

BHP BILLITON LTD
Form 20-F
September 26, 2007
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

FORM 20-F

.. REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED 30 JUNE 2007

OR

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES AND EXCHANGE ACT OF 1934
.. SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
.. Date of event requiring this shell company report _____

Commission file number: 001-09526

Commission file number: 001-31714

BHP BILLITON LIMITED

BHP BILLITON PLC

(ABN 49 004 028 077)

(REG. NO. 3196209)

(Exact name of Registrant as specified in its charter)

(Exact name of Registrant as specified in its charter)

VICTORIA, AUSTRALIA

ENGLAND AND WALES

(Jurisdiction of incorporation or organisation)

(Jurisdiction of incorporation or organisation)

180 LONSDALE STREET, MELBOURNE, VICTORIA

NEATHOUSE PLACE, VICTORIA, LONDON, UNITED

3000 AUSTRALIA

KINGDOM

(Address of principal executive offices)

(Address of principal executive offices)

Securities registered or to be registered

pursuant to section 12(b) of the Act.

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>	<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
American Depositary Shares*	New York Stock Exchange	American Depositary Shares*	New York Stock Exchange
Ordinary Shares**	New York Stock Exchange	Ordinary Shares, nominal value US\$0.50 each**	New York Stock Exchange

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* Evidenced by American Depositary Receipts. Each American Depositary Receipt represents two ordinary shares of BHP Billiton Limited or BHP Billiton Plc, as the case may be.

** Not for trading, but only in connection with the listing of the applicable American Depositary Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

	<u>BHP Billiton Limited</u>	<u>BHP Billiton Plc</u>
Fully Paid Ordinary Shares	3,357,503,573	2,366,462,002

If this report is an annual or transition report, indicated by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes " " No x

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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Item Number	Description	Report section reference
1.	Identity of directors, senior management and advisors	Not applicable
2.	Offer statistics and expected timetable	Not applicable
3.	Key Information	
A	Selected financial information	1.4.1
B	Capitalisation and indebtedness	Not applicable
C	Reasons for the offer and use of proceeds	Not applicable
D	Risk factors	1.5
4.	Information on the company	
A	History and development of the company	2.2.1
B	Business overview	2.2.1 to 2.8, 4.0 to 4.4
C	Organisational structure	2.10
D	Property, plant and equipment	2.2.2, 2.2.3, 2.2.4, 2.2.5, 2.2.6, 2.2.7, 2.2.8, 2.2.9, 2.2.10, 2.13.1, 2.13.2 and 3.7.2
4A.	Unresolved staff comments	None
5.	Operating and financial review and prospects	
A	Operating results	3.6
B	Liquidity and capital resources	3.7
C	Research and development, patents and licenses etc	2.5, 2.6, 2.7
D	Trend information	3.4.1 to 3.4.7
E	Off-balance sheet arrangements	3.8
F	Tabular disclosure of contractual obligations	3.8, Notes 29 and 30 to the financial statements
6.	Directors, senior management and employees	
A	Directors and senior management	5.1, 5.2
B	Compensation	7
C	Board practices	6.1 to 6.12
D	Employees	2.9, 8.8
E	Share ownership	8.19, 8.20, 8.21
7.	Major shareholders and related party transactions	
A	Major shareholders	12.2
B	Related party transactions	3.9
C	Interests of experts and counsel	Not applicable
8.	Financial Information	
A	Consolidated statements and other financial information	F-1-F-110
B	Significant changes	3.10
9.	The offer and listing	
A	Offer and listing details	12.1
B	Plan of distribution	Not applicable
C	Markets	12.1
D	Selling shareholders	Not applicable

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Item Number	Description	Report section reference
E	Dilution	Not applicable
F	Expenses of the issue	Not applicable
10.	Additional Information	
A	Share capital	Not applicable
B	Memorandum and articles of association	2.12
C	Material contracts	2.11
D	Exchange controls	2.8.3
E	Taxation	12.5
F	Dividends and paying agents	Not applicable
G	Statement by experts	Not applicable
H	Documents on display	2.12.14
I	Subsidiary information	3.9
11.	Quantitative and qualitative disclosures about market risk	3.7.4
12.	Description of securities other than equity securities	Not applicable
13.	Defaults, dividend arrearages and delinquencies	There have been no defaults, dividends arrearages or delinquencies
14.	Material modifications to the rights of security holders and use of proceeds	There have been no material modifications to the rights of security holders and use of proceeds since our last Annual Report
15.	Controls and procedures	6.11
16.		
16A.	Audit committee financial expert	6.5.1
16B.	Code of ethics	6.8
16C.	Principal accountant fees and services	6.11
16D.	Exemptions from the listing standards for audit committees	Not applicable
16E.	Purchases of equity securities by the issuer and affiliated purchasers	8.2
17.	Financial statements	Not applicable as Item 18 complied with
18.	Financial statements	F-1-F-110, Exhibit 15.3
19.	Exhibits	13

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1.0 KEY INFORMATION

1.1 Our business

We are the world's largest global diversified natural resources company, listed on the Australian, London and New York stock exchanges. Our Corporate Objective is to create long-term value through the discovery, development and conversion of natural resources, and the provision of innovative customer and market-focused solutions. Our businesses maintain a significant presence in eight major commodity markets: oil and gas, aluminium, copper, nickel, iron ore, manganese, metallurgical coal and energy coal, with additional exposures to uranium, gold, zinc, lead and silver. We have approximately 34,000 employees, or 38,540 employees including the employees of our jointly controlled entities working in more than 100 operations in approximately 25 countries. Our market capitalisation at 30 June 2007 was in excess of US\$165 billion. In FY2007, we generated revenue together with our share of jointly controlled entities' revenue of US\$47.5 billion and profit attributable to shareholders of US\$13.4 billion.

We divide our Group into business units or Customer Sector Groups (CSGs), aligned with the commodities we extract and market. Our nine CSGs are:

Petroleum

Aluminium

Base Metals

Diamonds and Specialty Products

Stainless Steel Materials

Iron Ore

Manganese

Metallurgical Coal

Energy Coal

Due to recent growth, and a change in internal reporting structure, Iron Ore, Manganese and Metallurgical Coal, which were previously reported as the Carbon Steel Materials CSG are now reported as separate CSGs. For a description of activities of each of these CSGs refer to section 2.2.

Sections 1.2 and 1.3 have been omitted intentionally

1.4 Selected key measures

1.4.1 Financial information

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Our selected financial information reflects the operations of the BHP Billiton Group, and should be read in conjunction with the 2007 financial statements, together with the accompanying notes.

We prepare our financial statements in accordance with International Financial Reporting Standards (IFRS) as outlined in note 1 Accounting Policies to the financial statements. We publish our consolidated financial statements in US dollars.

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	2007	30 June 2006	2005
Consolidated Income Statement (US\$M except per share data)			
Revenue together with share of jointly controlled entities revenue	47,473	39,099	31,150
Less: share of jointly controlled entities external revenue included above	(7,975)	(6,946)	(4,428)
Revenue	39,498	32,153	26,722
Profit from operations	18,401	14,671	9,271
Profit attributable to members of BHP Billiton Group	13,416	10,450	6,396
Dividends per ordinary share paid during the period (US cents)	38.5	32.0	23.0
Dividends per ordinary share declared in respect of the period (US cents)	47.0	36.0	28.0
Earnings per ordinary share (basic) (US cents) ^(a)	229.5	173.2	104.4
Earnings per ordinary share (diluted) (US cents) ^(a)	229.0	172.4	104.0
Number of ordinary shares (millions)			
At period end	5,724	5,964	6,056
Weighted average	5,846	6,035	6,124
Diluted	5,866	6,066	6,156

Consolidated Balance Sheet (US\$M)

Total assets	58,168	48,516	41,843
Share capital	2,922	3,242	3,363
Total equity attributable to members of BHP Billiton Group	29,667	24,218	17,575

Other financial information

Net operating cash flow (US\$M)	15,595	10,476	8,374
Gearing ^(b)	22.5%	25.2%	32.8%

(a) 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 number of shares held by the Billiton share repurchase scheme and the Billiton Employee Share Ownership Trust, the BHP Performance Share 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 and options contingently issuable under Employee Share Ownership Plans.

(b) Refer to section 11 Glossary for definitions

Details of the principal differences between IFRS and US GAAP are set out in note 38 US Generally Accepted Accounting Principles disclosures in the financial statements.

<i>Amounts in accordance with US GAAP</i>	2007	2006	30 June 2005	2004	2003
(US\$M except per share data)					
Consolidated Income Statement					
Sales revenue	39,498	32,153	26,722	22,887	15,608
Operating income	12,883	8,968	6,484	3,469	2,783
Net income attributable to members total	13,163	9,747	6,323	2,681	1,564
Net income attributable to members - from continuing operations	13,163	9,747	6,323	2,681	1,559
Net income/loss from discontinued operations	-	-	-	-	5
Per ordinary share (a):					
Net income attributable to members					
- Basic from continuing operations (US cents)	225.2	161.5	103.2	43.1	25.1
- Diluted from continuing operations (US cents)	224.4	160.7	102.6	42.9	25.0
- Basic from discontinued operations (US cents)	-	-	-	-	-
- Diluted from discontinued operations (US cents)	-	-	-	-	-
- Basic total (US cents)	225.2	161.5	103.2	43.1	25.1
- Diluted total (US cents)	224.4	160.7	102.6	42.9	25.0
Per American Depositary Share (ADS)					
Net income attributable to members					
- Basic total (US cents)	450.4	323.0	206.4	86.2	50.2
- Diluted total (US cents)	448.8	321.4	205.2	85.8	50.0

Consolidated Balance Sheet

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Total assets	62,236	52,908	46,489	36,367	34,729
Share capital	2,922	3,242	3,363	3,603	3,537
Total equity attributable to members of BHP Billiton Group	32,636	27,430	21,632	18,494	16,560

- (a) 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 Plc and BHP Billiton Limited after deduction of the number of shares held by the Billiton share repurchase scheme and the Billiton

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- Employee Share Ownership Trust, the BHP Performance Share 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 and options contingently issuable under Employee Share Ownership Plans.
- (b) On 1 July 2005, we changed our US accounting policy for pension and other post retirement benefits. Details of the impact on the FY2006 year, and pro forma disclosures for the FY2005 year had the policy been applied, are set out in note 39 US Generally Accepted Accounting Principles disclosures in the financial statements. Had the change in policy been applied to previous years, the impact on net income would not have been material in the FY2004, or FY2003 years. The impact on earnings per share would have been an increase of 0.6 US cents per share in FY2004, and decreases of 1.4 US cents per share in FY2003.
- (c) Effective 1 July 2006, the BHP Billiton Group has adopted EITF 04-6 Accounting for Shipping Costs incurred During Production in the Mining Industry. The change in accounting policy has been applied retrospectively for all periods presented above.

1.4.2 Operational information

Our Board and Executive 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

	2007	30 June 2006	2005
People and Licence to operate - Health, safety, environment and community			
Total Recordable Injury Frequency Rate (TRIFR) ^(a)	7.4	8.7	8.7
Voluntary community contribution (US\$M) ^(a)	103.4	81.3	57.4
Production			
Total petroleum products (Million barrels of oil equivalent)	116.19	117.36	118.88
Alumina and aluminium (000 tonnes)	5,800	5,549	5,512
Copper cathode and concentrate (000 tonnes)	1,250.1	1,267.8	1,034.0
Nickel (000 tonnes)	186.3	174.9	91.9
Iron ore (000 tonnes)	99,424	97,072	96,745
Metallurgical coal (000 tonnes)	38,429	35,643	37,303
Energy coal (000 tonnes)	87,025	85,756	87,416

(a) Refer to section 11 Glossary for definitions

1.5 Risk factors

We believe that, because of the international scope of our operations and the industries in which we are engaged, numerous factors 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 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. Our usual policy is to sell our 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. Additionally, volatility in prices for most of our commodities will occur. The synchronisation of global commodity markets and influence of demand from China has impacted, and may continue to impact, price volatility. 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.

Our profits may be negatively affected by currency exchange rate fluctuations

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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,

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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 measure our 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.

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

The increased demand for commodities in recent years has resulted in existing reserves being depleted at an accelerated rate. Because most of 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. The rapid growth in demand for mining and petroleum industry-related technical skills, supplies and critical equipment has led to shortages and delays in these areas. The depletion of reserves has necessitated exploration and development of new operations in less-developed countries, which may increase land tenure 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.

The influence of China may negatively impact our results in the event of a slowdown in consumption

The Chinese market has become a significant source of global demand for commodities. China now represents in excess of 45 per cent of global seaborne iron ore demand, 22 per cent of copper, 25 per cent of aluminium and 17 per cent of nickel demand. China's demand for these commodities has more than doubled in the last five years.

Whilst this increase represents a significant business opportunity, our exposure to China's economic fortunes and economic policies has increased. Sales into China generated US\$9.3 billion, or 19.6 per cent of revenue including our share of jointly controlled entities' revenue in the year ended 30 June 2007.

In recent times, we have seen a synchronised global recovery, resulting in upward movement in commodity prices driven partly by China's demand. This synchronised demand has introduced increased volatility in the Group's commodity portfolio. Whilst this synchronised demand has, in recent periods, resulted in higher prices for the commodities we produce, a slowing in China's economic growth could result in lower prices for our products and therefore reduce our revenues.

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

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 our overall operating results and financial condition.

Our business could be adversely affected by new government regulation such as controls on imports, exports and prices, new forms or rates of taxation and royalties. 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 properties, the expansion of existing operations and our results of operations.

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 Broad Based Socio Economic Empowerment Charter (Mining Charter), published under the MPRDA, requires that mining companies achieve

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15 per cent ownership by historically disadvantaged South Africans of South African mining assets within five years, and 26 per cent ownership within 10 years. 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.

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. These Acts 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, and we may not be able to successfully integrate acquired businesses or generate the cost savings and synergies anticipated, which 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 that may impact business and financial results. Management of our non-controlled assets may not comply with our health, safety, environment, and other standards, controls and procedures. 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 operations and expansion plans

The strong commodity cycle and large numbers of projects being developed in the resources industry has led to increased demand for, and shortages in, skilled personnel, contractors, materials and supplies that are required as critical inputs to our existing operations and planned developments. Labour unions may seek to secure an increased share of the economic rent in the current environment. A number of key cost inputs consumed in our operations are commodity price-linked and have consequently been impacted by the higher commodity price environment. These factors have led, and could continue to lead to, increased capital and operating costs at existing operations, as well as impacting the cost and schedule of projects under development. Industrial action may impact our operations resulting in lost production and revenues.

We have undertaken, and may continue to undertake, activities to improve the cost and operating performance of our operations via our business excellence initiatives. These initiatives may not be successfully implemented, and potential operating cost and production benefits may not be fully realised.

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

The nature of the industries in which we operate means 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 remediation expenses.

Potential health, safety and environmental events that may materially impact our operations include fall of ground incidents in underground mining operations, aircraft incidents, explosions or gas leaks, incidents involving mobile equipment, uncontrolled tailings breaches or escape of polluting substances.

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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 mine and site remediation. 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.

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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 (such as REACH) 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, remediation 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 of our African workforce. Because we operate globally, we may be affected by potential avian flu outbreaks in any of the regions in which we operate. The effects of avian flu may manifest themselves directly on employees, offices and operations, or indirectly on customers and markets. Despite our best efforts and best intentions, there remains a risk that health, safety and/or environmental incidents or accidents may occur that may negatively impact our reputation or licence to operate.

Unexpected natural and operational catastrophes may impact our operations

We operate extractive, processing and logistical operations in many geographic locations, both onshore and offshore. Our operational processes and geographic locations may be subject to operational accidents such as port and shipping incidents, fire and explosion, pitwall failures, loss of power supply, railroad incidents and mechanical failures. Our operations may also be subject to unexpected natural catastrophes such as earthquakes, flood, hurricanes and tsunamis. Existing insurance arrangements may not provide protection for all of the costs that may arise from such events. The impact of these events could lead to disruptions in production and loss of facilities adversely affecting our financial results.

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

We are a major producer of energy-related products such as energy coal, oil, gas, liquefied natural gas and uranium. Energy is also a significant input in a number of our mining and processing operations. There is growing recognition that energy consumption is a contributor to global warming, greenhouse effects and potentially climate change.

A number of governments or governmental bodies have introduced or are contemplating regulatory change in response to the potential 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 regulation, such as the mandatory renewable energy target in Australia or potential carbon trading regimes that will affect energy prices. From a medium and long-term perspective, we are likely to see changes in the margins 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 be either voluntary or legislated and may impact our operations directly or indirectly through our customers. Inconsistency of regulations may also change the attractiveness of the locations 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 25 or more countries in which we operate.

The potential 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, changing sea levels, changing storm patterns and intensities, and changing temperature levels. These effects may adversely impact the cost, production and financial performance of our operations.

Our human resource talent pool may not be adequate to support the Group's growth

The current strong commodity cycle and our pipeline of development projects have increased demand for highly skilled executives and staff with relevant industry and technical experience. The inability of the Group and industry to attract and retain such people may adversely impact our ability to adequately resource development projects and fill roles and vacancies in existing operations. Similar shortages have also impacted, and may continue to affect, key engineering, technical service, construction and maintenance contractors utilised by us in development projects and existing operations. These shortages may adversely impact the cost and schedule of development projects and the cost and efficiency of existing operations.

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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 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 Guide to Business Conduct and Anti-trust Protocols may not prevent non-adherence to business conduct protocols or instances of fraudulent behaviour and dishonesty. These may lead to regulatory fines, loss of operating licences and loss of reputation.

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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

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 , believe , expect , may , should , will , continue or similar words. These statements discuss future expectations concerning the 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.

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 or the expansion of certain facilities or mines.

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.

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2.0 INFORMATION ON THE COMPANY

2.1 *BHP Billiton locations*

We generally extract and process minerals, oil and gas in the southern hemisphere from our major production operations in Australia, Latin America and southern Africa. Our sales are geographically diversified, but strongly concentrated in the northern hemisphere. Sales and marketing take place through our principal hubs of The Hague and Singapore.

