BHP BILLITON LTD
Form 20-F
October 03, 2005
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

FORM 20-F

(Mark One)

¨ **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 2005

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

(ABN 49 004 028 077)

(Exact name of Registrant as specified in its charter)

VICTORIA, AUSTRALIA

(Jurisdiction of incorporation or organisation)

180 LONSDALE STREET, MELBOURNE,

VICTORIA 3000 AUSTRALIA

(Address of principal executive offices)

BHP BILLITON PLC

(REG. NO. 3196209)

(Exact name of Registrant as specified in its charter)

ENGLAND AND WALES

(Jurisdiction of incorporation or organisation)

NEATHOUSE PLACE, VICTORIA, LONDON,

UNITED KINGDOM

(Address of principal executive offices)

Securities registered or to be registered

pursuant to section 12(b) of the Act.

Title of each class	Name of each exchange on which registered	Title of each class	Name of each exchange on which registered
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

* 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.

	BHP Billiton Limited	**BHP Billiton Plc**
Fully Paid Ordinary Shares	3,587,977,615	2,468,147,002

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 x No ¨

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

Item 17 ¨ Item 18 x

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 x

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In this annual report, the terms we, our, us, BHP Billiton, BHP Billiton Group and Group refer to BHP Billiton Limited and BHP Billiton Plc, together with their respective subsidiaries. BHP Billiton Plc Group refers to the group that is BHP Billiton Plc and its subsidiary companies. BHP Billiton Limited Group refers to the group that is BHP Billiton Limited and its subsidiary companies. BHP Billiton Plc refers to the parent entity that was formerly Billiton Plc before the implementation of the DLC structure and BHP Billiton Limited refers to the parent entity that was formerly BHP Limited before the DLC structure.

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FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements, including statements regarding:

- estimated reserves;
- trends in commodity prices;
- 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;
- the anticipated productive lives of projects, mines and facilities; and
- provisions and contingent liabilities.

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 certain 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 in Item 3D. 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.

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GLOSSARY OF TERMS

Technical Terms

In the context of ADSs and listed investments, the term quoted means traded on the relevant exchange.

We refer in this annual report to tonnes, each of which equals 1,000 kilograms, approximately 2,205 pounds or 1.102 short tonnes. Measures of distance referred to in this annual report are stated in kilometres, each of which equals approximately 0.62 miles, or in metres, each of which equals approximately 3.28 feet.

ADS means American Depositary Share.

A$ means the currency of the Commonwealth of Australia.

Brownfield project means the expansion of an existing operation.

Coal reserves has the same meaning as ore reserves, but specifically concern coal.

Coking coal, by virtue of its carbonisation properties, is used in the manufacture of coke, which is used in the steelmaking process.

Crude oil is a mixture of hydrocarbons that exist in liquid form in natural underground reservoirs, and remain liquid at atmospheric pressure after being produced at the well-head and passing through surface separating facilities.

Condensate is a mixture of hydrocarbons which exist in gaseous form in natural underground reservoirs, but which condense to form a liquid at atmospheric conditions.

Direct reduced iron (DRI) is metallic iron formed by removing oxygen from iron ore without the formation of, or passage through, a smelting phase. DRI can be used as feedstock for steel production

DLC merger means the dual listed companies merger between BHP Billiton Limited and BHP Billiton Plc, on 29 June 2001.

DLC structure means the corporate structure resulting from the DLC merger.

Dry gas is a mixture of hydrocarbon gases, inerts and other gases that are in the gaseous phase at pipeline conditions with no free liquids at operating conditions. It is principally composed of methane, ethane and low levels of propanes and butanes depending upon processing and pipeline specifications.

Energy coal is used as a fuel source in electrical power generation, cement manufacture and various industrial applications. Energy coal may also be referred to as steaming or thermal coal.

Ethane, where sold separately, is largely ethane gas that has been liquefied through pressurisation. One tonne of ethane is approximately equivalent to 26.8 thousand cubic feet of gas.

Farm-in is an arrangement between one or more parties and the company or group holding a lease title to an exploration or production area whereby the former pays to earn an interest in the permit. Payment may be in cash or in the form of a work programme.

Greenfield project means the development of a new project.

Heap leaching is the process by which a soluble mineral can be economically recovered by dissolution from ore piled in a heap.

Hot briquetted iron (HBI) is densified DRI where the densification is carried out at a temperature greater than 650 degrees Celsius. The resultant product has density greater than 5g/cm^3. HBI can be used as feedstock for steel production.

Leaching is the process by which a soluble mineral can be economically recovered from ore by dissolution.

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Liquefied natural gas (LNG) consists largely of methane that has been liquefied through chilling and pressurisation. One tonne of LNG is approximately equivalent to 45.9 thousand cubic feet of natural gas.

Liquified petroleum gas (LPG) consists of propane and butane and a small amount (less than 2%) of ethane that has been liquefied through pressurisation. One tonne of LPG is approximately equivalent to 11.6 barrels.

Marketable coal reserves represents beneficiated or otherwise enhanced coal product and should be read in conjunction with, but not instead of, reports of coal reserves.

Metallurgical coal is a broader term than coking coal which includes all coals used in steelmaking, such as coal used for the Pulverised Coal Injection process.

Oil and gas reserves mean those quantities of oil and gas that are anticipated to be legally and commercially recoverable from known accumulations as of the date of the reserve estimate.

Ore reserves are that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.

Petroleum coke is a residue from the refining of heavy fraction oil into light fraction oil.

Probable ore reserves are reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assure continuity between points of observation.

Proved or proven ore reserves are the reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings on drill holes; grade and/or quality are computed from the results of detailed samplings and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established.

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which 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).

Spud means to commence drilling of an oil or gas well.

Total coal reserves are the combination of the proved and probable ore reserves which specifically concern coal.

Total ore reserves represent proved ore reserves plus probable ore reserves.

Reserve life is current stated ore reserves divided by current rate of production.

Take or pay means an obligation on a customer to pay for an agreed minimum quantity of a commodity even if it fails to take that agreed minimum quantity.

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Financial Terms

UK terminology	US equivalent
Shareholders Funds	Stockholders Equity
Called up share capital	Subscribed Capital Stock
Ordinary Shares	Common Stock
Profit and Loss Account	Income Statement
Profit and Loss Account Reserve	Retained Earnings
Share Premium Account	Paid-in Surplus
Provision accrued liability, i.e., not part of Total Equity	Reserve can represent either part of Stockholders Equity, accrued liability or estimated depletion in the cost of an asset
Tangible Fixed Assets	Property, Plant and Equipment
Bonus Issue	Stock Dividend
Turnover	Sales Revenue
Depreciation	Depreciation and depletion
Profit for the financial year (attributable profit)	Net income
Income-generating unit	Cash-generating unit

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PART I

IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

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OFFER STATISTICS AND EXPECTED TIMETABLE

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

A. Offer Statistics

Not applicable.

