

Exchange release

11 July 2024

Western Australia Nickel to temporarily suspend operations

BHP announces that the Nickel West operations and West Musgrave project (**Western Australia Nickel**) will be temporarily suspended from October 2024. BHP intends to review the decision to temporarily suspend Western Australia Nickel by February 2027.

The decision to temporarily suspend Western Australia Nickel follows oversupply in the global nickel market. Forward consensus nickel prices over the next half of the decade have fallen sharply reflecting strong growth of alternative low-cost nickel supply.

During the temporary suspension, BHP will continue to support its workforce and local communities. BHP will invest approximately US\$300 million (AU\$450 million) per annum following completion of a transition period to support a potential re-start of Western Australia Nickel.

The transition period will commence from July 2024. Operations will be suspended in October 2024 and handover activities for temporary suspension will be completed by December 2024.

During the temporary suspension, BHP will:

- suspend mining and processing operations at the Kwinana nickel refinery, Kalgoorlie nickel smelter and Mt Keith and Leinster operations and the development of the West Musgrave project;
- implement a care and maintenance program of work to ensure the ongoing safety and integrity of its mines and related infrastructure;
- continue to invest in exploration to extend the resource life of Western Australia Nickel and preserve optionality; and
- offer Western Australia Nickel frontline employees another role within BHP or the choice of a redundancy and establish a AU\$20 million Community Fund to support local communities during the temporary suspension.

Since FY2020 BHP has invested approximately US\$3 billion (AU\$4.4 billion) to sustain Western Australia Nickel as an ongoing business and to reorient its production to the battery and electric vehicle market. This includes establishing Australia's first nickel sulphate plant to enhance downstream infrastructure, building two new mines and investing in the development of two solar farms and battery storage. Western Australia Nickel has recorded negative cash flow every year during this period.

Despite the significant capital investments, lower global nickel prices have contributed to Western Australia Nickel expecting to report an underlying EBITDA loss of approximately US\$300 million in the financial year to 30 June 2024.¹

In February 2024, BHP announced plans to review Western Australia Nickel and a non-cash impairment charge of approximately US\$3.5 billion (AU\$5.1 billion) pre-tax against the carrying value of Western Australia Nickel. As a result of the decision to temporarily suspend operations, BHP

¹ The underlying EBITDA loss figure is preliminary and subject to review and finalisation in BHP's full year results for the period ending 30 June 2024.

expects to recognise a further non-cash impairment charge of US\$0.3 billion (AU\$0.45 billion) pre-tax as an exceptional item in the Group's FY2024 Financial Statements.

Any redundancy payments and other contractual costs triggered by the decision to place Western Australia Nickel into temporary suspension would be recognised in the Group's HY2025 Financial Statements.

BHP's President Australia, Geraldine Slattery said:

"We understand this is a challenging period for the Western Australia Nickel team and surrounding communities. Every frontline employee will be offered another role within BHP, and best endeavours will also be made to identify redeployment opportunities for other employees engaged in the day-to-day operations of Western Australia Nickel.

We will also work closely with local communities, Traditional Owners and suppliers to support a responsible transition process, which will include the establishment of a AU\$20 million Community Fund.

Since BHP announced a review of Western Australia Nickel in February, we have explored options to stem losses in the short-term and identify a viable path forward for the business.

Like others in the Australian nickel sector, we have not been able to overcome the substantial economic challenges driven by a global oversupply of nickel.

We have made the difficult but necessary decision to temporarily suspend the Nickel West operation and West Musgrave project.

We will continue to invest approximately AU\$450 million (US\$300 million) per annum in the Western Australia Nickel facilities to enable a potential re-start. Western Australia remains an important investment destination for BHP globally, with investment in the State expected to be greater than AU\$12 billion over the next five years and we will continue to work with all of our Western Australian partners to advance the economic prosperity of the State."

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