Table of Contents**Offices**

Ref	Country	Location
1	Angola	Saurina ⁽³⁾
2	Angola	Luanda ⁽³⁾
3	Australia	Adelaide ⁽¹⁾ (2)
4	Australia	Brisbane ⁽²⁾ Melbourne ⁽¹⁾ (2) (3)
5	Australia	(Global Headquarters)
6	Australia	Newcastle ⁽²⁾ (4)
7	Australia	Perth ⁽¹⁾ (2) (3) (4)
8	Belgium	Antwerp ⁽²⁾
9	Brazil	Rio de Janeiro ⁽²⁾ (3)
10	Burundi	Bujumbura ⁽³⁾
11	Cambodia	Phnom Penh ⁽³⁾
12	Canada	Vancouver ⁽³⁾
13	Chile	Santiago ⁽¹⁾ (2) (3)
14	China	Beijing ⁽²⁾ (3)
15	China	Lanzhou ⁽³⁾
16	China	Shanghai ⁽²⁾
17	DRC	Kinshasa & Lubumbashi ⁽³⁾
18	Guinea	Conakry ⁽³⁾
19	India	New Delhi ⁽²⁾
20	Indonesia	Jakarta ⁽²⁾
21	Japan	Tokyo ⁽²⁾
22	Kazakhstan	Almaty ⁽³⁾
23	Korea	Seoul ⁽²⁾
24	Liberia	Monrovia ⁽³⁾
25	Mongolia	Ulaanbaatar ⁽³⁾
26	Netherlands	The Hague ⁽²⁾
27	Philippines	Manila ⁽²⁾
28	Russia	Moscow ⁽³⁾
29	Singapore	Singapore ⁽²⁾ (3)
30	South Africa	Johannesburg ⁽¹⁾ (2) (3) (4)
31	South Africa	Richards Bay ⁽²⁾
32	Switzerland	Baar ⁽²⁾
33	UK	London ⁽¹⁾
34	UK	Sheffield ⁽²⁾
35	US	Houston ⁽¹⁾ (2)
36	US	Pittsburgh ⁽²⁾

(1) Corporate Centres

(2) Marketing Offices

(3) Minerals Exploration Offices

(4) Technology Centres

Operations**Petroleum**

Ref	Country	Site/	Description	Ownership
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Asset				
37	Algeria	Ohanet	Joint operator with Sonatrach of wet gas development	45%
38	Algeria	ROD Integrated Development	Onshore oil development, comprising development and production of six oil fields	34-45%
39	Australia	Bass Strait	The Bass Strait operations produce oil, condensate, LPG, natural gas and ethane	50%
40	Australia	Minerva	Operator of Minerva gas field development in the Otway Basin	90%
41	Australia	North West Shelf	One of Australia's largest resource projects, producing liquids, LNG and domestic gas	8.33-16.67%
42	Australia	Offshore Western Australia	Operator of Griffin oil and gas development, and operator of Pyrenees and Stybarrow, both currently under development	45-71.43%
43	Pakistan	Zamzama	Operator of onshore gas development	38.5%
44	Trinidad and Tobago	Angostura	Operator of oil field	45%
45	UK	Bruce/Keith	Oil and gas production in the UK North Sea	16-31.83%
46	UK	Liverpool Bay	Operator of oil and gas developments in the Irish Sea	46.1%
47	US	Gulf of Mexico	Interests in several producing assets, the Atlantis, Neptune and Shenzi/Genghis Khan developments, and a significant exploration acreage position	4.95-100%
-	Various	Exploration	Exploration interests in Algeria, Australia, Maritime Canada, Colombia, Malaysia, Namibia, Pakistan, South Africa, Trinidad and Tobago, UK, US	-

Aluminium

Ref	Country	Site/ Asset	Description	Ownership
48	Australia	Worsley	Integrated alumina refinery/bauxite mine	86%
49	Brazil	Alumar	Alumina refinery and aluminium smelter	36-40%
50	Brazil	MRN	Bauxite mine	14.8%
51	Guinea	Guinea Alumina Project	Integrated alumina refinery/bauxite mine (currently in definition stage)	33.3%
52	Mozambi-que	Mozal	Aluminium smelter	47.1%
53	South Africa	Hillside/Bay-side	Two aluminium smelters	100%
54	Suriname	Paranam	Alumina refinery and bauxite mines	45%

Base Metals

Ref	Country	Site/ Asset	Description	Ownership
55	Australia	Cannington	Silver, lead and zinc mine in northwest Queensland	100%
56	Australia	Olympic Dam	Large underground copper/uranium mine in South Australia	100%
57	Chile	Cerro Colorado	Open-cut mine producing copper cathode	100%
58	Chile	Escondida	One of the world's largest copper mines, located in northern Chile	57.5%
59	Chile	Spence	Open-cut mine producing copper cathode	100%
60	Peru	Antamina	Large copper-zinc mine	33.75%
61	US	Pinto Valley	Copper mine	100%

Diamonds and Specialty Products

Ref	Country	Site/Asset	Description	Ownership
62	Canada	EKATI	Diamond mine near Yellowknife, Northwest Territories	80%
63	South Africa	Richards Bay Minerals	Integrated titanium smelter/mineral sands mine	50%

Stainless Steel Materials

<i>Ref</i>	<i>Country</i>	<i>Site/Asset</i>	<i>Description</i>	<i>Ownership</i>
64	Australia	Nickel West	Nickel assets including Mt Keith and Leinster operations, Kalgoorlie nickel smelter and concentrator and Kwinana nickel refinery and Ravensthorpe nickel mine and processing facility (currently in development)	100%
65	Australia	Yabulu Refinery	The Yabulu refinery is one of the world's major laterite nickel-cobalt processing plants	100%
66	Colombia	Cerro Matoso	Integrated ferronickel mining and smelting complex in northern Colombia	99.8%

Iron Ore

<i>Ref</i>	<i>Country</i>	<i>Site/Asset</i>	<i>Description</i>	<i>Ownership</i>
67	Australia	Western Australia Iron Ore	Integrated mine, rail and port operations in the Pilbara	85-100%
68	Brazil	Samarco	Low-cost iron ore pellet producer. Integrated mine, pipeline and port operations	50%

Manganese

<i>Ref</i>	<i>Country</i>	<i>Site/Asset</i>	<i>Description</i>	<i>Ownership</i>
69	Australia	GEMCO	Producer of manganese ore	60%
70	Australia	TEMCO	Producer of manganese alloys	60%
71	South Africa	Samancor Manganese	Integrated producer of manganese ore (Hotazel Manganese Mines), alloy (Metalloys) and manganese metal (Manganese Metal Company)	60%

Metallurgical Coal

<i>Ref</i>	<i>Country</i>	<i>Site/Asset</i>	<i>Description</i>	<i>Ownership</i>
72	Australia	Illawarra Coal	Three underground coal mines	100%
73	Australia	Queensland Coal	World's largest supplier of high-quality metallurgical coal for steel production	50-80%

Energy Coal

<i>Ref</i>	<i>Country</i>	<i>Site/Asset</i>	<i>Description</i>	<i>Ownership</i>
74	Australia	Hunter Valley Energy Coal	Mt Arthur Coal	100%
75	Australia	Illawarra Coal	Marketing agent for energy coal output	-
76	Australia	Queensland Coal	Marketing agent for energy coal output	-
77	Colombia	Gerrejon	Largest coal producer in Colombia	33.3%
78	South Africa	Energy Coal	Five energy coal mines	100%
79	US	South Africa New Mexico	Mine-mouth operations	100%

Coal

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2.2 Business overview

2.2.1 History and development

Since June 2001, we have operated under a Dual Listed Companies (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 2.10 Organisational structure of this Annual 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.

The registered office of BHP Billiton Limited is 180 Lonsdale Street, Melbourne, Victoria 3000, Australia, and its telephone number is +61 3 9609 3333. The registered office of BHP Billiton Plc is Neathouse Place, London SW1V1BH, UK, and its telephone number is +44 20 7802 4000.

2.2.2 Petroleum Customer Sector Group

Our Petroleum Customer Sector Group's principal activities are oil and gas exploration, production, development and marketing in Australia, the United Kingdom, the United States, Algeria, Trinidad and Tobago, and Pakistan. We also have exploration interests in Malaysia, Colombia and southern Africa.

We previously operated on a geographic basis, with regions undertaking all aspects of exploration, development and production. From July 2006, we have reorganised on a functional basis, whereby dedicated exploration, development, production and marketing teams operate on a global basis with support groups enabling execution with common world-wide systems.

For 2007 reporting purposes, we have grouped our assets into the following regions: Australia/Asia, Americas, and Europe/Africa/Middle East. We produce and market crude oil and condensates, natural gas, liquefied natural gas, liquefied petroleum gas and ethane.

Total production in FY2007 was 116.2 million barrels of oil equivalent, compared with total production in FY2006 of 117.4 million barrels of oil equivalent.

Australia/Asia

In Australia, we produce oil and gas from Bass Strait, the North West Shelf, the Griffin field and the Minerva gas field, with Bass Strait and North West Shelf being the major fields. In Asia, we produce gas and a small volume of condensate from the Zamzama gas field in Pakistan.

The majority of our Bass Strait crude oil and condensate production is dispatched from the Bass Strait fields to refineries along the east coast of Australia. A significant proportion of the natural gas produced was sold to GASCOR, under a long-term Consumer Price Index (CPI) linked contract with periodic price reviews, for on-sale to retailers to meet local residential, commercial and industrial requirements. The GASCOR contract is due to expire on 31 December 2009 or upon depletion of the outstanding contractual volume, whichever is the earlier. We have entered into similar long-term contracts with AGL and TRUenergy that will extend gas supply to these two retailers until 2017. Other long-term contracts are also in place to supply gas to customers in New South Wales (Australia) and Tasmania (Australia).

The domestic gas phase of the North West Shelf (NWS) Project delivers gas via pipeline to the Western Australian domestic market under long-term contracts. LNG from the NWS Project is sold under long-term contracts that expire at various periods from two to 27 years time to buyers in Japan, China and Korea that expire at various periods from two to 27 years time. The NWS LNG Project is currently undergoing an expansion, with Train 5 expected to be completed in late 2008. Capacity from this train has been sold under term contracts to existing buyers in Japan and Korea from 2009. Any spare capacity arising in the system from time to time is sold to existing buyers or into short-term markets.

Americas

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Our operations in the Americas consist of interests in five producing assets in the Gulf of Mexico operations and the Angostura project off Trinidad and Tobago. Our operating fields in the Gulf of Mexico are Mad Dog, West Cameron 76, Mustang, Genesis and Starlifter. We also own 25 per cent and 22 per cent respectively in 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 to connecting pipelines that transport product to the US mainland.

In October 2006, the sale of our working interest in the Typhoon, Boris and Little Burn oil fields was completed following regulatory approval.

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On 1 February 2007, we completed the purchase of an interest in the Genghis Khan oil and gas development in the deepwater Gulf of Mexico. The transaction, which was announced in November 2006, closed for US\$1.326 billion, with net share to BHP Billiton of US\$583 million.

Europe/Africa/Middle East

Our Europe/Africa/Middle East producing assets include our fields off the UK coast and two operations in Algeria. In the UK, we produce oil and gas from Liverpool Bay and Bruce/Keith fields. In Algeria, we produce wet gas from Ohanet and oil from ROD Integrated Development.

Information on Petroleum operations*Significant oil and gas assets*

Production and reserves information for our most significant oil and gas assets are listed in the table below:

Asset	Location	FY2007	Net Proved Reserves
		Net Production (MMboe)	(MMboe)
Bass Strait	Offshore SE Australia	41	450
North West Shelf	Offshore NW Australia	30	425
Atlantis	Gulf of Mexico	-	109
Shenzi/Genghis Khan	Gulf of Mexico	-	20
Liverpool Bay and Bruce/Keith	United Kingdom	14	38
Ohanet and ROD	Algeria	9	38

Detailed descriptions of our producing assets by geographical region are listed in the table below. This table should be read in conjunction with the production and reserve tables.

Name, location and type of asset	Ownership and operation	Title/lease	Facilities
Australia/Asia			
Bass Strait	We hold a 50% interest in the Bass Strait fields.	The venture holds 20 production licences and two retention leases issued by the Commonwealth of Australia with expiry dates ranging between	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).
Offshore Victoria, Australia	Esso Australia owns the other 50% interest and is the operator.		

Oil and gas production

2009 and 2019.

Onshore infrastructure includes the Longford Facility, which includes three gas plants and liquid processing facilities, as well as the Long Island Point LPG and crude oil storage facilities.

The Bass Strait production capacity is as follows:

Crude 500 Mbb/d

Gas 1,075 MMcf/d

LPG 5,150 tonnes per day

Ethane 850 tonnes per day

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Name, location and type of asset	Ownership and operation	Title/lease	Facilities
<p>North West Shelf (NWS) gas and gas liquids (LPG and condensate)</p> <p>North Rankin, Goodwyn, Perseus, Echo-Yodel and Angel fields offshore, Dampier in northwestern Australia</p> <p>Gas, LPG and condensate production and LNG liquefaction</p>	<p>We are a participant in the North West Shelf (NWS) Project, an unincorporated joint venture.</p> <p>The Project was developed in major phases: the domestic gas phase, which supplies gas to the Western Australian domestic market; and a number of LNG expansion phases, which currently supply LNG primarily to Japan, Korea and also supply LNG to Guangdong in China.</p> <p>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% over the period from 2005 to approximately 2017. We also hold 16.67% of the 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.</p> <p>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.</p> <p>Woodside Energy is the operator of the project.</p>	<p>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.</p>	<p>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 Mbbbl/d of condensate.</p> <p>Production from the Goodwyn 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 Mbbbl/d of condensate. Further development of the existing Perseus field has commenced and includes the drilling of additional wells tied into the Goodwyn A platform.</p> <p>An onshore gas treatment plant at Withnell Bay has a current capacity to process 615 MMcf/d of gas for the domestic market.</p> <p>An existing four train LNG plant has the capacity to produce an average rate of 33,000 tonnes of LNG per day.</p>

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North West Shelf crude oil

We hold a 16.67% working interest in oil production from these fields.

The venture holds three production licences issued by the Commonwealth of Australia, with expiry dates ranging between 2012 and 2018.

The oil is produced to a floating production storage and offloading unit, the Cossack Pioneer, which has a capacity of 140 Mbbbl/d and a storage capacity of 1.15 million barrels of crude oil.

Approximately 30 kilometres northeast of the North Rankin gas and condensate field, offshore Western Australia, Australia

The other 83.33% is held in equal 16.67% shares by Woodside Energy, BP Developments Australia, Chevron Australia, Shell Development, and Japan Australia LNG (MIMI).

Crude oil production is from the Wanaea, Cossack, Lambert and Hermes oil fields.

Woodside Energy is the operator of the project.

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Griffin	We hold a 45% interest in the project. 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. The licence may be renewed on expiry for a period expiring five years after production ceases.	Oil and gas are produced via the Griffin venture, a floating production, storage and offloading facility. We pipe natural gas to shore, where it is delivered directly into a pipeline.
Carnarvon Basin, 62 kilometres offshore Western Australia, Australia	We are the operator of the project.		The Griffin venture has an original production design capacity of 80 Mbbbl/d of crude oil and 50 MMscf/d of gas.
Comprises the Griffin, Chinook and Scindian offshore oil and gas fields.			
Minerva	We hold a 90% share of Minerva in a joint venture agreement.	The venture holds a production licence issued by the Commonwealth of Australia that expires in 2023. The licence may be renewed on expiry for a period expiring five years after production ceases.	The Minerva development consists of two well completions in 60 metres 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 kilometres offshore in the Otway Basin of Victoria, Australia	The other 10% is held by Santos (BOL) Pty Ltd.		
Single offshore gas reservoir with two compartments. Gas plant is situated approximately 4 kilometres inland from Port Campbell.	We are the operator of the field.		
Zamzama	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 (a jointly-owned company between Kufpec and Premier Oil) (18.75%) and Government Holdings (25%).	Development and production lease from the Government of Pakistan (with an option to extend five years beyond the 20-year term).	The Zamzama project currently consists of five production wells and three process trains, with a total capacity of 350 MMcf/d and 2,200 bbl/d of condensate.
Dadu Block, Sindh Province, Pakistan			However the sales agreements for gas are only for the supply of 320 MMcf/d.
Onshore gas wells	We are the operator.		

AMERICAS

West Cameron 76	We hold a 33.76% working 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 100 MMcf/d of gas and 500 bbl/d of condensate.
Gulf of Mexico, 15 kilometres offshore, Central			

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Louisiana, US

The other owners are Dominion Exploration and Production (40%), Merit Management Partners (15%) and Ridgewood Energy Company (11.24%). Dominion sold its interest to ENI in July 2007.

Offshore gas and condensate fields

We are the operator.

Genesis (Green Canyon 205)

We hold a 4.95% working interest.

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 Mbb/d of oil

Gulf of Mexico, approximately 100

The other owners are Chevron (56.67%) and

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kilometres offshore of New Orleans, Louisiana, US	ExxonMobil (38.38%).		and 72 MMcf/d of gas.
Starlifter (West Cameron 77)	Chevron is the operator. We hold a 30.95% working 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 field development consists of a single conventional gas platform with a capacity of 30 MMcf/d of gas and 300 bbl/d of condensate.
Gulf of Mexico, 15 kilometres offshore, Central Louisiana, US	The other owners are Newfield Exploration (45%), Merit Management Partners (13.75%) and Ridgewood Energy Company (10.3%).		
Offshore gas and condensate field			
Mustang (West Cameron 77)	Newfield Exploration is the operator. We hold a 43.66% working 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 field development consists of a single conventional gas platform with a capacity of 40 MMcf/d of gas and 600 bbl/d of condensate.
Gulf of Mexico, 15 kilometres offshore, Central Louisiana, US	The other owners are Dominion Exploration and Production (22.4%), Merit Management Partners (19.4%) and Ridgewood Energy Company (14.54%). Dominion sold its interest to ENI in July 2007.		
Offshore gas and condensate field			
Mad Dog (Green Canyon 782)	We are the operator. We hold a 23.9% working interest in Mad Dog.	The venture holds a lease from the US as long as oil and gas are produced in paying quantities.	The field development consists of an integrated truss spar equipped with facilities for simultaneous production and drilling operations, permanently moored in 4,300 feet of water.
Gulf of Mexico, approximately 320 kilometres offshore of New Orleans, Louisiana, US	The other 76.1% is held by BP (60.5%) and Chevron (15.6%).		
Deepwater oil and gas field	BP is the operator.		The facility has the capacity to process 100 Mbbbl/d of oil and 60 MMcf/d of gas.
Greater Angostura	We hold a 45% working interest in the joint venture.	The venture has entered into a production sharing contract with the Republic of Trinidad	The Angostura development is an integrated oil and gas development. The

Approximately 40 kilometres off the east coast of Trinidad

Shallow water oil and gas field

The other 55% is held by Total (30%) and Talisman Energy (25%).

We are the operator.

and Tobago that entitles the contractor to operate Angostura until 2021.

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 newly constructed 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 Mbbbl/d of oil.

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EUROPE/AFRICA/MIDDLE EAST

<p>Liverpool Bay</p> <p>Douglas and Douglas West oil fields, Hamilton, Hamilton North and Hamilton East gas fields, and Lennox oil and gas fields in the Irish Sea, approximately 10 kilometres off the northwest coast of England</p>	<p>We hold a 46.1% working interest in the joint venture. The other 53.9% is held by Eni.</p> <p>We are the operator.</p>	<p>The joint venture holds three production licences issued by the Crown of the United Kingdom. One of these licences was extended in July 2007 for a further term which expires in 2025. The other licences expire in 2009 and 2016.</p>	<p>The Liverpool Bay asset is an integrated development of six fields.</p> <p>Oil from the Lennox and Douglas fields is treated at the Douglas complex and piped 17 kilometres to an oil storage barge for export by tankers.</p> <p>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 Mbb/d of oil and condensate.</p>
<p>Bruce/Keith</p> <p>North Sea, approximately 380 kilometres northeast offshore of Aberdeen, Scotland</p> <p>The Keith field is located adjacent to the Bruce field.</p> <p>Offshore oil and gas fields</p>	<p>We hold a 16% interest in the Bruce field. The other 84% is owned by BP (37%), Total (43.25%) and Marubeni (3.75%).</p> <p>BP is the operator of Bruce.</p> <p>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%).</p> <p>We are the operator of Keith.</p>	<p>The joint venture holds three production licences issued by the Crown of the United Kingdom, which expire in 2011, 2015 and 2018.</p>	<p>Production is via an integrated oil and gas platform.</p> <p>The throughput of the Bruce facility has, since 2002, been increased to 920 MMcf/d through de-bottlenecking and revising operating envelopes.</p> <p>The Keith field was developed as a tie-back to the Bruce platform facilities</p>

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<p>Ohanet</p> <p>Approximately 1,300 kilometres southeast of Algiers, Algeria</p> <p>Four wet gas fields</p>	<p>We have an effective 45% working interest in the Ohanet joint venture. The other 55% is held by Japan Ohanet Oil and Gas (30%), Woodside Energy (Algeria) (15%) and Petrofac Resources (Ohanet) (10%).</p> <p>The project is operated by a Sonatrach/BHP Billiton jointly staffed organisation.</p>	<p>The venture is party to a risk service contract with the title holder Sonatrach that expires in 2011, with an option for a renewal of up to four years under certain conditions.</p> <p>Under this contract, the Ohanet joint venture is reimbursed and remunerated for its investments in liquids.</p>	<p>Ohanet is a wet gas (LPG and condensate) development consisting of four gas and condensate reservoirs and a gas processing plant with the capacity to treat 20 MMcf/d of wet gas and 61 Mbbl/d of associated liquids (LPG and condensate).</p>
<p>ROD Integrated Development</p> <p>Berkine Basin, 900 kilometres southeast of Algiers, Algeria</p> <p>Six oil fields</p>	<p>We hold a 45% interest in the 401a/402a production sharing contract, with ENI holding the remaining 55%.</p> <p>However, we have an effective 38% interest in ROD unitised integrated development. ENI owns the remaining 62%. This interest is subject to a contractual determination to ensure that interest from participating association leases is accurately reflected. Future redetermination may be possible under certain conditions.</p> <p>A joint Sonatrach/ENI entity is the operator.</p>	<p>The venture is party to a production sharing contract with the title holder Sonatrach that expires in 2016, with an option for a five-year renewal under certain conditions.</p>	<p>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.</p> <p>The ROD Integrated Development is being produced through a new dedicated processing train, with the capacity to process approximately 80 Mbbl/d of oil.</p>

Development projects

Australia/Asia

Stybarrow

In November 2005, our Board approved the development of the Stybarrow oil field in the Exmouth Sub-basin, off the northwest coast of Western Australia. At a water depth of approximately 825 metres, Stybarrow will be Australia's deepest oil field development. The Stybarrow project consists of a development and a floating production, storage and offshore loading facility, which will be used to process, store and offload oil to export tankers. The vessel will be disconnectable, double-hulled and able to process approximately 80,000 barrels of liquids a day. We own a 50 per cent operated working interest in this permit, with the

remaining interest held by Woodside Energy. Due to cost pressures, project costs were revised to approximately US\$760 million (US\$380 million (FY2006: US\$300 million) our share), whilst first production is still expected during or ahead of third quarter FY2008.