B. Method and Expected Timetable

Not applicable.

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KEY INFORMATION

ITEM 3. KEY INFORMATION

A. Selected Financial Data

Set forth below is selected consolidated financial information for the BHP Billiton Group, which reflects the combined operations of both the BHP Billiton Limited Group and the BHP Billiton Plc Group. BHP Billiton Limited and BHP Billiton Plc each reports, as its primary financial statements under the requirements of the US Securities and Exchange Commission, the BHP Billiton Group s consolidated financial statements prepared in accordance with generally accepted accounting principles in the United Kingdom and presented in US dollars. These financial statements account for the dual listed company structure as a business combination and accordingly consolidate BHP Billiton Limited, BHP Billiton Plc and their respective subsidiaries. Under UK GAAP, the DLC structure has been accounted for under the pooling-of-interests method in accordance with UK Financial Reporting Standard 6: Acquisitions and Mergers as though the DLC structure had been effective and the two groups had operated as one enterprise throughout the periods presented.

Under US GAAP, the DLC structure is accounted for as a purchase business combination with the BHP Billiton Limited Group acquiring the BHP Billiton Plc Group on 29 June 2001. Under the pooling-of-interests method, the assets, liabilities and equity of the BHP Billiton Plc Group and the BHP Billiton Limited Group are combined at their respective book values as determined under UK GAAP. Under US GAAP, the reconciliation of shareholders equity includes the purchase adjustments required to recognise the BHP Billiton Plc Group assets and liabilities at their fair values, at the date of combination, and to record goodwill.

The selected consolidated financial information for the BHP Billiton Group set forth below as at and for the fiscal years ended 30 June 2005, 2004 and 2003 should be read in conjunction with, and is qualified in its entirety by reference to, the audited BHP Billiton Group Annual Financial Statements and the accompanying notes included in this annual report. The assets and liabilities of WMC Resources Ltd (WMC), which was acquired on 3 June 2005, have been included in the Consolidated Balance Sheet as at 30 June 2005 and the results of WMC for the period since the date of acquisition have been included in the Consolidated Profit and Loss Account for the year ended 30 June 2005.

	Year ended 30 June				
Consolidated Profit and Loss Account	**2005**	**2004**	**2003**	**2002**	**2001**
	(US$ millions except per share data)				
Amounts in accordance with UK GAAP					
Group turnover total	29,587	22,887	15,608	15,906	17,789
Group turnover from continuing operations	29,587	22,887	15,608	13,562	14,771
Operating profit (including share of profit of joint ventures and associates)					
- including exceptional items total	9,102	5,418	3,412	2,943	2,825
- excluding exceptional items from continuing operations	9,181	5,352	3,412	2,984	3,284
	9,102	5,418	3,412	2,873	2,612

- including exceptional items from continuing operations					
Net profit before minority interests					
- including exceptional items	6,630	3,476	1,941	1,737	1,252
Net profit attributable to members					
- including exceptional items	6,398	3,379	1,901	1,690	1,529
Dividends provided for or paid	1,695	1,617	900	784	754
Number of Ordinary Shares (millions) [(a)]					
- at period end	6,056	6,228	6,216	6,044	6,023
- weighted average	6,124	6,218	6,207	6,029	5,944
- weighted average diluted	6,158	6,246	6,222	6,042	5,973
Per Ordinary Share: [(a)]					
- Net profit attributable to members including exceptional items					
- Basic	US$ 1.05	US$ 0.54	US$ 0.31	US$ 0.28	US$ 0.26
- Diluted	US$ 1.04	US$ 0.54	US$ 0.31	US$ 0.28	US$ 0.26
-Dividends provided for or paid BHP Billiton Plc [(b)]	US$ 0.28	US$ 0.26	US$ 0.145	US$ 0.13	US$ 0.12
-Dividends provided for or paid BHP Billiton Limited [(b)]	US$ 0.28	US$ 0.26	US$ 0.145	US$ 0.13	A$ 0.247

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	Year ended 30 June				
Consolidated Profit and Loss Account	**2005**	**2004**	**2003**	**2002**	**2001**
	(US$ millions except per share data)				
Amounts in accordance with US GAAP					
Sales revenue from continuing operations	29,587	22,887	15,608	13,552	8,100
Other income from continuing operations	579	385	223	321	516
Operating income from continuing operations	7,430	3,489	2,780	1,698	629
Net income total	6,388	2,716	1,581	1,249	882
Net income from continuing operations	6,388	2,716	1,576	1,513	718
Net (loss)/income from discontinued operations			5	(264)	136
Per Ordinary Share [(a)]:					
Net income attributable to members					
- Basic from continuing operations	US$ 1.04	US$ 0.44	US$ 0.25	US$ 0.25	US$ 0.20
- Diluted from continuing operations	US$ 1.04	US$ 0.43	US$ 0.25	US$ 0.25	US$ 0.20
- Basic from discontinued operations				US$ (0.04)	US$ 0.04
- Diluted from discontinued operations				US$ (0.04)	US$ 0.04
- Basic total	US$ 1.04	US$ 0.44	US$ 0.25	US$ 0.21	US$ 0.24
- Diluted total	US$ 1.04	US$ 0.43	US$ 0.25	US$ 0.21	US$ 0.24
Per ADS:					
Net income attributable to members					
- Basic total	US$ 2.08	US$ 0.88	US$ 0.50	US$ 0.42	US$ 0.48
- Diluted total	US$ 2.08	US$ 0.86	US$ 0.50	US$ 0.42	US$ 0.48

	At 30 June				
Balance Sheet	**2005**	**2004**	**2003**	**2002**	**2001**
			(US$ millions)		
Amounts in accordance with UK GAAP					
Total assets	41,947	30,861	28,363	29,549	28,028
Total non-current portion of interest bearing liabilities [(c)]	8,024	5,453	6,288	5,534	6,521
Contributed equity	3,363	3,603	3,537	4,895	4,791
Equity attributable to members	17,153	14,038	12,091	12,370	11,340
Amounts in accordance with US GAAP					
Total assets total	47,647	36,675	35,001	35,795	35,232
Total assets of continuing operations	47,647	36,675	35,001	33,023	32,562
Total non-current portion of interest bearing liabilities total	9,622	5,452	6,414	6,350	6,607
Total non-current portion of interest bearing liabilities of continuing operations	9,622	5,452	6,414	6,296	6,544
Equity attributable to members	22,004	18,802	16,832	17,147	16,602

(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 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) Three dividends were declared for the year ended 30 June 2004, compared to two dividends declared for the year ended 30 June 2005 and prior to 2004, as a result of the Group s decision to realign dividend declaration dates to coincide with the announcements of our interim and full year results.

(c) Includes limited recourse finance and finance leases not repayable within 12 months.

Currency of presentation

The BHP Billiton Group publishes its consolidated financial statements in US dollars.

