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FORDING INC  
Form 425  
December 18, 2002

Filed by Sherritt Coal Acquisition Inc.

Filed pursuant to Rules 165 and 425 promulgated under  
the Securities Act of 1933, as amended

Subject Company: Fording Inc.  
Subject company's Commission File No: 1-15230

SHERRITT COAL PARTNERSHIP II'S  
SUPERIOR OFFER FOR FORDING  
DECEMBER 2002

NOTE TO INVESTORS

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IN CONNECTION WITH THE PROPOSED BUSINESS COMBINATION, SHERRITT COAL ACQUISITION INC. (AN AFFILIATE OF SHERRITT COAL PARTNERSHIP II) HAS FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION A SCHEDULE 14D-1F/A, AND SHERRITT INTERNATIONAL CORPORATION AND CANADIAN COAL TRUST WILL FILE A REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, EACH CONTAINING AN OFFER AND CIRCULAR RELATING TO THE PROPOSED BUSINESS COMBINATION DESCRIBED IN THIS PRESENTATION. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THESE DOCUMENTS BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT SHERRITT COAL ACQUISITION INC., SHERRITT INTERNATIONAL CORPORATION, CANADIAN COAL TRUST, FORDING INC. AND THE PROPOSED BUSINESS COMBINATION. THE OFFER AND CIRCULAR HAVE BEEN SENT TO SECURITY HOLDERS OF FORDING. COPIES OF THE DOCUMENTS AS WELL AS OTHER SEC FILINGS OF SHERRITT COAL ACQUISITION INC., SHERRITT INTERNATIONAL CORPORATION AND CANADIAN COAL TRUST MAY BE OBTAINED, FREE OF CHARGE, FROM THE SEC'S WEBSITE AT WWW.SEC.GOV AS WELL AS FROM SHERRITT COAL ACQUISITION INC. BY DIRECTING A REQUEST TO INVESTOR RELATIONS, 1133 YONGE STREET, TORONTO, ONTARIO, CANADA M4T 2Y7, TELEPHONE (416) 934-7655.

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SAFE HARBOR / FORWARD-LOOKING STATEMENTS

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THIS PRESENTATION CONTAINS FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE NOT BASED ON HISTORICAL FACTS, BUT RATHER ON CURRENT EXPECTATIONS AND PROJECTIONS ABOUT FUTURE EVENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES. THESE RISKS AND UNCERTAINTIES COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE FUTURE RESULTS EXPRESSED OR IMPLIED BY THE FORWARD-LOOKING STATEMENTS.

THIS PRESENTATION DOES NOT CONSTITUTE AN OFFER TO SELL SECURITIES IN ANY JURISDICTION.

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### THE OFFERS

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|                       | OUR SUPERIOR OFFER   | FORDING / TECK PROPOSAL  |
|-----------------------|--|--|
|                       | -----  | -----  |
| Offer                 | <ul style="list-style-type: none"> <li>- Choice of:</li> <li>- \$35.00 a share in cash, up to \$850mm, or</li> <li>- 1 Exchange Right convertible into 1 Unit, up to approximately equal to 42.4mm issued, or</li> <li>- A combination of the above</li> </ul> | <ul style="list-style-type: none"> <li>- Choice of:</li> <li>- \$34.00 a share in cash, up to \$795mm, or</li> <li>- 1 Unit, up to approximately equal to 27.6mm Units issued, or</li> <li>- A combination of the above</li> </ul> |
| Max Cash proration 1) | <ul style="list-style-type: none"> <li>- \$17.63 Cash + 0.496 Right</li> <li>- Illustrative Value: \$35.00(3)</li> </ul>   | <ul style="list-style-type: none"> <li>- \$15.60 Cash + 0.541 Unit</li> <li>- Illustrative Value: \$34.00(3)</li> </ul>  |
| Max Unit proration 2) | <ul style="list-style-type: none"> <li>- \$6.13 Cash + 0.825 Exchange Right and approximately equal to \$3.00 one-time cash distribution</li> <li>- Illustrative Value: \$38.00(3)</li> </ul>  | <ul style="list-style-type: none"> <li>- \$15.60 Cash + 0.541 Unit</li> <li>- Illustrative Value: \$34.00(3)</li> </ul>  |
| FD Units              | <ul style="list-style-type: none"> <li>- 57.8mm(4)</li> </ul>  | <ul style="list-style-type: none"> <li>- Approximately equal to 70.3mm units(5)</li> </ul>   |

