

**SE** COMPANIES

**HD** **Peabody pulls plug on Tinkler's coal comeback; MINING**

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Nathan Tinkler's hopes for a comeback in the coal industry have been dealt a serious blow by the collapse of his deal with Peabody to buy the US coal producer's Wilkie Creek coal mine in Australia.

The Australian entrepreneur's Singapore-based Bentley Resources made a non-refundable payment for the mine when it agreed to the deal in May. However, it had failed to follow up with further instalments, Peabody said.

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Bentley was "unable to meet its subsequent obligations for closing", Peabody said in a statement yesterday. As a result, it had terminated the sale agreement and was "evaluating its alternatives" for the Queensland mine.

Two people familiar with Mr Tinkler's business dealings confirmed that he had failed to make a "milestone" payment agreed in a contract with Peabody.

The development comes only three months after Peabody and 38 year-old Mr Tinkler inked the \$150m Wilkie Creek deal.

Benchmark Australian thermal coal prices have since sunk 5 per cent and are down 18 per cent this year.

The Australian coal sector is enduring its biggest shakeout in years amid a two-year slump in the coal price, a plethora of relatively high-cost mines and a strong Australian dollar.

Australian miners have shed thousands of jobs as they mothball high-cost mines, sell non-core assets and drive efficiencies across their operations. Peabody closed Wilkie Creek last December after failing to find a buyer.

Mr Tinkler had hoped to use Wilkie Creek to spearhead his re-entry into the coal business. The former billionaire crashed out of the industry in 2012 after a sharp drop in coal prices left him heavily exposed to creditors.

Mr Tinkler, who now lives primarily in Singapore, said in May that he was investing in Wilkie Creek because he believed that there would be demand for higher quality, low-emission coal as a result of government pressure - especially in China - for greater use of more environmentally friendly grades of the fuel.

"While the market is oversupplied, we are still in a market where I believe high-quality thermal coal is hard to secure, so now is the time to buy it," he said.

Mr Tinkler was for several years listed as the richest man in Australia under 40 after he amassed a huge paper fortune based on a series of deals in the coal business, starting with a A\$30m (US\$28m) investment in a Queensland coal licence.

That culminated in the **sale** of assets to Whitehaven **Coal** for A\$2.7bn three years ago. Mr Tinkler then made a A\$5.3bn bid for Whitehaven in 2012, which foundered after **coal** prices fell. The collapse triggered lawsuits in Australia against Mr Tinkler to recover unpaid debts, which were put at a reported A\$500m last year.

Additional reporting by Jamie Smyth and Xan Rice

**CO** brgol : FYI Resources Ltd | pbdy : Peabody Energy Corp

**IN** imet : Mining/Quarrying | i111 : Coal Mining | i1 : Energy | ibasicm : Basic Materials/Resources | i951 : Health Care/Life Sciences

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