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BHP seeks to sublease Pilbara cattle stations

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BHP is about to sublease its Ethel Creek and Marillana cattle properties in the Pilbara, fetching an upfront fee of more than \$10 million.

The mining giant will continue its iron ore operations on the pastoral leases, but is exiting cattle production because it is not core to its business.

Ethel Creek and Marillana adjoin billionaire Gina Rinehart's Mulga Downs Station. Ethel Creek adjoins Balfour Downs owned by wealthy Chinese businessman Xingfa Ma, who also owns Emu Downs Station and the Ferngrove Wine Group in the Great Southern.

In addition to the upfront payment, covering a 10-year lease with a 10-year renewal option, the property will command an annual payment, expected to be between \$180,000 and \$300,000, based on similar arrangements.

An expression of interest campaign for the properties, totalling 600,000ha with a carrying capacity of 10,000 head, will start later this month in a campaign led by Elders Real Estate's Greg Smith.

Mr Smith said a full muster of cattle would take place and be sold by BHP, as usual, between July and September before the properties changed hands.

The sublease includes 6000 top-quality breeders and about 2000 other cattle including bulls. Most cattle are Droughtmaster and Santa Gertrudis.

Mr Smith said there had been strong investment in the plant and infrastructure, which was included in the sublease. He said the EOI campaign would involve a two-stage process, the first providing extensive information to interested parties.

"Applicants who are considered commercially competitive would then be invited to inspect the properties," he said.

Mr Smith said the stations would attract a wide range of interest, but among the selection criteria would be a requirement for previous experience managing pastoral property.

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