- (1) ASSUMES EVERY SHAREHOLDER ELECTS CASH (OTHER THAN TEACHERS' IN THE CASE OF OUR SUPERIOR OFFER)
- (2) ASSUMES EVERY SHAREHOLDER ELECTS UNITS
- (3) ASSUMES ILLUSTRATIVE VALUE OF UNIT EQUALS VALUE OF CASH PORTION
- (4) ASSUMES THE CONVERSION OF SCP II'S INTEREST INTO UNITS TOGETHER WITH THE UNITS ISSUED TO LUSCAR AND CONSOL FOR METCOAL ASSETS AND THE LUSCAR MINE
- (5) ASSUMES TECK CONVERTS ITS FORDING COAL PARTNERSHIP STAKE INTO FORDING TRUST UNITS AND FORDING TRUST SETTLES INDEBTEDNESS ADJUSTMENT WITH UNITS. ALSO INCLUDES EFFECT OF 3.6MM UNIT MANAGEMENT OPTION PLAN

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### IMPORTANT CONDITIONS TO OUR SUPERIOR OFFER

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- X FORDING SHAREHOLDERS MUST REJECT THE CURRENT FORDING / TECK PROPOSAL ON JANUARY 3, 2003 (TEACHERS' WILL VOTE AGAINST IT)
- X FORDING SHAREHOLDERS MUST TENDER A MINIMUM OF 66 2/3% OF THE OUTSTANDING SHARES (TEACHERS' WILL TENDER FOR EXCHANGE RIGHTS)
- X NO "NON-ARMS LENGTH" COMMITMENT TO WESTSHORE
- X OTHER NORMAL CONDITIONS AND REGULATORY APPROVALS

SHERRITT COAL PARTNERSHIP'S OFFER IS SUPERIOR

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MORE ATTRACTIVE CONSIDERATION OFFERED

- X Higher cash amount per share (\$35.00 vs. \$34.00)
- X More cash delivered to shareholders in max cash scenario (\$17.63 vs. \$15.60)
- X More potential initial value delivered to shareholders in max unit scenario (\$38.00 vs. \$34.00) (1)
- X \$1.05 distribution target for the first quarter with greater cost savings opportunity
- X Subordination supports \$1.05 cash distribution in each quarter of 2003
- X Substantially less indebtedness in Trust
- X No risk of dilution from "Teck-type" conversion

OUR TRUST IS SUPERIOR TO THE FORDING / TECK TRUST

- X Added cost savings from closer geographic proximity, Neptune terminal and B.C. mineral tax pool
- X No currency hedge liabilities
- X Corporate governance aligned with unitholders
- X Lower corporate overhead costs

(1) ASSUMES UNIT VALUE EQUALS CASH VALUE. INCLUDES APPROXIMATELY \$3.00 ONE-TIME CASH DISTRIBUTION FOR SHERRITT COAL PARTNERSHIP II'S SUPERIOR OFFER

STRONGER DISTRIBUTABLE CASH FLOW POTENTIAL

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ESTIMATED PRO FORMA DISTRIBUTABLE CASH FLOW PER UNIT PLUS COST SAVINGS PLUS IMPROVED VOLUME

|                              | CANADIAN COAL TRUST | FORDING / TECK T |
|------------------------------|---------------------|------------------|
|                              | -----               | -----            |
| IMPROVED VOLUME              | \$0.40              | \$0.69           |
| COST SAVINGS                 | \$0.87              | \$0.41           |
| PRO FORMA DISTR. CF PER UNIT | \$3.40              | \$3.07           |
|                              | ----                | ----             |
| TOTAL                        | \$4.67              | \$4.17           |
|                              | =====               | =====            |

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SOURCE: BASED ON ANNUALIZED PRO FORMA 9/30/02 DISTRIBUTABLE CASH PER UNIT PLUS COST SAVINGS PLUS ESTIMATED VOLUME IMPROVEMENTS. SEE APPENDIX FOR CALCULATION DETAILS

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FORDING / TECK TRANSACTION STRUCTURE  
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[GRAPHIC]