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B. Capitalisation and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. 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 us.

Fluctuations in commodity prices may negatively impact the BHP Billiton Group s 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 because of fluctuations in supply and demand. We expect that volatility in prices for most of our commodities will continue for the foreseeable future. This volatility creates the risk that our operating results 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

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 rate 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 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 the BHP Billiton Group measures its financial performance. It is also the natural currency for borrowing and for 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 Boards. Therefore, in any particular year, currency fluctuations may have a significant impact on our financial results.

Exchange rate movements negatively impacted our profit before interest and taxation in 2004-2005 by US$465 million compared to 2003-2004, including US$40 million relating to net monetary liabilities. Our losses on restatement of all non-US dollar net monetary liabilities, including debt and tax liabilities, were US$40 million, US$278 million and US$380 million in the years ended 30 June 2005, 2004 and 2003 respectively.

Failure to discover new reserves or enhance existing reserves could negatively affect the BHP Billiton Group s results and financial condition

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 efforts and our ability to replace existing reserves. A failure in our ability to discover new reserves or enhance existing reserves in sufficient quantities to maintain or grow the current level of our reserves could negatively affect our results, financial condition and prospects.

We may have fewer mineral, oil or gas reserves than our estimates indicate

Our reserves estimations may change substantially if new information subsequently becomes available. Fluctuations in the price of commodities, variation in production costs or different recovery rates may ultimately result in our estimated reserves being revised. If such a revision was to indicate a substantial reduction in proven or probable reserves at one or more of our major projects, it could negatively affect our results, financial condition and prospects.

Compliance with health, safety and environment regulations may impose burdensome costs and if compliance is not achieved our reputation may be detrimentally impacted

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

The December 1997 Kyoto Protocol established a set of emission targets for developed countries that have ratified the Protocol. Subsequent negotiations have advanced the flexibility of the proposals with the intention of lessening the

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economic costs to participating countries meeting their emission limitations obligations. It is uncertain at this stage how the Kyoto Protocol will affect our operations and our customers. There is a risk that the Kyoto Protocol may negatively impact our operations and our financial results. Our Petroleum assets in the UK are currently subject to the EU Emissions Trading Scheme. For the rest of our assets, the impacts may be less direct and are more difficult to anticipate.

We may continue to be exposed to increased operational costs due to the costs and lost worker s time associated with the HIV/AIDS infection rate of our southern African workforce.

The European Registration, Evaluation and Authorisation of Chemicals (REACH) system is anticipated to commence operation in 2006. REACH will require 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. The extent to which our operations and customers are impacted by these changes will not be clear until the final form of the regulations is determined. These potential compliance costs, litigation expenses, regulatory delays, remediation expenses and operational costs could negatively affect our financial results.

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

Land tenure disputes may negatively impact the BHP Billiton Group s operations

We operate in several countries where ownership of land is uncertain, and where disputes may arise in relation to ownership. These disputes cannot always be predicted, and hence there is a risk that this may cause disruption to some of our mining projects and prevent our development of new projects.

In Australia, the *Native Title Act (1993)* provides for the establishment and recognition of native title under certain circumstances. Like land ownership disputes, native title could negatively affect our new or existing projects.

In South Africa, the *Extension of Security of Tenure Act (1997)* prevents evictions from taking place in the absence of a court order. Occupiers who reside on the owner s land, with the requisite consent of the owner, have rights to remain in occupation unless they breach their statutory obligations as occupiers. A process exists for long-term occupiers to enjoy life long tenure. However, the legislation provides for the option of provision of suitable alternative land for occupation. Furthermore, the *Restitution of Land Rights Act (1994)* permits dispossessed communities to reclaim land but only where such dispossession occurred after 1913 and as a consequence of a discriminatory practice or law. Both these Acts could negatively affect new or existing projects of the BHP Billiton Group.

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

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.

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. These new rights will also be subject to revised State royalties in the case of certain minerals but this is only expected to be introduced in 2009. The MPRDA also required the development of a Broad Based Socio Economic Empowerment Charter, known as the Mining Charter, for the mining industry with the objectives of expanding opportunities, skills, ownership and employment by historically disadvantaged South Africans. The Mining Charter requires that mining companies achieve 15% ownership by historically disadvantaged South Africans of South African mining assets within five years and 26% ownership within ten 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 also could be adversely affected by regulatory inquiries into our business practices, such as the ongoing investigation of the copper concentrate market by the European Commission and Canadian authorities.

Additional risks associated with emerging markets may negatively impact some of the BHP Billiton Group s operations

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, re-negotiation or nullification of existing contracts, leases, permits or other agreements, and changes in laws and policy as well as other unforeseeable risks. If one or more of these risks occurs at one of our major projects, it could have a negative effect on our operating results or financial condition.

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We may not be able to integrate successfully our acquired businesses

We have grown our business in part through acquisitions including our acquisition of WMC Resources Ltd. 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 exploration and new mining and oil and gas projects

There is a risk that we will not be able to recover the funds we spend identifying new mining and oil and gas properties through our exploration programme. 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.

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. Management of our non-controlled assets may not comply with the BHP Billiton Group s 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.

Increased reliance upon the Chinese market 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 35% of global seaborne iron ore demand, 20% of copper and alumina, 12% of nickel and 8% of oil demand. Chinese demand for these commodities has more than doubled in the last five years but this demand is expected to moderate as the government pursues measures to reduce economic overheating and to increase capital efficiency.

Whilst this increase represents a significant business opportunity, our exposure to China s economic fortunes and economic policies has increased. Sales into China generated just less than US$4 billion or 12.6% of turnover in the year ended 30 June 2005.

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

Inflationary pressures and shortages of skilled personnel 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 skilled personnel, contractors, materials and supplies and increased demands from governments. This has led, and could continue to lead to increased capital and operating costs, and difficulties in developing, acquiring and retaining skilled personnel which may in turn adversely affect the development of new projects, the expansion of existing operations, the results of those operations, our financial condition and prospects.

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INFORMATION ON THE COMPANY

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of BHP Billiton

Background

We are the world s largest diversified resources group with a combined market capitalisation of approximately US$82 billion as of 30 June 2005 and we generated combined turnover (including our share of joint ventures and associates) and attributable profit (including exceptional items) of US$31.8 billion and US$6.4 billion, respectively, for the year ended 30 June 2005. We hold industry leader or near-leader positions in a range of products, including (after our acquisition of WMC Resources Ltd referred to below) being the:

- world s largest exporter of metallurgical coal for the steel industry;
- world s second largest exporter of energy coal;
- world s third largest producer of iron ore;
- world s second largest producer of copper;
- world s third largest producer of nickel metal;
- world s largest producer of high grade manganese ore;
- world s fifth largest producer of primary aluminium; and
- world s fourth largest producer of uranium.

We also have substantial interests in oil, gas, liquefied natural gas, diamonds, silver and titanium minerals.

