

**HD** Report: Glencore, Jinchuan top contenders for BHP Billiton's Nickel West

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BHP Billiton Ltd. is in talks with Jinchuan Group Co. Ltd. and Glencore Plc, with the two companies touted as front-runners for the potential buyout of the **company's** Nickel West **operations**, The Australian Financial Review reported Aug. 27.

Jinchuan, **China's** largest nickel refiner, looks to have its eye on the smelter, while commodities trader Glencore is likely to be more interested in the refinery, the report said.

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Environmental liabilities worth up to A\$2 **billion** have been flagged as a potential hurdle in the **sale** of Nickel West; however, both Jinchuan and Glencore have balance sheets that could easily support the liability, according to the AFR.

Nickel West has reportedly been valued at around US\$340 **million** by most analysts, but the size of the environmental liabilities has UBS placing the asset's value at negative A\$800 **million**.

The operation failed to make the cut to be included in BHP Billiton's planned new global metals and **mining company** that will house the heavyweight's aluminum, **coal**, manganese, nickel and silver assets.

CEO Andrew Mackenzie told reporters during the **company's** earnings call earlier in August that Nickel West is not a good fit for either BHP Billiton or the new **company**.

"We think that the best outcome for Nickel West is for that business to be owned by an operation that is much more committed to the nickel business, and we continue with the process and talking with buyers at the moment to see how we might actually sell that business, either in full or in part."

According to Mackenzie, Nickel West is not appropriate for the new spinout **company** because of the asset's maturity and complexity.

First Quantum Minerals Ltd., Mick Davis' X2 Resources Ltd. and Trafigura Beheer BV are also said to have shown potential interest in the Nickel West **operations**.

**CO** bkhlp : BHP Billiton Ltd | march : Glencore PLC | bltplc : BHP Billiton PLC

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