- (1) ASSUMING APPROXIMATELY 50.9 MILLION COMMON SHARES ARE OUTSTANDING ON A FULLY DILUTED BASIS, UPON COMPLETION OF THE ENHANCED ARRANGEMENT, THE PARTICIPATING SHAREHOLDERS WILL OWN APPROXIMATELY 73.4% OF THE OUTSTANDING UNITS
- (2) NEW FORDING WILL BE THE CONTINUING CORPORATION RESULTING FROM THE AMALGAMATIONS OF FORDING, FCL AND SUBCO
- (3) NEW FORDING WILL HOLD 62.3% AND TECK WILL HOLD 37.7% OF THE FORDING COAL PARTNERSHIP UNITS
- (4) NEW FORDING WILL HOLD A SINGLE VOTING SHARE IN MINERA NYCO S.A. DE C.V. IN ORDER TO COMPLY WITH MEXICAN CORPORATE LAW WHICH REQUIRES THAT CORPORATIONS SUCH AS MINERA NYCO S.A. DE C.V. HAVE AT LEAST TWO SHAREHOLDERS

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SHERRITT/TEACHERS' TRANSACTION STRUCTURE  
A SIMPLER STRUCTURE  
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[GRAPHIC]

- (1) EXCHANGEABLE AFTER ONE YEAR INTO EQUIVALENT UNITS OF CANADIAN COAL TRUST
- (2) ASSUME LUSCAR AND CONSOL EXERCISE PUT

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SHERRITT/TEACHERS' ASSET TRANSFER OVERVIEW  
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FORDING PRAIRIE ASSET TRANSFER

METCOAL ASSET TRANSFER(1) AND LUSCAR  
MINE PUT(2)

-----  
[GRAPHIC]

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[GRAPHIC]

- Proceeds consist of the amount necessary to pay (i) FDG existing

- Estimated value of \$224mm (\$35 unit valuation)

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- debt and transaction fees (is approximately equal to \$166mm),
- (ii) hedge cancellation fees (is approximately equal to \$115mm) and
- (iii) break-up fees (\$51mm), net of \$90mm of bridge loan proceeds
- Attractive businesses with potential upside
- Includes approximately \$300mm of Line Creek mineral tax pool
- Annuity type business with limited upside
- Assets to be conveyed in a tax neutral manner

- (1) CONSISTS OF 100% OF LINE CREEK MINE, 100% OF CHEVIOT MINE PROJECT (UNDEVELOPED) AND 46% STAKE IN NEPTUNE TERMINAL. CONSIDERATION ALSO INCLUDES A 2.5% ROYALTY PAYMENT IF THE CHEVIOT MINE PROJECT WERE EVER DEVELOPED
- (2) LUSCAR MINE PUT CONSISTS OF LUSCAR AND CONSOL'S RIGHT TO SELL THE MINE TO THE CANADIAN COAL TRUST FOR 0.25MM UNITS EACH. MOST RECLAMATION LIABILITIES ASSOCIATED WITH THE LUSCAR MINE WILL BE RETAINED BY LUSCAR AND CONSOL

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### CANADIAN COAL TRUST INVESTMENT HIGHLIGHTS

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STRONG BUSINESS CASE FOR DISTRIBUTION TARGET  
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| TARGET 1Q<br>2003 (1) | TARGET 1Q<br>2003 | CANADIAN<br>COAL TRUST'S ADVANTAGES   |
|-----------------------|-------------------|---|
| [GRAPHIC]             | [GRAPHIC]         | <ul style="list-style-type: none"> <li>- Greater cost savings opportunity                             <ul style="list-style-type: none"> <li>- is approximately equal to 1/3 of expected cost savings to be realized in 2003</li> <li>- Cost savings after 2003 expected to increase annual distributed cash flow per unit by approximately \$0.60</li> </ul> </li> <li>- Less risk from lower debt and interest cost</li> <li>- No hedge exposure</li> <li>- Eliminates significant capex from Fording Prairie operations(2)</li> <li>- Upside potential from improved Line Creek mine and Cheviot mine project</li> </ul> |

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- (1) CANADIAN COAL TRUST WILL HAVE A TARGET DISTRIBUTION OF \$1.05 FOR THE FIRST QUARTERLY DISTRIBUTION FOR 2003, AND SUBORDINATION BY THE PARTNERSHIP TO SUPPORT A \$1.05 DISTRIBUTION IN EVERY QUARTER OF 2003
- (2) FORDING PRAIRIE INCLUDES SIGNIFICANT LEVELS OF CAPEX ASSOCIATED WITH NEW CUSTOMER CONTRACTS