North West Shelf Train 5 expansion

The expansion of the existing LNG processing facilities located on the Burrup Peninsula continues with the construction of the fifth LNG train. In June 2005, our Board approved our 16.67 per cent share of investment in a fifth LNG train expansion of the existing LNG processing facilities located on the Burrup Peninsula, which will increase total LNG production capacity to 43,500 tonnes per day. The project is currently progressing behind schedule due to the shortage of labour caused by accommodation constraints in Karratha. Measures to provide relief on this constraint took effect in third quarter FY2007. Our share of development costs, based on the operator's (Woodside Energy) estimate, was revised to approximately US\$300 million (FY2006: US\$250 million), with first production expected by late second quarter FY2008.

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North West Shelf Angel development

Development of the Angel gas and condensate field, approved in December 2005 is currently underway. The development will include the installation of the venture's third major offshore production platform, which will have a capacity to produce 800 MMcf/d of gas from the North West Shelf and associated infrastructure, including a new subsea 50 kilometre pipeline, which will be tied in to the first trunk line at the North Rankin platform. Our 16.67 per cent share of development costs, based on the operator's (Woodside Energy) estimate, is approximately US\$200 million. The project is currently on schedule and budget with first production scheduled for the end of second quarter FY2009.

Pyrenees WA-12-R/WA-155-P

In July 2007, our Board approved the Pyrennes project to develop the WA-12-R permit portion of the Crosby, Stickle and Ravensworth oil fields in the Exmouth Sub-basin, off the northwest coast of Western Australia. Project costs for the Pyrenees development are approximately US\$1.7 billion (approximately US\$1.2 billion our share). The development consists of subsea production and injection wells tied back to a floating production storage and offloading (FPSO) facility with an oil processing capacity of 96,000 barrels per day. First production is expected during the second half of FY2010.

We own a 71.43 per cent operated working interest in the WA-12-R permit, with Apache Energy Ltd owning the remaining 28.57 per cent.

The Ravensworth field straddles the WA-12-R and WA-155-P permits. We own a 40 per cent operated working interest in the WA-155-P permit, with Apache Energy Ltd owning 31.5 per cent and Inpex owning 28.5 per cent.

Zamzama Phase 2

Phase 2 of the Zamzama gas field development is currently under construction after being sanctioned in November 2005. Capacity is expected to increase by approximately 150 MMcf/d of gas and 800 bbl/d of condensate in September 2007 at a cost of US\$120 million (US\$46 million our share). We signed a gas sales and purchase agreement in November 2005 with the Government of Pakistan and Sui Southern Gas Company Limited.

Americas

Atlantis South

We have a 44 per cent working interest in Atlantis South in the deepwater fields in the Gulf of Mexico. The facility will be a moored, semi-submersible platform with a capacity of 200 Mbb/d of oil and 180 MMcf/d of gas. The expected cost has increased to US\$1.63 billion (FY2006: US\$1.1 billion) (our share) for the installation of the infrastructure and associated wells required to achieve plateau production from this facility. First oil is expected by the first half of FY2008. BP owns the other 56 per cent and operates the project.

Neptune

We have a 35 per cent interest and will operate the Neptune oil and gas project in the deepwater fields in the Gulf of Mexico. Other members of the joint venture are Marathon Oil (30 per cent), Woodside (20 per cent) and Repsol (15 per cent). The project will construct a stand-alone tension-leg platform with a nameplate capacity of 50 Mbb/d and 50 MMcf/d of gas. The expected cost has increased to US\$405 million (FY2006: US\$300 million) (our share). First oil is expected by the end of the first half of FY2008.

Shenzi/Genghis Khan

We have a 44 per cent interest, and will operate the Shenzi oil and gas project in the deepwater fields of Gulf of Mexico. Other owners of the project are Repsol (28 per cent) and Hess Corporation (28 per cent). The project is constructing a stand-alone tension-leg platform (TLP) with a design capacity of 100 Mbb/d and 50 MMcf/d of gas. First oil for the Shenzi development through the TLP is expected by the end of FY2009.

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On 1 February 2007, we completed the purchase of the Genghis Khan oil and gas development in the deepwater Gulf of Mexico. The transaction, which was first announced in November 2006, closed for US\$1.326 billion, with our net share of US\$583 million. The field is part of the same geological structure as the Shenzi project. We are the operator of Genghis Khan and hold a 44 per

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cent interest. Co-venturers are Hess Corporation and Repsol YPF, each with 28 per cent. The Genghis Khan development consists of a 12,600 feet tieback to the existing Marco Polo TLP which is owned in a 50-50 per cent joint venture by Enterprise and Helix, and is operated by Anadarko. First oil through Marco Polo is expected in the first half of FY2008. Gross costs for the Shenzi/Genghis Khan field development (net of acquisition costs) is US\$4.9 billion (US\$2.2 billion) (our share).

Other developments

Cabrillo Port

During the year, we continued to seek the Federal and State permits needed to construct and operate Cabrillo Port, a floating storage and regasification unit (FSRU), located in the Pacific Ocean approximately 22 kilometres offshore from Ventura County, California.

On 18th May 2007, the Governor of California vetoed the project's application for a federal deepwater port licence. Work on this project has now ceased.

Exploration and appraisal

We are focused on finding significant discoveries through wildcat drilling. We have exploration interests throughout the world, particularly the Gulf of Mexico, Western Australia and Malaysia. During the year, our gross expenditure on exploration was US\$395 million. Our major exploration interests are as follows:

Australia/Asia

Scarborough

We have a 50 per cent non-operated interest in the Scarborough gas field in WA-1-R (ExxonMobil holds the remaining 50 per cent and is the operator) which covers the northern extension of the mapped gas reservoir. The project is still examining a number of concepts for field development.

Thebe

The Thebe-1 exploration well was recently drilled offshore Western Australia. The well and subsequent evaluation confirmed a gas column encountered in the Exmouth Plateau of the Carnarvon Basin.

The well was drilled in July 2007 and is located approximately 300 kilometres off the northwest coast of Western Australia in water depths of 3,848 feet (1,173 metres) and approximately 50 kilometres north of the Scarborough gas field. The well has now been abandoned after reservoir core was collected. BHP Billiton is the operator at Thebe-1 and holds a 100 per cent interest in the field.

Browse

The Browse basin is comprised of the Torosa, Brecknock and Calliance fields and is operated by Woodside Petroleum. It is divided into two joint ventures: East Browse and West Browse. We have an 8.33 per cent non-operated interest in East Browse and a 20 per cent non-operated interest in West Browse. An appraisal program is in progress and concurrently the operator is conducting concept selection studies.

Malaysia

In March 2007, we were awarded two offshore blocks in Malaysia. We are the operator of the blocks under two separate Production Sharing Contracts. The minimum exploration program includes the acquisition and processing of seismic data for approximately 2,300 square kilometres across the 2 blocks, and the drilling of 4 exploration wells within the first 7 years of the contracts.

Americas Gulf of Mexico

Puma Green Canyon/Western Atwater Foldbelt exploration

The Puma-1 exploration well was drilled in January 2004. The well was drilled in 4,130 feet of water and encountered hydrocarbons in both the original hole and in two subsequent sidetrack bores. The first appraisal well was re-entered in January 2007 but did not encounter any commercial reserves and has been temporarily abandoned. A second appraisal well was drilled with additional wells planned in FY2008 to further evaluate the results of the prospect.

Following an interim equity agreement, we hold a 29.805 per cent working interest in Puma. The other 70.195 per cent is held by BP (46.195 per cent), Chevron (21.75 per cent) and Statoil (2.25 per cent), subject to future redetermination.

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Knotty Head Green Canyon/Wester Atwater Foldbelt exploration

We currently own a 25 per cent working interest in an exploration well on the Knotty Head Prospect, located in the Green Canyon area. Partners in the well are Nexen (25 per cent owner and operator), Anadarko (25 per cent) and Unocal (a wholly-owned subsidiary of Chevron) (25 per cent). Unocal spudded the exploration well in March 2005. The initial well was completed in mid December 2005 followed by a sidetrack operation that was completed in early March 2006 to further evaluate the results of the discovery well. The well was drilled in 3,570 feet of water to a total depth of 34,189 feet and encountered hydrocarbons in both the original hole and the subsequent sidetrack. Additional appraisal work will be required to further evaluate the economic potential of the prospect.

Cascade/Chinook Walker Ridge exploration

On 9 August 2006, Petrobras and Devon purchased our 50 per cent working interest in the Cascade blocks. Petrobras and Total E&P USA, Inc acquired our 40 per cent working interest in Chinook. We received cash and a right to future contingent consideration, as well as maintaining an overriding interest in these blocks.

Americas - Colombia

In June 2007, we signed a Joint Operating Agreement with Ecopetrol for the Fuerte Norte and Fuerte Sur blocks, located offshore in Colombia. We hold 75 per cent operated interest in each block with Ecopetrol holding the remaining 25 per cent.

Europe/Africa/Middle East

Namibia

We hold interests in two blocks located offshore in Namibia, which we acquired in 2005. These are known as the Northern and Southern Block. In November 2006, we farmed out 25 per cent of its interest in these two blocks. Mitsui & Co. Ltd. acquired 15 per cent and the Petroleum Oil and Gas Corporation of South Africa (Pty) Ltd acquired 10 per cent with an option to consider additional equity. We remain the operator and hold the remaining 75 per cent interest.

2.2.3 Aluminium Customer Sector Group

Through operations in Australia, Brazil, Mozambique, South Africa and Suriname, our Aluminium CSG mines bauxite, refines bauxite into alumina and smelts alumina into aluminium metal. The principal raw materials required for aluminium production are alumina, electricity, liquid pitch and petroleum coke. Alumina production requires bauxite, caustic soda and electricity. Most of the alumina we use to produce aluminium metal is sourced from our own operations. We buy caustic soda, liquid pitch and petroleum coke from a number of producers around the world.

We sell part of our bauxite and alumina production to other refiners and smelters, and sell aluminium in the following forms: primary aluminium, foundry alloy, extrusion billet, rolling slab and wire rod.

We are the world's sixth largest producer of primary aluminium, with a total production capacity of approximately 1.3 mtpa of aluminium. We also have a total operating capacity of approximately 15.6 mtpa of bauxite and 4.5 mtpa of alumina. We sell aluminium metal to customers around the world, generally at prices linked to the London Metal Exchange (LME) price. Our alumina and bauxite sales are governed by a mixture of contract and spot sales.

The Aluminium CSG's operations comprise the following:

The fully owned and operated Hillside and Bayside aluminium smelters, located at Richards Bay, South Africa

A 47.1 per cent interest and operator of the Mozal aluminium smelter in Mozambique.

An 86 per cent interest of the Worsley joint venture, consisting of the Boddington bauxite mine and the Worsley alumina refinery, both located in Western Australia.

A 45 per cent interest and operator of the Suriname Mining joint venture operating the Kaaimangrasie, Klaverblad and Coermotibo mines in Suriname and a 45 per cent interest in the refining joint venture, comprising an alumina refinery and port facilities at Paranam in Suriname. (The Lelydorp III mine ceased operation February 2007.)

Interests in the Alumar Consortium and Mineração Rio do Norte S.A (MRN). The Alumar Consortium operates an integrated alumina refinery and aluminium smelter in São Luís, Brazil. Our share in the Alumar refinery is 36 per cent

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and in the Alumar smelter is 40 per cent. The Alumar Consortium purchases bauxite under long-term contracts from MRN, an operation of three open-cut mines in northern Brazil in which we own 14.8 per cent. In August 2006, we completed the sale of our 45.5 per cent interest in the Valesul Alumina SA joint venture to our joint venture partner, Companhia Vale do Rio Doce (CVRD) for US\$27.5 million.

Information on the Aluminium CSG's bauxite mining operations

Detailed descriptions of our assets are listed in the table below. This table should be read in conjunction with the production and reserve tables.

Name, location and type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
<p>Boddington bauxite mine</p> <p>123 kilometres southeast of Perth at Boddington, Western Australia, Australia</p>	<p>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%).</p>	<p>The Boddington bauxite mine opened in 1983 and was significantly extended in 2000.</p>	<p>The mine has a crushing plant with the capacity of 13 dry mtpa of bauxite. Power is supplied from the Worsley alumina refinery site via a joint venture-owned powerline.</p>
<p>Open-cut mine</p>	<p>Worsley Alumina Pty Ltd is the manager of the joint venture on behalf of the participants. Worsley Alumina Pty Ltd has the same ownership structure as the Worsley joint venture.</p>		<p>A description of the Worsley alumina refinery can be found below.</p>
<p>The mine is accessible by sealed public roads. The ore is transported to Worsley alumina refinery via a 51 kilometre overland conveyor.</p>	<p>We hold a 2,654 square kilometre mining lease from the Western Australian government and two sub leases totalling 855 square kilometres from Alcoa of Australia Limited. In 2004, we renewed the lease for a second 21-year term. A further 21-year renewal is available.</p>		
<p>Suriname Lelydorp III mine (Onverdacht)</p>	<p>Prior to closure of the mine in February 2007, we owned 45% of the refining and mining joint venture. We managed all mining operations.</p>	<p>The Lelydorp III mine started operations in 1997. The mine closed down operations in February 2007.</p>	<p>Lelydorp III mine had a nominal production capacity of 2 mtpa; there are no beneficiation or processing facilities.</p>
<p>25 kilometres south of Paramaribo and</p>	<p>Suralco held exploitation licences, issued by the Government of Suriname, which would have</p>		

15 kilometres west of the Paranam refinery, Suriname

expired in 2032.

Open-cut mine
Suriname
Kaaimangrasie
mine (Onverdacht)

We own 45% of the refining and mining joint venture. The other 55% interest is held by Suralco (a subsidiary of Alcoa World Alumina and Chemicals (AWAC), a venture of Alcoa and Alumina Limited).

The development of the Kaaimangrasie mine started in November 2005. Operations/delivery of bauxite to the refinery commenced in July 2006. The mine is scheduled to be operated until November 2009.

Kaaimangrasie mine has a nominal production capacity of approximately 2 mtpa of bauxite; there are no processing facilities at the mine.

38 kilometres southeast of Paramaribo and 24 kilometres east of the Paranam refinery, Suriname

We manage all mining operations.

Electricity is sourced from Suralco and fuel sourced from an external provider.

Suralco holds the exploitation licences, issued by the Government of Suriname, over the Kaaimangrasie deposit. These

licences expire in 2032.

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Name, location and type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
Open-cut mine	The mine is accessible by a joint venture-owned haul road. The ore is hauled by truck over a distance of 28 kilometres	to the Paranam refinery.	Suriname Klaverblad mine (Onverdacht)
23 kilometres southeast of Paramaribo and 11 kilometres east of the Paranam refinery, Suriname	We manage all mining operations.	The development of the Klaverblad mine started in July 2005. Operations/delivery of bauxite to the refinery commenced in April 2007. The mine is scheduled to be operated until August 2011.	Klaverblad mine has a nominal production capacity of approximately 2 mtpa of bauxite; there are no processing facilities at the mine.
Open-cut mine	Suralco holds the exploitation licences, issued by the Government of Suriname, over the Klaverblad deposit. These licences expire in 2032.		Electricity is sourced from Suralco and fuel sourced from an external provider.
The mine is accessible by a joint venture-owned haul road. The ore is hauled by truck over a distance of 17 kilometres to the Paranam refinery.			

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Name, location and type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
<p>Suriname Coermotibo</p> <p>150 kilometres east of Paranam, Suriname</p> <p>Surface strip mine</p> <p>The mine is accessible by joint venture-owned haul roads.</p>	<p>We own 45% of the Coermotibo joint venture. The other 55% interest is held by Suralco.</p> <p>We manage all mining operations.</p> <p>Suralco holds exploitation licences over the bauxite, issued by the Government of Suriname. These licences expire in 2032.</p>	<p>The Coermotibo mine started operations in 1991. Based on reserves the mine will be depleted in 2007. Remnants mining will continue after that time until July 2011.</p>	<p>Coermotibo mine has a nominal production capacity of 1.7 mtpa. There are primary crushing and barge loading facilities, but no beneficiation or other processing facilities.</p> <p>Coermotibo generates its own electricity from power generators that run on diesel fuel.</p>
<p>The ore is hauled to the Coermotibo crushing and loading facility and subsequently barged along the Commewijne River to the Paranam refinery.</p>			
<p>MRN</p> <p>Oriximina, State of Pará, Brazil</p> <p>Open-cut mine</p>	<p>We own 14.8% of Mineração Rio do Norte S.A (MRN). The other 85.2% is owned by affiliates of Alcoa (18.2%), Alcan (12%), Companhia Brasileira de Alumínio (CBA) (10%), CVRD (40%) and Norsk Hydro (5%).</p> <p>MRN holds valid mining rights granted by the Brazilian Federal Government to all its reserves until</p>	<p>Production started in 1979 and the last expansion occurred in 2003.</p>	<p>MRN beneficiation facilities consist of a crushing unit and a washing unit and a conveyer belt that transports the ore between the two units. The bauxite nominal production capacity is approximately 17 mtpa.</p> <p>MRN has its own power generation station using fuel oil.</p>

The mine is accessible by joint venture-owned haul roads. A joint venture-

owned railroad connects the 28 kilometres between the plant and the port.

Information on the Aluminium CSG s aluminium smelters and alumina refineries

Operation and location	Ownership, operation and title	Plant type/product	Capacity
Hillside aluminium smelter	We own and operate the smelter.	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 0.704 mtpa of primary aluminium.
Richards Bay, 200 kilometres north of Durban, KwaZulu-Natal province, South	We hold freehold title over the property, plant and equipment.		The plant s power requirements are sourced from the national power supplier Eskom, under
	The harbour silos, buildings and overhead conveyors are owned by Hillside, but Bayside is the principal lessee of the land for the export stockyard, liquid pitch terminal and the silo site,		

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Operation and location	Ownership, operation and title	Plant type/product	Capacity
Africa	which are used by Hillside and Bayside.		long-term contracts. The prices in the contract for Hillside 1 and 2 are linked to the LME price for aluminium, while the prices for Hillside 3 are linked to the SA and US PPI.
Bayside aluminium smelter	We own and operate the smelter.	The Bayside smelter uses Alusuisse pre-bake and Soderberg self-bake technologies to produce primary aluminium. Bayside uses its own aluminium and liquid aluminium acquired from Hillside to also produce a range of value added products, such as wheel rim alloy, rod and rolling ingot.	The nominal potline production capacity is 0.169 mtpa of primary aluminium.
Richards Bay, 200 kilometres north of Durban, KwaZulu-Natal province, South Africa	We hold freehold title over the property, plant and equipment. The harbour silos, buildings and overhead conveyors are owned by Hillside, but Bayside is the principal lessee of the land for the export stockyard, liquid pitch terminal and the silo site, which are used by Hillside and Bayside.		The plant's power requirements are sourced from the national power supplier Eskom, under a long-term contract with prices linked to the LME price for aluminium.
Mozal aluminium smelter	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 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.
17 kilometres from Maputo, Mozambique	The joint venture has a 50-year right to use the land, renewable for another 50 years under a government concession.		The plant's power requirements are purchased from Motraco, under an agreement that provides for a fixed tariff for the majority of electricity through to 2012 and LME-linked pricing thereafter.
Worsley alumina refinery	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)	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.

<p>Approximately 55 kilometres northeast of Bunbury, Western Australia, Australia</p>	<p>Pty Ltd (10%).</p> <p>Worsley Alumina Pty Ltd is the manager of the joint venture on behalf of the participants. Worsley Alumina Pty Ltd has the same ownership structure as the Worsley joint venture.</p>	<p>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.</p>	
<p>Paranam refinery</p>	<p>We hold a 2,480 hectare refinery lease from the Western Australian Government. In 2004, we renewed the lease for a second 21-year term. A further 21-year renewal is available.</p> <p>We own 45% of the Paranam joint venture. The other 55% of the joint venture is owned by Suralco.</p>	<p>The Paranam alumina refinery utilises the Bayer process to produce metallurgical grade alumina, which is used as feedstock for aluminium</p>	<p>Capacity is 2.2 mtpa. The Paranam refinery generates its own power.</p>
<p>Paranam, Suriname</p>			

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Operation and location	Ownership, operation and title	Plant type/product	Capacity
	Suralco manages the alumina refinery.	smelting.	
	The joint venture holds freehold title to the property, plant and equipment, in a 45-55% split between the two joint venture partners.		
Alumar	The Alumar Consortium is an unincorporated joint venture that holds the smelter, refinery, ingot plant and support facilities.	The alumina refinery and aluminium smelter use Alcoa technology to produce alumina and aluminium ingots.	The refinery complex was last expanded in June 2005, achieving annual capacity of 1.5 mtpa.
São Luís, Maranhão, Brazil	We own 40% of the aluminium smelter. The other 60% is owned by Alcoa Aluminio SA (Alcoa).		The smelter has a nominal annual capacity of approximately 0.45 mtpa of primary aluminium.
	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 Alcan (10%).		
	The consortium comprises an integrated port, an alumina refinery and an aluminium smelter together with areas for the production of anodes and aluminium ingots.		The electricity requirements are supplied by Brazilian public power generation concessionaire Electronorte, pursuant to a 20-year contract.
	All the above are freehold interests of the joint venture participants.		

