

7 August 2018

Agreement to sell 40 per cent interest in Bengalla Joint Venture

Wesfarmers today announced it has agreed to sell its 40 per cent interest in the Bengalla Joint Venture to its joint venture partner New Hope Corporation (ASX:NHC) for \$860 million. On successful completion of the transaction, Wesfarmers expects to report a pre-tax profit on sale of approximately \$670 million to \$680 million subject to completion adjustments. Wesfarmers will continue to benefit from earnings and cashflow generated from its interest in Bengalla until completion of the transaction.

Bengalla is currently owned 40 per cent by Wesfarmers, 40 per cent by New Hope, 10 per cent by Taipower and 10 per cent by Mitsui. The transaction is subject to regulatory approval and pre-emption rights under the Bengalla Joint Venture Deed. The sale of the interest in the Bengalla Joint Venture is expected to close in the fourth quarter of 2018.

The Bengalla mine supplies domestic and export markets with thermal coal from its open cut mining operation south west of Muswellbrook in the Hunter Valley region of NSW. It has regulatory approval for up to 15 million tonnes per annum run-of-mine capacity. Bengalla's coal is used for power generation and is exported primarily to customers based in Japan and North Asia.

Wesfarmers Managing Director Rob Scott said the agreement to sell Wesfarmers' interest in Bengalla followed the completion of the sale of the Curragh coal mine to Coronado Coal in March this year and, subject to completion, would finalise the review of the Wesfarmers resources businesses initiated in 2016.

"We believe this agreement with New Hope is in the best interests of our shareholders and ensures a smooth transition in the ownership structure of the Bengalla joint venture," Mr Scott said.

"Bengalla has made strong returns for Wesfarmers shareholders since our initial interest was acquired in 1991 and it is pleasing the extensive, disciplined and patient review of our coal businesses has resulted in outcomes which reflect the value of these world-class assets".

For further information:

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