News Release

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BHP APPROVES SAN JUAN UNDERGROUND DEVELOPMENT

The Broken Hill Proprietary Company Limited (BHP) today announced approval for the development of an underground longwall mine at their San Juan thermal coal operations in New Mexico, United States.

The mine will replace production from two of BHP's three existing surface mines (San Juan & La Plata) and will be the sole coal source for the adjacent San Juan Generating Station.

The project represents a high value brownfield development that is consistent with BHP's strategy to extract maximum value from its existing assets.

President BHP Coal, Mike Oppenheimer, said the project would ensure the San Juan coal operations continue to operate profitably well into the future.

"The underground development will assure the viability of the San Juan coal assets by significantly reducing the cost of coal supplied to our customer, the San Juan Generating Station."

"Rising surface mining costs are threatening their competitiveness in the increasingly deregulated Western US power market."

Capital expenditure is estimated at US$148 million (A$245 million).

Development will commence immediately with full production expected in late 2002 after a two-year construction period. Annual production will be 6.5 million short tons (5.9 million metric tonnes).

BHP's New Mexico Coal assets, the San Juan and Navajo Coal Companies, are surface mining operations dedicated to the exclusive supply of coal to their power generation customers. The supply is covered by long term contracts.

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