



24 January 2003

WESFARMERS WINS NEW COAL DEVELOPMENT

Wesfarmers today announced an agreement with Stanwell Corporation under which Wesfarmers has won the rights to develop the Pisces coal resource, located about 10 kilometres north of the Curragh Mine in Queensland's Bowen Basin.

Wesfarmers acquired Curragh, 200 kilometres west of Rockhampton, in June 2000 and sales from the mine in 2001/02 reached six million tonnes, an increase of more than 20 per cent on the previous 12 months.

The Finance Director of Wesfarmers Limited, Mr Richard Goyder, said Curragh had been a long term, reliable supplier to Stanwell Power Station and Wesfarmers' wholly-owned subsidiary Wesfarmers Curragh Pty Ltd was pleased to have been selected to develop, mine and market the Pisces resource.

"Pisces will more than double the recoverable coal reserves available in and around Curragh, from approximately 100 million tonnes¹ to in excess of 220 million tonnes, and production from Pisces will be blended into Curragh's existing range of export products," he said. "Under the agreement with Stanwell, Curragh will fully integrate Pisces with its operations to take full advantage of existing infrastructure, equipment and processing and marketing expertise. As part of the integration, Pisces will be renamed Curragh North."

The current sales agreement with Stanwell will be modified and extended from 2016 to 2025. Sales volumes to Stanwell are expected to remain around current levels initially, although options exist to purchase additional volumes. Annual exports of metallurgical coal by Wesfarmers Curragh Pty Ltd are anticipated to increase from the 3.5 million tonnes recorded in 2001/02 to around 5.0 million tonnes per annum when Curragh North is fully operational.

Development will commence immediately after the necessary government and other approvals have been obtained, with first coal production from Curragh North planned for the second half of 2005. Initial capital for the development is estimated at approximately A\$160 million, with the major expenditure area being for mining and other mobile equipment.

Mr Goyder said the agreement with Stanwell Corporation represented the ideal development route for Curragh with significant extension of mine life and an expansion of the existing business model of exports combined with long-term domestic contracts. In the absence of being able to develop the Pisces resource, production of export coking coal from Curragh would have reduced after 2010 with mine closure expected in 2016. With the additional reserves now available export volumes are expected to exceed 5.0 million tonnes per annum until 2025.

For further information contact: Mr Richard Goyder, Finance Director
(08) 9327 4208

¹ Based on information compiled by Barry Saunders of Queensland Geological Services Pty Ltd ABN 55 010 835 355, who has consented to the inclusion of the information.

Curragh North Coal Project – Background information

Historical

AUSTA Electric transferred its interest in the Pisces Coal Project (to be renamed Curragh North) to Stanwell Corporation Limited (“Stanwell”) in 1997, along with MDL 162. AUSTA was the predecessor to Stanwell and other Queensland Government owned electricity corporations.

In July 2002 Stanwell sought competitive offers to develop Curragh North.

Location

As the new name suggests the resource is approximately 10 kilometres north of the Curragh Mine.

Coal reserves

Curragh North holds more than 200 million tonnes² of resource and approximately 120 million tonnes of ROM (run of mine) coal. This amount is exclusive of a small reserved area of approximately 25 million tonnes that Stanwell has asked be kept unmined.

The coal at Curragh North displays similar low ash and low volatile qualities to the Curragh export product. Approximately 75 per cent of the resource is suitable for export as coking coal.

Initial capital expenditure

Wesfarmers Curragh Pty Ltd estimates it will spend some A\$160 million over the first five years (commencing financial year 2005) on mining equipment, infrastructure and land purchases.

Stanwell Corporation Limited

Stanwell is a Queensland-based utility company that owns and operates coal-fired, hydro, wind, biomass and gas turbine electricity generation plant in Queensland and Victoria. It was established in 1997 as a Queensland Government Owned Corporation. Stanwell’s major asset is the 1,400 megawatt coal-fired Stanwell Power Station near Rockhampton, with a projected economic life of 35 years. Stanwell estimates it holds some 20 per cent of the Queensland electricity market, burning about 3.5 million tonnes of coal per annum. Curragh has been a long-term reliable supplier to the Stanwell Power Station.

² Based on information compiled by Merryl Peterson of Runge Pty Ltd ABN 17 010 672 321, who has consented to the inclusion of the information.