

SE Business  
HD **Former Xstrata head makes play for BHP Billiton's nickel; The bid by X2 Resources, the company headed by Mick Davis, was reportedly too low**  
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**Mining** magnate Mick Davis made an initial bid for BHP Billiton Ltd.'s nickel assets in Australia, but his offer was rejected as too low, a person familiar with the matter said.

X2 Resources, Mr. Davis' privately held **company**, has been looking for assets to start building itself into a medium-sized miner, and has raised up to \$3.75-**billion** for acquisitions.

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It is unknown whether Mr. Davis will increase his bid.

Before X2, Mr. Davis ran Xstrata Plc, a global **mining** giant. Xstrata grew by buying out its rivals, including Canadian nickel producer Falconbridge, before it was taken over by Swiss-based Glencore in 2013.

X2, whose team helped create Xstrata, is one of many private **equity** firms looking for acquisitions amid the downturn in the commodity industry.

Its strategy is to acquire unwanted assets from the senior miners, which have been re-evaluating their businesses and zeroing in on core **operations** in order to deal with lower metals prices.

According to analysts, BHP Billiton's nickel assets, known as Nickel West, contributed just 2.7 per cent of the miner's overall revenue.

The Anglo-Australian miner has been trying to sell its nickel business for more than two years, another person familiar with the matter said. In May, the **company** announced that it was reviewing its options regarding its nickel operation, including the outright **sale**.

**China** Minmetals Corp., a state-owned miner which was part of a consortium that bought the Las Bambas **copper** project from Glencore for nearly \$6-**billion**, also looked at the assets, the source said.

X2 and BHP Billiton declined comment. **China** Minmetals could not immediately be reached for comment.

The announcement of the potential **sale** comes as nickel prices have jumped 40 per cent this year due to Indonesia's ban on raw-material exports. That in turn has helped boost the stocks of nickel producers.

But analysts said there were issues with Nickel West.

"The main issue facing Nickel West is the long term availability of feed to keep the smelter and refinery operating at capacity," said Andrew Mitchell, principal nickel analyst at Wood Mackenzie, a resources-focused research **firm**. "There needs to be investment in either a new mine or a long term contract entered into with a third party concentrate producer in order to maintain output," he said.

Nickel West's assets include three mines, concentrators, a refinery and smelter.

Investec analysts value BHP Billiton's nickel business at \$700-**million**.

Mr. Davis is very familiar with the Australian **mining** landscape and the **company**'s assets, having served as Billiton's chief financial officer before it merged with BHP in 2001.

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