
CAPEX cuts - BHPB postpones USD 4 billion coalmine

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BHP Billiton has pushed back the proposed development of a USD 4 billion Queensland coking coalmine by two years amid slowing global steel demand and production cutbacks.

BHP has submitted an environmental impact statement for its proposed Caval Ridge mine in the Bowen Basin, revealing it expects the development to cost USD 4 billion. It also revealed it had backed off on previous expectations that first production from the mine would be in 2011. It is now aiming for 2013.

Caval Ridge is the second part of the four pronged Bowen Basin Growth Project that BHP and 50% joint venture partner Mitsubishi hope will boost their Australian annual coking coal production capacity from 60 million tonnes to more than 80 million.

In January, BHP by far the world's biggest coking coal exporter said that it would cut production at its Australian mines by 10% to 15% because of the global financial crisis and its effect on steel demand.

BHP will reveal the extent of its coal cutbacks in its second-quarter report next week.

BHP also revealed it had raised the annual production capacity of stage three of the Bowen Basin project, the Goonyella Riverside mine expansion, by 1.5 million tonnes to 9.5 million tonnes.

The fourth part of the growth plan is an airport.

(Sourced from theaustralian.news.com)

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