Development projects*Worsley*

The Worsley Alumina Development Capital Project (DCP), which commenced in 2004, was completed in 2007 at a cost of US\$235 million (US\$188 million our share), resulting in a 0.25 mtpa increase in alumina production (0.215 mtpa our share) to 3.5 mtpa.

The Efficiency and Growth Project at Worsley Alumina to lift production by 1.1 mtpa (0.946 mtpa our share) to 4.6 mtpa is currently in definition phase.

Alumar

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In December 2005, we approved a project to expand the refinery, which will increase annual alumina production capacity by 2.0 mtpa (0.7 mtpa our share) to 3.5 mtpa (1.3 mtpa our share). We have estimated that our share of this investment will total US\$725 million. During the year, budgeted project costs have increased by approximately 40 per cent from US\$518 million due to rises in construction, electrical, instrumentation, labour and general overhead costs.

Guinea Alumina Project

In April 2007, we announced the acquisition of a 33.3 per cent interest in the Guinea Alumina Project in Guinea, West Africa. The project comprises the design construction and operation of a 3 mtpa (1 mtpa our share) alumina refinery and a 9 mtpa (3 mtpa our share) bauxite mine and associated infrastructure. The Guinea Alumina Project is a joint venture between BHP Billiton (33.3 per cent), Global Alumina (33.3 per cent), Dubai Aluminium Company Limited (25 per cent) and Mubadala Development Company (8.3 per cent). We will appoint the Chief Executive Officer and Chief Financial Officer of the joint venture company. We will provide a range of services to the joint venture under a formal services agreement, including assistance with the development, construction and management of the project, which will be operated in accordance

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with our policies, procedures and standards. A preliminary estimate of total capital cost is approximately US\$3 billion (US\$1 billion our share), with first production in 2010. The feasibility study, which is currently under way, will refine this estimate over the course of FY2008.

Exploration

In Suriname, BHP Billiton and Suralco jointly hold the exploration licence over the Bakhuis region in western Suriname. The rights over this 2,780 square kilometre terrain were granted in November 2003 for a period of 25 months, with options for extension. The exploration phase was finalised in November 2005, and BHP Billiton and Suralco are currently entering the negotiations with the Government of Suriname in order to obtain the exploitation rights for the Bakhuis area. In the interim, the feasibility study of the future Bakhuis mine is in full progress.

2.2.4 Base Metals Customer Sector Group

Through operations in Chile, Australia and Peru, our Base Metals CSG mines copper, silver, lead, zinc, molybdenum, uranium and gold. We have five primary products:

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

Some of the ores we mine contain significant quantities of silver and gold, which remain in the base metal concentrates we sell. We receive payment credits for silver and gold recovered by our customers in the smelting and refining process. In addition, we produce gold and silver bullion at our Olympic Dam smelting and refining operation.

Our portfolio of large, low-cost mining operations includes the Escondida mine in Chile, which is the world's largest producer of copper, and Olympic Dam in Australia, a world-class uranium/copper deposit. We are also developing a number of copper mining projects. In addition to conventional mine development, we are also pursuing advanced bio-leaching technology, which we believe has the potential to achieve significant reductions in the cost of producing base metals.

Copper

Our majority-owned Escondida copper mine in northern Chile has separate processing streams producing high-quality copper concentrate and pure copper cathode. Our other key copper assets are the Cerro Colorado and Spence copper mines in northern Chile, the Antamina copper and zinc operations in Peru, and the Olympic Dam copper and uranium mine in Australia.

In FY2007, our share of total production was 1.25 mtpa of payable copper in cathode and concentrate. We provide base metals concentrates to smelters and copper cathode to rod and brass mills and casting plants around the world. We sell the majority of our copper cathode production on annual contracts with a fixed premium and the majority of our copper concentrate production to smelters under long-term contracts, with treatment and refining charges negotiated mainly on an annual or bi-annual basis. The price of contained copper is determined by the prevailing LME market price generally for cathodes in the month after shipment and for concentrate three months after shipment. The remainder is sold on a spot basis.

In December 2006, the Spence open-cut copper mine, produced its first copper cathode. Production is currently in ramp up mode, with a nominal annual capacity of 200,000 tonnes of copper cathode. The project was completed within the budget of US\$990 million, excluding foreign exchange impacts of the stronger Chilean peso. Including foreign exchange impacts, the project cost was US\$1.1 billion.

Copper zinc

Our Antamina mine located in the Ancash province in Peru produces four types of mineral concentrates: copper, zinc, molybdenum and lead/bismuth. Copper and zinc concentrates, which represent the majority of Antamina's revenues, are mainly sold to third

party smelters. The remainder of our production is sold to third party roasters and merchants.

Copper uranium

Our Olympic Dam copper and uranium mine in South Australia is our only asset producing uranium oxide. The bulk of uranium production is sold under long-term, fixed price sales contracts with overseas electricity generating utilities. Gold and silver produced are sold to the Perth Mint, Australia. We acquired Olympic Dam as part of our acquisition of WMC in June 2005.

Table of Contents**Silver, lead and zinc**

Cannington is the world's largest single mine producer of both silver and lead and a significant producer of zinc.

All of Cannington's lead and zinc concentrate production for FY2007 was committed under frame contracts with smelters in Australia, Korea, Japan and Europe at prices linked to the relevant LME prices. The price is determined by the prevailing LME market price for concentrate, generally three months after shipment.

Following an assessment of ground conditions in May 2006, we accelerated the program of decline and stope access rehabilitation to improve safety conditions. This program was completed in January 2007 at a cost of approximately US\$30 million. Mine production rates have returned to expected levels.

Information on the Base Metals CSG's mining operations

Detailed descriptions of our producing assets are listed in the table below. This table should be read in conjunction with the production and reserve tables.

Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
Copper Escondida Atacama Desert, at an altitude of approximately 3,100 metres and 170 kilometres southeast of Antofagasta, Chile	The mine is owned and operated by Minera Escondida Limitada. 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 the International Finance Corporation (2.5%).	Original construction of the operation was completed in 1990. The project has since undergone four phases of expansion at an additional cost of US\$2,125 million (100% terms) plus US\$451 million (100% terms) for the construction of an oxide plant. In October 2005, the Escondida Norte expansion was completed at a cost of US\$431 million (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. Nominal production capacity is 3.2 mtpa of copper concentrate and 330,000 tonnes per annum of copper cathode.
Two open-cut pits The mine is accessible by public road.	Minera Escondida Limitada holds a mining concession from the Chilean state that remains valid indefinitely (subject to payment of annual fees).	In June 2006, the Escondida Sulphide Leach copper project achieved first production. The cost of the project was US\$907 million (100% terms), compared to a budget of US\$870 million, excluding the exchange impact of a stronger Chilean peso. The final cost was US\$986 million	Separate transmission circuits provide power for the Escondida mine facilities. These transmission lines, which are connected to Chile's northern power grid, are Company-owned and are sufficient to supply Escondida
Copper cathode is transported by privately-owned rail line to the Antofagasta port (government-operated) or Mejillones port			

(privately operated).

including the impact of foreign exchange.

post Phase IV. Electricity is purchased under contracts with local generating companies.

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 project was completed within the US\$990 million budget excluding foreign exchange

Spence has operations facilities to support the open-cut mining operations and ore processing/crushing operations.

Atacama Desert,

150 kilometers

We hold a mining concession from the Chilean state that

northeast of

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Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
<p>Antofagasta, Chile</p> <p>Open-cut mine</p> <p>The mine is accessible by public road and privately-owned rail access.</p> <p>Copper cathode produced is transported by rail line to either Antofagasta (government operated) or Mejillones port (privately operated).</p>	<p>remains valid indefinitely (subject to payment of annual fees).</p>	<p>impacts of a stronger Chilean peso. The cost including the impact of foreign exchange was US\$1.1 billion.</p> <p>Mine pre-stripping commenced in June 2005 and finished in August 2006, in accordance with the Mine Plan.</p> <p>First ore was crushed in September 2006 with first copper produced in December 2006.</p>	<p>The crushed oxide and sulphide ores are leached on separate dynamic (on-off) leach pads. Chemical (acid) leaching is applied to oxide ores and bio-leaching is applied to supergene sulphide ores (similar to technologies employed by Escondida and Cerro Colorado). 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 (EW) plant produces the copper cathode. We have an additional run of mine (ROM) heap leach to further recover copper from low-grade ores.</p> <p>Nominal capacity is 200,000 tonnes of copper cathode.</p> <p>Electrical power is supplied to the operation via a 70 kilometre high-voltage transmission line connected to Chile's northern power grid. This transmission line is company-owned, and electricity is purchased under contracts from a local generating company.</p>
<p>Cerro Colorado</p> <p>Atacama Desert at an altitude of 2,600 metres, approximately 125 kilometres</p>	<p>We own and operate the mine.</p> <p>We hold a mining concession from the Chilean state that remains valid indefinitely (subject to payment of annual fees).</p>	<p>Commercial production at Cerro Colorado commenced in June 1994.</p> <p>Expansions took place in 1995 and 1998 to increase the mine's crushing capacity, leach pad area</p>	<p>Cerro Colorado's facilities for this process include two primary, secondary and tertiary crushers, leaching pads and solvent extraction and electrowinning plants. Current capacity is 120,000 tonnes per annum.</p>

east of Iquique,
Chile

and mine fleet. With these expansions, production was increased to 100,000 tonnes per annum. Production was then increased to the nameplate capacity of 120,000 tonnes per annum with optimisation and efficiency improvements.

Electricity is supplied under long-term contracts to the facilities through the northern Chile power grid.

Open-cut copper
mine

The mine is
accessible by
public road.

Cathode
production is
trucked to port at
Iquique, which is
privately
operated.

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Name, location, type of mine and access Copper uranium	Ownership, operation and title/lease	History	Facilities and power source
<p>Olympic Dam</p> <p>560 kilometres northwest of Adelaide, South Australia, Australia</p> <p>Underground mine</p> <p>The mine is accessible by public road. Copper cathode and electrowon copper is transported by public road to public ports.</p>	<p>We own and operate Olympic Dam.</p> <p>The mining lease was granted by the Government of South Australia by an Act of Parliament for the period of 50 years from 1982, with a right of extension for a further period of 50 years.</p>	<p>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.</p> <p>During 2002, Olympic Dam completed an optimisation project. A new copper solvent extraction plant was commissioned in the first quarter of 2004.</p> <p>We acquired Olympic Dam as part of our acquisition of WMC in 2005.</p>	<p>The underground mine extracts copper uranium ore and hauls the ore by an automated train network feeding underground crushing, storage and ore hoisting facilities.</p> <p>The processing plant consists of two grinding circuits in parallel and a multi-stage copper sulphide flotation circuit. The copper concentrates treatment route consists of an acid leach and filtration plant, a drying plant, an Outokumpu flash furnace with two anode casting furnaces, an ISA electro-refinery and a refinery to recover gold and silver. The flotation tailings treatment route consists of an acid leach and counter current decantation (CCD) circuit, copper and uranium solvent extraction plants, a copper electrowinning plant and a precipitation and calcining plant for uranium concentrates.</p> <p>Process plant capacity is approximately 215,000 tonnes per annum of copper and 4,000 tonnes per annum of uranium oxide concentrates.</p> <p>Power for the Olympic Dam operations is supplied via a 275kV powerline from Port Augusta, transmitted by ElectraNet in accordance with the National Electricity Code and the Electricity Act 1996 (SA).</p>
Copper zinc			

Antamina	<p>Antamina is owned by Compañía Minera Antamina (Antamina) SA, in which we hold a 33.75% interest. The remaining interests are held by Xstrata (33.75%), Teck Cominco (22.5%) and Mitsubishi (10%).</p>	<p>The Antamina project achieved commercial production in October 2001.</p>	<p>The principal project facilities include a primary crusher, a nominal 70,000 tonnes per day concentrator, copper and zinc flotation circuits and a bismuth/moly cleaning circuit, a 300 kilometre concentrate pipeline with single-stage pumping, and port facilities at Huarmey. The pipeline design throughput is 2.3 dry mtpa.</p>
<p>270 kilometres north of Lima at an altitude of 4,300 metres, Peru</p>	<p>Antamina is the operator of the mine.</p>		
<p>Open-cut mine</p>			
<p>The mine is accessible by a Company-maintained 115 kilometre access road.</p>	<p>Antamina holds mining rights from the Peruvian state over its mine and operations. These rights can be held indefinitely.</p>		<p>Power to the mine site is being supplied under long-term contracts with individual power producers through a 58 kilometre 220 kV</p>

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Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
<p>A 300 kilometre pipeline transports the copper and zinc concentrates to the port of Huarmey.</p> <p>The molybdenum and lead/bismuth concentrates are transported by truck to different locations for shipment.</p>	<p>contingent upon the annual payment of licence fees and the supply of information on investment and production.</p>		<p>transmission line, which is connected to Peru's national energy grid.</p>
Silver, lead and zinc			
<p>Cannington</p> <p>300 kilometres southeast of Mt Isa, Queensland, Australia</p> <p>Underground mine</p> <p>The mine is accessible by public road and a Company-owned airstrip.</p> <p>Product is transported 187 kilometres by road to Yurbi, a</p>	<p>We own and operate Cannington.</p> <p>The Cannington deposit is contained within mining leases granted by the State of Queensland in 1994 and which expire in 2029.</p>	<p>The deposit was discovered in 1990. Concentrate production commenced in October 1997.</p> <p>In February 2003, the Cannington Growth Project commenced to improve mill throughput and metal recovery. The project was completed during 2005.</p>	<p>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.</p> <p>Nominal capacity is 3.1 mtpa.</p> <p>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.</p>

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

Due to the size of the Olympic Dam orebody, there is potential to further increase the size of the operation over and above the current capacity. A pre-feasibility study is currently being undertaken to examine capacity expansion options. The scope of the pre-feasibility study will address operational capacity, mining methods, processing and smelter options, and the infrastructure, health, safety and environmental practices required to support the expansion options. A substantial expansion of Olympic Dam will require completion of feasibility study and subsequent Board approval, as well as various regulatory and governmental approvals covering a range of operational matters.

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Pinto Valley

Pinto Valley, an open-cut copper mine in Arizona, USA, ceased operations in 1998 due to uneconomic conditions. Cathode production continued through residual heap leach operations, utilising existing ore stockpiles. During FY2007, the restart of the concentrate facilities at Pinto Valley was approved. The restart project began in January 2007 and concentrate production is scheduled to begin in the second quarter of FY2008, with an estimated annual average copper in concentrate production of 70 ktpa.

Table of Contents**2.2.5 Diamonds and Specialty Products Customer Sector Group**

The Diamonds and Specialty Products CSG encompasses our diamonds and titanium minerals businesses and included the fertilisers business until its sale in August 2006. Our principal operations are located in Canada, South Africa and Mozambique.

Diamonds

The cornerstone of our diamonds business is the EKATI Diamond Mine. EKATI has produced an average of approximately 3.5 million carats of rough diamonds annually over the last two years. Due to changes in available ore sources, future rough diamond production may vary from historical levels. Annual sales from EKATI (including minority shares) represent around three per cent of current world rough diamond supply by weight and six 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. We sell polished diamonds, manufactured through contract polishing arrangements, through our CanadaMark and AURIASM brands.

Titanium minerals

Our interest in titanium minerals consists of our 50 per cent effective interest in Richards Bay Minerals (RBM) in South Africa, and the Corridor Sands and TiGen minerals sands projects in Mozambique.

RBM is a leading producer of titania slag, high-purity pig iron, rutile and zircon from mineral sands. The zircon, rutile and pig iron are sold as end-products both internationally and locally. Ninety five per cent of the total capacity is exported, yielding a world market share of approximately 15 per cent for titanium feedstocks and 20 per cent for zircon. 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 June 2007, RBM announced that the preferred members of a Broad Based Black Economic Empowerment (BBBEE) consortium have been identified to acquire a shareholding in the joint venture. The BBBEE consortium will acquire 24 per cent of both the mining and smelting operations at RBM. It is envisaged that RBM employees will become shareholders through an employee share ownership plan (ESOP) which will own a further two per cent of RBM. The next step in the process will be to finalise negotiations with the selected parties and to agree on the terms of the transaction. Corridor Sands is currently in the pre-feasibility phase. We are in the process of divesting TiGen.

Fertilisers

Southern Cross Fertilisers was acquired as part of WMC. On 1 August 2006, we completed the sale of Southern Cross Fertilisers to Incitec Pivot Limited for US\$98 million.

Information on Diamonds and Specialty Products mining operations

Detailed descriptions of our producing assets are listed in the table below. This table should be read in conjunction with the production and reserve tables.

Name, location, 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.

Major facilities at the mine include camp accommodation, a truck maintenance shop with office complex, an equipment-warming shed and the process plant. The processing plant consists of primary, secondary and tertiary crushers, washers/scrubber and grinder and heavy media separator. The diamond recovery process makes use of wet high-intensity

310 kilometres northeast of Yellowknife, Northwest Territories, Canada

We also own a 58.8% interest in the Buffer Zone joint venture, made up predominantly of exploration

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.

Beartooth and

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Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
<p>Fox are open-cut mines and Panda is an underground mine.</p> <p>The mines are accessible year round by contracted aircraft.</p> <p>Road access is available for approximately 10 weeks per year via an ice road.</p>	<p>targets.</p> <p>We are the operators of the mines.</p> <p>Tenure is secured through ownership of mining leases granted by the Government of Canada. Mining leases have been granted for reserves until 2017.</p>	<p>Current active mines include two open-cut (Beartooth and Fox) and one underground mine (Panda), with a second underground mine currently under construction (Koala).</p>	<p>magnetics, wet and dry particle X-ray sorters, drier and grease table. Nameplate capacity is 9,000 tonnes of ore per day at a 1mm screen size cut-off.</p> <p>Major underground infrastructure, which includes access portal and ramps, underground conveyor and material handling systems and development headings, in place to facilitate mining of the Panda Underground and Koala Underground (currently in development).</p> <p>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.</p>
Titanium Minerals			
<p>Richards Bay Minerals</p> <p>Four beach sand dredge mines 10 to 50 kilometres north of Richards Bay, KwaZulu-Natal, South Africa</p> <p>The mine is accessible via public rail, road and port.</p>	<p>RBM comprises two legal entities, Tisand (Pty) Ltd and Richards Bay Iron and Titanium (Pty) Ltd. Our share is 51% and 49.45% respectively. The remaining 49% and 50.55% are held by Rio Tinto. The overall net income is shared equally.</p> <p>RBM management independently operates the joint venture on behalf of the shareholders.</p>	<p>Richards Bay Minerals was formed in 1976 to mine and beneficiate the sands in the coastal dunes.</p> <p>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.</p>	<p>Mining is conducted largely by sand dredge mining, with minor supplementary dry mining. Gravity separation via spiral is then utilised to produce a heavy mineral concentrate. This concentrate is then trucked to a central processing plant where magnetic, electrostatic and gravity techniques are used to produce the finished products, being rutile and zircon and the ilmenite for smelter feed.</p> <p>The smelter processes the ilmenite to produce titanium dioxide slag, with a titanium</p>

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.	RBM holds long-term renewable leases from the state of South Africa. These leases are subject to the South African Mining Charter and must be lodged for a conversion to a New Order Mining Right by no later than 30 April 2009 (see Government regulations).	dioxide of approximately 85% and high-purity iron. The nominal titanium slag capacity is 1.06 mtpa. The power for the operation is purchased from the South African grid.
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Development projects

Koala Underground

In June 2006, we approved the development of the second commercial underground mine at the EKATI Diamond Mine in Canada. In addition to the mine development, the investment provides for mine ventilation systems, an underground conveyor connecting to the existing Panda Underground conveyor, and minor surface infrastructure and mobile equipment. The project is designed to deliver a total of 7.1 million dry tonnes of ore to the process plant and recover 6.5 million carats of high-quality Koala diamonds. Total project life is expected to be 11 years. Total development costs are estimated at US\$250 million (our share US\$200 million). First production is expected in the second quarter of FY2008.

Corridor Sands

We own 90 per cent of Corridor Sands Ltd, the joint venture company that holds the Corridor Sands mineral tenement. The other 10 per cent equity is owned by the Industrial Development Corporation of South Africa Ltd.

Currently, the project is in the pre-feasibility phase to study the options to exploit undeveloped ilmenite deposits near the town of Chibuto, 190 kilometres north of Maputo and 50 kilometres inland from Xa Xai in the Gaza Province, Southern Mozambique. A world-scale integrated open-cut mining, concentration and smelting operation is envisaged to produce titania slag and high-purity iron, as well as the minerals rutile and zircon.

We have a Prospecting and Research Licence (Mineral Tenement) on land that incorporates the Corridor Sands mineral sands project, which we can convert to a mining title upon committing to a development plan.

