful young deal-maker, having purchased **coal** assets at the bottom of the cycle before selling them at a significant premium.

His luck ran out last year and he was forced to sell his almost 20 per cent **stake** in Whitehaven **Coal** to repay mounting debts.

He had earned that **stake** after merging his resources vehicle Aston Resources into the coalminer. Whitehaven wanted Aston's Maules Creek asset, which Mr Tinkler purchased from Rio Tinto for \$480m in 2009 and which at one stage was valued at \$3.75 **billion**.

Mr Tinkler said in today's environment, a lot of **coal** companies on the Australian market were finding it difficult to raise money.

"It has been hard to get a deal done in the last year or two for anybody in **coal**," he said. And while he backs the quality of **coal** in Australia, Mr Tinkler said the country continued to have a tough operating environment.

He said the bureaucracy of green tape had made it increasingly harder. "Even when you get a mine approved, government have not supported that approval with any sort of conviction," he said.

"These approvals have been left open to terrorist acts by green parties because they are ill-informed and have an extremist view. "Coalminers don't start digging unless they get approvals but these protesters don't think the law applies to them," Mr Tinkler said.

**CO** pbdy : Peabody Energy Corp | lehbros : Lehman Brothers Holdings Inc  
**IN** i111 : Coal Mining | i1 : Energy | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying  
**NS** ccat : Corporate/Industrial News  
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