BHP BILLITON LTD
Form 6-K
September 22, 2010
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

September 22, 2010

BHP BILLITON LIMITED

(ABN 49 004 028 077)
(Exact name of Registrant as specified in its charter)

VICTORIA, AUSTRALIA
(Jurisdiction of incorporation or organisation)

180 LONSDALE STREET, MELBOURNE, VICTORIA

3000 AUSTRALIA

BHP BILLITON PLC

(REG. NO. 3196209)
(Exact name of Registrant as specified in its charter)

ENGLAND AND WALES
(Jurisdiction of incorporation or organisation)

NEATHOUSE PLACE, VICTORIA, LONDON,

UNITED KINGDOM

(Address of principal executive offices) **(Address of principal executive offices)**

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

x Form 20-F ¨ Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ¨

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

¨ Yes x No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): n/a

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BHP Billiton Limited and BHP Billiton Plc

Date: September 22, 2010

By: /s/ JANE MCALOON
Name: **Jane McAloon**
Title: **Group Company Secretary**

Table of Contents

BHP Billiton Annual Report 2010

Table of Contents

Contents

2

Table of Contents

Table of Contents

1 Key information

1.1 Our business

We are the world s largest diversified natural resources company. Our corporate objective is to create long-term value for shareholders through the discovery, development and conversion of natural resources, and the provision of innovative customer and market-focused solutions. We pursue this objective through our unchanged strategy of investing in tier one assets that are large, low-cost and long-life to provide a balanced portfolio of export-oriented commodities:

- steelmaking products - iron ore, metallurgical coal, manganese;
- non-ferrous products - copper, aluminium, nickel, diamonds, potash;
- energy products - petroleum, energy coal, uranium.

We continue to invest in the future and have a deep inventory of growth assets.

Our operations and investments are designed to ensure the Group remains stable in the long term and responsive to market volatility in the short term.

The Group is headquartered in Melbourne, Australia, and consists of the BHP Billiton Limited Group and the BHP Billiton Plc Group as a combined enterprise, following the completion of the Dual Listed Company (DLC) merger in June 2001. BHP Billiton Limited and BHP Billiton Plc have each retained their separate corporate identities and maintained their separate stock exchange listings, but they are operated and managed as if they are a single unified economic entity, with their boards and senior executive management comprising the same people.

BHP Billiton Limited has a primary listing on the Australian Securities Exchange (ASX) in Australia. BHP Billiton Plc has a premium listing on the London Stock Exchange (LSE) in the UK and a secondary listing on the Johannesburg Stock Exchange in South Africa. In addition, BHP Billiton Limited American Depositary Receipts (ADRs) and BHP Billiton Plc ADRs trade on the New York Stock Exchange (NYSE) in the US.

As at 30 June 2010, we had a market capitalisation of approximately US$165.6 billion. For the year ended 30 June 2010, we reported net operating cash flow of US$17.9 billion, profit attributable to shareholders of US$12.7 billion and revenue of US$52.8 billion. We have approximately 100,000 employees and contractors working in more than 100 operations in over 25 countries.

We operate nine businesses, called Customer Sector Groups (CSGs), which are aligned with the commodities we extract and market:

- Petroleum
- Aluminium
- Base Metals (including Uranium)
- Diamonds and Specialty Products
- Stainless Steel Materials

Iron Ore

Manganese

Metallurgical Coal

Energy Coal.

Table of Contents

1.2 Chairman s Review

I am pleased to report that in a difficult global economic and financial environment, BHP Billiton continued to perform well and strengthened its strategic and financial position.

While the global economic outlook has improved, the recovery remains fragile. Despite a near-term slowing in China, we continue to believe that the fundamentals driving Asian growth are robust. It is clear to the Board that the long-term outlook for BHP Billiton is strong. We have unique assets that are critical to the growth of the world s developing economies, and a geographic and commodity spread that reduces risk and optimises opportunity.

During the year, your Chief Executive, Marius Kloppers, and his team focused on delivering strong production and cost performance as well as investing in new growth opportunities.

Our strategy is clear and remains unchanged since 2001. We focus on large, long-life, low-cost, upstream, high-quality assets, diversified by commodity, geography and markets. This strategy means more predictable business performance over time which, in turn, underpins the creation of value for our shareholders, customers, employees and, importantly, the communities in which we operate.

The execution of our strategy resulted in a profit from operations, excluding exceptional items, of US$19.7 billion an increase of 8.3 per cent. Net operating cash flows were US$17.9 billion, US$7.7 billion of which was reinvested in new growth projects. In addition, the Board increased dividends by 6.1 per cent to 87 cents per share, in line with our progressive dividend policy.

While the Board is pleased with these results, our progress in the critical area of safety is still below expectation. We continued to reduce the number of workplace injuries, however five people lost their lives at our operations this year. This is clearly unacceptable and a tragedy for their families, friends and colleagues.

In August 2010, we announced a fully funded takeover of Potash Corporation of Saskatchewan. The proposed acquisition meets our criteria of developing quality long-life assets using our existing mining skills to gain a leading position in the growing world market for fertiliser. We are committed to being a strong corporate citizen in Saskatchewan and New Brunswick, Canada, and our intention is to establish a global potash business based in Canada.

Important governance developments occurred in the UK, US and Australia during the year responding to the challenges of the global recession. We support the changes, particularly the emphasis on ensuring Boards comprise Directors with the collective set of essential skills and experience to govern the Group supported by robust succession planning and performance evaluation.

As part of our Board succession, Carolyn Hewson and Malcolm Broomhead joined the Board in March 2010. Together they bring deep experience in industrial and resource companies, financial markets and investment risk management. During the year, Don Argus, Paul Anderson, Gail de Planque, David Jenkins and David Morgan retired from the Board. We thank each of them for their contribution, particularly former Chairman Don Argus AC.

We have always believed that corporate governance and executive remuneration practices are critical issues for any company and its stakeholders. We support the need for simplified and transparent executive remuneration reporting, and these have been key influences on the structure of our remuneration report this year.

Our Remuneration Committee reviewed the Group s Long Term Incentive Plan for our most senior executives. The plan was originally introduced in 2004 and, given the changes in the global environment, the Committee believed a review was warranted. We consulted widely with our shareholders as well as governance advisers. As a result, we continue to believe that the duration of our five-year, long-term plan is appropriate. However, we also believe it is important to change some design elements as the plan produced highly leveraged outcomes not reflective of our business strategy. This is a matter on which we will seek shareholder approval.

One thing that has impressed me since the time I started as a Director in 2006 has been the quality of BHP Billiton people throughout the Group. In resources, as in many other industries, results are not only a function of the quality of the assets but the quality of the people operating and managing those assets.

Marius is a talented Chief Executive and he has developed a strong and diverse team with a depth of talent to support him. On your behalf, the Board would like to thank everyone involved with our Company for the contribution they have made in this challenging year.

5

Table of Contents

Finally, since becoming Chairman this year after the retirement of Don Argus, I have had the privilege of meeting many of our institutional and individual shareholders. This is a rewarding part of my role and I look forward to meeting many more of you over the coming years.

/s/ Jacques Nasser
Jacques Nasser AO
Chairman

1.3 Chief Executive Officer s Report

Financial year 2010 was a year that presented a broad mix of challenges and achievements. Despite continued volatility and ongoing uncertainty across the global economy, BHP Billiton delivered a strong operational and financial performance.

It is our consistent and long-term strategy of focusing on a portfolio of upstream, tier one, low-cost assets diversified by commodity, market and geography that underpinned our ability to overcome the challenges during the year. I am encouraged by the Group s performance, which is testament to our focus on creating shareholder value in the long term.

We are a leading global resources company and our successes and achievements are significant. However, we cannot say we are truly successful until we eliminate fatalities and serious injuries in our workplace. This year we continued to make progress in reducing the number of injuries, though we did not meet our targets. It is with great sadness that I report to you that five of our colleagues lost their lives at work during the year and I personally extend my condolences to the families and friends of those individuals.

This is a stark reminder that we must lead in a way that ensures a safe workplace, and we can only do this by creating operating discipline and simplifying the way we work. Safety starts with strong leadership and I cannot emphasise enough how important this is to me personally and to our Group.

I am pleased to announce that BHP Billiton operations this year delivered solid results, with annual production records achieved in our Iron Ore and Petroleum businesses. In Iron Ore, this marked the tenth consecutive annual production record, and for Petroleum, it was the third consecutive production record. Our long-life, low-cost expandable assets provide our Company with the capacity to continue to deliver and strengthen our position in a range of markets.

By operating at full capacity whenever possible and staying focused on eliminating low value activities, we maintained our low-cost position and our ability to generate robust cash flows.

Of significant note in FY2010 was the move from annually negotiated benchmark prices in metallurgical coal and iron ore to shorter-term reference pricing. We have long advocated a move to a more transparent pricing regime and will actively support the development of a wider traded market in these commodities.

This move brings metallurgical coal and iron ore into line with how the rest of our portfolio is priced globally and moves us closer to achieving our stated objective of market prices for all of our commodities. More broadly, prices for our products recovered during the year driven by demand in China and restocking in the Organisation for Economic Co-operation and Development (OECD) countries. While government stimulus measures generally supported a gradual return to normalised global trade, the improvement in the developed economies was from a low base.

We believe that the recovery momentum of the major economies will remain uncertain as the impact of fiscal and monetary stimuli fades. Therefore, we are still cautious in our short-term view of the economy.

In the longer term, we are encouraged by the fundamentals underpinning sustained growth in China and India, which will continue to drive a strong demand for our products. This, along with our strong balance sheet, supports our capacity for future growth. We have extensive experience operating in emerging resource regions and we have the capability to capture additional opportunities as they arise.

Table of Contents

Our disciplined approach to capital deployment has enabled BHP Billiton to both invest in the expansion of high-quality assets and further diversify our portfolio by commodity, market and geography, consistent with our unchanged strategy. The acquisition of Athabasca Potash earlier this year ensures our Group has access to more than 14,000 square kilometres of prospective exploration ground in the world-class Saskatchewan potash basin. Our all-cash bid to acquire Potash Corporation of Saskatchewan, the world s largest integrated fertiliser company and world s largest producer of potash by capacity, is consistent with our strategy and is a natural fit with BHP Billiton s greenfield land holdings in Canada. This acquisition represents an acceleration of our entry into the fertiliser industry.

This, plus the delivery of five major capital projects, is evidence of our growth capabilities.

However, we only earn the right to grow this business if we can do it safely, in an environmentally sound manner and in a way that demonstrates our unqualified commitment to working with integrity. I believe it is worth reiterating that safe growth underpinned by demonstrating our Charter values can only be achieved through leadership commitment and operating discipline. I want to take this opportunity to sincerely thank our employees and contractors and other stakeholders for their efforts in responding to the accountabilities articulated in our operating model.

Our Company has a clear strategy for growing our value, within a disciplined framework, and using prudent decision-making. Who and what we are today is the product of the vision and efforts of previous management teams in executing a consistent strategy. It is our responsibility to not only preserve, but enhance and increase the value of that legacy.

/s/ Marius Kloppers
Marius Kloppers
Chief Executive Officer

Table of Contents

1.4 Selected key measures

1.4.1 Financial information

Our selected financial information reflects the operations of the BHP Billiton Group, and should be read in conjunction with the 2010 financial statements, together with the accompanying notes.

We prepare our consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, and as outlined in note 1 Accounting policies to the financial statements in this Annual Report. We publish our consolidated financial statements in US dollars.

	2010	2009	2008	2007 [a]	2006 [a]
Consolidated Income Statement (US$M except per share data)					
Revenue	**52,798**	50,211	59,473	47,473	39,099
Profit from operations	**20,031**	12,160	24,145	19,724	15,716
Profit attributable to members of BHP Billiton Group	**12,722**	5,877	15,390	13,416	10,450
Dividends per ordinary share paid during the period (US cents)	**83.0**	82.0	56.0	38.5	32.0
Dividends per ordinary share declared in respect of the period (US cents)	**87.0**	82.0	70.0	47.0	36.0
Earnings per ordinary share (basic) (US cents) [b]	**228.6**	105.6	275.3	229.5	173.2
Earnings per ordinary share (diluted) (US cents) [b]	**227.8**	105.4	274.8	228.9	172.4
Number of ordinary shares (millions)					
- At period end	**5,589**	5,589	5,589	5,724	5,964
- Weighted average	**5,565**	5,565	5,590	5,846	6,035
- Diluted	**5,595**	5,598	5,605	5,866	6,066
Consolidated Balance Sheet (US$M)					
Total assets	**88,852**	78,770	76,008	61,404	51,343
Share capital (including share premium)	**2,861**	2,861	2,861	2,922	3,242
Total equity attributable to members of BHP Billiton Group	**48,525**	39,954	38,335	29,667	24,218
Other financial information					
Underlying EBIT (US$M) [c]	**19,719**	18,214	24,282	20,067	15,277
Underlying EBIT margin [c] [d] [e]	**40.7%**	40.1%	47.5%	48.4%	44.4%
Return on capital employed [e]	**26.4%**	24.6%	37.5%	38.4%	36.6%
Net operating cash flow (US$M)	**17,920**	18,863	17,817	15,957	11,325
Project investment (US$M) [e]	**10,770**	13,965	11,440	12,781	9,503
Gearing [e]	**6.3%**	12.1%	17.8%	25.0%	27.2%

(a) On 1 July 2007, the Group adopted the policy of recognising its proportionate interest in the assets, liabilities, revenues and expenses of jointly controlled entities within each applicable line item of the financial statements. All such interests were previously recognised using the equity method. Comparative figures for the years 2007 and 2006 that were affected by the policy change have been restated. Total assets for 2006 have been restated but are unaudited.

(b) The calculation of the number of ordinary shares used in the computation of basic earnings per share is the aggregate of the weighted average number of ordinary shares outstanding during the period of BHP Billiton Limited and BHP Billiton Plc after deduction of the weighted average number of shares held by the Billiton share repurchase scheme and the Billiton Employee Share Ownership Plan Trust and the BHP Bonus Equity Plan Trust and adjusting for the BHP Billiton Limited bonus share issue. Included in the calculation of fully diluted earnings per share are shares contingently issuable under Employee Share Ownership Plans.

(c) Underlying EBIT is profit from operations, excluding the effect of exceptional items. See section 3.6.1 for more information about this measure, including a reconciliation to profit from operations.

(d) Underlying EBIT margin excludes third party product.

(e) See section 10 for glossary definitions.

Table of Contents

1.4.2 Operational information

Our Board and Group Management Committee monitor a range of financial and operational performance indicators, reported on a monthly basis, to measure performance over time. We also monitor a comprehensive set of health, safety, environment and community contribution indicators.

	FY2010	FY2009	FY2008
People and Licence to operate Health, safety, environment and community			
Total Recordable Injury Frequency (TRIF) [(a)]	**5.3**	5.6	5.9
Community investment (US$M) [(a) (b)]	**200.5**	197.8[(b)]	141.0
Production [(c)]			
Total Petroleum Production (million barrels of oil equivalent)	**158.56**	137.97	130.07
Alumina (000 tonnes)	**3,841**	4,396	4,554
Aluminium (000 tonnes)	**1,241**	1,233	1,298
Copper cathode and concentrate (000 tonnes)	**1,075.2**	1,207.1	1,375.5
Nickel (000 tonnes)	**176.2**	173.1	167.9
Iron ore (000 tonnes)	**124,962**	114,415	112,260
Metallurgical coal (000 tonnes)	**37,381**	36,416	35,193
Manganese alloys (000 tonnes)	**583**	513	775
Manganese ores (000 tonnes)	**6,124**	4,475	6,575
Energy coal (000 tonnes)	**66,131**	66,401	80,868

(a) See section 10 for glossary definitions.
(b) In FY2009 we established a UK-based charitable company, BHP Billiton Sustainable Communities, registered with the UK Charities Commission for the purpose of funding community investment globally. In FY2010 our voluntary community contribution included the provision of US$80 million (2009: US$60 million; 2008: $US0 million) to BHP Billiton Sustainable Communities.
(c) Further details appear in section 2.3 of this Report.

1.5 Risk factors

We believe that, because of the international scope of our operations and the industries in which we are engaged, there are numerous factors which may have an effect on our results and operations. The following describes the material risks that could affect the BHP Billiton Group.

Fluctuations in commodity prices and impacts of the global financial crisis may negatively impact our results

The prices we obtain for our oil, gas, minerals and other commodities are determined by, or linked to, prices in world markets, which have historically been subject to substantial variations. The Group s usual policy is to sell its products at the prevailing market prices. The diversity provided by the Group s broad portfolio of commodities may not fully insulate the effects of price changes. Fluctuations in commodity prices can occur due to sustained price shifts reflecting underlying global economic and geopolitical factors, industry demand and supply balances, product substitution and national tariffs. The ongoing effects of the global financial crisis has impacted commodity markets in terms of lower prices, reduced demand and increased price volatility. The ongoing uncertainty and impact on global economic growth, particularly in the developed economies, may impact future demand and prices for commodities. The influence of hedge and other financial investment funds participating in commodity markets has increased in recent years, contributing to higher levels of price volatility. The impact of potential longer-term sustained price shifts and shorter-term price volatility creates the risk that our financial and operating results and asset values will be materially and adversely affected by unforeseen declines in the prevailing prices of our products.

We seek to maintain a solid A credit rating as part of our strategy. Notwithstanding our financial and capital management programs the ongoing effects of the global financial crisis may impact our future cash flows, ability to adequately access and source capital from financial markets and our credit rating.

Table of Contents

Our profits may be negatively affected by currency exchange rate fluctuations

Our assets, earnings and cash flows are influenced by a wide variety of currencies due to the geographic diversity of the countries in which we operate. Fluctuations in the exchange rates of those currencies may have a significant impact on our financial results. The US dollar is the currency in which the majority of our sales are denominated. Operating costs are influenced by the currencies of those countries where our mines and processing plants are located and also by those currencies in which the costs of imported equipment and services are determined. The Australian dollar, South African rand, Chilean peso, Brazilian real and US dollar are the most important currencies influencing our operating costs. Given the dominant role of the US currency in our affairs, the US dollar is the currency in which we present financial performance. It is also the natural currency for borrowing and holding surplus cash. We do not generally believe that active currency hedging provides long-term benefits to our shareholders. We may consider currency protection measures appropriate in specific commercial circumstances, subject to strict limits established by our Board. Therefore, in any particular year, currency fluctuations may have a significant impact on our financial results.

The commercial counterparties we transact with may not meet their obligations and negatively impact our results

We commercially contract with a large number of commercial and financial counterparties including customers, suppliers, and financial institutions. The global financial crisis has placed strains on global financial markets, reduced liquidity and impacted business conditions generally. Our existing counterparty credit controls may not prevent a material loss due to credit exposure to a major customer or financial counterparty. In addition, customers, suppliers, contractors or joint venture partners may fail to perform against existing contracts and obligations. Non-supply of key inputs or equipment may unfavourably impact our operations. Reduced liquidity and available sources of capital in financial markets may impact the cost and ability to fund planned investments. These factors could negatively affect our financial condition and results of operations.

Failure to discover new reserves, maintain or enhance existing reserves or develop new operations could negatively affect our future results and financial condition

The increased demand for our products and increased production rates from our operations in recent years has resulted in existing reserves being depleted at an accelerated rate. As our revenues and profits are related to our oil and gas and minerals operations, our results and financial conditions are directly related to the success of our exploration and acquisition efforts, and our ability to replace existing reserves. Exploration activity occurs adjacent to established operations and in new regions, in developed and less developed countries. These activities may increase land tenure, infrastructure and related political risks. A failure in our ability to discover new reserves, enhance existing reserves or develop new operations in sufficient quantities to maintain or grow the current level of our reserves could negatively affect our results, financial condition and prospects.

There are numerous uncertainties inherent in estimating ore and oil and gas reserves, and geological, technical and economic assumptions that are valid at the time of estimation may change significantly when new information becomes available. The impacts of the global financial crisis may impact economic assumptions related to reserve recovery and require reserve restatements. Reserve restatements could negatively affect our reputation, results, financial condition and prospects.

Reduction in Chinese demand may negatively impact our results

The Chinese market has become a significant source of global demand for commodities. In CY2009, China represented 56 per cent of global seaborne iron ore demand, 36 per cent of copper demand, 35 per cent of nickel demand, 39 per cent of aluminium demand, 42 per cent of energy coal demand and nine per cent of oil demand. China s demand for these commodities has been driving global materials demand over the past decade.

The strong economic growth and infrastructure development in China of recent years has been tempered by the global financial crisis. Sales into China generated US$13.2 billion (FY2009: US$9.9 billion), or 25.1 per cent (FY2009: 19.7 per cent), of our revenue in the year ended 30 June 2010. A slowing in China s economic growth could result in lower prices and demand for our products and therefore reduce our revenues.

In response to its increased demand for commodities, China is increasingly seeking strategic self-sufficiency in key commodities, including investments in existing businesses or new developments in other countries. These investments may adversely impact future commodity demand and supply balances and prices.

Table of Contents

Actions by governments or political events in the countries in which we operate could have a negative impact on our business

We have operations in many countries around the globe, some of which have varying degrees of political and commercial stability. We operate in emerging markets, which may involve additional risks that could have an adverse impact upon the profitability of an operation. These risks could include terrorism, civil unrest, nationalisation, renegotiation or nullification of existing contracts, leases, permits or other agreements, and changes in laws and policy, as well as other unforeseeable risks. Risks relating to bribery and corruption may be prevalent in some of the countries in which we operate. If one or more of these risks occurs at one of our major projects, it could have a negative effect on the operations in those countries, as well as the Group s overall operating results and financial condition.

Our operations are based on material long term investments that anticipate long term fiscal stability. Following the global financial crisis some governments face increased debt and funding obligations and may seek additional sources of revenue and economic rent by increasing rates of taxation, royalties or resource rent taxes to levels that are globally uncompetitive to the resource industry. Such taxes may negatively impact the financial results of existing businesses and reduce the anticipated future returns and overall level of prospective investment in those countries.

On 2 May 2010, the Australian Government proposed a Resource Super Profits Tax at a rate of 40 per cent on profits made from the extraction of non-renewable resources. Subsequently, on 2 July 2010, this proposal was amended to a Minerals Resource Rent Tax (MRRT), at a rate of 30 per cent (with a 25 per cent extraction allowance effectively resulted in a 22.5 per cent additional tax on profits) for iron ore and coal, while the current Petroleum Resource Rent Tax (PRRT) will be extended to all Australian oil and gas projects, including the North West Shelf. Legislation is proposed to be introduced into parliament in late CY2011, and then for the commencement date of the new tax regime to be 1 July 2012. The MRRT would operate in parallel with State and Territory royalty regimes, and those royalties in place or scheduled at 2 May 2010 would be creditable against the MRRT. The proposed MRRT would increase the effective tax rate of Australian coal and iron ore operations and the North West Shelf project. This could have a negative effect on the operating results of the Group s Australian operations. The MRRT is subject to passing by the Australian Parliament and may differ (wholly or in part) in its final form.

With the objective of raising more funds to face the reconstruction following the recent earthquake in Chile, the Chilean Government announced on 16 April 2010 an intention to increase the Corporate Income Tax rate (First Category Tax FCT) as well as changing the Mining Tax in exchange for extending the tax invariability period available to investors, from 2017 currently in place for an extra eight years to 2025. The current draft legislation proposes a temporary increase of the FCT rate for two years (2010-2011) with the change in the Mining Tax regime having been removed from the current proposed bill. Any potential tax changes in the future if implemented may impact our financial results from Chilean operations.

Our business could be adversely affected by new government regulation, such as controls on imports, exports and prices. Increasing requirements relating to regulatory, environmental and social approvals can potentially result in significant delays in construction and may adversely impact upon the economics of new mining and oil and gas projects, the expansion of existing operations and results of our operations.

Infrastructure, such as rail, ports, power and water, is critical to our business operations. We have operations or potential development projects in countries where government provided infrastructure or regulatory regimes for access to infrastructure, including our own privately operated infrastructure, may be inadequate or uncertain. These may adversely impact the efficient operations and expansion of our businesses. On 30 June 2010, the Australian Competition Tribunal granted declaration of BHP Billiton s Goldsworthy rail line, but rejected the application for declaration of its Newman rail line under Part IIIA of the Trade Practices Act. Following the tribunal s decision, access seekers may now negotiate for access to the Goldsworthy railway. These negotiations, and the availability and terms of access, would be governed by the Part IIIA statutory framework, and either the access seeker or BHP Billiton could refer disputed matters to the ACCC for arbitration. The outcome of this process would govern whether access would be provided and on what terms.

In South Africa, the Mineral and Petroleum Resources Development Act (2002) (MPRDA) came into effect on 1 May 2004. The law provides for the conversion of existing mining rights (so called Old Order Rights) to rights under the new regime (New Order Rights) subject to certain undertakings to be made by the company applying for such conversion. The Mining Charter requires that mining companies achieve 15 per cent ownership by historically disadvantaged South Africans of South African mining assets by 1 May 2009 and 26 per cent ownership by 1 May 2014. If we are unable to convert our South African mining rights in accordance with the MPRDA and the Mining Charter, we could lose some of those rights. Where New Order Rights are obtained under the MPRDA, these rights may not be equivalent to the Old Order Rights in terms of duration, renewal, rights and obligations.

Table of Contents

In May 2010, in response to the oil spill from BP s Macondo well, the United States Government announced a deepwater drilling moratorium in the Gulf of Mexico. There is uncertainty as to potential new permitting requirements that may be imposed on deepwater drilling. Our business could be adversely affected by the moratorium and any new regulatory requirements.

We operate in several countries where ownership of land is uncertain and where disputes may arise in relation to ownership. In Australia, the Native Title Act (1993) provides for the establishment and recognition of native title under certain circumstances. In South Africa, the Extension of Security of Tenure Act (1997) and the Restitution of Land Rights Act (1994) provide for various landholding rights. Such legislation could negatively affect new or existing projects.

We may not be able to successfully integrate our acquired businesses

We have grown our business in part through acquisitions. We expect that some of our future growth will stem from acquisitions. There are numerous risks encountered in business combinations. These include adverse regulatory conditions and obligations, commercial objectives not achieved due to minority interests, unforeseen liabilities arising from the acquired businesses, retention of key staff, sales revenues and the operational performance not meeting our expectations, anticipated synergies and cost savings being delayed or not being achieved, uncertainty in sales proceeds from planned divestments, and planned expansion projects are delayed or cost more than anticipated. These factors could negatively affect our financial condition and results of operations.

We may not recover our investments in mining and oil and gas projects

Our operations may be impacted by changed market or industry structures, commodity prices, technical operating difficulties, inability to recover our mineral, oil or gas reserves and increased operating cost levels. These may impact the ability for assets to recover their historical investment and may require financial write-downs adversely impacting our financial results.

Our non-controlled assets may not comply with our standards

Some of our assets are controlled and managed by joint venture partners or by other companies. Some joint venture partners may have divergent business objectives which may impact business and financial results. Management of our non-controlled assets may not comply with our management and operating standards, controls and procedures (including health, safety, and environment). Failure to adopt equivalent standards, controls and procedures at these assets could lead to higher costs and reduced production and adversely impact our results and reputation.

Operating cost pressures and shortages could negatively impact our operating margins and expansion plans

Increasing cost pressures and shortages in skilled personnel, contractors, materials and supplies that are required as critical inputs to our existing operations and planned developments may occur across the resources industry. As the prices for our products are determined by the global commodity markets in which we operate we may not have the ability to offset these cost increases resulting in operating margins being reduced. Notwithstanding our efforts to reduce costs and a number of key cost inputs being commodity price-linked, the inability to reduce costs and a timing lag may impact our operating margins for an extended period.

Changing industrial relations legislation such as the Australian Fair Work Act 2009 may impact workforce flexibility, productivity and costs. Labour unions may seek to pursue claims under the new framework. Industrial action may impact our operations resulting in lost production and revenues. Since the introduction of the Australian Fair Work Act in 2009, increasing occurrences of low-level industrial activity have been experienced across many Australian assets. The additional claims relate to increased access and coverage as provided by the legislation. If this activity continues, some negative productivity impacts may result.

A number of our operations are energy or water intensive and, as a result, the Group s costs and earnings could be adversely affected by rising costs or by supply interruptions. These could include the unavailability of energy, fuel or water due to a variety of reasons, including fluctuations in climate, significant increases in costs, inadequate infrastructure capacity, interruptions in supply due to equipment failure or other causes and the inability to extend supply contracts on economical terms.

These factors could lead to increased operating costs at existing operations.

Table of Contents

Increased costs and schedule delays may impact our development projects

Although we devote significant time and resources to our project planning, approval and review process, we may underestimate the cost or time required to complete a project. In addition, we may fail to manage projects as effectively as we anticipate, and unforeseen challenges may emerge. Any of these may result in increased capital costs and schedule delays at our development projects impacting anticipated financial returns.

Health, safety, environmental and community exposures and related regulations may impact our operations and reputation negatively

We are a major producer of carbon-related products such as energy and metallurgical coal, oil, gas, and liquefied natural gas. Our oil and gas operations are both onshore and offshore.

The nature of the industries in which we operate means that our activities are highly regulated by health, safety and environmental laws. As regulatory standards and expectations are constantly developing, we may be exposed to increased litigation, compliance costs and unforeseen environmental rehabilitation expenses.

Potential health, safety, environmental and community events that may materially impact our operations include rockfall incidents in underground mining operations, aircraft incidents, light vehicle incidents, explosions or gas leaks, incidents involving mobile equipment, uncontrolled tailings breaches, escape of polluting substances, community protests or civil unrest.

Longer-term health impacts may arise due to unanticipated workplace exposures by employees or site contractors. These effects may create future financial compensation obligations.

We provide for operational closure and site rehabilitation. Our operating and closed facilities are required to have closure plans. Changes in regulatory or community expectations may result in the relevant plans not being adequate. This may impact financial provisioning and costs at the affected operations.

We contribute to the communities in which we operate by providing skilled employment opportunities, salaries and wages, taxes and royalties and community development programs. Notwithstanding these actions, local communities may become dissatisfied with the impact of our operations, potentially affecting costs and production, and in extreme cases viability.

Legislation requiring manufacturers, importers and downstream users of chemical substances, including metals and minerals, to establish that the substances can be used without negatively affecting health or the environment may impact our operations and markets. These potential compliance costs, litigation expenses, regulatory delays, rehabilitation expenses and operational costs could negatively affect our financial results.

We may continue to be exposed to increased operational costs due to the costs and lost time associated with the HIV/AIDS and malaria infection rate mainly within our African workforce. Because we operate globally, we may be affected by potential pandemic influenza outbreaks, such as A(H1N1) and avian flu, in any of the regions in which we operate.

Despite our best efforts and best intentions, there remains a risk that health, safety, environmental and/or community incidents or accidents may occur that may negatively impact our reputation or licence to operate.

Unexpected natural and operational catastrophes may adversely impact our operations

We operate extractive, processing and logistical operations in many geographic locations both onshore and offshore. Our operational processes may be subject to operational accidents such as port and shipping incidents, fire and explosion, pitwall failures, loss of power supply, railroad incidents, loss of well control, environmental pollution and mechanical failures. Our operations and geographic locations may also be subject to unexpected natural catastrophes such as earthquakes, flood, hurricanes and tsunamis. Based on our claims, insurance premiums and loss experience, our risk management approach is to maintain self-insurance for property damage and business interruption related risk exposures. Existing business continuity plans may not provide protection for all of the costs that arise from such events. The impact of these events could lead to disruptions in production and loss of facilities more than offsetting premiums saved and adversely affect our financial results and prospects. Third party claims arising from these events may also exceed the limit of liability insurance policies we have in place.

13

Table of Contents

Climate change and greenhouse effects may adversely impact our operations and markets

Carbon based energy is a significant input in a number of the Group s mining and processing operations and we have significant sales of carbon based energy products.

A number of governments or governmental bodies have introduced or are contemplating regulatory change in response to the impacts of climate change. The December 1997 Kyoto Protocol established a set of greenhouse gas emission targets for developed countries that have ratified the Protocol. The European Union Emissions Trading System (EU ETS), which came into effect on 1 January 2005, has had an impact on greenhouse gas and energy-intensive businesses based in the EU. Our Petroleum assets in the UK are currently subject to the EU ETS, as are our EU based customers. Elsewhere, there is current and emerging climate change regulation that will affect energy prices, demand and margins for carbon intensive products. The Australian Government s plan of action on climate change includes the introduction of a national emissions trading scheme by 2013 and a mandatory renewable energy target of 20 per cent by the year 2020. From a medium to long-term perspective, we are likely to see some changes in the cost position of our greenhouse-gas-intensive assets and energy-intensive assets as a result of regulatory impacts in the countries in which we operate. These regulatory mechanisms may impact our operations directly or indirectly via our suppliers and customers. Inconsistency of regulations particularly between developed and developing countries may also change the competitive position of some of our assets. Assessments of the potential impact of future climate change regulation are uncertain given the wide scope of potential regulatory change in the many countries in which we operate.

The physical impacts of climate change on our operations are highly uncertain and will be particular to the geographic circumstances. These may include changes in rainfall patterns, water shortages, rising sea levels, increased storm intensities and higher average temperature levels. These effects may adversely impact the productivity and financial performance of our operations.

Our human resource talent pool may not be adequate to support our growth

Our existing operations and especially our pipeline of development projects in regions of numerous large projects, such as Western Australia, when activated, require many highly skilled staff with relevant industry and technical experience. In such a competitive environment, the inability of the Group and industry to attract and retain such people may adversely impact our ability to adequately meet demand in projects. Skills shortages in engineering, technical service, construction and maintenance may impact activities. These shortages may adversely impact the cost and schedule of development projects and the cost and efficiency of existing operations.

Breaches in our information technology (IT) security processes may adversely impact the conduct of our business activities

We maintain global IT and communication networks and applications to support our business activities. IT security processes protecting these systems are in place and subject to assessment as part of the review of internal control over financial reporting. These processes may not prevent future malicious action or fraud by individuals or groups, resulting in the corruption of operating systems, theft of commercially sensitive data, misappropriation of funds and disruptions to our business operations.

A breach in our governance processes may lead to regulatory penalties and loss of reputation

We operate in a global environment straddling multiple jurisdictions and complex regulatory frameworks. Our governance and compliance processes, which include the review of internal control over financial reporting, may not prevent future potential breaches of law, accounting or governance practice. Our *BHP Billiton* Code of Business Conduct, anti-bribery and corruption, and anti-trust standards may not prevent instances of fraudulent behaviour and dishonesty nor guarantee compliance with legal or regulatory requirements. This may lead to regulatory fines, litigation, loss of operating licences or loss of reputation.

1.6 Forward looking statements

This Annual Report contains forward looking statements, including statements regarding:

- estimated reserves
- trends in commodity prices

demand for commodities

plans, strategies and objectives of management

closure or divestment of certain operations or facilities (including associated costs)

anticipated production or construction commencement dates

Table of Contents

expected costs or production output

anticipated productive lives of projects, mines and facilities

provisions and contingent liabilities.

Forward looking statements can be identified by the use of terminology such as intend , aim , project , anticipate , estimate , plan , believe , may , should , will , continue or similar words. These statements discuss future expectations concerning the results of operations or financial condition, or provide other forward looking statements.

These forward looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this Annual Report. Readers are cautioned not to put undue reliance on forward looking statements.

For example, our future revenues from our operations, projects or mines described in this Annual Report will be based, in part, upon the market price of the minerals, metals or petroleum produced, which may vary significantly from current levels. These variations, if materially adverse, may affect the timing or the feasibility of the development of a particular project, the expansion of certain facilities or mines, or the continuation of existing operations.

Other factors that may affect the actual construction or production commencement dates, costs or production output and anticipated lives of operations, mines or facilities include our ability to profitably produce and transport the minerals, petroleum and/or metals extracted to applicable markets; the impact of foreign currency exchange rates on the market prices of the minerals, petroleum or metals we produce; activities of government authorities in some of the countries where we are exploring or developing these projects, facilities or mines, including increases in taxes, changes in environmental and other regulations and political uncertainty; and other factors identified in the description of the risk factors above.

We cannot assure you that our estimated economically recoverable reserve figures, closure or divestment of such operations or facilities, including associated costs, actual production or commencement dates, cost or production output or anticipated lives of the projects, mines and facilities discussed in this Annual Report, will not differ materially from the statements contained in this Annual Report.

Except as required by applicable regulations or by law, the Group does not undertake any obligation to publicly update or review any forward looking statements, whether as a result of new information or future events.

Table of Contents

2 Information on the Company

2.1 BHP Billiton locations

Petroleum

Ref	Country	Asset	Description	Ownership
1	Algeria	Ohanet	Joint operator with Sonatrach of wet gas development	45%
2	Algeria	ROD Integrated Development	Onshore oil development (non-operated)	38%
3	Australia	BassStrait	Producer of oil, condensate, LPG, natural gas and ethane (non-operated)	50%
4	Australia	Minerva	Operator of Minerva gas field development in the Otway Basin of Victoria	90%
5	Australia	North West Shelf	One of Australia s largest resource projects, producing liquids, LNG and domestic gas (non-operated)	8.33 16.67%
6	Australia	Pyrenees	Operator of Pyrenees floating, production, storage and offloading vessel, which produces oil in Western Australia	71.43%
7	Australia	Stybarrow	Operator of Stybarrow floating, production, storage and offloading vessel, which produces oil in Western Australia	50%
8	Pakistan	Zamzama	Operator of onshore gas development in Sindh province	38.5%
9	Trinidad and Tobago	Angostura	Operator of oil field located offshore east Trinidad	45%
10	UK	Bruce/Keith	Oil and gas production in the UK North Sea	Bruce 16% Keith 31.83%
11	UK	Liverpool Bay	Operator of oil and gas developments in the Irish Sea	46.1%
12	US	Gulf of Mexico	Interests in several producing assets, including deepwater oil and gas production at: - Atlantis (44%) - Shenzi (44%) - Mad Dog (23.9%) - Neptune (35%) Additional other interests in producing assets and a significant exploration acreage position (4.95 100%)	4.95 100%

16

Table of Contents

Aluminium

Ref	Country	Asset	Description	Ownership
13	Australia	Worsley	Integrated alumina refinery and bauxite mine in Western Australia	86%
14	Brazil	Alumar	Integrated alumina refinery and aluminium smelter	36 40%
15	Brazil	MRN	Bauxite mine	14.8%
16	Mozambique	Mozal	Aluminium smelter near Maputo	47.1%
17	SouthAfrica	Aluminium South Africa	Two aluminium smelters at Richards Bay	100%

Base Metals

Ref	Country	Asset	Description	Ownership
18	Australia	Cannington	Silver, lead and zinc mine in northwest Queensland	100%
19	Chile	Pampa Norte	Integration of Cerro Colorado and Spence open-cut mines producing copper cathode in Atacama Desert, northern Chile	100%
20	Chile	Escondida	The world s largest copper mine, located in northern Chile	57.5%
21	Peru	Antamina	Copper and zinc mine located in the Andes, north-central Peru	33.75%
22	US	Pinto Valley	Copper mine located in State of Arizona	100%

Uranium [(a)]

Ref	Country	Asset	Description	Ownership
23	Australia	Olympic Dam	The largest poly-metallic ore body in the world and Australia s biggest underground mine, producing uranium, copper and gold	100%

(a) Uranium forms part of the Base Metals Customer Sector Group.

Diamonds and Specialty Products

Ref	Country	Asset	Description	Ownership
24	Canada	EKATI	Diamond mines in the Northwest Territories of Canada	80%
25	South Africa	Richards Bay Minerals	Integrated titanium smelter and mineral sands mine	37%

Stainless Steel Materials

Ref	Country	Asset	Description	Ownership
26	Australia	Nickel West	Sulphide nickel assets including Mt Keith and Leinster nickel operations, Kalgoorlie nickel smelter and Kambalda nickel concentrator and the Kwinana nickel refinery	100%
27	Colombia	Cerro Matoso	Integrated laterite ferronickel mining and smelting complex in northern Colombia	99.94%

Iron Ore

Ref	Country	Asset	Description	Ownership
28	Australia	Western Australia Iron	Integrated iron ore mines, rail and port operations in the Pilbara	85 100%

		Ore		
29	Brazil	Samarco	An efficient low-cost producer of iron ore pellets in southeast Brazil	50%

Table of Contents

Manganese

Ref	Country	Asset	Description	Ownership
30	Australia	GEMCO	Producer of manganese ore in the Northern Territory	60%
31	Australia	TEMCO	Producer of manganese alloys in Tasmania	60%
32	South Africa	Samancor Manganese	Integrated producer of manganese ore (Hotazel Manganese Mines) and alloy (Metalloys)	60%

Metallurgical Coal

Ref	Country	Asset	Description	Ownership
33	Australia	Illawarra Coal	Underground coal mines (West Cliff, Dendrobium, Appin) in southern NSW, with access to rail and port facilities	100%
34	Australia	BHP Billiton Mitsubishi Alliance	Integrated mine, rail and port operations, including a loading terminal at Hay Point, in the Bowen Basin, Central Queensland	50%
35	Australia	BHP Mitsui Coal	Two open-cut coal mines in the Bowen Basin, Central Queensland	80%

Energy Coal

Ref	Country	Asset	Description	Ownership
36	Australia	NSW Energy Coal	Open-cut coal mine that supplies thermal coal to export markets and for domestic electricity generation	100%
37	Colombia	Cerrejón	Largest thermal coal exporter in Colombia, with integrated rail and port facilities	33.3%
38	South Africa	BHP Billiton Energy Coal South Africa	One of the largest producers and exporters of thermal coal in South Africa	50 100%
39	US	New Mexico Coal	Two mines in New Mexico supplying energy coal to adjacent power stations	100%

BHP Billiton office locations

Ref	Country	Office location	Business area
40	Australia	Adelaide	Shared Services Centre
			Uranium Head Office
			Marketing
41	Australia	Brisbane	Metallurgical Coal Head Office
			Project Hub
			Marketing
42	Australia	Melbourne	Global Headquarters
43	Australia	Newcastle	Marketing
44	Australia	Perth	Iron Ore Head Office

			Project Hub
			Stainless Steel Materials Head Office
			Marketing
45	Australia	Sydney	Energy Coal Head Office
46	Belgium	Antwerp	Marketing
47	Brazil	Rio de Janeiro	Marketing
48	Canada	Vancouver	Diamonds and Specialty Products Head Office
			Project Hub

Table of Contents

Ref	Country	Office location	Business area
49	Chile	Santiago	Base Metals Head Office
			Marketing
			Project Hub
			Shared Services Centre
50	China	Shanghai	Marketing
51	India	New Delhi	Marketing
52	Japan	Tokyo	Marketing
53	Malaysia	Kuala Lumpur	Global Shared Services Centre
54	Netherlands	The Hague	Marketing
55	Pakistan	Islamabad	Marketing
56	Singapore	Singapore	Corporate Centre
			Marketing
			Minerals Exploration
57	South Africa	Johannesburg	Manganese Head Office
			Marketing
58	South Africa	Richards Bay	Marketing
59	South Korea	Seoul	Marketing
60	Switzerland	Baar	Marketing
61	UK	London	Aluminium Head Office
			Corporate Centre
62	US	Houston	Petroleum Head Office
			Project Hub
			Shared Services Centre
			Marketing
63	US	Pittsburgh	Marketing

Projects and exploration activities are not shown on this map

i Offices

l Operations

2.2 Business Overview

2.2.1 History and development

Since 29 June 2001, we have operated under a Dual Listed Company (DLC) structure. Under the DLC structure, the two parent companies, BHP Billiton Limited (formerly BHP Limited and before that The Broken Hill Proprietary Company Limited) and BHP Billiton Plc (formerly Billiton Plc) operate as a single economic entity, run by a unified Board and management team. More details of the DLC structure are located under section 2.11 of this Report.

BHP Billiton Limited was incorporated in 1885 and is registered in Australia with ABN 49 004 028 077. BHP Billiton Plc was incorporated in 1996 and is registered in England and Wales with registration number 3196209. Successive predecessor entities to BHP Billiton Plc have operated since 1860.

The registered office of BHP Billiton Limited is 180 Lonsdale Street, Melbourne, Victoria 3000, Australia, and its telephone number is 1300 55 47 57 (within Australia) or +61 3 9609 3333 (outside Australia). The registered office of BHP Billiton Plc is Neathouse Place, London SW1V 1BH, UK, and its telephone number is +44 20 7802 4000. Our agent for service in the United States is Earl K. Moore at 1360 Post Oak Boulevard, Suite 150, Houston, TX 77056.

Table of Contents

2.2.2 Petroleum Customer Sector Group

Our Petroleum CSG comprises a base of large, long-life, low unit cost production operations that are located in six countries throughout the world. We pursue significant upstream opportunities with multiple options for growth to ensure continued success.

During FY2010, Petroleum delivered its third consecutive annual production record by realising 158.56 million barrels of oil equivalent following the successful delivery of a series of growth projects in the Gulf of Mexico and Australia. The Pyrenees facility (Australia) was brought on stream on schedule during the third quarter FY2010 and our deepwater Shenzi field (US) performed at or above design capacity during the year. We also realised strong reservoir performance from Atlantis North (US). All three factors plus strong base operating uptime worldwide contributed to a 27 per cent increase in high margin crude oil and condensate production over the previous year. This was accomplished while keeping our unit operating cost below US$6 per barrel.