TiGen

We own a 100 per cent interest in TiGen, another significant ilmenite orebody, located at Moebase in northern Mozambique. We are in the process of divesting TiGen.

Potash

We have acquired access to substantial acreage in the world's largest mineable potash basin in Canada. We plan to progress the concept study in 2008.

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2.2.6 Stainless Steel Materials Customer Sector Group

Our Stainless Steel Materials CSG is the world’s third largest nickel producer. Stainless Steel Materials primarily services the stainless steel industry through its wide range of high-quality nickel products.

We produce the following products:

nickel in the form of compacts, high-purity nickel briquettes and powders, high-purity ferronickel granules and chemical-grade nickel oxide

nickel intermediates in the form of matte, concentrate and nickel oxide

cobalt in the form of chemical-grade cobalt oxide hydroxide and electrolytic cobalt cathodes.

In addition, we supply nickel and cobalt to other markets, including the specialty alloy, foundry, chemicals and refractory material industries and also the intermediate nickel market. Our products are sold under a mix of long-term, medium-term and spot contracts, with nickel prices linked to the London Metal Exchange.

We acquired Nickel West as part of the WMC acquisition in June 2005. Nickel West is the world’s third largest producer of nickel in concentrate. It is a fully integrated nickel business comprising mines, concentrators, a smelter and a refinery in Western Australia. We mine nickel ore at Leinster and Mt Keith and concentrate the ore on-site. The combined concentrate product is transported by rail and mixed with concentrate from our Kambalda concentrator at our Kalgoorlie smelter. The Kalgoorlie smelter produces nickel matte and sulphuric acid. During FY2007, approximately 55 per cent of the matte was sent by rail to our Kwinana refinery, while the rest was exported. The Kwinana refinery produces nickel metal (LME briquettes and nickel powder), ammonium sulphate, copper sulphide and mixed sulphides (mainly nickel and cobalt), which are exported (excluding ammonium sulphate). Ammonium sulphate is sold locally, with any excess exported. Nickel West will include the nickel operation at Ravensthorpe, Western Australia (refer to Development projects below) upon completion.

Cerro Matoso is an integrated nickel mining, smelting and refining operation located in northern Colombia. Cerro Matoso is the world’s second largest producer of ferronickel and a nickel industry leader in unit cost of production. Cerro Matoso combines a high-grade lateritic nickel deposit with large-scale rotary kiln/electric furnace production facilities to produce ferronickel for export.

The Yabulu refinery is a nickel and cobalt processing plant. We purchase approximately 3.5 wet mtpa of nickel and cobalt-bearing laterite and some saprolitic ores from third party mines in New Caledonia, Indonesia and the Philippines. The purchases are made under short and medium-term supply agreements. The refinery produces high-purity nickel and cobalt products that are used in the manufacture of stainless steel, specialty steels, alloys and chemicals. The price of the ore we purchase is linked to the nickel and cobalt metal content and current LME metal prices. We sell the nickel products with varying metal content in the range 32 per cent to 99 per cent nickel. We sell the cobalt in oxide-hydroxide form.

Information on Stainless Steel Materials mining operations

Detailed descriptions of our producing assets are listed in the table below. This table should be read in conjunction with the production and reserve tables.

Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
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Nickel

Leinster	We own and operate the mines at Leinster.	Production commenced in 1967.	Concentration plant with a nominal operating capacity of 3 mtpa of ore.
375 kilometres north of Kalgoorlie in Western Australia, Australia	Leases are currently within their initial 21-year lease period. A further 21-year term is available. Further renewals are at the Minister's discretion. The leases have expiry	WMC purchased the Leinster nickel operations in 1988 from Mt Isa Mines and Western Selcast.	Power at the Kambalda, Mt Keith and Leinster nickel operations and at the Kalgoorlie nickel smelter is primarily
Open-cut and underground mines		In June 2005, we gained control of Nickel West (Leinster and Mt	derived from on-site third party gas-fired turbines. Gas for these turbines is
The mine is accessible		Keith) as part of the acquisition of	sourced by us from the northwest gas fields. The existing gas supply contract

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Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
by government-owned road and rail.	dates between 2009 and 2026.	WMC.	terminates in October 2013.
Nickel concentrate is shipped by rail to the Kalgoorlie smelter.			The gas is transported through the Goldfields Gas Pipeline, pursuant to an agreement with Southern Cross Energy that expires in January 2014.
Mt Keith 460 kilometres north of Kalgoorlie, Western Australia, Australia	We own and operate the mine at Mt Keith.	The Mt Keith mine was officially commissioned in January 1995 by WMC.	Concentration plant with a nominal capacity of 11.5 mtpa of ore.
Open-cut mine	Leases are currently within their initial 21-year lease period. A further 21-year term is available. Further renewals are at Minister's discretion. The lease expiry dates range between 2008 and 2015.	In June 2005, we gained control of Nickel West (Leinster and Mt Keith) as part of the acquisition of WMC.	Power is sourced from the same supplier under the same conditions as the Leinster mine.
The mine is accessible by private road.			
Nickel concentrate is transported by road to Leinster nickel operations from where it is			

transported by

public rail to
Kalgoorlie

smelter.

<p>Cerro Matoso</p> <p>Montelibano, Córdoba, Colombia</p> <p>Open-cut mine</p> <p>The mine is accessible by public highway.</p>	<p>We own 99.94% of CMSA. 0.06% is held by employees.</p> <p>Mining concession rights extend to 2041 and are renewable.</p> <p>Land on which reserves are located is owned.</p>	<p>Mining commenced in 1980 and nickel production started in 1982 under Colombian Government, BHP Billiton and Hanna Mining ownership.</p> <p>In 1989, we increased our ownership to 53%, in 1997 to 99.8% and in 2007 to 99.9%</p> <p>In 1999, an expansion project to double installed capacity was started, and in January 2001 the first metal was tapped from the second line.</p>	<p>Beneficiation plant for the mine consists of a primary and secondary crusher, ore storage, and blender and rotary kiln with a nominal capacity of 3.0 mtpa.</p> <p>The ferronickel smelter and refinery are integrated with the mine.</p> <p>Ore is fed into two rotary driers and then (along with coal) fed into two rotary kilns. The kilns feed the two electric furnaces, which produce the molten metal that is tapped in 55 tonne ladles and sent for refining into ferronickel granules of approximately 35% nickel and 65% iron.</p> <p>Plant design capacity is 50,000 tonnes per annum. Actual capacity depends on nickel grade from the mine.</p> <p>Electricity is supplied from the national grid based on supply contracts negotiated for 5-year periods.</p>
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A pipeline supplies nationally sourced
natural gas for drier and kiln operation.

Table of Contents**Information on Stainless Steel Materials smelters, refineries and processing plants**

Operation and location	Ownership, operation and title	Plant type/product	Capacity
<p>Kambalda</p> <p>56 kilometres south of Kalgoorlie, Western Australia, Australia</p>	<p>We own and operate the Kambalda nickel concentrator.</p> <p>Ore is sourced through tolling and concentrate purchase arrangements with third parties in the Kambalda region.</p> <p>We hold 21-year leases over the land from the Western Australian Government. The lease expiry dates range between 2007 and 2027. Further renewals are at the Government's discretion.</p>	<p>Mill and concentrator plant producing concentrate containing approximately 13% nickel.</p>	<p>The Kambalda concentrator has a capacity of 1.5 mtpa of ore.</p> <p>Power arrangements are the same as for the Leinster mine (see above).</p>
<p>Kalgoorlie nickel smelter</p> <p>Kalgoorlie, Western Australia, Australia</p>	<p>We own and operate the Kalgoorlie nickel smelter operation and hold freehold title over the property, plant and equipment.</p>	<p>The flash smelting process produces matte containing approximately 68% nickel.</p>	<p>The Kalgoorlie smelter has a capacity of 110,000 tonnes per annum of nickel matte.</p> <p>Power arrangements are the same as for the Leinster mine (see</p>

above).

Kwinana nickel refinery

We own and operate the Kwinana nickel refinery operation and hold freehold title over the property, plant and equipment.

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 65,000 tonnes per annum of nickel metal.

30 kilometres

south of Perth,

Western

Australia,

Australia

The refinery also produces a number of intermediate products, including copper sulphide, cobalt-nickel sulphide and ammonium sulphate. The cobalt-nickel sulphide is treated by a third party processor that separates the nickel and cobalt into metal.

Power generated by Southern Cross Energy in the goldfields is distributed across Western Power's network for use at the Kwinana Nickel Refinery. We purchase delivered gas for use at the Kwinana Nickel Refinery. This gas is sourced from North West Shelf gas fields and is transported by the Dampier to Bunbury Natural Gas Pipeline and the Parmelia Pipeline.

The existing gas supply contract terminates in October 2013.

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Operation and location	Ownership, operation and title	Plant type/product	Capacity
Yabulu 25 kilometres northwest of Townsville, Queensland, Australia	We own and operate Yabulu and hold freehold title over the refinery property, plant and equipment. The berth, ore handling facilities and fuel oil facilities at the Townsville port are situated on long-term leasehold land.	Yabulu consists of a major laterite nickel refinery and cobalt refinery. The Yabulu refinery has two major sections. We process nickel ore using the reduction roast ammonia-ammonium carbonate leaching process in combination with a solvent extraction process that was developed and patented at the refinery. The metal refining separates the nickel and cobalt. Our cobalt purification plant produces a high-purity cobalt oxide hydroxide product.	The Yabulu refinery has an annual production capacity of approximately 32,000 tonnes of nickel and 2,000 tonnes of cobalt. Currently, we source power and steam from a combination of on-site coal-fired and oil-fired boilers and electrical power from Ergon Energy and coal seam gas from Enertrade.

Development projects*Yabulu*

In March 2004, we approved the expansion of the Yabulu refinery (in conjunction with the development of the Ravensthorpe Nickel Project described below). The expansion will increase nickel production capacity of the existing plant to an estimated 76,000 tonnes per annum and extend the life of the refinery by approximately 25 years. In November 2006, the approved budget for the project was revised to US\$556 million. First nickel metal production is expected from the expanded refinery in 2008.

Ravensthorpe

The Ravensthorpe Nickel Project was approved in March 2004. In November 2006 the Board approved a revised budget of US\$2.2 billion. The first shipment of MHP was also revised from the fourth quarter of calendar year 2006 to fourth quarter of calendar year 2007. The project includes the development of a mine, treatment plant and associated infrastructure near Ravensthorpe in Western Australia. The Ravensthorpe processing plant will produce a mixed nickel cobalt hydroxide intermediate product, which will feed the expansion of the Yabulu refinery.

Cliffs

The Cliffs Nickel Project was approved in July 2007 with an approved budget of US\$139 million. The Cliffs project is a new development of an underground, narrow-vein nickel mine located in the Northern Goldfields of Western Australia. The project will supplement ore supply to the existing concentrator at Leinster Nickel Operations. It is expected to generate an estimated 8,500 tonnes per annum of nickel in ore over 10 years, commencing in October 2008.

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2.2.7 Iron Ore Customer Sector Group

Due to recent growth, and a change in internal reporting structure, Iron Ore, Manganese and Metallurgical Coal, which were previously reported as Carbon Steel Materials CSG, are now reported as separate CSGs.

Our principal iron ore operations are based in the Pilbara region of northwestern Australia. Through a series majority-owned joint ventures we mine iron ore from a number of open-cut mines and transport it by our own rail network to our port facilities at Port Hedland. We also hold a 50 per cent interest in Samarco, with mining operations and associated transport infrastructure located in Brazil. We sell lump and fine product from Australia, while Samarco sells pellets from Brazil, to steel producers, principally located in China, other countries in Asia, Africa and the Middle East, Europe and the United States. Sales are generally under long-term contracts, with prices set annually. Iron ore mined from Yandi, Jimblebar and Mt Goldsworthy Area C deposits is sold under marketing arrangements that are detailed in the footnotes to the production and reserves tables in sections 2.4.2 (footnotes 16, 17 and 19) and 2.14.2 of this Annual Report.

On 24 August 2005, we announced the permanent closure of the hot briquetted iron production facilities at our wholly-owned Boodarie Iron plant in Western Australia. Demolition of the lower level structures surrounding the main furnace and briquetting building began in February 2007, with the aim of completing the demolition in first half of FY2009. We intend to retain the Boodarie Iron beneficiation plant to complete feasibility studies into longer-term options for our lower-grade iron ore.

Information on Iron Ore mining operations

Detailed descriptions of our producing assets by are listed in the table below. This table should be read in conjunction with the production and reserve tables.

Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
Mt Newman joint venture	We hold an 85% interest in the Mt Newman joint venture. The other 15% is held by Mitsui ITOCHU Iron (10%) and ITOCHU Minerals and Energy of Australia (5%).	Production began at the Mt Whaleback orebody in 1969.	At Mt Whaleback, primary and secondary crushing plants (capacity of 35 mtpa); a heavy media beneficiation plant (capacity of eight mtpa) and a train-loading facility.
Pilbara region, Western Australia, Australia	We are the operators.	Production continues to be sourced from the major Mt Whaleback orebody, complemented by production from orebodies 18, 23, 25, 29 and 30.	At orebody 25, an additional primary and secondary crushing plant (capacity of 8 mtpa).
Open-cut mine	Mining lease under the Iron Ore (Mt Newman) Agreement Act 1964, this expires in 2009 with the right to successive renewals of 21 years.		A crusher and train-loading facility at orebody 18.
The mine is accessible by public road and Company-owned rail to the joint venture s Nelson Point shipping facility at Port Hedland.			Power comes from Alinta Dewap s Newman gas-fired power station via Company-owned powerlines.

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<p>Yandi joint venture</p> <p>Pilbara region, Western Australia, Australia</p>	<p>We hold an 85% interest in the Yandi joint venture. The other 15% is held by Mitsui Iron Ore Corporation (7%) and ITOCHU Minerals and Energy of Australia (8%).</p>	<p>We began development of the orebody in 1991 with an initial capacity of 10 mtpa. The first shipment occurred in 1992.</p>	<p>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.</p>
<p>Open-cut mine</p>	<p>An independent contract mining company is the operator of the mine.</p>	<p>Capacity was progressively expanded between 1994 and 2003 and is currently 42 mtpa.</p>	<p>Power comes from the Alinta Dewap s Newman power station via Company-owned powerlines.</p>
<p>The mine is accessible by public road and Company-owned rail to the Nelson Point shipping facility at Port Hedland.</p>	<p>Mining lease under the Iron Ore (Marillana Creek) Agreement Act 1991 expires in 2012 with renewal right to a further 42 years.</p>		
<p>Jimblebar</p>	<p>We own 100% of the Jimblebar lease, however in</p>	<p>Production at Jimblebar began in</p>	<p>Primary and secondary crushing</p>

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Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
<p>Pilbara region, Western Australia, Australia</p> <p>Open-cut mine The mine is accessible by public road and Company- owned rail to Port Hedland via a 30 kilometre spur line linking with the main Newman to Port Hedland railway.</p>	<p>October 2005, we entered into 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.</p> <p>An independent contract mining company is the operator of the mine.</p> <p>Mining lease under the Iron Ore (McCamey s Monster) Agreement Authorisation Act 1972 expires in 2009 with the rights to successive renewals of 21 years.</p>	<p>March 1989.</p> <p>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.</p>	<p>plant (capacity of 8 mtpa).</p> <p>Power comes from the Alinta Dewap s Newman power station via Company-owned powerlines.</p>
<p>Mt Goldsworthy joint venture</p> <p>Pilbara region, Western Australia, Australia</p> <p>Open-cut mine The mine is 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.</p>	<p>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%).</p> <p>An independent contract mining company is the operator of the mine.</p> <p>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 2007 and 2014 with rights to successive renewals of 21</p>	<p>Operations originally commenced at the Mt Goldsworthy project in 1966 and the Shay Gap mine in 1973. The original mine closed in 1982 and the associated Shay Gap mine closed in 1993. Since then, mining has continued from the adjacent Nimingarra and Yarrie areas.</p> <p>We opened Area C mine in 2003.</p> <p>At the beginning of September 2006, we suspended C Berth ship loading operations at Finucane Island as part of Rapid Growth Project 3 (RGP3) expansion works. The C Berth ship loading operations will recommence at the completion of RGP3 as</p>	<p>Two primary crushers exist, one at Yarrie and the other at Nimingarra, with a combined capacity of 8 mtpa.</p> <p>An ore processing plant is located at Area C with a capacity of 23 mtpa. An additional primary crusher and overland conveyor are currently under construction.</p> <p>Power for Yarrie and Nimingarra is sourced via overhead powerlines from the Port Hedland gas-fired powered station operated by Alinta Dewap.</p>

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Our railway spur links Area C mine to the Newman main line.	years.	described below.	Area C sources its power from the Newman power station also operated by Alinta Dewap.
	A number of smaller mining leases granted under the Mining Act 1978 in 2005.		
Samarco	We own 50% of Samarco. The other 50% is owned by Companhia Vale do Rio Doce (CVRD). 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. The last expansion occurred in 1997 when a second pellet plant was built. In 2005, an	There is a 396-kilometre iron ore slurry pipeline integrating the mining complex to pellet plants.
Southeast Brazil			An iron ore beneficiation plant has a capacity of 16.5 mtpa.
Open-cut mine The mine is accessible by public road. Conveyor belts	The Brazilian Government		Two pellet plants have a total

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Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
transport iron ore to the beneficiation plant and a 396-kilometre slurry pipeline transports pellet feed to the pellet plants on the coast. Iron pellets are exported via private port facilities.	has granted mining concessions to Samarco as long as it mines the Alegria Complex according to an agreed plan.	optimisation project increased pellet feed and pellet production.	capacity of 14.0 mtpa. Samarco operates one hydroelectric power plant and has a 49% stake in another. These plants furnish approximately 35% of electricity requirements. Samarco has signed an agreement expiring in 2013 to purchase remaining power needs from a local concessionaire that operates hydroelectric power plant.

Development projects*Western Australia Iron Ore*

We have undertaken a series of development projects referred to as Rapid Growth Projects (RGP). In February 2004, we completed an expansion of our Port Hedland facilities, which increased capacity to 100 mtpa. In October 2004, our Board approved Rapid Growth Project 2 (RGP2), which comprised mine, rail and port capacity increases through the development of orebody 18, purchase of additional rolling stock, and a new car dumper at our Finucane Island facility at Port Hedland. RGP2 project work was completed in June 2006 increasing system capacity to 118 mtpa by the end of the second quarter of FY2007. However, the closure of Boodarie Iron in 2005 reduced system capacity by 1 mtpa. There has been an 8 mtpa reduction in capacity since September 2006 owing to the suspension of ship loading from the old Goldsworthy operations at Finucane Island, which is being replaced as part of RGP3 (approved by our Board in October 2005). Work continues on RGP3's mine rail and port expansions with a budgeted cost of US\$1,300 million. The related installed capacity at the Area C mine will increase by 20 mtpa by the second quarter of FY2008. The total system capacity at the conclusion of RGP3 in the first half of FY2008 will be 129 mtpa.

In March 2007, BHP Billiton announced approval for the Rapid Growth Project 4 (RGP4), which will increase system capacity across our Western Australian iron ore operations to 155 mtpa at a budgeted cost of US\$1,850 million.

Samarco

In October 2005, our Board approved construction of a third pellet plant at Ponta Ubu, together with a mine expansion, a new concentrator at Germano, port enhancements and a second slurry pipeline. The project will increase iron ore pellet capacity by 7.6 million tonnes at a cost of US\$1.18 billion (US\$590 million our share). Production is scheduled to commence during the second half of FY2008.

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2.2.8 Manganese Customer Sector Group

Due to recent growth, and a change in internal reporting structure, Iron Ore, Manganese and Metallurgical Coal, which were previously reported as Carbon Steel Materials CSG, are now reported as separate CSGs.

We hold our South African manganese interests through a 60 per cent holding in Samancor Manganese (Pty) Ltd. The remaining 40 per cent is held by Anglo American. In South Africa, Samancor Manganese produces manganese ore from two mines at Hotazel in the Northern Cape Province, produces manganese alloy at a plant (Metalloys) in Gauteng Province and has a 51 per cent interest in Manganese Metal Company, a producer of electrolytic manganese metal. In July 2006, we purchased Mitsui's 50 per cent shareholding in Advalloy (Pty) Ltd, which produces refined manganese alloys at the Metalloys site, making Samancor Manganese the 100 per cent owner of Advalloy. In Australia, we produce ore at Groote Eylandt in the Northern Territory (GEMCO) and manganese alloys in northern Tasmania (TEMCO). We have a 60 per cent effective ownership of both GEMCO and TEMCO. We are the managers of all the above operations.

We sell manganese ore to alloyers, principally in Asia, Europe, Australia and South Africa. Of our external sales, approximately 50 per cent are priced annually. The rest are priced quarterly or occasionally on a spot basis. We sell manganese metal and alloys, principally to steelmakers under long-term contracts that usually provide for quarterly adjustment of prices, either by negotiation or reference to published market prices.