BHP Billiton Limited is incorporated under the name BHP Billiton Limited and is registered in Australia with ABN 49 004 028 077. BHP Billiton Limited was incorporated on 13 August 1885 under the name of The Broken Hill Proprietary Company Limited.

BHP Billiton Plc is incorporated under the name BHP Billiton Plc and is registered in England and Wales with Registration number 3196209. BHP Billiton Plc was incorporated on 9 May 1996.

The registered office of BHP Billiton Limited is at 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, England and its telephone number is +44 20 7802 4000.

On 19 March 2001, we announced that the Directors of BHP Limited and Billiton Plc had agreed to form a Dual Listed Companies structure to establish a diversified global resource group to be called BHP Billiton. The implementation of the DLC structure was completed on 29 June 2001. BHP Limited changed its name to BHP Billiton Limited and Billiton Plc changed its name to BHP Billiton Plc.

In July 2002, BHP Billiton Limited completed the spin-off of its entire steel flat and coated products business to its shareholders.

In March 2005, we announced a cash offer of A$7.85 per share for WMC Resources Ltd (WMC), an Australian based resources company. On 3 June 2005 BHP Billiton Limited obtained control of WMC. After acquiring over 90% of the issued shares in WMC on 17 June 2005, BHP Billiton Limited commenced action to compulsorily acquire the remaining shares. On 2 August 2005 BHP Billiton Limited completed the acquisition of 100% of the issued shares in WMC at a total acquisition cost of US$7.2 billion.

The major assets acquired through our acquisition of WMC and our Customer Sector Groups (CSGs) of which they now form part are as follows:

the Olympic Dam copper, uranium and gold mine and related treatment plants located in South Australia (Base Metals);

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an integrated nickel mining, refining and smelting business with operations located in Western Australia (Stainless Steel Materials);

the Southern Cross Fertiliser operation (formerly, the Queensland Fertiliser Operation), which consists of an integrated phosphate mine and ammonium phosphate fertiliser production facility in Queensland (Diamonds and Specialty Products); and

the Corridor Sands mineral sands project in Mozambique (Diamonds and Specialty Products).

BHP Billiton Limited and BHP Billiton Plc are run by a unified Board and management team, with headquarters in Melbourne, Australia, and with a significant corporate management centre in London. The existing primary listings of BHP Billiton Plc on the London Stock Exchange and BHP Billiton Limited on the Australian Stock Exchange continue to be maintained, as is the secondary listing of BHP Billiton Plc on the Johannesburg Stock Exchange. BHP Billiton Plc and BHP Billiton Limited each maintain an American Depositary Receipt listing on the New York Stock Exchange.

The shareholders of BHP Billiton Limited and BHP Billiton Plc take key decisions on matters affecting the combined group through a procedure in which the shareholders of both companies have equal voting rights per share. Accordingly, shareholders of BHP Billiton Limited and BHP Billiton Plc effectively have an interest in a single group combining the assets of both companies with a unified Board of Directors and management. Should any future corporate action benefit shareholders in only one of the two companies, an appropriate action will be taken to ensure parity between BHP Billiton Limited and BHP Billiton Plc shares.

Further information on the DLC structure is included in Item 4C of this annual report.

We have grouped our major operating assets into the following Customer Sector Groups:

Petroleum (oil, natural gas and liquefied natural gas);

Aluminium (aluminium and alumina);

Base Metals (copper, silver, zinc, lead and uranium);

Carbon Steel Materials (metallurgical coal, iron ore and manganese);

Diamonds and Specialty Products (diamonds, titanium minerals, fertilisers and minerals exploration and technology);

Energy Coal (energy coal); and

Stainless Steel Materials (nickel metal, cobalt and, until May 2005, chrome).

In addition, we group the Customer Sector Groups into three broadly related business areas of Non-Ferrous Materials, Energy and Carbon Steel Materials. The Aluminium, Base Metals and Stainless Steel Materials Customer Sector Groups form the Non-Ferrous Materials Group. The Petroleum and Energy Coal Customer Sector Groups form the Energy Group. The Carbon Steel Materials Customer Sector Group forms the Carbon Steel Materials Group. The Presidents of the relevant Customer Sector Groups report to the Group Presidents of the Non-Ferrous Materials, Energy and Carbon Steel Materials Groups respectively. The President of Diamonds and Specialty Products reports to the Chief Commercial Officer of BHP Billiton.

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The table below sets forth the contribution to combined turnover and profit (before tax) of each of these CSGs for the three years ended 30 June 2005.

	Turnover		
	Year ended 30 June		
	2005	2004	2003
	(US$ millions)		
Group including share of joint ventures and associates			
Petroleum	5,970	5,558	3,264
Aluminium	5,265	4,432	3,386
Base Metals	5,071	3,422	1,954
Carbon Steel Materials	7,606	4,857	3,714
Diamonds and Specialty Products	1,544	1,710	1,485
Energy Coal	3,390	2,569	2,089
Stainless Steel Materials	2,274	1,749	1,106
Group and unallocated items	798	725	549
Intersegment	(114)	(79)	(41)
Total	31,804	24,943	17,506

	Profit before tax		
	Year ended 30 June		
	2005	2004	2003
	(US$ millions)		
Group including share of joint ventures and associates			
Petroleum	1,830	1,391	1,178
Aluminium	977	776	581
Base Metals	2,177	1,156	286
Carbon Steel Materials	2,821	1,137	1,045
Diamonds and Specialty Products	417	410	299
Energy Coal	616	234	198
Stainless Steel Materials	758	571	150
Group and unallocated items	(266)	(187)	(256)
Exceptional items[1]	(168)	(468)	(19)
Net interest	(421)	(502)	(537)
Total	8,741	4,518	2,925

(1) Refer note 2 Exceptional items in the 2005 BHP Billiton Group Annual Financial Statements.

The table below sets forth the contribution to combined turnover and net profit (before tax and net interest) by geographic origin for the three years ended 30 June 2005.

	Turnover		
	Year ended 30 June		
	2005	2004	2003
	(US$ millions)		
Analysis by geographical origin			
Australia	10,415	7,270	6,527
Europe	7,856	6,750	2,798
North America	2,366	2,503	2,186
South America	5,723	4,130	2,727
Southern Africa	5,123	3,882	3,147
Rest of World	321	408	121
Total	31,804	24,943	17,506

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	Profit before tax and net interest		
	Year ended 30 June		
	2005	2004	2003
	(US$ millions)		
Analysis by geographical origin			
Australia	3,845	2,104	1,871
Europe	1,154	756	259
North America	363	(188)	188
South America	2,895	1,719	576
Southern Africa	729	537	558
Rest of World	176	92	10
Total	9,162	5,020	3,462

The table below sets forth the analysis of combined turnover by geographic market for the three years ended 30 June 2005.

