

THE AUSTRALIAN

SE Business
HD **Pembroke buys \$104m Peabody coal projects**
BY Matt Chambers **MINING**
WC 510 words
PD 11 May 2016
SN The Australian
SC AUSTLN
ED Australian
PG 22
LA English
CY © 2016 News Limited. All rights reserved.
LP

Peabody **Energy** Australia has sold a suite of Bowen Basin coking **coal** projects to the private **equity**-backed Pembroke Resources for \$104 **million**, in a move that will provide a further buffer from the pressures of Peabody's bankrupt US parent.

It is the first **purchase** from Sydney-based Pembroke, which is run by former Gloucester **Coal** chief Barry Tudor and owned by the Boston-based Denham Capital Group.

TD

Pembroke will pay a total of \$120m plus a royalty for the assets, some of which will go to Peabody's partner in the projects, **China's** Citic Resources. The **sale** comes with Peabody **Energy**, the world's biggest private sector **coal company**, in Chapter 11 bankruptcy in the US, but its Australian assets excluded.

But as revealed in The Australian last month, Peabody Australia is subject to potential cash calls related to the US **operations** that make it uncertain whether it can continue as a going concern.

The \$104m received from the **sale** to Pembroke will add to a \$US250m (\$340.6m) loan facility provided by the parent **company** last month to provide working capital and liquidity.

Over the weekend, Peabody released March quarter results showing its Australian **operations** were making cash overall but that its coking coalmines, which account for about half of production, were now out of the money.

So while Peabody's Australian thermal coalmines made earnings before interest, tax, depreciation and amortisation of \$US42.9m, down from \$US48.3m a year earlier, coking **coal** reported a \$US37m loss, down from a \$US13.6m profit a year earlier.

Peabody would not comment on the prospects for the coking coalmines. "Peabody will continue to evaluate opportunities to reshape its platform to best compete in key regions," a spokeswoman said.

"We have said publicly many times that the Australian assets represent a core region with excellent access to high demand Asia markets through both our thermal and metallurgical platform." Pembroke, formed in May 2014 with a \$US200m spending limit from Denham, gave no information on its plans for the projects, but is expected to provide a better idea in coming months.

"Pembroke will continue to assess other **acquisition** and development opportunities as it seeks to further build out its portfolio of high quality metallurgical **coal** assets," the **company** said.

The tenements are known as the Olive Downs complex and comprise the Olive Downs South, Olive Downs North and Willunga deposits acquired in Peabody's 2011 takeover of Macarthur **Coal**.

According to the takeover documents, in 2011 Olive Downs North was the most advanced project, with 11.6 **million** tonnes of **coal** reserves and 93 **million** tonnes of resources.

The resources are primarily pulverised **coal** injection (PCI) **coal**, which Macarthur was built on. Olive Downs South (coking **coal**, PCI and thermal **coal**) and Willunga (PCI and thermal) had not been proved up enough to report reserves but had a combined resource of 515 **million** tonnes. Peabody has reported its share of the ground had resources of 165 **million** short tons.

CO pbdy : Peabody Energy Corp | seawd : CITIC Resources Holdings Ltd | citic : CITIC Group Corporation

IN i1 : Energy | i111 : Coal Mining | i13 : Crude Oil/Natural Gas | ibasicm : Basic Materials/Resources | iexplo : Natural Gas/Oil Exploration | imet : Mining/Quarrying

NS c11 : Plans/Strategy | ccat : Corporate/Industrial News

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB News Ltd.

AN Document AUSTLN0020160510ec5b0001w

Search Summary

Text	((chin* or hong kong)) and (((residential or site or commercial) and (casino resort or island or hotel or apartment or park or estate or property) and (group or firm or company or board or assets) and (transaction* or purchase* or sale or sold or buy)) or ((uranium or wind or gold or solar or ore or copper or energy or alumina or iron or lead or coal or oil) and (bonds or acquisition or merge or purchase or sale or stake or equity) and (million* or billion* or B or M) and (operations or mining or firm or company)) or ((dairy or cheese or butter or milk or bread or wine) and (sold or buy or sale or equity or stake or merge or acquire) and (brand or company or business or group or firm or board) and (million* or billion* or B or M))) not (terrorism or war or navy or stock market or share market or Wall St or Wall Street or Forex or Stock Exchange or rst=asxtex) and re=austr
Date	06/05/2016 to 12/05/2016
Source	All Sources
Author	All Authors
Company	All Companies
Subject	All Subjects
Industry	All Industries
Region	All Regions
Language	English
Results Found	166
Timestamp	9 October 2017 21:58