Production in FY2010 from our Gulf of Mexico projects has not been materially impacted by events following the oil spill from BP s Macondo well. However, our current understanding of the Gulf of Mexico drilling moratorium, updated by the US Department of the Interior on 12 July 2010, indicates that it will be extremely unlikely for any new producing wells to commence drilling until at least very late in CY2010 which is expected to have a significant impact on FY2011 production.

We continue to invest in our business through economic cycles and maintain a long-term view. Our consistently strong project execution over the past four years has led us to successfully deliver four major operated projects, the latest one being the Pyrenees floating production storage and offtake facility offshore Western Australia. Combined with Shenzi and Neptune in the deepwater Gulf of Mexico and Stybarrow in Western Australia, we have proven our ability to safely deliver large, technically-challenging projects in diverse and challenging environments.

Our financial strength allows us to continue to aggressively pursue exploration opportunities around the globe. Our focus is on capturing and operating large acreage positions in areas that are material to BHP Billiton. Over the past four years, we have substantially grown our captured acreage position and commenced one of the most aggressive drilling campaigns in the Group s history that will continue into the coming years.

Information on Petroleum operations

The following table contains additional details of our production operations. This table should be read in conjunction with the production (see section 2.3.1) and reserve tables (see section 2.14.1).

Name, location and type of asset	Ownership and operation	Title/lease	Facilities
AUSTRALIA			
Bass Strait Offshore Victoria, Australia Oil and gas production	We hold a 50% interest in the Bass Strait fields. Esso Australia, a subsidiary of Exxon Mobil, owns the other 50% interest and is the operator. Oil Basins Ltd holds a 2.5% royalty interest in 18 of the production licences.	The venture holds 20 production licences and two retention leases issued by the Commonwealth of Australia with expiry dates ranging between 2016 to end of life of field. One of the 20 production licences is held with additional partner Santos Ltd.	There are 20 producing fields with 21 offshore developments (14 steel jacket platforms, three subsea developments, two steel gravity based mono towers and two concrete gravity based platforms). Onshore infrastructure includes the Longford Facility, which includes three gas plants and liquid processing facilities, interconnecting pipelines, the Long Island Point LPG and crude oil storage facilities and an ethane pipeline.

Table of Contents

Name, location and type of asset	Ownership and operation	Title/lease	Facilities
			The Bass Strait production capacity is as follows: - Crude 200 Mbbl/d - Gas 1,075 MMcf/d - LPG 5,150 tpd - Ethane 850 tpd
North West Shelf (NWS) gas, LNG, LPG and condensate North Rankin, Goodwyn, Perseus, Echo-Yodel and Angel, and Searipple fields offshore Dampier in Western Australia, Australia Domestic gas, LPG and condensate production and LNG liquefactions	We are a participant in the NWS Project, an unincorporated joint venture. We hold 8.33% of the original domestic gas joint venture. Our share of domestic gas production will progressively increase from 8.33% to 16.67%. We also hold 16.67% of the Incremental Pipeline Gas (IPG) domestic gas joint venture, 16.67% of the original LNG joint venture, 12.5% of the China LNG joint venture, 16.67% of the LPG joint venture and approximately 15% of current condensate production. Other participants in the respective NWS joint ventures are subsidiaries of Woodside Energy, Chevron, BP, Shell, Mitsubishi/Mitsui and the China National Offshore Oil Corporation. Woodside Petroleum Ltd is the operator.	The venture holds nine production licences issued by the Commonwealth of Australia, of which six expire in 2022 and three expire five years after the end of production.	Production from the North Rankin and Perseus fields is currently processed through the North Rankin A platform, which has the capacity to produce 2,300 MMcf/d of gas and 60 Mbbl/d of condensate. Production from the Goodwyn, Searipple and Echo-Yodel fields is processed through the Goodwyn A platform, which has the capacity to produce 1,450 MMcf/d of gas and 110 Mbbl/d of condensate. Four subsea wells in the Perseus field are tied into the Goodwyn A platform. Production from Angel field is currently processed through the Angel platform, which has the capacity to produce 960 MMcf/d of gas and 50 Mbbl/day of condensate. An onshore gas treatment plant at Withnell Bay has a current capacity to process approximately 600 MMcf/d of gas for the domestic market. An existing five train LNG plant has the capacity to produce an average rate of 45,000 tpd of LNG.
North West Shelf crude oil	We hold a 16.67% working interest in oil production from these fields. The other 83.33% is held by Woodside Energy (33.34%), with BP	The venture holds three production licences issued by the Commonwealth of Australia, with expiry dates ranging between 2012	The oil is produced to a floating production storage and offtake unit, the Cossack Pioneer, which has a production capacity of 140

Approximately 30 km northeast of the North Rankin gas and condensate field, offshore Western Australia, Australia	Developments Australia, Chevron Australia, and Japan Australia LNG (MIMI) each holding 16.67%.	and 2018.	Mbbl/d and a storage capacity of 1.15 MMbbl of crude oil.
Crude oil production is from the Wanaea, Cossack, Lambert and Hermes oil fields.	Woodside Petroleum Ltd is the operator.		
Griffin	We hold a 45% interest in the Griffin venture. The other 55% is held by Mobil Exploration and Producing Australia (35%) and Inpex Alpha (20%).	The venture holds a production licence issued by the Commonwealth of Australia that expires in 2014.	Oil and gas were produced using a floating production storage and offtake facility. Natural gas was piped to shore, where it was delivered directly into a pipeline.
Situated in the Carnarvon Basin, 62 km offshore Western Australia, Australia			
Comprises the Griffin, Chinook and Scindian offshore oil and gas fields	We are the operator.	The venture ceased production in October 2009.	
Minerva	We hold a 90% share of the Minerva venture. The other 10% is held by Santos (BOL) Pty Ltd.	The venture holds a production licence issued by the Commonwealth of Australia that expires five years after production ceases.	The Minerva development consists of two well completions in 60 m of water. A single flow line transports gas to an onshore gas processing facility with an original production design capacity of 150 TJ/d and 600 bbl/d of condensate.
Approximately 10 km offshore in the Otway Basin of Victoria, Australia	We are the operator.		
Single offshore gas reservoir with two compartments. Gas plant is situated approximately 4 km inland from Port Campbell.			

Table of Contents

Name, location and type of asset	Ownership and operation	Title/lease	Facilities
Stybarrow Situated in the Exmouth Sub-basin, 65 km offshore Western Australia, Australia Comprises the Stybarrow and Eskdale oil and gas fields.	We own a 50% share of the Stybarrow venture. The other 50% interest is held by Woodside Energy. We are the operator.	The venture holds a production licence issued by the Commonwealth of Australia that expires five years after production ceases.	Oil is produced by the Stybarrow development which comprises of a floating production storage and offtake facility, nine subsea well completions (including five producers, three water injectors and one gas injector) in 825 m of water. The Stybarrow facility has a crude oil production and storage capacity of 80 Mbbl/d and 900 Mbbl respectively. Gas production is reinjected into the reservoirs.
Pyrenees Situated in the Exmouth Sub-basin, 23 km offshore Western Australia, Australia Comprises the Crosby, Stickle and Ravensworth oil fields. The Ravensworth field straddles both the WA-42-L and WA-43-L production permits.	We hold a 71.43% share in the WA-42-L permit. The remaining 28.57% is held by Apache PVG. We hold a 40% share in the WA-43-L permit. The remaining 60.01% is held by Apache Permits (31.5%) and Inpex Alpha (28.5%). We are the operator.	The venture holds a production licence issued by the Commonwealth of Australia that expires five years after production ceases.	Oil is produced by the Pyrenees development which comprises of a floating production storage and offtake facility, 17 subsea well completions (including thirteen producers, three water injectors and one gas injector) in an average water depth of 200 m. The Pyrenees facility has crude oil production and storage capacity of 96 Mbbl/de and 920 Mbbl respectively. Production commenced in third quarter FY2010.
UNITED STATES			
Neptune (Green Canyon 613) Gulf of Mexico, approximately 195 km offshore of Fourchon, Louisiana, US Deepwater oil and gas field	We hold a 35% interest in the joint venture. The other owners are Marathon Oil (30%), Woodside Energy (20%) and Maxus US Exploration (15%). We are the operator.	The venture holds a lease from the US as long as oil and gas are produced in paying quantities.	The production facility consists of a tension-leg platform permanently moored in 1,300 m of water. The facility has nameplate processing capacity of 50 Mbbl/d of oil and 50 MMcf/d of gas.
Shenzi (Green Canyon 653) Gulf of Mexico, approximately 200 km offshore of Fourchon, Louisiana, US	We hold a 44% interest in the joint venture. The other owners are Hess Corporation (28%) and Repsol (28%).	The venture holds a lease from the US as long as oil and gas are produced in paying quantities.	The Shenzi production facility consists of a stand-alone tension-leg platform (TLP) permanently moored in 1,310 m of water.

Deepwater oil and gas field	We are the operator.		The facility has nameplate processing capacity of 100 Mbbl/d of oil and 50 MMcf/d of gas.
			The Genghis Khan field is part of the same geological structure as the Shenzi project and consists of a tieback to the existing Marco Polo TLP.
West Cameron 76	We hold a 33.76% interest in the joint venture.	The venture holds a lease from the US as long as oil and gas are produced in paying quantities.	The production facility consists of two conventional gas platforms with a capacity of 120 MMcf/d of gas and 800 bbl/d of condensate.
Gulf of Mexico, approximately 20 km offshore, Central Louisiana, US	The other owners are ENI Petroleum (40%), Merit Management Partners (15%) and Ridgewood Energy Company (11.24%).		
Offshore gas and condensate field			
	We are the operator.		

Table of Contents

Name, location and type of asset	Ownership and operation	Title/lease	Facilities
Starlifter (West Cameron 77) Gulf of Mexico, approximately 25 km offshore, Central Louisiana, US Offshore gas and condensate field	We hold a 30.95% interest in the joint venture. The other owners are McMoRan (33.75%), Seneca Resources (11.25%) Merit Management Partners (13.75%) and Ridgewood Energy Company (10.3%). We are the operator.	The venture holds a lease from the US as long as oil and gas are produced in paying quantities.	The production facility consists of a single conventional gas platform with a capacity of 40 MMcf/d of gas and 450 bbl/d of condensate.
Mustang (West Cameron 77) Gulf of Mexico, approximately 25 km offshore, Central Louisiana, US Offshore gas and condensate field	We hold a 43.66% interest in the joint venture. The other owners are ENI Petroleum (22.4%), Merit Management Partners (19.4%) and Ridgewood Energy Company (14.54%). We are the operator.	The venture holds a lease from the US as long as oil and gas are produced in paying quantities.	The production facility consists of a single conventional gas platform with a capacity of 40 MMcf/d of gas and 450 bbl/d of condensate.
Atlantis (Green Canyon 743) Gulf of Mexico, approximately 200 km offshore of Fourchon, Louisiana, US Deepwater oil and gas field	We hold a 44% working interest in the joint venture. The other owner is BP (56%). BP is the operator.	The venture holds a lease from the US as long as oil and gas are produced in paying quantities.	The production facility consists of a semi-submersible platform permanently moored in 2,155 m of water. The facility has nameplate processing capacity of 200 Mbbl/d of oil and 180 MMcf/d of gas.
Mad Dog (Green Canyon 782) Gulf of Mexico, approximately 210 km offshore of Fourchon, Louisiana, US Deepwater oil and gas field	We hold a 23.9% interest in the joint venture. The other owners are BP (60.5%) and Chevron (15.6%). BP is the operator.	The venture holds a lease from the US as long as oil and gas are produced in paying quantities.	The production facility consists of an integrated truss spar equipped with facilities for simultaneous production and drilling operations, permanently moored in 1,310 m of water. The facility has the capacity to process 100 Mbbl/d of oil and 60 MMcf/d of gas.
Genesis (Green Canyon 205)	We hold a 4.95% interest in the joint venture.	The venture holds a lease from the US as long as oil and gas are produced in paying quantities.	The production facility consists of a floating cylindrical hull (spar) moored to the seabed with integrated drilling facilities and a capacity of 55 Mbbl/d of oil and

Gulf of Mexico, approximately 155 km offshore of Fourchon, Louisiana, US	The other owners are Chevron (56.67%) and ExxonMobil (38.38%).	72 MMcf/d of gas.
Deepwater oil and gas field	Chevron is the operator.	

Table of Contents

Name, location and type of asset	Ownership and operation	Title/lease	Facilities
OTHER			
Liverpool Bay	We hold a 46.1% interest in the joint venture. The other 53.9% is held by ENI.	The joint venture holds three production licences issued by the Crown of the United Kingdom, which expire in 2016, 2025 and 2027.	The Liverpool Bay asset is an integrated development of six fields.
Douglas and Douglas West oil fields, Hamilton, Hamilton North and Hamilton East gas fields, and Lennox oil and gas field in the Irish Sea, approximately 10 km off the northwest coast of England	We are the operator.		Oil from the Lennox and Douglas fields is treated at the Douglas complex and piped 17 km to an oil storage barge for export by tankers.
Offshore oil and gas fields			Gas from the Hamilton, Hamilton North, Hamilton East and Lennox fields is initially processed at the Douglas complex then piped by subsea pipeline to the Point of Ayr gas terminal for further processing. The facility has the capacity to produce 308 MMcf/d of gas and 70 Mbbl/d of oil and condensate.
Bruce/Keith	We hold a 16% interest in the Bruce field. The other 84% is owned by BP (37%), Total (43.25%) and Marubeni (3.75%).	The joint venture holds three production licences issued by the Crown of the United Kingdom, which expire in 2011, 2015 and 2018.	Production is via an integrated oil and gas platform. The capacity of the Bruce facility has, since 2002, been increased to 920 MMcf/d.
North Sea, approximately 380 km northeast offshore of Aberdeen, Scotland	BP is the operator of Bruce.		The Keith field was developed as a tie-back to the Bruce platform facilities.
The Keith field is located adjacent to the Bruce field.	We hold a 31.83% interest in the Keith field. The other 68.17% is owned by BP (34.84%), Total (25%) and Marubeni (8.33%).		
Offshore oil and gas fields	We are the operator of Keith.		
Ohanet	We have an effective 45% interest in the Ohanet joint venture. The other 55% is held by Japan Ohanet Oil and Gas Co. Ltd. (30%), Woodside Energy (Algeria) Pty. Ltd. (15%) and Petrofac Energy Developments (Ohanet) LLC (10%).	The joint venture is party to a risk service contract with the title holder, Sonatrach, which expires in 2011, with an option to extend under certain conditions.	Ohanet is a wet gas (LPG and condensate) development consisting of four gas and condensate fields and a gas processing plant with the capacity to treat 20 MMcm/d of wet gas and 61 Mbbl/d of associated liquids (LPG and condensate).
Approximately 1,300 km southeast of Algiers, Algeria			
Four onshore gas and condensate fields	The project is operated by a Sonatrach/BHP Billiton staffed	Under this contract, the joint venture is reimbursed and remunerated for its investments in liquids.	

organisation.

ROD Integrated Development Berkine Basin, 900 km southeast of Algiers, Algeria	We hold a 45% interest in the 401a/402a production sharing contract, with ENI holding the remaining 55%.	The venture is party to a production sharing contract with the title holder, Sonatrach, which expires in 2016, with an option for two five-year extensions under certain conditions.	Comprises the development and production of six oil fields, the largest two of which, ROD and SFNE, extend into the neighbouring blocks 403a and 403d.
Six onshore oil fields	We have an effective 38% interest in ROD unitised integrated development. ENI owns the remaining 62%. Our interest is subject to a contractual determination to ensure that interest from participating association leases is accurately reflected. Future redetermination of our interest may be possible under certain conditions. A joint Sonatrach/ENI entity is the operator.		The ROD Integrated Development is being produced through a dedicated processing train located adjacent to BRN processing facilities on block 403, with the capacity to process approximately 80 Mbbl/d of oil.

Table of Contents

Name, location and type of asset	Ownership and operation	Title/lease	Facilities
Greater Angostura Approximately 40 km off the east coast of Trinidad Shallow water oil and gas field	We hold a 45% interest in the joint venture. The other 55% is held by Total (30%) and Chaoyang (25%). We are the operator.	The venture has entered into a production sharing contract with the Republic of Trinidad and Tobago that entitles the contractor to operate Greater Angostura until 2021.	Greater Angostura is an integrated oil and gas development. The infrastructure consists of a steel jacketed central processing platform with three satellite wellhead protector platforms and flow lines. A pipeline connects the processing platform to storage facilities at Guayaguayare, where an export pipeline has been installed to allow for offloading to tankers in Guayaguayare Bay. The facility has the capacity to process 100 Mbbl/d of oil.
Zamzama Dadu Block, Sindh Province, Pakistan Onshore gas wells	We hold a 38.5% working interest in the joint venture. The other 61.5% is owned by ENI Pakistan (M) Ltd (17.75%), PKP Exploration Ltd (9.375%), PKP Exploration Ltd 2 (9.375%), and Government Holdings (Private) Limited (25%). We are the operator.	20-year development and production lease starting April 2002 from the Government of Pakistan (with an option to extend five years beyond the 20-year term).	Zamzama currently consists of eight production wells and four process trains, with an existing capacity of 500 MMcf/d of gas and 3,350 bbl/d of condensate.

Our production assets are as follows:

Bass Strait

Together with our 50 50 joint venture partner, Esso Australia, a subsidiary of ExxonMobil, we have been producing oil and gas from Bass Strait, off the south-eastern coast of the Australian mainland, for 40 years, having participated in the original discovery of hydrocarbons there in 1965. We dispatch the majority of our Bass Strait crude oil and condensate production to refineries along the east coast of Australia. Gas is piped ashore to our Longford processing facility, from where we sell our production to domestic distributors under contracts with periodic price reviews.

North West Shelf

We are a domestic gas joint venture participant in the North West Shelf Project in Western Australia. The North West Shelf Project was developed in phases: the domestic gas phase, which supplies gas to the Western Australian domestic market mainly under long-term contracts, and a series of LNG expansion phases, which supply LNG to buyers in Japan, Korea and China under a series of long-term contracts. The North West Shelf Project also produces LPG and condensate.

We are also a joint venture participant in four nearby oil fields. Both the North West Shelf gas and oil ventures are operated by Woodside Petroleum Ltd.

Australia Operated

We are the operator of two oil fields offshore Western Australia and one gas field in Victoria.

The Pyrenees asset came on line in the third quarter FY2010 and is an oil development which consists of three fields (Crosby, Stickle and Ravensworth) located offshore Western Australia. The project uses a floating production storage and offtake facility.

The Stybarrow asset (50 per cent BHP Billiton share) is an oil development located offshore Western Australia. The project uses a floating production storage and offtake facility.

The Minerva asset (90 per cent BHP Billiton share) is a gas field located offshore Victoria. The asset consists of two subsea producing wells which pipe gas onshore to a processing plant. The gas is delivered into a pipeline and sold domestically.

Gulf of Mexico

We operate three fields in the Gulf of Mexico (Neptune, Shenzi and consolidated operations in the West Cameron area), and hold non-operating interests in a further three fields (Atlantis, Mad Dog and Genesis). We also own 25 per cent and 22 per cent, respectively, of the companies that own and operate the Caesar oil pipeline and the Cleopatra gas pipeline which transport oil and gas from the Green Canyon area, where a number of our fields are located, to connecting pipelines that transport product to the mainland. We deliver our oil production to refineries along the Gulf Coast of the United States.

Table of Contents

Liverpool Bay and Bruce/Keith

The Liverpool Bay integrated development consists of six offshore gas and oil fields in the Irish Sea, the Point of Ayr onshore processing plant in North Wales, and associated infrastructure. We deliver all of the Liverpool Bay gas by pipeline to E.ON s Connah s Quay power station. We own 46.1 per cent of and operate Liverpool Bay. We also hold a 16 per cent non-operating interest in the Bruce oil and gas field in the North Sea and operate the Keith field, a subsea tie-back, which is processed via the Bruce platform facilities.

Algeria

Our Algerian assets comprise our effective 45 per cent interest in the Ohanet wet gas development and our effective 38 per cent interest in the ROD Integrated Development, which consists of six satellite oil fields that pump oil back to a dedicated processing train.

Trinidad and Tobago

The Greater Angostura project is an integrated oil and gas development located offshore east Trinidad. We are the operator of the field and have a 45 per cent interest in the production sharing contract for the project.

Zamzama

We hold a 38.5 per cent working interest in and operate the Zamzama gas project in Sindh province of Pakistan. Both gas and condensate are sold domestically.

Development projects

Australia

North West Shelf North Rankin gas compression project

In March 2008, the Board approved the North West Shelf gas compression project to recover remaining lower pressure gas from the North Rankin and Perseus gas fields. A new gas compression platform, North Rankin B, capable of processing 2,500 million cubic feet of gas per day will be constructed adjacent to the existing North Rankin A platform, 135 kilometres offshore from Karratha on the northwest coast of Western Australia. The two platforms will be connected by a 100 metre long bridge and operate as a single facility. Our 16.67 per cent share of development costs is approximately US$850 million, of which US$257 million was incurred as of 30 June 2010. First gas is expected in 2012.

North West Shelf Cossack, Wanaea, Lambert, Hermes (CWLH) life extension

In December 2008, approval was announced to undertake a redevelopment project to replace and refurbish CWLH facilities because the existing operation had performed above expectation and had an expected field life much longer than originally planned. The project consists of the replacement of the existing Cossack Pioneer floating production storage and offtake vessel and selected refurbishment of existing subsea infrastructure and the existing riser turret mooring. Our 16.67 per cent share of the cost is approximately US$245 million, of which US$111 million was incurred as of 30 June 2010. First production through the redeveloped facilities is expected in CY2011.

Bass Strait Kipper gas field development

Initial development of the Kipper gas field in the Gippsland Basin located offshore Victoria was approved by the Board in December 2007. The first phase of the project includes two new subsea wells, three new pipelines and platform modifications to supply 10 thousand barrels of condensate per day and 80 million cubic feet of gas per day. Gas and liquids will be processed via the existing Gippsland Basin joint venture facilities. Our share of development costs is approximately US$500 million, of which US$216 million was incurred as of 30 June 2010. The initial production target date is CY2011. The schedule and budget are currently under review following advice from the operator.

We own a 32.5 per cent interest in the Kipper Unit Joint Venture, with Esso Australia and Santos owning the remaining 67.5 per cent. We own a 50 per cent interest in the Gippsland Basin joint venture.

Table of Contents

Bass Strait Turrum field development

Further expansion of the Gippsland Basin facilities is underway with the Board approving the full field development of the Turrum oil and gas field in July 2008. The project consists of a new platform, Marlin B, linked by a bridge to the existing Marlin A platform. The Turrum field, which has a capacity of 11 thousand barrels of oil per day and 200 million cubic feet of gas per day, is located 42 kilometres from shore in approximately 60 metres of water. Our share of development costs is approximately US$625 million, of which US$270 million was incurred as of 30 June 2010. The initial production target date is CY2011. The schedule and budget are currently under review following advice from the operator.

Other

Greater Angostura Phase 2

In September 2008, we announced the signing of a gas sales contract with the National Gas Company of Trinidad and Tobago Limited (NGC) for the purchase of gas from the second phase of the Greater Angostura field. In August 2008, we sanctioned an investment of approximately US$400 million (US$180 million our share, of which US$117 million was incurred as of 30 June 2010) to construct and install a new gas export platform alongside the Company s existing facilities within the Greater Angostura Field. Fabrication of the 280 million cubic feet per day facility started in February 2009 and is expected to be online during CY2011.

The development also includes modifications to the existing Greater Angostura facilities and the installation of a new flowline. NGC will take delivery of the gas at the new gas export platform and will transport it in their proposed 36 inch diameter Northeastern Offshore Pipeline to Trinidad and a 12 inch diameter Tobago pipeline.

The Greater Angostura field includes oil and gas discoveries at Aripo, Kairi and Canteen. We hold a 45 per cent interest in the joint venture. Other partners are Total (30 per cent interest) and Chaoyang Petroleum (BVI) Limited (25 per cent interest), a consortium between CNOOC and Sinopec.

Exploration and appraisal

We focus on capturing and operating large acreage positions in areas that are material to the Group. We have exploration interests throughout the world, particularly in the Gulf of Mexico, Australia, South East Asia, and Latin America. During the year, our gross expenditure on exploration was US$817 million, of which US$563 million was expensed. Our major exploration interests are as follows:

Australia

We have a 50 per cent interest in the Gippsland Basin joint venture with Esso Australia Ltd. Operations for the South East Remora-1 wildcat well commenced in December 2009 and the well encountered a hydrocarbon-bearing interval. The well has been plugged and abandoned and continues to be evaluated for development potential.

In October 2009, exploration block WA-346-P was renewed for an additional five years following the expiry of the initial six-year term. WA-346-P contains the existing Thebe and Jupiter gas fields and the northern portion of the Scarborough gas field. The work program in the five year term includes one exploration well as well as continued evaluation of the development potential of the existing discoveries. We operate WA-346-P and hold a 100 per cent interest.

Exploration block WA-351-P, located on the Exmouth Plateau south of Scarborough, was also renewed in June 2010 for an additional five years following the initial six-year term. The work program includes one exploration well and geological and geophysical studies within the five-year term. We operate WA-351-P and hold a 55 per cent interest with Tap Oil (25 per cent) and Roc Oil (20 per cent) holding the remainder.

In June 2009, we farmed into block WA-335-P to the south of WA-351-P, acquiring 30 per cent equity from the joint venture partners Apache (45.5 per cent) and Kufpec (24.5 per cent). A 3D seismic survey covering all of block WA-335-P has commenced.

In August 2009, Woodside Browse Pty Ltd farmed into the AC/RL8 retention lease over the Argus gas field, acquiring a 43.33 per cent working interest from us. Woodside subsequently acquired Petronas equity in the block, taking their interest to 60 per cent with BHP Billiton retaining a 40 per cent interest.

Table of Contents

United States

Knotty Head - Green Canyon 512

We currently own a 25 per cent interest in the Knotty Head prospect, located in Green Canyon Block 512. Partners in the field are Nexen (25 per cent), Unocal (25 per cent) and Statoil (25 per cent). Knotty Head appraisal well-2 was drilled in October 2009 and concluded in March 2010. The appraisal well was drilled to a total of 33,227 feet measured depth or 32,446 feet true vertical depth and evaluated the western portion of the block. Development options for the field are currently being evaluated.

Deep Blue - Green Canyon 723

We currently own a 31.875 per cent interest in the Deep Blue prospect located in the Green Canyon area. Partners in the well are Noble (33.75 per cent), Statoil (15.625 per cent), Samson (9.375 per cent) and Murphy (9.375 per cent). Deep Blue exploration well-1 was drilled in November 2009 and concluded in May 2010. The sidetrack drilling started in May and was suspended in June 2010 due to the Gulf of Mexico drilling moratorium issued by the US Federal Government. The Green Canyon 723 #1 original hole drilled to a total depth of 32,684 feet measured depth and encountered hydrocarbons. The forward plan is to complete the sidetrack operations once the moratorium is lifted. There is insufficient information to confirm the extent of hydrocarbons until drilling operations have been completed.

Gulf of Mexico - Other

We drilled the Double Mountain (70 per cent interest) and Firefox (50 per cent interest) exploration wells which were completed in April 2010. Both wells were plugged and abandoned and expensed as dry holes.

Other

Canada

In January 2010, we were awarded two offshore non-operated licenses in the Laurentian Basin, Newfoundland, Canada - E.L. 1118 (45 per cent interest) and E.L. 1119 (36 per cent interest). ConocoPhillips Canada Resources Corp. is the operator and holds the balance of the interests.

In April 2010, the East Wolverine well was plugged and abandoned and expensed as a dry hole. We had 45 per cent interest with ConocoPhillips holding the remaining 55 per cent. In June 2010, we and ConocoPhillips relinquished our interest in Laurentian Basin Newfoundland Licenses E.L. 1081R, 1082R, 1086R and 1087R and also relinquished interest in Laurentian Basin St. Pierre-et-Miquelon (SPM) exploration permit and pending SPM Langlade permit application.

Colombia

In April 2006, we entered into two Exploration and Production Contracts for the Fuerte Norte and Fuerte Sur blocks located offshore Colombia. We held a 75 per cent operating interest in each block with Ecopetrol holding the remaining 25 per cent. The joint venture has completed acquisition and processing of 3D seismic over the area as part of the Phase 2 work program commitment. In October 2009, we elected not to enter into Phase 3 of Fuerte Norte and Fuerte Sur projects and transferred all of our interest to Ecopetrol in December 2009.

In September 2008, we entered into a technical evaluation assignment for the evaluation of hydrocarbons in Block 5 in the Llanos basin onshore Colombia. We are the operator of the project and hold a 71.4 per cent working interest in the joint venture, with SK Energy Co holding the remaining 28.6 per cent interest. The minimum work program includes the acquisition of 1,000 kilometres of 2D seismic plus the drilling of five stratigraphic wells. The airborne survey was completed in January 2010, and plans to complete the 2D seismic drilling program are currently underway.

Falkland Islands

In December 2007, we farmed into Northern and Southern area licences offshore the Falkland Islands. We acquired a 51 per cent interest from our joint venture partner Falkland Oil and Gas Limited and assumed operatorship in January 2008. The minimum exploration work program includes drilling two wells in the first phase by the end of 2010. Site surveys on both blocks were completed in 2009. The first exploration well began drilling in June 2010 and was plugged and abandoned and expensed as a dry hole in July 2010.

28

Table of Contents

India

In December 2008, we were awarded seven offshore blocks in India. We are the operator of all seven blocks, each with its own production sharing contract. The minimum exploration program includes the acquisition and processing of 2D seismic data across the seven blocks. We currently own a 26 per cent interest in all seven blocks, with our partner GVK holding the remaining 74 per cent. In June 2010, we were awarded three additional offshore blocks. The minimum work program associated with the three blocks includes the acquisition and processing of 2D and 3D seismic data. We hold a 100 per cent interest in each of these three blocks.

Malaysia

In March 2007, we were awarded offshore Blocks N and Q in Malaysia with a 60 per cent interest and operatorship, with Petronas Carigali holding the residual 40 per cent. The minimum exploration program includes the acquisition and processing of seismic data across the two blocks and the drilling of four exploration wells within the first seven years. The initial seismic acquisition program commenced in June 2008 and was completed in September 2008. The first exploration well was drilled in February 2010 and was plugged, abandoned and expensed as a dry hole.

Philippines

In November 2009, we acquired a 75 per cent interest in Service Contract 59, located offshore Philippines and assumed operatorship in April 2010. PNOC Exploration Corp owns the remaining 25 per cent interest. As part of the minimum work program, the joint venture completed the acquisition and processing of a 2D seismic survey in April 2010. Plans to complete a 3D seismic survey are currently underway.

In August 2009, we exercised our option with partner Mitra Energy (25 per cent) to acquire a 25 per cent non-operating interest in Service Contract 56 located offshore Philippines. The joint venture completed drilling of the first exploration well in December 2009, and the second consecutive well was completed in February 2010. Both wells were expensed as dry holes. The block is operated by ExxonMobil (50 per cent).

Vietnam

In October 2009, we became operator of Vietnam Blocks 28 and 29/03 that are located approximately 200 kilometres offshore southern Vietnam. We have a 50 per cent interest in each of the blocks, with Mitra Energy holding the remaining 50 per cent. The minimum work program for the first sub-phase includes 2D seismic data and two wells. In addition to the 2D seismic data requirement, we acquired and processed 3D data.

Present Activities

Drilling

The number of wells in the process of being drilled as of 30 June 2010 was as follows:

	Exploratory Wells		Development Wells		Total	
	Gross	Net [a]	Gross	Net [a]	Gross	Net [a]
Australia			3	2	3	2
United States	1		6	2	7	2
Other	1	1			1	1
Total [b]	**2**	**1**	**9**	**4**	**11**	**5**

(a) Represents our share of the gross well count.
(b) 1 (Net: 0.3) exploratory well and 3 (Net: 1.3) development wells were suspended as a result of the Gulf of Mexico drilling moratorium.

29

Table of Contents

Other significant activities

Australia

Browse

The Browse LNG Development comprises the development of the Torosa, Brecknock and Calliance gas fields, which were discovered in 1971, 1979, and 2000, respectively. The fields are approximately 270 kilometres from the Kimberley coast and 440 kilometres north-northwest of Broome, Australia in water depths ranging from 30 to 800 metres. Retention Leases were renewed during FY2010. Evaluation of an LNG plant located at James Price Point in the Kimberley area of Western Australia is underway in addition to the upstream development. Woodside is the operator and we currently own 8.33 per cent in East Browse and 20 per cent in West Browse; however, the partnership is currently working to align the equity interests for the overall development.

Macedon

The Macedon project is in the final stages of evaluation and is a lean dry gas field that is ideally placed to meet growing Western Australian domestic gas demand. The project is scheduled to meet a market window governed by the end of existing gas supply contracts and the start of supply from green field LNG projects.

The Macedon field was discovered in 1992. The field lies in Production Licence WA-42L. We are operator with a 71.43 per cent share and Apache Northwest Pty Ltd holds a 28.57 per cent share.

Scarborough

The development planning for the large Scarborough gasfield offshore Western Australia is in progress. Development options are being evaluated for an LNG plant and offshore production facilities. Esso is the operator of the WA-1-R lease and we hold a 50 per cent working interest. We also have a 100 per cent working interest in the WA-346-P block.

United States

Shenzi Water Injection

The Shenzi Water Injection program includes drilling and completion of five water injection wells and provides facilities to inject up to 125 thousand barrels of water per day at 7,000 psi. The Shenzi Water Injection program was approved as part of the original sanctioned Shenzi project which began producing in 2009 and is intended to supplement aquifer pressure for additional recovery.

Atlantis South Water Injection

The Atlantis South Water Injection project, which is in the execution phase, involves drilling four subsea water injectors, tying them into the existing infrastructure and commissioning the 75 thousand barrels of water per day injection facilities. This water injection project mitigates low aquifer pressure which could result in a swift production decline. BP is the operator and we hold a 44 per cent working interest.

Atlantis North Phase 2B

The Atlantis North Flank began production in July 2009; and the North Phase 2B is a brownfield capital investment program being developed to improve production rates. Phase 2B includes a three well program and associated subsea infrastructure. As with the original Atlantis North project, BP is the operator, and we hold a 44 per cent working interest.

Mad Dog Phase 2

The Mad Dog Phase 2 project is in response to the successful Mad Dog South appraisal well, which confirmed significant resource in the southern portion of the Mad Dog field. We are working with our partners in the project to select the optimum concept for development.

Other

Zamzama Front End Compression

Zamzama Front End Compression is a brownfield project which allows for the additional drawdown of the reservoir, adding reserves and extending the plateau. Development is currently underway.

Table of Contents

Delivery Commitments

We have delivery commitments of natural gas and LNG of approximately 2,594 billion cubic feet through 2031 (67 per cent Australia and 33 per cent Other) and crude, condensate and NGL commitments of 33.3 million barrels through 2011 (72 per cent Australia, 27 per cent United States and 1 per cent Other). We have sufficient proved reserves and production capacity to fulfil these delivery commitments. Further information can be found in Section 2.14.1.

2.2.3 Aluminium Customer Sector Group

Our Aluminium business is a portfolio of assets at three stages of the aluminium value chain: we mine bauxite, we refine bauxite into alumina, and we smelt alumina into aluminium metal. We are the world s seventh-largest producer of aluminium, with total production in FY2010 of 1.2 million tonnes of aluminium. We also produced 13.9 million tonnes of bauxite and 3.8 million tonnes of alumina.

During FY2010, 52 per cent of our alumina production was used in our aluminium smelters and we sold the balance to other smelters. Our alumina sales are a mixture of long-term contract sales at London Metal Exchange (LME)-linked prices and spot sales at negotiated prices. Prices for our aluminium sales are generally linked to prevailing LME prices.

As with our other businesses, our strategy with bauxite and alumina is to own large, low-cost assets that provide good returns through the investment cycle and provide us with options for brownfield development. With aluminium smelters, where the availability and cost of power are critical, our investment decisions have been driven in part by the availability of stranded power generation capacity.

We have interests in one integrated bauxite mining/alumina refining asset:

Boddington/Worsley

The Boddington bauxite mine in Western Australia supplies bauxite ore via a 51 kilometre long conveyor to the Worsley alumina refinery. Worsley is one of the largest and lowest-cost refineries in the world, and is currently undergoing a major expansion (see Development projects below). Our share of Worsley s FY2010 production was 3.054 million tonnes of alumina. Worsley s export customers include our own Hillside, Bayside and Mozal smelters in southern Africa. Boddington has a reserve life of 23.9 years at current production rates. We own 86 per cent of the mine and the refinery.

Kaaimangrasie/ Klaverblad/Caramacca/Coermotibo/Paranam

On 31 July 2009, we executed transaction agreements to pass all of our 45 per cent interest in the Suriname bauxite and alumina joint venture that comprised bauxite mines in the Kaaimangrasie, Klaverblad, Caramacca and Coermotibo areas of Suriname and the nearby Paranam alumina refinery to Suralco effective on that date. Our share of Paranam s FY2010 production to the date of sale was 78,000 tonnes of alumina.

We also own 14.8 per cent of Mineração Rio do Norte (MRN) which owns and operates a large bauxite mine in Brazil.

We have interests in the Alumar integrated alumina refinery/aluminium smelter and three stand-alone aluminium smelters:

Alumar

We own 36 per cent of the Alumar refinery and 40 per cent of the smelter. Alcoa operates both facilities. The operations, and their integrated port facility, are located at São Luís in the Maranhão province of Brazil. Alumar sources bauxite from MRN. During FY2010, approximately 46 per cent of Alumar s alumina production was used to feed the smelter, while the remainder was exported. Our share of Alumar s FY2010 saleable production was 709,000 tonnes of alumina and 174,000 tonnes of aluminium. The Alumar refinery completed a significant expansion in October 2009.

Hillside and Bayside

Our Hillside and Bayside smelters are located at Richards Bay, South Africa. Hillside s capacity of approximately 715,000 tonnes per annum makes it the largest aluminium smelter in the southern hemisphere and it is one of the most efficient. Bayside has a smelting capacity of approximately 96,000 tonnes per annum, but it also uses its own aluminium and liquid aluminium from Hillside to produce various slab products. Both operations import alumina predominantly from our Worsley refinery and source power from Eskom, the South African state utility, under long-term contracts with prices linked to the LME price of aluminium except for Hillside Potline 3, the price of which is linked to the South African and US producer price indices.

Table of Contents

In January 2008, Eskom determined that it had insufficient power to meet the national demand in South Africa, and mandated an emergency 10 per cent reduction in power consumption by many large industrial users, including BHP Billiton. Although our contracts with Eskom specify that power supply to our aluminium smelters can only be interrupted approximately one per cent of the time per calendar year, we have respected the emergency situation faced by the country and reduced our demand by the requested 10 per cent. To achieve this in the most economically efficient way, we have mothballed the B and C potlines at Bayside, reducing production there by approximately 90,400 tonnes per annum. Across both South African smelters, associated production losses were approximately 86,000 tonnes per annum.

Mozal

We own 47.1 per cent of and operate the Mozal aluminium smelter in Mozambique, which has a total capacity of approximately 563,000 tonnes per annum. Mozal sources power generated by Hydro Cahora Basa via Motraco, a transmission joint venture between Eskom and the national electricity utilities of Mozambique and Swaziland. Our share of Mozal s FY2010 production was 259,000 tonnes.

Information on the Aluminium CSG s bauxite mining operations

The following table contains additional details of our mining operations. This table should be read in conjunction with the production (see section 2.3.2) and reserve tables (see section 2.14.2).

Name, location, mineralisation style, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
Boddington bauxite mine 123 km southeast of Perth at Boddington, Western Australia, Australia Surficial gibbsite-rich lateritic bauxite, residual weathering of Darling Range metamorphic and volcanic rocks Open-cut mine The mine is accessible by sealed public roads. The ore is transported to Worsley alumina refinery via a 51 km overland conveyor.	We own 86% of the Worsley joint venture. The other 14% interest is owned by Sojitz Alumina Pty Ltd (4%), and Japan Alumina Associates (Australia) Pty Ltd (10%). BHP Billiton Worsley Alumina Pty Ltd is the manager of the joint venture on behalf of the participants. BHP Billiton Worsley Alumina Pty Ltd has the same ownership structure as the Worsley joint venture. We hold a 2,631 km^2 mining lease from the Western Australian government and two sub leases totalling 855 km^2 from Alcoa of Australia Limited. The lease expires in 2025 with a 21-year renewal available.	The Boddington bauxite mine opened in 1983 and was significantly extended in 2000.	The mine has a crushing plant with the capacity of approximately 13 mtpa of bauxite. Power is supplied from the Worsley alumina refinery site via a joint venture-owned powerline. A description of the Worsley alumina refinery can be found in the table below.

Table of Contents

Name, location, mineralisation style, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
Suriname Kaaimangrasie mine 38 km southeast of Paramaribo and 30 km east of the Paranam refinery, Suriname Lateritic gibbsite-rich bauxite, residual weathering of Precambrian meta-sediments overlain by thick sediments Open-cut mine The mine is accessible by a joint venture-owned haul road. The ore is hauled by truck over a distance of 30 km to the Paranam refinery.	During the first month of FY2010, we owned 45% of the refining and mining joint venture. The other 55% interest was held by Suralco (a subsidiary of Alcoa World Alumina and Chemicals (AWAC), a venture of Alcoa and Alumina Limited). We managed all mining operations. We transferred our ownership to Suralco on 31 July 2009.	The development of the Kaaimangrasie mine started in November 2005. Operations/delivery of bauxite to the refinery commenced in July 2006.	Kaaimangrasie mine has a nominal production capacity of approximately 1.2 mtpa of bauxite; there are no processing facilities at the mine. Electricity is partly sourced from JV partner Suralco and from power generators that run on diesel fuel.
Suriname Klaverblad mine 23 km southeast of Paramaribo and 19 km east of the Paranam refinery, Suriname Lateritic gibbsite-rich bauxite, residual weathering of Precambrian meta-sediments overlain by thick sediments Open-cut mine The mine is accessible by a joint venture-owned haul road. The ore is hauled by truck over a distance of 19 km to the Paranam refinery.	During the first month of FY2010, we owned 45% of the refining and mining joint venture. The other 55% interest was held by Suralco. We managed all mining operations. We transferred our ownership to Suralco on 31 July 2009.	The development of the Klaverblad mine started in July 2005. Delivery of bauxite to the refinery commenced in April 2007.	Klaverblad mine has a nominal production capacity of approximately 1.7 mtpa of bauxite; there are no processing facilities at the mine. Electricity is partly sourced from JV partner Suralco and from power generators that run on diesel fuel.
Suriname Caramacca mine 45 km southeast of Paramaribo and 37 km east of the Paranam refinery, Suriname	During the first month of FY2010, we owned 45% of the refining and mining joint venture. The other 55% interest was held by Suralco.	The development of the Caramacca mine started in July 2007.	Caramacca mine has a nominal production capacity of approximately 0.9 mtpa of bauxite; there are no processing facilities at the mine.

	We managed all mining operations.	Operations/delivery of bauxite to the refinery commenced in August 2008.	Electricity is partly sourced from JV partner Suralco and from power generators that run on diesel fuel.
Lateritic gibbsite-rich bauxite, residual weathering of Precambrian meta-sediments overlain by thick sediments	We transferred our ownership to Suralco on 31 July 2009.		
Open-cut mine			
The mine is accessible by a joint venture-owned haul road. The ore is hauled by truck over a distance of 37 km to the Paranam refinery.			
Suriname Coermotibo mine	During the first month of FY2010, we owned 45% of the Coermotibo joint venture. The other 55% interest was held by Suralco.	The Coermotibo mine started operations in 1991.	Coermotibo mine has a nominal production capacity of 1.7 mtpa. There are primary crushing, beneficiation plant and barge loading facilities.
150 km east of Paranam, Suriname			
	We managed all mining operations.		Coermotibo generates its own electricity from power generators that run on diesel fuel.
Lateritic gibbsite-rich bauxite, residual weathering of Precambrian meta-sediments occurring on hills	We transferred our ownership to Suralco on 31 July 2009.		
Open-cut mine			
The mine is accessible by joint venture-owned haul roads.			
The ore is hauled to the Coermotibo crushing and loading facility and subsequently barged along the Commewijne River to the Paranam refinery.			

Table of Contents

Name, location, mineralisation style, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
MRN Porto Trombetas, Pará, Brazil Lateritic bauxite, residual weathering of nepheline syenite occuring primarily as gibbsite in a clay matrix overlain by thick clay sediments Open-cut mine The mine is situated approximately 40 km from Porto Trombetas. Porto Trombetas can only be reached by air or by river. An asphalt road connects the mine area with the village at Porto Trombetas.	MRN is operated as an incorporated joint venture between BHP Billiton (14.8%), Alcoa and affiliates (18.2%), Vale (40%), Rio-Tinto Alcan (12%), Votorantim (10%) and Hydro (5%). MRN holds valid mining rights granted by the Brazilian Federal Government to all its reserves until exhaustion of the reserves. Run of mine bauxite is mined from various plateaus, and after crushing is conveyed to the washing facilities, where the quality of bauxite is improved. The washed bauxite is then transported by rail, approximately 28 km to the loading facilities at Porto Trombetas.	Production started in 1979 and after the last expansion in 2003, MRN reached its current nominal production capacity of 18 mtpa of washed bauxite.	The mine is supported by a village of approximately 6,000 people which is owned and maintained by MRN with all required facilities to maintain the residents in the village. Crushing facilities, long distance conveyors and the wash plant are situated near the mine area. Drying and ship loading facilities are situated close to the main mine village at Porto Trombetas. A small airport is also maintained by MRN at Porto Trombetas. Power is generated on-site by fuel oil generators. All infrastructure in the area is owned by MRN.