	Turnover		
	Year ended 30 June		
	2005	2004	2003
	(US$ millions)		
Analysis by geographical market			
Australia	2,642	1,874	1,775
Europe	10,458	8,941	5,582
Japan	3,739	2,807	2,393
South Korea	1,888	1,598	1,203
China	3,996	2,432	1,216
Other Asia	2,207	1,583	1,172
North America	2,842	2,782	2,389
Southern Africa	1,604	1,363	944
Rest of World	2,428	1,563	832
Total	31,804	24,943	17,506

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Ore Reserves

The ore reserves tabulated are all held within existing, fully permitted mining tenements. The BHP Billiton Group s minerals leases are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves on the leased properties to be mined in accordance with current production schedules. Ore reserves are presented in the accompanying tables subdivided for each of the Customer Sector Groups.

All of the ore reserve figures presented are reported in 100% terms, and represent estimates at 30 June 2005 unless otherwise stated. All tonnes and grade information has been estimated more precisely than the rounded numbers that are reported, hence small differences may be present in the totals.

As the reported reserves contained in this annual report have been reported based on historical average commodity prices for traded metals or are based on historical commercial contracts for bulk commodities in accordance with Industry Guide 7, they differ in some respects from the reserves we report in our home jurisdictions of Australia and the UK. Those jurisdictions require the use of the Australasian Code for reporting of Mineral Resources and Ore Reserves, September 1999 (the JORC Code), which contemplates the use of reasonable investment assumptions in calculating reserve estimates.

Reserves are estimated based on prices reflecting current economic conditions determined by reference to the three year historical average for each commodity. The prices used to estimate, or test for impairment of, the reserves of traded metals contained in this annual report are as follows:

Commodity	Price US$
Copper	0.938/lb[(1)]
Gold	361/oz
Lead	0.28/lb
Nickel	4.57/lb
Silver	5.38/oz
Zinc	0.40/lb

(1) All our copper operations have used a copper price at or below the three year historical average copper price to estimate, or test for impairment of, the copper reserves disclosed in this report. The price used for each operation is disclosed in the footnotes to the Base Metals reserves table.

Capital Expenditures and Divestitures

Details of our capital expenditure and divestitures are included in Item 4B and Item 5B of this annual report.

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B. Business Overview

Petroleum

Our Petroleum Customer Sector Group s principal activities are oil and natural gas exploration, production and development in Australia, the United Kingdom, the United States, Algeria, Trinidad and Tobago, and Pakistan; and exploration interests in the United States, Australia, Trinidad and Tobago, Pakistan, Algeria, Brunei Darussalam, South Africa, Canada and the Philippines.

Operating Assets

Australia/Asia

In Australia, we produce oil and gas from Bass Strait, the North West Shelf, the Griffin Project, the Minerva gas field, the Moranbah Coal Bed Methane gas project and from coal mine methane degassing at Illawarra Coal. In Pakistan, we produce gas and a small volume of condensate from the Zamzama gas field.

Bass Strait

BHP Billiton Bass Strait interests are conducted under two separate joint venture agreements: the Gippsland Basin Joint Venture and the Kipper Unit Joint Venture.

Gippsland Joint Venture

The Bass Strait Gippsland Basin Joint Venture oil and gas fields are located offshore southern Australia. Production commenced in 1968. There are 20 producing fields with 21 offshore structures (18 platforms and three subsea developments). 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.

We have a 50% interest in the Bass Strait fields and infrastructure. Esso Australia Resources Pty Ltd (Esso Australia) owns the other 50% interest and acts as operator. Production from most of the fields is subject to an overriding 2.5% royalty payable to Oil Basins Limited.

During 2004-2005, gross oil production averaged 94,000 barrels per day. The majority of produced crude oil and condensate is dispatched from the fields to refineries in the State of Victoria, while the balance is sold elsewhere in Australia or overseas.

During 2004-2005, gas production averaged approximately 650 million cubic feet per day (gross). LPG (liquefied petroleum gases) and ethane extracted from the natural gas are sold in Australia and overseas. During 2004 2005, LPG production averaged 2,900 tonnes per day (gross) and ethane production averaged 570 tonnes per day (gross).

Most of the natural gas produced was sold to GASCOR for on-sale to retailers to meet Victoria s residential and commercial gas requirements. The contract with GASCOR is due to expire on 31 December 2009 or upon depletion of the outstanding contractual volume of 635 billion cubic feet of natural gas, whichever is the earlier. The annual contract quantity is 167 billion cubic feet per annum and the maximum take is 217 billion cubic feet per annum. The contract is a fixed gas price contract with periodic price reviews. Gas prices are escalated in proportion with the Australian Consumer Price Index.

We have also entered into long-term gas sale agreements with retailers AGL and TRUenergy (formerly TXU Australia). Contracted quantities for AGL and TRUenergy are up to 910 and 765 billion cubic feet of natural gas, respectively. We commenced deliveries under both contracts in January 2004 and they are due to expire in 2017. These contracts are fixed gas price contracts with periodic price reviews. Gas prices are escalated in both contracts in proportion with the Australian Consumer Price Index.

We, along with our joint venture partner Esso Australia, continue to seek additional reserves in the Bass Strait in order to enhance existing production levels with high value incremental developments.

Esso Australia operated three drilling rigs in the Bass Strait fields during 2004-2005 with a work programme including drilling infill, development and exploration opportunities. The infill drilling programme across Flounder, Barracouta, Bream A and Tuna fields included 11 wells of which nine wells were successful. The success of these wells is expected to increase production by approximately 6,000 barrels per day (gross). During 2004 - 2005 two well

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work-over programmes were carried out on Bream B. The successful completion of this work-over programme is expected to increase production with initial rate of approximately 2,000 barrels per day (gross). This came online in August 2005.

The delineation and development in the Turrum oil and gas field, in the deep horizon beneath the existing Marlin field included five development wells drilled during the 2005 financial year. First production from Turrum was during late June 2005 at a rate of approximately 1,500 barrels per day (gross).

Kipper Unit Joint Venture

The Kipper field was discovered in 1986 and is located approximately 45 kilometres off the Victorian coastline, in approximately 100 metres of water. It is mapped to straddle the boundary between the Vic/RL2 retention lease and the Vic/L9 production licence. Two wells have been drilled to delineate the field.

The original retention lease for Vic/RL2 was granted in July 1993 and has been renewed once. A second renewal request was submitted in June 2003 but was not granted. Consequently, in June 2005, the joint venturers applied for a production licence which, if granted, will allow the right to develop and operate the field. Esso Australia is the designated operator.

In June 2005, the Kipper joint venturers (BHP Billiton, Santos Ltd, Woodside Energy Ltd and Esso Australia) signed a non-binding memorandum of understanding (MOU) in relation to the development of the field. Under the MOU the project participants have agreed on key terms and conditions for processing gas from the Kipper field through Esso and BHP Billiton s Bass Strait infrastructure and processing facilities. The joint venturers have also signed a separate MOU to unitise the field across the licence blocks.

