ST. LOUIS, Nov. 2, 2016 /PRNewswire/ -- Peabody Energy announced today that one of its Australian subsidiaries has entered into a definitive agreement to sell Metropolitan Mine in New South Wales, Australia, and its associated 16.67 percent interest in the Port Kembla Coal Terminal to a subsidiary of South32 Ltd. for US$200 million in cash, subject to customary working capital adjustments. The transaction also includes a contingent value right that enables Peabody to realize additional cash proceeds should future metallurgical coal prices remain in excess of an agreed forward curve for a period of approximately 12 months following completion. The sale also is expected to release Peabody of approximately A$20 million in financial assurances, in the form of bank guarantees and cash, that will be replaced by South32 upon completion.

"This sale supports our actions to strengthen the Australian portfolio, which remains core to Peabody, and is consistent with the strategy outlined in our business plan," said President and Chief Executive Officer Glenn Kellow. "We expect the transaction to be accretive to the value reflected in the business plan, generate meaningful proceeds for the Australian business, decrease future capital expenditure needs, and reduce risk to the Australian platform as we pursue a smaller but more profitable portfolio going forward."

South32 Chief Executive Officer Graham Kerr said: "The Metropolitan Colliery is a natural fit within our portfolio and the acquisition is consistent with our strategy to invest in high quality mining operations where we can create value. The mine's recently upgraded infrastructure and close proximity to Illawarra Metallurgical Coal will enable us to further optimize performance and unlock unique blending and resource synergies. We look forward to the Metropolitan team joining South32."

The transaction is not expected to have any impacts on the mine staff, workforce, or community, as South32 shares similar core values as Peabody from a safety, operations and sustainability perspective. The mine employs approximately 250 mine-site employees and as of December 31, 2015 has approximately 28 million tons of proven and probable reserves.

The contingent value right enables Peabody to share equally with South32 in any revenue above an agreed metallurgical coal price forward curve after taxes, royalties and appropriate discounts on all coal sold for the 12 months following completion, subject to extension if a minimum amount of coal is not sold in that period. Transaction closing is anticipated to occur in the first quarter of 2017, subject to clearance by the Australian Competition and Consumer Commission. The sale is not subject to a financing condition as South32 intends to fund the transaction using existing cash on hand.

South32 Ltd. is a globally diversified mining and metals company with high quality operations in Australia, Southern Africa and South America.

Peabody Energy is the world's largest private-sector coal company and a Fortune 500 company. The company serves metallurgical and thermal coal customers in 25 countries on six continents. For further information, visit PeabodyEnergy.com.

Note: It is uncertain at this stage of our Chapter 11 Cases if any proposed plan of reorganization would allow for distributions with respect to our equity or other securities, although it is likely that our equity securities will be cancelled and extinguished upon confirmation of a plan of reorganization by the bankruptcy court, and that the holders thereof would not be entitled to receive, and would not receive or retain, any property or interest in property on account of such equity interests.

Certain statements included in this release are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. The company uses words such as "anticipate," "believe," "expect," "may," "forecast," "project," "should," "estimate," "plan," "outlook," "target," "likely," "will," "to be" or other similar words to identify forward-looking statements. These forward-looking statements are made as of the date the release was filed and are based on numerous assumptions that the company believes are reasonable, but these assumptions are open to a wide range of uncertainties and business risks that may cause actual results to differ materially from expectations. These factors are difficult to accurately predict and may be beyond the company's control. Factors that could affect the company's results include, but are not limited to: the company's ability to obtain bankruptcy court approval with respect to motions or other requests made to the bankruptcy court in connection with the company's voluntary petitions for reorganization under Chapter 11 of Title 11 of the U.S. Code (the Chapter 11 Cases), including maintaining strategic control as debtor-in-possession; the company's ability to negotiate, develop, confirm and consummate a plan of reorganization; the effects of the Chapter 11 Cases on the operations of the company, including customer, supplier, banking, insurance and other relationships and agreements; bankruptcy court rulings in the Chapter 11 Cases as well as the outcome of all other pending litigation and the outcome of the Chapter 11 Cases in general; the length of time that the company will operate under Chapter 11 protection and the continued availability of operating capital during the pendency of the proceedings; risks associated with third-party motions in the Chapter 11 Cases, which may interfere with the company's ability to confirm and consummate a plan of reorganization and restructuring generally; increased advisory costs to execute a plan of reorganization; the impact of the New York Stock Exchange's delisting of the company's common stock on the liquidity and market price of the company's common stock and on the company's ability to access the public capital markets; the likelihood that the company's common stock will be cancelled and extinguished upon confirmation of a proposed plan of reorganization with no payments made to the holders of our common stock; the volatility of the trading price of our common stock and the absence of correlation between any increases in the trading price and our expectation that the common stock will be cancelled and extinguished upon confirmation of a proposed plan of reorganization with no payments made to the holders of our common stock; the company's ability to continue as a going concern including the company's ability to confirm a plan of reorganization that restructures the company's debt obligations to address liquidity issues and allow emergence from the Chapter 11 Cases; the company's ability to access adequate debtor-in-possession financing (DIP Financing) or use cash collateral; the effect of the Chapter 11 Cases on the company's relationships with third parties, regulatory authorities and