Information on the Aluminium CSG s aluminium smelters and alumina refineries

Operation and location	Ownership, operation and title	Plant type/product	Capacity and power source
Hillside aluminium smelter Richards Bay, 200 km north of Durban, KwaZulu-Natal province, South Africa	We own and operate the smelter. We hold freehold title over the property, plant and equipment. We have long-term leases over the harbour facilities.	The Hillside smelter uses the Aluminium Pechiney AP35 technology to produce standard aluminium ingots and aluminium T-Bars.	The nominal production capacity of the smelter is 0.715 mtpa of primary aluminium. The plant s power requirements are sourced from the national power supplier Eskom under long-term contracts. The prices in the contract for Hillside 1 and 2 are currently linked to the LME price for aluminium, while the prices for Hillside 3 are linked to the SA and US producer price index.
Bayside aluminium smelter	We own and operate the smelter.	The Bayside smelter currently uses Alusuisse pre-bake technology to produce primary aluminium. Bayside uses its own aluminium and liquid aluminium acquired	The nominal potline production capacity is 0.095 mtpa of primary aluminium on the remaining Potline A.

Richards Bay, 200 km north of Durban, KwaZulu-Natal province, South Africa	We hold freehold title over the property, plant and equipment. We have long-term leases over the harbour facilities.	from Hillside to produce the various slab products.	The plant s power requirements are sourced from the national power supplier Eskom, under a long-term contract with prices currently linked to the LME price for aluminium.
Mozal aluminium smelter 17 km from Maputo, Mozambique	We hold a 47.1% interest in the Mozal joint venture and operate the smelter. The other 52.9% is owned by Mitsubishi (25%), Industrial Development Corporation of South Africa Limited (24%), and the Government of Mozambique (3.9%). The joint venture has a 50-year right to use the land, renewable for another 50 years under a government concession.	The Mozal aluminium smelter uses the Aluminium Pechiney AP35 technology to produce standard aluminium ingots.	The nominal production capacity of the smelter is 0.563 mtpa. The plant s power requirements are purchased from Motraco.

Table of Contents

Operation and location	Ownership, operation and title	Plant type/product	Capacity and power source
Worsley alumina refinery Approximately 55 km northeast of Bunbury, Western Australia, Australia	We own 86% of this asset through the Worsley joint venture. The other 14% is owned by Sojitz Alumina Pty Ltd (4%), and Japan Alumina Associates (Australia) Pty Ltd (10%). BHP Billiton Worsley Alumina Pty Ltd is the manager of the joint venture on behalf of the participants. BHP Billiton Worsley Alumina Pty Ltd has the same ownership structure as the Worsley joint venture. We hold a 2,480 ha refinery lease from the Western Australian Government. The lease expires in 2025 with a 21-year renewal available.	The Worsley alumina refinery uses the Bayer process to produce metallurgical grade alumina, which is used as feedstock for aluminium smelting.	The nominal production capacity is 3.5 mtpa. Power and steam needed for the refinery are provided by a joint venture-owned on-site coal power station and a non-joint venture-owned on-site gas fired steam power generation plant.
Paranam refinery Paranam, Suriname	During the first month of FY2010, we owned 45% of the Paranam joint venture. The other 55% of the joint venture was owned by Suralco. Suralco managed the alumina refinery. We transferred our ownership to Suralco on 31 July 2009.	The Paranam alumina refinery utilises the Bayer process to produce metallurgical grade alumina, which is used as feedstock for aluminium smelting.	Capacity is 2.2 mtpa. The Paranam refinery generates its own power.
Alumar São Luís, Maranhão, Brazil	The Alumar Consortium is an unincorporated joint venture that holds the smelter, refinery, ingot plant and support facilities. We own 40% of the aluminium smelter. The other 60% is owned by Alcoa Aluminio SA (Alcoa). We own 36% of the alumina refinery. The other 64% is owned by Alcoa and its affiliate Abalco SA (35.1% and 18.9% respectively) and Rio Tinto (10%).	The alumina refinery and aluminium smelter use Alcoa technology to produce alumina and aluminium ingots.	The refinery complex was last expanded in October 2009, increasing nominal capacity to 3.5 mtpa. The smelter has a nominal capacity of approximately 0.45 mtpa of primary aluminium. The electricity requirements are supplied by Brazilian public power generation concessionaire Electronorte, pursuant to a 20-year contract.

	Alcoa operates both facilities.
	The consortium comprises an integrated port, an alumina refinery and an aluminium smelter together with areas for the production of anodes and aluminium ingots.
	All the above are freehold interests of the joint venture participants.

Development projects

Worsley Efficiency and Growth Project

In May 2008, we announced approval for an expansion project to lift capacity of the Worsley refinery from 3.5 million tonnes per annum of alumina to 4.6 million tonnes per annum (100 per cent capacity) of alumina through expanded mining operations at Boddington, additional refinery capacity and upgraded port facilities. The project is budgeted to cost US$1.9 billion (our share), with first production anticipated in first half of CY2011 and with mechanical completion in the second half of CY2011. To date we have spent US$1.2 billion.

Guinea Alumina

We have a one-third interest in a joint venture that is undergoing a feasibility study into the construction of a 10 million tonnes per annum bauxite mine, an alumina refinery with processing capacity exceeding 3.3 million tonnes per annum and associated infrastructure approximately 110 kilometres from the port of Kamsar in Guinea.

2.2.4 Base Metals Customer Sector Group

Our Base Metals CSG is one of the world s top producers of copper, silver, lead and uranium, and a leading producer of zinc. Our portfolio of large, low-cost mining operations includes the Escondida mine in Chile, which is the world s largest single producer of copper, and Olympic Dam in South Australia, which is already a major producer of copper and uranium and has the potential to be significantly expanded.

Table of Contents

In recent years, we have commissioned the Spence copper mine and the Escondida Sulphide Leach projects. Our total copper production in FY2010 was 1.0 million tonnes. In addition to conventional mine development, we continue to pursue advanced treatment technologies, such as the leaching of low-grade chalcopyrite ores, which we believe has the potential to recover copper from ores which were previously uneconomic to treat.

We market five primary products:

- copper concentrates
- copper cathodes
- uranium oxide
- lead concentrates
- zinc concentrates.

We sell most of our copper, lead and zinc concentrates to smelters under long-term volume contracts with prices based on the LME price for the contained metal three or four months after shipment, less treatment charges and refining charges (collectively referred to as TCRCs) that we negotiate with the smelters on an annual or bi-annual basis. Some of the ores we mine contain quantities of silver and gold, which remain in the base metal concentrates we sell. We receive payment credits for the silver and gold recovered by our customers in the smelting and refining process.

We sell most of our copper cathode production to rod and brass mills and casting plants around the world under annual contracts with premiums to LME prices. We sell uranium oxide to electricity generating utilities, principally in western Europe, north America and north Asia. Uranium is typically sold under long-term contracts. A significant portion of production is sold into fixed price contracts although increasingly sales are based on flexible pricing terms.

We have seven production assets:

Escondida

Our 57.5 per cent owned and operated Escondida mine is the largest and one of the lowest-cost copper producers in the world. In FY2010, our share of Escondida production was 448,111, tonnes of payable copper in concentrate and 174,199 tonnes of copper cathode. Current reserves will support mining for a further 30 years at current production rates. Availability of key inputs like power and water supply at competitive prices is an important focus at Escondida. To ensure security of supply and competitive power costs in the long term, we supported the construction of an LNG facility to supply gas to the Northern grid system, which has been operating since June 2010 and have signed-off-take agreements underwriting the construction of a 460 megawatt coal-fired power plant, which is scheduled for completion in CY2011. To address limitations on the availability of water, we carefully manage our use and re-use of available water, and explore for alternative sources including desalination of seawater.

During FY2009, Escondida experienced an electrical motor failure at the SAG Mill in the Laguna Seca concentrator plant. This impacted the throughput at the plant given the increased maintenance requirements. A permanent repair was successfully completed in the first quarter of FY2010.

Olympic Dam

While it is already a significant producer of copper cathode and uranium oxide, and a refiner of smaller amounts of gold and silver bullion, we are continuing to explore a series of staged development options that would make our wholly owned Olympic Dam operation one of the world s

largest producers of copper, the largest producer of uranium and a significant producer of gold (see Development projects below).

During the second quarter of FY2010, the haulage system in the Clark Shaft at Olympic Dam was damaged. Ore hoisting operated at approximately 25 per cent of capacity until the fourth quarter of FY2010, when hoisting from the Clark Shaft resumed achieving a return to full production following the completion of repair works. Production in FY2010 was impacted due to this incident with Olympic Dam producing 103,253 tonnes of copper cathode, 2,279 tonnes of uranium oxide, 65,494 ounces of refined gold and 500,346 ounces of refined silver.

Table of Contents

Antamina

We own 33.75 per cent of Antamina, a large, low-cost, long-life copper/zinc mine in Peru. Opened in 2001, its reserves will support mining at current rates for a further 20 years. Our share of Antamina s FY2010 production was 98,600 tonnes of copper in concentrate, and 135,573 tonnes of zinc in concentrate. In addition to its primary copper and zinc concentrate products, Antamina also produces smaller amounts of molybdenum and lead/bismuth concentrate.

Spence

We completed our wholly owned greenfield Spence copper mine development in Chile and began ramping up cathode production in December 2006. During FY2010, we produced 159,604 tonnes of copper cathode which was impacted by industrial action during the second quarter. Spence´s current reserves will support mining at current rates for a further 16 years.

Cerro Colorado

Our wholly owned Cerro Colorado mine in Chile remains a significant producer of copper cathode, although production levels have declined in recent years as grades have declined. Production in FY2010 was 85,200 tonnes of copper cathode. Our current mine plan sees production continuing until FY2021, although we are currently evaluating the extent of hypogene mineralisation that may support further extension options.

Cannington

Our wholly owned Cannington mine in northwest Queensland has grown to become the world s largest and, we believe, one of the lowest-cost producers of silver and lead. In FY2010, Cannington produced concentrates containing 245,445 tonnes of lead, 62,706 tonnes of zinc and approximately 37 million ounces of silver. The current mine plan sees production continuing until 2019.

Pinto Valley

As a result of the global economic slowdown in FY2009, we made the decision to stop sulphide mining and milling operations at our Pinto Valley Mine located in Arizona, US, placing the operations in care and maintenance.

We continue to produce copper cathode at the Pinto Valley site and the neighbouring Miami Unit from our residual solvent extraction electrowinning (SXEW) operations. Current reserves would support mining operations for approximately four years.

Table of Contents

Information on the Base Metals CSG s mining operations

The following table contains additional details of our mining operations. This table should be read in conjunction with the production (see section 2.3.2) and reserve tables (see section 2.14.2).

Name, location, mineralisation style, type of mine and access	Ownership, operation and title/ lease	History	Facilities and power source
COPPER			
Escondida	The mine is owned by Minera Escondida Limitada and operated by BHP Billiton.	Original construction of the operation was completed in 1990. The project has since undergone various expansion projects at an additional cost of US$3.0 billion (100% terms).	Escondida has two processing streams: two concentrator plants in which high-quality copper concentrate is extracted from sulphide ore through a flotation extraction process; and two solvent extraction plants in which leaching, solvent extraction and electrowinning are used to produce copper cathode.
Atacama Desert, at an altitude of approximately 3,100 m and 170 km southeast of Antofagasta, Chile	We own 57.5% of Minera Escondida. The other 42.5% is owned by affiliates of Rio Tinto (30%), the JECO Corporation (10%), a consortium represented by Mitsubishi Corporation (7%), Mitsubishi Materials Corporation (1%), Nippon Mining and Metals (2%) and Jeco 2 Ltd (2.5%).	In June 2006, the Escondida Sulphide Leach copper project achieved first production. The cost of the project was US$1.0 billion (100% terms).	
The Escondida mining complex includes the Escondida and Escondida Norte mineral deposits that are adjacent, but distinct, supergene-enriched porphyry copper deposits			Nominal production capacity is 3.2 mtpa of copper concentrate and 330,000 tpa of copper cathode.
Two open-cut pits	Minera Escondida Limitada holds a mining concession from the Chilean state that remains valid indefinitely (subject to payment of annual fees).		
The mine is accessible by public road.			Separate transmission circuits provide power for the Escondida mine facilities. These transmission lines, which are connected to Chile s northern power grid, are Group-owned. Electricity is purchased under contracts with local generating companies.
Copper cathode is transported by privately-owned rail line to the Antofagasta port (government-operated) or Mejillones port (privately operated).			
Copper concentrate is transported by Company-owned pipeline to its Coloso port facilities.			
Spence	We own and operate the mine (100%).	Spence received Board approval for execution in October 2004. The cost was US$1.1 billion.	Spence has facilities to support the open-cut mining operations and ore processing/crushing operations.
Atacama Desert, 150 km northeast of Antofagasta, Chile	We hold a mining concession from the Chilean state that remains valid indefinitely (subject to payment of annual fees).	First ore was crushed in September 2006 with first copper produced in December 2006.	The crushed oxide and sulphide ores are leached on separate

			dynamic (on-off) leach pads. Acid leaching is applied to oxide ores and bio-leaching is applied to supergene sulphide ores. Solvent extraction consists of four trains in a series-parallel configuration, with extraction stages for both oxide and sulphide Pregnant Leach Solution. A single electrowinning plant produces the copper cathode.
A porphyry copper deposit that contains significant copper oxide (atacamite and chrysocolla) overlying the supergene sulphide enrichment zone			
Open-cut mine			Nominal capacity is 200,000 tpa of copper cathode.
The mine is accessible by public road and company-owned rail access.			
Copper cathode produced is transported by rail line to Mejillones port (privately operated) and to Antofagasta port on an exceptional basis.			Electrical power is supplied via a Company-owned voltage transmission line connected to Chile s northern power grid. Electricity is purchased under contracts from a local generating company.
Cerro Colorado	We own and operate the mine.	Commercial production at Cerro Colorado commenced in June 1994.	Cerro Colorado s facilities for this process include two primary, secondary and tertiary crushers, leaching pads and solvent extraction and electrowinning plants.
Atacama Desert at an altitude of 2,600 m, 120 km east of Iquique, Chile	We hold a mining concession from the Chilean state that remains valid indefinitely (subject to payment of annual fees).	Expansions took place in 1995 and 1998 to increase the mine s crushing capacity, leach pad area and mine fleet. With these expansions, production was increased to 100,000 tpa. Production was then increased to the nameplate capacity of 120,000 tpa with optimisation and efficiency improvements. Due to lower copper grades of the ore the production is now approximately 100,000 tpa.	Electricity is supplied under long-term contracts to the facilities through the northern Chile power grid.
A supergene porphyry copper deposit that consists of a sulphide enrichment zone overlayed by oxide ore (chrysocolla + brochantite)			
Open-cut mine			
The mine is accessible by public road.			
Copper cathode production is trucked to the port at Iquique, which is privately operated.			

Table of Contents

Name, location, mineralisation style, type of mine and access	Ownership, operation and title/ lease	History	Facilities and power source
Pinto Valley Located in the US approximately 125 km east of Phoenix, Arizona. A porphyry copper deposit of low-grade primary mineralisation Open-pit mine (Pinto Valley) In-situ leach (Miami Unit) The mine is accessible by public road. Current copper cathode production is trucked to domestic customers in the US.	We own and operate 100% of Pinto Valley and we hold title to the land.	Pinto Valley was acquired through the acquisition of Magma Copper Company in 1996. The sulphide mining operations were discontinued in 1998. In October 2007, the mining and milling operations were restarted. As a result of the global economic slowdown, Pinto Valley mining and milling operations were stopped in January 2009. During cessation of the mining and milling operations, residual SXEW production from both the Pinto Valley site and neighbouring Miami Unit continues to produce small amounts of copper cathode.	Pinto Valley facilities include two SXEW operations at the Pinto Valley and Miami sites. Concentrate production facilities in care and maintenance include a primary crusher, secondary and tertiary crushers, six ball mills and copper concentrate and molybdenum flotation circuits. Power is supplied to the site by the Salt River Project.
COPPER URANIUM			
Olympic Dam 560 km northwest of Adelaide, South Australia, Australia A large poly-metallic deposit of the iron oxide-copper-gold style of mineralisation Underground mine The mine is accessible by public road. Copper cathode is transported by public road to public ports. Uranium oxide is transported by public road and rail to public ports.	We own and operate Olympic Dam. The mining lease was granted by the Government of South Australia by an Act of Parliament for the period of 50 years from 1986, with a right of extension for a further period of 50 years in accordance with the Roxby Downs (Indenture Ratification) Act 1982.	Production of copper began in 1988. Between 1989 and 1995, the production rate was increased, ultimately raising the ore mining capacity to approximately 3 mtpa. During 1997 through 1999 a major expansion was conducted to raise throughput from 3 mtpa to 9 mtpa. In 2002, Olympic Dam completed an optimisation project. A new copper solvent extraction plant was commissioned in the first quarter of 2004. We acquired Olympic Dam as part of our acquisition of WMC in 2005.	The underground mine extracts copper uranium ore and hauls the ore by an automated train and trucking network feeding underground crushing, storage and ore hoisting facilities. The processing plant consists of two grinding circuits in which high-quality copper concentrate is extracted from sulphide ore through a flotation extraction process. The concentrate is fed into an Outokumpu flash furnace having a nominal concentrate smelting capacity of 450 ktpa to produce copper anodes, then into an ISA electro-refinery to produce copper cathodes and slimes treated to recover gold and silver. The flotation tailings are further processed through leaching and solvent extraction to produce electrowon copper cathode and high-grade uranium oxide concentrate.

			Power for the Olympic Dam operations is supplied via a 275 kV powerline from Port Augusta, transmitted by ElectraNet.
COPPER ZINC			
Antamina	Antamina is owned and operated by a joint venture company called Compañía Minera Antamina S.A., in which we hold a 33.75% interest. The other joint venture partners are Xstrata (33.75%), Teck Cominco Limited (22.5%) and Mitsubishi Corp (10%).	The Antamina project achieved mechanical completion in May 2001 - more than four months ahead of the original schedule. The project began commercial production on 1 October 2001 ahead of schedule and under budget, following two years of exploration and three years of construction at a capital cost of US$2.3 billion.	The principal project facilities include a primary crusher, a nominal 94,000 tpd concentrator, copper and zinc flotation circuits and a bismuth/ moly cleaning circuit, a 300 km concentrate pipeline with single-stage pumping, and port facilities at Huarmey. The pipeline design throughput is 2.3 dry mtpa.
Located in the Andes mountain range, North Central Peru at an altitude of 4,300 meters, 270 km north of Lima			
A zoned porphry skarn deposit with central Cu-only ores and an outer band of Cu-Zn ore zone.	Antamina holds mining rights from the Peruvian state over its mine and operations. These rights can be held indefinitely, contingent upon the annual payment of licence fees and the supply of information on investment and production.		Power to the mine site is being supplied under long-term contracts with individual power producers through a 58 km 220 kV transmission line, which is connected to Peru s national energy grid.
Open-cut mine			
The mine is accessible by a Company-maintained 115 km access road.			
A 300 km pipeline transports the copper and zinc concentrates to the port of Huarmey.			
The molybdenum and lead/bismuth concentrates are transported by truck to different locations for shipment.			

Table of Contents

Name, location, mineralisation style, type of mine and access	Ownership, operation and title/ lease	History	Facilities and power source
SILVER, LEAD AND ZINC			
Cannington	We own and operate Cannington.	The deposit was discovered in 1990. Concentrate production commenced in 1997.	The beneficiation plant consists of a primary grinding circuit (AG mill), secondary grinding circuit (tower mill), pre-flotation circuit, fine lead flotation circuit, coarse lead flotation circuit, zinc flotation circuit, concentrate and tailings thickening, lead and zinc concentrate leaching circuits, lead and zinc concentrate filtration circuit and a paste plant.
300 km southeast of Mt Isa, Queensland, Australia	The Cannington deposit is contained within mining leases granted by the State of Queensland in 1994 and which expire in 2029.	In February 2003, the Cannington Growth Project commenced to improve mill throughput and metal recovery. The project was completed during FY2005.	
A Broken Hill-type silver-lead-zinc sulphide deposit			Nominal capacity is 3.2 mtpa.
Underground mine			A power station, consisting of a combination of gas-fired and diesel-fired engines, located at Cannington, is operated under contract to supply power solely to Cannington.
The mine is accessible by public road and a Company-owned airstrip.			
Product is transported 187 km by road to Yurbi, a Company-owned loading facility, where it is loaded on public rail and transported to a public port at which we lease a berth.			

Development projects

Olympic Dam

Pre-feasibility study work on the proposed expansion of Olympic Dam has addressed production capacities, mining methods, processing (including smelting) options and supporting infrastructure requirements. The proposed expansion would be a progressive development requiring construction activity to increase production to up to 750,000 tonnes per annum of copper, 19,000 tonnes per annum of uranium oxide and 800,000 ounces of gold. The Group released a draft Environmental Impact Statement (EIS) in May 2009 and received more than 4,000 public submissions on the project. The issues raised in the public submissions are addressed in a Supplementary EIS which the Group expects to complete by the end of CY2010. Government decisions on the project are expected in the second half of CY2011. After that, the expansion project will depend on successfully completing all required feasibility studies and on Board approval of the final investment case.

Yeelirrie

Pre-feasibility study work relating to the proposed Yeelirrie uranium oxide mine is in progress and will be reviewed by the Group to determine whether feasibility study work should commence in early 2011. The work currently underway includes resource definition drilling, test work, process plant concept design, environment impact assessment, capital and operating costing and economic evaluation.

Escondida

Exploration of the Escondida lease and early drilling results suggest that there is extensive additional mineralisation in close proximity to existing infrastructure and processing facilities, including a prospect known as Pampa Escondida. In FY2010 Escondida has expensed US$125 million (US$72 million our share) in exploration. Escondida is planning to invest a further estimated US$541 million (US$311 million our share) in drilling, assaying and metallurgical test work in exploration over the next five years.

The Laguna Seca Debottlenecking project which will provide additional processing capacity has moved into feasibility. It is expected that this project will move into execution during FY2011. Development of Organic Growth Project 1 continues which is the replacement of the Los Colorados concentrator allowing access to higher grade ore and additional processing capacity.

Antamina

In FY2010 Antamina announced the approval of the Expansion project. With a total investment of US$1.3 billion (US$434.7 million our share), the project will expand milling capacity by 38 per cent to 130,000 tpd. The Expansion project includes a new SAG mill, a new 55 kilometre power transmission line, an expanded truck shop facility and upgrades to the crushing and tailing systems, flotation circuit and port capacity. Commissioning of the project is scheduled to start at the end of CY2011. Our share of the capital expenditures in the Antamina expansion project totalled US$47 million in FY2010.

Table of Contents

Resolution Copper

We hold a 45 per cent interest in the Resolution Copper project in Arizona, which is operated by our partner, Rio Tinto, which owns the other 55 per cent. Resolution Copper is currently undertaking a pre-feasibility study into a substantial underground copper mine and processing facility.

Resolution Copper continued to advance the sinking of the No. 10 Shaft in order to gain access to the ore deposit for characterisation work of mineralisation and geotechnical conditions. In addition to work completed at the project site, efforts continued towards gaining approval within the US Congress for a Federal Land Exchange to access the ore deposit.

2.2.5 Diamonds and Specialty Products Customer Sector Group

Our Diamonds and Specialty Products CSG operates our diamonds and titanium minerals businesses and the exploration and development of a potash business.

Diamonds

The cornerstone of our diamonds business is the EKATI diamond mine in the Northwest Territories of Canada, of which we own 80 per cent. EKATI has produced on average over three million carats per year of rough diamonds over the last three years. However, the grade of ore we process fluctuates from year to year, resulting in variations in carats produced. In addition, the proportion of our production consisting of high-value carats (larger and/or higher-quality stones) and low-value carats (smaller and/or lower-quality stones) will fluctuate from year to year. During the year mining of the higher grade Panda underground was completed. The mine life based on the mine plan is eight years.

Annual sales from EKATI (100 per cent terms) represent approximately three per cent of current world rough diamond supply by weight and approximately nine per cent by value. We sell most of our rough diamonds to international diamond buyers through our Antwerp sales office. We also sell a smaller amount of our diamond production to two Canadian manufacturers based in the Northwest Territories.

Titanium minerals

Our principal interest in titanium minerals consists of our 37.76 per cent interest in Richards Bay Minerals (RBM). RBM is one of the largest and lowest-cost producers of titania slag, high-purity pig iron, rutile and zircon from mineral sands. Approximately 90 per cent of the titanium dioxide slag produced by RBM is suitable for the chloride process of titanium dioxide pigment manufacture and is sold internationally under a variety of short, medium and long-term contracts.

In December 2009, RBM completed its Broad-Based Black Economic Empowerment (BBBEE) transaction by transferring 26 per cent to the BBBEE Consortium. The BBBEE Consortium includes investors, local communities and RBM employees.

Potash

We believe potash has significant growth potential underpinned by increasing demand for food and decreasing arable land, which is largely driven by growing economies in developing countries.

On 18 August 2010, BHP Billiton announced its intention to make an all-cash offer, and on 20 August 2010 formally commenced the offer, to acquire all of the issued and outstanding common shares of Potash Corporation of Saskatchewan Inc. (PotashCorp) at a price of US$130 in cash per PotashCorp common share (the Offer). The Offer values the total equity of PotashCorp at approximately US$40 billion on a fully diluted basis.

On 23 March 2010, we completed the acquisition of all the issued and outstanding common shares of Athabasca Potash Inc (API) for C$8.35 cash per common share. This acquisition provided us with 100 per cent control of the Burr project and various additional potash exploration properties in Saskatchewan, Canada. Our permit positions for potash extend over 14,000 square kilometres in the Saskatchewan basin and have expiry dates between 2013 and 2016. We are currently studying development opportunities (see Development projects below).

Table of Contents

Information on Diamonds and Specialty Products mining operations

The following table contains additional details of our mining operations. This table should be read in conjunction with the production (see section 2.3.2) and reserve tables (see section 2.14.2).

Name, location, mineralisation style, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
DIAMONDS			
EKATI Diamond Mine	We own an 80% interest in the Core Zone joint venture, which includes the existing operations. The remaining 20% interest is held by two individuals.	Construction began in 1997 and production from the first open-cut was initiated in 1997. The mine and processing plant began operation in mid 1998.	The processing plant consists of crushers, washers/scrubber and grinder and heavy media separator. The diamond recovery process makes use of magnetics and X-ray sorters.
310 km northeast of Yellowknife, Northwest Territories, Canada	We also own a 58.8% interest in the Buffer Zone joint venture, made up predominantly of exploration targets.	In October 2001, we acquired Dia Met Minerals Ltd, bringing our interest in the Core Zone and Buffer Zone joint ventures up to 80% and 58.8% respectively.	All the electric power is generated by our Company-owned and operated diesel power station. In addition, there is storage for approximately 90 million litres of diesel fuel on-site.
Eocene age kimberlite pipes-dominantly volcaniclastic infill	We are the operator of the mines.	Current active mines include one open-cut (Fox) and one underground mine (Koala). Mining at Panda underground mine was completed during FY2010.	
Fox is an open-cut mine and Koala is an underground mine	Tenure is secured through ownership of mining leases granted by the Government of Canada. Mining leases have been granted for reserves until 2017.		
The mines are accessible year round by contracted aircraft.			
Road access is available for approximately 10 weeks per year via an ice road.			
TITANIUM MINERALS			
Richards Bay Minerals	RBM comprises two legal entities, Richards Bay Mining (Proprietary) Limited and Richards Bay Titanium (Proprietary) Limited, in each of which the Group has a 50% interest and functions as a single economic entity. After deducting non-controlling interests in subsidiaries of RBM, the Group s economic interest in the operations of RBM is 37.76%.	Richards Bay Minerals was formed in 1976 to mine and beneficiate the sands in the coastal dunes.	Mining is conducted largely by sand dredge mining, with minor supplementary dry mining. Gravity separation is then utilised to produce a heavy mineral concentrate. This concentrate is then trucked to a central processing plant to produce the finished products, being rutile and zircon and the ilmenite for smelter feed.
RBM has four beach sand dredge mines located 10 to 50 km north of Richards Bay, KwaZulu-Natal, South Africa		The mining operations were expanded to five, with the last mine added in 2000. In 2006, this was reduced to four, with the closure of one mining pond.	
Quaternary age coastal dune deposits - heavy mineral sands concentrated by wave action and aeolian processes	Rio Tinto operates the joint venture on behalf of the shareholders.		The smelter processes the ilmenite to produce titanium dioxide slag, with a titanium dioxide content of approximately 85% and high-purity

The mines are accessible via public rail, road and port.	RBM holds long-term renewable leases from the state of South Africa.	iron.
The rail between the mine site, harbour and shipping facilities are owned by Spoornet and Portnet (both government business enterprises supplying services on behalf of the state). The roads accessing the smelter are government-owned.	These leases are subject to the South African Mining Charter and an application has been lodged for a conversion to a New Order Rights (see section 2.7, Government regulations).	The nominal titanium slag capacity is 1.06 mtpa. Power for the operation is purchased from the South African grid.

Development projects

Potash

We continued advancing the Jansen Project, a greenfield potash project near Saskatoon, Saskatchewan, Canada which is being designed to produce approximately eight million tonnes per annum of saleable potash. The Project is nearing the end of its pre-feasibility study and is anticipated to progress to feasibility in the first half of FY2011. Based on the current schedule and subject to investment approval, the project is expected to produce saleable potash from CY2015. We have also allotted pre-commitment funding of US$240 million to support the development of the first stages of the Jansen Potash Project. This pre-approval expenditure will facilitate the early stage work for the establishment of the production and service shafts.

Jansen is the most advanced of our multiple development options in potash, with nearby Young and Boulder projects both in the concept study phase. We continued exploration activities in Saskatchewan, Canada. The Burr project, acquired with Athabasca Potash on 23 March 2010, is currently under review in the context of our full potash development portfolio. Exploration in the Melville area, also acquired with Athabasca Potash, began in July 2010.

Diamonds

We are working on pre-feasibility and concept studies for developments at EKATI. Because of the nature of the kimberlite pipes in which diamonds are found, individual pipes are relatively short-lived, so we are continually working on options to bring new pipes on-stream.

Table of Contents

2.2.6 Stainless Steel Materials Customer Sector Group

Our Stainless Steel Materials business is primarily a supplier of nickel to the stainless steel industry. Nickel is an important component of the most commonly used types of stainless steel. In addition, we supply nickel to other markets, including the specialty alloy, foundry, chemicals, and refractory material industries. We are the world s fourth-largest producer of nickel and we sell our nickel products under a mix of long-term, medium-term and spot volume contracts, with prices linked to the London Metal Exchange (LME) nickel price.

For the duration of FY2010, our nickel business comprised two sets of production assets:

Nickel West

Nickel West is the name for our wholly owned Western Australian nickel assets, which consist of an integrated system of mines, concentrators, a smelter and a refinery. We mine nickel-bearing sulphide ore at our Mt Keith, Leinster and Cliffs operations north of Kalgoorlie, Western Australia. We operate concentrator plants at Mt Keith and at Leinster, which also concentrates ore from Cliffs. Leinster and Mt Keith have reserve lives of eight and 14 years respectively at current rates of production, and both have options for further expansion. Cliffs is a high-grade underground mine with an expected reserve life of three years. The extraction of ore at Cliffs commenced in FY2008.

We also operate the Kambalda concentrator south of Kalgoorlie, where ore is sourced through tolling and concentrate purchase arrangements with third parties in the Kambalda region. In addition, we have a regular purchase agreement in place for the direct purchase of concentrate, which we dry and blend with other concentrate processed at Kambalda.

We transport concentrate from Leinster, Mt Keith and Kambalda to our Kalgoorlie smelter, which processes it into nickel matte, containing approximately 66 per cent nickel. In FY2010, we exported approximately 43 per cent of our nickel matte production. We processed the remaining nickel matte at our Kwinana nickel refinery, which produces nickel metal in the form of LME grade briquettes and nickel powder, together with a range of saleable by-products.

During FY2010, production of nickel metal from the Kwinana nickel refinery was impacted by a restriction in hydrogen supply, resulting in the redirection of matte feed stocks for external sale. A new hydrogen plant is under construction at the Kwinana nickel refinery and construction is expected to be completed in the second quarter of FY2012.

Cerro Matoso

Cerro Matoso, our 99.94 per cent owned nickel operation in Colombia, combines a lateritic nickel ore deposit with a low-cost ferronickel smelter. Cerro Matoso is the world s second-largest producer of ferronickel and one of the lowest-cost producers of ferronickel. The smelter produces high-purity, low-carbon ferronickel granules. Cerro Matoso has an estimated current reserve life of 39 years, based on current production levels.

Significant changes to the Stainless Steel Materials business

During FY2010 Stainless Steel Materials made two significant business divestments. In July 2009 we completed the sale of the Yabulu nickel refinery. In February 2010 we completed the sale of the Ravensthorpe nickel operation following the suspension of production activities in January 2009.

Table of Contents

Information on Stainless Steel Materials mining operations

The following table contains additional details of our mining operations. This table should be read in conjunction with the production (see section 2.3.2) and reserve tables (see section 2.14.2).

Name, location, mineralisation style, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
NICKEL			
Mt Keith 460 km north of Kalgoorlie, Western Australia, Australia Disseminated textured magmatic nickel-sulphide mineralisation, associated with metamorphosed ultramafic lava flows and intrusions Open-cut mine The mine is accessible by private road. Nickel concentrate is transported by road to Leinster nickel operations from where it is dried and transported by public road and rail to the Kalgoorlie nickel smelter.	We own and operate the mine at Mt Keith. We hold leases over the land from the Western Australian Government. The key leases have expiry dates between 2011 and 2029. Further renewals are at the government s discretion.	The Mt Keith mine was officially commissioned in January 1995 by WMC. In June 2005, we gained control of Nickel West (Leinster, Mt Keith and Cliffs) as part of the acquisition of WMC.	Concentration plant with a capacity of 11.5 mtpa of ore. Power at Mt Keith nickel operations is primarily derived from on-site third party gas-fired turbines. Gas for these turbines is sourced by us from the North West Shelf gas fields. The existing gas supply contract expires in 2013. The gas is transported through the Goldfields Gas Pipeline, pursuant to an agreement with Southern Cross Pipeline Australia that expires in 2037.
Leinster 375 km north of Kalgoorlie in Western Australia, Australia Steeply dipping disseminated and massive textured nickel-sulphide mineralisation, associated with metamorphosed ultramafic lava flows and intrusions	We own and operate the mines at Leinster. We hold leases over the land from the Western Australian Government. The key leases have expiry dates between 2019 and 2030. Further renewals are at the government s discretion.	Production commenced in 1967. In June 2005, we gained control of Nickel West (Leinster, Mt Keith and Cliffs) as part of the acquisition of WMC.	Concentration plant with a capacity of 3 mtpa of ore. Power at Leinster nickel operations is primarily derived from on-site third party gas-fired turbines. Gas for these turbines is sourced by us from the North West Shelf gas fields. The existing gas supply contract expires in 2013. The gas is transported through the Goldfields Gas Pipeline, pursuant to

Underground and open-cut mines.			an agreement with Southern Cross Pipeline Australia that expires in 2037.
The mine is accessible by government-owned road and rail.			
Nickel concentrate is shipped by road and rail to the Kalgoorlie nickel smelter.			
Cliffs	We own and operate the mine at Cliffs.	Production commenced in 2008.	Power at our Cliffs mining operations is primarily derived from Mt Keith s on-site third party gas-fired turbines. Gas for these turbines is sourced by us from the North West Shelf gas fields. The existing gas supply contract expires in 2013.
430 km north of Kalgoorlie in Western Australia, Australia	We hold leases over the land from the Western Australian Government. The key leases have expiry dates between 2025 and 2026. Further renewals are at the government s discretion.	In June 2005, we gained control of Nickel West (Leinster, Mt Keith and Cliffs) as part of the acquisition of WMC.	
Steeply dipping massive textured nickel-sulphide mineralisation, associated with metamorphosed ultramafic lava flows			The gas is transported through the Goldfields Gas Pipeline, pursuant to an agreement with Southern Cross Pipeline Australia that expires in 2037.
Underground mine			
The mine is accessible by private road.			
Nickel ore is transported by road to the Leinster nickel operations for further processing.			
Cerro Matoso	We own 99.94% of CMSA, and 0.06% is held by employees.	Mining commenced in 1980 and nickel production started in 1982 under Colombian Government, BHP Billiton and Hanna Mining ownership.	The ferronickel smelter and refinery are integrated with the mine.
Montelibano, Córdoba, Colombia	Existing mining concessions are renewable in 2012 with a 30-year extension period until 2042. Further extension is possible at that time.	In 1989, we increased our ownership to 53%, in 1997 to 99.8% and in 2007 to 99.94%.	Beneficiation plant for the mine consists of a primary and secondary crusher. Ore is sent to a stacker for stockpiling and blending.
Nickel-laterite mineralisation formed from residual weathering of ophiolitic peridotite	Land on which reserves are located is owned.	In 2001, we completed an expansion project to double installed capacity.	Process design capacity is 50,000 tpa of nickel in ferronickel form. Actual capacity depends on nickel grade from the mine.
Open-cut mine			

The mine is accessible by public highway.		Electricity is supplied from the national grid based on supply contracts negotiated periodically. Existing contracts are in place until December 2011.
		A pipeline supplies domestic natural gas for drier and kiln operation. The existing gas supply contract terminates in 2011.

Table of Contents

Information on Stainless Steel Materials smelters, refineries and processing plants

Operation and location	Ownership, operation and title	Plant type/product	Capacity and power source
Kambalda nickel concentrator	We own and operate the Kambalda nickel concentrator and hold mineral leases over the land from the Western Australian Government that expire in 2028.	Mill and concentrator plant producing concentrate containing approximately 13% nickel.	The Kambalda concentrator has a capacity of approximately 1.6 mtpa of ore.
56 km south of Kalgoorlie, Western Australia, Australia			
	Further renewals are at the government s discretion.		Power at the Kambalda concentrator is primarily derived from on-site third party gas-fired turbines. Gas for these turbines is sourced by us from the North West Shelf gas fields. The existing gas supply contract expires in 2013.
	Ore is sourced through tolling and concentrate purchase arrangements with third parties in the Kambalda region.		
			The gas is transported through the Goldfields Gas Pipeline, pursuant to an agreement with Southern Cross Pipeline Australia that expires in 2037.
Kalgoorlie nickel smelter	We own and operate the Kalgoorlie nickel smelter operation and hold freehold title over the property.	The flash smelting process produces matte containing approximately 66% nickel.	The Kalgoorlie smelter has a capacity of approximately 110,000 tpa of nickel matte.
Kalgoorlie, Western Australia, Australia			
			Power at the Kalgoorlie smelter is primarily derived from on-site third party gas-fired turbines. Gas for these turbines is sourced by us from the North West Shelf gas fields. The existing gas supply contract expires in 2013.
			The gas is transported through the Goldfields Gas Pipeline, pursuant to an agreement with Southern Cross Pipeline Australia that expires in 2037.
Kwinana nickel refinery	We own and operate the Kwinana nickel refinery operation and hold freehold title over the property.	The refinery uses the Sherritt-Gordon ammonia leach process to convert nickel matte from the Kalgoorlie nickel smelter into LME-grade nickel briquettes and nickel powder.	The Kwinana nickel refinery has a capacity of approximately 65,000 tpa of nickel metal.
30 km south of Perth, Western Australia, Australia			
		The refinery also produces a number of intermediate products, including copper sulphide, cobalt-nickel	Power generated by Southern Cross Energy in the goldfields is distributed across Western Power s network for use at the Kwinana nickel refinery.

sulphide and ammonium sulphate.

The existing gas supply contract terminates in 2013.

Development projects

Cerro Matoso Nickel Ore Smelting System

During FY2010, the Nickel Ore Smelting System project was approved to progress into execution phase. The project will deliver a replacement of the 27-year-old Line 1 furnace to improve operational reliability and accommodate changes in the mineralogy of the ore feed. The construction phase will take approximately six months, followed by heating and ramp-up of the new furnace over a further three months. The shutdown is planned to commence during the second half of FY2011.

Cerro Matoso expansion options

Cerro Matoso has undertaken conceptual studies on options for expanding production, including a heap leaching operation. A completed feasibility study and Board approval would be required before any project based on these studies proceeds.

Mt Keith Talc co-processing

In September 2009 the Mt Keith Talc re-design project was approved to move into execution phase. This will enable Mt Keith to process talcose ore to supplement the current ore supply. The general scope of this project is the installation of additional grinding and flotation equipment within the existing circuits at Mt Keith and the addition of a high magnesium oxide concentrate flotation circuit. This project allows us to treat talcose ores which make up approximately 15 per cent of the Mt Keith orebody and which were not previously able to be processed economically with existing technology. The project is expected to be commissioned in the second quarter of FY2012.

Table of Contents

2.2.7 Iron Ore Customer Sector Group

Our Iron Ore CSG consists of our Western Australia Iron Ore (WAIO) business and a 50 per cent interest in the Samarco joint venture in Brazil.

Western Australia Iron Ore

WAIO s operations involve a complex integrated system of seven mines and more than 1,000 kilometres of rail infrastructure and port facilities, all located in the Pilbara region of northern Western Australia. Our strategy is to maximise output utilising available infrastructure at our disposal.

In response to increasing demand for iron ore, we have been expanding our WAIO operations. Since 2001, we have completed six expansion projects to increase our system production capacity from 69 million tonnes per annum to 155 million tonnes per annum (100 per cent basis). We now have a project under construction to further increase system capacity to 205 million tonnes per annum (100 per cent basis). Additional projects now undergoing pre-feasibility or feasibility studies would further increase system capacity. Our share of FY2010 production was 113.9 million tonnes of ore.

Our Pilbara reserve base is relatively concentrated, allowing us to plan our development around a series of integrated mining hubs joined to the orebodies by conveyors or spur lines. The mining hub approach enables us to maximise the value of installed infrastructure by using the same processing plant and rail infrastructure for a number of orebodies. Blending ore at the hub gives us greater flexibility to respond to changing customer requirements and changing properties in the ore being mined, as well as reducing the risk of port bottlenecks.

In conjunction with our capacity expansion, we have continued to explore and refine our understanding of existing tenements. Our proven ore reserves are high-grade, with average iron content ranging from 57.1 per cent at Yandi to 63.0 per cent at Mt Newman. The reserve lives of our mines at current production levels range from 11 years at Mt Goldsworthy (JV Northern) to 72 years at Jimblebar.

Samarco

We are a 50 50 joint venture partner with Vale at the Samarco operations in Brazil. During the FY2008, Samarco completed an expansion project consisting of a third pellet plant, a mine expansion, a new concentrator, port enhancements and a second slurry pipeline.

In FY2010, our share of production was 10.35 million tonnes of pellets. Samarco s total ore reserve is about 2.11 billion tonnes. In addition, Samarco completed the selection (pre-feasibility) study for its fourth pellet plant which is expected to increase the iron ore pellet capacity by 8.2 million tonnes per annum to 30.7 million tonnes per annum (100 per cent share). This project is still subject to shareholder and Samarco Board approval.

Information on Iron Ore mining operations

The following table contains additional details of our mining operations. This table should be read in conjunction with the production (see section 2.3.2) and reserve tables (see section 2.14.2).

Name, location, mineralisation style, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
Mt Newman joint venture Pilbara region, Western Australia, Australia Mt Newman joint venture iron ore products are derived from bedded ore	We hold an 85% interest in the Mt Newman joint venture. The other 15% is held by Mitsui ITOCHU Iron (10%), ITOCHU Minerals and Energy of Australia (5%). We are the operators of the Mt Whaleback orebody. Independent contractors operate the mining of orebodies 18, 23, 25, 29 and 30.	Production began at the Mt Whaleback orebody in 1969. Production continues to be sourced from the major Mt Whaleback orebody, complemented by production from orebodies 18, 23, 25, 29 and 30.	The Newman Hub consists of primary and secondary crushing and screening plants (capacity of 58 mtpa); a heavy media beneficiation plant, stockyard blending facility, a single cell rotary car-dumper, and train-loading facility. At orebody 23/25, primary and secondary crushing and screening

types. These are classified as per the host Archaean or Proterozoic iron formation, which are Brockman, Marra Mamba and Nimingarra.		First ore from the Newman Hub as part of our RGP4 construction was delivered in 2009.	
	Mining lease under the Iron Ore (Mt Newman) Agreement Act 1964, expires in 2030 with the right to successive renewals of 21 years.		Power comes from Alinta Dewap s Newman gas-fired power station via Company-owned powerlines under long-term contracts.
Open-cut mine			
The mines are accessible by public road and Company-owned rail to the joint venture s Nelson Point shipping facility at Port Hedland.			

