

SE Business
HD **Leinster drag as BHP eyes nickel deal**
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WC 393 words
PD 17 April 2014
SN The West Australian
SC TWAU
ED Second
PG 89
LA English
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BHP Billiton says the closure of the Perseverance underground nickel mine near Leinster will cut production at its Nickel West operation by about 10 per cent next financial year, as the **company** ramps up its efforts to sell the loss-making division.

Nickel West produced 24,300 tonnes of saleable nickel in the March quarter, down from 25,500t in the December quarter.

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However, production for the nine months to March 31 was 2400t ahead of this time last year and BHP said it expected no major fall in output for the full financial year.

But the loss of Perseverance, closed in October after BHP decided the mine was no longer safe to operate, will cost it about 10 per cent of the 2014-15 financial year's expected output.

With the nickel price on the rise, leading to strong gains in the market value of most WA producers of the stainless steel ingredient, it is unclear what effect that may have on BHP's attempts to divest itself of Nickel West. The operation posted a pre-tax loss of \$US151 **million** for the six months to December 31.

But despite widespread speculation over the past fortnight BHP was considering a float of its "unfashionable metals" division — nickel, **alumina**, aluminium and manganese — sources suggest the **company** is keeping alive the option of a Nickel West trade **sale**.

Industry sources say at least two delegations from potential buyers have toured Nickel West's Kalgoorlie smelter as part of due diligence investigations. Unconfirmed reports indicate one group was made up of Glencore Xstrata executives and the second an unnamed **Chinese** group.

Glencore is seen as the most likely buyer after comments from chief executive Ivan Glasenberg last month that an **acquisition** could make sense.

It is understood Glencore's Murrin Murrin nickel mine has also been taking trial shipments of low-grade **ore** from BHP's Mt Keith operation.

If BHP floats the broader "unfashionable metals" group, yesterday's quarterly report helped underline the promise of the expansion of its Worsley **alumina** refinery. Worsley set a production record for the nine months to the end of March, of 2.9 **million** tonnes.

On the rise 11% The improvement in the London Metal Exchange nickel price, to \$US17,660/t, since the start of this month

CO bkhlp : BHP Billiton Ltd | bltpc : BHP Billiton PLC

IN i2114 : Copper Ore/Nickel Ore Mining | i211 : Metal Ore Mining | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying

NS mnonfr : Non-ferrous Metals | c21 : Output/Production | mnickl : Nickel Markets | ccat : Corporate/Industrial News | m14 : Commodity Markets | m142 : Metals Markets | mcat : Commodity/Financial Market News | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter

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AN Document TWAU000020140416ea4h0001b