employees; the potential adverse effects of the Chapter 11 Cases on the company's liquidity, results of operations, or business prospects; the company's ability to execute its business and restructuring plan; increased administrative and legal costs related to the Chapter 11 Cases and other litigation and the inherent risks involved in a bankruptcy process; the cost, availability and access to capital and financial markets, including the ability to secure new financing after emerging from the Chapter 11 Cases; the risk that the Chapter 11 Cases will disrupt or impede the company's international operations, including the company's business operations in Australia; competition in the coal industry and supply and demand for the company's coal products, including the impact of alternative energy sources, such as natural gas and renewables, global steel demand and the downstream impact on metallurgical coal prices, and lower demand for the company's products by electric power generators; the company's ability to successfully consummate planned divestitures; the company's ability to appropriately secure its obligations for reclamation, federal and state workers' compensation, federal coal leases and other obligations related to the company's operations, including its ability to utilize self-bonding and/or successfully access the commercial surety bond market; customer procurement practices and contract duration; the impact of weather and natural disasters on demand, production and transportation; reductions and/or deferrals of purchases by major customers and the company's ability to renew sales contracts; credit and performance risks associated with customers, suppliers, contract miners, co-shippers, and trading, bank and other financial counterparties; geologic, equipment, permitting, site access, operational risks and new technologies related to mining; transportation availability, performance and costs; availability, timing of delivery and costs of key supplies, capital equipment or commodities such as diesel fuel, steel, explosives and tires; impact of take-or-pay arrangements for rail and port commitments for the delivery of coal; successful implementation of business strategies, including, without limitation, the actions the company is implementing to improve its organization and respond to current industry conditions; negotiation of labor contracts, employee relations and workforce availability, including, without limitation, attracting and retaining key personnel; the company's ability to comply with financial and other restrictive covenants in various agreements, including the DIP Financing credit agreement; changes in postretirement benefit and pension obligations and their related funding requirements; replacement and development of coal reserves; effects of changes in interest rates and currency exchange rates (primarily the Australian dollar); effects of acquisitions or divestitures; economic strength and political stability of countries in which the company has operations or serves customers; legislation, regulations and court decisions or other government actions, including, but not limited to, new environmental and mine safety requirements, changes in income tax regulations, sales-related royalties, or other regulatory taxes and changes in derivative laws and regulations; the company's ability to obtain and renew permits necessary for the company's operations; litigation or other dispute resolution, including, but not limited to, claims not yet asserted; any additional liabilities or obligations that the company may have as a result of the bankruptcy of Patriot Coal Corp., including, without limitation, as a result of litigation filed by third parties in relation to that bankruptcy; terrorist attacks or security threats, including, but not limited to, cybersecurity threats; impacts of pandemic illnesses; and other risks detailed in the company's reports filed with the SEC. The company does not undertake to update its forward-looking statements except as required by law.

CONTACT:
Vic Svec
(314) 342-7768

Michelle Constantine
+61 (0)7 3333 5670

Logo - http://photos.prnewswire.com/prnh/20120724/CG44353LOGO

To view the original version on PR Newswire,
visit:http://www.prnewswire.com/news-releases/peabody-energy-enters-into-agreement-to-sell-metropolitan-mine-for-200-million-an

SOURCE Peabody Energy