Table of Contents

Name, location, mineralisation style, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
Yandi joint venture Pilbara region, Western Australia, Australia Yandi joint venture iron ore products are derived from bedded and channel ore types. Bedded ores are classified as per the host Proterozoic banded iron formation names, which for Yandi is Brockman and Channel Iron Deposits are Cainozoic fluvial sediments. Open-cut mine The mines are accessible by public road and Company-owned rail to the Finucane Island shipping facility and Nelson Point shipping facility at Port Hedland. Our railway spur links Yandi mine to the Newman main line.	We hold an 85% interest in the Yandi joint venture. The other 15% is held by Mitsui Iron Ore Corporation (7%), ITOCHU Minerals and Energy of Australia (8%). An independent contract mining company is the operator of the mine. Mining lease under the Iron Ore (Marillana Creek) Agreement Act 1991 expires in 2012 with renewal right to a further 42 years.	We began development of the orebody in 1991. The first shipment occurred in 1992. Capacity was progressively expanded between 1994 and 2003 and production is currently 41 mtpa.	Two processing plants and a primary crusher and overland conveyor are used to crush and screen ore and deliver it to one of two train-loading facilities. Power comes from Alinta Dewap s Newman gas-fired power station via Company owned powerlines under long-term contracts.
Jimblebar Pilbara region, Western Australia, Australia Jimblebar iron ore products are derived from bedded ore types. These are classified based on the host Archaean or Proterozoic banded iron formation names, which are Brockman and Marra Mamba. Open-cut mine	We own 100% of the Jimblebar lease. We have a sublease agreement over the Wheelara deposit with ITOCHU Minerals and Energy of Australia, Mitsui Iron Ore and four separate subsidiaries of Chinese steelmakers. As a consequence of this arrangement, we are entitled to 85% of production from the Wheelara sublease. An independent contract mining company is the operator of the mine. Mining lease under the Iron Ore (McCamey s Monster) Agreement Authorisation Act 1972 expires in 2030 with the rights to successive renewals of 21 years.	Production at Jimblebar began in March 1989. The ore currently being produced is blended with ore produced from Mt Whaleback and satellite orebodies 18, 23, 25, 29 and 30 to create the Mt Newman blend.	Primary and secondary crushing plant (capacity of 14 mtpa). Power comes from Alinta Dewap s Newman gas-fired power station via Company-owned powerlines under long-term contracts.

The mine is accessible by public road and Company-owned rail to Port Hedland via a 32 km spur line linking with the main Newman to Port Hedland railway.			
Mt Goldsworthy joint venture Pilbara region, Western Australia, Australia	We hold an 85% interest in the Mt Goldsworthy joint venture. The other 15% is held by Mitsui Iron Ore Corporation (7%) and ITOCHU Minerals and Energy of Australia (8%).	Operations originally commenced at the Mt Goldsworthy project in 1966 and the Shay Gap mine in 1973. The original Goldsworthy mine closed in 1982 and the associated Shay Gap mine closed in 1993. Mining at the Nimingarra mine ceased in 2007 and has since continued from the adjacent Yarrie area.	The primary crushers at Yarrie and Nimingarra, with a combined capacity of 8 mtpa, have been placed into care and maintenance. Yarrie is currently using mobile in-pit crushing plant at a rate of 2 mtpa.
Mt Goldsworthy joint venture iron ore products are derived from bedded ore types. These are classified as per the host Archaean or Proterozoic iron formation names, which are Brockman, Marra Mamba and Nimingarra.	An independent contract mining company is the operator of the mine.	We opened Area C mine in 2003.	An ore processing plant, primary crusher and overland conveyor are located at Area C with capacity of 42 mtpa.
Open-cut mine includes Area C, Yarrie and Nimingarra.	Four mineral leases under the Iron Ore (Mt Goldsworthy) Agreement Act 1964 and the Iron Ore (Goldsworthy Nimingarra) Agreement Act 1972, which have expiry dates between 2014 and 2028 with rights to successive renewals of 21 years.		Power for Yarrie and Nimingarra is sourced via overhead powerlines from the Port Hedland gas-fired powered station operated by Alinta Dewap under long-term contracts.
The mines are accessible by public road and Company-owned rail to the joint venture s Finucane Island shipping facilities and the Nelson Point shipping facilities, both located at Port Hedland.	A number of smaller mining leases granted under the Mining Act 1978 in 2005 expiring in 2026.		Area C sources its power from the Newman gas-fired power station also operated by Alinta Dewap under long-term contracts.
Our railway spur links Area C mine to the Newman main line.			
Samarco Southeast Brazil	We own 50% of Samarco. The other 50% is owned by Vale. Samarco is operated as an independent business with its own management team.	Production began at the Germano mine in 1977 and at the Alegria complex in 1992. The Alegria complex has now replaced the depleted Germano mine.	There are two 396 km iron ore slurry pipelines integrating the mining complex to pellet plants.
Samarco iron ore products are derived from Itabirites (metamorphic quartz-hematite rock) and friable hematite ores.	The Brazilian Government has granted mining concessions to Samarco as long as it mines the Alegria complex according to an agreed plan.	An expansion occurred in 1997 when a second pellet plant was built. In 2005, an optimisation project increased pellet feed and pellet production.	With the addition of the third pellet plant expansion, Samarco has the capacity to process and pump a total of 24 mtpa of ore concentrate and produce and ship approximately 22.5 mtpa of pellets (100% basis).
Open-cut mine		The most recent expansion occurred in 2008 when a third pellet plant was built as well as a second pipeline.	Samarco holds interests in two hydro-electric power plants. These plants furnish approximately 19.2% of Samarco s electricity requirements.
The mine is accessible by public road. Conveyor belts transport iron ore to the beneficiation plant and a 396 km slurry			

pipeline transports pellet feed to the pellet plants on the coast.

Iron pellets are exported via private port facilities.

Samarco has signed two agreements expiring in 2014 to purchase remaining power needs from two local concessionaires that operate other hydro-electric power plants.

Table of Contents

Development projects

Western Australia Iron Ore

Construction of Rapid Growth Project (RGP) 5 is ongoing. Project expenditure of US$4.8 billion was approved in November 2008 for RGP 5, our share of spend to date amounts to US$3.1 billion. The focus of this expansion project is to substantially double track the Newman mainline rail, construction of two new shipping berths on the Finucane Island side of the Port Hedland harbour and additional crushing, screening and stockpiling facilities at Yandi. RGP 5 is expected to increase the installed capacity of our WAIO operations by a further 50 million tonnes per annum to 205 million tonnes per annum (100 per cent share).

In January 2010, we announced approval of US$1.93 billion (100 per cent share) of capital expenditure to underpin further growth activities in the business. This expenditure represents early spend for the Group s RGP 6. The capital will allow for early procurement of long lead items and detailed engineering to continue the expansion of the inner harbour at Port Hedland, progress rail track duplication works and expand the mining operations. As at 30 June 2010, our capital spend on this project amounted to US$687 million.

Western Australia Iron Ore Rio Tinto Joint Venture

On 5 June 2009, BHP Billiton signed a Framework Agreement, including non-binding core principles, with Rio Tinto to form a 50 50 production joint venture combining the economic interests of both companies current and future iron ore assets in Western Australia. On 5 December 2009, BHP Billiton and Rio Tinto signed binding agreements that set out the terms that will regulate the establishment of the joint venture and its ongoing operation. Those terms are consistent with the core principles set out in the Framework Agreement, except that the joint marketing of 15 per cent of output contemplated by the core principles will not take place: all output will be sold by BHP Billiton and Rio Tinto separately.

The joint venture offers an excellent opportunity to capture substantial production and development synergies from the companies overlapping world-class resources. These synergies are anticipated to come from:

- combining adjacent mines into single operations;
- reducing costs through shorter rail hauls and more efficient allocations of port capacity;
- blending opportunities which will maximise product recovery and provide further operating efficiencies;
- optimising future growth opportunities through the development of consolidated, larger and more capital efficient expansion projects;
- combining the management, procurement and general overhead activities into a single entity.

It is intended that BHP Billiton s Iron Ore President, Ian Ashby, will be appointed as the initial Chief Executive Officer of the joint venture, while Sam Walsh, currently Rio Tinto s Chief Executive Iron Ore and Australia will be appointed as initial Chairman of the non-executive owners council.

Pre-conditions for formation of the joint venture include receipt of regulatory and relevant governmental clearances and approval from the shareholders of both Rio Tinto and BHP Billiton. The Framework Agreement and the binding agreements will terminate if the pre-conditions are not satisfied by 31 December 2010 unless extended by agreement of Rio Tinto and BHP Billiton.

Heads of Agreement with Western Australian Government

On 21 June 2010, BHP Billiton and Rio Tinto announced that they had signed a non-binding Heads of Agreement with the Government of Western Australia (HoA).

Based on the HoA, the State will proceed with amendments to the State Agreement Acts covering operations managed by BHP Billiton and operations managed by Rio Tinto, to require payment of royalties on iron ore shipments at the rates specified in the WA Mining Regulations with effect from 1 July 2010. Royalty rates will increase from 3.75 per cent of sales revenue to 5.625 per cent for fine ore and from 3.25 per cent to five per cent for beneficiated ore. The lump ore royalty will be 7.5 per cent, which is already the prevailing rate in most cases. The rates as amended will apply to all existing operations and future projects covered by the State Agreements.

Additionally, the HoA permits sharing of infrastructure and blending of products across the network operated by BHP Billiton and the network operated by Rio Tinto, and (subject to agreement between the parties) across both networks.

Table of Contents

The State Agreement amendments are subject to the approval of relevant co-venturers under existing joint venture arrangements and the passage of ratifying legislation by the Western Australian Parliament. The amendments are not conditional on finalisation of the joint venture.

In recognition of the value that the amendments to the State Agreements are expected to generate and the need to support local communities, the parties to the relevant State Agreements will make a contribution totalling A$350 million to the consolidated revenue of the State.

West Africa

We are currently carrying out exploration activities in the West African countries of Guinea and Liberia. At Nimba in Guinea, we are conducting concept studies to determine economic viability, sustainability impacts and management implications of operations in this area. During the year, we signed a Mineral Development Agreement with the Government of Liberia to enable the further exploration and development of our mineral leases in that country, this is currently before the Legislature for ratification.

2.2.8 Manganese Customer Sector Group

Our Manganese operations produce a combination of ores and alloys from sites in South Africa and Australia. The Manganese CSG is the world s largest producer of manganese ore and among the top three global producers of manganese alloy.

Manganese alloy is a key input into the steelmaking process. Manganese high-grade ore is particularly valuable to alloy producers because of the value in use differential over low-grade ore, which is the degree to which high-grade ore is proportionately more efficient in the alloying process than low-grade ore.

Our strategy is to focus on upstream resource businesses which have been significant contributors to our profit in FY2010. However, our alloy smelters add value to the overall manganese business because they enable us to access markets with an optimal mix of ore and alloy, optimise production to best suit market conditions and give us insight into the performance of our ores in smelters.

Approximately 80 per cent of ore production is sold directly to external customers and the remainder is used as feedstock in our alloy smelters.

The Group owns and manages all manganese mining assets and alloy plants through a joint venture with Anglo-American in which the Group owns 60 per cent. The joint venture assets are Samancor Manganese, which owns 74 per cent of Hotazel Manganese Mines (Pty) Ltd (HMM) and Metalloys, both situated in South Africa and the Groote Eylandt Mining Company Pty Ltd (GEMCO) and Tasmanian Electro Metallurgical Company Pty Ltd (TEMCO) located in Australia. In July 2009, Samancor Manganese (Pty) Ltd sold 26 per cent of HMM in a series of transactions designed to comply with South Africa s Black Economic Empowerment requirements. In May 2010, Samancor Manganese sold its 51 per cent equity stake in Manganese Metal Company (Pty) Ltd to Agattu Trading 195 (Pty) Ltd.

Mines:

Hotazel

HMM owns the Mamatwan open-cut mine and the Wessels underground mine. The ore contained in these mines require only crushing and screening to create saleable product with no further upgrade steps required. During FY2010, production was increased in response to higher demand.

GEMCO

As a result of its location near our own port facilities and its simple, open-cut mining operation, GEMCO is one of the lowest-cost manganese ore producers in the world. Simple operations combined with its high-grade of ore and relative proximity to Asian export markets, make GEMCO unique among the world s manganese mines. During FY2010, production was increased in response to higher demand.

Alloy Plants:

Metalloys

The Samancor Manganese Metalloys alloy plant is one of the largest manganese alloy producers in the world. Due to its size and access to high-quality feedstock from the Hotazel operations, it is also one of the lowest-cost alloy producers. Metalloys produces high and medium-carbon ferromanganese and silicomanganese.

Table of Contents

TEMCO

TEMCO is a meduim-sized producer of high-carbon ferromanganese, silicomanganese and sinter using ore shipped from GEMCO, primarily using hydro-electric power.

Information on Manganese mining operations

The following table contains additional details of our mining operations. These tables should be read in conjunction with the production (see section 2.3.2) and reserve tables (see section 2.14.2).

Name, location, mineralisation style, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
Hotazel Manganese Mines (Pty) Ltd Kalahari Basin, South Africa Mamatwan is an open-cut mine. Wessels is an underground mine. The ore occurs in Proterozoic volcanogenetic sediments associated with banded iron formation hosted by the Hotazel Formation. The mines are accessible by rail and public road. Most ore and sinter products are transported by government-owned rail. Approximately one third of the ore produced is beneficiated locally with the balance exported via Port Elizabeth, Richards Bay and Durban.	Hotazel Manganese Mines (Pty) Ltd, a 74% owned subsidiary of Samancor Manganese. HMM is the owner of Mamatwan and Wessels mines. The other 26% is held by: Ntsimbintle 9%; NCAB, 7%; Iziko, 5% and HMM Education Trust, 5%. BHP Billiton is the operator of the mines. The existing New Order Rights are valid until 2036. In implementing the transformation strategy, Samancor Manganese undertook four empowerment transactions to increase the HDSA shareholding in HMM to 26%. This is aligned to the Mining Charter intents.	Mamatwan was commissioned in 1964. Wessels was commissioned in 1973.	Mamatwan s capacity is currently 3.5 mtpa of ore and sinter based on the current product mix at the mine. The beneficiation plant consists of primary, secondary and tertiary crushing with associated screening plants. There is a dense medium separator and a sinter plant with a capacity of 1 mtpa of sinter. Wessels has eight loaders and seven haulers with an annual capacity of approximately 1 mtpa of ore. The processing is a simple crushing and screening circuit consisting of primary and secondary crushing circuits with associated screening capacity. The power source is the national utility company Eskom.
Groote Eylandt Mining Company Pty Ltd (GEMCO) Groote Eylandt, Northern Territory, Australia The ore occurs in partially supergene enriched stratiform Cretaceous sandstone claystone associated type sedimentary orebodies	BHP Billiton own 60% of GEMCO and operates the mine. The remaining 40% is owned by Anglo American. All leases situated on Aboriginal land held under the Aboriginal Land Rights (Northern Territory) Act 1976. The existing leases are valid until 2031.	The mine was first commissioned in 1965.	The beneficiation process consists of crushing, screening, washing and dense media separation with lump and fines products being produced. The existing capacity is 4.2 wet mtpa. GEMCO owns and operates its own on-site diesel power generation facility.

Open-cut mine

Ore is transported from the concentrator by road train directly to our shipping facilities at the port at Milner Bay.

Information on Manganese smelters, refineries and processing plants

Operation and location	Ownership, operation and title	Plant type/product	Capacity and power source
Metalloys Meyerton, South Africa	Metalloys is a division of Samancor Manganese (Pty) Ltd. Samancor Manganese (Pty) Ltd holds freehold title over the property, plant and equipment.	The manganese alloy plant uses eight submerged arc furnaces to produce manganese alloys such as high-carbon ferromanganese and silicomanganese and an oxygen blown converter process producing refined (medium-carbon ferromanganese) alloy.	400,000 tpa of high-carbon ferromanganese (including hot metal), 135,000 tpa of silicomanganese and 90,000 tpa of medium-carbon ferromanganese in various size fractions. The power source is the national utility company Eskom plus 30 MW of internal power generated from waste heat.
Tasmanian Electro Metallurgical Company Pty Ltd (TEMCO) Bell Bay, Tasmania, Australia	BHP Billiton own 60% of TEMCO. Anglo American owns the remaining 40%. TEMCO holds freehold title over the property, plant and equipment.	Four electric arc furnaces and a sinter plant produce ferroalloys, including high-carbon ferromanganese, silicomanganese and sinter.	Nominal capacity based on the 2011 budget product mix is 130,000 tpa of high-carbon ferromanganese, 125,000 tpa of silicomanganese and 350,000 tpa of sinter. TEMCO sources its electrical power from Aurora Energy, the state-owned power distribution and retailing company. Power in Tasmania is principally generated from hydro stations, but supplemented with a 240 MW gas generation station. TEMCO also self-generates 11 MW for internal use from an on-site energy recovery unit.

Table of Contents

Development projects

GEMCO expansion

The selection study (pre-feasibility study) into a further expansion of the GEMCO mine (GEMCO 2nd expansion) from 4.2 to 4.8 wet million tonnes per annum (100 per cent, or about 2.9 wet million tonnes per annum BHP Billiton share) is reaching its conclusion. The project is subject to approval and is expected to advance into execution at the end of second quarter in FY2011. The total investment amount is approximately US$130 million (BHP Billiton share).

Hotazel Manganese Mines

The central block development project at Wessels mine is expected to be completed in FY2013. The project will enable Wessels mine to increase production from 1 million tonnes per annum to 1.5 million tonnes per annum of capacity (100 per cent, or about 0.7 million tonnes per annum BHP Billiton share). The forecast capital expenditure to completion of the project is an estimated US$26 million (BHP Billiton share).

Metalloys

The definition study (feasibility study) for the High Carbon Ferro Manganese furnace M14 at the Metalloys smelter in Meyerton, South Africa is reaching its conclusion. This furnace would add an additional 130,000 tonnes per annum capacity (100 per cent, or about 78,000 tonnes per annum BHP Billiton share) to the smelter for capital at a cost of US$54 million (BHP Billiton share).

Samancor Gabon Manganese project

The selection study (pre-feasibility study) for the establishment of a manganese mine in Gabon was completed in July 2010. A small entry mine of approximately 300,000 tonnes per annum (100 per cent, or about 180,000 tonnes per annum BHP Billiton share) was selected as the preferred option. The small entry mine requires growth capital investment of US$43 million (BHP Billiton share) to establish the asset producing approximately 300,000 tonnes per annum of manganese ore by FY2012.

2.2.9 Metallurgical Coal Customer Sector Group

Our Metallurgical Coal CSG is the world s largest supplier of seaborne metallurgical coal. Metallurgical coal, along with iron ore and manganese, is a key input in the production of steel.

We have production assets in two major resource basins: the Bowen Basin in Central Queensland, Australia and the Illawarra region of New South Wales, Australia.

Bowen Basin

In comparison with other coal producing regions, the Bowen Basin is extremely well positioned to supply the seaborne market because of:

- its high-quality metallurgical coals, which are more efficient in blast furnace use;
- the relatively low cost of production because of its extensive near-surface deposits; and
- its geographical proximity to Asian customers.

We also have access to key infrastructure, including a modern, integrated electric rail network and our own coal loading terminal at Hay Point, Mackay. This infrastructure enables us to maximise throughput and blending of products from multiple mines to optimise the value of our production and satisfy customer requirements.

Our Bowen Basin mines are owned through a series of joint ventures. We share 50 50 ownership with Mitsubishi Development Pty Ltd in BHP Billiton Mitsubishi Alliance (BMA), which operates the Goonyella Riverside, Broadmeadow, Peak Downs, Saraji, Norwich Park, Blackwater and Gregory Crinum mines, together with the Hay Point terminal. The two BHP Mitsui Coal (BMC) operations South Walker Creek and Poitrel mines are owned by BHP Billiton (80 per cent) and Mitsui and Co (20 per cent). The reserve lives of the Bowen Basin mines at target production rates range from six years to 65 years.

Table of Contents

Our export customers are steel producers around the world. In FY2010 most of our contracts were long-term or annual volume contracts with prices negotiated annually, however we are now moving predominantly to short-term pricing.

Total attributable production in FY2010 was approximately 30.8 million tonnes, compared with 30.1 million tonnes in FY2009. Production in FY2010 was higher due to improved operational and supply chain performance, supported by strong demand.

Illawarra

We own and operate three underground coal mines in the Illawarra region of New South Wales, which supply metallurgical coal to the nearby BlueScope Port Kembla steelworks, and other domestic and export markets. Total production in FY2010 was approximately 6.5 million tonnes and the reserve lives of the Illawarra mines at target production rates range from four years to 19 years.

Production figures for both the Bowen Basin and Illawarra include some energy coal (less than six per cent and 13 per cent, respectively).

Information on Metallurgical Coal mining operations

The following table contains additional details of our mining operations. The tables should be read in conjunction with the production (see section 2.3.2) and reserves tables (see section 2.14.2).

Name, location, mineralisation style, type of mine and access	**Ownership, operation and title/lease**	**History**	**Facilities and power source**
Central Queensland Coal Associates (CQCA) joint venture	We own 50% of the CQCA joint venture. Mitsubishi Development Pty Ltd owns the other 50%.	Goonyella Mine, which commenced in 1971, merged with the adjoining Riverside mine in 1989 and is operated as the Goonyella Riverside Mine. Reserves at the Riverside mine were depleted in 2005.	All coal is beneficiated at on-site processing facilities, which have a combined capacity in excess of 53.5 mtpa.
Bowen Basin, Queensland, Australia	BMA operates the mines.		Power is sourced from the State of Queensland s electricity grid.
Produces a range of products from premium-quality, low volatile, high vitrinite, hard coking coal to medium volatile hard coking coal, to weak coking coal, and some medium ash thermal coal as a by-product. Seams currently mined are from the Permian Moranbah and Rangal Coal Measures which are comprised of layered fine to medium grained siltstones and sandstones interbedded with coal.	Mining leases, including those associated with undeveloped tenements, have expiry dates between 2010 and 2037 and are renewable for such further periods as the Queensland Government/legislation allows. Renewal applications for mining leases expiring in CY2010 have been lodged.	Peak Downs commenced production in 1972. Saraji mine commenced production in 1974. Norwich Park commenced production in 1979. Blackwater Mine commenced production in 1967. South Blackwater and Blackwater mines were integrated from late 2000.	
Goonyella Riverside, Peak Downs, Saraji, Norwich Park and Blackwater are open-cut mines. Broadmeadow is a longwall underground mine.		Broadmeadow, an underground mine developed on the Goonyella mining lease, commenced longwall operations in 2005.	
The mines are accessible by public road. All coal is transported on government-owned railways to the port of			

Hay Point near Mackay (incorporating CQCA s Hay Point Coal Terminal and the Dalrymple Bay Coal Terminal) and the port of Gladstone.			
Gregory joint venture	We own 50% of the Gregory joint venture. Mitsubishi Development Pty Ltd owns the other 50%.	The Gregory Mine became operational in 1979.	All coal is beneficiated at an on-site processing facility, with a capacity in excess of 5 mtpa.
Bowen Basin, Queensland, Australia	BMA operates the mines.	Crinum Mine commenced longwall production in 1997.	Power is sourced from the State of Queensland s electricity grid.
Produces a high volatile, low ash hard coking coal, and a medium ash thermal coal. Mining is limited to the Lilyvale Seam, part of the Permian German Creek Coal Measures, which are composed of layered fine to medium grained sandstones and siltstones interbedded with coal.	Mining leases, including those associated with undeveloped tenements, have expiry dates between 2014 and 2027 and are renewable for such further periods as the Queensland Government/legislation allows.		
Gregory is an open-cut mine.			
Crinum is a longwall underground mine.			
The mines are accessible by public road. All coal is transported on government-owned railways to the port of Hay Point near Mackay (incorporating CQCA s Hay Point Coal Terminal and the Dalrymple Bay Coal Terminal) and the port of Gladstone.			

Table of Contents

Name, location, mineralisation style, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
BHP Mitsui Coal Pty Limited Bowen Basin, Queensland, Australia Produces a range of coking coal, pulverised coal injection (PCI) coal, and thermal coal products with medium to high phosphorus and ash properties. Production is sourced from the Permian Rangal Coal Measures are the main economic stratum and are comprised of layered sedimentary formations. South Walker Creek and Poitrel are open-cut mines. The mines are accessible by public road. All coal is transported on government-owned railways to the port of Hay Point near Mackay (incorporating CQCA s Hay Point Coal Terminal and the Dalrymple Bay Coal Terminal).	We own 80% of BHP Mitsui Coal Pty Limited (BMC). Mitsui and Co owns the other 20%. BMA managed the mines during FY2010, however from 1 July 2010, management was transferred to BMC. Mining leases, including those associated with undeveloped tenements, have expiry dates between 2010 and 2020 and are renewable for such further periods as the Queensland Government/legislation allows. Renewal applications for mining leases expiring in CY2010 have been lodged.	South Walker Creek became operational in 1996, producing PCI product and minor quantities of thermal coal. Poitrel mine commenced operations in 2006, producing both coking coal and PCI.	South Walker Creek coal is beneficiated at on-site processing facilities with a capacity to produce 3.5 mtpa of coal. Poitrel Mine has a joint venture agreement (Red Mountain Joint Venture) with the adjacent Millennium Coal mine to share coal processing and rail loading facilities. Poitrel has access to 3 mtpa capacity from the processing facilities. Power is sourced from the State of Queensland s electricity grid.
Illawarra Coal Illawarra, New South Wales, Australia Produces premium quality hard coking coal and some thermal coal from the Wongawilli and Bulli seams contained in layered sedimentary formations within the Permian Illawarra Coal Measures. Dendrobium, Appin and West Cliff are all underground mines.	We are owner and operator of the Illawarra Coal mines. Mining leases have expiry dates between 2010 and 2026 and are renewable for such further periods as the NSW Government/legislation allows. Renewal applications for mining leases expiring in 2010 have been lodged.	Appin commenced in 1962 with longwall mining starting in 1969. West Cliff was commissioned in 1976. Dendrobium Mine opened in 2005.	Coal is beneficiated at two processing facilities with a capacity to produce approximately 8 mtpa of coal. Power is sourced from the State of New South Wales electricity grid.

All the mines are accessible by public road. All coal is transported by road or rail to our major customer, BlueScope Steel s Port Kembla steelworks, or to Port Kembla for export.

Development projects

IndoMet Coal Project (Indonesia)

Indomet Coal includes the Maruwai and Juloi metallurgical coal concessions in Kalimantan, Indonesia and was discovered by BHP Billiton Exploration in the 1990 s. Following a strategic assessment of the importance of local participation in the development of the project in 2010, a 25 per cent interest in the project was sold to a subsidiary of PT Adaro Energy TBK. We retain 75 per cent of the project.

Study work is underway to identify development options across our mining areas of interest (Coal Contracts of Work).

Bowen Basin Expansions

BMA is currently investigating a number of brownfield and greenfield expansion options in the Bowen Basin, including:

- Daunia Coal Mine (greenfield project);
- Caval Ridge Mine (greenfield project);
- Goonyella Riverside Mine Expansion (brownfield project);
- Hay Point Coal Terminal Expansion (brownfield project).

Daunia, located to the east of the Poitrel mine, has been designed with capacity to produce up to 4 million tonnes per annum, and the production capacity of Caval Ridge, located to the north of the Peak Downs mine, would be up to 5.5 million tonnes per annum (100 per cent, or 2.75 million tonnes per annum BHP Billiton share) in addition to potential expansion of Peak Downs mine of 2.5 million tonnes per annum (100 per cent, or 1.25 million tonnes per annum BHP Billiton share). Both developments would include coal handling preparation plants. We are assessing the optimal time to advance these projects and we are continuing to progress owner and government approvals.

Table of Contents

To support this growth, BMA is progressing owner and government approvals to increase the capacity of the Hay Point Coal Terminal from 44 million tonnes per annum to 55 million tonnes per annum in a first phase expansion (HPX3). We have committed pre-approval expenditure for further project studies and items requiring long lead times. A potential further stage (HPX4) would increase capacity from 55 million tonnes per annum to approximately 75 million tonnes per annum. We were also awarded preferred developer status for the construction of a new coal terminal at the X80 site at Abbot Point, with a capacity of at least 30 million tonnes per annum.

2.2.10 Energy Coal Customer Sector Group

Our Energy Coal CSG is one of the world s largest producers and marketers of export energy coal (also known as thermal or steaming coal) and is also a significant domestic supplier to the electricity generation industry in Australia, South Africa and the United States. Our global portfolio of energy coal assets, our insights into the broader energy market through our sales of other fuels such as gas, uranium and oil, and our control of options for bulk freight provide our business with key advantages as a supplier. Like our other businesses, our Energy Coal CSG owns large, long-life assets with substantial options for expansion.

We generally make our domestic sales under long-term fixed-price contracts with power stations that are located in close proximity to the mine. We make export sales to power generators and some industrial users in Asia, Europe and the United States, usually under contracts for delivery of a fixed volume of coal. Pricing is either index-linked, or fixed, in which case we use financial instruments to swap our fixed-price exposure for exposure to market indexed prices.

We recognise that the need to control carbon dioxide emissions has substantial implications for the use of thermal coal as an energy source. We have committed to invest US$300 million over five years from June 2007 to support the research, development and demonstration of low-emissions technologies, including clean coal and carbon sequestration technologies.

We operate three sets of assets: a group of mines and associated infrastructure collectively known as BHP Billiton Energy Coal South Africa (BECSA); our New Mexico Coal operations in the United States; and our NSW Energy Coal operations in Australia. We also own a one-third share of the Cerrejón Coal Company, which operates a coal mine in Colombia.

BHP Billiton Energy Coal South Africa

BECSA operates three coal mines in the Witbank region of Mpumalanga province of South Africa, which produced a total of approximately 30.5 million tonnes in FY2010. We have a major mine expansion project underway in South Africa (see Development projects below). In FY2010, BECSA sold approximately 64 per cent of its production to Eskom, the government-owned electricity utility in South Africa, and exported the rest via the Richards Bay Coal Terminal, in which we own a 24 per cent share. The reserve lives of the BECSA mines at current production rates range from 11 to 24 years.

New Mexico Coal

We own and operate the Navajo mine, located on Navajo land in New Mexico, and the nearby San Juan mine. Each of these mines transports its production directly to a nearby power station. The reserve lives of Navajo and San Juan at current production rates are 21 and 10 years, respectively. New Mexico Coal produced approximately 13.5 million tonnes in FY2010.

NSW Energy Coal

Our NSW Energy Coal operating asset is the Mt Arthur open-cut coal mine located in the Hunter Valley region of New South Wales, which produced approximately 12 million tonnes in FY2010 and has a reserve life at current production rates of 55 years. We have a project in execution and a number of studies underway to evaluate expansion opportunities for this operation (see Development projects below). In FY2010, we delivered approximately 18 per cent of Mt Arthur s production to a local power station and exported the rest via the port of Newcastle.

Cerrejón Coal Company

Cerrejón Coal Company owns and operates one of the largest open-cut export coal mines in the world in La Guajira province of Colombia, together with integrated rail and port facilities through which the majority of production is exported. In FY2008, Cerrejón completed an expansion that increased capacity to 32 million tonnes per annum (100 per cent terms). At Cerrejón s current rate of production, Cerrejón has a reserve life of 21 years.

Table of Contents

Information on Energy Coal mining operations

The following table contains additional details of our mining operations. The tables should be read in conjunction with the production (see section 2.3.2) and reserves tables (see section 2.14.2).

Name, location, mineralisation style, type of mine and access SOUTH AFRICA	Ownership, operation and title/lease	History	Facilities and power source
Khutala 100 km east of Johannesburg, Gauteng Province, South Africa Produces a medium rank bituminous thermal coal (non-coking). Combination of open-cut and underground mines. The mines are accessible by public roads. Domestic coal is transported via overland conveyor to the Kendal Power Station.	We own and operate the mine at Khutala. BECSA is the holder of an Old Order Right. An application for conversion to a New Order Right, submitted in 2004, is still being processed (see section 2.7.1).	Khutala was commissioned in 1984. Open-cut operations began in 1996. The mining of a thermal/metallurgical coal deposit for a domestic market commenced in 2003.	Beneficiation facilities consist of a crushing plant, for the energy coal with a nominal capacity of 18 mtpa. A separate smaller crusher and wash plant with a nominal capacity of 0.6 mtpa is used to beneficiate the metallurgical coal supplied from the open-cut operation. Power is supplied by Eskom under long-term contracts.
Douglas/Middelburg 20 km southeast of Witbank, Mpumalanga Province, South Africa Produces a medium rank bituminous thermal coal, most of which can be beneficiated for the European or Asian export market. Open-cut mine The mine is accessible by public roads.	We own and operate the mine (100%) after entering into an agreement with Xstrata Plc (through Tavistock Collieries Plc) to dissolve the joint venture (84:16). The dissolution transaction was completed on 1 December 2009. BECSA and Tavistock are the joint holders of three Old Order Rights in the previous joint venture ratio (84:16) and BECSA is the 100% holder of a fourth Old Order Right. All four Old Order Rights were lodged with the Department of Mineral Resources for conversion in December 2008. BECSA and Tavistock previously amended their joint venture agreement such that, upon conversion of the four Old Order Rights, the mining area will be divided into an area wholly owned and operated by Tavistock and an area wholly owned and operated by	Douglas/Middelburg mine was commissioned in 1982. Middelburg Mine Services (MMS) and Duvha Opencast became one operation in 1996.	Beneficiation facilities consist of the following: tips and crushing plants, two export wash plants, a middlings wash plant and a de-stone plant. The overall capacity is 30 mtpa. Replacement of these facilities is part of the DMO project currently in execution. (see Development projects below). Power is supplied by Eskom under long-term contracts.

	BECSA as the new Douglas/Middelburg mine (see section 2.7.1).		
Export coal is transported to RBCT by rail, while the domestic coal is transported via conveyor belt to the nearby Duvha Power Station.			
Klipspruit	We own and operate the mine at Klipspruit.	The project was approved by the Mpumalanga Department of Agriculture, Conservation and Environment in 2003. An initial mini-pit was started in August 2003 as a truck and shovel contractor operation.	Beneficiation facilities consist of a tip and crushing plant, as well as an export wash plant. We own 50% of the Phola Coal Plant in a joint venture with Anglo Inyosi Coal. The overall capacity of the plant is 16 mtpa (100% terms).
30 km west of Witbank, Mpumalanga Province, South Africa	BECSA is the holder of an Old Order Right. An application for conversion to a New Order Right was submitted in 2004 and is still being processed (see section 2.7.1).		
Produces a medium rank bituminous thermal coal, most of which can be beneficiated for the European or Asian export market.		The Klipspruit Expansion Project was completed in FY2010. The project included a 50% share in the Phola Coal Plant and is expected to increase ROM capacity of the mine to approximately 8.0 mtpa at full ramp-up.	Power is supplied by Eskom under long-term contracts.
Open-cut mine			
Access to the mine is via public roads.			
Export coal is transported to RBCT by rail.			

Table of Contents

Name, location, mineralisation style, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
AUSTRALIA			
Mt Arthur Coal	We own and operate the mine at Mt Arthur.	Coal production from the Mt Arthur area commenced in 2002.	Main beneficiation facilities include coal handling, preparation and washing plants capable of producing in excess of 14 mtpa product (currently being upgraded as part of the expansion project - see Development projects below). Washery by-pass coal is also sold.
Approximately 125 km from Newcastle, New South Wales, Australia	We hold various mining leases and licences that expire between 2010 and 2028. Applications have been submitted to renew leases due to expire in CY2010.		
Produces a medium rank bituminous thermal coal (non- coking).			We are a 35.5% shareholder in a joint venture company that is operating a 30 mtpa export coal loading facility in the port of Newcastle. The first ship load of coal was dispatched in June 2010, and the port is expected to progressively ramp-up to nameplate capacity.
Open-cut mine			
The mine is accessible by public road.			
			Power is supplied by local energy providers, from the eastern Australia power grid.
Domestic coal is transported by an overland conveyor to Bayswater Power Station.			
Export coal is transported by a combination of private and public rail, approximately 125 km to the port of Newcastle.			
AMERICA			
BHP Navajo Coal Company	We own and operate the mine.	The mine has been in operation since 1963, and coal sales are contracted to 2016.	The mine has the capacity to produce and process 7.8 mtpa. Mined coal is sized and blended to contract specifications using stackers and reclaimers with no further beneficiation.
30 km southwest of Farmington, New Mexico, US	The mine is subject to a long-term lease from the Navajo Nation. The lease continues for as long as coal can be economically produced and sold in paying quantities.		
			Power is supplied from FCPP.
Produces a medium rank bituminous thermal coal (non-coking suitable for the domestic market only).			
Open-cut mine			

Navajo mine is accessible by public roads located on the Navajo Nation Indian Reservation. We transport all coal 21 km from the production areas via our dedicated railroad to the Four Corners Power Plant (FCPP).			
San Juan Coal Company	We own and operate the mine.	The San Juan mine began operating in 1973 as a surface mine. In October 2000, development of the San Juan underground mine was approved to replace production from the existing open-cut mine. Coal sales are contracted to December 2017.	The mine has the capacity to produce 6.1 mtpa of coal. Mined coal is sized and blended to contract specifications using stockpiles with no further beneficiation.
25 km west of Farmington, New Mexico, US	We hold mining leases from federal and state governments. The leases are viable as long as minimum production criteria are achieved.		Power is supplied from SJGS.
Produces a medium rank bituminous thermal coal (non-coking suitable for the domestic market only).			
The San Juan underground mine is accessible by public roads.			
Transport of coal to the San Juan Generating Station (SJGS) is by truck and conveyor belt.			
COLOMBIA			
Cerrejón Coal Company	We own 33.33% of the Cerrejón Coal Company in a joint venture. The remaining 66.67% interest is owned by Anglo American Plc (33.33%) and Xstrata Plc (33.33%).	The original mine began as a joint venture between Exxon s Intercor and the Colombian Government entity Carbocol in 1976. Over time, the partners have changed, nearby operations have been merged and progressive expansion resulted in the current 32 mtpa operation.	Beneficiation facilities include a crushing plant with a capacity of 32 mtpa and a washing plant with a capacity of 2 mtpa.
Maicao, La Guajira state, Colombia	Mining leases expire in 2034.		Electricity is supplied through the local Colombian power system.
Produces a medium rank bituminous thermal coal (non-coking, suitable for the export market).			
Open-cut mine			
The export facility is 150 km northeast of the mine on the Caribbean coast at Puerto Bolivar and is connected to the mine by a single-track railway. Access to the mine is via public roads and by charter aircraft to the mine s airstrip.			

Table of Contents

Development projects

Douglas-Middelburg Optimisation Project

This project involves works to optimise the development of existing reserves across the Douglas and Middelburg collieries, the development of additional mining areas and the construction of a new 14 million tonnes per annum coal processing plant, which will replace the less efficient existing plant at Douglas. The work will enable us to maintain energy coal exports from the combined Douglas and Middelburg colliery at around current levels (approximately 10 million tonnes per annum) while also fulfilling our domestic contractual commitments. The capital investment is expected to be within budget and the new plant is currently being completed with the first train load of coal railed on 30 July 2010.

Mt Arthur open-cut expansions

On 24 July 2009, we announced the Mt Arthur Coal (MAC) mine expansion, which is designed to increase production of saleable thermal coal by an increment of approximately 3.5 million tonnes per annum. Known as the MAC 20 Project, it is expected to commence operation in the first half of CY2011 at an estimated capital investment of US$260 million.

We have submitted a development consent application to expand the production capacity of the mine to 32 million tonnes per annum open-cut and 4 million tonnes per annum underground. Studies are underway to examine the expansion of the mine to utilise this capacity.

2.3 Production

2.3.1 Petroleum

The table below details Petroleum s historical net crude oil and condensate, natural gas and natural gas liquids production, primarily by geographic segment, for each of the three years ended 30 June 2010, 2009 and 2008. We have shown volumes of marketable production after deduction of applicable royalties, fuel and flare. We have included in the table average production costs per unit of production and average sales prices for oil and condensate and natural gas for each of those periods.

	BHP Billiton Group share of production Year ended 30 June		
	2010	**2009**	**2008**
Production volumes			
Crude oil and condensate *(000 of barrels)*			
Australia	**31,540**	32,496	30,386
United States	**41,522**	20,818	12,437
Other	**11,325**	13,014	14,621
Total crude oil and condensate	**84,387**	66,328	57,444
Natural gas (1) *(billion cubic feet)*			
Australia	**259.65**	258.14	262.69
United States	**17.68**	11.91	10.44
Other	**91.24**	92.75	93.41
Total natural gas (1)	**368.57**	362.80	366.54
Natural Gas Liquids (1) (2) *(000 of barrels)*			
Australia	**8,652**	7,977	9,253
United States	**2,545**	1,128	809
Other	**1,552**	2,071	1,471
Total NGL (1) (2)	**12,749**	11,176	11,533

Total petroleum products production *(million barrels of oil equivalent)* [3]			
Australia	**83.47**	83.50	83.42
United States	**47.01**	23.93	14.99
Other	**28.08**	30.54	31.66
Total petroleum products production *(million barrels of oil equivalent)* [3]	**158.56**	137.97	130.07

Table of Contents

	BHP Billiton Group share of production Year ended 30 June		
	2010	**2009**	**2008**
Average sales price			
Crude oil and condensate *(US$ per barrel)*			
Australia	**74.12**	70.32	98.00
United States	**71.55**	62.90	97.69
Other	**75.57**	60.69	91.60
Total crude oil and condensate	**73.05**	66.18	96.27
Natural gas *(US$ per thousand cubic feet)*			
Australia	**3.52**	3.07	3.20
United States	**4.80**	6.61	10.37
Other	**3.05**	4.08	4.09
Total natural gas	**3.43**	3.57	3.75
Natural Gas Liquids *(US$ per barrel)*			
Australia	**48.20**	44.71	56.97
United States	**39.51**	48.19	58.98
Other	**49.40**	38.88	49.83
Total NGL	**46.47**	43.91	56.15
Average Production Cost *(US$ per barrel of oil equivalent)* (4)			
Australia	**5.59**	4.51	3.61
United States	**5.62**	7.20	6.84
Other	**7.48**	6.74	7.37
Average Production Cost *(US$ per barrel of oil equivalent)* (4)	**5.93**	5.47	4.90

(1) Gulf of Mexico natural gas production was restated to a dry gas number. NGL production is now shown separately. The change resulted in 2,545 thousand barrels, 1,129 thousand barrels and 809 thousand barrels additional NGL production and 5.41 billion cubic feet, 2.05 billion cubic feet and 1.48 billion cubic feet lower natural gas production in the years ended 30 June 2010, 2009 and 2008, respectively. Prior amounts have been restated to ensure consistency.
(2) LPG and Ethane are reported as Natural Gas Liquids (NGL).
(3) Total boe conversion is based on the following: 6,000 scf of natural gas equals 1 boe.
(4) Average production costs include direct and indirect costs relating to the production of hydrocarbons and the foreign exchange effect of translating local currency denominated costs into US dollars but excludes ad valorem and severance taxes.

2.3.2 Minerals

The table below details our mineral and derivative product production for all CSGs except Petroleum for the three years ended 30 June 2010, 2009 and 2008. Production shows our share unless otherwise stated.