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 CANADIAN COAL TRUST'S SUBORDINATION  
 PROVIDES DOWNSIDE PROTECTION  
 -----

| DESCRIPTION   | BENEFITS   |
|---|--|
| <ul style="list-style-type: none"> <li>- Unitholders will receive a \$1.05 quarterly distribution per quarter before SCPII receives its distribution</li> <li>- SCPII's subordination each quarter will be capped at \$11.25mm</li> <li>- Subordination will be provided for quarterly distributions in 2003</li> </ul> | <ul style="list-style-type: none"> <li>- More certain cash flow distribution to unitholders</li> <li>- Demonstrates Sherritt / Teachers' confidence that distributable cash flow of \$1.05 per quarter will be achieved</li> </ul> |

ILLUSTRATIVE IMPACT ON 2003E ANNUAL DISTRIBUTABLE CASH FLOW PER UNIT  
 -----

[GRAPHIC]

- (1) BASED ON ANNUALIZED NINE MONTHS THRU SEPTEMBER 30, 2002 SENSITIVITY TABLE IN FORDING SUPPLEMENT

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 CANADIAN COAL TRUST WILL HAVE LESS  
 INDEBTEDNESS THAN FORDING / TECK TRUST  
 -----

APPROXIMATE LEVERAGE  
 (EXCLUDES WORKING CAPITAL DEBT) (1)

BENEFITS OF LESS INDEBTEDNESS

- Less financial risk to distributions
- Less interest expense
- Less refinancing risk

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[CO GRAPHICS]

-- Increased ability to fund growth / expansion

-- Fording's ability to access capital in the future will be more limited given its high leverage

- (1) EXCLUDES WORKING CAPITAL FACILITY. SIZE UNSPECIFIED AT FORDING / TECK TRUST AND \$25MM AT CANADIAN COAL TRUST
- (2) ANNUALIZED 9 MONTHS TO SEPTEMBER 30, 2002. EBITDA ELIMINATES HEDGING COSTS FOR CANADIAN COAL TRUST
- (3) EXCLUDES ESTIMATED MARK-TO-MARKET UNSECURED HEDGING DEBT OF APPROXIMATELY \$115 MILLION

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NO RISK OF "TECK-TYPE" DILUTION  
-----

-- Teck directly invested at Fording Coal Partnership level

-- Fording Coal Partnership has no debt (except working capital revolver)

-- Teck is able to convert its Fording Coal Partnership investment into Units and will be compensated for assuming a share of Trust's leverage with either (i) cash, (ii) debt or (iii) more Trust units

-- A Teck conversion could significantly dilute existing unit holders

-- If converted today, Teck could take over the Trust with 51% ownership

[CO GRAPHICS]

SOURCE: FORDING SUPPLEMENT

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MORE FOCUSED ON METALLURGICAL COAL  
CANADIAN COAL TRUST'S VS. FORDING / TECK TRUST'S SALES COMPOSITION  
-----

CANADIAN COAL TRUST

FORDING / TECK TRUST  
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[CO GRAPHICS]

[CO GRAPHICS]

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>-- Assets to be included:</li> <li>-- 100% of Fording's Mountain operations</li> <li>-- 100% of Fording's Industrial Mineral's operations</li> <li>-- 100% of Line Creek mine</li> <li>-- 100% of undeveloped Cheviot mine project</li> <li>-- 46% interest in Neptune terminal</li> <li>-- 100% of Luscar mine ex reclamation(1)</li> </ul> | <ul style="list-style-type: none"> <li>-- Assets to be included:</li> <li>-- 62% of Elkview Mine</li> <li>-- 62% of Fording's Mountain operations</li> <li>-- 62% of Fording's Prairie operations</li> <li>-- 100% of Fording's Industrial Minerals operations</li> </ul> |
|---|---|

