

# FINANCIAL REVIEW

**SE** Market Wrap - Street Talk  
**HD** **Goldman Sachs nabs sale mandate for BHP's Nickel West**  
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Goldman Sachs has been hired to sell BHP Billiton 's Nickel West division in Western Australia, as revealed on Financial Review Sunday.

Nickel West has been a potential deal on every resources bankers' watch list for some time, but Goldman's appointment shows Australia's biggest **company** is serious about offloading the assets.

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The **sale** – which could deliver the resources giant as much as \$1 **billion** – is being run out of Goldman's Melbourne office. And it's gathering pace – first-round bids for Nickel West are due in about two weeks.

It's understood the investment bank has been reaching out to potential parties since the start of the year.

Glencore Xstrata , the global commodity trader and metals producer run by **billionaire** Ivan Glasenberg , has said publicly it would consider a bid if the assets were put up for **sale**. Nickel West is located in close proximity to the Murrin Murrin **mining** and refining project, controlled by Glencore 's Minara unit.

Others believed to be running an eye over Nickel West – which booked a \$151 **million** loss in the first half of this year – are Mick Davis's private **equity** fund X2 Resources; **Chinese** group Jinchuan; Minmetals, whose chief executive Andrew Michelmores has previously said he's interested in nickel assets, and Canada's First Quantum Minerals . First Quantum bought the West Australian nickel mine, Ravensthorpe, from BHP in 2009.

More locally, Western Areas has been cited, but is not believed to have the balance sheet to support a big deal.

BHP has struggled with Nickel West for years since acquiring it and Olympic Dam in its \$9.2 **billion** bid for WMC Resources in 2005. The nickel price fell 19 per cent in 2013 and had dropped by more than two-thirds since its 2007 high, and BHP has held on.

But since the start of February, nickel has risen strongly on concern that Indonesia, the world's largest producer of mined nickel, will retain its ban on unprocessed **ore** exports.

The nickel assets also do not form part of group chief executive Andrew Mackenzie 's "four pillars", which include **iron ore**, petroleum, **copper** and **coal**, and a potential fifth in potash.

Then there was last December's decision to shut the underground nickel mine at Perseverance in WA. At the time, BHP said it had started to consider the broader implications of the decision on the Nickel West business. Nickel West's portfolio includes the large open-cut nickel mine at Mount Keith, processing facilities and the Rocky's Reward Mine at Leinster, a concentrator and smelter at Kalgoorlie and a refinery at Kwinana.

**CO** march : Glencore PLC | bkhlp : BHP Billiton Ltd | gldmns : The Goldman Sachs Group Incorporated | bltplc : BHP Billiton PLC

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