	BHP Billiton Group interest %	BHP Billiton Group share of production Year ended 30 June		
		2010	**2009**	**2008**
Aluminium				
Alumina				
Production (000 tonnes)				
Worsley, Australia	86.0	**3,054**	2,924	3,035
Paranam, Suriname (1)	45.0	**78**	935	983
Alumar, Brazil	36.0	**709**	537	536

Total alumina		**3,841**	4,396	4,554
Aluminium				
Production (000 tonnes)				
Hillside, RSA	100.0	**710**	702	695
Bayside, RSA	100.0	**98**	99	168
Alumar, Brazil	40.0	**174**	177	178
Mozal, Mozambique	47.1	**259**	255	257
Total aluminium		**1,241**	1,233	1,298

Table of Contents

	BHP Billiton Group interest %	BHP Billiton Group share of production Year ended 30 June 2010	2009	2008
Base Metals [2]				
Copper				
Payable metal in concentrate (000 tonnes)				
Escondida, Chile	57.5	**448.1**	417.6	679.5
Antamina, Peru	33.8	**98.6**	109.0	111.7
Pinto Valley, US [3]	100.0		33.3	26.8
Total copper concentrate		**546.7**	559.9	818.0
Cathode *(000 tonnes)*				
Escondida, Chile	57.5	**174.2**	172.1	131.6
Cerro Colorado, Chile	100.0	**85.2**	102.1	106.4
Spence, Chile	100.0	**159.6**	172.7	142.7
Pinto Valley, US [3]	100.0	**6.2**	6.2	6.9
Olympic Dam, Australia	100.0	**103.3**	194.1	169.9
Total copper cathode		**528.5**	647.2	557.5
Total copper concentrate and cathode		**1,075.2**	1,207.1	1,375.5
Lead				
Payable metal in concentrate (000 tonnes)				
Cannington, Australia	100.0	**245.4**	226.8	251.5
Antamina, Peru	33.8	**3.0**	3.3	1.6
Total lead		**248.4**	230.1	253.1
Zinc				
Payable metal in concentrate (000 tonnes)				
Cannington, Australia	100.0	**62.7**	54.8	61.0
Antamina, Peru	33.8	**135.6**	108.4	83.5
Total zinc		**198.3**	163.2	144.5
Gold				
Payable metal in concentrate (000 ounces)				
Escondida, Chile	57.5	**76.4**	67.3	79.7
Olympic Dam, Australia (refined gold)	100.0	**65.5**	108.0	80.5
Pinto Valley, US [3]	100.0		0.9	1.3
Total gold		**141.9**	176.2	161.5
Silver				
Payable metal in concentrate (000 ounces)				
Escondida, Chile	57.5	**2,874**	2,765	3,604
Antamina, Peru	33.8	**4,712**	4,090	3,505
Cannington, Australia	100.0	**37,276**	33,367	35,485
Olympic Dam, Australia (refined silver)	100.0	**500**	937	780
Pinto Valley, US [3]	100.0		182	113
Total silver		**45,362**	41,341	43,487
Uranium oxide				
Payable metal in concentrate (tonnes)				
Olympic Dam, Australia	100.0	**2,279**	4,007	4,144

Total uranium oxide		**2,279**	4,007	4,144
Molybdenum				
Payable metal in concentrate (tonnes)				
Antamina, Peru	33.8	**813**	1,363	2,542
Pinto Valley, US [3]	100.0		159	
Total molybdenum		**813**	1,522	2,542

Table of Contents

	BHP Billiton Group interest %	BHP Billiton Group share of production Year ended 30 June 2010	2009	2008
Diamonds and Specialty Products				
Diamonds				
Production (000 carats)				
EKATI, Canada	80.0	**3,050**	3,221	3,349
Total diamonds		**3,050**	3,221	3,349
Titanium minerals [4]				
Production (000 tonnes)				
Titanium slag				
Richards Bay Minerals, RSA [5]	37.76	**317**	490	480
Rutile				
Richards Bay Minerals, RSA [5]	37.76	**34**	44	43
Zircon				
Richards Bay Minerals, RSA [5]	37.76	**83**	120	120
Total titanium minerals		**434**	654	643
Stainless Steel Materials				
Nickel				
Production (000 tonnes)				
Cerro Matoso, Colombia	99.9	**49.6**	50.5	41.8
Yabulu, Australia [6]	100.0	**2.8**	33.9	28.0
Nickel West, Australia	100.0	**123.8**	88.7	98.1
Total nickel		**176.2**	173.1	167.9
Cobalt				
Production (000 tonnes)				
Yabulu, Australia [6]	100.0	**0.1**	1.4	1.7
Total cobalt		**0.1**	1.4	1.7
Iron Ore [7]				
Production (000 tonnes)				
Newman, Australia [8]	85.0	**32,097**	31,350	35,449
Mt Goldsworthy, Australia	85.0	**1,688**	1,416	941
Area C joint venture, Australia	85.0	**38,687**	35,513	27,130
Yandi, Australia	85.0	**41,396**	37,818	40,276
Samarco, Brazil	50.0	**11,094**	8,318	8,464
Total iron ore		**124,962**	114,415	112,260
Manganese				
Manganese ores				
Saleable production (000 tonnes)				
Hotazel, South Africa [9]	44.4	**2,718**	2,191	3,040
GEMCO, Australia [9]	60.0	**3,406**	2,284	3,535
Total manganese ores		**6,124**	4,475	6,575
Manganese alloys				
Saleable production (000 tonnes)				
South Africa [9][10]	60.0	**364**	301	513
Australia [9]	60.0	**219**	212	262

Total manganese alloys	**583**	513	775

Table of Contents

	BHP Billiton Group interest %	BHP Billiton Group share of production Year ended 30 June 2010	2009	2008
Metallurgical Coal (11)				
Production (000 tonnes)				
Blackwater	50.0	**5,733**	5,382	5,632
Goonyella Riverside (12)	50.0	**6,668**	6,685	6,037
Peak Downs	50.0	**4,332**	4,390	4,094
Saraji	50.0	**3,402**	3,505	2,896
Norwich Park	50.0	**1,870**	1,984	2,026
Gregory Joint Venture	50.0	**2,398**	2,762	2,110
Total BMA, Australia		**24,403**	24,708	22,795
South Walker Creek		**3,609**	2,978	2,862
Poitrel		**2,834**	2,457	2,271
Total BHP Mitsui Coal, Australia (13)	80.0	**6,443**	5,435	5,133
Illawarra, Australia	100.0	**6,535**	6,273	7,265
Total metallurgical coal		**37,381**	36,416	35,193
Energy Coal				
Production (000 tonnes)				
Navajo	100.0	**7,465**	8,363	7,533
San Juan	100.0	**6,013**	5,773	6,119
Total New Mexico		**13,478**	14,136	13,652
Douglas/Middelburg (14)	100.0	**14,703**	14,807	17,003
Khutala	100.0	**10,868**	11,125	13,327
Klipspruit	100.0	**4,887**	3,964	3,440
Optimum				11,302
Total BECSA (15)		**30,459**	29,896	45,072
Mt Arthur Coal, Australia	100.0	**12,039**	11,775	11,776
Cerrejón Coal Company, Colombia	33.3	**10,155**	10,594	10,368
Total energy coal		**66,131**	66,401	80,868

(1) Suriname was sold effective 31 July 2009.
(2) Metal production is reported on the basis of payable metal.
(3) The Pinto Valley mining operations were placed on care and maintenance in January 2009, and continue to produce copper cathode through sulphide leaching.
(4) Data was sourced from the TZ Minerals International Pty Ltd Mineral Sands Annual Review 2010 and amounts represent production for the preceding year ended 31 December.

(5) The Group s economic interest in Richards Bay Minerals is 37.76 per cent in FY2010 (50 per cent in FY2009 and FY2008).
(6) Yabulu was sold effective 31 July 2009.
(7) Iron ore production is reported on a wet tonnes basis with the exception of Samarco, being reported in dry (pellet) tonnes.
(8) Newman includes Mt Newman Joint Venture and Jimblebar, previously Jimblebar was reported separately.
(9) Shown on 100 per cent basis. BHP Billiton interest in saleable production is 60 per cent.
(10) Production includes Medium Carbon Ferro Manganese.
(11) Metallurgical coal production is reported on the basis of saleable product. Production figures include some thermal coal.

(12) Goonyella Riverside includes the Broadmeadow underground mine.
(13) Shown on 100 per cent basis. BHP Billiton interest in saleable production is 80 per cent.
(14) The Douglas and Middelburg mines are now combined, consistent with the Douglas/Middelburg Optimisation Project.
(15) FY2008 includes 11.3 million tonnes of production from our South African Optimum operation (3.96 million tonnes export and 7.3 million tonnes domestic). Earnings on these tonnes were excluded as the entitlement to those earnings was vested with the purchaser effective from 1 July 2007.

2.4 Marketing

BHP Billiton s Marketing network manages the Group s revenue line and is responsible for:

selling the Group s products and for the purchase of all major raw materials;

the supply chain for our various products, from assets to market, and also for raw materials, from suppliers to our production Assets;

achieving market clearing prices for the Group s products;

developing a single Group view of the markets.

Table of Contents

This requires an active and significant presence in the various commodities markets and also the global freight market.

Our marketing activities are centralised in Singapore, The Hague and Antwerp. Our Iron Ore, Metallurgical Coal, Manganese, Base Metals, Stainless Steel Materials, Petroleum and Uranium marketing teams are headquartered in Singapore. The Hague is the hub for our Aluminium, Energy Coal and Freight marketing teams. Our Antwerp office serves our diamonds customers.

These three marketing offices incorporate all the functions required to manage product marketing and distribution - from the point of production to final customer delivery. In addition, we have marketers located in 15 regional offices around the world.

2.5 Minerals exploration

Our exploration program is integral to our growth strategy and is focused on identifying and capturing new world-class projects for future development or projects that add significant value to existing operations. Targets for exploration are generally large low-cost mining projects in a range of minerals, including copper, uranium, nickel, diamonds, bauxite, iron ore, manganese, coal and potash. The process of discovery runs from early-stage mapping through to drilling and evaluation. The program is global and prioritises targets based on our assessment of the relative attractiveness of each mineral.

We continue to pursue opportunities and build our position in prospective countries, including exploring for copper in South America, Zambia and South East Asia; nickel in Australia; and diamonds in Canada. In the bulk commodities, activities are focused on a number of highly prospective terrains in Australia and Africa.

Our exploration activities are organised from four principal offices in Singapore, Perth (Australia), Johannesburg (South Africa) and Santiago (Chile).

In addition to our activities focused on finding new world-class deposits, several of our CSGs undertake exploration, principally aimed at delineating and categorising mineral deposits near existing operations, and advancing projects through the development pipeline.

In FY2010, we spent US$516 million on minerals exploration. Of this, US$126 million was spent on greenfield exploration, US$390 million was spent on brownfield exploration and advanced projects.

2.6 Resource and Business Optimisation

Group Resource and Business Optimisation (RBO) provides governance and technical leadership for resource development and Ore Reserve reporting. RBO s 41 professionals are focused on ensuring optimal value recovery from our resources. The team includes functional experts in mineral resource evaluation, brownfields exploration, planning, research and development, work management, production reporting, mine engineering and mineral process engineering.

RBO engages directly with operating assets to deliver guidance and assess compliance in resource development and Ore Reserve reporting. It provides the Group Management Committee with assurance reports and portfolio analysis. RBO also provides functional expertise to audits and to investment review programs conducted by other Group Functions.

RBO s accountabilities include governance for all resource and reserve estimation and Ore Reserve reporting.

2.7 Government regulations

Government regulations touch all aspects of our operations. However, because of the geographical diversity of our operations, no one set of government regulations is likely to have a material effect on our business, taken as a whole.

The ability to extract minerals, oil and natural gas is fundamental to our business. In most jurisdictions, the rights to undeveloped mineral or petroleum deposits are owned by the state. Accordingly, we rely upon the rights granted to us by the government that owns the mineral, oil or natural gas. These rights usually take the form of a lease or licence, which gives us the right to access the land and extract the product. The terms of the lease or licence, including the time period for which it is effective, are specific to the laws of the relevant government. Generally, we own the product we extract and royalties or similar taxes are payable to the government. Some of our operations, such as our oil and gas operations in Trinidad and Tobago and Algeria, are subject to production sharing contracts under which both we as the contractor and the government are entitled to a share of the production. Under such production sharing contracts, the contractor is entitled to recover its exploration and production

costs from the government s share of production.

Table of Contents

Related to the ability to extract is the ability to process the minerals, oil or natural gas. Again, we rely upon the relevant government to grant the rights necessary to transport and treat the extracted material in order to ready it for sale.

Underlying our business of extracting and processing natural resources is the ability to explore for those orebodies. The rights to explore for minerals, oil and natural gas are granted to us by the government that owns those natural resources that we wish to explore. Usually, the right to explore carries with it the obligation to spend a defined amount of money on the exploration or to undertake particular exploration activities.

Governments also impose obligations on us in respect of environmental protection, land rehabilitation, occupational health and safety, and native land title with which we must comply in order to continue to enjoy the right to conduct our operations within that jurisdiction. These obligations often require us to make substantial expenditures to minimise or remediate the environmental impact of our operations, to ensure the safety of our employees and contractors and the like. For further information on these types of obligations, refer to section 2.8 and 2.9 of this Report.

Of particular note are the following regulatory regimes:

2.7.1 South African Mining Charter and Black Economic Empowerment

In 2003, the Government released a strategy for broad-based black economic empowerment (BBBEE) that defined empowerment as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings significant increases in the numbers of black people who manage, own and control the country s economy, as well as significant decreases in income inequalities . This strategy laid the foundation for the Black Economic Empowerment Act of 2003, which granted government the power to legislate how it wanted black economic empowerment (BEE) to be implemented in South Africa.

As outlined in section 1.5 of this Report, on 1 May 2004, the Mineral and Petroleum Resources Development Act 2002 (MPRDA) took effect, providing for state custodianship of all mineral deposits and abolishing the prior system of privately held mineral rights. It is administered by the Department of Minerals and Energy of South Africa. In February 2007, the codes of good practice were gazetted, further crystallising government s BEE strategy into a single binding document. The codes make provision for businesses to measure their success in contributing to the economic transformation and empowerment of historically disadvantaged South Africans (HDSAs) in the local economy and a scorecard comprising seven metrics was also developed to assist businesses in achieving this success.

In terms of the MPRDA, holders of mining rights granted under the previous system, known as Old Order Rights , must have applied to convert their rights to New Order Rights prior to 30 April 2009. In order for the conversions to be effected, applicants are required to comply with the terms of the Black Economic Empowerment Act of 2003 and the Mining Charter, which has been published under the MPRDA. The Mining Charter requires holders of mining rights to achieve 26 per cent ownership participation by historically disadvantaged South Africans in their mining operations by 30 April 2014, of which 15 per cent needed to have been achieved by 30 April 2009. We have submitted to the Department of Mineral Resources of South Africa transactions to meet the legislative requirements and support the conversion to New Order Rights .

We support broad-based black economic empowerment in South Africa. We believe it is imperative to both the growth and stability of the South African economy and the Company s strategic objectives and long-term sustainability in that country.

The principles of transformation and empowerment are in line with the BHP Billiton Charter, which underscores the Group s Courage to Lead Change .

We have established a transformation and empowerment technical committee comprising senior managers with diverse skills to ensure our transformation and empowerment agenda is coordinated and comprehensive.

2.7.2 Uranium production in Australia

To mine, process, transport and sell uranium from within Australia, we are required to hold possession and export permissions, which are also subject to regulation by the Australian Government or bodies that report to the Australian Government.

To possess nuclear material , such as uranium, in Australia, a Permit to Possess Nuclear Materials (Possession Permit) must be held pursuant to the Australian Nuclear Non-Proliferation (Safeguards) Act 1987 (Non-Proliferation Act). A Possession Permit is issued by the Australian Safeguards and Non-Proliferation Office, an office established under the Non-Proliferation Act, which administers Australia s domestic nuclear safeguards requirements and reports to the Australian Government.

Table of Contents

To export uranium from Australia, a Permit to Export Natural Uranium (Export Permit) must be held pursuant to the Australian Customs (Prohibited Exports) Regulations 1958. The Export Permit is issued by the Minister for Industry, Tourism and Resources.

A special transport permit will be required under the Non-Proliferation Act by a party that transports nuclear material from one specified location to another specified location. As we engage service providers to transport uranium, those service providers are required to hold a special transport permit.

2.7.3 Exchange controls and shareholding limits

BHP Billiton Plc

There are no laws or regulations currently in force in the UK that restrict the export or import of capital or the remittance of dividends to non-resident holders of BHP Billiton Plc s shares, although the Group does operate in some other jurisdictions where remittances of funds could be affected as they are subject to exchange control approvals. There are certain sanctions adopted by the UK Government which implement resolutions of the Security Council of the United Nations and sanctions imposed by the European Union against certain countries, entities and individuals. Any enforcement of the sanctions by the UK Government would be initiated by HM Treasury. Such sanctions may be in force from time to time and include those against: (i) certain entities and/or individuals associated with the Burmese regime (Myanmar), Cote d Ivoire, The Democratic People s Republic of Korea (North Korea), the Democratic Republic of Congo, the Republic of Guinea, Lebanon, Liberia, Iran, Sudan and the previous regimes of Iraq and Yugoslavia; (ii) certain officials of Belarus, Syria and Zimbabwe; (iii) individuals indicted by the International Criminal Tribunal for the former Yugoslavia; and (iv) entities and individuals linked with the Taliban, Al-Qaeda and other terrorist organisations.

There are no restrictions under BHP Billiton Plc s Articles of Association or (subject to the effect of any sanctions) under English law that limit the right of non-resident or foreign owners to hold or vote BHP Billiton Plc s shares.

There are certain restrictions on shareholding levels under BHP Billiton Plc s Articles of Association described under the heading BHP Billiton Limited below.

BHP Billiton Limited

The Australian Banking (Foreign Exchange) Regulations 1959 may impose restrictions on certain financial transactions and require the consent of the Reserve Bank of Australia for the movement of funds into and out of Australia. Based on our searches, restrictions currently apply if funds are to be paid to or received from specified supporters of the former Government of the Federal Republic of Yugoslavia, specified ministers and senior officials of the Government of Zimbabwe, certain specified entities associated with the Democratic People s Republic of Korea (North Korea) and specified individuals associated with the Burmese regime and certain Iranian entities and persons not already listed by the Security Council of the United Nations. In addition, legislation and regulations are in place restricting transactions with certain individuals or entities linked with the Taliban, Al-Qaeda and other terrorist organisations and certain entities and individuals associated with the Democratic Republic of Congo, Cote d Ivoire, Eritrea, Iran, Iraq, Lebanon, Liberia, Sudan, Afghanistan, Rwanda and Somalia. The controls impose certain approval and reporting requirements on transactions involving such countries, entities and individuals and/or assets controlled or owned by them. Transfers into or out of Australia of amounts greater than A$10,000 in any currency are also subject to reporting requirements.

Remittances of any dividends, interest or other payments by BHP Billiton Limited to non-resident holders of BHP Billiton Limited s securities are not restricted by exchange controls or other limitations, save that in certain circumstances, BHP Billiton may be required to withhold Australian taxes.

There are no limitations, either under the laws of Australia or under the Constitution of BHP Billiton Limited, on the right of non-residents to hold or vote BHP Billiton Limited ordinary shares other than as set out below.

The Australian Foreign Acquisitions and Takeovers Act 1975 (the FATA) restricts certain acquisitions of interests in shares in BHP Billiton. Generally, under the FATA, the prior approval of the Australian Treasurer must be obtained for proposals by a foreign person (either alone or together with associates) to acquire control of 15 per cent or more of the voting power or issued shares in BHP Billiton Limited.

The FATA also empowers the Treasurer to make certain orders prohibiting acquisitions by foreign persons in BHP Billiton Limited (and requiring divestiture if the acquisition has occurred) where he considers the acquisition to be contrary to the national interest and the 15 per cent threshold referred to above would be exceeded as a result. Such orders may also be made in respect of acquisitions by foreign persons where two or more foreign persons (and their associates) in aggregate already control 40 per cent or more of the issued shares or voting power in BHP

Billiton Limited.

Table of Contents

There are certain other statutory restrictions, and restrictions under BHP Billiton Limited s Constitution and BHP Billiton Plc s Articles of Association, that apply generally to acquisitions of shares in BHP Billiton (i.e. the restrictions are not targeted at foreign persons only). These include restrictions on a person (and associates) breaching a voting power threshold of:

- 20 per cent in relation to BHP Billiton Limited on a stand alone basis, i.e. calculated as if there were no special voting share and only counting BHP Billiton Limited s ordinary shares.
- 30 per cent of BHP Billiton Plc. This is the threshold for a mandatory offer under Rule 9 of the UK takeover code and this threshold applies to all voting rights of BHP Billiton Plc (therefore including voting rights attached to the BHP Billiton Plc Special Voting Share).
- 30 per cent in relation to BHP Billiton Plc on a stand alone basis, i.e. calculated as if there were no special voting share and only counting BHP Billiton Plc s ordinary shares.
- 20 per cent in relation to the BHP Billiton Group, calculated having regard to all the voting power on a joint electorate basis, i.e. calculated on the aggregate of BHP Billiton Limited s and BHP Billiton Plc s ordinary shares.

Under BHP Billiton Limited s Constitution and BHP Billiton Plc s Articles of Association, sanctions for breach of any of these thresholds, other than by means of certain permitted acquisitions , include withholding of dividends, voting restrictions and compulsory divestment of shares to the extent a shareholder and its associates exceed the relevant threshold.

2.8 Sustainable Development Health, Safety, Environment and Community

As the world s largest diversified natural resources company, our operations touch every corner of the globe. We recognise and embrace our responsibility to consider and respond to the needs of many different stakeholders.

Our Charter sets out what we value. In particular, we must remain committed to ensuring the safety of our people, respecting our environment and the communities where we work.

In addition to the wider Group corporate governance processes, we have systems in place to implement our policy commitment to sustainable development. The Sustainability Committee of the Board continues to oversee our sustainability strategy, policy, initiatives and activities. Management holds primary responsibility for our Health, Safety, Environment and Community (HSEC) processes and performance.

Our Code of Business Conduct applies to every member of our workforce and provides a framework for decision-making. It is based on the values contained in our Charter and highlights that we care as much about how results are obtained as we do about delivering good results.

Our HSEC Standards are part of a wider suite of Group Level Documents (GLD). They provide mandatory performance requirements and performance controls which are the basis for developing and applying management systems at all sites operated by BHP Billiton.

These documents highlight four key components of sustainable development:

- Health focusing on the elimination of risks through the control of potential workplace exposures to noise and substances which could result in long-term harm.
- Safety providing a workplace where people can work without being injured.

Environment delivering efficient resource use, reducing and preventing pollution and enhancing biodiversity protection.

Community engaging with those affected by our operations, including employees, contractors and communities; and respecting and upholding fundamental human rights.

Health

The health and wellbeing of our people is central to our business success. Our focus is on eliminating risk through the control of workplace exposures that may result in long-term harm. The main sources of potential exposure are noise, silica, manganese, diesel exhaust particulate, fluorides, coal tar pitch, nickel and sulphuric acid mist.

Table of Contents

Our approach is to identify and manage sources of exposure to reduce the minimum number of people required to undertake additional protective measures, such as the wearing of personal protective equipment. Our Health GLD requires all operations to establish and maintain the exposure risk profile of all personnel to harmful agents and then implement appropriate controls. Controls are prioritised on the basis of the potential health consequence of the exposure and operations are required to maintain and monitor their effectiveness.

Significant community-based health risks, such as HIV/AIDS and malaria, also exist in our business. We continue to contribute to the management of these issues, on both a local and global basis.

Safety

Providing a safe and healthy workplace and ensuring our activities do not adversely impact on our host communities are core values.

Despite strong performance improvement across the organisation, sadly we experienced the loss of five colleagues at our operations during the year.

In FY2010, we completed the integration of our catastrophic risk and risk management procedures into a single process. This process requires that for all material risks critical controls are identified, performance standards set and critical control effectiveness measured.

Our Total Recordable Injury Frequency (TRIF) for FY2010 was 5.3 per million hours worked (TRIF includes fatalities, lost-time cases, restricted work cases and medical treatment cases).

Environment

We own and operate a diverse range of businesses in different countries around the world that, by their nature, have the potential to affect the environment.

Effective strategies to address the issues associated with climate change must include policies that provide a path to reduce emissions. Our evaluation of policy options are covered in the Sustainability Report and Summary Review of this report.

The results of our participation in the Australian Government s Energy Efficiency Opportunities Act (EEO) program will be available publicly in December 2010.

We define a significant environmental incident as one with a severity rating of four or above based on our internal severity rating scale (tiered from one to five by increasing severity). One significant incident occurred during FY2010 at our Pinto Valley Operations (US) involving a tailings release. The majority of the eroded tailings and cover material were recovered. Metal concentrations in surface water and sediments appear to be well below levels that could present a hazard. While there were a number of incidents that had the potential to be significant, controls and mitigation actions prevented these incidents escalating in severity.

Community

Our operations are diverse and the scale and nature of their social impact varies significantly. Regular, open and honest dialogue is the key to building win-win relationships. Our goal is to minimise negative social impacts while maximising the opportunities and benefits the Group s presence brings.

While our businesses tailor their community relations programs to suit the local context, our Community GLD sets the mandatory requirements to be implemented by all our operations. For example, our sites are required to have community development plans that aim to help contribute to the sustainable development of our host communities. As part of the community planning process, all key stakeholders, including local and Indigenous communities, must be identified and an analysis undertaken to understand their interests and relationship with the business.

We require all our operations to record stakeholder engagement activities, responses to concerns and complaints, outcomes, agreements and commitments.

Community development projects are selected on the basis of their capacity to impact positively on quality of life indicators (education, health and environment). We monitor their progress by tracking changes in these indicators every three years.

Table of Contents

The BHP Billiton Forum on Corporate Responsibility, which comprises our executive management and leaders from non-government organisations (NGOs) chaired by our Chief Executive Officer, met twice during FY2010.

No significant human rights-related issues were identified in this reporting period and there were no reported community resettlements.

We continue to invest one per cent of our pre-tax profits (based on the average of the previous three years pre-tax profit publicly reported in each of those years) in community programs.

2.9 Closure and rehabilitation

The requirements in Our Sustainability Framework are incorporated through the planning of development projects, through operations and into closure. Significant projects are governed by the performance requirements of our project management Group Level Documents (GLD). Health, Safety, Environment and Community (HSEC) risks, legislated obligations and stakeholder requirements form important inputs to the project planning and execution process.

Once in operation, our assets undertake annual life of asset planning, a process that incorporates all aspects of the business. Closure planning is integrated into life of asset planning with each operation required to develop a closure plan. We are responsible for a number of legacy operations that are in various stages of decommissioning, rehabilitation or post-closure care and maintenance. The HSEC audit program covers the activities of these closed operations as well as closure-related issues at operations that are approaching closure. Closure plans provide the basis for estimating the financial costs of closure and the associated provisions. Information on our closure provisions can be found in notes 1 and 18 of the Financial Statements.

In FY2010, a review of the Group s closure planning and provisioning requirement was conducted. The recommendations from the review are in the process of being implemented and include further integration of closure into planning and accounting processes and the development of more detailed requirements for the content of closure plans.

2.10 Employees

Our corporate objective is to create long-term value for shareholders through the discovery, development and conversion of natural resources and the provision of innovative customer and market-focused solutions.

People are the foundation of our business and underpin our success. We value our people and encourage the development of talented and motivated individuals to support the continued performance and growth of our diverse operations. It is our aim as an organisation to strive to build a sense of purpose and achievement amongst all of our people in the work we do.

By working to our Charter we align our people around our common purpose and values. We all use the Charter as a vital reference point for how we do business, wherever we are in the world, and whatever work we do.

Our organisation is structured in four component parts:

Minerals Exploration

Marketing

Customer Sector Groups

Group Functions.

Each has a clear mandate that articulates its accountabilities.

As a global business, our success depends on fostering a culture where diverse and often remotely located people behave in a manner that reflects our Charter and our commitment to open, honest and productive relationships with our people. We believe these relationships should be determined by local conditions, but always be consistent with our Charter values and *BHP Billiton Code of Business Conduct*.

Diversity of gender, ethnicity, skill, thought, experience, style and language are important elements of our people strategy and are key drivers for our success. In FY2010, we demonstrated our commitment to local employment. An average of 41 per cent of our workforce and 24 per cent of management were hired from the relevant local community.

Table of Contents

Ensuring diversity in our local workforce and management populations is also supported by the work we have undertaken in our Accelerated Leadership Development Program and our Foundations for Graduates Program. Our Accelerated Leadership Development Program identifies employees with the potential to move into senior leadership roles and supports them with a structured development and learning program. 32 per cent of current participants are female.

Participation in the Foundations for Graduates Program in 2010 is 677 participants, up from 501 participants in 2009.

Females currently represent 15 per cent of our workforce. The number of females in management positions is approximately eight per cent. The representation of females across our workforce has remained consistent with FY2009.

In FY2011 we have committed to the following measurable objectives to enhance our gender diversity profile;

Each CSG, Group Function, Marketing and Minerals Exploration will be required to develop and implement a diversity plan in FY2011 that meets the corporations strategic imperative of diversity. The principles that underpin the development of those plans are set out in Section 5.8 of the Corporate Governance Statement.

Continue to focus on increasing female participation in the Accelerated Leadership Development Program, moving to 40 per cent for FY2012 .

Reviewing the means by which we recruit graduates and setting appropriate targets for female intake by end of FY2015 and identifying and implementing the necessary actions to achieve those targets.

The diverse nature of our business means we have a mix of collective and individually regulated employment arrangements. Whatever the nature of those arrangements, we recognise the right of our employees to freely associate and join trade unions. We strive to conduct constructive relationships with those trade unions. During FY2010, approximately 53 per cent of our global workforce was covered by collective bargaining agreements. We believe that successful relations with all our employees, unionised and non-unionised, must be built on values of mutual trust and respect.

In FY2010, we had an average of 39,570 employees working in more than 100 operations worldwide. We had an average of 58,563 contractors globally. The multitude of cultures and nationalities represented offer a diversity that enriches the working lives of all.

The table below provides a breakdown of the average number of employees, in accordance with our IFRS reporting requirements, which includes our proportionate share of jointly controlled entities employees and executive Directors, by CSG for each of the past three financial years.

CSG	FY2010	FY2009	FY2008
Petroleum	**2,178**	2,105	2,143
Aluminium	**4,471**	4,938	5,145
Base Metals	**7,434**	7,731	7,443
Diamonds and Specialty Products	**1,689**	1,923	2,043
Stainless Steel Materials	**3,481**	4,039	4,223
Iron Ore	**3,624**	3,254	3,105
Manganese	**2,549**	2,532	2,142
Metallurgical Coal	**3,533**	3,892	3,680
Energy Coal	**8,762**	8,437	9,183
Group and unallocated	**1,849**	2,139	2,625
Total [(1)]	**39,570**	40,990	41,732

(1) Average employee numbers include executive Directors, 100 per cent of employees of subsidiary companies and our share of proportionally consolidated entities and operations. Part-time employees are included on a full-time equivalent basis. Employees of businesses acquired or disposed of during the year are included for the period of ownership. Contractors are not included.

Table of Contents

The table below provides a breakdown of our average number of employees by geographic location for each of the past three financial years.

	FY2010	FY2009	FY2008
Australia	**15,178**	15,697	15,426
Southern Africa	**9,730**	9,626	10,860
South America	**9,468**	9,897	9,342
North America	**2,971**	2,824	2,994
Europe	**515**	563	606
Rest of World	**1,708**	2,383	2,504
Total	**39,570**	40,990	41,732

2.11 Organisational structure

2.11.1 General

The BHP Billiton Group consists of the BHP Billiton Limited Group and the BHP Billiton Plc Group as a combined enterprise, following the completion of the Dual Listed Company (DLC) merger in June 2001. Refer to note 25 Subsidiaries in the financial statements for a list of BHP Billiton Limited and BHP Billiton Plc significant subsidiaries.

The BHP Billiton DLC merger was designed to place shareholders of both companies in a position where they effectively have an interest in a single group that combines the assets and is subject to the liabilities of both companies. BHP Billiton Limited and BHP Billiton Plc have each retained their separate corporate identities and maintained separate stock exchange listings, but they are operated and managed as if they are a single unified economic entity, with their boards and senior executive management comprising the same people.

2.11.2 DLC structure

The principles of the BHP Billiton DLC are reflected in the BHP Billiton Sharing Agreement and include the following:

- the two companies are to operate as if they are a single unified economic entity, through Boards of Directors that comprise the same individuals and a unified senior executive management;
- the Directors of both companies will, in addition to their duties to the company concerned, have regard to the interests of BHP Billiton Limited shareholders and BHP Billiton Plc shareholders as if the two companies were a single unified economic entity and, for that purpose, the Directors of each company take into account in the exercise of their powers the interests of the shareholders of the other; and
- certain DLC equalisation principles must be observed. These are designed to ensure that for so long as the Equalisation Ratio between a BHP Billiton Limited share and a BHP Billiton Plc share is 1:1, the economic and voting interests in the combined BHP Billiton Group resulting from the holding of one BHP Billiton Limited share are equivalent to that resulting from one BHP Billiton Plc share. Further details are set out in the sub-section Equalisation of economic and voting rights below.

Additional documents that affect the DLC include:

- BHP Billiton Limited Constitution

BHP Billiton Plc Memorandum and Articles of Association

BHP Billiton Special Voting Shares Deed

BHP Billiton Limited Deed Poll Guarantee

BHP Billiton Plc Deed Poll Guarantee.

Australian Foreign Investment Review Board (FIRB) conditions

The Treasurer of Australia approved the DLC merger subject to certain conditions, the effect of which was to require that, among other things, BHP Billiton Limited continues to:

be an Australian company, which is managed from Australia;

Table of Contents

ultimately manage and control the companies conducting the business that was conducted by it at the time of the merger for as long as those businesses form part of the BHP Billiton Group.

The conditions have effect indefinitely, subject to amendment of the Australian Foreign Acquisitions Takeover Act 1975 or any revocation or amendment by the Treasurer of Australia. If BHP Billiton Limited no longer wishes to comply with these conditions, it must obtain the prior approval of the Treasurer. Failure to comply with the conditions attracts substantial penalties under the Act.

Equalisation of economic and voting rights

BHP Billiton Limited shareholders and BHP Billiton Plc shareholders have economic and voting interests in the combined BHP Billiton Group. The economic and voting interests represented by a share in one company relative to the economic and voting interests of a share in the other company is determined by reference to a ratio known as the Equalisation Ratio . Presently, the economic and voting interests attached to each BHP Billiton Limited share and each BHP Billiton Plc share are the same, since the Equalisation Ratio is 1:1. The Equalisation Ratio would change if either BHP Billiton Limited or BHP Billiton Plc returned value to only its shareholders and no matching action were taken.

This means that the amount of any cash dividend paid by BHP Billiton Limited in respect of each BHP Billiton Limited share is normally matched by an equivalent cash dividend by BHP Billiton Plc in respect of each BHP Billiton Plc share, and vice versa. If one company has insufficient profits or is otherwise unable to pay the agreed dividend, BHP Billiton Limited and BHP Billiton Plc will, as far as practicable, enter into such transactions as are necessary so as to enable both companies to pay the amount of pre-tax dividends per share.

Joint Electorate Actions

Under the terms of the DLC agreements, the BHP Billiton Limited Constitution and the BHP Billiton Plc Articles of Association special voting arrangements have been implemented so that the shareholders of both companies vote together as a single decision-making body on matters affecting the shareholders of each company in similar ways (such matters are referred to as Joint Electorate Actions). For so long as the Equalisation Ratio remains 1:1, each BHP Billiton Limited share will effectively have the same voting rights as each BHP Billiton Plc share on Joint Electorate Actions.

A Joint Electorate Action requires approval by ordinary resolution (or special resolution if required by statute, regulation, applicable listing rules or other applicable requirements) of BHP Billiton Limited, with both the BHP Billiton Limited ordinary shareholders and the holder of the BHP Billiton Limited Special Voting Share voting as a single class and also of BHP Billiton Plc, with the BHP Billiton Plc ordinary shareholders and the holder of the BHP Billiton Plc Special Voting Share voting as a single class.

Class Rights Actions

In the case of certain actions in relation to which the two bodies of shareholders may have divergent interests (referred to as Class Rights Actions), the company wishing to carry out the Class Rights Action requires the prior approval of the shareholders in the other company voting separately and, where appropriate, the approval of its own shareholders voting separately. Depending on the type of Class Rights Action undertaken, the approval required is either an ordinary or special resolution of the relevant company.

These voting arrangements are secured through the constitutional documents of the two companies, the BHP Billiton Sharing Agreement, the Special Voting Shares Deed and rights attaching to a specially created Special Voting Share issued by each company and held in each case by a Special Voting Company. The shares in the Special Voting Companies are held legally and beneficially by Law Debenture Trust Corporation Plc.

Cross guarantees

BHP Billiton Limited and BHP Billiton Plc have each executed a Deed Poll Guarantee, pursuant to which creditors entitled to the benefit of the BHP Billiton Limited Deed Poll Guarantee and the BHP Billiton Plc Deed Poll Guarantee will, to the extent possible, be placed in the same position as if the relevant debts were owed by both BHP Billiton Limited and BHP Billiton Plc combined.

Table of Contents

Restrictions on takeovers of one company only

The BHP Billiton Limited Constitution and the BHP Billiton Plc Articles of Association have been drafted to ensure that, except with the consent of the Board, a person cannot gain control of one company without having made an equivalent offer to the shareholders of both companies on equivalent terms. Sanctions for breach of these provisions would include withholding of dividends, voting restrictions and the compulsory divestment of shares to the extent a shareholder and its associates exceed the relevant threshold.

2.12 Material contracts

2.12.1 DLC agreements

On 29 June 2001, BHP Billiton Limited (then known as BHP Limited) and BHP Billiton Plc (then known as Billiton Plc) merged by way of a DLC structure. To effect the DLC, BHP Limited and Billiton Plc (as they were then known) entered into the following agreements designed to place the shareholders of both companies in a position where they effectively have an interest in a single group that combines the assets, and is subject to all the liabilities, of both companies:

BHP Billiton Sharing Agreement

BHP Billiton Special Voting Shares Deed

BHP Billiton Limited Deed Poll Guarantee

BHP Billiton Plc Deed Poll Guarantee.

The effect of each of these agreements and the manner in which they operate are described in section 2.11 of this Report. It is expected that these agreements will remain in effect until such time as a change in control of the BHP Billiton Group may occur.

2.12.2 Proposed iron ore production joint venture with Rio Tinto

Iron Ore Joint Venture Framework Agreement

On 5 June 2009, BHP Billiton and Rio Tinto signed a Framework Agreement to establish an iron ore production joint venture combining the operation and management of their respective Western Australian iron ore production assets.

The Framework Agreement contains exclusivity provisions preventing either party from soliciting or engaging in discussions with respect to a proposal that (in broad terms) enables a person to acquire an economic or security interest in assets within the scope of the joint venture; which may adversely impact on its benefits; which is likely to be inconsistent with completion of the joint venture; or which might require a restructuring of it.

The Framework Agreement provides for a mutual break fee of US$275.5 million payable in the event that either party: announces that it does not intend to proceed with the joint venture; after satisfaction of the key regulatory approvals, fails to recommend the joint venture to its shareholders or fails to take the steps necessary to obtain the approval of its shareholders; or breaches the exclusivity provisions. It also set out core principles that would apply to the establishment of the joint venture.

Description of binding agreements

On 5 December 2009, BHP Billiton and Rio Tinto signed binding agreements that set out the terms that will regulate the establishment of the joint venture and its ongoing operation. Those terms are consistent with the core principles set out in the Framework Agreement, except that the joint marketing of 15 per cent of output contemplated by the core principles will not take place: all output will be sold by BHP Billiton and Rio Tinto separately.

Scope of joint venture

The joint venture will encompass the management and operation of the economic interests of BHP Billiton and Rio Tinto in all current and future iron ore operations in Western Australia, including exploration interests, leases, mines, rail lines, ports and associated infrastructure, and all related employees and contractors. However, the joint venture will not include BHP Billiton s Hot Briquetted Iron plant (HBI) or Rio Tinto s interest in HIsmelt , and its application to other secondary processing activities will be limited. Marketing activities and business development outside Western Australia are also outside the scope of the joint venture.

The parties to the joint venture will share the economic burden of all related liabilities, other than material undisclosed liabilities (with a minimum claim of US$300 million and a maximum claim period of 10 years) and certain pre-July 2009 tax liabilities. It is intended that the joint venture will continue in perpetuity.

Table of Contents

Conditions precedent

The binding agreements remain subject to satisfaction of certain conditions precedent, including satisfying relevant anti-trust requirements, obtaining Australian foreign investment clearance from the Commonwealth Treasurer and favourable rulings from the Australian Taxation Office and State revenue authorities, obtaining certain other government approvals, and obtaining the approval of BHP Billiton and Rio Tinto shareholders. The Framework Agreement and the binding agreements will terminate if the conditions precedent are not satisfied by 31 December 2010, unless extended by agreement of Rio Tinto and BHP Billiton.

Financial adjustments

The economic interests of BHP Billiton and Rio Tinto in the joint venture will be equal. The joint venture is a contractual arrangement and the parties will not be acquiring shares in each other s iron ore companies or legal or beneficial interests in each other s iron ore assets. The parties will obtain an economic exposure to each other s iron ore production assets through each of them subscribing for debentures in an interposed company in the other s group that holds shares in the other s asset holding subsidiaries.

To equalise the net value of the parties asset contributions to the joint venture, BHP Billiton will also subscribe US$5.8 billion in cash for additional debentures in the Rio Tinto interposed company. This amount will be inflated from 1 July 2009 to completion at a rate of 6.5 per cent per annum, and will also be adjusted to reflect equalisation of net cash flows from 1 July 2009 in the manner described below.

The parties have agreed that they will bear the economic benefit and burden of the after-tax cash flows of their respective assets in the period from 1 July 2009 to commencement of the joint venture. To achieve this, the BHP Billiton cash subscription payment described above will be adjusted for 50 per cent of the difference between the net cash flows (after tax) from the Rio Tinto operations and the BHP Billiton operations during the period from 1 July 2009 until completion, inflated at a rate of 6.5 per cent per annum.

Governance of the joint venture

Management of the joint venture will be overseen by a nonexecutive Owners Council comprised of four representatives of each party. All decisions of the Owners Council must be approved by both parties, subject to certain deadlock-breaking mechanisms.

The initial chairman of the Owners Council will be Sam Walsh (Rio Tinto s Chief Executive Iron Ore and Australia), who will hold that office for a period of four years. The Owners Council will have the power to approve high-level policies (such as accounting, business conduct, communities and health, safety and environment) relating to the joint venture, review the conduct of activities undertaken by the manager and give general direction to the manager.

The Owners Council will also have powers and functions, much like a board of directors, in relation to other matters, including: approval of business and synergy plans; approving major contracts and capital projects; reviewing performance of the joint venture; approving major asset acquisitions, disposals and closures; approving strategies for dealing with third party access requests; approving product types, volumes and specifications; approving entry into or amendment of State Agreements; and approving the appointment and remuneration of senior executive team members. Standing and ad hoc committees comprised of an equal number of representatives of BHP Billiton and Rio Tinto will be established to advise the Owners Council in relation to the exercise of some of its powers and functions.

Overview

Management

The joint venture manager, a new entity owned equally by BHP Billiton and Rio Tinto, will, subject to the powers held by the Owners Council, manage all day to day activities of the joint venture without interference from BHP Billiton and Rio Tinto. In addition, the manager will develop plans for realisation of synergies and will present the Owners Council with annual business plans and budgets designed to achieve full utilisation of system capacity and options for maximisation of production capacity through expansion. The manager must ensure joint venture operations are conducted safely at all times, act equitably and fairly to the parties, and act in accordance with business plans and budgets approved by the Owners Council.

Senior management of the manager will be selected jointly, with broadly equal participation from BHP Billiton and Rio Tinto. The initial chief executive officer of the joint venture will be BHP Billiton Iron Ore President Ian Ashby, who will hold that office for a period of four years. Future chief executive officers will be appointed by the Owners Council.

Table of Contents

Funding and default

The joint venture will operate with a minimum cash balance and will be financed entirely by the parties, through money subscribed for debentures and money advanced by loan to the relevant iron ore companies conducting operations. The manager of the joint venture will call for cash from BHP Billiton and Rio Tinto on a regular basis to fund the joint venture and capital expenditure programs. The parties may elect to fund their proportionate share of an expansion or acquisition by way of project financing and may use their interests in the joint venture to secure corporate debt.

Failure to advance funds to meet calls made by the manager will give rise to a suspension of the defaulting party s Owners Council voting rights and may trigger dilution of the defaulting party s interest in the joint venture or a right to buy out the defaulting party.

Expansions and acquisitions

Sole risk rights will exist for expansion projects which involve capital expenditure exceeding US$250 million (indexed). Disagreements in relation to preferred expansion pathways (where more than one option exists) will be resolved by the manager determining which expansion pathway has the highest net present value.

Proposals for new iron ore acquisitions or investments in Western Australia will be referred to the Owners Council and, if both parties agree, be undertaken within the joint venture. Absent this agreement, the opportunity may be undertaken by the proposing party as a sole risk project.

Marketing of product and adjustments and tonnage supply

BHP Billiton and Rio Tinto will continue to compete and market iron ore to their customers separately. A separation protocol will ensure that the manager has no knowledge of BHP Billiton s and Rio Tinto s marketing strategies or sale terms relating to production from the joint venture. The manager will supply equal product volumes and specifications of product to each party to the extent possible. Where equal supply is not possible, adjustments will be made to ensure that each party receives equal value. These adjustments may include differential distributions on the debentures.

Disposal of interests

The parties will both be free to sell some or all of their respective interests in the joint venture without any pre-emptive rights or change of control restrictions applying (although certain principles and restrictions will apply depending on the nature and extent of the disposal). The right to vote on the Owners Council can, however, only be exercised by a person with an economic interest of more than 25 per cent of the joint venture, except in the unlikely scenario where no party holds an economic interest above 25 per cent. Neither party will be entitled to sell the underlying assets or interests separately from the joint venture interest, and rights to create security interests over the underlying assets and interests are limited.

2.12.3 Facility Agreement

On 18 August 2010, we entered into a multicurrency term and revolving facility and subscription agreement (the facility agreement) with, among others, Banco Santander, S.A., London Branch, Barclays Bank PLC, BNP Paribas, JPMorgan Chase Bank, N.A., The Royal Bank of Scotland plc and The Toronto-Dominion Bank as lenders (the Lenders) to, among other things, meet potential funding requirements in relation to our offer to acquire PotashCorp. The facility agreement provides for four credit facilities in an aggregate amount of US$45 billion as follows:

- a US$25 billion term loan facility with a term of 364 days, which may be extended by BHP Billiton for a further 12 months subject to the payment of an extension fee;
- a US$10 billion term loan facility with a term of three years;
- a US$5 billion revolving facility with a term of three years; and

a US$5 billion revolving facility with a term of four years, incorporating a US dollar swingline facility and a euro swingline facility.

The proceeds of loans drawn under the credit facilities may be used for the following purposes:

financing the acquisition of the outstanding common shares of PotashCorp pursuant to the offer and any subsequent acquisition or pursuant to a plan of arrangement;

Table of Contents

payments to holders of options, warrants or other rights to receive the outstanding common shares of PotashCorp;

the payment of fees, costs and expenses relating to the acquisition of PotashCorp and the credit facilities;

refinancing the indebtedness of PotashCorp or its subsidiaries; and

in the case of the revolving credit facilities, the general corporate purposes of the Group.