It is expected that the Kipper field will be developed by installation of a number of subsea wells and associated pipeline infrastructure. First gas is planned for 2009 subject to corporate funding approvals by each of the project participants and receipt of production licences.

North West Shelf

We are a participant in the North West Shelf project, an unincorporated joint venture operated by Woodside Energy Ltd. 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 (liquefied natural gas) primarily to Japan and will also, from mid 2006, supply LNG to Guangdong in China. The project also produces crude oil, condensate and LPG, primarily for export.

The current domestic gas joint venture participants are Woodside Energy Ltd (50%), BP Developments Australia Pty Ltd (16.67%), Chevron Texaco Australia Pty Ltd (16.67%), our wholly-owned subsidiary BHP Billiton Petroleum (North West Shelf) Pty Ltd (8.33%) and Shell Development (Australia) Pty Ltd (8.33%). Our share of domestic gas production will progressively increase from an 8.33% share to a 16.67% share over the period from 2005 to approximately 2017. When we reach a 16.67% share, all current domestic gas joint venture partners and Japan Australia LNG (MIMI) Pty Ltd (jointly owned by Mitsubishi Corporation and Mitsui & Co.) will have equal 16.67% interests. The six

founding participants of the first North West Shelf LNG joint venture include the domestic gas joint venture partners and Japan Australia LNG (MIMI) Pty Ltd, each with a 16.67% interest. A second LNG joint venture (CLNG) has been formed for the purpose of enabling its participants to supply LNG to Guangdong. Each of the six founding LNG participants hold an equal 12.5% interest in the CLNG joint venture with CNOOC NWS Private Limited, a subsidiary of China National Offshore Oil Corporation, holding a 25% interest. While ownership of NWS Project offshore and onshore infrastructure assets remains with the founding LNG and domestic gas venture participants, CNOOC has rights to process its CLNG gas and associated gas liquids products through that infrastructure, on payment of a tariff to the owners.

The onshore gas treatment plant is located at Withnell Bay on the Burrup Peninsula, 1,200 kilometres north of Perth, Western Australia and is supplied through two trunklines by the offshore North Rankin, Goodwyn, Perseus and Echo-Yodel gas and condensate fields. Production from the North Rankin and Perseus fields is currently through the North Rankin A platform, which has the capacity to produce 2,300 million cubic feet per day of gas and 53,000 barrels per day of condensate. Production from the Goodwyn and Echo-Yodel fields is through the Goodwyn A platform, which has the capacity to produce 1,450 million cubic feet per day of gas and 110,000 barrels per day of condensate. Production from these fields will continue to meet current contractual requirements for domestic gas and LNG until mid 2006. Further development of the existing Perseus field has commenced and includes the drilling of seven wells which will be progressively tied in from mid 2006 to early 2007. The currently undeveloped Angel field will also be developed to meet expected market requirements from 2008.

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The North West Shelf domestic gas plant has a current capacity of 615 million cubic feet per day. Debottlenecking work is planned to increase capacity to 720 million cubic feet per day by the end of 2006. The gas is delivered via pipeline to customers in Western Australia under long-term agreements. Production of domestic gas in 2004 2005 averaged 480 million cubic feet per day (gross).

The existing four-train LNG plant has the capacity to produce at an average rate of 33,000 tonnes of LNG per day, or 12 million tonnes per annum. The project currently sells approximately 7 million tonnes of LNG per year under the original long-term contracts to Japanese buyers, which expire in 2009. Further sales to Japan are made under long term contracts that were secured to support the fourth train expansion. These contract periods range from 20 years to 30 years for supply of up to 4 million tonnes of LNG per year with initial deliveries commencing in 2004-2005. Mid term (terms of 5-10 years) contract and spot sales are made to buyers in Japan, Korea and the United States, with the level of spot sales depending on plant and shipping availability. Production for 2004-2005 averaged 30,200 tonnes per day (gross).

In December 2004, an LNG sales and purchase agreement with the Guangdong LNG Project for the purchase and supply of LNG from the North West Shelf became unconditional. The agreement covers the supply of approximately 3.3 million tonnes of LNG per year to Phase One of the Guangdong LNG Project for a period of 25 years, with deliveries expected to commence in mid 2006.

In June 2005, the BHP Billiton Board of Directors approved the Group s 16.67% share of investment in a fifth LNG train expansion of the existing LNG processing facilities located on the Burrup Peninsula. Engineering and procurement for the fifth train and associated infrastructure has commenced and first production is expected in the second half of 2008. Negotiations for long term LNG contracts to underpin this investment are progressing.

Condensate is separated from the natural gas in the onshore plant. Condensate production during 2004-2005 averaged 98,000 barrels per day (gross) and our average share of condensate production was approximately 15% over the period. Our share of condensate varies in proportion to our relative interests in condensate production attributable to the domestic gas and LNG joint ventures.

LPG production began in November 1995 and production in 2004 2005 was 2,100 tonnes per day (gross). We have a 16.67% interest in the LPG production.

The project s crude oil production is from the Wanaea, Cossack, Lambert and Hermes oil fields which are located about 30 kilometres north east of the North Rankin gas and condensate field. The oil is produced to a floating production storage and offloading unit, the Cossack Pioneer, and production averaged 96,000 barrels of oil per day (gross) in 2004 2005. An infill well drilling programme for 2005-2006 has been approved to accelerate production. We have a 16.67% working interest in oil production from these fields.

Laminaria and Corallina

We ceased to be a participant in the Laminaria and Corallina joint venture with Woodside Energy Ltd and Shell Development (Australia) Pty Ltd on 14 January 2005 when we completed the sale of our interest to Paladin Oil & Gas (Australia) Pty Ltd.

Griffin

We are the operator of the Griffin oil and gas project, which includes the Griffin, Chinook and Scindian fields in the Carnarvon Basin, offshore Western Australia. We hold a 45% interest in the project, Mobil Exploration and Producing Australia Pty Ltd holds a 35% interest and Inpex Alpha Ltd holds the remaining 20% interest.

The Griffin project first produced oil through its floating production storage and offloading facility, the Griffin Venture, in January 1994. Production for 2004 2005 averaged 10,600 barrels per day of oil (gross).

We pipe natural gas to shore, where it is exported directly into a pipeline and sold into the domestic market under long term contracts. Gas production in 2004 2005 averaged 16 million standard cubic feet per day (gross).

Minerva

The Minerva gas field, discovered in 1993, is located in the Otway basin offshore southern Victoria. We have a 90% working interest in and act as the operator of the field. Santos (BOL) Pty Ltd owns a 10% share of the joint venture.