SOURCE: FORDING AND LUSCAR PUBLIC FILINGS

(1) ASSUMES LUSCAR AND CONSOL EXERCISE THEIR PUT RIGHT TO SELL THE LUSCAR MINE 0.25MM UNITS EACH

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 GREATER ESTIMATED COST SAVINGS AND SYNERGY OPPORTUNITIES  
 -----

|  | CANADIAN COAL TRUST<br>-----   | FORDING / TECK<br>PROPOSAL<br>----- |
|--|--|-------------------------------------|
| MORE EFFICIENT MINE OPERATIONS                 | <ul style="list-style-type: none"> <li>-- is greater than \$25mm</li> <li>-- Mine operations optimization, purchasing, rail and corporate</li> <li>-- Shift Luscar production to Cheviot mine project or lower cost Fording mines</li> </ul> | is approximately equal to \$25mm    |
| ESTIMATED TERMINAL SAVINGS                     | <ul style="list-style-type: none"> <li>-- Cheaper throughput at Neptune Terminals</li> <li>-- Up to 8mm tonnes of additional capacity</li> <li>-- Cost savings of up to 2.50/tonne</li> </ul>  | -- None                             |
| ESTIMATED TAX SAVINGS                          | <ul style="list-style-type: none"> <li>-- Potential to utilize existing is approximately equal to \$300mm Line Creek B.C. mineral tax pool</li> </ul>  | -- None                             |
| EST. TOTAL COST SAVINGS                        | -- \$50MM  | -- \$25MM                           |
| ADDITIONAL MARKETING & COAL BLENDING SYNERGIES | -- Comparable to Fording / Teck  | -- \$25mm                           |



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 CONTIGUOUS FORDING RIVER, GREENHILLS & LINE CREEK MINES  
 -----

[CO GRAPHIC]

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 CANADIAN COAL TRUST WILL NOT HAVE FORDING'S HEDGE LIABILITY  
 -----

HEDGING OVERVIEW

HISTORICAL FORDING / TECK TRUST  
 HEDGE LOSSES (CAD MILLIONS) (1)

-----  
 -- Canadian Coal Trust will not  
 have exposure to Fording's  
 current hedge liability

-- Estimated hedge  
 cancellation costs of  
 \$115mm will be paid out  
 prior to formation of  
 Canadian Coal Trust

[CO GRAPHIC]

-- Fording / Teck Trust would  
 retain USD \$1.5 billion of  
 hedge exposure through  
 2006

(1) BASED ON 62.3% OF METALLURGICAL COAL ASSETS HELD BY FORDING / TECK TRUST

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 CANADIAN COAL TRUST WILL HAVE MORE  
 UNITHOLDER FRIENDLY GOVERNANCE  
 -----

CANADIAN COAL TRUST

FORDING / TECK PROPOSAL

-----  
 -- MAJORITY INDEPENDENT BOARD  
 -- ALL INDEPENDENT TRUSTEES

-----  
 -- MAJORITY TRUSTEES AND BOARD  
 NOMINATED BY TECK/WESTSHORE

[CO GRAPHICS]

[CO GRAPHICS]

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 CANADIAN COAL TRUST WILL HAVE LOWER  
 CORPORATE OVERHEAD COSTS  
 -----

|                                    | OUR SUPERIOR OFFER<br>-----   | FORDING / TECK PROPOSAL<br>-----  |
|------------------------------------|---|---|
| MANAGEMENT TEAM                    | - Combined strength of existing Luscar and Fording management   | - Existing management team  |
| ESTIMATED CORPORATE OVERHEAD COSTS | - Guaranteed existing level of corporate overhead (excluding one time charges), with incentives to lower costs to Trust | - \$2 million additional costs  |
| MANAGEMENT INCENTIVE               | - Percentage of cost savings -- No additional costs or dilution to Trust  | - 3.6 million Trust options available to management with resultant cost and potential of dilution being incurred by Trust |
| INDEPENDENCE                       | - Arms length with independent trustees   | - Non-arms length   |