Loans drawn down under the credit facilities bear interest at a margin over the London Interbank Offered Rate (LIBOR).

The ability to draw down under the credit facilities is subject to certain conditions being met on the date of drawdown, including, among other things, all conditions to the consummation of the offer having been met without being amended, varied or waived (or otherwise treated as satisfied in circumstances where they have not been satisfied) except as permitted under the terms of the facility agreement. The facility agreement contains customary representations and warranties, affirmative and negative covenants (including requirements relating to the financial indebtedness of PotashCorp and certain restrictions on disposals and subsidiary indebtedness), indemnities and events of default, each with applicable qualifications or carve-outs. The facility agreement also contains a net borrowing to EBITDA financial covenant.

The facility agreement contains a requirement to use the net cash proceeds arising from certain disposals, debt issuances or equity issuances, to prepay or cancel the US$25 billion term facility, subject to certain exceptions and thresholds.

Each of BHP Billiton Limited and BHP Billiton Plc is a guarantor under the facility agreement. The credit facilities are unsecured. The facility agreement also contains certain other terms including treatment of withholding tax, quarterly commitment fees and increased costs payable to the Lenders and the giving of certain indemnities.

2.13 Constitution

The following text summarises the Constitution of BHP Billiton Limited and the Articles of Association of BHP Billiton Plc. The effect of the Constitution of BHP Billiton Limited and the Articles of Association of BHP Billiton Plc is, so far as possible, identical. Where the term BHP Billiton is used in this description of the Constitution and Articles of Association, it can be read to mean either BHP Billiton Limited or BHP Billiton Plc.

Certain provisions of the Constitution of BHP Billiton Limited and the Articles of Association of BHP Billiton Plc can only be amended where such amendment is approved by special resolution either:

by approval as a Class Rights Action, where the amendment results in a change to an Entrenched Provision ; or

otherwise, as a Joint Electorate Action.

A description of Joint Electorate Actions and Class Rights Actions is contained under the heading Equalisation of economic and voting rights in section 2.11.2 of this Report. The objects of BHP Billiton Plc are contained in clause 4 of its Memorandum of Association.

2.13.1 Directors

The management and control of the business and affairs of BHP Billiton are vested in the Board of Directors, which may exercise all powers and do everything that is within the power of BHP Billiton, other than what is required to be exercised or done by BHP Billiton in a general meeting.

2.13.2 Power to issue securities

BHP Billiton may, pursuant to the Constitution and Articles of Association, issue any shares or other securities with preferred, deferred or other special rights, obligations or restrictions as and when the Directors may determine and on any other terms the Directors consider appropriate,

provided that any such issue:

does not affect any special rights conferred on the holders of any shares;

is subject to the provisions regarding shareholder approval in the Constitution and Articles of Association.

The rights attaching to a class other than ordinary shares are expressed at the date of issue.

Table of Contents

2.13.3 Restrictions on voting by Directors

A Director may not vote in respect of any contract or arrangement or any other proposal in which he or she has a material personal interest. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he or she is not entitled to vote.

In addition, under the UK Companies Act 2006, a Director has a duty to avoid a situation in which he or she has (or can have) a direct or indirect interest that conflicts (or may conflict) with the interests of the company. The duty is not infringed, if among other things, the situation is authorised by non-interested Directors. In 2008, the Articles of Association of BHP Billiton Plc were amended to enable the Board to authorise a matter that might otherwise involve a Director breaching his or her duty to avoid conflicts of interest. An interested Director may not vote or be counted towards a quorum for a resolution authorising such a situation. Where the Board gives such authorisation, the Board may prohibit, or may establish regulations which prohibit, the relevant Director from voting on any matter relating to the conflict. The Board has adopted procedures to manage these voting restrictions.

Subject to applicable laws, a Director is entitled to vote, and be counted in the quorum, in respect of any resolution concerning any of the following matters, namely where the material personal interest:

arises because the Director is a shareholder of BHP Billiton and is held in common with the other shareholders of BHP Billiton;

arises in relation to the Director s remuneration as a Director of BHP Billiton;

relates to a contract BHP Billiton is proposing to enter into that is subject to approval by the shareholders and will not impose any obligation on BHP Billiton if it is not approved by the shareholders;

arises merely because the Director is a guarantor or has given an indemnity or security for all or part of a loan, or proposed loan, to BHP Billiton;

arises merely because the Director has a right of subrogation in relation to a guarantee or indemnity referred to above;

relates to a contract that insures, or would insure, the Director against liabilities the Director incurs as an officer of BHP Billiton, but only if the contract does not make BHP Billiton or a related body corporate the insurer;

relates to any payment by BHP Billiton or a related body corporate in respect of an indemnity permitted by law, or any contract relating to such an indemnity; or

is in a contract, or proposed contract with, or for the benefit of, or on behalf of, a related body corporate and arises merely because the Director is a director of a related body corporate.

2.13.4 Loans by Directors

Any Director may lend money to BHP Billiton at interest with or without security or may, for a commission or profit, guarantee the repayment of any money borrowed by BHP Billiton and underwrite or guarantee the subscription of shares or securities of BHP Billiton or of any corporation in which BHP Billiton may be interested without being disqualified as a Director and without being liable to account for BHP Billiton for any commission or profit.

2.13.5 Retirement of Directors

At every Annual General Meeting one-third of the Directors or, if their number is not a multiple of three, then the number nearest to but not less than one-third, must retire from office. The Directors to retire are those longest in office since last being elected. As between Directors who were elected on the same day, the Directors to retire are determined by lot (in default of agreement between them). Further, a Director must retire from office at the conclusion of the third Annual General Meeting after which the Director was elected or re-elected. A retiring director is eligible for re-election.

The Board continues to have a policy that requires a non-executive Director who has served on the Board for nine years from the date of their first election to stand for annual re-election from the first Annual General Meeting after the expiration of their current term.

Table of Contents

2.13.6 Rights attaching to shares

Dividend rights

Under English law, dividends on shares may only be paid out of profits available for distribution. Under Australian law, dividends on shares may only be paid out of net assets, provided that the payment is fair and reasonable to the company s shareholders as a whole and the payment of the dividend does not materially prejudice the company s ability to pay its creditors. The Constitution and Articles of Association provide that payment of any dividend may be made in any manner, by any means and in any currency determined by the Board.

All unclaimed dividends may be invested or otherwise used by the Board for the benefit of whichever of BHP Billiton Limited or BHP Billiton Plc declared that dividend, until claimed or, in the case of BHP Billiton Limited, otherwise disposed of according to law. In the case of BHP Billiton Plc, any dividend unclaimed after a period of 12 years from the date on which such dividend was declared or became due for payment shall be forfeited and shall revert to BHP Billiton Plc.

Voting rights

Voting at any general meeting of BHP Billiton Limited shareholders is in the first instance to be conducted by a show of hands unless a poll is demanded by any of the following (except in relation to the election of a chairman of a meeting or, unless the Chairman otherwise determines, the adjournment of a meeting):

the Chairman;

any shareholder under the law; or

the holder of the BHP Billiton Limited Special Voting Share.

Voting at any general meeting of BHP Billiton Plc is in the first instance to be conducted by a show of hands unless a poll is demanded by any of the following:

the Chairman;

not less than five members present in person or by proxy and entitled to vote;

a member or members present in person or by proxy and representing not less than five per cent of the total voting rights of all the members having the right to vote at the meeting; or

the holder of the Billiton Special Voting Share.

As described under the heading Equalisation of economic and voting rights in section 2.11.2 of this Report, certain matters may be decided as Joint Electorate Actions or Class Rights Actions. Any matter considered by shareholders at an Annual General Meeting of BHP Billiton Limited or BHP Billiton Plc constitutes a Joint Electorate Action and shall therefore be decided on a poll. Therefore, in practice, generally all items of business at Annual General Meetings proceed directly to poll.

In addition, at any general meeting a resolution, other than a procedural resolution, put to the vote of the meeting on which the holder of the relevant BHP Billiton Special Voting Share is entitled to vote shall be decided on a poll.

For the purposes of determining which shareholders are entitled to attend or vote at a meeting of BHP Billiton Plc or BHP Billiton Limited, and how many votes such shareholder may cast, the relevant company will specify in any notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a shareholder must be entered on the Register of Shareholders in order to have the right to attend or vote at the relevant meeting.

Shareholders who wish to appoint a proxy to attend, vote or speak at a meeting of BHP Billiton Plc or BHP Billiton Limited (as appropriate) on their behalf, must deposit the relevant form appointing a proxy in accordance with the instructions contained in any notice of meeting, so as to be received in the specified manner not less than 48 hours before the time appointed for holding the meeting to which the appointment of a proxy relates.

Table of Contents

Rights to share in BHP Billiton Limited s profits

The rights attached to the shares of BHP Billiton Limited, as regards the participation in the profits available for distribution, are as follows:

The holders of any preference shares shall be entitled, in priority to any payment of dividend to the holders of any other class of shares, to a preferred right to participate as regards dividends up to but not beyond a specified amount in distribution.

Subject to the special rights attaching to any preference shares, but in priority to any payment of dividends on all other classes of shares, the holder of the Equalisation Share (if any) shall be entitled to be paid such dividends as are declared.

Any surplus remaining after payment of the distributions above shall be payable to the holders of BHP Billiton Limited ordinary shares and the BHP Billiton Limited Special Voting Share in equal amounts per share.

Rights to share in BHP Billiton Plc s profits

The rights attached to the shares of BHP Billiton Plc, in relation to the participation in the profits available for distribution, are as follows:

The holders of the cumulative preference shares shall be entitled, in priority to any payment of dividend to the holders of any other class of shares, to be paid a fixed cumulative preferential dividend (Preferential Dividend) at a rate of 5.5 per cent per annum, to be paid annually in arrears on 31 July in each year or, if any such date shall be a Saturday, Sunday or public holiday in England, on the first business day following such date in each year. Payments of Preferential Dividends shall be made to holders on the register at any date selected by the Directors up to 42 days prior to the relevant fixed dividend date.

Subject to the rights attaching to the cumulative preference shares, but in priority to any payment of dividends on all other classes of shares, the holder of the BHP Billiton Plc Special Voting Share shall be entitled to be paid a fixed dividend of US$0.01 per annum, payable annually in arrears on 31 July.

Subject to the rights attaching to the cumulative preference shares and the BHP Billiton Plc Special Voting Share, but in priority to any payment of dividends on all other classes of shares, the holder of the Equalisation Share shall be entitled to be paid such dividends as the Board may decide to pay thereupon.

Any surplus remaining after payment of the distributions above shall be payable to the holders of the BHP Billiton Plc ordinary shares in equal amounts per BHP Billiton Plc ordinary share.

2.13.7 Right on a return of assets on liquidation

On a return of assets on liquidation of BHP Billiton Limited, subject to the payment of all prior ranking amounts owed to all creditors of BHP Billiton Limited and preference shareholders, the assets of BHP Billiton Limited remaining available for distribution among shareholders, after giving effect to the payment of all prior ranking amounts owed to all creditors and holders of preference shares, shall be applied in paying to the holders of the BHP Billiton Limited Special Voting Share and the Equalisation Share (if any) an amount of up to A$2.00 on each such share, on an equal priority with any amount paid to the holders of BHP Billiton Limited ordinary shares, and any surplus remaining shall be applied in making payments solely to the holders of BHP Billiton Limited ordinary shares in accordance with their entitlements.

On a return of assets on liquidation of BHP Billiton Plc, subject to the payment of all prior ranking amounts owed to the creditors of BHP Billiton Plc and prior ranking statutory entitlements, the assets of BHP Billiton Plc to be distributed on a winding-up shall be distributed to the holders of shares in the following order of priority:

To the holders of the cumulative preference shares, the repayment of a sum equal to the nominal capital paid up or credited as paid up on the cumulative preference shares held by them and accrual, if any, of the Preferential Dividend, whether such dividend has been earned or declared or not, calculated up to the date of commencement of the winding-up.

To the holders of the BHP Billiton Plc ordinary shares and to the holders of the BHP Billiton Plc Special Voting Share and the Equalisation Share (if any), the payment out of surplus, if any, remaining after the distribution above of an equal amount for each BHP Billiton Plc ordinary share, the BHP Billiton Plc Special Voting Share and the Equalisation Share, if issued, subject to a maximum in the case of the BHP Billiton Plc Special Voting Share and the Equalisation Share of the nominal capital paid up on such shares.

Table of Contents

2.13.8 Redemption of preference shares

If BHP Billiton Limited at any time proposes to create and issue any preference shares, the preference shares may be issued on the terms that they are to be redeemed or, at the option of either or both BHP Billiton Limited and the holder, are liable to be redeemed, whether out of share capital, profits or otherwise.

The preference shares confer on the holders the right to convert the preference shares into ordinary shares if, and on the basis, the Board determines at the time of issue of the preference shares.

The preference shares are to confer on the holders:

- the right (on redemption and on a winding up) to payment in cash in priority to any other class of shares of (i) the amount paid or agreed to be considered as paid on each of the preference shares; (ii) the amount, if any, equal to the aggregate of any dividends accrued but unpaid and of any arrears of dividends;

- the right, in priority to any payment of dividend on any other class of shares, to the preferential dividend.

There is no equivalent provision in the Articles of Association of BHP Billiton Plc.

2.13.9 Capital calls

Subject to the terms on which any shares may have been issued, the Board may make calls on the shareholders in respect of all monies unpaid on their shares. BHP Billiton has a lien on every partly paid share for all amounts payable in respect of that share. Each shareholder is liable to pay the amount of each call in the manner, at the time and at the place specified by the Board (subject to receiving at least 14 days notice specifying the time and place for payment). A call is considered to have been made at the time when the resolution of the Board authorising the call was passed.

2.13.10 Borrowing powers

Subject to relevant law, the Directors may exercise all powers of BHP Billiton to borrow money, and to mortgage or charge its undertaking, property, assets (both present and future) and all uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of BHP Billiton or of any third party.

2.13.11 Changes to rights of shareholders

Rights attached to any class of shares issued by either BHP Billiton Limited or BHP Billiton Plc can only be varied (whether as a Joint Electorate Action or a Class Rights Action) where such variation is approved both:

- by the Company that issued the relevant shares, as a special resolution;

- by the holders of the issued shares of the affected class, either by a special resolution passed at a separate meeting of the holders of the issued shares of the class affected, or with the written consent of members with at least 75 per cent of the votes of that class.

2.13.12 Conditions governing general meetings

All provisions relating to general meetings apply with any necessary modifications to any special meeting of any class of shareholders that may be held. Therefore, the following information relates equally to general meetings and any special meeting of any class of shareholders.

The Board may and shall on requisition in accordance with applicable laws call a general meeting of the shareholders at the time and place or places and in the manner determined by the Board. No shareholder may convene a general meeting of BHP Billiton except where entitled under

law to do so. Any Director may convene a general meeting whenever the Director thinks fit. General meetings can also be cancelled, postponed or adjourned. Notice of a general meeting must be given to each shareholder entitled to vote at the meeting and such notice of meeting must be given in the form and manner in which the Board thinks fit. Five shareholders of the relevant company present in person or by proxy constitute a quorum for a meeting. A shareholder who is entitled to attend and cast a vote at a general meeting of BHP Billiton Limited may appoint a person as a proxy to attend and vote for the shareholder in accordance with the law.

Table of Contents

2.13.13 Limitations on rights to own securities

Neither the Constitution of BHP Billiton Limited nor the Articles of Association of BHP Billiton Plc impose any limitations on the rights to own securities other than restrictions that reflect the takeovers codes under relevant Australian and UK law. In addition, the Australian Foreign Acquisitions and Takeovers Act 1975 imposes a number of conditions that restrict foreign ownership of Australian-based companies.

Share control limits imposed by the Constitution and the Articles of Association, as well as relevant laws, are described in section 2.7 and 2.11.2 of this Report.

2.13.14 Documents on display

You can consult reports and other information about BHP Billiton Limited that it has filed pursuant to the rules of the ASX at *www.asx.com.au*. You can consult reports and other information filed for publication by BHP Billiton Plc pursuant to the rules of the UK Listing Authority at the Authority s document viewing facility. Information filed on the ASX, or pursuant to the rules of the UK Listing Authority is not incorporated by reference into this Annual Report. The documents referred to in this Annual Report as being available on our website, *www.bhpbilliton.com*, are not incorporated by reference and do not form part of this Annual Report.

BHP Billiton Limited and BHP Billiton Plc both file annual and special reports and other information with the SEC. You may read and copy any document that either BHP Billiton Limited or BHP Billiton Plc files at the SEC s public reference room located at 100 F Street, NE, Room 1,580, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 or access the SEC website at *www.sec.gov* for further information on the public reference room. The SEC filings of BHP Billiton Limited since November 2002, and those of BHP Billiton Plc since April 2003, are also available on the SEC website.

2.14 Reserves and resources

2.14.1 Petroleum reserves

Reserves and production

BHP Billiton Petroleum reserves are estimated and reported according to SEC standards. For FY2010, our proved oil and gas reserves have been determined in accordance with recent revisions to SEC Rule 4-10(a) of Regulation S-X. Proved oil and gas reserves are those quantities of crude oil, natural gas and natural gas liquids (NGL), which, by analysis of geoscience and engineering data can be estimated with reasonable certainty to be economically producible, from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations. Unless evidence indicates that renewal is reasonably certain, estimates of economically producible reserves only reflect the period before the contracts providing the right to operate expire. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence within a reasonable time. Developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods and through installed extraction equipment and infrastructure operational at the time of the reserve estimate if the extraction is by means not involving a well. As specified in the revised regulation, oil and gas prices are taken as the unweighted average of the corresponding first day of the month prices for the twelve months prior to the ending date of the period covered.

Estimates of oil and gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Accordingly, financial and accounting measures (such as the standardised measure of discounted cash flows, depreciation, depletion and amortisation charges, the assessment of impairments and the assessment of valuation allowances against deferred tax assets) that are based on reserve estimates are also subject to change.

Proved reserves are estimated by reference to available seismic, well and reservoir information, including production and pressure trends for producing reservoirs and, in some cases, to similar data from other analogous, producing reservoirs. Proved reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution, and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. Furthermore, estimates of proved reserves only include volumes for which access to market is assured with reasonable certainty. All proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

79

Table of Contents

The Petroleum Reserves Group (PRG), organised separately from the operating organisation, provides overall oversight of the reserves assessment and reporting processes. The PRG is staffed by individuals averaging over 30 years experience in the Oil and Gas industry. The Manager of the Petroleum Reserves Group is the individual primarily responsible for overseeing the preparation of the reserves estimate. He has an advanced degree in engineering and over 30 years of diversified industry experience in reservoir engineering, reserves assessment, and technical management. He is a 30+ year member of the Society of Petroleum Engineers (SPE). No part of the individual compensation for members of this group is dependent on reported reserves.

Reserve assessments are conducted by technical staff within the operating organisation. These individuals meet the professional qualifications outlined by the Society of Petroleum Engineers, are trained in the fundamentals of SEC reserves reporting and the corporate reserves processes, and are endorsed by the PRG. Each reserve assessment is reviewed annually by the PRG to ensure technical quality, adherence to internally published Petroleum CSG Guidelines, and compliance with SEC reporting requirements. Once endorsed by the PRG, all reserves receive final endorsement by senior management and the Risk and Audit Committee prior to public reporting. Our internal Group Audit Services provides secondary assurance of the oil and gas reserve reporting processes through annual audits.

During FY2010, Petroleum added 172 million barrel oil equivalent (boe)[1] of proved oil and gas reserves, replacing 108 per cent of production of 159 million barrel oil equivalent. These additions were primarily revisions of 84 million boe due to infill drilling results and analysis of performance in producing properties, and extensions of 65 million boe. The largest of these extensions occurred in the Mad Dog field and was supported by the integration of wireline log and pressure data, core information and high resolution seismic interpretation, as well as data from other portions of the field and relevant analogous fields.

These changes are summarised (on a barrel oil equivalent basis) in the table below. These tables detail estimated oil, condensate, NGL and natural gas reserves at 30 June 2010, 30 June 2009 and 30 June 2008, with a reconciliation of the changes in each year. Reserves have been calculated using the economic interest method and represent net interest volumes after deduction of applicable royalty, fuel and flare volumes. Reserves include quantities of oil, condensate, NGL and gas that will be produced under several production and risk sharing arrangements that involve the BHP Billiton Group in upstream risks and rewards without transfer of ownership of the products. At 30 June 2010, approximately six per cent (2009: seven per cent; 2008: six per cent) of proved developed and undeveloped oil, condensate and NGL reserves and five per cent (2009: five per cent; 2008: five per cent) of natural gas reserves are attributable to those arrangements. Reserves also include volumes calculated by probabilistic aggregation of certain fields that share common infrastructure. These aggregation procedures result in enterprise-wide proved reserves volumes which may not be realised upon divestment on an individual property basis.

[1] Total barrel oil equivalent conversion is based on the following: 6,000 scf of natural gas equals 1 barrel oil equivalent.

Table of Contents

Petroleum Reserves

Millions of barrels	Australia	United States	Other	Total
Proved developed and undeveloped oil, condensate and NGL reserves [a] [b]				
Reserves at 30 June 2007	**329.7**	**169.4**	**66.0**	**565.1**
Improved Recovery	17.6	0.0	0.0	17.6
Revisions of previous estimates	20.1	17.6	(3.7)	34.0
Extensions and discoveries	26.6	23.2	0.2	50.0
Purchase/sales of reserves	0.0	0.0	0.0	0.0
Production [c]	(39.7)	(12.4)	(16.0)	(68.1)
Total changes	24.7	28.4	(19.6)	33.5
Reserves at 30 June 2008	**354.3**	**197.8**	**46.5**	**598.6**
Improved Recovery	0.0	0.0	1.2	1.2
Revisions of previous estimates	13.3	5.0	24.0	42.3
Extensions and discoveries	5.9	14.0	0.0	19.9
Purchase/sales of reserves	0.0	0.0	0.0	0.0
Production [c]	(40.4)	(20.9)	(15.1)	(76.4)
Total changes	(21.3)	(1.9)	10.1	(13.1)
Reserves at 30 June 2009	**333.1**	**195.9**	**56.6**	**585.6**
Improved Recovery	11.0	0.0	0.0	11.0
Revisions of previous estimates	5.9	73.4	(2.4)	76.9
Extensions and discoveries	6.9	49.2	7.5	63.6
Purchase/sales of reserves	0.0	0.0	0.0	0.0
Production [c]	(40.2)	(44.1)	(12.8)	(97.1)
Total changes	(16.4)	78.5	(7.7)	54.4
Reserves at 30 June 2010 [d]	**316.7**	**274.4**	**48.9**	**640.0**
Developed				
Proved developed oil, condensate and NGL reserves				
at 30 June 2007	178.6	20.5	63.0	262.1
at 30 June 2008	189.1	90.0	42.0	321.1
at 30 June 2009	182.2	98.7	51.5	332.4
Developed Reserves as of 30 June 2010	**217.1**	**108.9**	**44.4**	**370.4**
Undeveloped				
Proved undeveloped oil, condensate and NGL reserves				
at 30 June 2007	151.1	148.9	3.0	303.0
at 30 June 2008	165.2	107.8	4.5	277.5
at 30 June 2009	150.9	97.2	5.1	253.2
Undeveloped Reserves as of 30 June 2010	**99.6**	**165.5**	**4.5**	**269.6**

(a) Small differences are due to rounding to first decimal place.
(b) NGL is extracted separately from crude oil and natural gas and reported as a liquid.
(c) Production for reserves reconciliation differs slightly from marketable production due to timing of sales and corrections to previous estimates.
(d) Total proved oil, condensate and NGL reserves include 6.2 million barrels derived from probabilistic aggregation of reserves from reservoirs dedicated to the North West Shelf gas project only.

Table of Contents

Billions of cubic feet	Australia [b]	United States	Other	Total
Proved developed and undeveloped natural gas reserves				
Reserves at 30 June 2007 [a]	**3,735.9**	**103.8**	**887.5**	**4727.2**
Improved Recovery	0.0	0.0	0.0	0.0
Revisions of previous estimates	42.8	1.7	(1.9)	42.6
Extensions and discoveries	239.9	5.9	11.1	256.9
Purchase/sales of reserves	0.0	0.0	0.0	0.0
Production [c]	(262.6)	(11.8)	(94.1)	(368.5)
Total changes	20.1	(4.2)	(84.9)	(69.0)
Reserves at 30 June 2008	**3,756.0**	**99.6**	**802.6**	**4,658.2**
Improved Recovery	0.0	0.0	179.5	179.5
Revisions of previous estimates	24.5	1.5	2.7	28.7
Extensions and discoveries	267.5	7.5	0.0	275.0
Purchase/sales of reserves	0.0	(2.4)	0.0	(2.4)
Production [c]	(258.3)	(13.4)	(92.9)	(364.6)
Total changes	33.7	(6.8)	89.3	116.2
Reserves at 30 June 2009	**3,789.7**	**92.8**	**892.0**	**4,774.5**
Improved Recovery	40.5	0.0	23.6	64.1
Revisions of previous estimates	94.2	2.2	(51.5)	44.9
Extensions and discoveries	1.6	9.3	0.0	10.9
Purchase/sales of reserves	0.0	0.0	0.0	0.0
Production [c]	(259.7)	(17.7)	(91.3)	(368.7)
Total changes	(123.4)	(6.1)	(119.2)	(248.8)
Reserves at 30 June 2010 [d]	**3,666.3**	**86.6**	**772.8**	**4,525.7**
Developed				
Proved developed natural gas reserves				
at 30 June 2007	1,804.0	15.9	495.8	2,315.7
at 30 June 2008	1,882.3	46.4	441.4	2,370.1
at 30 June 2009	1,899.0	38.5	383.7	2,321.2
Developed Reserves as of 30 June 2010	**1,724.8**	**30.3**	**236.8**	**1,991.9**
Undeveloped				
Proved undeveloped natural gas reserves				
at 30 June 2007	1,931.9	87.9	391.7	2,411.5
at 30 June 2008	1,873.7	53.2	361.2	2,288.1
at 30 June 2009	1,890.7	54.3	508.3	2,453.3
Undeveloped Reserves as of 30 June 2010	**1,941.5**	**56.3**	**536.0**	**2,533.8**

(a) Small differences are due to rounding to first decimal place.
(b) Production for Australia includes gas sold as LNG.
(c) Production for reserves reconciliation differs slightly from marketable production due to timing of sales and corrections to previous estimates.

(d) Total proved natural gas reserves include 121 billion cubic feet derived from probabilistic aggregation of reserves from reservoirs dedicated to the North West Shelf gas project only.

Table of Contents

Millions of barrels oil equivalent [a]	Australia	United States	Other	Total
Proved developed and undeveloped oil, condensate and NGL reserves [b]				
Reserves at 30 June 2007	**952.4**	**186.7**	**213.9**	**1353.0**
Improved Recovery	17.6	0.0	0.0	17.6
Revisions of previous estimates	27.2	17.9	(4.0)	41.1
Extensions and discoveries	66.6	24.2	2.1	92.8
Purchase/sales of reserves	0.0	0.0	0.0	0.0
Production [c]	(83.5)	(14.4)	(31.7)	(129.5)
Total changes	28.0	27.6	(33.7)	22.0
Reserves at 30 June 2008	**980.3**	**214.4**	**180.3**	**1,375.0**
Improved Recovery	0.0	0.0	31.1	31.1
Revisions of previous estimates	17.4	5.3	24.5	47.1
Extensions and discoveries	50.5	15.3	0.0	65.7
Purchase/sales of reserves	0.0	(0.4)	0.0	(0.4)
Production [c]	(83.5)	(23.1)	(30.6)	(137.2)
Total changes	(15.7)	(3.0)	25.0	6.4
Reserves at 30 June 2009	**964.7**	**211.4**	**205.3**	**1,381.4**
Improved Recovery	17.8	0.0	3.9	21.7
Revisions of previous estimates	21.6	73.8	(11.0)	84.4
Extensions and discoveries	7.2	50.8	7.5	65.4
Purchase/sales of reserves	0.0	0.0	0.0	0.0
Production [c]	(83.5)	(47.1)	(28.0)	(158.6)
Total changes	(36.9)	77.5	(27.6)	12.9
Reserves at 30 June 2010 [d]	**927.8**	**288.8**	**177.7**	**1,394.3**
Developed				
Proved developed oil, condensate and NGL reserves				
at 30 June 2007	479.3	23.2	145.6	648.1
at 30 June 2008	502.8	97.7	115.6	716.1
at 30 June 2009	498.7	105.1	115.5	719.3
Developed Reserves as of 30 June 2010	**504.6**	**114.0**	**83.9**	**702.4**
Undeveloped				
Proved undeveloped oil, condensate and NGL reserves				
at 30 June 2007	473.1	163.6	68.3	704.9
at 30 June 2008	477.5	116.7	64.7	658.9
at 30 June 2009	466.0	106.3	89.8	662.1
Undeveloped Reserves as of 30 June 2010	**423.2**	**174.9**	**93.8**	**691.9**

(a) Barrel oil equivalent conversion based on 6,000 scf of natural gas equals 1 boe.
(b) Small differences are due to rounding to first decimal place.
(c) Production for reserves reconciliation differs slightly from marketable production due to timing of sales and corrections to previous estimates.

(d) Total proved reserves include 26.4 mmboe derived from probabilistic aggregation of reserves from reservoirs dedicated to the North West Shelf gas project only.

Table of Contents

Proved undeveloped reserves

At year-end, Petroleum had 692 million boe of proved undeveloped reserves, as compared with 662 million boe at the end of FY2009. During this period, Petroleum moved 70 million boe of proved reserves from undeveloped to developed with the startup of the Pyrenees project in Western Australia and several individual wells elsewhere in the Company. This was more than offset by the additions due to revisions and extensions described above. During FY2010, Petroleum spent $2,006 million progressing development of proved undeveloped reserves in the Northwest Shelf Oil and Gas Projects, the Bass Strait field, and the Macedon field in Australia; in Pakistan s Zamzama gas field; on the Angostura Gas Project in Trinidad; and in the Atlantis, Mad Dog, Neptune, and Shenzi developments in the Gulf of Mexico.

Most of the Group s projects require significant capital expenditure and multi-year lead times before initial production can be achieved with the associated movement of reserves from undeveloped to developed. Based on current project schedules, more than 95 per cent of the 692 MMboe currently classified as undeveloped are actively being pursued and are scheduled to be on stream within the next five years. The remaining undeveloped reserves are located in active fields expected to produce well into the next decade and will be brought on stream in a phased manner to best optimise the use of production facilities and to meet long-term gas supply contracts. Petroleum has a dependable history of progressing large undeveloped volumes from undeveloped to developed, evidenced by the past three years, which have averaged 90 million boe per year.

2.14.2 Mineral Resources and Ore Reserves

Introduction

The statement of Mineral Resources and Ore Reserves presented in this Report has been produced in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2004 (the JORC Code). Commodity prices and exchange rates used to estimate the economic viability of reserves are based on BHP Billiton long-term forecasts (unless otherwise stated). The Ore Reserves tabulated are all held within existing, fully permitted mining tenements. The BHP Billiton Group s mineral leases are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves on the leased properties to be mined in accordance with current production schedules. Our Ore Reserves may include areas where some additional approvals remain outstanding, but where, based on the technical investigations we carry out as part of our planning process, and our knowledge and experience of the approvals process, we expect that such approvals will be obtained as part of the normal course of business and within the time frame required by the current schedule.

The information in this Report relating to Mineral Resources and Ore Reserves is based on information compiled by Competent Persons (as defined in the JORC Code). All Competent Persons have, at the time of reporting, sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined by the JORC Code. At the reporting date, each Competent Person listed in this Report is a full-time employee of BHP Billiton or a company in which BHP Billiton has a controlling interest unless otherwise noted. Each Competent Person consents to the inclusion in this Report of the matters based on their information in the form and context in which it appears.

All of the Mineral Resource and Ore Reserve figures presented are reported in 100 per cent terms and represent estimates at 30 June 2010 (unless otherwise stated). All tonnes and grade information has been rounded, hence small differences may be present in the totals. All of the Mineral Resource information is inclusive of Mineral Resources that have been converted to Ore Reserves unless otherwise stated (i.e. Mineral Resources are not additional to Ore Reserves). Reserve life is calculated as Total Ore Reserve divided by the current nominal capacity of the operation. The information contained herein differs in certain respects from that reported to the US Securities and Exchange Commission (SEC), which is prepared with reference to the SEC s Industry Guide 7. Mineral Resources and Ore Reserves are presented in the accompanying tables.

Table of Contents

Aluminium Customer Sector Group

Mineral Resources

The table below details the total inclusive Mineral Resources for the Aluminium Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

		Measured Resource				Indicated Resource			
Commodity Deposit [1][2]	**Ore Type**	**Millions of dry metric tonnes**	**%A.Al_2O_3**	**%R.SiO_2**	**%Fe_2O_3**	**Millions of dry metric tonnes**	**%A.Al_2O_3**	**%R.SiO_2**	**%Fe_2O_3**
Bauxite									
Australia									
Worsley [3]	Laterite	362	30.6	1.8		502	31.6	2.4	
Brazil									
MRN [4]	MRN Crude	239				62			
	MRN Washed	179	49.2	5.1		47	49.6	5.0	
Suriname [5]									
Coermotibo	Laterite								
Onverdacht	Laterite								
Guinea									
GAC Project	Laterite	87	38.7	1.2		113	37.7	1.2	

	Inferred Resource				Total Resource				As at 30 June 2009 Total Resource				BHP Billiton Interest %
Commodity Deposit [1][2]	**Millions of dry metric tonnes**	**%A.Al_2O_3**	**%R.SiO_2**	**%Fe_2O_3**	**Millions of dry metric tonnes**	**%A.Al_2O_3**	**%R.SiO_2**	**%Fe_2O_3**	**Millions of dry metric tonnes**	**%A.Al_2O_3**	**%R.SiO_2**	**%Fe_2O_3**	
Bauxite													
Australia													
Worsley [3]	87	33.0	2.6		951	31.3	2.2		880	31.1	2.1		86
Brazil													
MRN [4]	589				890				826				14.8
	412	49.1	5.4		639	49.2	5.3		593	50.2	4.1		
Suriname [5]													
Coermotibo									4.1	41.0	5.0	15.6	
Onverdacht									23	50.5	4.8	4.6	
Guinea													
GAC Project	327	37.4	1.1		527	37.7	1.2		527	37.7	1.2		33.3

(1) **Competent Persons Resources**
Worsley: D Parmenter (MAIG)
MRN: J P de Melo Franco (MAusIMM) (employed by Mineração Rio do Norte) GAC Project: P Schultz (MAusIMM) (employed by Probe Mining)

(2) A.Al_2 0_3 is available alumina determined for expected refinery conditions. R.SiO_2 is silica that is reactive in the refinery process. Fe_2O_3 is iron oxide.

(3) Worsley A resource increase and category upgrades have resulted from brownfields bauxite exploration and an in-fill drilling program.

(4) MRN MRN Crude is mined product feed to the washplant. MRN Washed tonnes and grade represent expected product based on forecast beneficiated yield in the resource area. This resource is now reported with dilution.

(5) Suriname On 31 July 2009, BHP Billiton Maatschappij Suriname (BMS) was sold to Suralco, an Alcoa subsidiary.

Ore Reserves

The table below details the total Ore Reserves for the Aluminium Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

		Proved Ore Reserve				Probable Ore Reserve			
Commodity Deposit [1][2][3][4][5]	**Ore Type**	**Millions of dry metric tonnes**	**%A.Al_2O_3**	**%R.SiO_2**	**%Fe_2O_3**	**Millions of dry metric tonnes**	**%A.Al_2O_3**	**%R.SiO_2**	**%Fe_2O_3**
Bauxite									
Australia									
Worsley	Laterite	252	31.1	1.8		59	30.4	1.8	
Brazil									
MRN [6]	MRN Washed	27	49.8	4.8					
Suriname [7]									
Coermotibo	Laterite								
Onverdacht	Laterite								

	As at 30 June 2009									
	Total Ore Reserve					Total Ore Reserve					
Commodity Deposit [1][2][3][4][5]	Millions of dry metric tonnes	%$A.Al_2O_3$	%$R.SiO_2$	%Fe_2O_3	Reserve Life (years)	Millions of dry metric tonnes	%$A.Al_2O_3$	%$R.SiO_2$	%Fe_2O_3	Reserve Life (years)	BHP Billiton Interest %
Bauxite											
Australia											
Worsley	311	31.0	1.8		19	324	31.0	1.8		19	86
Brazil											
MRN [6]	27	49.8	4.8		2	200	50.6	3.8		13	14.8
Suriname [7]											
Coermotibo						0.6	42.4	3.5	17.5	0.4	
Onverdacht						5.9	47.2	4.4	10.9	4	

(1) **Competent Persons Reserves**
Worsley: V Malajczuk (MAusIMM)
MRN: J P de Melo Franco (MAusIMM) (employed by Mineração Rio do Norte)

(2) Approximate drill hole spacings used to classify the reserves are:

Deposit	Proved Ore Reserves	Probable Ore Reserves
Worsley	Maximum 80m	Maximum 160m
MRN	A bauxite intersection grid of 200m, plus at least 10 samples reached by searching ellipsoid. Mining and metallurgical characterisation (test pit/bulk sample), plus a reliable suite of chemical and size distribution data	Those areas with a bauxite intersection grid spacing of less than 400m and/or a 400m spaced grid with a 200m offset fill in, plus a minimum of seven samples reached by searching ellipsoid and a reliable suite of chemical and size distribution data

(3) Metallurgical recoveries for the operations are:

Deposit	Estimated Metallurgical Recovery of $A.Al_2O_3$
Worsley (Worsley Refinery)	90%
MRN (Alumar Refinery)	94%

(4) $A.Al_2O_3$ is available alumina determined for expected refinery conditions. $R.SiO_2$ is silica that is reactive in the refinery process. Fe_2O_3 is iron oxide.

(5) For Worsley and MRN bauxite deposits the reserves are determined based on applicable $A.Al_2O_3$ and $R.SiO_2$. MRN Washed tonnes and grade represent expected product based on forecast beneficiated yield in the reserve area.

(6) The MRN Reserves are located on mining leases that provide MRN the right to mine. Current mining areas have full environmental approvals and reflect the nature of environmental permits in Brazil where a three stage process is adopted. For the 160 Mt Measured and Indicated Resources, MRN has received the preliminary and, in some cases, the second stage approvals. Negotiation with the Brazilian environmental authorities on these mining areas is ongoing. As such, related resources will be reclassified to reserves in the immediate future once the licence approval is granted. The remaining changes to Reserves are due to production depletion and a geological model update, which now includes the expected dilution.

(7) Suriname On 31 July 2009, BHP Billiton Maatschappij Suriname (BMS) was sold to Suralco, an Alcoa subsidiary.

Table of Contents

Base Metals Customer Sector Group

Mineral Resources

The table below details the total inclusive Mineral Resources for the Base Metals Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

		Measured Resource			Indicated Resource		
Commodity Deposit [1][2]	**Ore Type**	**Millions of dry metric tonnes**	**%TCu**	**%SCu**	**Millions of dry metric tonnes**	**%TCu**	**%SCu**
Copper							
Escondida [3]	Oxide	81	0.73		58	0.89	
	Sulphide	827	1.12		921	0.90	
	Sulphide leach	1,090	0.53		2,158	0.49	
Cerro Colorado [4]	Oxide	120	0.64	0.47	145	0.65	0.43
	Sulphide	47	0.69	0.13	44	0.70	0.12
Spence	Oxide	49	1.21	0.81	17	0.90	0.56
	Low-grade oxide and sulphide	7.6	0.25		11	0.25	
	Supergene sulphides	137	1.06		92	0.70	
	Transitional sulphides	26	0.72		12	0.50	
Pinto Valley	Low-grade leach	15	0.20		58	0.19	
	Sulphide	48	0.37		142	0.41	
	Sulphide stockpiles	448	0.11				
Pinto Valley Miami unit	*In situ* leach	174	0.31		40	0.32	

		Measured Resource					Indicated Resource				
		Millions of dry metric tonnes	**%Cu**	**kg/ tonne U_3O_8**	**g/tAu**	**g/tAg**	**Millions of dry metric tonnes**	**%Cu**	**kg/ tonne U_3O_8**	**g/tAu**	**g/tAg**
Copper Uranium											
Olympic Dam	Non-sulphide Au only	34			1.10		102			0.96	
	Sulphide	1,246	1.11	0.33	0.35	2.12	4,623	0.88	0.28	0.34	1.60

		Measured Resource					Indicated Resource				
		Millions of dry metric tonnes	**%Cu**	**%Zn**	**g/tAg**	**%Mo**	**Millions of dry metric tonnes**	**%Cu**	**%Zn**	**g/tAg**	**%Mo**
Copper Zinc											
Antamina	Sulphide Cu only	106	0.92	0.15	7.5	0.04	567	1.00	0.16	9.3	0.03
	Sulphide Cu-Zn	43	0.78	1.53	14.6	0.01	152	1.06	1.90	17.2	0.01

		Measured Resource				Indicated Resource				
		Millions of dry metric tonnes	**g/tAg**	**%Pb**	**%Zn**	**Millions of dry metric tonnes**	**g/tAg**	**%Pb**	**%Zn**	
Silver Lead Zinc										
Cannington	Sulphide	44	298	7.7	3.8	12	185	5.5	3.2	

	Inferred Resource			Total Resource			As at 30 June 2009 Total Resource			BHP Billiton Interest
Commodity Deposit [1][2]	**Millions of dry metric tonnes**	**%TCu**	**%SCu**	**Millions of dry metric tonnes**	**%TCu**	**%SCu**	**Millions of dry metric tonnes**	**%TCu**	**%SCu**	**%**
Copper										

Escondida [3]	13	0.79		152	0.80			176	0.81			57.5
	653	0.72		2,401	0.93			2,441	1.00			
	2,708	0.45		5,956	0.48			6,295	0.49			
Cerro Colorado [4]	22	0.58	0.36	286	0.64	0.44		255	0.61	0.43		100
	56	0.68	0.12	146	0.69	0.12		118	0.67	0.12		
Spence	0.4	0.56	0.37	66	1.13	0.74		65	1.19	0.76		100
	2.7	0.22		21	0.25			26	0.27			
	4.4	0.74		233	0.91			252	0.99			
	0.4	0.66		38	0.65			29	0.64			
Pinto Valley	5.0	0.18		78	0.19			78	0.19			100
	1.0	0.37		191	0.40			191	0.40			
				448	0.11			448	0.11			
Pinto Valley Miami unit				214	0.31			214	0.31			100

	Millions of dry metric tonnes	%Cu	kg/ tonne U_3O_8	g/tAu	g/tAg	Millions of dry metric tonnes	%Cu	kg/ tonne U_3O_8	g/tAu	g/tAg	Millions of dry metric tonnes	%Cu	kg/ tonne U_3O_8	g/tAu	g/tAg	
Copper Uranium																
Olympic Dam	15			0.91		151			0.99		151			0.99		100
	3,206	0.74	0.23	0.27	1.11	9,075	0.87	0.27	0.32	1.50	9,080	0.87	0.27	0.32	1.50	

	Millions of dry metric tonnes	%Cu	%Zn	g/tAg	%Mo	Millions of dry metric tonnes	%Cu	%Zn	g/tAg	%Mo	Millions of dry metric tonnes	%Cu	%Zn	g/tAg	%Mo	
Copper Zinc																
Antamina	487	0.83	0.13	9.7	0.02	1,160	0.92	0.15	9.3	0.03	1,182	0.92	0.16	9.6	0.03	33.75
	93	0.86	1.59	15.8	0.01	288	0.95	1.74	16.4	0.01	308	0.95	1.84	16.7	0.01	

	Millions of dry metric tonnes	g/tAg	%Pb	%Zn	Millions of dry metric tonnes	g/tAg	%Pb	%Zn	Millions of dry metric tonnes	g/tAg	%Pb	%Zn	
Silver Lead Zinc													
Cannington	16	132	4.2	2.4	72	241	6.5	3.4	77	234	6.2	3.5	100

(1) **Competent Persons Resources**
Escondida: O Cortes (MAusIMM)
Cerro Colorado: G Mendoza (MAusIMM)
Spence: V Tomicic (MAusIMM)
Pinto Valley and Pinto Valley Miami unit: R Preece (FAusIMM)
Olympic Dam: S O Connell (MAusIMM)
Antamina: J Espinoza (MAusIMM) (employed by Minera Antamina SA)
Cannington: J Hill (MAusIMM)

(2) %TCu per cent total copper, %SCu per cent soluble copper, %Cu per cent copper, kg/tonne U_3O_8 kilograms per tonne uranium oxide, g/tAu grams per tonne gold, g/tAg grams per tonne silver, %Pb per cent lead, %Zn per cent zinc, %Mo per cent molybdenum.

(3) Escondida The changes in resource are due to production depletion and an updated geological model incorporating new data and variable cut-off grade policy.

(4) Cerro Colorado The increase in resource is the result of a step-out exploration drilling program.

