

SE Business
HD Nickel West **sale** off as lowball bids miss target

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BHP Billiton has shelved the \$800 **million sale** of Nickel West after bids for the struggling unit failed to meet its price expectations.

It remains unclear what the **mining** giant now plans to do with a business that employs about 1800 people across its mines, concentrators, nickel smelter and refinery.

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BHP would not comment yesterday.

Chief executive Andrew Mackenzie has made clear he does not want to keep the unit, which is part of the proposed NewCo spin-off that will house second-tier assets, including Worsley **alumina**.

Mr Mackenzie said three months ago that Nickel West was "neither a good fit with BHP Billiton nor with NewCo" and the best outcome was for it to be owned by an operator "much more committed to the nickel business".

Industry sources said no final bids received over the past fortnight came close to the \$500 **million** to \$800 **million** valuation BHP is said to have initially put on Nickel West.

The failure of suitors to see sufficient value in the business came despite talk that BHP had dramatically revised its price expectations as the sales process dragged on.

Sources suggest BHP would have accepted offers of \$300 **million** if the buyer also agreed to take on Nickel West's closure and environmental rehabilitation liabilities, estimated to be worth as much as \$1 **billion**.

An erratic nickel price has also complicated the process.

Nickel climbed from a long-term low of around \$US13,200 a tonne late last year to briefly nudge \$US21,000/t in May, as BHP confirmed its Nickel West intent.

But the metal's price has since tumbled back to \$US15,250/t.

Potential buyers were understood to have included Glencore, which owns the Murrin Murrin mine near Leonora and is thought to have lodged a bid of up to \$220 **million**. China's Jinchuan, which buys nickel concentrate from Western Areas' Forrestania operation, is also understood to have remained in the running.

Sources said the most likely short-term outcome for Nickel West was that it continue operating as a unit of BHP ahead of a possible spin-off next year once NewCo's separation is finished.

Shutting down Nickel West is considered unlikely because of the reputational damage for BHP, with memories still fresh of the backlash created by its snap decision to close the Ravensthorpe nickel mine in 2009, with the loss of more than 2000 jobs.

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