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FINANCIAL APPENDIX

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 STRONGER DISTRIBUTABLE CASH FLOW GROWTH POTENTIAL  
 CAD IN MILLIONS, EXCEPT PER SHARE  
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|   | 9 Months Ended 9/30/02 |     |             |
|---|------------------------|-----|-------------|
|   | Canadian Coal Trust    |     | Fording/Teo |
| Fording Trust Distributable Cash Flow (Pre-Reserve)                               | 98                     |     | 9           |
| - Estimated Fording Industrial Minerals EBITDA less capex                         | (6)                    |     |             |
| + Elimination of Fording Trust Interest Expense                                   | 15                     |     |             |
|   | --                     |     |             |
| Fording Trust Cash Flow From Fording Coal Partnership                             | 106                    |     | 9           |
| ADJUSTED CASH FLOW FROM FORDING COAL PARTNERSHIP                                  | 171                    | (1) | 9           |
| + Termination of Foreign Exchange Hedge   | 65                     |     |             |
| + Estimated Met Coal Assets EBITDA less capex less mining taxes                   | 2                      |     |             |
| + Estimated Luscar mine EBITDA less capex   | 19                     |     |             |
| - Estimated Canadian Coal Trust Interest Expense                                  | (12)                   | (3) |             |
| + Estimated Fording Industrial Minerals EBITDA less capex                         | 6                      |     |             |
| - Estimated Elimination of Elkview Assets' EBITDA less capex<br>less mining taxes | (73)                   |     |             |
| - Estimated Elimination of Fording Thermal Assets' EBITDA<br>less capex           | (30)                   |     |             |
|   | --                     |     |             |
| DISTRIBUTABLE CASH FLOW PER UNIT (PRE-RESERVE)                                    | 147                    |     | 9           |
| Less Reserve @ 10%  | 0                      | (4) | 1           |
| Illustrative Distributable Cash Flow  | 147                    |     | 8           |
| Number of Units (in millions)   | 57.8                   | (5) | 38.         |
| Distributable Cash Flow Per Unit  | \$2.55                 |     | \$2.3       |
| ANNUALIZED DISTRIBUTABLE C.F. PER UNIT  | \$3.40                 |     | 3.          |
| + Cost Synergies (6)  | 50                     |     |             |
| + Estimated Increased From Volume Improvements                                    | 23                     | (7) |             |
| ANNUALIZED DIST. C.F. PER UNIT WITH SYNERGIES AND<br>IMPROVED VOLUME              | \$4.67                 |     | \$4.        |

SOURCE: FORDING PUBLIC FILINGS, INVESTOR ROADSHOW, AND SHERRITT AND LUSCAR MANAGEMENT ESTIMATES

- (1) BASED ON FORDING TRUST 62.3% OWNERSHIP STAKE IN FORDING COAL PARTNERSHIP
- (2) FORDING WILL RETAIN ITS HEDGE GOING FORWARD WHILE CANADIAN COAL TRUST WILL ELIMINATE THE EXISTING HEDGE
- (3) BASED ON TOTAL DEBT, INCLUDING WORKING CAPITAL, OF \$325M AND AN INTEREST RATE OF 5.0%
- (4) LACK OF ADDITIONAL CAPITAL EXPENDITURES FOR FORDING THERMAL OPERATIONS AND INCREASED FINANCIAL FLEXIBILITY FROM LESS DEBT EFFECTIVELY ELIMINATES CCT'S NEED FOR RESERVE
- (5) 57.8 MM UNITS REFLECTS ECONOMIC SPLIT OF METCOAL COMPANY CASH FLOWS WITH SCPII
- (6) BASED ON ANNUAL ESTIMATED COST SAVINGS OF \$50M FOR CANADIAN COAL TRUST AND \$25M FOR FORDING COAL PARTNERSHIP
- (7) ASSUMES ANNUAL VOLUME INCREASES OF 1.8M TONNES AT FORDING'S MET OPERATIONS AND LINE CREEK AND EACH ADDITIONAL TONNE GENERATED \$13.0M OF CASH FLOW
- (8) BASED ON 1.9M ADDITIONAL TONNES WITH EACH ADDITIONAL MILLION TONNE GENERATING \$13.0M OF CASH FLOW

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|                      | FORDING SHARE<br>PURCHASE                       | REPAYMENT OF FDG<br>DEBT, BREAK-UP FEE &<br>HEDGE CANCEL FEE |
|----------------------|---|--|
| ESTIMATED<br>USES    | \$850mm (max cash<br>scenario)                  | Estimated at \$332m  |
| ESTIMATED<br>SOURCES | - \$640mm from<br>Partnership                   | - \$90mm of \$300mm<br>bridge loan facility                  |
|                      | - \$210mm of \$300mm<br>bridge loan facility(1) | - Remainder from the<br>Partnership(2)                       |

- IF \$210MM BRIDGE LOAN FACILITY IS NOT REQUIRED TO PURCHASE FDG SHARES, THEN THE CANADIAN COAL TRUST INTENDS TO MAKE A ONE-TIME CASH DISTRIBUTION TO UNITHOLDERS TO ENSURE THAT THE \$300MM BRIDGE LOAN FACILITY IS FULLY DRAWN
- IN EXCHANGE, FORDING THERMAL ASSETS WILL BE TRANSFERRED TO THE PARTNERSHIP AND/OR THE AFFILIATES IN A TAX NEUTRAL MANNER