Table of Contents

Base Metals Customer Sector Group

Ore Reserves

The table below details the total Ore Reserves for the Base Metals Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

		Proved Ore Reserve			Probable Ore Reserve		
Commodity Deposit [1][2][3][4]	**Ore Type**	**Millions of dry metric tonnes**	**%TCu**	**%SCu**	**Millions of dry metric tonnes**	**%TCu**	**%SCu**
Copper							
Escondida [5]	Oxide	81	0.73		58	0.89	
	Sulphide	765	1.15		873	0.91	
	Sulphide leach	801	0.52		1,742	0.53	
Cerro Colorado [6]	Oxide	77	0.60	0.44	63	0.66	0.47
	Sulphide	26	0.70	0.13	34	0.70	0.13
Spence	Oxide	22	0.97	0.81	5.9	0.82	0.71
	Oxide low solubility	25	1.29	0.72	10	0.94	0.47
	Sulphide	128	1.08		81	0.72	
	ROM				39	0.51	0.07
Pinto Valley [7]	Low-grade leach	6.0	0.22		7.0	0.21	
	Sulphide	36	0.37		53	0.42	

		Proved Ore Reserve					Probable Ore Reserve				
		Millions of dry metric tonnes	**%Cu**	**kg/ tonne U_3O_8**	**g/tAu**	**g/tAg**	**Millions of dry metric tonnes**	**%Cu**	**kg/ tonne U_3O_8**	**g/tAu**	**g/tAg**
Copper Uranium											
Olympic Dam	Sulphide	182	1.97	0.59	0.61	3.88	416	1.78	0.58	0.75	3.25

		Proved Ore Reserve					Probable Ore Reserve				
		Millions of dry metric tonnes	**%Cu**	**%Zn**	**g/tAg**	**%Mo**	**Millions of dry metric tonnes**	**%Cu**	**%Zn**	**g/tAg**	**%Mo**
Copper Zinc											
Antamina	Sulphide Cu only	75	1.10	0.2	8.6	0.04	441	1.05	0.2	9.7	0.03
	Sulphide Cu-Zn	29	0.92	1.8	17.0	0.01	131	1.06	2.0	17.6	0.01

		Proved Ore Reserve				Probable Ore Reserve			
		Millions of dry metric tonnes	**g/tAg**	**%Pb**	**%Zn**	**Millions of dry metric tonnes**	**g/tAg**	**%Pb**	**%Zn**
Silver Lead Zinc									
Cannington [8]	Sulphide	23	297	7.5	3.7	4.5	210	5.5	3.6

	Total Ore Reserve				As at 30 June 2009 Total Ore Reserve				
Commodity Deposit [1][2][3][4]	**Millions of dry metric tonnes**	**%TCu**	**%SCu**	**Reserve Life (years)**	**Millions of dry metric tonnes**	**%TCu**	**%SCu**	**Reserve Life (years)**	**BHP Billiton Interest %**
Copper									
Escondida [5]	139	0.80		30	142	0.82		21	57.5
	1,638	1.02			1,699	1.07			
	2,543	0.53			2,421	0.54			
Cerro Colorado [6]	141	0.63	0.45	11	117	0.63	0.46	9	100
	60	0.70	0.13		51	0.71	0.13		

Spence	28	0.94	0.79			16	37	1.09	0.82			18	100
	35	1.19	0.65				28	1.19	0.60				
	209	0.94					219	0.99					
	39	0.51	0.07				33	0.50	0.10				
Pinto Valley [7]	13	0.21				4	13	0.21				4	100
	89	0.40					89	0.40					

	Millions of dry metric tonnes	%Cu	kg/ tonne U_3O_8	g/tAu	g/tAg		Millions of dry metric tonnes	%Cu	kg/ tonne U_3O_8	g/tAu	g/tAg		
Copper Uranium													
Olympic Dam	598	1.84	0.58	0.71	3.44	54	589	1.81	0.59	0.66	3.36	54	100

	Millions of dry metric tonnes	%Cu	%Zn	g/tAg	%Mo		Millions of dry metric tonnes	%Cu	%Zn	g/tAg	%Mo		
Copper Zinc													
Antamina	516	1.06	0.2	9.5	0.03	20	536	1.05	0.2	9.5	0.03	21	33.75
	161	1.03	2.0	17.5	0.01		181	1.02	2.1	18.0	0.01		

	Millions of dry metric tonnes	g/tAg	%Pb	%Zn		Millions of dry metric tonnes	g/tAg	%Pb	%Zn		
Silver Lead Zinc											
Cannington [8]	27	283	7.2	3.7	9	24	324	8.0	4.1	8	100

(1) **Competent Persons Reserves**
Escondida: A Zuzunaga (MAusIMM)
Cerro Colorado: E Rios (MAusIMM)
Spence: F Rojas (MAusIMM)
Pinto Valley: B Baird (MAusIMM)
Olympic Dam: D Grant (FAusIMM)
Antamina: A Zuzunaga (MAusIMM) (employed by Minera Antamina SA until Nov 2009)
Cannington: D Fleury (MAusIMM)

(2) %TCu per cent total copper, %SCu per cent soluble copper, %Cu per cent copper, kg/tonne U_3O_8 kilograms per tonne uranium oxide, g/tAu grams per tonne gold, g/tAg grams per tonne silver, %Zn per cent zinc, %Pb per cent lead, %Mo per cent molybdenum.
ROM run of mine leach stockpile for low-grade oxide, supergene sulphide and transitional sulphide mineralisation.

(3) Approximate drill hole spacings used to classify the reserves are:

Deposit	Proved Ore Reserves	Probable Ore Reserves
Escondida	Oxide: 35m x 35m Sulphide: 50m x 50m Sulphide leach: 60m x 60m	Oxide: 50m x 50m Sulphide: 80m x 80m Sulphide leach: 100m x 100m
Cerro Colorado	55m x 55m on first kriging pass	120m x 120m on second kriging pass
Spence	Oxides: 50m x 50m Sulphides: 75m x 75m	Oxides and Sulphides: 100m x 100m
Pinto Valley	60m x 120m rectangular grid	200m x 200m
Olympic Dam	Drilling grid of 20m to 30m	Drilling grid of 30m to 70m
Antamina	High Grade: 25m sample grid completed within the high-grade zone Low Grade: 30m sample grid completed within the low-grade zone	50m sample grid, completed within the appropriate grade zone
Cannington	12.5m sectional x 15m vertical	25m sectional x 25m vertical

(4) Metallurgical recoveries for the operations are:

	Metallurgical Recovery						
Deposit	**Cu**	**Ag**	**Pb**	**Zn**	**Au**	**U_3O_8**	**Mo**
Escondida	Oxide: 68% Sulphide: 82% Sulphide leach: 32%						
Cerro Colorado	Sulphide and Oxide: 73% of TCu						
Spence	Oxide: 81% of TCu Oxide low solubility: 70% of TCu Sulphide: 70% of TCu ROM: 30% of TCu						
Pinto Valley	Low-grade leach: 25% Sulphide: 86%						
Olympic Dam	94%	65%			65%	72%	
Antamina	Sulphide Cu: 94% Sulphide Cu-Zn: 82%	Sulphide Cu: 70% Sulphide Cu-Zn: 59%		Sulphide Cu: 0% Sulphide Cu-Zn: 80%			Sulphide Cu: 71% Sulphide Cu-Zn: 0%
Cannington		88%	90%	74%			

(5) Escondida Changes are mainly due to production depletion and updating of the reserve model that included a revised hardness estimate, leading to decreased mill throughput for Sulphide ore. As a result, the reserve life has increased from earlier mine plans.

(6) Cerro Colorado The increase in reserves is the result of a step-out exploration drilling program.

(7) Pinto Valley The Pinto Valley mine and mill operations continue to be carried on care and maintenance status.

(8) Cannington The increase in reserves is due to a change in cut-off grade strategy.

Table of Contents

Diamonds and Specialty Products Customer Sector Group

Mineral Resources

The table below details the total inclusive Mineral Resources for the Diamonds and Specialty Products Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

		Measured Resource				Indicated Resource			
Commodity Deposit [1][2]	**Ore Type**	**Millions of dry metric tonnes**	**Carats per tonne**			**Millions of dry metric tonnes**	**Carats per tonne**		
Diamonds									
EKATI Core Zone [3]	OC	15	0.3			36	0.9		
	SP	0.1	0.7						
	UG	3.2	0.8			26	0.4		
EKATI Buffer Zone [4]	OC					38	2.1		
		Millions of dry metric tonnes				**Millions of dry metric tonnes**			
Mineral Sands									
Richards Bay Minerals [5]	TiO_2 slag	8.9				16.8			
		Millions of dry metric tonnes	**% K^2O**	**% Insolubles**	**% MgO**	**Millions of dry metric tonnes**	**% K^2O**	**% Insolubles**	**% MgO**
Potash									
Jansen [6]	LPL					3,250	25.4	7.1	0.07

	Inferred Resource				Total Resource				As at 30 June 2009 Total Resource				BHP Billiton Interest %
Commodity Deposit [1][2]	**Millions of dry metric tonnes**	**Carats per tonne**			**Millions of dry metric tonnes**	**Carats per tonne**			**Millions of dry metric tonnes**	**Carats per tonne**			
Diamonds													
EKATI Core Zone [3]	2.1	2.0			53	0.8			53	0.5			80
	6.7	0.2			6.8	0.2			6.6	0.2			
	6.2	0.6			35	0.5			41	0.9			
EKATI Buffer Zone [4]	9.6	1.3			47	2.0			47	2.0			58.8
	Millions of dry metric tonnes				**Millions of dry metric tonnes**				**Millions of dry metric tonnes**				
Mineral Sands													
Richards Bay Minerals [5]	1.7				27.4				26				37.76
	Millions of dry metric tonnes	**% K^2O**	**% Insolubles**	**% MgO**	**Millions of dry metric tonnes**	**% K^2O**	**% Insolubles**	**% MgO**	**Millions of dry metric tonnes**	**% K^2O**	**% Insolubles**	**% MgO**	
Potash													
Jansen [6]	120	26.7	7.1	0.10	3,370	25.4	7.1	0.07					100

(1) **Competent Persons Resources**
EKATI Core Zone and Buffer Zone: S Harrison (MAusIMM)

Richards Bay Minerals: C Ware (SACNASP) (employed by Richards Bay Minerals)
Jansen: J McElroy (MAusIMM), B Nemeth (MAusIMM), D Mackintosh (APEGS) (employed by ADM Consulting)

(2) OC open-cut, SP stockpile, UG underground, TiO_2 titanium dioxide, LPL Lower Patience Lake.

(3) EKATI Core Zone Diamond resources are estimated on an effective 1mm square aperture stone size cut-off. Changes in proposed mining method have resulted in movement of some resource from underground to open-cut.

(4) EKATI Buffer Zone Diamond resources are estimated on an effective 1mm square aperture stone size cut-off.

(5) Richards Bay Minerals As the result of a Broad Based Black Economic Empowerment transaction, BHP Billiton now hold a 37% interest. Rio Tinto has responsibility for the management of the operation. Mineral Resources are reported as at 31 December 2009.

(6) Jansen The Jansen Potash Project is stated for the first time this year. K_2O potassium oxide, MgO magnesium oxide. %MgO is generally used as a measure of carnallite ($KCl.MgCl_2 .6H_2O$) content where per cent carnallite equivalent = %MgO x 6.8918. However, in the above statement the main source of the stated MgO content is the dolomite fraction of the insoluble material. Areas of known geological anomalies, carnallitite (which comprises carnallite, halite and minor associated insolubles) and privately owned mineral tenure have been removed from the estimate. It is expected that a further 5% to 10% of the Mineral Resource tonnage will be discounted due to, as yet, unidentified geological anomalies. The Mineral Resource is stated for the Lower Patience Lake potash unit. A stratigraphic cut-off based on the top 406 clay seam and base 402 clay seam has been applied. A cut-off grade of 15% K_2O has applied to the Resource Estimate, no further modifying or mining extraction factors have been applied to the Mineral Resource.

Ore Reserves

The table below details the total Ore Reserves for the Diamonds and Specialty Products Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

		Proved Ore Reserve		Probable Ore Reserve	
Commodity Deposit [1][2][3][4]	**Ore Type**	**Millions of dry metric tonnes**	**Carats per tonne**	**Millions of dry metric tonnes**	**Carats per tonne**
Diamonds					
EKATI Core Zone [5]	OC	14	0.3	6.5	0.4
	UG	2.5	0.6	3.2	0.8
	SP	0.1	0.4		
		Millions of tonnes		**Millions of tonnes**	
Mineral Sands					
Richards Bay Minerals [6]	TiO_2 slag	9.5		15	

				As at 30 June 2009			
	Total Ore Reserve			Total Ore Reserve			
Commodity Deposit [1][2][3][4]	**Millions of dry metric tonnes**	**Carats per tonne**	**Reserve Life (years)**	**Millions of dry metric tonnes**	**Carats per tonne**	**Reserve Life (years)**	**BHP Billiton Interest %**
Diamonds							
EKATI Core Zone [5]	20	0.3	5	31	0.4	8	80
	5.7	0.7		7.3	0.8		
	0.1	0.4		0.2	0.5		
	Millions of tonnes			**Millions of tonnes**			
Mineral Sands							
Richards Bay Minerals [6]	25		25	24		24	37.76

(1) **Competent Persons Reserves**
EKATI Core Zone: D Tyler (MAusIMM)
Richards Bay Minerals: C Ware (SACNASP) (employed by Richards Bay Minerals)

(2) Approximate drill hole spacings used to classify the reserves are:

Deposit	**Proved Ore Reserves**	**Probable Ore Reserves**
EKATI Core Zone	Less than 30m	Less than 60m
Richards Bay Minerals	50m x 50m reverse circulation drilling and	400m x 100m reverse circulation drilling and

200m x 100m sonic drilling data	800m x 100m sonic drilling data

(3) Metallurgical recoveries for the operations are:

Deposit	Metallurgical Recovery
EKATI Core Zone	Factors are assigned per geological domain and deposit
Richards Bay Minerals	45.4% including conversion to slag

(4) OC open-cut, SP stockpile, UG underground, TiO_2 titanium dioxide.

(5) EKATI Core Zone An effective 1.5mm square aperture (equivalent to 1.2mm slot) stone size cut-off is used to estimate the reserves. Following review of project economics during 2010, some reserves have been removed from EKATI OC ore type.

(6) Richards Bay Minerals As the result of a Broad Based Black Economic Empowerment transaction, BHP Billiton now hold a 37.76% interest. Rio Tinto Ltd has responsibility for the management of the operation. Ore Reserves are reported as at 31 December 2009.

Table of Contents

Stainless Steel Materials Customer Sector Group

Mineral Resources

The table below details the total inclusive Mineral Resources for the Stainless Steel Materials Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

Commodity Deposit [1][2]	Ore Type	Measured Resource Millions of dry metric tonnes	%Ni	Indicated Resource Millions of dry metric tonnes	%Ni	Inferred Resource Millions of dry metric tonnes	%Ni	Total Resource Millions of dry metric tonnes	%Ni	As at 30 June 2009 Total Resource Millions of dry metric tonnes	%Ni	BHP Billiton Interest %
Nickel Colombia												
Cerro Matoso	Laterite	58	1.4	114	1.1	41	0.83	212	1.1	220	1.1	99.94
	SP	35	1.3					35	1.3	32	1.3	
	MNR Ore	21	0.2					21	0.2	23	0.2	
Nickel West Operations												
Leinster [3]	OC	3.7	1.4	1.8	1.3	1.8	1.3	7.3	1.4	156	0.5	100
	OC Disseminated			67	0.51	106	0.52	173	0.52			
	UG	14	2.3	6.6	2.6	3.7	2.4	24	2.4	36	1.9	
	SP	1.4	1.0					1.4	1.0	1.0	1.7	
	SP Oxidised			1.9	1.7			1.9	1.7	2.6	1.7	
Mt Keith	OC	196	0.55	100	0.48	32	0.48	328	0.52	361	0.52	100
	SP	32	0.53					32	0.53	24	0.52	
Cliffs	UG	0.4	4.8	1.4	4.4	1.4	2.6	3.2	3.6	2.6	4.2	100
Ravensthorpe [4]	Laterite									375	0.61	
	SP									8.5	0.76	
Nickel West Projects												
Yakabindie [5]	OC	15	0.62	241	0.57	181	0.56	437	0.57	434	0.6	100
Jericho	OC					28	0.58	28	0.58	28	0.6	50

(1) **Competent Persons Resources**
Cerro Matoso: C A Rodriguez (MAusIMM), C J Rivers (MAusIMM)
Leinster: T Journeaux (MAusIMM), F Maturana (MAusIMM)
Mt Keith: A Williamson (MAIG), M Menicheli (MAusIMM)
Cliffs, Yakabindie, Jericho: T Journeaux (MAusIMM)

(2) OC open-cut, UG underground, SP stockpile, MNR Ore Metal Nickel Recovery ore, %Ni per cent nickel.

(3) Leinster Changes include reclassification of the UG resource below 11 Level due to a change in the proposed mining method and first time inclusion of the Camelot open-pit resource as part of the Leinster OC Inferred Resource. In addition, the disseminated portion of the open-cut resource has been separated out by ore type.

(4) Ravensthorpe was sold on 20 February 2010.

(5) Yakabindie Additional drilling has allowed reclassification of part of the resource to the Measured category.

Table of Contents

Stainless Steel Materials Customer Sector Group

Ore Reserves

The table below details the total Ore Reserves for the Stainless Steel Materials Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

									As at 30 June 2009			
		Proved Ore Reserve		Probable Ore Reserve		Total Ore Reserve			Total Ore Reserve			
Commodity Deposit [1][2][3][4]	Ore Type	Millions of dry metric tonnes	%Ni	Millions of dry metric tonnes	%Ni	Millions of dry metric tonnes	%Ni	Reserve Life (years)	Millions of dry metric tonnes	%Ni	Reserve Life (years)	BHP Billiton Interest %
Nickel Colombia												
Cerro Matoso [5]	Laterite	48	1.3	40	1.2	89	1.2	39	96	1.27	40	99.94
	SP	32	1.4			32	1.4		29	1.38		
	MNR Ore	21	0.2			21	0.2		23	0.20		
Nickel West												
Leinster [6]	OC	2.9	1.3	0.2	0.90	3.1	1.3	8	3.1	1.3	6	100
	UG	6.1	1.9	6.4	1.8	12	1.8		9.1	1.9		
	SP	1.4	1.0			1.4	1.0					
	SP Oxidised			1.9	1.7	1.9	1.7					
Mt Keith	OC	117	0.56	2.1	0.45	119	0.56	14	129	0.57	15	100
	SP	32	0.53			32	0.53		24	0.53		
Cliffs	UG	0.2	2.9	1.1	3.0	1.2	3.0	3	1.4	3.9	4	100

(1) **Competent Persons Reserves**
Cerro Matoso: F Fuentes (MAusIMM)
Leinster and Cliffs: J de Vries (MAusIMM), B Hollins (MAusIMM)
Mt Keith: J de Vries (MAusIMM), J Gonzalez (MAusIMM)

(2) Approximate drill hole spacings used to classify the reserves are:

Deposit	Proved Ore Reserves	Probable Ore Reserves
Cerro Matoso	Less than 25m	Greater than 25m and less than 70m
Leinster	25m x 25m	25m x 50m
Mt Keith	60m x 40m	80m x 80m
Cliffs	25m x 25m (and development)	50m x 50m

(3) Metallurgical recoveries for the operations are:

Deposit	Metallurgical recovery
Cerro Matoso	90% (reserve to metal)
Leinster	83.5% based on blended plant recovery curves and 12.1% Ni in concentrate
Mt Keith	68%
Cliffs	92%

(4) OC open-cut, UG underground, SP stockpile, MNR Ore Metal Nickel Recovery ore, %Ni per cent nickel.

(5) Cerro Matoso Reserve life extends five years beyond the assured tenement entitlement. Additional extension is available but is not certain; the loss of the additional extension has been tested and found to be not economically material.

(6) Leinster Reserves increase due to extension of underground mine plan below 11 Level.

Table of Contents

Iron Ore Customer Sector Group

Mineral Resources

The table below details the total inclusive Mineral Resource for the Iron Ore Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

		Measured Resource						Indicated Resource					
Commodity Deposit [1][2][3]	**Ore Type**	**Millions of wet metric tonnes**	**%Fe**	**%P**	**%SiO_2**	**%Al_2O_3**	**%LOI**	**Millions of wet metric tonnes**	**%Fe**	**%P**	**%SiO_2**	**%Al_2O_3**	**%LOI**
Iron Ore													
Mt Newman JV [4]	BKM	382	63.8	0.08	4.0	2.0	2.1	1,209	61.6	0.11	4.9	2.4	3.8
	MM	16	61.2	0.07	2.8	1.5	7.6	168	59.9	0.06	4.1	2.5	7.0
Jimblebar [5]	BKM	135	61.3	0.09	5.3	2.8	3.8	474	60.5	0.12	4.9	2.9	5.0
	MM	77	60.8	0.08	4.1	2.1	6.0	195	60.1	0.08	4.1	2.4	6.8
Mt Goldsworthy JV Northern	NIM	24	61.1	0.06	8.6	1.3	2.1	107	61.7	0.06	7.8	1.2	1.8
Mt Goldsworthy JV Area C [6]	BKM	111	61.0	0.15	3.6	2.6	5.9	450	59.1	0.13	5.8	2.9	6.2
	MM	221	61.8	0.06	3.3	1.8	6.0	292	60.6	0.06	4.4	2.1	6.2
Yandi JV [7]	BKM												
	CID	953	56.6	0.04	6.1	1.7	10.7	582	56.3	0.05	6.6	1.8	10.7
BHP Billiton Iron Ore Exploration [8][9]	BKM												
	MM												

		Millions of wet metric tonnes	%Fe	%Pc	Millions of wet metric tonnes	%Fe	%Pc
Samarco JV [10]	ROM	1,558	41.6	0.05	2,587	37.1	0.05

	Inferred Resource						Total Resource						As at 30 June 2009 Total Resource	
Commodity Deposit [1][2][3]	**Millions of wet metric tonnes**	**%Fe**	**%P**	**%SiO_2**	**%Al_2O_3**	**%LOI**	**Millions of wet metric tonnes**	**%Fe**	**%P**	**%SiO_2**	**%Al_2O_3**	**%LOI**	**Millions of wet metric tonnes**	**BHP Billiton Interest %**
Iron Ore														
Mt Newman JV [4]	1,660	59.1	0.13	5.6	2.9	6.0	3,251	60.6	0.12	5.1	2.6	4.8	3,026	85
	1,070	59.6	0.07	4.1	2.5	7.2	1,254	59.7	0.07	4.0	2.5	7.1	1,257	
Jimblebar [5]	1,170	59.7	0.13	5.2	3.2	5.4	1,779	60.0	0.12	5.1	3.1	5.2	1,623	100
	160	58.6	0.08	5.4	2.8	7.2	432	59.7	0.08	4.6	2.5	6.8	504	
Mt Goldsworthy JV Northern	40	61.2	0.05	9.1	1.2	1.5	171	61.5	0.05	8.2	1.2	1.8	170	85
Mt Goldsworthy JV Area C [6]	1,540	59.6	0.12	5.6	2.6	5.7	2,101	59.6	0.13	5.5	2.7	5.9	1,304	85
	720	61.0	0.06	3.6	1.9	6.7	1,232	61.0	0.06	3.7	1.9	6.5	1,077	

Yandi JV [7]	2,500	59.0	0.15	5.0	2.4	7.3	2,500	59.0	0.15	5.0	2.4	7.3	1,080	85
	190	56.6	0.04	6.3	2.1	10.4	1,724	56.5	0.04	6.3	1.8	10.7	1,789	
BHP Billiton Iron	1,310	59.6	0.14	4.0	2.5	7.4	1,310	59.6	0.14	4.0	2.5	7.4	520	100
Ore Exploration [8][9]	370	59.6	0.06	4.8	2.5	6.0	370	59.6	0.06	4.8	2.5	6.0	181	

	Millions of wet metric tonnes	**%Fe**	**%Pc**				**Millions of wet metric tonnes**	**%Fe**	**%Pc**				**Millions of dry metric tonnes**	
Samarco JV [10]	1,547	35.7	0.05				5,692	37.9	0.05				4,048	50

(1) **Competent Persons Resources**
Mt Newman JV: D Reid (MAusIMM), A Voortman (FAusIMM), M Smith (MAusIMM), S Nag (MAIG)
Jimblebar: A Voortman (FAusIMM), M Smith (MAusIMM), H Arvidson (MAusIMM)
Mt Goldsworthy JV Northern: S Harrison (MAIG), A Voortman (FAusIMM), H Arvidson (MAusIMM)
Mt Goldsworthy JV Area C: D Reid (MAusIMM), C Williams (MAIG), S Nag (MAIG)
Yandi JV: D Stephens (MAIG), P Whitehouse (MAusIMM)
BHP Billiton Iron Ore Exploration: D Stephens (MAIG), M Smith (MAusIMM), S Nag (MAIG), H Arvidson (MAusIMM)
Samarco JV: J P da Silva (MAusIMM), L Bonfioli (MAusIMM) (employed by Samarco Mineração SA)

(2) For Western Australia Iron Ore (WAIO) the resources are divided into joint ventures and material types that reflect the various products. BKM Brockman, MM Marra Mamba, NIM Nimingarra, CID Channel Iron Deposits. ROM is run of mine for Samarco.

(3) The resource grades listed, Fe iron, P phosphorous, SiO_2 silica, Al_2O_3 alumina, refer to *in situ* mass percentage on a dry weight basis. LOI loss on ignition, refers to loss of mass (dry basis) during the assaying process. %Pc phosphorous in concentrate. Wet tonnes are reported for WAIO deposits using the following moisture contents: BKM 3%, MM 4%, CID 8%, NIM 3.5%. Where information has been extrapolated to estimate Inferred Resources the maximum extrapolation distance was 300m from the nearest drill hole.

(4) Mt Newman JV New drilling and resource estimation at Jinayri (BKM).

(5) Jimblebar New drilling and resource estimates for South Jimblebar (MM) and Hashimoto (BKM) deposits.

(6) Mt Goldsworthy JV Area C New drilling and resource estimates for Alligator South (MM), D and E deposits (MM), Packsaddle 3 and 6 (BKM). New deposit reported for Rocklea (BKM, MM).

(7) Yandi JV Additional drilling and resource estimated at Marillana (BKM).

(8) BHP Billiton Iron Ore Exploration is comprised of deposits located on exploration tenements owned by BHP Billiton Minerals and BHP Coal, which have previously been reported separately. These entities have been combined to simplify reporting.

(9) BHP Billiton Iron Ore Exploration New drilling and resource estimation for Mindy Mindy (BKM), which has not been reported previously. New drilling and a new resource estimate for Prairie Downs (MM) has increased the resource, but also downgraded previous Indicated resource to Inferred.

(10) Samarco JV Changes are due to the update and integration of the resource models of Alegria North and Alegria Center, and the update of Alegria South resource model with drilling information from 2009. In addition Germano resource (365 million wet metric tonnes) is also included for the first time, based on 29 drill holes of the 2008 drilling campaign. This year the resource is declared in wet metric tonnes, moisture content 6.5%.

Table of Contents

Iron Ore Customer Sector Group

Ore Reserves

The table below details the total Ore Reserves for the Iron Ore Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

		Proved Ore Reserve						Probable Ore Reserve					
Commodity Deposit [1][2][3][4][5][6]	**Ore Type**	**Millions of wet metric tonnes**	**%Fe**	**%P**	**%SiO_2**	**%Al_2O_3**	**%LOI**	**Millions of wet metric tonnes**	**%Fe**	**%P**	**%SiO_2**	**%$Al2O_3$**	**%LOI**
Iron Ore [7]													
Mt Newman JV [8]	BKM	328	63.7	0.07	4.3	2.0	2.0	776	62.7	0.10	4.3	2.0	3.3
	MM	6.1	61.1	0.07	2.6	1.5	7.8	60	61.9	0.07	3.0	1.8	6.0
Jimblebar [9]	BKM	92	63.1	0.09	3.5	2.4	3.4	282	62.8	0.11	3.1	2.3	4.3
	MM							131	62.1	0.08	2.8	1.8	5.8
Mt Goldsworthy JV Northern	NIM	6.5	61.0	0.06	7.9	1.6	2.6	16	61.1	0.05	8.3	1.1	2.2
Mt Goldsworthy JV Area C [10]	BKM	72	63.3	0.14	2.4	1.8	4.8	192	61.8	0.13	3.7	2.1	5.2
	MM	180	62.3	0.06	2.9	1.7	5.8	206	61.4	0.06	3.8	1.8	5.9
Yandi JV	CID	612	57.1	0.04	5.7	1.5	10.7	385	57.1	0.05	5.9	1.5	10.6

		Millions of wet metric tonnes	**%Fe**	**%Pc**	**Millions of wet metric tonnes**	**%Fe**	**%Pc**
Samarco JV [11]	ROM	1,146	42.5	0.05	932	39.8	0.05

		Total Ore Reserve						As at 30 June 2009 Total Ore Reserve		
Commodity Deposit [1][2][3][4][5][6]	**Millions of wet metric tonnes**	**%Fe**	**%P**	**%SiO_2**	**%Al_2O_3**	**%LOI**	**Reserve Life (years)**	**Millions of wet metric tonnes**	**Reserve Life (years)**	**BHP Billiton Interest %**
Iron Ore [7]										
Mt Newman JV [8]	1,104	63.0	0.09	4.3	2.0	2.9	32	868	28	85
	66	61.8	0.07	2.9	1.8	6.2		63		
Jimblebar [9]	375	62.9	0.11	3.2	2.3	4.1	72	420	92	100
	131	62.1	0.08	2.8	1.8	5.8		131		
Mt Goldsworthy JV Northern	22	61.1	0.06	8.2	1.2	2.3	11	27	14	85
Mt Goldsworthy JV Area C [10]	264	62.2	0.13	3.4	2.0	5.1	14	182	13	85
	385	61.8	0.06	3.4	1.8	5.9		372		
Yandi JV	996	57.1	0.04	5.8	1.5	10.6	20	1,051	23	85

Millions of wet metric tonnes	**%Fe**	**%Pc**	**Millions of dry metric tonnes**

Samarco JV [11]	2,078	41.3	0.05	42	1,590	39	50	

(1) **Competent Persons Reserves**
Mt Newman JV, Jimblebar, Mt Goldsworthy JV Northern, Mt Goldsworthy JV Area C, Yandi JV: T Cockerill (MAusIMM), J Kirk (MAusIMM)
Samarco JV: L Goncalves de Rezende (MAusIMM) (employed by Samarco Mineração SA)

(2) Approximate drill hole spacings used to classify the reserves are:

Deposit	Proved Ore Reserves	Probable Ore Reserves
Mt Newman JV	50m x 50m	300m x 50m
Jimblebar	50m x 50m	300m x 50m
Mt Goldsworthy JV Northern	25m x 25m	50m x 50m
Mt Goldsworthy JV Area C	50m x 50m	300m x 50m
Yandi JV	50m x 50m	150m x 150m
Samarco JV	200m x 200m x 16m	400m x 400m x 16m

(3) Metallurgical recovery is 100%, except for Mt Newman JV Whaleback BKM where recovery is 92% (tonnage basis) and Samarco where recovery is 83% (metal basis).

(4) For Western Australia Iron Ore (WAIO) the reserves are divided into joint ventures and material types that reflect the various products. BKM Brockman, MM Marra Mamba, NIM Nimingarra, CID Channel Iron Deposits. ROM is run of mine for Samarco.

(5) The reserve grades listed, Fe iron, P phosphorous, SiO_2 silica, Al_2O_3 alumina, LOI loss on ignition, refer to *in situ* mass percentage on a dry weight basis. For Samarco %Pc is phosphorous in concentrate. For Mt Newman, Jimblebar, Mt Goldsworthy and Yandi joint ventures, tonnages represent wet tonnes based on the following moisture contents: BKM 3%, MM 4%, CID 8%, NIM 3.5%. For Samarco the reserve tonnages also represent wet tonnes for FY2010 based on a moisture content of 6.5% for ROM. Iron ore is marketed as Lump (direct blast furnace feed), Fines (sinter plant feed) and direct reduction and blast furnace pellets (Samarco).

(6) Cut-off grades used to estimate reserves: Mt Newman 50 62%Fe for BKM, 59%Fe for MM; Jimblebar 59%Fe for BKM, 58%Fe for MM; Mt Goldsworthy 50%Fe for NIM, 57%Fe for MM, 59%Fe for BKM; Yandi 55 55.5%Fe for CID; Samarco Fe =34%.

(7) WAIO reserves are all located on State Agreement mining leases that guarantee the right to mine, except Cattle Gorge and Callawa (part of Mt Goldsworthy JV Northern), which reside on standard Western Australian mining leases. We are required to obtain certain State Government approvals (including environmental and heritage clearances) before we commence mining operations in a particular area. We have included in our reserves, areas where one or more approvals remain outstanding, but where, based on the technical investigations we carry out as part of our mine planning process and our knowledge and experience of the approvals process, we expect that such approvals will be obtained as part of the normal course of business and within the time frame required by the current mine schedule.

(8) Mt Newman JV New drilling and estimates for Jinayri (BKM).

(9) Jimblebar New drilling and estimates for Hashimoto (BKM) deposits included some confidence downgrading. Nominal production rate has increased in 2010.

(10) Mt Goldsworthy JV Area C New drilling and estimates for D and E deposits (MM), Packsaddle 3 and 6 (BKM).

(11) Samarco JV T he increase in the Samarco reserve is due to a change to a wet tonnes reporting basis and revision in the mine plan, which has coalesced and deepened the open-pit reserve. The June 2010 Reserve Life is based on the Samarco nominal production capacity, which is supplemented by the contracted ore supply from Vale Fazendao mine until 2027.

Table of Contents

Manganese Customer Sector Group

Mineral Resources

The table below details the total inclusive Mineral Resources for the Manganese Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

		Measured Resource			Indicated Resource		
Commodity Deposit [1][2]	**Ore Type**	**Millions of dry metric tonnes**	**%Mn**	**%Yield**	**Millions of dry metric tonnes**	**%Mn**	**%Yield**
Manganese							
GEMCO [3]	ROM	70	46.3	44	46	46.0	44
		Millions of dry metric tonnes	**%Mn**	**%Fe**	**Millions of dry metric tonnes**	**%Mn**	**%Fe**
Wessels [4]	Lower Body-HG	5.0	47.9	10.1	14	48.7	10.3
	Lower Body-LG	3.8	41.9	12.2	14	41.7	14.1
	NTS-Lower Body-HG	2.9	49.9	10.4	11	49.0	10.8
	NTS-Lower Body-LG	0.3	41.5	17.6	2.0	41.8	16.8
	Upper Body				91	43.8	15.7
		Millions of dry metric tonnes	**%Mn**	**%Fe**	**Millions of dry metric tonnes**	**%Mn**	**%Fe**
Mamatwan [4][5]	M, C, N Zones	40	37.8	4.5	10	36.6	4.6
	X Zone	3.9	37.5	4.8	0.3	36.4	4.4
	NTS-M, C, N Zones	8.4	37.8	4.5	14	37.6	4.5
	NTS-X Zone	1.2	37.5	4.8	1.8	37.4	4.7
	Top Cut (Balance)	24	31.2	6.2	19	30.4	6.1
		Millions of dry metric tonnes	**%Mn**	**% +0.15mm Yield**	**Millions of dry metric tonnes**	**%Mn**	**% +0.15mm Yield**
Samancor Gabon Franceville Project [6]							
Beniomi	PLA	11	36.1	72	6.6	36.1	74
	ZTR	4.1	24.3	73	2.4	24.5	75
Bordeaux	PLA	4.6	36.4	72	0.8	36.1	68
	ZTR	2.3	24.7	74	0.5	24.1	70

	Inferred Resource			Total Resource			As at 30 June 2009 Total Resource			
Commodity Deposit [1][2]	**Millions of dry metric tonnes**	**%Mn**	**%Yield**	**Millions of dry metric tonnes**	**%Mn**	**%Yield**	**Millions of dry metric tonnes**	**%Mn**	**%Yield**	**BHP Billiton Interest %**
Manganese										
GEMCO [3]	39	43.3	45	155	45.5	45	160	45.5	44	60

	Millions of dry metric tonnes	%Mn	%Fe	Millions of dry metric tonnes	%Mn	%Fe	Millions of dry metric tonnes	%Mn	%Fe	
Wessels [4]				19	48.5	10.2	19	48.4	10.2	44.4
				18	41.7	13.7	18	41.7	13.6	
				14	49.2	10.7	14	49.2	10.7	
				2.3	41.8	16.9	2.3	41.8	16.9	
				91	43.8	15.7	91	43.4	16.0	

	Millions of dry metric tonnes	%Mn	%Fe	Millions of dry metric tonnes	%Mn	%Fe	Millions of wet metric tonnes	%Mn	%Fe	
Mamatwan [4][5]	0.9	36.7	4.2	52	37.5	4.5	54	37.6	4.5	44.4
				4.2	37.4	4.8	4.6	37.4	4.8	
	0.5	36.9	4.4	23	37.7	4.5	23	37.7	4.5	
	0.1	35.9	4.3	3.1	37.4	4.7	3.1	37.4	4.7	
	1.6	29.8	6.0	45	30.8	6.2	46	30.8	6.2	

	Millions of dry metric tonnes	%Mn	% +0.15mm Yield	Millions of dry metric tonnes	%Mn	% +0.15mm Yield	Millions of dry metric tonnes	%Mn	% +0.15mm Yield	
Samancor Gabon Franceville Project [6]										
Beniomi	2.9	36.1	72	20	36.1	73				60
	5.0	24.2	68	11	24.3	72				
Bordeaux	0.8	36.8	70	6.2	36.4	71				60
	1.8	25.1	67	4.6	24.8	71				

(1) **Competent Persons Resources**
GEMCO: D Bales (MAusIMM)
Wessels and Mamatwan: E P Ferreira (SACNASP)
Beniomi and Bordeaux: E P W Swindell (SACNASP)

(2) ROM run of mine, %Mn per cent manganese, %Fe per cent iron, HG high grade, LG low grade, NTS Ntsimbintle, M, C, N, X Zones individual stratigraphic manganese zones, Top Cut (Balance) low grade upper manganese zone, PLA Plaquette ore type, ZTR transition zone.

(3) GEMCO Tonnes are stated as *in situ*, manganese grades are given as per washed ore samples and should be read together with their respective tonnage yields.

(4) Wessels and Mamatwan (Hotazel) As stated in the 2009 Annual Report, our interest has been reduced as a result of a sequence of Broad Based Black Economic Empowerment agreements with Ntsimbintle Mining Pty Ltd, Iziko, NCAB and the HMM Educational Trust, BHP Billiton s share in Hotazel Manganese Mines Pty Ltd is now 44.4%. A Section 102 application has been lodged with the Dept of Mineral Resources to amend the Wessels Mining Rights area to include the Ntsimbintle Prospecting Right. The Section 102 Application for Mamatwan is pending. The Wessels and Ntsimbintle as well as the Mamatwan and Ntsimbintle Mineral Resources, which are at present declared separately, will be declared as one upon finalisation of the applications.

(5) Mamatwan Mamatwan is now reported on a dry tonnes basis.

(6) Beniomi and Bordeaux These resources are reported here for the first time. These resources have been previously drilled and pitted. More recently, a program of resource evaluation (large diameter bucket auger and mini sonic drilling) commenced on the Beniomi and later the Bordeaux Plateaux.
This was focused upon providing feed for a pilot plant that has informed the decisions as to eventual economic viability of the Mineral Resource reported. Tonnes stated are for *in situ* resource, Mn grades are for +0.15mm screen size fraction and should be read together with their respective tonnage yields.

Table of Contents

Manganese Customer Sector Group

Ore Reserves

The table below details the total Ore Reserves for the Manganese Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

		Proved Ore Reserve			Probable Ore Reserve		
Commodity Deposit [1][2][3][4]	**Ore Type**	**Millions of dry metric tonnes**	**%Mn**	**%Yield**	**Millions of dry metric tonnes**	**%Mn**	**%Yield**
Manganese							
GEMCO [5]	ROM	66	46.8	50	43	46.4	48
		Millions of dry metric tonnes	**%Mn**	**%Fe**	**Millions of dry metric tonnes**	**%Mn**	**%Fe**
Wessels [6]	Lower Body-HG	1.9	47.0	11.0	6.0	47.2	11.9
	Lower Body-LG	1.9	42.2	12.2	8.2	41.4	14.5
	NTS-Lower Body-HG	1.0	48.8	11.2	5.9	48.5	11.4
	NTS-Lower Body-LG	0.1	44.5	12.5	0.9	42.8	16.6
	Upper Body				47	42.1	17.3
		Millions of dry metric tonnes	**%Mn**	**%Fe**	**Millions of dry metric tonnes**	**%Mn**	**%Fe**
Mamatwan [6][7]	M, C, N Zones	39	37.8	4.5	9.1	36.6	4.6
	X Zone	3.8	37.5	4.8	0.3	36.4	4.4
	NTS-M, C, N Zones	8.2	37.8	4.5	14	37.6	4.5
	NTS-X Zone	1.2	37.5	4.8	1.8	37.4	4.7

	Total Ore Reserve				As at 30 June 2009 Total Ore Reserve				
Commodity Deposit [1][2][3][4]	**Millions of dry metric tonnes**	**%Mn**	**%Yield**	**Reserve Life (years)**	**Millions of dry metric tonnes**	**%Mn**	**%Yield**	**Reserve Life (years)**	**BHP Billiton Interest %**
Manganese									
GEMCO [5]	109	46.7	49	13	114	46.7	49	14	60
	Millions of dry metric tonnes	**%Mn**	**%Fe**		**Millions of dry metric tonnes**	**%Mn**	**%Fe**		
Wessels [6]	7.9	47.2	11.7	49	8.2	47.1	11.7	49	44.4
	10	41.6	14.1		10	41.6	14.0		
	6.9	48.5	11.4		6.9	48.5	11.4		
	1.0	42.9	16.3		1.0	42.9	16.3		
	47	42.1	17.3		47	42.1	17.3		
	Millions of dry metric tonnes	**%Mn**	**%Fe**		**Millions of wet metric tonnes**	**%Mn**	**%Fe**		

Mamatwan [6][7]	48	37.6	4.5	22	51	37.6	4.5	22	44.4
	4.1	37.4	4.8		4.5	37.4	4.8		
	22	37.7	4.5		22	37.7	4.5		
	3.0	37.4	4.7		3.0	37.4	4.7		

(1) **Competent Persons Reserves**
GEMCO: D Bales (MAusIMM)

Wessels and Mamatwan: J White (MAusIMM)

(2) Approximate drill hole spacings used to classify the reserves are:

Deposit	Proved Ore Reserves	Probable Ore Reserves
GEMCO	60m x 120m and 60m x 60m	120m x 120m
Wessels	Defined as rim ±30m wide around mined-out areas, plus ±132m spaced surface drill holes, supplemented by some economically viable remnant blocks within mined-out areas, underground drilling and sampling	Underground chip sampling, limited underground drill holes and ±132m spaced surface drill holes
Mamatwan	80m x 80m	160m x 160m

(3) Metallurgical recoveries for the operations are:

Deposit	Metallurgical Recovery
GEMCO	See yield in the Reserve table
Wessels	88% (76% lump product, 12% fines product)
Mamatwan	96%

(4) ROM run of mine, %Mn per cent manganese, %Fe per cent iron, HG high grade, LG low grade, NTS Ntsimbintle, M, C, N, X Zones individual stratigraphic manganese zones.

(5) GEMCO Tonnes are stated as ROM, manganese grades are given as per washed ore samples and should be read together with their respective tonnage yields.

(6) Wessels and Mamatwan (Hotazel) Our interest has been reduced as a result of a sequence of Broad Based Black Economic Empowerment agreements with Ntsimbintle Mining Pty Ltd, Iziko, NCAB and the HMM Educational Trust. BHP Billiton s share in Hotazel Manganese Mines Pty Ltd is now 44.4%. A Section 102 application has been lodged with the Dept of Mineral Resources to amend the Wessels Mining Rights area to include the Ntsimbintle Prospecting Right. The Section 102 application for Mamatwan is pending. The Wessels and Ntsimbintle reserves as well as the Mamatwan and Ntsimbintle reserves are at present declared separately and will be declared as one upon finalisation of the applications.

(7) Mamatwan is now reported on a dry tonnes basis.

