

NEWS RELEASE



Release Time IMMEDIATE
Date 8 November 2021
Release number 26/21

BHP announces divestment of BMC interest

BHP today announced it has signed a Share Sale and Purchase Agreement to divest its 80 per cent interest in BHP Mitsui Coal (BMC), an operated metallurgical coal joint venture in Queensland.

Stanmore SMC Holdings Pty Ltd, a wholly owned subsidiary of Stanmore Resources Limited (Stanmore Resources), has agreed to acquire 100 per cent of the shares in Dampier Coal (Queensland) Pty Ltd from BHP Minerals Pty Ltd, the subsidiary which holds BHP's interest in BMC, for cash consideration of up to US\$1.35 billion.

The purchase price comprises US\$1.1 billion cash on completion, US\$100 million in cash six months after completion and the potential for up to US\$150 million in a price-linked earnout payable in the 2024 calendar year. Excluding the price-linked earnout, this represents an Enterprise Value/EBITDA multiple of 6.9x¹.

The sale is subject to the satisfaction of certain conditions, including customary competition and regulatory approvals. This includes approval from the Foreign Investment Review Board. Stanmore Resources has agreed to a break fee payable where certain conditions are not satisfied.

Stanmore Resources would assume economic and operating control of BMC on completion of the sale, including its share of all current and future liabilities of BMC subject to certain limited exceptions. Completion is expected to occur in the middle of the 2022 calendar year.

BHP will continue to operate BMC until completion and work closely with Stanmore Resources to ensure a successful transition of ownership. BHP will provide certain transitional services to Stanmore Resources for a short period of time after completion.

BHP's President Minerals Australia Edgar Basto said: "This transaction is consistent with BHP's strategy, delivers value for our company and shareholders and provides certainty for BMC's workforce and the local community.

"As the world decarbonises, BHP is sharpening its focus on producing higher quality metallurgical coal sought after by global steelmakers to help increase efficiency and lower emissions.

"South Walker Creek and Poitrel are well-run assets that have been an important part of our portfolio for many years and we are grateful for their contribution to BHP.

"Under this agreement, BMC will transition to Stanmore Resources, an ASX-listed company that has established relationships with Traditional Owners and strong engagement with their workforce and local communities.

"Stanmore Resources share our focus on safety performance and culture and support Australia's commitments under the Paris Agreement."

Net proceeds will be incorporated into and evaluated in accordance with our capital allocation framework to determine the appropriate manner to maximise value to shareholders via future dividends, share buybacks or combination of both.

For personal use only

Stanmore Resources is an Australian Securities Exchange listed business with operations in Queensland's Bowen Basin and has committed to oversee and operate BMC in compliance with industry best practice in relation to safety and environmental performance, as well as regulatory, community and workforce engagement.

Golden Energy and Resources Limited, a Singapore Exchange listed company and Stanmore Resources' major shareholder, guarantees Stanmore Resources' obligations to pay the purchase price and any break fee obligations to BHP up to US\$600 million.

The review process for New South Wales Energy Coal is progressing, in line with the two-year timeframe announced in August 2020. BHP remains open to all options and continues consultation with relevant stakeholders.

¹Based on an unaudited EBITDA of US\$174 million (80% basis) for the 12 months to 30 September 2021.

About BMC

BHP Mitsui Coal (BMC) comprises the Poitrel and South Walker Creek operations, Red Mountain Infrastructure and the Wards Well development in Queensland, Australia. BHP Group Limited operates BMC as part of an 80:20 joint venture with Mitsui.

Further information on BHP can be found at: bhp.com

Authorised for lodgement by:
Stefanie Wilkinson
Group Company Secretary

For personal use only

Media Relations

Email: media.relations@bhp.com

Australia and Asia

Gabrielle Notley
Tel: +61 3 9609 3830 Mobile: +61 411 071 715

Europe, Middle East and Africa

Neil Burrows
Tel: +44 20 7802 7484 Mobile: +44 7786 661 683

Americas

Judy Dane
Tel: +1 713 961 8283 Mobile: +1 713 299 5342

Investor Relations

Email: investor.relations@bhp.com

Australia and Asia

Dinesh Bishop
Mobile: +61 407 033 909

Europe, Middle East and Africa

James Bell
Tel: +44 2078 027 144 Mobile: +44 7961 636 432

Americas

Brian Massey
Tel: +1 713 296 7919 Mobile: +1 832 870 7677

BHP Group Limited ABN 49 004 028 077
LEI WZE1WSENV6JSZFK0JC28
Registered in Australia
Registered Office: Level 18, 171 Collins Street
Melbourne Victoria 3000 Australia
Tel +61 1300 55 4757 Fax +61 3 9609 3015

Members of the BHP Group which is
headquartered in Australia



Follow us on social media

BHP Group plc Registration number 3196209
LEI 549300C116EOWV835768
Registered in England and Wales
Registered Office: Nova South, 160 Victoria Street
London SW1E 5LB United Kingdom
Tel +44 20 7802 4000 Fax +44 20 7802 4111

For personal use only