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In March 2002 we signed a take or pay gas sales agreement with Pelican Point Power Limited (a wholly owned subsidiary of International Power plc) to provide gas into South Australia and Victoria through the gas fired Pelican Point Power station in South Australia. The contracted quantity is up to 240 billion cubic feet of natural gas to be supplied over a l0 year period from 2004. The contract is a fixed gas price contract with periodic price reviews. Gas prices are escalated in proportion to the Australian Consumer Price Index.

The Minerva gas field was developed with a single flowline transporting raw gas to the coast. The flowline passes through a subterranean shore crossing to an onshore gas processing facility. At the facility, liquids are removed and the gas is delivered into the SEAGas pipeline.

The Minerva gas field commenced commercial production in January 2005. The gas production from commencement of commercial production until 30 June 2005 averaged 101 million cubic feet per day (gross), and condensate production averaged 315 barrels per day (gross).

Coal Bed Methane

We have a 50% interest in the Moranbah Gas Project situated within the Queensland Bowen Basin coalfields.

The project is operated by CH4 Operations Pty Ltd. It comprises the extraction of coal bed methane from surface-to-seam wells using drilling techniques developed by BHP Billiton and CH4.

We and CH4 have signed a Gas Supply Agreement (GSA) with the Queensland Power Trading Corporation (trading under the name Enertrade), owned by the Queensland Government, for delivery of up to a maximum of 290 billion cubic feet (gross) from February 2005 over 15 years, with a take or pay quantity of 8 billion cubic feet per annum (gross) for the first 10 years. Gas deliveries under the GSA commenced during the year and required daily contract volumes have been maintained since April 2005. In May 2005 an amended and restated GSA was signed with CH4 and Enertrade reflecting the agreement also signed in May 2005 between BHP Billiton s QNI and Enertrade for Enertrade to supply gas to QNI s expanded nickel and cobalt refinery at Yabulu near Townsville, North Queensland. Under the May 2000 Project Agreement with CH4, we will receive a revenue royalty on any gas sales plus an option to invest up to 50% in any project developed by CH4. This option has been exercised for the Moranbah Gas Project. Our share of the initial capital cost of this project was US$31 million. Additional wells will have to be drilled during the contract term as recovery rates from the initial wells decline.

At Illawarra in New South Wales, methane recovery from coal mining operations is continuing. The gas drainage operations are required to reduce the methane content to levels that allow underground coal mining to proceed safely.

In June 2004, we signed an agreement for coal bed methane exploration interests in China with Chevron Texaco and the Chinese Government. During 2004-2005, seven of eight planned appraisal wells were drilled in the Ordos basin. Further development planning will be based on the evaluation of the drilling and resource data obtained from these wells.

On 31 March 2005 we signed a technical services agreement (TSA) with BPI Industries Inc, a Canadian publicly listed oil and gas exploration company, for an initial term of 18 months. We will provide technical services in the areas of drilling and completion of in-seam coal bed

methane wells in the Illinois Basin. Pursuant to the TSA, we acquired stock appreciation rights that are only exercisable if a majority in value of the stock or assets of BPI is acquired. The value of this right is based on the excess of BPI s stock price over the closing price on 31 March 2005.

Pakistan

We are the operator of the Zamzama onshore gas project in the Dadu Block in the Sindh Province of Pakistan. We hold a 38.5% working interest in the project, ENI Pakistan (M) Ltd holds 17.75%, PKP Exploration Ltd (a jointly owned company between Kufpec and Premier Oil) holds 18.75% and Government Holdings holds the remaining 25% interest.

In 1998, we discovered gas in the Zamzama-1 well under the Dadu exploration permit. After a single well appraisal programme identified commercial reserves, we commenced production in March 2001 from Zamzama 1 and 2 wells through an extended well test (EWT) phase.

In March 2002, we and our partners approved the Phase 1 development of the Zamzama gas field following the signing of two gas sales and purchase agreements with the government of Pakistan, Sui Southern Gas Company and Sui Northern Gas Pipelines Company Limited. The agreements cover the supply of up to 320 million cubic feet per day of gas over the expected field life of 20 years. In April 2002, the government of Pakistan granted the Dadu joint venture a 20-year development and production lease (with an option to extend 5 years beyond the 20-year term) for the full field development of the Zamzama discovery.

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The Phase 1 development consists of two additional processing trains, which are located on the existing EWT plant site, and three additional development wells. First gas from the Phase 1 development was produced in July 2003.

In 2004 2005, production averaged 258 million cubic feet per day of gas (gross) and 1,724 barrels per day of condensate (gross).

Two development wells, Zamzama-East and Zamzama-North, were successfully completed in 2004 for US$8 million (our share), resulting in additional proved reserves. Negotiations are currently underway with the Sui Southern Gas Company for the sale of these additional reserves. It is anticipated that a gas sales and purchase agreement will be signed between the parties early in the second quarter of 2005-2006.

Americas

In the United States, we produce oil and gas from the Gulf of Mexico and we also produce oil and gas in Trinidad and Tobago, from the offshore Angostura oil and gas field.

Gulf of Mexico

Our Gulf of Mexico production is sourced from seven producing assets: West Cameron 76, Typhoon, Boris, Genesis, Green Canyon 18/Ewing Bank 988, Green Canyon 60 and Mad Dog.

We are the operator of West Cameron 76 and have a 33.8-78.8% working interest (depending on the location of the producing well). The gas field, which is located in shallow water about 20 kilometres offshore from the coast of Central Louisiana, was discovered in 1991 and production commenced in 1992. The field architecture consists of two conventional platforms. In 2004-2005, production from West Cameron 76 averaged 60 million cubic feet of gas per day (gross) and 300 barrels per day of condensate (gross).

We have a 50% working interest in the Typhoon oil and gas development, located in Green Canyon Blocks 236 and 237. Chevron has the other 50% working interest and is the operator. The field is located in 2,000 feet of water approximately 100 kilometres off the coast of Louisiana, and was our first deepwater Gulf of Mexico development. The field consists of four subsea wells tied back to a local host mini tension leg platform. First production was in 2001.

We also have a 50% working interest in and operate the Boris oil discovery in Green Canyon Block 282 adjacent to the Typhoon field. Chevron and Noble Energy each have a 25% working interest. Boris was developed as a tie-back to the Typhoon production facility. Production commenced in 2003.

In 2004 2005, production from Typhoon and Boris fields averaged 24,000 barrels of oil and 39 million cubic feet of gas per day (gross).

We have a 4.95% working interest in the Chevron-operated Genesis oil field, located in Green Canyon blocks 160, 161 and 205. In 2004-2005, this field produced an average of 22,000 barrels of oil per day and 36 million cubic feet per day of gas (gross).

We also have a 25% working interest in the Green Canyon 18/Ewing Bank 988 oil field and a 45% working interest in the Green Canyon 60 oil field, both operated by ExxonMobil. In 2004-2005 these fields produced an average of 3,300 barrels of oil per day and 3.1 million cubic feet of gas per day (gross) of which approximately 94% came from Green Canyon 18/Ewing Bank 988.