Table of Contents

Metallurgical Coal Customer Sector Group

Coal Resources

The table below details the total inclusive Coal Resources for the Metallurgical Coal Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

			Measured Resource				Indicated Resource			
Commodity Deposit [1][2][3]	**Mining Method**	**Coal Type**	**Millions of metric tonnes**	**%Ash**	**%VM**	**%S**	**Millions of metric tonnes**	**%Ash**	**%VM**	**%S**
Queensland Coal Resources at operating mines CQCA JV										
Goonyella Riverside [4]	OC	Met	528	9.2	22.7	0.52	246	10.0	22.9	0.54
	UG	Met	105	7.9	22.5	0.50	680	9.9	21.8	0.52
Peak Downs	OC	Met	656	9.9	20.4	0.60	812	10.2	20.7	0.61
	UG	Met					58	10.1	19.8	0.57
Saraji	OC	Met	523	9.9	18.1	0.59	274	10.4	18.3	0.68
	UG	Met					27	10.4	17.4	0.58
Norwich Park [5]	OC	Met	227	9.4	17.6	0.66	127	9.4	17.6	0.72
	UG	Met					20	9.3	17.4	0.73
Blackwater [6]	OC	Met/Th	168	8.0	26.3	0.42	515	8.1	26.6	0.41
	UG	Met/Th					143	7.7	26.7	0.37
Gregory JV										
Gregory Crinum	OC	Met/Th	11	6.0	33.3	0.59	1.8	6.2	32.9	0.61
	UG	Met/Th					141	6.3	33.4	0.60
BHP Mitsui										
South Walker Creek [7]	OC	Met/Th	159	9.9	13.2	0.35	99	11.2	13.9	0.36
	UG	Met/Th					73	9.9	13.1	0.33
Poitrel-Winchester	OC	Met/Th	40	8.5	23.9	0.37	52	8.7	23.8	0.37
Queensland Coal Undeveloped Resources CQCA JV										
Daunia	OC	Met/Th	81	7.9	20.9	0.36	69	8.8	20.1	0.34
Red Hill	OC	Met	12	8.0	20.2	0.48	28	8.3	20.0	0.49
	UG	Met	0.6	7.9	21.2	0.50	298	9.0	19.2	0.49
	OC	Met/Th					25	12.4	26.3	0.50
Peak Downs East	UG	Met					668		17.5	
Saraji East	OC	Met	23	9.6	16.6	0.59	186	9.1	16.6	0.63
	UG	Met								
Gregory JV										
Liskeard	OC	Met	5.6		34.6	2.30				
BHP Mitsui										
Nebo West	OC	Anth					178		7.5	
Bee Creek	OC	Met/Th					55		14.4	
Wards Well	UG	Met					264	10.1	21.0	0.52
Illawarra Coal, operating mines										
Appin	UG	Met/Th	124	11.2	23.3	0.37	89	12.1	24.0	0.37
West Cliff	UG	Met/Th	48	11.9	21.0	0.35	27	11.5	20.8	0.34
Dendrobium	UG	Met/Th	101	28.4	23.6	0.58	63	29.1	23.3	0.58
Cordeaux	UG	Met/Th	5	28.7	21.2	0.58	55	28.8	21.4	0.56
Indonesia Coal Projects										
Lampunut	OC	Met	72	4.1	28.6	0.51	31	4.3	28.5	0.62
	OC	Th								
Haju	OC	Met/Th	11	4.6	39.2	0.98	1.4	5.1	39.0	0.97
Luon [8]	UG	Met								
	OC	Met/Th								
Bumbun [8]	OC	Met/Th								
Juloi Northwest [8]	OC	Met/Th								

Commodity Deposit [1][2][3]	Inferred Resource Millions of metric tonnes	%Ash	%VM	%S	Total Resource Millions of metric tonnes	%Ash	%VM	%S	As at 30 June 2009 Total Resource Millions of metric tonnes	%Ash	%VM	%S	BHP Billiton Interest %
Queensland Coal Resources at operating mines CQCA JV													
Goonyella Riverside [4]	114	11.5	23.3	0.56	888	9.7	22.8	0.53	997	9.8	22.9	0.53	50
	64	12.1	22.4	0.54	848	9.8	21.9	0.52	763	9.7	21.8	0.52	
Peak Downs	472	10.4	20.6	0.71	1,940	10.1	20.6	0.63	1,874	10.0	23.4	0.63	50
	68	10.5	19.3	0.57	126	10.3	19.5	0.57	150	10.0	22.0	0.57	
Saraji	232	10.2	18.6	0.69	1,029	10.1	18.3	0.63	1,042	10.1	18.3	0.63	50
	17	10.2	17.6	0.59	43	10.3	17.5	0.59	43	10.3	17.5	0.59	
Norwich Park [5]	125	9.6	17.7	0.74	479	9.4	17.6	0.69	449	9.4	17.7	0.68	50
	22	9.8	17.1	0.66	42	9.6	17.2	0.69	22	9.1	17.4	0.68	
Blackwater [6]	502	8.1	27.5	0.44	1,185	8.1	26.9	0.42	1,200	7.2	27.4	0.41	50
	808	8.2	27.1	0.38	951	8.1	27.0	0.38	951	6.7	27.8	0.39	
Gregory JV													
Gregory Crinum					13	6.0	33.3	0.59	18	6.1	33.6	0.58	50
	0.4	6.6	33.1	0.64	141	6.3	33.4	0.60	146	6.7	33.1	0.64	
BHP Mitsui													
South Walker Creek [7]	67	10.8	13.9	0.35	324	10.5	13.6	0.35	339	10.4	13.7	0.37	80
	227	9.9	12.9	0.31	299	9.9	12.9	0.32	151	9.7	13.6	0.35	
Poitrel-Winchester	59	8.9	23.8	0.35	151	8.7	23.8	0.36	151	8.4	24.0	0.35	80
Queensland Coal Undeveloped Resources CQCA JV													
Daunia	21	13.4	19.8	0.37	171	8.8	20.5	0.35	172	8.5	20.8	0.30	50
Red Hill	26	11.4	22.6	0.56	66	9.4	21.0	0.51	47	9.5	21.4	0.52	50
	295	8.4	19.2	0.50	593	8.7	19.2	0.50	612	8.8	19.3	0.49	
					25	12.4	26.3	0.50	25	12.4	26.3	0.50	
Peak Downs East	104		18.4		772		17.7		772		17.7		50
Saraji East	950	9.4	15.9	0.69	1,159	9.4	16.1	0.67	1,159	9.4	16.1	0.67	50
	146	8.7	14.2	0.60	146	8.7	14.2	0.60	146	8.7	14.2	0.60	
Gregory JV													
Liskeard					5.6		34.6	2.30	5.6		34.6	2.30	50
BHP Mitsui													
Nebo West					178		7.5		178		7.5		80
Bee Creek	5.1		13.0		60		14.2		60		14.2		80
Wards Well	892	10.3	20.7	0.53	1,156	10.2	20.8	0.53	1,156	10.2	20.8	0.53	80
Illawarra Coal, operating mines													
Appin	229	13.2	24.2	0.38	442	12.4	23.9	0.38	445	12.8	23.5	0.37	100
West Cliff	141	13.0	20.3	0.33	216	12.6	20.5	0.34	220	12.8	20.9	0.35	100
Dendrobium	156	28.8	23.0	0.57	320	28.7	23.3	0.58	329	30.4	22.4	0.54	100
Cordeaux	141	28.7	22.2	0.56	201	28.7	21.9	0.56	202	30.0	20.7	0.53	100
Indonesia Coal Projects													
Lampunut	6.7	4.3	28.5	0.71	110	4.2	28.5	0.55	110	4.2	28.5	0.55	75
	10				10				10				
Haju	1	4.6	39.0	0.89	14	4.7	39.2	0.98	13	4.7	39.2	0.98	75
Luon [8]	60	3.4	18.8	0.56	60	3.4	18.8	0.56					75
	80	3.6	18.7	0.72	80	3.6	18.7	0.72					
Bumbun [8]	70	4.5	17.4	0.80	70	4.5	17.4	0.80					75
Juloi Northwest [8]	430	4.5	27.7	0.49	430	4.5	27.7	0.49					75

[1] **Competent Persons Resources**

Goonyella Riverside Broadmeadow, Blackwater, Red Hill: P Wakeling (MAusIMM)

Peak Downs: J Centofanti (MAusIMM), D Frater (MAusIMM)

Saraji, Saraji East, South Walker Creek, Poitrel-Winchester, Nebo West, Bee Creek, Wards Well, Daunia: A Paul (MAusIMM)

Norwich Park: C Schuler (MAIG)

Gregory Crinum, Liskeard: P Handley (MAusIMM)

Peak Downs East: J Centofanti (MAusIMM)

Appin, West Cliff, Dendrobium, Cordeaux: H Kaag (MAusIMM)

Lampunut, Haju, Luon, Bumbun, Juloi Northwest: Setiawan (MAusIMM)

(2) For Queensland Coal deposits and Lampunut, coal quality is for a potential product rather than the *in situ* quality and is on an air-dried basis. The coal quality for Illawarra Coal, Haju, Luon, Bumbun and Juloi Northwest deposits is for *in situ* quality and is on an air-dried basis. Tonnages are at an *in situ* moisture basis.

(3) OC open-cut, UG underground, Met metallurgical coal, Th thermal coal, Anth anthracite, %VM per cent volatile matter, %S per cent sulphur.

(4) Goonyella Riverside was previously referred to as Goonyella Riverside Broadmeadow Some resources have been moved from OC to UG category. This has resulted in them being reclassified from Measured to Indicated status.

(5) Norwich Park Increase is largely due to the addition of resources in ML70350.

(6) Blackwater Reported coal qualities are a weighted average of metallurgical coal and by-product thermal coal.

(7) South Walker Creek Increases in the underground resource are based on additional drilling particularly in downdip areas.

(8) Luon, Bumbun, Juloi Northwest Coal Resource is reported for the first time.

Table of Contents

Metallurgical Coal Customer Sector Group

Coal Reserves

The table below details the total Coal Reserves for the Metallurgical Coal Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

Commodity Deposit [1][2][3][4]	Mining Method	Coal Type	Proved Coal Reserve Millions of metric tonnes	Probable Coal Reserve Millions of metric tonnes	Total Coal Reserve Millions of metric tonnes
Queensland Coal, Reserves at operating mines CQCA JV					
Goonyella Riverside [5]	OC	Met	327	191	518
	UG	Met	38	114	152
Peak Downs	OC	Met	412	620	1,032
Saraji	OC	Met	364	157	521
Norwich Park [6]	OC	Met	176	99	275
Blackwater [7]	OC	Met/Th	106	397	503
Gregory JV					
Gregory Crinum	OC	Met	11	2.5	14
	UG	Met		26	26
BHP Mitsui					
South Walker Creek [8]	OC	Met/Th	58	66	124
Poitrel-Winchester	OC	Met/Th	32	34	66
Illawarra Coal Reserves at operating mines					
Appin [9]	UG	Met/Th	5.3	73	78
West Cliff [10]	UG	Met/Th	11	3.3	14
Dendrobium [11]	UG	Met/Th	3.0	55	58

	As at 30 June 2010 Total Marketable Coal Reserve					As at 30 June 2009 Total Marketable Coal Reserve					
Commodity Deposit [1][2][3][4]	Millions of metric tonnes	%Ash	%VM	%S	Reserve Life (years)	Millions of metric tonnes	%Ash	%VM	%S	Reserve Life (years)	BHP Billiton Interest %
Queensland Coal, Reserves at operating mines CQCA JV											
Goonyella Riverside [5]	387	9.8	23.0	0.50	32	391	8.9	23.0	0.50	32	50
	130	6.9	23.9	0.51		110	6.6	23.6	0.50		
Peak Downs	581	9.1	21.0	0.60	65	577	9.3	20.9	0.60	66	50
Saraji	308	10.2	18.1	0.63	39	315	10.2	18.1	0.63	38	50
Norwich Park [6]	196	10.2	16.9	0.69	30	159	9.8	17.6	0.70	24	50
Blackwater [7]	448	9.9	24.8	0.40	33	460	9.8	24.8	0.40	34	50
Gregory JV											
Gregory Crinum	11	7.7	32.8	0.60	6	10	7.5	33.2	0.60	7	50
	20	6.8	33.2	0.60		24	7.5	33.1	0.60		
BHP Mitsui											
South Walker Creek [8]	98	9.3	13.1	0.30	23	101	8.4	11.1	0.21	25	80

Poitrel-Winchester	47	8.9	23.8	0.40	17	51	8.6	23.7	0.40	17	80
Illawarra Coal Reserves at operating mines											
Appin [9]	69	8.9	24.0	0.37	19	44	8.9	23.5	0.36	14	100
West Cliff [10]	10	8.9	21.3	0.36	4	13	8.9	21.5	0.37	5	100
Dendrobium [11]	40	9.7	24.0	0.59	13	33	9.7	23.6	0.59	13	100

(1) **Competent Persons Reserves**
Goonyella Riverside: D Patzel (MAusIMM), D Walker (MAusIMM)

Peak Downs: M Delaney (MAusIMM)

Saraji, Norwich Park: S de la Cruz (MAusIMM)

Blackwater: G Clarete (MAusIMM)

Gregory Crinum: S Chaudari (MAusIMM), G Boaz (MAusIMM)

South Walker Creek, Poitrel-Winchester: D Tracy (MAusIMM)

Appin, West Cliff, Dendrobium: S Langley (Soc.MME SME reg d member)

(2) Only geophysically logged, fully analysed cored holes with greater than 95% recovery are used to classify the Reserves. Drill hole spacings vary between seams and geological domains and are determined in conjunction with geostatistical analyses where applicable. The range of maximum spacings are:

Deposit	Proved Coal Reserves	Probable Coal Reserves
Goonyella Riverside	500m to 1,000m	1,000m to 2,000m
Peak Downs	440m to 1,050m	870m to 2,100m
Saraji	440m to 1,040m	900m to 2,100m
Norwich Park	650m to 1,400m	1,250m to 2,800m
Blackwater	500m	1,000m
Gregory Crinum	850m	850m to 1,700m
South Walker Ck	500m to 800m	800m to 1,500m
Poitrel/Winchester	300m to 950m	550m to 1,850m
Appin, West Cliff, Dendrobium	700m	1,000m

(3) OC open-cut, UG underground, Met metallurgical coal, Th thermal coal, %VM per cent volatile matter, %S per cent sulphur.

(4) Total Coal Reserve (tonnes) is the sum of Proved and Probable Coal Reserve estimates, which includes allowances for diluting materials, and for losses that occur when the coal is mined, and are at the moisture content when mined. Marketable Coal Reserve (tonnes) is the tonnage of coal available, at specified moisture and air-dried quality, for sale after the beneficiation of the Total Coal Reserve. Note that where the coal is not beneficiated, the Total Coal Reserve tonnes are the Marketable Coal Reserve tonnes, with moisture adjustment where applicable.

(5) Goonyella Riverside was previously referred to as Goonyella Riverside Broadmeadow.

(6) Norwich Park The increase in Marketable Coal Reserve is due to an increase in the mine plan footprint.

(7) Blackwater The Total Marketable Coal Reserve includes 86Mt of thermal coal at an average 6,900 kilo-calories per kilogram (kcal/kg) calorific value.

(8) South Walker Creek The Total Marketable Coal Reserve consists of 86.1Mt of Pulverised Coal Injection (PCI) product and 11.4Mt thermal coal with an average calorific value of 7,700kcal/kg.

(9) Appin The increase in Marketable Coal Reserve is a result of exploration and expansion of the planned mining area into Appin Area 9.

(10) West Cliff 10Mt of Probable Coal Reserve has been reclassified to Proved as a result of mining approvals being granted for the next three panels.

(11) Dendrobium The increase in Marketable Coal Reserve is a result of revisions to the mine plan and additional drilling. The nominal mine production rate has increased.

Table of Contents

Energy Coal Customer Sector Group

Coal Resources

The table below details the total inclusive Coal Resources for the Energy Coal Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

Commodity Deposit [1][2][3]	Mining Method	Coal Type	Measured Resource Millions of metric tonnes	Indicated Resource Millions of metric tonnes	Inferred Resource Millions of metric tonnes
New Mexico Operating mines					
San Juan	UG	Th	145	42	
Navajo	OC	Th	725	225	3.6
South Africa Operating mines					
Khutala	OC	Met	105	53	
	OC	Th	44	26	
	UG	Th	548		
Douglas-Middelburg	OC	Th	707	139	65
Klipspruit	OC	Th	73	15	65
South Africa Projects					
Leandra North [4]	UG	Th	96	332	56
Naudesbank	OC	Th	61	175	
Weltevreden	OC	Th	47	347	149
South Africa Miscellaneous					
Leandra South [5]	UG	Th		1,263	
Theunissen [6]	UG	Th			842
T-Project [7]	UG	Th			183
Davel	UG	Th			244
Remainder Block IV [8]	UG	Th			180
Australia Operating mine and project					
Mt Arthur Coal	OC	Th	928	2,053	810
Togara South	UG	Th	317	639	1,059
Colombia Operating mine					
Cerrejón Coal Company [9]	OC	Th	1,737	330	127

Commodity Deposit [1][2][3]	Total Resource Millions of metric tonnes	%Ash	%VM	%S	kcal/kg CV	As at 30 June 2009 Total Resource Millions of metric tonnes	%Ash	%VM	%S	kcal/kg CV	BHP Billiton Interest %
New Mexico Operating mines											
San Juan	187	17.0		0.75	5,600	195	17.0		0.8	5,600	100
Navajo	954	21.0		0.82	4,900	961	21.0		0.8	4,900	100
South Africa Operating mines											
Khutala	158	18.2	30.5	1.74	6,100	156	16.9	30.9	1.8	6,200	100
	69	36.8	20.0	0.98	4,400	73	34.6	20.5	0.9	4,500	
	548	34.1	20.6	0.94	4,500	577	34.5	20.5	0.9	4,500	
Douglas-Middelburg	911	27.8	22.4	1.11	5,400	934	27.6	22.4	1.1	5,400	100
Klipspruit	153	25.1	22.9	1.30	5,500	163	24.8	22.9	1.3	5,500	100

South Africa Projects											
Leandra North [4]	485	28.6	23.3	1.14	5,000	715	34.2	21.6	0.9	4,400	100
Naudesbank	236	23.9	25.8	1.09	5,700	245	23.8	25.8	1.1	5,700	100
Weltevreden	543	28.4	22.7	1.30	5,300	543	28.4	22.7	1.3	5,300	89
South Africa Miscellaneous											
Leandra South [5]	1,263	25.6	22.5	1.04	5,000	474	28.0	25.0	1.1	5,200	100
Theunissen [6]	842	30.3	21.2	0.58	5,000	933	30.7	21.1	0.6	4,900	74
T-Project [7]	183	32.3	20.3	0.86	4,500	281	32.9	19.7	0.9	4,500	100
Davel	244	23.9	26.4	1.52	5,700	267	24.8	25.9	1.5	5,600	100
Remainder Block IV [8]	180	28.3	22.6	0.86	4,900	158	27.7	22.4	1.7	4,800	100
Australia Operating mine and project											
Mt Arthur Coal	3,791	21.5	29.1	0.60	6,100	3,850	21.4	28.9	0.6	6,100	100
Togara South	2,015	15.8	28.5	0.32	6,300	2,015	15.8	28.5	0.3	6,300	100
Colombia Operating mine											
Cerrejón Coal Company [9]	2,194	3.7	34.9	0.50	6,500	2,275	3.5	34.4	0.5	6,665	33.33

(1) **Competent Persons Resources**
San Juan: J Mercier (MAusIMM)

Navajo: J Mattern (Soc.MME SME reg d member)

Khutala: S Mokitimi (SACNASP)

Douglas-Middelburg: L Visser (SACNASP)

Klipspruit: P Maseko (SACNASP)

Leandra North: J H Marais (SACNASP)

Naudesbank: C Joubert (SACNASP)

Weltevreden, Leandra South: L Pienaar (SACNASP)

Theunissen, T-Project, Davel, Remainder Block IV: J C van der Merwe (SACNASP)

Mt Arthur Coal: P Grey (FAusIMM)

Togara South: D Dunn (MAusIMM)

Cerrejón Coal Company: D Lawrence (SACNASP)

(2) OC open-cut, UG underground, T h thermal coal, Met metallurgical coal.
(3) %VM per cent volatile matter, %S per cent sulphur, kcal/kg CV kilo-calories per kilogram calorific value. Qualities and tonnages are reported on an *in situ* air-dried basis.
(4) Leandra North The resource is now based on a select mining horizon instead of the full seam height.
(5) Leandra South The increase in resources is mainly due to the re-evaluation of the No. 2 Seam, which was previously not included in the resources.
(6) Theunissen The change in resource is the result of a review of the geological model following additional drilling.
(7) T-Project Additional drilling resulted in a revised structural interpretation of the coal deposit.
(8) Remainder Block IV The change in resource is the result of a review of the geological model following additional drilling.
(9) Cerrejón Coal Company A review of the geological model and classification has been undertaken and incorporated into the June 2010 statement.

Table of Contents

Energy Coal Customer Sector Group

Coal Reserves

The table below detail the total Coal Reserves for the Energy Coal Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

Deposit [1][2][3][4][5][6]	Mining Method	Coal Type	Proved Coal Reserve Millions of metric tonnes	Probable Coal Reserve Millions of metric tonnes	Total Coal Reserve Millions of metric tonnes
New Mexico Operating mines					
San Juan	UG	Th	55	7	62
Navajo	OC	Th	152	10	162
South Africa Operating mines					
Khutala [7]	OC	Met	14		14
	OC	Th	141	9	150
	UG	Th	93		93
Douglas-Middelburg	OC	Th	477	130	607
Klipspruit	OC	Th	75	10	84
Australia Operating mine					
Mt Arthur Coal [8]	OC	Th	568	527	1,095
Colombia Operating mine					
Cerrejón Coal Company [9]	OC	Th	630	51	681

	As at 30 June 2010							As at 30 June 2009							
	Total Marketable Coal Reserve [4][5]							Total Marketable Coal Reserve							
Deposit [1][2][3][4][5][6]	Millions of metric tonnes	%Ash	%VM	%S	kcal/kg CV	%Total moisture	Reserve Life (years)	Millions of metric tonnes	%Ash	%VM	%S	kcal/kg CV	%Total moisture	Reserve Life (years)	BHP Billiton Interest %
New Mexico Operating mines															
San Juan	62	19.1		0.74	5,600	10.0	10	68	19.1		0.70	5,600	9.9	11	100
Navajo	162	23.0		0.90	4,800	13.0	21	172	23.1		0.90	4,700	13.0	22	100
South Africa Operating mines															
Khutala [7]	12	17.2	31.1	1.57	5,600	7.0	22	13	18.0	30.5	1.57	6,300	8.0	22	100
	150	38.3	19.4	0.99	4,400	7.0		102	36.3	20.1	1.03	4,400	8.0		
	93	34.2	20.5	0.86	4,500	7.0		139	35.5	21.0	0.80	4,600	8.0		
	436	20.2	22.9	0.59	6,000	7.4	24	431	21.3	23.4	0.61	6,000	7.1	22	100
	70	21.6	22.5	0.58	5,700	7.6	11	75	20.1	24.0	0.59	6,000	8.8	12	100
Australia Operating mine															
Mt Arthur Coal [8]	869	16.9	30.3	0.55	6,400	8.2	55	753	15.1	29.6	0.60	6,300	8.5	51	100
Colombia Operating															

mine															
Cerrejón Coal Company [9]	655	9.4	32.9	0.59	6,200	12.0	21	720	7.8	33.0	0.60	6,200	12.0	23	33.33

(1) **Competent Persons Reserves**
San Juan: D Rawson (Soc.MME SME reg d member)

Navajo: K Bahe (Soc.MME SME reg d member)

Khutala: W Schluter (SACNASP)

Douglas-Middelburg: I Thomson (SAIMM)

Klipspruit: A Roux (ECSA)

Mt Arthur Coal: R Spencer (MAusIMM)

Cerrejón Coal Company: D Lawrence (SACNASP)

(2) Approximate drill hole spacings used to classify the reserves are:

Deposit	Proved Coal Reserves	Probable Coal Reserves
San Juan	500m (250m radius from drill hole)	500m 1,000m (250m to 500m radius from drill hole)
Navajo	500m (250m radius from drill hole)	500m 1,000m (250m to 500m radius from drill hole)
Khutala	8 boreholes per 100ha	4 8 boreholes per 100ha
Douglas-Middelburg	8 boreholes per 100ha	4 8 boreholes per 100ha
Klipspruit	8 boreholes per 100ha	4 8 boreholes per 100ha
Mt Arthur Coal	500m	500m 1,000m
Cerrejón Coal Company	6 boreholes per 100ha	2 6 boreholes per 100ha

(3) OC open-cut, UG underground, Th thermal coal, Met metallurgical coal.
(4) Total Coal Reserve (tonnes) is the sum of Proved and Probable Coal Reserve estimates, which includes allowances for diluting materials, and for losses that occur when the coal is mined, and are at the moisture content when mined. Marketable Coal Reserve (tonnes) is the tonnage of coal available, at specified moisture and air-dried quality, for sale after the beneficiation of the Total Coal Reserves. Note that where the coal is not beneficiated, the Total Coal Reserve tonnes are the Marketable Coal Reserve tonnes, with moisture adjustment where applicable.
(5) %VM per cent volatile matter, %S per cent sulphur, kcal/kg CV kilo-calories per kilogram calorific value.
(6) Marketable coal moisture content is on an as received basis.
(7) Khutala The increase in OC reserve of thermal coal is due to a re-evaluation of the mine plan. Some blocks previously scheduled as underground are now going to be mined by open-cut methods.
(8) Mt Arthur Coal Marketable Coal Reserve has increased due to changes in the product specification, an increase in the wash plant yield and partial plant bypass strategy.
(9) Cerrejón Coal Company The reduction in the Marketable Coal Reserve is due to review and updating of the geological confidence, modifications to pit design, changes to wash plant yield and production depletion.

Table of Contents

3 Operating and financial review and prospects

3.1 Introduction

This Operating and financial review and prospects section is intended to convey management s perspective of the BHP Billiton Group and its operational and financial performance as measured and prepared in accordance with IFRS as issued by the International Accounting Standards Board (IFRS). We intend this disclosure to assist readers to understand and interpret the financial statements included in this Report. This section should be read in conjunction with the financial statements, together with the accompanying notes.

We are the world s largest diversified natural resources company, with a combined market capitalisation of approximately US$165.6 billion as at 30 June 2010. We generated revenue of US$52.8 billion and profit attributable to shareholders of US$12.7 billion for FY2010.

We extract and process minerals, oil and gas from our production operations located primarily in Australia, the Americas and southern Africa. We sell our products globally with sales and marketing taking place principally through our hubs in The Hague and Singapore.

The following table shows the revenue by location of our customers:

	Revenue by location of customer		
US$M	**2010**	**2009**	**2008**
Australia	**4,515**	4,621	5,841
United Kingdom	**1,289**	3,042	3,091
Rest of Europe	**8,554**	7,764	11,258
China	**13,236**	9,873	11,670
Japan	**5,336**	7,138	6,885
Other Asia	**9,840**	9,280	10,111
North America	**5,547**	4,020	4,771
South America	**2,013**	1,652	2,640
Southern Africa	**1,227**	1,374	2,003
Rest of world	**1,241**	1,447	1,203
BHP Billiton Group	**52,798**	50,211	59,473

Table of Contents

We operate nine Customer Sector Groups (CSGs) aligned with the commodities we extract and market, reflecting the structure we use to assess the performance of the Group:

Customer Sector Group	Principal activities
Petroleum	Exploration, development and production of oil and gas
Aluminium	Mining of bauxite, refining of bauxite into alumina and smelting of alumina into aluminium metal
Base Metals	Mining of copper, silver, lead, zinc, molybdenum, uranium and gold
Diamonds and Specialty Products	Mining of diamonds and titanium minerals; potash development
Stainless Steel Materials	Mining and production of nickel products
Iron Ore	Mining of iron ore
Manganese	Mining of manganese ore and production of manganese metal and alloys
Metallurgical Coal	Mining of metallurgical coal
Energy Coal	Mining of thermal (energy) coal

The work of our nine CSGs is supported by our Minerals Exploration and Marketing teams and Group-wide functions.

A detailed discussion on our CSGs is located in section 2.2 of this Report. A detailed discussion of Marketing and Minerals Exploration is located in sections 2.4 and 2.5 respectively of this Report.

3.2 Our strategy

Our objective as a corporation is to create long-term value for shareholders through the discovery, development and conversion of natural resources, and the provision of innovative customer and market-focused solutions.

To achieve this, we aim to own and operate a portfolio of upstream, large, long-life, low-cost, expandable, export-oriented assets across a diversified geographic and commodity base, and pursue growth opportunities consistent with our core skills by:

- discovering resources through our exploration activities;
- developing and converting them in our CSGs;
- developing customer and market-focused solutions through our Marketing arm;

Table of Contents

adding shareholder value beyond the capacity of these groups through the activities of the Group Functions.

In pursuing our objective, we are guided by our commitment to safety, simplicity and accountability.

Our overriding commitment is to safety: ensuring the safety of our people, respecting our environment and the communities in which we work. This commitment transcends everything we do and guides every aspect of our work.

Our commitment to simplicity and accountability allows us to focus on the most important drivers of value while empowering our people to operate within their authority and make a difference.

Our objective and commitments are pursued through our six strategic drivers:

People the foundation of our business is our people. We require people to find resources, develop those resources, operate the businesses that produce our products, and then deliver those products to our customers. Talented and motivated people are our most precious resource.

Licence to operate we aim to ensure that the communities in which we operate value our citizenship. Licence to operate means win-win relationships and partnerships. This includes a central focus on health, safety, environment and the community, and making a positive difference to our host communities.

World-class assets our world-class assets provide the cash flows that are required to build new projects, to contribute to the economies of the countries in which we operate, to meet our obligations to our employees, suppliers and partners, and ultimately to pay dividends to our shareholders. We maintain high-quality assets by managing them in the most effective and efficient way.

Financial strength and discipline we have a solid A credit rating, which balances financial flexibility with the cost of finance. Our capital management program has three priorities:

To return excess capital to shareholders.

To reinvest in our extensive pipeline of world-class projects that carry attractive rates of return regardless of the economic climate.

To ensure a solid balance sheet.

Project pipeline we are focused on delivering an enhanced resource endowment to underpin future generations of growth. We have an abundance of tier one resources in stable countries that provide us with a unique set of options to deliver brownfield growth.

Growth options we use exploration, technology and our global footprint to look beyond our current pipeline to secure a foundation of growth for future generations. We pursue growth options in several ways - covering the range from extending existing operations to new projects in emerging regions, through exploration, technology and, on occasion, merger and acquisition activity.

3.3 Key measures

Our management and Board monitor a range of financial and operational performance indicators, reported on a monthly basis, to measure performance over time.

Overall financial success

We use several financial measures to monitor the financial success of our overall strategy.

	2010	2009	2008
Profit attributable to members	**12,722**	5,877	15,390
Profit from operations	**20,031**	12,160	24,145
Underlying EBIT [1]	**19,719**	18,214	24,282
Underlying EBIT margin [1] [2]	**40.7%**	40.1%	47.5%
Return on capital employed [2]	**26.4%**	24.6%	37.5%
Net operating cash flow (US$M)	**17,920**	18,863	17,817
Gearing [2]	**6.3%**	12.1%	17.8%
Basic earnings per share (US cents)	**228.6**	105.6	275.3

Table of Contents

(1) Underlying EBIT is profit from operations, excluding the effect of exceptional items. See section 3.6.1 for more information about this measure, including a reconciliation to profit from operations.
(2) See section 10 for glossary definitions.

The two key measures are profit attributable to members of the BHP Billiton Group and Underlying EBIT. Underlying EBIT is the internally defined key financial measure used by management for monitoring the performance of our operations. We explain the calculations and why we use this measure in section 3.6.1.

The following are other measures that assist us to monitor our overall performance.

People and licence to operate

These foundational strategic drivers bring together health, safety, environment and community (HSEC) related measures. These measures are a subset of the HSEC Targets Scorecard, which can be found in each corresponding section of our Sustainability Report at www.bhpbilliton.com.

We monitor a comprehensive set of health, safety, environment and community contribution indicators. Two key measures are the Total Recordable Injury Frequency (TRIF) and community investment.

	2010	2009	2008
People and licence to operate health, safety, environment and community			
Total Recordable Injury Frequency (TRIF) [1]	**5.3**	5.6	5.9
Community investment (US$M) [1]	**200.5**	197.8	141.0

(1) See section 10 for glossary definitions.

Safety

Despite strong performance improvement across the organisation, sadly we experienced the loss of five colleagues at our operations during the year.

We made an incremental improvement in Total Recordable Injury Frequency (which comprises fatalities, lost-time cases, restricted work cases and medical treatment cases per million hours worked) from 5.6 to 5.3 per million hours worked. This is over halfway towards our target of a 50 per cent reduction on 2007 TRIF performance of 7.4 by 2012.

Health

We are progressing well with our health performance objectives. We had 164 new cases of occupational disease reported in FY2010, 52 fewer new cases compared with the FY2007 base year. The overall reduction in occupational disease since FY2007 is 27 per cent, which is on track to meet our target of a 30 per cent reduction in incidences in occupational disease among our employees by June 2012.

It is mandatory for our employees who may be potentially exposed to airborne substances or noise in excess of our occupational exposure limits (OELs) to wear personal protective equipment. Compared with the FY2007 base year there was a 3.9 per cent reduction in the proportion of employees potentially exposed in excess of OELs in FY2010, which is behind schedule to meet our target of a 15 per cent reduction in potential employee exposures over our occupational exposure limits.

Environment

In FY2010, we reduced absolute greenhouse gas emissions by more than three million tonnes compared with FY2009.

We have five-year targets of a six per cent reduction in our greenhouse gas emissions intensity index and a 13 per cent reduction in our carbon-based energy intensity index, both by 30 June 2012. Our greenhouse intensity index is currently tracking at seven per cent below our

FY2006 base year. Our carbon-based energy intensity index is currently tracking at six per cent below our FY2006 base year.

Table of Contents

3. Operating and financial review and prospects *continued*

We have a five-year target of a 10 per cent improvement in our land rehabilitation index by 2012. This index is based on a ratio of land rehabilitated compared with our land footprint. In FY2010, the index improved by one per cent due to the development of new green and brownfield projects and the divestment of a number of operations, including Optimum Colliery in 2008, which had large areas of land under rehabilitation.

We have a five-year target of a 10 per cent improvement in the ratio of water recycled to high-quality water consumed by 30 June 2012. This water use index has improved seven per cent on our FY2007 base year.

We define a significant environmental incident as one with a severity rating of four or above based on our internal severity rating scale (tiered from one to five by increasing severity). One significant incident occurred during FY2010 at our Pinto Valley Operations (US) involving a tailings release. The majority of the eroded tailings and cover material were recovered. Metal concentrations in surface water and sediments appear to be well below levels that could present a hazard.

Community

We continue to invest one per cent of our pre-tax profits in community programs, based on the average of the previous three years pre-tax profit publicly reported in each of those years. During FY2010, our voluntary investment totalled US$200.5 million comprising cash, in-kind support and administrative costs and includes a US$80 million contribution to BHP Billiton Sustainable Communities.

Despite the global financial crisis, our direct expenditure on community programs during the year was similar to our expenditure in FY2009.

World-class assets

Actual production volumes for our most significant commodities for this year and the previous two years are shown below. Further details appear in section 2.3 of this Report.

	30 June 2010	30 June 2009	30 June 2008
World-class assets			
Production			
Total Petroleum Production (millions of barrels of oil equivalent)	**158.56**	137.97	130.07
Alumina (000 tonnes)	**3,841**	4,396	4,554
Aluminium (000 tonnes)	**1,241**	1,233	1,298
Copper (000 tonnes)	**1,075.2**	1,207.1	1,375.5
Nickel (000 tonnes)	**176.2**	173.1	167.9
Iron ore (000 tonnes)	**124,962**	114,415	112,260
Metallurgical coal (000 tonnes)	**37,381**	36,416	35,193
Manganese alloys (000 tonnes)	**583**	513	775
Manganese ores (000 tonnes)	**6,124**	4,475	6,575
Energy coal (000 tonnes)	**66,131**	66,401	80,868

Financial strength and discipline

Financial strength is measured by attributable profit and Underlying EBIT as overall measures, along with liquidity and capital management. Our solid A credit rating and gearing and net debt are discussed in section 3.7.3 of this Report. The final dividend declared for FY2010 maintains our progressive dividend policy.

Table of Contents

3. Operating and financial review and prospects *continued*

Project pipeline and growth options

Our project pipeline focuses on high-margin commodities that are expected to create significant future value. The details of our project pipeline are located in section 3.7.2 of this Report, with a summary presented below.

	30 June 2010	30 June 2009	30 June 2008
Project pipeline and growth options (major projects)			
Number of projects approved during the year	**2**	4	7
Number of projects currently under development (approved in prior years)	**8**	8	6
Number of completed projects	**5**	7	10
Budgeted capital expenditure for projects (approved in the year) (US$M)	**695**	5,850	5,175
Budgeted capital expenditure for projects under development (approved in prior years) (US$M)	**10,075**	8,115	6,265
Capital expenditure of completed projects (US$M)	**4,738**	4,061	7,549

3.4 External factors and trends affecting our results

The following section describes some of the external factors and trends that have had a material impact on our financial condition and results of operations. We operate our business in a dynamic and changing environment, and with information that is rarely complete and exact. We primarily manage the risks discussed in this section under our portfolio management approach, which relies on the effects of diversification, rather than individual price risk management programs. Details of our financial risk management strategies and financial instruments outstanding at 30 June 2010 may be found in note 28 Financial risk management in the financial statements.

Management monitors particular trends arising in the external factors with a view to managing the potential impact on our future financial condition and results of operations. The following external factors could have a material adverse effect on our business and areas where we make decisions on the basis of information that is incomplete or uncertain.

3.4.1 Commodity prices

Prices for most commodities in our portfolio increased substantially during FY2010, ranging from 41 to 149 per cent for steel making commodities, eight to 60 per cent for energy commodities and 19 to 28 per cent for metal commodities. Price recovery began slowly, as markets warmed to the theme of a broad global economic recovery following the global economic downturn, which impacted FY2009. Developed market demand growth was significantly slower than the more robust demand recovery seen in emerging markets, specifically China and India.

Our commodities continued to trade in a volatile, but upward trending range, with peaks in prices for most commodities in April 2010. In late April, the rating agencies downgraded credit ratings for several European countries on concerns over their ability to repay sovereign debt. This marked the peak in commodity prices, and triggered a turn in market sentiment as investors pursued more risk-averse assets on fears of debt contagion. In April, the Chinese Government also introduced tighter credit and liquidity measures in an attempt to slow down the high levels of growth in some commodity intensive sectors, including residential property. These macroeconomic factors resulted in a re-tracement of prices over the remainder of FY2010.

Table of Contents

3. Operating and financial review and prospects *continued*

The following table shows prices of our most significant commodities for the years ended 30 June 2010, 2009 and 2008. These prices represent the average quoted price except where otherwise indicated.

Commodity	2010	2009	2008
Crude oil (WTI) (US$/bbl)	**75.14**	70.29	96.93
Aluminium (LME cash) [1] (US$/t)	**2,018**	1,862	2,668
Alumina [2] (US$/t)	**314**	255	391
Copper (LME) [1] (cash) (US$/lb)	**3.04**	2.23	3.53
Nickel (LME) [1] (US$/lb)	**8.81**	6.03	12.90
Iron ore [3][4] (US$/dmt)	**118.61**	89.83	141.76
Energy coal (API4) (US$/t)	**75.93**	95.16	94.60
Metallurgical coal [5] (US$/t)	**146.75**	257.25	148.50
Manganese alloys [6] (US$/t)	**1,328**	1,854	2,208
Manganese ores [7] (US$/dmtu)	**6.46**	9.43	11.20
Gas (US$/MMBtu) [8]	**4.21**	5.96	8.24

(1) Refer to section 10, Glossary for definitions.
(2) CRU spot Australia.
(3) 2010 Platts 62 per cent Fe CIF China.
(4) 2008 and 2009: SBB 63.5 per cent Fe CIF China.
(5) Tex Reports Hard coking coal FOB Australia.
(6) Bulk FerroAlloy HCFeMn US ex-warehouse.
(7) CRU China spot import (M+1) 45per cent contained.
(8) Platts Gas daily based on Henry Hub.

The following summarises the trends of our most significant commodities for FY2010.

Crude oil: Prices improved over FY2010 with the New York Mercantile Exchange West Texas Intermediate (NYMEX WTI) crude oil price increasing from US$69.82/bbl at the start of FY2010, to US$75.59/bbl at year-end. The annual average NYMEX WTI price in FY2010 was US$75.14/bbl, compared with the FY2009 average of US$70.29/bbl. Oil prices fluctuated from lows of US$59.62/bbl in mid-July 2009 to highs of US$86.54/bbl in early April 2010. The correction post April 2010 was driven by market concerns over European sovereign debt issues and mixed sentiment about the longevity of the sustainable global economic recovery. Despite the market price volatility, the average oil price was US$6.24/bbl higher in the second half of FY2010 compared with the first half of FY2010.

Aluminium: LME prices increased from US$1,616/t at the start of FY2010 to US$1,924/t at year-end. The average spot cash aluminium price in FY2010 was US$2,018/t, eight per cent above the average for FY2009. The spot LME low in FY2010 was US$1,532/t in July 2009, and the high was US$2,448/t in mid-April 2010, which was reached on the back of stronger market demand. These higher prices encouraged production re-starts, with the International Aluminium Institute (IAI) reporting a global aluminium production increase of seven per cent year-on-year, mostly led by Chinese producers. Aluminium prices declined over May and June 2010 as global economic concerns resurfaced. Regional physical premiums maintained high levels, principally due to ongoing tightness in spot physical markets with more than 70 per cent of total exchange stocks tied up in financing deals. During January 2010, LME stocks peaked at 4.6 million tonnes before dropping back to 4.4 million tonnes at the end of FY2010.

Alumina: At the start of FY2010, spot prices were trading between US$245 and US$255/t FOB Australia and had increased to around US$320/t at the end of FY2010. The average FY2010 alumina price was US$314/t, 23 per cent above the average FY2009 price. Strong Chinese alumina imports were driven by the reactivation of idled and newly commissioned Chinese smelting capacity, ensuring prices increased steadily throughout the year. Global alumina production increased three per cent year-on-year. April was the high point for spot prices, with prompt material changing hands for US$350/t FOB. At the year-end, the increased domestic volumes in China reduced the need for additional imports

from Australia, putting some downward pressure on prices.

Table of Contents

3. Operating and financial review and prospects *continued*

Copper: LME prices increased 28 per cent from US$2.32/lb at the start of FY2010, to US$2.96/lb at year-end. The FY2010 average LME copper price was US$3.04/lb, 36 per cent above the FY2009 average price. The trading range through the year was volatile with a low of US$2.18/lb in July 2009 and rising to a monthly peak of US$3.51/lb in April 2010. Prices in the first half of FY2010 were driven by positive sentiment from stronger Chinese demand and restricted supply-side delivery, underpinning strong fundamentals for copper cathode. Demand improved slowly ex-China through to April 2010, with longer order lead times and generally stronger premiums. June average copper prices were US$2.95/lb, reflecting a level of solid support given increasing physical demand from Asian economies and material supply tightness. The spot copper concentrate market remained tight during FY2010 driven by lower than expected output from existing and recently commissioned mines, and strong Chinese import demand.

Nickel: Prices increased 21 per cent in FY2010, finishing the year at US$8.81/lb. The daily price low was US$6.51/lb in July 2009, and the peak was US$12.52/lb in mid-April 2010. The average nickel price in FY2010 was US$8.81/lb, 46 per cent above the average FY2009 price. FY2010 started off positively for nickel on the back of improved underlying demand and worldwide stainless steel re-stocking. Chinese nickel imports were particularly strong in the first quarter of FY2010. In the second quarter of FY2010, most major mills reduced production, signalling the conclusion of the re-stocking phase. In the second half of FY2010, the stainless steel and nickel markets rallied on strong end-user demand, renewed re-stock requirements and tight scrap availability. The mill utilisation rate in western countries increased to high levels whilst Chinese stainless capacity and production continued to expand. On the supply side, strong nickel pig iron production was partly offset by the continuation of the Vale Sudbury strike action, together with a number of other unplanned production disruptions. LME stocks increased to a historic high of 166 kilotonnes in February 2010 before declining to 124 kilotonnes by the end of FY2010.

Iron ore: The Platts Iron Ore Index increased from US$79/dmt at the start of FY2010, to US$134/dmt at the year-end. The average spot price, based on the Platts Index in FY2010 was US$118.6/dmt, 32 per cent above the average price for FY2009. Global iron ore demand reached record levels by February 2010, driven primarily by the overall steel and iron ore re-stocking cycles in developed economies, and continuing strong growth in China. During the same period, traditional supply sources struggled to ramp-up production to meet demand, with marginal high cost supply from India and China, required to balance the market. Platts Index prices peaked at US$186/dmt in mid-April 2010, reflecting this strong demand and supply-side constraints. Prices then fell back to US$134/dmt at 30 June 2010. Annual benchmark pricing of iron ore ceased from April 2010, with the majority of global sales from major producers moving to quarterly, or shorter-term, pricing.

Energy coal: Amsterdam Rotterdam Antwerp quoted prices for delivery in Europe (API2) increased from lows of US$63.48/t at the start of FY2010 due to the low coal burn and high port stockpiles in Europe, rising to US$94.47/t at the year-end. This price appreciation was driven by a steady recovery in global industrial production as developed economy demand slowly improved, plus strong Asian demand. Richards Bay coal terminal FOB (API4) prices increased 60 per cent during FY2010, supported by strong demand from India and China. Newcastle FOB (API3) prices gained 42 per cent during FY2010, with a peak of US$109/t in April 2010, driven by weather-induced supply restrictions. Whilst prices did soften from peaks in April 2010, they remained at relatively strong levels through to 30 June 2010 on the back of high metallurgical coal prices, incentivising producers to switch high-grade energy coal into metallurgical coal markets.

Metallurgical coal: The market moved from annual benchmark to quarterly reference pricing from 1 April 2010. The premium for Hard Coking Coal (HCC), increased to US$200/t for the quarter ending in June 2010 compared with a Japanese financial year ending 31 March 2010 benchmark of US$129/t. Several new