

NEWS RELEASE

Release Time 10am AEST
Date 26 June 2017
Location Perth, Australia

BHP approves South Flank Initial Funding

BHP today announced approval of US\$184 million (A\$244 million) (BHP share) in initial funding for the South Flank sustaining mine project in the central Pilbara, Western Australia.

BHP President Operations, Minerals Australia, Mike Henry, said the funding would generate several hundred construction jobs and provide exciting opportunities for Western Australian suppliers.

The South Flank project, which will leverage and expand the existing Mining Area C hub, is BHP's preferred option to replace production from the 80 Mtpa (100 per cent basis) Yandi mine when it reaches the end of its economic life in the early-to-mid 2020s. The project is expected to be submitted for Board approval in the middle of the 2018 calendar year, with first ore targeted in the 2021 calendar year and ramp-up timed to coincide with the ramp-down of Yandi. Full development of South Flank would generate several thousand jobs during construction.

Mr Henry said the capital efficient South Flank project was a compelling option to replace Yandi production and offered attractive returns. Its high-grade lump and fines ore and a strip ratio in line with the WAIO average would establish it as a highly-competitive operation.

The initial funding will be used primarily for the expansion of accommodation facilities to support current and future workforce requirements.

“As well as supporting our current operational requirements, this work will advance potential first ore from South Flank, while we further optimise the full development and progress external and internal approvals. As we have said previously, a continuing stable investment environment in Western Australia is required to underpin ongoing investment in the business, including this project,” Mr Henry said.

The capital cost for South Flank is expected to be in the range of US\$30 to US\$40 per tonne, with expenditure fitting within WAIO's previously indicated average sustaining capital expenditure of US\$4 per tonne over the next five years.

“The capital efficiency of South Flank is underpinned by the planned use of existing infrastructure at the Mining Area C operation, which would, if approved, become one of the largest standalone iron ore processing centers in the world, within reach of several billion tonnes of high-grade ore,” Mr Henry said.

Further information on BHP can be found at: **[bhpbilliton.com](https://www.bhpbilliton.com)**

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