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HD BHP Billiton: No change tipped for Nickel West operations in response to sale rumors

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LP [BHP Billiton](#) is rumored to have tasked international investment bank [Goldman Sachs](#) with selling its struggling Nickel West operations in Western Australia. However, the global mining giant told SNL Metals & Mining that there is no change to its plans for Nickel West.

The Australian Financial Review's Street Talk reported March 9 that the sale, which could potentially reach A\$1 billion, is set to attract first-round bids in about two weeks.

TD However, while a BHP Billiton representative told SNL that the diversified miner will not comment on market speculation, the representative did say that there is no change to its statement on Nickel West.

[Glencore Xstrata Plc](#) CEO [Ivan Glasenberg](#) reportedly said earlier in March that the company would consider bidding for the Nickel West operations, given the potential synergies with its Minara unit, which controls the Murrin Murrin nickel and refining project in the same region.

Others believed to be potential bidders include Mick Davis' newly formed X2 Resources, Chinese group Jinchuan Group Co. Ltd., China Minmetals Corp., Canada's [First Quantum Minerals Ltd.](#) and Australian player [Western Areas Ltd.](#), although the latter may lack the cash to support a possible deal, Street Talk reported.

Fat Prophets analyst David Lennox told SNL in January that he does not think BHP Billiton is looking too seriously at selling Nickel West.

"The fact that they've kept [Nickel West] in their operations would tend to indicate they're comfortable with how the business has operated to date. These are only rumors we're hearing. The company, to date, has made no announcement that it's uncomfortable with what it's seeing."

Australian Workers Union's Western Australia secretary Stephen Price was cited by The West Australian in a March 10 report as saying that BHP Billiton has a history of either selling or shutting a business it decides to exit.

"History shows that if an asset is not performing, they will shut it and deal with the fall out," Price said. "I would prefer it to be sold rather than closed."

Nickel West is not considered one of [BHP Billiton's](#) four main pillars, and the business, along with the company's other base metals operations — of which copper is a major component — accounted for about 19% of its 2013 revenue.

The company closed the Perseverance nickel mine at its Leinster operations in mid-December 2013 after a review of the operation identified safety concerns. The review was necessary following an earthquake on Oct. 31, 2013, that trapped nine workers.

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