

G'day, make mine \$800m thanks

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Paul Williams likes to say he doesn't want to be seen as the next Nathan Tinkler. He prefers to be known simply as the bloke from Walgett, a town in north-western NSW at the junction of the Barwon and Namoi rivers.

Yet Williams also believes he is sitting on a 6.3 billion tonne coking coal deposit through his private company, Coal of Queensland. The 56-year-old reckons the deposit in the Bowen Basin is worth \$800 million at a minimum.

Others disagree.

The real test of his personal fortune is about to come, with Goldman Sachs appointed to prepare Coal of Queensland to float on the Australian Stock Exchange.

The initial public offering is likely to give the reclusive entrepreneur a prominent public profile. His 77 per cent stake in Coal of Queensland is worth \$616 million – assuming his valuation of the company's flagship Wilton coal project is correct.

Williams also has a \$6 million stake in listed coal explorer Acacia Coal and has acquired dozens of coal tenements across Queensland, meaning his net worth could be higher. Yet while a successful listing of Coal of Queensland could see him join the ranks of the BRW Rich List, it hasn't been smooth sailing.

Williams' other major business interest is property development.

In 2007 he was fined \$330,000, ordered to pay costs of \$85,000 and made to complete 400 hours of community service by the NSW Land and Environment Court after a contractor destroyed endangered native vegetation at a property development at Kurnell, in southern Sydney.

Williams had also tried to develop southern Sydney's answer to Fox Studios, Serenity Film Studios, as part of a large property development in the same part of Sydney.

The development was repossessed by financier ING Australia in December 2005 after it fell behind on mortgage payments. A spokesman for ANZ Banking Group – which took over ING in 2009 – said the project's chances were also hampered by contaminated soil, a problem that pre-dated Williams' involvement.

According to Deloitte partner David Lombe, Williams defaulted on another loan with Perpetual over a separate property development, also at Kurnell.

"As a result of monetary defaults, Deloitte were appointed receivers and managers of the property in November 2005," Mr Lombe told *The Australian Financial Review*.

Williams, who is at the Mines and Money conference in Hong Kong this week promoting Coal of Queensland, refused to comment on his property interests when contacted by the *Financial Review*. Representatives of his company declined to respond to written questions.

After the setbacks in NSW, Williams looked north to try his hand at bigger things: coalmining.

The Queensland government's mineral exploration database shows he applied for the rights to explore the Wilton coal project in February 2008 after Anglo-Swiss coal giant Xstrata relinquished its rights over the tenement.

"Xstrata owned it and dropped it and we picked it up," Williams said last week. "Coking coal prices were quite low at the time."

To date he has acquired dozens of coal tenements across Queensland and had some success selling them. Williams is the largest shareholder in Acacia Coal, formerly known as Newlands Resources, with a 13 per cent stake valued at around \$6 million.

In June 2010, Williams sold coal exploration tenements for an initial \$2.5 million plus 56 million fully paid ordinary shares in Newlands, voluntarily escrowed for 12 months. He is to be granted a further \$5 million of fully paid ordinary shares in Acacia once a Joint Ore Reserve Committee-compliant resource of more than 200 million tonnes is identified.



Resourceful ... Paul Williams in Hong Kong this week.. **Photo: Carsten Schael**

But he is unlikely to stop there. Williams has told friends: “[The end game] is to build a world-class resource house.”

His wholly owned private coal development group, Queensland Coal Corporation, is working to commercialise his vast private collection of coal exploration projects. QCC is the parent company of Coal of Queensland.

In early 2011, Grant Thornton Corporate Finance secured seed investment for Coal of Queensland from minority investors, including former Coal of Queensland geologist Guy LeBlanc Smith, institutional investor Matthews Capital and other high net worth individuals.

Goldman Sachs has been given the job as lead manager for a potential IPO of Coal of Queensland. Last week Williams met with shareholders to market the company, whose 6.3 billion tonne inferred resource of coking coal at the Wilton project is critical to its chances of success.

Williams and his advisers believe the \$800 million price tags looks cheap at just 13¢ a tonne on an enterprise value per tonne basis.

But not everyone agrees. US coal giant Alpha Natural Resources ran the ruler over the asset and walked away after failing to come up with a deal.

One source claimed the assets could be worth substantially less due to high costs involved in preparing the lower-quality coal for export sale.

Whatever the valuation, Williams has surrounded himself with an impressive team while still taking an active role in the management of the company.

Last month he appointed former ABC Learning Centres chief executive Matthew Horton as general manager.

Horton joined ABC Learning just weeks before its collapse, and stayed with the group until it was acquired. QCC's chief financial officer Amanda Ward is a non-executive director on the board of Acacia Coal. Williams has also appointed respected coal industry figures Cameron Vorias, head of Sojitz Coal Mining, and former Riversdale Mining geologist Pat Hanna, to the company's board.

Yet for all his recent success, Williams has fallen out with several former advisers and even his son Nick, who has left the family company because he no longer agrees with the way the business is run. Nick Williams declined to comment.

Then there is Guy LeBlanc Smith, managing director of private coal consulting group Rock Knowledge, the geologist who worked with Williams from August 2008 until late-2011.

LeBlanc Smith has cut ties with the company. “Rock Knowledge has withdrawn services for Coal of Queensland and entities owned by Paul Williams and is taking steps to recover amounts owing,” LeBlanc Smith told the *Financial Review*.

“There are amounts owing for work done on many projects.”

Coal of Queensland declined to comment.

The former managing director of coking coal junior Carabella Resources, Mitch Jakeman, has also walked away from QCC, citing irreconcilable differences with Williams.

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