Information on Manganese mining operations

Detailed descriptions of our producing assets are listed in the table below. These tables should be read in conjunction with the production and reserve tables below.

Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
Hotazel Manganese Mines	Hotazel Manganese Mines, a division of Samancor Manganese, is the operator of Mamatwan and Wessels.	Mamatwan was commissioned in 1964.	Mamatwan's capacity is currently 2.8 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 1.4 mtpa of sinter.
Kalahari Basin, South Africa	Samancor Manganese must sell 15% of its interest to a BEE entity by 2009 to comply with the South African Mining Charter and scorecard. Negotiations are proceeding with possible BEE partners.	Wessels was commissioned in 1973.	Wessels has two loaders and four haulers with an annual capacity of approximately 1.0 mtpa of ore. The processing is a simple crushing and screening circuit consisting of primary and secondary crushing circuits with associated screening capacity.
Mamatwan is an open-cut mine.			
Wessels is an underground mine.			
The mines are accessible by rail and			

public road. Most ore and sinter products are transported by government-owned rail. 60% of the ore produced is beneficiated locally with the balance exported via Port Elizabeth and Durban.

The power source is the national utility company Eskom.

Groote Eylandt Mining Company Pty Ltd (GEMCO)

We own 60% of GEMCO, which owns and operates the mine. The remaining 40% is owned by Anglo American.

The mine was first commissioned in 1965.

The beneficiation process consists of crushing, screening and dense media separation with lump and fines products being produced. The existing capacity is 3.4 mtpa.

Groote Eylandt, Northern Territory,

All leases situated on

GEMCO owns and operates its own

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Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
Australia Open-cut mine	Aboriginal land held under the Aboriginal Land Rights (Northern Territory) Act 1976. Leases have been renewed for a period of 25 years from 2006.		on-site diesel power generation facility.

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
Advalloy (Pty) Ltd Meyerton, South Africa	Samancor Manganese owns 100% of Advalloy. Samancor Manganese holds freehold title over the property, plant and equipment.	Manganese alloy plant uses an electric arc furnace process producing refined manganese alloy.	Advalloy has a capacity of 82,000 tonnes per annum of medium-carbon ferromanganese in various fractions. The power source is the national utility company Eskom.
Manganese Metal Company (Pty) Ltd Nelspruit, South Africa	Samancor Manganese owns 51% of Manganese Metal Company. Delta Plc indirectly owns the remaining 49%.	A manganese production plant at Nelspruit processing and electrowinning of manganese ore into electrolytic manganese metal (via a hydrometallurgical extraction process).	Manganese Metal Company has a capacity to produce 27,000 tonnes per annum of electrolytic manganese metal. The power source is the national utility company Eskom.

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Metalloys	Metalloys is a division of Samancor Manganese.	Manganese alloy plant uses eight electric arc furnaces to produce manganese alloys such as high-carbon ferromanganese and silicomanganese.	370,000 tonnes of high-carbon ferromanganese (including hot metal) and 120,000 tonnes of silicomanganese in various fractions per annum.
Meyerton, South Africa	Samancor Manganese holds freehold title over the property, plant and equipment.		The power source is the national utility company Eskom with 35 mws of power generation from waste gases.

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Operation and location	Ownership, operation and title	Plant type/product	Capacity and power source
Tasmanian Electro Metallurgical Company Pty Ltd (TEMCO)	We own 60% of TEMCO. Anglo American owns the remaining 40%. Samancor Manganese manages the operations.	Four electric arc furnaces and a sinter plant produce ferroalloys, including high-carbon ferromanganese, silicomanganese and sinter.	Nominal capacity based on the 2007 product mix is 128,000 tonnes of high-carbon ferromanganese, 126,000 tonnes of silicomanganese and 336,000 tonnes of sinter per annum.
Bell Bay, Tasmania, Australia	TEMCO holds freehold title over the property, plant and equipment.		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 11mws for internal use from an on-site Energy Recovery Unit. In addition, Basslink, a 600 mw interconnector between Tasmania and Victoria, came online in May 2006, and has provided additional capacity and security of supply in periods of drought.

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2.2.9 Metallurgical Coal Customer Sector Group

Due to recent growth, and a change in internal reporting structure, Iron Ore, Manganese and Metallurgical Coal, which were previously reported as Carbon Steel Materials CSG, are now reported as separate CSGs.

Our Metallurgical Coal CSG is the world's largest supplier of seaborne metallurgical coal. We mine metallurgical coal in Australia and sell it to steel producers in Japan, Europe, Korea, India, Taiwan, Brazil, China and Australia, generally under annual contracts.

Together with Mitsubishi Development Pty Ltd, we own six open-cut coal mines, two underground coal mines and a port in the Bowen Basin, Queensland, Australia. These coal mining operations are managed through BM Alliance Coal Operations Pty Ltd (BMA), a jointly owned entity, and we market the coal produced. These mines are separated into two joint venture structures in which we have a 50 per cent interest, namely the Central Queensland Coal Associates (CQCA) joint venture and the Gregory joint venture. Mitsubishi Development Pty Ltd has the remaining 50 per cent interest in these two joint ventures. In addition, BMA operates two other Bowen Basin mines for BHP Mitsui Coal Pty Ltd, in which we have an 80 per cent interest. The majority of the coal production is high-quality metallurgical coal used for steelmaking.

The CQCA joint venture owns and operates the Hay Point coal terminal in Mackay, Queensland, through which most of the venture's coal is shipped. Hay Point has throughput capacity of 40 mtpa and can accommodate bulk carriers of up to 230,000 deadweight tonnes.

We also own and operate three underground coal mines in the Illawarra region of New South Wales (Australia). Coal from these mines is either sold to BlueScope Steel's Port Kembla steelworks or shipped to domestic and international customers.

Information on Metallurgical Coal mining operations

Detailed descriptions of our producing assets are listed in the tables below. The tables should be read in conjunction with the production and reserves tables.

Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
Central Queensland Coal Associates joint venture	We own 50% of the CQCA joint venture. Mitsubishi 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 51.5 mtpa.
Bowen Basin, Queensland, Australia	BM Alliance Coal Operations, a joint venture entity, is the operator of the mines.	Peak Downs commenced production in 1972. Saraji mine commenced production in 1974. Norwich Park commenced production in 1979.	Power is sourced from the State of Queensland's electricity grid.
Goonyella Riverside,	Leases for the CQCA mines have expiry dates between 2008 and 2024 and are renewable for such further periods as the Queensland Government allows.		
Peak Downs, Saraji, Norwich Park and Blackwater are open-cut mines.			

Broadmeadow is a longwall underground mine.

Blackwater mine commenced production in 1967. South Blackwater and Blackwater mines were integrated in mid 2001.

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

Broadmeadow, an underground mine developed on the Goonyella mining lease, commenced longwall operations in August 2005.

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Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
of Gladstone.			
Gregory joint venture Bowen Basin, Queensland, Australia	We own 50% of the Gregory joint venture. Mitsubishi Development Pty Ltd owns the other 50%. BM Alliance Coal Operations, a joint venture entity, is the operator of the mines.	The Gregory mine became operational in 1979. Crinum mine commenced longwall production in 1997.	All coal is beneficiated at on-site processing facilities, which have a combined capacity in excess of 5 mtpa. Power is sourced from the State of Queensland's electricity grid.
Gregory is an open-cut mine.			
Crinum is a longwall underground mine.	A mining lease expired in 2006 and is in the process of being renewed. Other leases have expiry dates between 2014 and 2019, and are renewable for such further periods as the Queensland Government allows.		
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.			
BHP Mitsui Coal joint venture Bowen Basin, Queensland, Australia	We own 80% of the BHP Mitsui Coal joint venture. Mitsui and Co owns the other 20%.	The joint venture commissioned Riverside, an open-cut mine, in 1983. Reserves were depleted in 2005.	South Walker Creek coal is beneficiated at on-site processing facilities with a capacity to produce 4.0 mtpa of coal.
South Walker Creek and Poitrel are open-cut mines.	BMA manages the mines, which are operated through independent contractors.	South Walker Creek became operational in 1998, producing pulverised coal injection (PCI) product and minor quantities of by-product energy coal.	Poitrel mine has entered into a joint venture agreement with the adjacent Millennium Coal mine to share coal processing and rail loading facilities. Poitrel will have access to 3 mtpa capacity from

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<p>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).</p>	<p>Leases expire in 2020, and are renewable for such further periods as the Queensland Government allows.</p> <p>The joint venture holds additional undeveloped leases in the Bowen Basin.</p>	<p>Construction for the new Poitrel mine commenced in early 2006 and first coal was produced in October 2006. The mine has a production capacity of 3.0 mtpa of metallurgical and PCI coals.</p>	<p>the processing facilities.</p> <p>Power is sourced from the State of Queensland's electricity grid.</p>
<p>Illawarra Coal</p> <p>Illawarra, New South Wales, Australia</p>	<p>We are owner and operator of the Illawarra Coal mines.</p> <p>Leases have expiry dates between 2010 and 2026, with renewal rights under the NSW Mining Act 1992 for periods of 21 years.</p>	<p>Appin commenced in 1962 with longwall mining starting in 1969. The adjoining Douglas mine is being developed as a replacement for the Appin mine.</p> <p>West Cliff was commissioned in 1976.</p>	<p>Coal is beneficiated at two processing facilities with a capacity to produce 8.8 mtpa.</p> <p>Power is sourced from the State of New South Wales' electricity grid.</p>
<p>Underground mines</p> <p>All the mines are accessible by public road. All coal is transported by road or</p>		<p>Elouera opened in 1993. Reserves were nearly depleted</p>	

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Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
on government-owned railways to our major customer, BlueScope Steel s Port Kembla steelworks or to Port Kembla for shipping.		in 2005. In May 2007, we agreed to sell the mine to Gujarat NRE FCGL Pty Ltd, subject to various conditions.	
		Dendrobium Mine opened in FY2005 at a total cost of US\$200 million. A modern longwall mine, it has now replaced the Elouera mine.	

Development projects

Maruwai (Lampunut)

We are conducting exploration activities and feasibility studies into the development of coking coal operations in the Maruwai Basin under various Coal Contract of Work (CCOW) agreements with the Indonesian Government. If approved, the first stage of the development will see the development and operation of a 1 mtpa facility in the Lahai CCOW by the end of calendar year 2008 with subsequent development of a 3 to 5 mtpa facility in the Maruwai CCOW.

Table of Contents**2.2.10 Energy Coal Customer Sector Group**

Our Energy Coal CSG is one of the world's largest producers and marketers of export thermal (energy) coal. We mine energy coal in South Africa, Australia, Colombia and the United States. Most of our domestic energy coal sales are under medium and long-term fixed-price contracts with power generation companies and utilities in Australia, South Africa and the US. Most of our export sales are made under short and medium-term contracts in Europe, Asia and the US.

Through our wholly-owned subsidiary, BHP Billiton Energy Coal South Africa Limited (BECSA), previously Ingwe Collieries Limited, we operate six coal mines in the Witbank region of Mpumalanga province of South Africa. In FY2007, we supplied 30 million tonnes of energy coal to Eskom, a public electricity service company in South Africa, and exported the bulk of the remaining 22 million tonnes. In November 2006, we announced our intention to sell the Optimum mine. A binding bid received during January 2007, following a proposal, is currently going through the formal BHP Billiton review process.

We announced on 2 July 2007 that we had reached closure on the sale of Koorfontein Mine together with 1.5 mtpa of Richards Bay Coal Terminal entitlement to an entity controlled by a Black Economic Empowerment (BEE) consortium. The BEE consortium, which holds 50 per cent plus one share in the new entity, is led by Siyanda Resources (Pty) Limited and AKA Resources Holdings (Pty) Limited, and includes various broad based groups as well as a Koorfontein employee trust. Coronation Capital Limited and Investec Bank Limited will together hold 50 per cent less one share in the new entity. The conclusion of the sale was effective 30 June 2007.

BECSA currently owns 33.96 per cent of the Richards Bay Coal Terminal (RBCT), which has a capacity of 72 mtpa, through which exports are shipped. This reduction from FY2006 relates to the completion of the sale of Koorfontein and the sale of shares to Exxaro. The sale of Optimum will see BECSA relinquish an additional 6.5 mtpa of this entitlement to the new owner reducing our holding of RBCT to 24.9 per cent.

In Australia, we mine energy coal at Mt Arthur mine. We are currently undertaking underground feasibility work on the adjacent Bayswater mining area. We deliver approximately one third of Mt Arthur's production to local power stations via a 10 kilometre overland conveyor. The remainder is transported by rail approximately 100 kilometres to the port of Newcastle.

In New Mexico (USA), we own and operate the Navajo open-cut and San Juan underground mines. Navajo's production is sold to the Four Corners Power Plant under long-term contracts. San Juan's production is sold to the nearby San Juan Generating Station under long-term contracts.

The Cerrejon Coal Company operates open-cut mines in La Guajira province in northeastern Colombia. Production is mainly for export.

Information on Energy Coal mining operations

Detailed descriptions of our producing assets are listed in the tables below. The tables should be read in conjunction with the production and reserves tables

Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
South Africa			
Douglas	We own 84% of the Douglas colliery joint venture through BECSA. The remaining 16% is owned by Xstrata Plc through Tavistock Collieries Plc.	Douglas was commissioned in 1979.	Beneficiation facilities consist of a crushing plant and a wash plant. The overall capacity is 14 mtpa.

27 kilometres south of Witbank,
Mpumalanga Province, South Africa

We are the operators of the
mine.

Power is supplied by Eskom.

Underground mine

The mine is accessible by public
roads.

BECSA and Tavistock are the
holders of two Old Order Mining
Rights in the joint venture ratio
of 84:16, and BECSA is the sole
holder of the Albion section
right.

Coal is exported via the RBCT. The
coal is transported to RBCT

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Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
via a Spoornet (a government business enterprise) railway.	These Old Order Rights must be lodged for a conversion no later than 30 April 2009 (see Government regulations).		
Khutala 100 kilometres east of Johannesburg, Mpumalanga Province, South Africa	We own and operate the mine at Khutala. BECSA is the holder of an Old Order Mining Right.	Khutala was commissioned in 1984. Open-cut operations began in 1996.	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 1.5 mtpa is used to beneficiate the metallurgical coal supplied from the opencast operation.
Combination of open-cut and underground mines The mine is accessible by public roads.	An application for conversion to a New Order Mining Right, submitted in 2004, is still being processed (see Government regulations).	The mining of a thermal/metallurgical coal deposit for a domestic market commenced in 2003.	Power is supplied by Eskom.
Domestic coal is transported via overland conveyor to the Kendal Power Station.			
Koornfontein 35 kilometres south of Middelburg, Mpumalanga Province, South Africa Underground mine	We owned and operated the mine at Koornfontein. On 18 July 2006, we announced the sale of Koornfontein. The fulfilment of certain regulatory requirements including the conversion and transfer of Koornfontein s mining rights in terms of the Minerals and Petroleum Resources Development Act of 2002 and the approval of the South African Competition Commission has enabled the conclusion of the sale, effective 30 June 2007	Koornfontein was commissioned in 1964.	Beneficiation facilities consist of three washing plants, each with a crusher. The overall capacity is 9 mtpa tonnes of energy coal. Power is supplied by Eskom.
The mine is accessible by public roads.			

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Koornfontein mine was the holder of an Old Order Mining Right.

Export coal is transported to RBCT by rail, while the domestic coal is transported via conveyor belt to the nearby Majuba Power Station.

Middelburg

20 kilometres southeast of Witbank, Mpumalanga Province, South Africa

We own 84% of the Middelburg mine in a joint venture. The remaining 16% is owned by Xstrata Plc through Tavistock Collieries Plc.

Middelburg mine was commissioned in 1982. Middelburg Mine Services (MMS) and Duvha Opencast became one operation in FY1996.

Beneficiation facilities consist of the following: crushing plants, crush and wash and de-stone plants. The overall capacity is 17 mtpa.

We are the operators of the mine.

Power is supplied by Eskom.

Open-cut mine

The mine is accessible by public roads.

Export coal is transported to RBCT by rail, while the domestic coal is transported via conveyor belt to the nearby

BECSA and Tavistock Collieries are the holders of an Old Order Mining Right in the joint venture ratio of 84:16. This Old Order Mining Right must be lodged for a conversion to a New Order Mining Right by no later than 30 April 2009 (see Government

In 2003, Douglas Opencast Operations was incorporated into MMS.

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Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
Duvha Power Station.	regulations).		
<p>Optimum</p> <p>40 kilometres south of Middelburg, Mpumalanga Province, South Africa</p>	<p>We own and operate the mine at Optimum. On 17 November 2006, we announced our intention to sell Optimum. A binding bid received during January 2007, following a proposal, is currently going through the formal BHP Billiton review process.</p>	<p>Optimum was commissioned in 1970.</p> <p>Optimum Colliery was expanded with the incorporation of the Eikeboom section in 1993.</p>	<p>Beneficiation facilities include a washing plant and a de-stoning plant. The overall capacity is 17 mtpa.</p> <p>Power is supplied by Eskom.</p>
<p>Open-cut mine</p> <p>Access to the mine is via public roads.</p>	<p>BECSA is the holder of an Old Order Mining Right, which entitles BECSA to continue its existing mining operation. BECSA is obliged to lodge the said Old Order Mining Right for conversion to a New Order Mining Right by no later than 30 April 2009 (see Government regulations).</p>	<p>The most recent expansion was the development of the Kwagga pit and associated infrastructure, which was completed in February 2001.</p>	
<p>Export coal is transported to RBCT by rail, while the domestic coal is transported via conveyor belt to the nearby Hendrina Power Station.</p> <p>Klipspruit</p>	<p>We own and operate the mine at Klipspruit.</p>	<p>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.</p>	<p>Current beneficiation facilities consist of three crushing, screening and wash plants 32 kilometres from the mine. The overall capacity is 7.2 mtpa of energy coal.</p>
<p>30 kilometres west of Witbank, Mpumalanga Province, South Africa</p> <p>Open-cut mine</p> <p>Access to the mine is via public roads.</p>	<p>BECSA is the holder of an Old Order Mining Right. An application for conversion to a New Order Mining Right was submitted in 2004 and is still being processed (see Government regulations).</p>	<p>The Klipspruit dragline was started in June 2005 and is currently mining 4.8 mtpa of ROM.</p>	<p>Power is supplied by Eskom.</p>
<p>Export coal is transported to RBCT via Spoornet (a</p>			

government business enterprise)
railway.

Australia

Mt Arthur Coal	We own and operate the mine at Mt Arthur.	Coal production from the Mt Arthur north area commenced in April 2002.	Main beneficiation facilities include coal handling, coal preparation and coal washing plants with a total capacity of 9.8 mtpa.
Approximately 100 kilometres from Newcastle, New South Wales, Australia	We hold various mining leases that expire between October 2015 and 2025.	The on-site train-loading facility was commissioned in November 2001.	Electrical power is supplied by local energy providers, from the eastern Australia power grid.
Open-cut mine			

The mine is accessible by public road and over land to which we have title.

Domestic coal is transported by a 10 kilometre overland

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Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
conveyor to Bayswater Power Station.			
Export coal is transported by a combination of private and public rail, approximately 100 kilometres 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 the initial contracts, scheduled to expire in December 2004 were extended to July 2016.	The mine has the capacity to produce and process 10.7 mtpa. Mined coal is sized and blended to contract specifications using stackers and reclaimers with no further beneficiation.
Navajo Nation, 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.		
Open-cut mine			Electric power is supplied from FCPP.
Navajo mine is accessible by public roads located on the Navajo Nation Indian Reservation. We transport all coal 25 kilometres from the production areas via our dedicated railroad to the Four Corners Power Plant (FCPP).	We hold various mining leases that expire between October 2015 and 2025.		
San Juan/La Plata Mines	We own and operate the mines.	The San Juan mine began operating in 1974 as a surface mine. In October 2000, we approved the development of the San Juan underground mine to replace production from the existing San Juan and La Plata surface mines. Underground longwall mining commenced in February 2001 and the San	The mine has the capacity to produce 7.5 mtpa of coal. Mined coal is sized and blended to contract specifications using stockpiles with no further beneficiation.
25 kilometres west of Farmington, New Mexico, US	We hold mining leases from federal and state governments. The leases have five-year terms that are automatically extendable upon meeting		

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The San Juan mine is accessible by public roads. minimum production criteria. Juan underground mine reached full production in early 2004. The La Plata Mine is undergoing final closure.

All coal is sold to the San Juan Generating Station under long-term contracts.

