

Exchange release

18 October 2023

BHP announces divestment of the Blackwater and Daunia

BHP and Mitsubishi Development Pty Ltd (**MDP**) have signed Asset Sale Agreements to divest the Blackwater and Daunia mines, which are part of the BHP Mitsubishi Alliance (**BMA**) metallurgical coal joint venture in Queensland. Each of BHP and MDP hold a 50% interest in BMA.

Two wholly owned subsidiaries of Whitehaven Coal (**Buyers**) have agreed to acquire the Blackwater mine and Daunia mine respectively for cash consideration of up to US\$4.1 billion. Whitehaven Coal has guaranteed the obligations of each Buyer.

The purchase price comprises US\$2.1 billion cash on completion, US\$1.1 billion in cash over 3 years after completion and the potential for up to US\$0.9 billion in a price-linked earnout payable over 3 years. Excluding the price-linked earnout, this represents an Enterprise Value/Reserves multiple of 12.8/t¹.

The sale is subject to the satisfaction of certain conditions, including competition and regulatory approvals. The Buyers have agreed to pay a US\$100 million deposit on signing which BHP and MDP are entitled to retain if the proposed divestment is terminated in certain limited circumstances.

Completion is expected to occur in the June 2024 quarter. The Buyers will assume economic and operating control of the Daunia and Blackwater mines on completion of the sale, including all current and future environmental liabilities and rehabilitation obligations.

BMA will continue to operate the assets until completion and work closely with the Buyers and Whitehaven Coal to ensure a successful transition of ownership. BHP will support certain transitional services to the Buyers for a short period of time after completion.

BHP's President Minerals Australia Geraldine Slattery said: "This transaction has delivered a good outcome for the BHP Mitsubishi Alliance, our workforce and the communities around the Blackwater and Daunia operations.

Whitehaven Coal has a strong track record as a responsible and reliable operator, and we will work closely with them to achieve a smooth change of ownership focused on maintaining safe and productive operations and supporting people and communities through the transition.

In line with our long-term strategy, we will continue to develop our high-quality metallurgical coal assets in Queensland, which are sought after by global steelmakers and needed to support the energy transition."

Net proceeds will be used to reduce the Group's net debt.

¹ Based on Blackwater Marketable Reserves of 183Mt and Daunia Marketable Reserves of 67Mt, as at 30 June 2023 as disclosed in BHP's 2023 Annual Report.

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