

HD **BHP Billiton says in talks to sell Nickel West unit**

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* BHP excludes Australia's Nickel West division from spin off

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* CEO says in **sale** talks with interested parties

By James Regan

SYDNEY, Aug 19 (Reuters) - BHP Billiton is in talks with potential buyers for all, or part, of its Nickel West division in Australia after excluding the business from a major restructuring.

"We continue to talk to interested parties," BHP Chief Executive Andrew Mackenzie said. "This is a matter of commercial discussions with several potential buyers."

The world's biggest miner is spinning off its aluminium, **coal**, manganese and silver assets and its nickel business in Colombia into a new **company**.

BHP in May started its review of Nickel West, which is made up of the Mount Keith, Cliffs and Leinster mines, concentrators, and the 100,000-tonnes-per-year Kalgoorlie smelter and the 60,000-tonnes-per-year Kwinana refinery in Western Australia.

In the 12 months to June 30, 2015 Nickel West is scheduled to produce 95,000 tonnes of nickel, 55 percent to be produced from third-party ores. World output in calendar 2014 is forecast to reach 1.9 **million** tonnes, according to Australia's Bureau of Resource and **Energy** Economics.

BUYERS IN THE WINGS?

X2 Resources, an investment vehicle established by Mick Davis, the chief executive of Xstrata until its merger with Glencore has been mentioned by analysts as a contender for Nickel West.

X2 Resources has up to \$3.75 **billion** in finance available. Its backers comprise private-**equity** group TPG Capital, commodities trader Noble Group and three unnamed sovereign wealth and pension fund investors.

China's MMG Ltd, Canada's Sherritt International and Dutch trading group Trafigura have also been referred to by analysts as having looked at Nickel West.

The price of nickel, used in making stainless steel, has climbed by as much as 56 percent since January on the back of Indonesia banning exports of **ore** in hopes it will **lead** to a homegrown smelting industry.

BHP last year wrote down the value of Nickel West by \$1.7 **billion**, booking a \$1.25 **billion** after-tax impairment on the assets. BHP does not disclose the exact book value of its business divisions.

The miner abruptly shut down another nickel operation in Ravensthorpe, Australia, in 2009 only months after spending \$2.2 **billion** on its construction, blaming low world nickel prices.

BHP then took a \$3.4 **billion** writedown on Ravensthorpe and the accompanying Yabulu refinery to value them at zero. Canada's First Quantum Minerals eventually bought Ravensthorpe for \$340 **million**. Yabulu was acquired by Australian **mining** entrepreneur Clive Palmer for an undisclosed amount.

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

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