Colombia

<p>Cerrejon Coal Company</p> <p>Maicao, La Guajira province, Colombia</p> <p>Open-cut mine</p>	<p>We own 33.33% of the Cerrejon Coal Company in a joint venture. The remaining 66.67% interest is owned by Anglo American Plc (33.33%) and Xstrata Plc (33.33%).</p> <p>Colombian Government leases</p>	<p>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</p>	<p>Beneficiation facilities include a crushing plant and washing plant with a capacity of 29 mtpa.</p> <p>Electricity is supplied through the local</p>
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The export facility is 150

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Name, location, type of mine and access	Ownership, operation and title/lease	History	Facilities and power source
<p>kilometres 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.</p>	<p>expire in 2022 and 2034. The private lease expires in 2034.</p>	<p>operations have been merged and progressive expansion resulted in the current 29 mtpa operation.</p>	<p>Colombian power system.</p>

Development Projects

We currently have a number of projects in feasibility phase namely Douglas Middelburg optimisation and Klipspruit in South Africa, Mount Arthur underground and Newcastle third port in Australia and Navajo mine extension in the USA.

Table of Contents**2.3 Production****2.3.1 Petroleum**

The table below details our Petroleum CSG's historical net crude oil and condensate, natural gas, LNG, LPG and ethane production by region for the three years ended 30 June 2007, 2006 and 2005. We have shown volumes and tonnages 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		
	2007	2006	2005
Petroleum			
Crude oil and condensate			
(000 of barrels)			
Australia/Asia	26,362	25,401	31,090
Americas ⁽¹⁾	6,560	7,327	7,605
Europe/Africa/Middle East	12,246	13,145	12,145
Total crude oil and condensate	45,168	45,873	50,840
Natural gas (M of cubic feet)			
Australia/Asia (domestic) ⁽²⁾	206.16	203.38	189.83
Australia/Asia (LNG) (leasehold production) ⁽³⁾	88.66	88.20	83.09
Americas	8.73	8.04	15.01
Europe/Africa/Middle East	53.27	60.82	57.75
Total natural gas	356.82	360.44	345.68
Natural Gas Liquids (000 of barrels)⁽³⁾			
Australia/Asia (leasehold production)	9,445	9,424	7,879
Europe/Africa/Middle East (leasehold production)	2,077	2,004	2,552
Total NGL	11,522	11,428	10,431
Total petroleum products production			
(M barrels of oil equivalent) ⁽⁴⁾	116.19	117.36	118.88
Average sales price			
Oil and condensate (US\$ per barrel)	63.87	61.90	47.16
Natural gas (US\$ per thousand cubic feet)	3.19	3.33	2.98
Average production cost ⁽⁵⁾			
US\$ per barrel of oil equivalent (including indirect taxes)	7.16	6.40	5.72
US\$ per barrel of oil equivalent (excluding indirect taxes)	5.50	5.01	4.16

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- (1) We sold our interests in Typhoon/Boris, including the Little Burn field with effect from 1 July 2006. The sale was completed on 6 October 2006. We sold our interests in the Green Canyon 18 and 60 fields from 16 January 2006.
- (2) We completed the sale of our interest in Moranbah Coal Bed Methane in September 2006 quarter.
- (3) LPG and Ethane are now reported as Natural Gas Liquid (NGL), consistent with petroleum industry practice. Product-specific conversions are made and NGL are reported in barrels of oil equivalent. The comparatives have been restated.
- (4) Total barrels of oil equivalent (boe) conversions based on the following: 6,000 scf of natural gas equals 1 boe.
- (5) Average production costs include direct and indirect production costs relating to the production and transportation of hydrocarbons to the point of sale. This includes shipping where applicable. Average production costs have been shown excluding resource tax and including and excluding other indirect taxes and duties, and including the foreign exchange effect of translating local currency denominated costs and indirect taxes into US\$.

Table of Contents**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 2007, 2006 and 2005. Production shows our share unless otherwise stated.

By CSG by mineral	BHP Billiton Group share of production			
	BHP Billiton interest %	2007	2006	2005
Aluminium CSG				
Alumina				
Production (000 tonnes)				
Worsley, Australia	86	2,956	2,763	2,813
Alumar, Brazil	36	526	503	495
Paranam, Suriname	45	978	921	874
Total alumina		4,460	4,187	4,182
Aluminium				
Production (000 tonnes)				
Hillside, RSA	100	704	700	685
Bayside, RSA ⁽¹⁾	100	194	179	166
Mozal, Mozambique	47.1	265	262	260
Alumar, Brazil	40	177	178	176
Valesul, Brazil ⁽²⁾	-	-	43	43
Total aluminium		1,340	1,362	1,330
Base Metals ⁽³⁾				
Copper				
Payable metal in concentrate (000 tonnes)				
Escondida, Chile	57.5	638.9	671.0	578.2
Antamina, Peru	33.75	113.7	124.2	123.1
Tintaya, Peru ⁽⁴⁾	-	-	64.5	72.7
Total copper concentrate		752.6	859.7	774.0
Cathode (000 tonnes)				
Escondida, Chile	57.5	126.1	66.7	87.3
Cerro Colorado, Chile ⁽⁵⁾	100	105.8	94.1	113.1
Pinto Valley, North American Copper, US	100	7.6	8.2	9.1
Olympic Dam, Australia ⁽⁶⁾	100	182.5	204.3	16.1
Spence, Chile ⁽⁷⁾	100	75.5	-	-
Tintaya, Peru ⁽⁴⁾	-	-	34.8	34.4
Total copper cathode		497.5	408.1	260.0
Total copper		1,250.1	1,267.8	1,034.0
Uranium oxide				
Payable metal in concentrate (tonnes)				
Olympic Dam, Australia ⁽⁶⁾	100	3,486	3,936	415
Total uranium oxide		3,486	3,936	415
Zinc				
Payable metal in concentrate (000 tonnes)				
Antamina, Peru	33.75	73.0	40.3	52.5
Cannington, Australia	100	45.7	68.8	52.8
Total zinc		118.7	109.1	105.3
Silver				
Payable metal in concentrate (000 ounces)				
Escondida, Chile	57.5	3,514	3,379	2,551

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By CSG by mineral	BHP Billiton interest %	BHP Billiton Group share of production Year ended 30 June		
		2007	2006	2005
Olympic Dam, Australia ⁽⁶⁾ (refined silver)	100	814	884	62
Antamina, Peru	33.75	3,132	3,174	2,774
Cannington, Australia	100	29,105	38,447	44,030
Tintaya, Peru ⁽⁴⁾	-	-	592	629
Total silver		36,565	46,476	50,046
Lead				
Payable metal in concentrate (000 tonnes)				
Cannington, Australia	100	210.8	266.3	282.0
Total lead		210.8	266.3	282.0
Gold				
Payable metal in concentrate (000 ounces)				
Escondida, Chile	57.5	84.4	79.8	96.6
Olympic Dam, Australia ⁽⁶⁾ (refined gold)	100	91.7	107.5	7.0
Tintaya, Peru ⁽⁴⁾	-	-	29.2	21.8
Total gold		176.1	216.5	125.4
Molybdenum				
Payable metal in concentrate (tonnes)				
Antamina, Peru	33.75	2,268	2,515	1,806
Total molybdenum		2,268	2,515	1,806
Diamonds and Specialty Products				
Production (000 carats)				
EKATI, Canada	80	3,224	2,561	3,617
Total diamonds		3,224	2,561	3,617
Titanium minerals ⁽⁸⁾⁽⁹⁾				
Titanium slag ⁽⁹⁾				
Production (000 tonnes)				
Richards Bay Minerals, RSA	50	465	435	363
Rutile ⁽⁹⁾				
Production (000 tonnes)				
Richards Bay Minerals, RSA	50	35	36	33
Zircon ⁽⁹⁾				
Production (000 tonnes)				
Richards Bay Minerals, RSA	50	120	118	110
Phosphates				
Production (000 tonnes)				
Southern Cross Fertiliser (formerly Queensland Fertilizer) ⁽⁶⁾⁽¹⁰⁾⁽¹¹⁾	100	84.3	861.3	73.9
Total phosphates		84.3	861.3	73.9
Stainless Steel Materials				
Nickel				
Production (000 tonnes)				
Cerro Matoso SA, Colombia	99.8	51.0	51.5	51.3
Nickel West, Australia ⁽⁶⁾	100	103.2	100.1	9.2
Yabulu, Australia	100	32.1	23.3	31.4
Total nickel		186.3	174.9	91.9

Cobalt
Production (000 tonnes)
Yabulu, Australia

100 1.7 1.0 1.8

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By CSG by mineral	BHP Billiton interest %	BHP Billiton Group share of production Year ended 30 June		
		2007	2006	2005
Ferrochrome				
Saleable production (000 tonnes)				
South Africa ⁽¹²⁾	60	-	-	954
Iron ore ⁽¹³⁾				
Production (000 tonnes)				
Mt Newman, Australia	85	29,306	24,774	25,736
Jimblebar, Australia ⁽¹⁴⁾	85	5,457	6,370	6,364
Mt Goldsworthy, Australia	85	1,227	6,241	4,685
Mt Goldsworthy, Area C joint venture, Australia ⁽¹⁵⁾⁽¹⁶⁾	85	20,086	17,988	16,612
Yandi, Australia ⁽¹⁷⁾	85	35,548	34,196	35,661
Samarco, Brazil	50	7,800	7,503	7,687
Total iron ore		99,424	97,072	96,745
Manganese				
Manganese ores				
Saleable production (000 tonnes)				
Hotazel, South Africa ⁽¹⁸⁾	60	2,570	2,300	2,508
GEMCO, Australia ⁽¹⁸⁾	60	3,439	2,980	2,947
Total manganese ores		6,009	5,280	5,455
Manganese alloys				
Saleable production (000 tonnes)				
South Africa ^{(18) (19)}	60	493	434	492
Australia ⁽¹⁸⁾	60	239	218	263
Total manganese alloys		732	652	755
Metallurgical coal ⁽²⁰⁾				
Production (000 tonnes)				
Goonyella		7,352	7,267	5,461
Peak Down		4,484	4,389	4,526
Saraji		3,397	2,634	3,251
Norwich Park		2,850	2,662	2,880
Blackwater		6,138	6,018	6,565
Gregory		2,462	2,610	2,712
Total BMA, Australia	50	26,683	25,580	25,395
Riverside		-	-	2,384
South Walker Creek		3,422	3,049	3,273
Poitrel		1,438	-	-
Total BHP Mitsui Coal, Australia ⁽²¹⁾	80	4,860	3,049	5,657
Illawarra, Australia	100	6,886	7,014	6,251
Total metallurgical coal		38,429	35,643	37,303
Energy Coal				
Production (000 tonnes)				
Navajo	100	8,174	8,266	8,245
San Juan	100	6,906	7,080	6,682
	100	15,080	15,346	14,927

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New Mexico, US				
Optimum	100	11,304	11,805	12,600
Middelburg	84	13,513	13,705	13,780
Douglas	84	5,218	5,123	5,670
Koornfontein	-	4,858	4,809	5,470

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By CSG by mineral	BHP Billiton interest %	BHP Billiton Group share of production Year ended 30 June		
		2007	2006	2005
Khutala	100	13,526	13,625	15,070
Klippspruit	100	3,223	2,632	1,470
Zululand Anthracite Collieries	-	-	249	590
Total BECSA	100	51,642	51,948	54,650
Mt Arthur Coal, Australia	100	10,897	9,146	9,865
Cerrejon Coal Company, Colombia	33.3	9,406	9,316	7,974
Total energy coal		87,025	85,756	87,416

- (1) During April 2005, Bayside experienced a potline freeze, which impacted on the production capacity.
- (2) We completed the sale of Valesul in August 2006 with a 1 July 2006 effective date.
- (3) Metal production is reported on the basis of payable metal.
- (4) BHP Billiton sold Tintaya effective from 1 June 2006. In 2005, production was temporarily suspended on 25 May 2005 following civil unrest in the Espinar region. Production recommenced on 20 June 2005.
- (5) Production at Cerro Colorado was temporarily suspended on 14 June 2005 following an earthquake. Production commenced at half capacity on 30 June 2005 and ramped up to pre-earthquake levels in February 2006.
- (6) BHP Billiton acquired this asset with the acquisition of WMC. The 2005 production figure is shown from 1 June 2005.
- (7) Spence operations were commissioned during the December 2006 quarter
- (8) Amounts represent production for the year ended 31 December.
- (9) Data was sourced from the TZ Minerals International Pty Ltd Mineral Sands Annual Review 2007.
- (10) We announced the sale of Southern Cross Fertiliser (formerly Queensland Fertilizer) in May 2006. We completed the sale in August 2006.
- (11) Includes di-ammonium phosphate and mono-ammonium phosphate.
- (12) We sold our interest in Samancor Chrome with effect from 1 June 2005.
- (13) Iron ore production is reported on a wet tonnes basis with the exception of Samarco.
- (14) The Jimblebar reserves listed include the Wheelarra Hill 3,4,5,6 and Hashimoto 1 and 2 deposits at Jimblebar, in which the Wheelarra joint venture participants (BHP Iron Ore (Jimblebar) (51%), ITOCHU Minerals and Energy (4.8%), Mitsui Iron Ore (4.2%) and subsidiaries from Chinese steelmakers Magang, Shagang, Tanggang and Wugang (10% each)) have a legal interest. At the commencement of the Wheelarra joint venture on 1 October 2005, the Wheelarra joint venture participants had a legal interest in 175 million dry metric tonnes of Jimblebar reserves (Wheelarra joint venture tonnes). The effect of the sales contracts entered into between the Wheelarra joint venture participants and the Mt Newman joint venture participants and other associated agreements is that BHP Billiton (as a Mt Newman joint venture participant) has an entitlement to 85% of these Wheelarra joint venture tonnes. This disclosure and the financial statements are prepared on this basis.
- (15) The Mt Goldsworthy Area C reserves listed include C deposit within Area C in which the POSMAC joint venture participants (BHP Billiton Minerals Pty Ltd (65%), ITOCHU Minerals and Energy of Australia Pty Ltd (8%), Mitsui Iron Ore Corporation Pty Ltd (7%) and a subsidiary of POSCO (a Korean steelmaker) (20%)) have a legal interest. The effect of the sales contracts entered into between the POSMAC joint venture participants and the Mt Goldsworthy joint venture participants and other associated agreements is that BHP Billiton (as a Mt Goldsworthy joint venture participant) has an entitlement to 85% of the reserves in C deposit. This disclosure and the financial statements are prepared on this basis.
- (16) Production statistics relate to pellet production and concentrate and screens product.
- (17) The Yandi reserves listed include the Western 4 deposit in which the JFE Western 4 Joint Venture (JW4 JV) participants (BHP Billiton Minerals Pty Ltd (65%), ITOCHU Minerals and Energy of Australia Pty Ltd (8%), Mitsui Iron Ore Corporation Pty Ltd (7%) and a subsidiary of JFE Steel Corporation (a Japanese steelmaker) (20%)) have a legal interest. The effect of the sales contracts entered into between the JW4 joint venture participants and the Yandi joint venture participants and other associated agreements is that BHP Billiton (as a Yandi joint venture participant) has an entitlement to 85% of the reserves in the Western 4 deposit. This disclosure and the financial statements are prepared on this basis.
- (18) Shown on 100% basis. BHP Billiton interest in saleable production is 60%.
- (19) We purchased Mitsui's 50% shareholding in Advalloy (Pty) Ltd, making Samancor Manganese the 100% owner of Advalloy in July 2006. Following this change in ownership, we report the MCFeMn production of Advalloy in the above table for FY2007. Prior to us holding 100% of Advalloy, we reported FeMn production transferred to Advalloy. If prior year production was restated to reflect the same basis, total manganese alloys production would have shown 632,000 tonnes in 2006 and 734,000 tonnes in 2005.
- (20) Metallurgical coal production is reported on the basis of saleable product. Production figures include some thermal coal.
- (21) Shown on 100% basis. BHP Billiton interest in saleable production is 80%.

2.4 Marketing

Our customer-focused Marketing group manages the sale and delivery of our products. Marketing activities are centralised in Singapore and The Hague. These two centralised marketing teams incorporate all the functions required to manage product marketing and distribution, from finished goods production take-on to final customer delivery, designed around the CSG. In addition to these centralised marketing teams, many specialist marketers and logistics employees are located in 21 other regional network offices at strategic locations around the world being close to the market and understanding the environment in which we operate. Our major network offices are in Shanghai, Tokyo, Seoul, Jakarta, Delhi, Pittsburgh, Houston, Johannesburg and Rio de Janeiro.

Product structuring also forms part of the core capabilities of the marketing effort. Our Energy Marketing (EM) group also trades a variety of energy-related products as described below.

In addition to our commodities marketing desks, we provide a centralised freight trading and logistics service to the Group.

Energy Marketing

Energy Marketing was set up in July 2002, with the responsibility of coordinating our marketing activities in the energy commodity markets, namely coal, gas, emissions credits and electricity and uranium oxide. The group is based in The Hague and is part of our marketing function.

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EM is currently active in purchasing and selling third party physical gas and small amounts of electricity in the UK and emissions credits in Europe. Where required, EM also buys or sells pipeline capacity to transport gas onto the UK gas grid. Most products are transacted over the counter and are principal-to-principal transactions in the wholesale market.

Freight Trading and Logistics

We have a centralised ocean freight business that manages our in-house freight requirements.

The primary purpose of the freight business is to create competitive advantages through the procurement and operation of quality and cost-effective shipping, and to contribute to our profitability by trading freight and carrying complementary external cargoes.

The freight business participates primarily in the dry bulk sector aligned with our major trades, and handles approximately 115 million tonnes of cargo per year. At any one time, we have approximately 120 ships employed, making the Group one of the world's largest users of dry bulk shipping. The vast majority of vessels are chartered under various commercial terms and the business holds equity interest in a small number of vessels. External freight revenue was approximately US\$724 million for FY2007.

The freight business is based in The Hague, where it is an integral part of the Marketing group. Smaller Melbourne and Singapore-based groups are in place to directly support Australian and Asian shipping activities.

In addition to its freight management and trading activities, the freight business incorporates a skill base to manage its marine risk and provide technical support. It holds a number of marine-related investments, including a shareholding in shipping risk manager Rightships of Melbourne.

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 this Group are generally large low-cost mining projects in a range of minerals, including diamonds, copper, nickel, bauxite, iron ore, manganese and coal. The process of discovery runs from early-stage mapping through to drilling and evaluation. The program is global, and prioritises targets consistent with our assessment of the relative attractiveness of each mineral.

We continue to pursue opportunities and build our position in prospective developing countries, including diamonds in Angola and the Democratic Republic of Congo (DRC), and copper in the DRC, Mongolia and Kazakhstan. In nickel, we have a major near-mine exploration program focused on finding new nickel sulphide deposits to sustain and grow our existing operations in Western Australia. We are also actively exploring for nickel in the Philippines, Russia, China and Africa. In the bulk commodities, activities are focused on a smaller number of highly prospective terrains in Australia, South America, West Africa and Southeast Asia.

Our exploration activities are organised from six principal offices in Singapore, Perth (Australia), Johannesburg (South Africa), Moscow (Russia), Rio de Janeiro (Brazil) and Vancouver (Canada).

In addition to our corporate exploration function, several of our CSGs undertake exploration activities, principally aimed at delineating and categorising mineral deposits at existing operations.

In FY2007, we spent US\$410 million on minerals exploration. Of this, US\$139 million was spent by the corporate function and US\$271 million was spent at the CSG level.

2.6 Global Technology

Global Technology activities cover the full spectrum of our value chain from exploration tools, mining and processing technologies and environmental solutions through to ensuring our customers have the technical support available in the use of our products. Our goal is to deliver technologies into our businesses that deliver long-term growth, provide a competitive advantage and maximise our assets.

Global Technology activities cover the following areas:

- exploration, mining and mine optimisation
- leaching and remediation

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- minerals separation and hydrometallurgy
- process engineering
- technical marketing
- intellectual property

Technical innovation is becoming increasingly important to support our low-cost production strategy. To maintain our reserves, we are currently developing technologies to treat complex lower-grade ores, technologies that will enable us to mine minerals at deeper levels, and tools to improve our mine planning capabilities. We also apply our knowledge and fundamental understanding of our products and how they perform in the customers' process to best serve our chosen markets and provide innovative customer solutions.

Working alongside the CSGs and Minerals Exploration, the Global Technology team aims to understand future trends and develop both existing and new technologies that can identify, evaluate and maximise the value of deposits. With Diamonds and Specialty Products, they identify and develop technologies that can enable entry into new businesses.

Global Technology's portfolio of projects is selected on the basis of providing technical solutions that have cross-commodity benefits. Mine optimisation tools are an example of such a technical solution. Drawing on sophisticated mathematics, the mine planning optimisation software enables our businesses to operate existing infrastructure more efficiently. Mine planning optimisation software is used to determine ultimate pit sizes and pit development plans that deliver maximum value over the life of the mine, as well as evaluating the optimal processing configuration.