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ONE-TIME CASH DISTRIBUTIONS TO UNITHOLDERS

DESCRIPTION

- Offeror intends to use \$210mm of its \$300mm bridge loan facility to purchase Fording shares
- If more than 69% of shareholders elect Exchange Rights, then all of the \$210mm bridge loan proceeds are not needed to purchase Fording shares
- Any amount of the \$210mm bridge loan proceeds not used to purchase Fording shares will be used to make a one-time cash distribution to unitholders

INDICATIVE ONE-TIME CASH  
DISTRIBUTION PER UNIT

% FDG SHAREHOLDERS ELECTING  
EXCHANGE RIGHTS

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[GRAPHIC]

|                 |        |
|-----------------|--------|
| less than 69.0% | \$0.00 |
| 72.5%           | \$1.13 |
| 75.0%           | \$1.91 |
| 77.5%           | \$2.69 |
| 80.0%           | \$3.46 |
| more than 81.0% | \$3.63 |

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CONTACT INFORMATION  
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THE INFORMATION AGENT FOR THE ENHANCED OFFER IS:  
INNISFREE M&A INCORPORATED  
-----

501 MADISON AVENUE  
20TH FLOOR  
NEW YORK, NEW YORK 10022

TELEPHONE: 1-877-750-5837 (ENGLISH SPEAKERS)  
1-877-750-9499 (FRENCH SPEAKERS)  
BANKS AND BROKERS CALL COLLECT: (212) 750-5833

THE DEALER MANAGERS FOR THE ENHANCED OFFER ARE:  
IN CANADA  
-----

NATIONAL BANK FINANCIAL INC.  
TELEPHONE: (416) 869-3707  
1-800-636-3675

BMO NESBITT BURNS INC.  
TELEPHONE: (416) 359-8137  
1-888-355-6634

ANY QUESTIONS AND REQUESTS FOR ASSISTANCE MAY BE DIRECTED  
TO THE DEALER MANAGERS, THE DEPOSITARY, THE U.S. FORWARDING AGENT  
OR THE INFORMATION AGENT AT THEIR RESPECTIVE TELEPHONE NUMBERS  
AND LOCATIONS SET OUT ABOVE.

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CONTACT INFORMATION  
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THE DEPOSITARY FOR THE ENHANCED OFFER IS:  
CIBC MELLON TRUST COMPANY  
-----

BY MAIL  
P.O. BOX 1036  
ADELAIDE STREET POSTAL STATION  
TORONTO, ONTARIO M5C 2K4

BY HAND OR BY COURIER  
199 BAY STREET  
COMMERCE COURT WEST  
SECURITIES LEVEL  
TORONTO, ONTARIO M5L 1G9  
TELEPHONE: (416) 643-5500  
TOLL FREE: 1-800-387-0825

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E-MAIL: inquiries@cibcmellon.com

HALIFAX  
1660 HOLLIS STREET  
CENTENNIAL BUILDING,  
SUITE 406  
HALIFAX, NS B3J 1V7

CALGARY  
600 THE DOME TOWER  
333-7TH AVE. S.W.,  
6TH FLOOR  
CALGARY, AB T2P 2Z1

MONTREAL  
2001 UNIVERSITY STREET  
16TH FLOOR  
MONTREAL, PQ H3A 2A6

VANCOUVER  
1066 WEST HASTINGS S  
16TH FLOOR  
VANCOUVER, BC V6E 3X

THE U.S. FORWARDING AGENT FOR THE ENHANCED OFFER IS:  
MELLON INVESTOR SERVICES, LLC

-----  
BY HAND OR BY COURIER  
120 BROADWAY STREET, 13TH FLOOR  
NEW YORK, NEW YORK 10271

ANY QUESTIONS AND REQUESTS FOR ASSISTANCE MAY BE DIRECTED  
TO THE DEALER MANAGERS, THE DEPOSITARY, THE U.S. FORWARDING AGENT OR THE  
INFORMATION AGENT AT THEIR RESPECTIVE TELEPHONE NUMBERS AND LOCATIONS SET  
OUT ABOVE.