Protecting our intellectual property rights, such as patents, copyrights, trade secrets and confidential information, is a critical component in the successful development and exploitation of our new technical innovations. We have a dedicated in-house team that identifies and manages intellectual property issues of significance in a way that is consistent with our strategy.

Global Technology has research and development centres in Australia (Newcastle and Perth) and South Africa (Johannesburg). It also has a presence in Beijing to manage our expanding Chinese research and development program, and in Antofagasta (Chile) to support South American operations.

2.7 Business Excellence

Business Excellence, our improvement program, seeks to increase revenues, decrease costs and improve operational efficiency by determining the most efficient and effective practices and applying them across the organisation.

The strategy to achieve this is to embed in all businesses an excellence cycle that includes:

- evaluation of business performance against an Excellence Framework
- an improvement planning process to prioritise and plan business improvements
- a process improvement methodology – Six Sigma
- capture and quantification of the financial benefits of business improvements
- transfer of improvement projects across all assets through organisation-wide Networks

Improvement projects are carried out in every operation. The real benefit for us is in sharing projects across the Group so they can be replicated. This is achieved through our knowledge sharing Networks and Communities of Practice (CoPs). Currently, there are 300 CoPs with over 6,000 technical experts sharing innovative ideas and experience and Group-developed best practices electronically, by phone and face-to-face in workshops. This work is supported by business leaders and resourced by a dedicated team.

By effectively harnessing technical expertise in mine operations, mine planning, maintenance, processing and our outbound supply chain, Business Excellence helps people find solutions quickly and builds teamwork across our globally diverse organisation.

2.8 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.

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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 a government's share of production.

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 4 of this Annual Report.

Of particular note are the following regulatory regimes:

2.8.1 South African Mining Charter

As outlined in section 1.5 of this Annual Report, the Mineral and Petroleum Resources Development Act 2002 (MPRDA) took effect on 1 May 2004. It provides for state custodianship of all mineral deposits and abolishes the prior system of privately held mineral rights, and is administered by the Department of Minerals and Energy of South Africa. Holders of rights granted under the previous system, known as Old Order Rights, must apply to convert their rights to New Order Rights prior to 30 April 2009.

In order for the conversions to be effected, we will be required to comply with the terms of the Broad Based Socio Economic Empowerment Charter (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 needs to be achieved by 30 April 2009.

The MPRDA and the Mining Charter are not specific as to how the 26 per cent will be measured (for example, value or tonnage or a combination of both). As a result, the South African Government published a scorecard that provides guidelines for measuring the progress of mining companies towards meeting the requirements of the Mining Charter. Under the scorecard approach, the requirements for conversion deal not only with ownership, but also with such aspects as management, procurement and social development.

We support the broad objectives of the Mining Charter, most of which accord with long-established programs that we have under way. We are already a prominent participant in the South African empowerment processes, including various empowerment transactions, corporate social investment through the BHP Billiton Development Trust and the Samancor Foundation, and in employment and procurement equity across our operation.

2.8.2 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 Nuclear Non-Proliferation (Safeguards) Act 1987 (Cth) (Non-Proliferation Act). A Possession Permit is issued

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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.

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To export uranium from Australia, a Permit to Export Natural Uranium (Export Permit) must be held pursuant to the Customs (Prohibited Exports) Regulations 1958 (Cth). 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.

2.8.3 Exchange controls

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. However, there are certain sanctions adopted by the UK Government implementing resolutions of the Security Council of the United Nations against certain countries, entities and individuals, including senior officials of the previous Government of Iraq and their immediate families and those linked with the Taliban and Al Qaeda and other terrorist organisations.

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

BHP Billiton Limited

The Reserve Bank of Australia does not inhibit the import and export of funds, and no permission is required by BHP Billiton Limited for the movement of funds in and out of Australia. However, certain Australian foreign exchange and other controls are in place against certain countries, entities and individuals, including, individuals or entities linked with the Taliban, Al Qaeda and other terrorist organisations, senior officials of the previous Government of Iraq and their immediate families, individuals and entities associated with the regime of former President of Yugoslavia, Slobodan Milosevic, and certain ministers and senior officials of the Government of Zimbabwe. The controls impose certain approval and reporting requirements on transactions involving such countries, entities and individuals and/or assets controlled or owned by them.

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, to the right of non-residents to hold or vote BHP Billiton Limited ordinary shares other than as set out below.

The Foreign Acquisitions and Takeovers Act 1975 (Cth) (the Takeovers Act) applies to an acquisition by a foreign person of an interest in the shares of an Australian company with total assets of A\$100 million or more, which results in the acquisition of or addition to a substantial interest in the Australian company. However, as a result of the US Free Trade Agreement Implementation Act 2004 (Cth), at 1 January 2007, this threshold is increased to A\$871 million for investments in non-sensitive sectors for investors from the United States. The threshold for investments in sensitive sectors (such as banking and media) is A\$100 million for investors from the United States, although investments in sensitive sectors that occur by way of an offshore takeover of a company that holds Australian assets or conducts a business in Australia and the Australian assets or businesses are valued at less than 50 per cent of the foreign company's total assets, an A\$200 million threshold applies to investors from the United States.

A substantial interest is defined to be any single foreign person and its associates controlling 15 per cent or more, or two or more foreign persons and their associates in aggregate controlling 40 per cent or more of shares or voting power. Accordingly, any proposed acquisition that would result in these thresholds being exceeded must be notified to the Treasurer of the Commonwealth of Australia in advance of the acquisition.

The Takeovers Act, therefore, affects BHP Billiton Limited and its subsidiaries in two ways. First, because BHP Billiton Limited is an Australian incorporated company, it may affect the right of non-Australian residents, including US residents, to hold ordinary shares in BHP Billiton Limited. It will not affect the voting or other rights attached to those shares if they are acquired or held in accordance with the terms of the Takeovers Act. Second, because at 30 June 2007, BHP Billiton Limited and its subsidiaries are considered foreign persons for the purposes of the Takeovers Act, BHP Billiton Limited and its subsidiaries must apply to the Treasurer for

prior approval under the Takeovers Act before certain activities are undertaken, including the acquisition of shares in Australian companies, meeting the thresholds described above.

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Under the Corporations Act 2001 (Cth), residents and non-residents of Australia must not, subject to certain exceptions, acquire a relevant interest in shares in a listed company or an unlisted company with more than 50 members if this will result in a person's voting power increasing to more than 20 per cent, or increasing from a starting point that is above 20 per cent and below 90 per cent. Those restrictions, and the applicable provisions contained in the UK takeover code, are also entrenched in the Constitution of BHP Billiton Limited and the Articles of Association of BHP Billiton Plc.

There are no other statutory or regulatory provisions of Australian law or ASX requirements that restrict foreign ownership or control of BHP Billiton Limited.

2.9 Employees

The foundation of our business is our people, the base of our strategic drivers. (Refer to section 3.2 Our strategy). Shortages of skilled labour throughout the resources industry worldwide is creating severe competition for the available talent and attracting and retaining the people we need is a key focus of the Company.

To ensure we are well positioned in this competitive environment, in January 2007, we codified our human resource strategy and management standards. The purpose of the Human Resources Strategy is to connect our values and culture (as defined by the BHP Billiton Charter) and our business requirements to the way we manage our people and assess human resources performance. In order to be successful, we must identify, recruit, train, develop and retain a talented, diverse, mobile and motivated workforce. To continue to deliver value to our shareholders as a global company, we need the broad range of ideas and experiences of all our people, customers, communities and suppliers.

We are committed to open, honest and productive relationships with our employees, based on the values of the BHP Billiton Charter. This includes earning the trust of employees by being forthright in our communication, consistently delivering on commitments, and maintaining an equal opportunity work environment based on merit. We aim to be consistent, fair and transparent in our recruitment, assessment and promotion of people. The precise nature of our relationships is generally determined locally, but is consistent with BHP Billiton's Charter, the Human Resources Strategy and relevant legislative requirements. All assets are required to develop a proactive employee relations plan which is consistent with our values and local needs. The commitment to this openness in communication with our employees is reiterated in our Directors' Report (section 8.8 of this Annual Report).

As at 30 June 2007, we had 33,861 employees, or 38,540 employees including all employees working in our jointly controlled entities, working in over 25 countries and more than 100 operations worldwide. We also have an estimated 60,000 contractors worldwide. Our workforce represents a wide assortment of countries and cultures. A significant proportion of our employees are located in Australia (44 per cent), southern Africa (31 per cent) and South and North America (20 per cent).

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

	Employees excluding jointly controlled entities		
		30 June	
CSG	2007	2006	2005
Petroleum	2,297	2,180	1,998
Aluminium	4,360	4,259	4,453
Base Metals	4,402	4,360	2,499
Diamond and Specialty Products	857	1,189	1,254
Stainless Steel Materials	3,626	2,927	5,534
Iron Ore	2,009	2,031	2,180
Manganese	2,076	2,204	2,041
Metallurgical Coal	3,564	3,534	2,994
Energy Coal	7,993	7,819	9,333
Group and unallocated	2,677	2,681	1,915
Total	33,861	33,184	34,201

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

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	Employees excluding jointly controlled entities		
	2007	30 June	
		2006	2005
Australia	14,897	14,036	10,689
North America	2,896	2,565	2,587
South America	3,910	4,902	4,031
Europe	586	589	621
Southern Africa	10,418	9,899	15,747
Other countries	1,154	1,193	526
Total	33,861	33,184	34,201

Approximately 49 per cent of our labour force is covered by collective agreements. As reported in the prior year's Annual Report, on 31 August 2006 the disruption at our Escondida (Chile) operation was resolved with a new labour agreement which extended for 40 months. In the current year, we have not had any significant industrial disputes, and we believe that our relations with our employees are generally good.

2.10 Organisational structure**2.10.1 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 Companies (DLC) merger in June 2001. Refer to note 37 'Subsidiaries' in the financial statements for a list of BHP Billiton Limited and BHP Billiton Plc significant subsidiaries.

2.10.2 DLC structure

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 DLC structure. To effect the DLC, BHP Limited and Billiton Plc entered into certain contractual arrangements that are 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 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 entity, with their Boards and senior executive management comprising the same people.

BHP Billiton Limited and BHP Billiton Plc entered into various agreements to effect the DLC, including the:

Sharing Agreement

Special Voting Shares Deed

BHP Deed Poll Guarantee

Billiton Deed Poll Guarantee.

In addition, BHP Billiton Limited adopted a new corporate Constitution and BHP Billiton Plc adopted a new Memorandum and Articles of Association.

The principles embodied in the Sharing Agreement are that:

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the two companies are to operate as if they were a single unified economic entity, through Boards of Directors that comprise the same individuals and a unified senior executive management, and

the Directors of the two companies will, in addition to their duties to the Company concerned, have regard to the interests of holders of shares in BHP Billiton Limited and holders of shares in BHP Billiton Plc as if the two companies were a single unified economic entity and, for that purpose, the Directors of each Company shall take into account in the exercise of their powers the interests of the shareholders of the other, and

the DLC equalisation principles must be observed.

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 BHP Billiton Limited continues to:

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be an Australian company, which is managed from Australia, and

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 Foreign Acquisitions and Takeovers Act 1975 (Cth) (Takeovers Act) or any revocation or amendment by the Treasurer. If BHP Billiton Limited wishes to act differently to the 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 was 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.

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.

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.

These voting arrangements are secured through the constitutional documents of the two Companies, the 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 Deed Poll Guarantees 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.

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 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.

2.11 Material contracts

DLC agreements

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As noted in section 2.10.2 of this Annual Report, the DLC structure was implemented on 29 June 2001, and the following DLC Agreements were entered into upon completion of the DLC arrangement:

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the Sharing Agreement

the Special Voting Shares Deed

the BHP Deed Poll Guarantee

the Billiton Deed Poll Guarantee.

The effect of each of these agreements and the manner in which they operate are described in detail in section 2.10.2 of this Annual Report. It is expected that these agreements will remain in effect until such time as a change in control of the Group may occur.

2.12 Constitution

The following text summarises the Constitution of BHP Billiton Limited and the Articles of Association of BHP Billiton Plc. The Constitution of BHP Billiton Limited and the Articles of Association of BHP Billiton Plc are, so far as possible, identical for ease of administration. 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.

The Constitution of BHP Billiton Limited and the Articles of Association of BHP Billiton Plc can only be amended where such amendment is approved as a Class Right Action (a description of Class Right Actions is contained in section 2.10.2 of this Annual Report). A resolution in respect of a Class Right Action is voted on separately by the shareholders of BHP Billiton Limited and BHP Billiton Plc and is only passed if 75 per cent of the votes cast at the general meetings of Billiton Limited and BHP Billiton Plc respectively are in favour of the resolution.

2.12.1 Directors

The management and control of the business and affairs of BHP Billiton are vested in the Board of Directors, which, in addition to the powers and authorities conferred on it by the Constitution and Articles of Association, 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.

2.12.2 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; and

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

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

2.12.3 Power to vote where materially interested

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 at a meeting in relation to any resolution on which he or she is not entitled to vote.

2.12.4 Power to vote in relation to compensation/remuneration

Subject to the provisions of the Australian Corporations Act 2001 and the United Kingdom Companies Act, 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

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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 a permitted indemnity, as defined under 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.

2.12.5 Borrowing powers

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. In terms of actual borrowing power, the Board may entrust to any Director holding any executive office any of the borrowing powers exercisable under the Constitution or the Articles of Association.

2.12.6 Retirement of Directors

Currently, a person who has attained the age of 70 may by special resolution be appointed or reappointed as a Director of BHP Billiton to hold office until the conclusion of BHP Billiton's next Annual General Meeting. A person who has attained the age of 70 during that person's tenure as a Director may continue to act as a Director during the period that starts on the day on which they turn 70 and ends at the conclusion of the first Annual General Meeting of BHP Billiton after that day. We are, however, seeking shareholder approval at our 2007 Annual General Meetings to amend the Constitution of BHP Billiton Limited and Articles of Association of BHP Billiton Plc to remove the requirement that Directors cannot be appointed beyond the age of 70 unless the appointment is approved by a special resolution of shareholders. The proposed removal of this rule is consistent with the Employment Equality (Age) Regulations 2006 (UK) and the Age Discrimination Act 2004 (Cth). The Board will continue 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.

In relation to retirement generally, at every 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.

2.12.7 Rights attaching to shares

Dividend rights

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Under law, dividends on shares may only be paid out of profits available for distribution. 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 BHP Billiton until claimed or otherwise disposed of according to law.

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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 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 5 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.

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 Billiton Special Voting Share is entitled to vote shall be decided on a poll.

On a show of hands, every shareholder present, except the holder of the Billiton Special Voting Share, has one vote. Where a shareholder has appointed more than one person as representative, proxy or attorney for that shareholder, none of the representatives, proxies or attorneys are entitled to vote on a show of hands. On a poll, however, votes may be given either personally or by proxy.

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 Shares shall be entitled to be paid such dividends as are declared.

Any surplus remaining after payment of the distributions shall be payable to the holders of BHP Billiton Limited ordinary shares and the BHP 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.

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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 Billiton 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 Billiton 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 under the above distributions shall be payable to the holders of the BHP Billiton Plc ordinary shares in equal amounts per BHP Billiton Plc ordinary share.

2.12.8 Liquidation

On a return of assets on liquidation, 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 Special Voting Share and the Equalisation Share 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.

Subject to the payment of 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 Billiton Special Voting Share and the Equalisation Share, the payment out of surplus, if any, remaining after the distribution under the previous bullet point above of an equal amount for each Billiton ordinary share, the Billiton Special Voting Share and the Equalisation Share, if issued, subject to a maximum in the case of the Billiton Special Voting Share and the Equalisation Share of the nominal capital paid up on such shares.

2.12.9 Redemption

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 and

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.

2.12.10 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. Each shareholder is liable to pay the amount of each call in the manner, at the time and at the

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place specified by the Board. A call is considered to have been made at the time when the resolution of the Board authorising the call was passed.

2.12.11 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 where such variation is approved both:

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

by the holders of the issued shares of the affected class, either at a special meeting by resolution passed by not less than three-quarters of the holders present at the meeting and by voting, or in writing signed by the holders of at least three-quarters of the issued shares of that class.

The Board may determine that the resolution to be passed by the relevant Company is either a Class Rights Action or a Joint Electorate Action, and accordingly the resolution may need to be passed by the shareholders of both BHP Billiton Limited and BHP Billiton Plc.

Various rights attaching to all shares issued by either BHP Billiton Limited or BHP Billiton Plc can only be varied where such variation is approved as either a Class Rights Action or a Joint Electorate Action, depending on the type of right to be varied. The Constitution of BHP Billiton Limited and the Articles of Association of BHP Billiton Plc set out those rights that may only be varied as a Class Rights Action, and those rights that may only be varied as a Joint Electorate Action.

For a description of a Class Rights Action and a Joint Electorate Action, refer to the information under the heading Equalisation of economic and voting rights in section 2.10.2 of this Annual Report.

These conditions are more significant than is required by Australian and UK law to the extent that the Board determines the relevant resolution is either a Class Rights Action or a Joint Electorate Action.

2.12.12 Conditions governing general meetings

All provisions relating to general meetings apply to any special meeting of any class of shareholders that may be held. Therefore, the following information relates equally to Annual General Meetings and Extraordinary General Meetings.

The Board may and shall on requisition in accordance with applicable laws call a general meeting. 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. Notice of a meeting must be given in the form and manner in which the Board thinks fit. Five shareholders present 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.

2.12.13 Limitations on rights to own securities

Neither the Constitution nor the Articles of Association 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 of BHP Billiton Limited and the Articles of Association of BHP Billiton Plc, as well as relevant laws, are described in section 2.8 and 2.10.2 of this Annual Report.

2.12.14 Documents on display

Edgar Filing: BHP BILLITON LTD - Form 20-F

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.

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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. American Depositary Shares representing ordinary shares of BHP Billiton Limited are listed on the NYSE, and its ordinary shares are listed on the ASX. American Depositary Shares representing ordinary shares of BHP Billiton Plc are also listed on the NYSE and its ordinary shares are admitted to the Official List of the UK Listing Authority (being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000), and to trading on the London Stock Exchange's market for listed securities. You can consult reports and other information about BHP Billiton Limited and BHP Billiton Plc that each has filed pursuant to the rules of the NYSE at the exchange.

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2.13 Reserves

2.13.1 Petroleum reserves

Reserves and production

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids (NGL) that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e. prices and costs as of the date the estimate is made. Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

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 producing reservoirs in the immediate area. 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. In certain deepwater Gulf of Mexico fields, proved reserves have been determined before production flow tests are conducted, in part because of the significant safety, cost and environmental implications of conducting those tests. In these fields, other industry-accepted technologies have been used that are considered to provide reasonably certain estimates of productivity.

The tables below detail estimated oil, condensate, NGL and gas reserves at 30 June 2007, 30 June 2006 and 30 June 2005, 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 and NGL 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 2007, approximately 9 per cent (2006: 11 per cent; 2005: 12 per cent) of proved developed and undeveloped oil, condensate and NGL reserves and 6 per cent (2006: nil; 2005: nil) 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.

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Millions of barrels	Australia/Asia	Americas	UK/Middle East	Total
Proved developed and undeveloped oil, condensate and NGL reserves ^(a)				
Reserves at 30 June 2004	300.9	148.8	90.9	540.6
Improved recovery	-	-	-	-
Revisions of previous estimates	24.5	(1.7)	(1.3)	21.5
Extensions and discoveries	7.2	43.5	-	50.7
Purchase/sales of reserves	(9.2)	-	-	(9.2)
Production ^(b)	(38.7)	(7.6)	(14.7)	(61.0)
Total changes	(16.2)	34.2	(16.0)	2.0
Reserves at 30 June 2005	284.7	183.0	74.9	542.6
Improved recovery	-	11.5	-	11.5
Revisions of previous estimates	52.4	0.6	(2.6)	50.4
Extensions and discoveries	-	2.6	-	2.6
Purchase/sales of reserves	-	(0.3)	-	(0.3)
Production ^(b)	(33.2)	(7.3)	(15.3)	(55.8)
Total changes	19.2	7.1	(17.9)	8.4
Reserves at 30 June 2006	303.9	190.1	57.0	551.0
Improved recovery	-	-	-	-
Revisions of previous estimates	13.6	(0.9)	5.6	18.3
Extensions and discoveries	50.9	1.7	-	52.6
Purchase/sales of reserves	-	(0.1)	-	(0.1)
Production ^(b)	(35.8)	(6.6)	(14.3)	(56.7)
Total changes	28.7	(5.9)	(8.7)	14.1
Reserves at 30 June 2007 ^(c)	332.6	184.2	48.3	565.1
Proved developed oil, condensate and NGL reserves ^(a)				
Reserves at 30 June 2004	201.9	5.4	54.8	262.1
Reserves at 30 June 2005	180.5	18.3	74.5	273.3
Reserves at 30 June 2006	199.3	21.5	54.6	275.4