Mad Dog

We hold a 23.9% working interest in Mad Dog with partners BP (60.5%), the designated operator, and Unocal (15.6%).

The initial Mad Dog discovery well, in the Green Canyon area of the Atwater Foldbelt, was drilled in December 1998, followed by three appraisal wells drilled between 1999 and 2001. In February 2002, we and our partners sanctioned Mad Dog for development. The budgeted cost of our share of capital expenditure was US$368 million. The final expenditure will depend on the number of development wells needed to optimise the production of reserves.

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The field is being developed using a truss SPAR facility with an integrated drilling rig, which is permanently moored in Green Canyon Block 782, about 250 kilometres south of New Orleans, Louisiana. Located in approximately 4,300 feet of water, the facility has the capacity to process 100,000 barrels of oil per day and 60 million cubic feet of gas per day (gross), which is an increase over the original design capacity of 80,000 barrels of oil per day and 40 million cubic feet of gas per day (gross). First production began on 13 January 2005. The project is currently ramping up production and we expect to reach oil capacity by mid calendar year 2007. Gross oil production in the period January 2005 to June 2005 averaged 23,000 barrels of oil per day.

An additional well and its sidetracks were drilled in the Southwest Flank of the field in March 2005. The well found hydrocarbons some 1,000 feet deeper on the West flank of the structure than previously encountered. The development programme for this portion of the field is continuing to be assessed.

Caesar and Cleopatra Pipelines

In February 2002, we acquired equity ownership in Caesar Oil Pipeline Company LLC (25%), and Cleopatra Gas Gathering Company LLC (22%), which are limited liability companies that will transport hydrocarbons by pipeline from Mad Dog, Atlantis and, possibly, future discoveries in the proximity. The pipelines are part of a new system in the Southern Green Canyon area.

Our share of capital costs approved by the Board for the construction of the Caesar and Cleopatra pipelines was US$132 million.

The Caesar pipeline has a design capacity of at least 450,000 barrels of oil per day and Cleopatra has a capacity of 500 million cubic feet of gas per day. These pipelines connect with other pipelines to transport product to the United States mainland.

The Caesar and Cleopatra pipelines were placed into service in December 2004. They are currently transporting crude oil and gas from the Mad Dog field and a third party field. An additional lateral will be laid to connect the pipelines to the Atlantis field during fiscal year 2006. Caesar and Cleopatra continue to pursue additional transportation agreements and have entered into a Memorandum of Understanding to transport Neptune production.

Trinidad and Tobago

Angostura

We signed Trinidad and Tobago s first production sharing contract under a new fiscal regime in April 1996 for Block 2(c). Hydrocarbons within a large faulted structure known as the Greater Angostura Structure were encountered with the Kairi-1 exploration well in 2001.

We are the operator of the Greater Angostura development and own a 45% working interest. Other participants are Total (30%) and Talisman Energy (25%). The field is located approximately 38.5 kilometres east of the island of Trinidad. Angostura is located in shallow water depths of approximately 130 feet.

The Angostura development is an integrated oil and gas development. Infrastructure includes a central processing platform with three satellite wellhead protector platforms. 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. First production commenced on 9 January 2005. Gross oil production in the period January 2005 to June 2005 averaged 40,000 barrels per day of oil.

In the first phase, oil is being produced from three wellhead protector platforms via flowlines to the steel jacketed central processing platform. Associated gas is being re-injected to the reservoir to optimise oil recovery. Our share of capital expenditure for the first phase of the Angostura development was US$337 million.

The second phase, gas commercialisation, is currently in the pre-feasibility study stage with Board sanction targeted for the end of calendar year 2006.

Europe/Africa/Middle East

We produce oil and gas from the Liverpool Bay development and the Bruce/Keith fields in the United Kingdom. In Algeria we are entitled to LPG and condensate from the Ohanet development, and oil from the ROD integrated development.

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United Kingdom

Liverpool Bay

The Liverpool Bay oil and gas development is located in the Irish Sea, off the north-west coast of England. We are the operator, and have a 46.1% working interest. Other participants in the joint venture are Eni ULX Limited, which has a 45% interest, and Eni AEP Limited, which has an 8.9% interest. The venture began first production of oil and gas in 1996.

The Liverpool Bay asset comprises the integrated development of the following six offshore oil and gas fields in the Irish Sea: Douglas oil field; Douglas West oil field; Hamilton gas field; Hamilton North gas field; Hamilton East gas field; and Lennox oil and gas field. We produce oil from the Lennox and Douglas fields, which is then treated at the Douglas Complex and piped 17 kilometres to an oil storage barge ready for export by tankers.

We produce gas from the Hamilton, Hamilton North, Hamilton East, and Lennox fields. After initial processing at the Douglas Complex the gas is piped by subsea pipeline to the Point of Ayr gas terminal for further processing. It is then sent by onshore pipeline to E.ON UK plc s combined cycle gas turbine power station at Connah s Quay. E.ON is the sole purchaser of gas from the Liverpool Bay development.

The venture commenced a drilling campaign on the Lennox oil and gas field in 2005. The campaign comprises one sidetrack well and up to five workovers of existing wells.

Production during 2004 2005 averaged 36,000 barrels per day of oil and 200 million cubic feet per day of gas (gross).

Bruce / Keith

The Bruce field is located approximately 380 kilometres north-east of Aberdeen in the northern North Sea. We have a 16% interest in the field, which is operated by BP.

Gross production from the Bruce field during 2004 2005 averaged 14,000 barrels per day of oil, 400 million cubic feet per day of gas and 976 tonnes per day of LPG. The average production rates were impacted by a 54 day shutdown of the Bruce platform to install the low pressure booster compression module (LPBC). The Low Pressure Booster Compression is a key element of the Bruce field depletion programme. This module will deliver additional compression which will enable the platform operating pressure to be reduced and, hence, reduce reservoir pressure through the field decline period and into late field life. This reduced suction pressure increases recoverable reserves.

We also have a 31.83% interest in the Keith field, which we operate, which is located adjacent to the Bruce field in block 9/8a. The Keith field was developed by a tieback to the Bruce platform facilities. In 2004 2005, production from Keith averaged 1,500 barrels per day of oil and

4 million cubic feet per day of gas (gross).

Algeria

Ohanet

The Ohanet wet gas (LPG and condensate) development is located in the Illizi province of Algeria, approximately 1,300 kilometres southeast of Algiers and 100 kilometres west of Libya.

We have an effective 45% working interest in the Ohanet Joint Venture. The other participants are Japan Ohanet Oil & Gas Co Ltd (30%), Woodside Energy (Algeria) Pty Ltd (15%) and Petrofac Resources (Ohanet) LLC (10%).

The Joint Venture parties together form the Contractor party to the Ohanet Risk Service Contract (RSC), signed with Sonatrach, Algeria s state-owned oil and gas company, in 2000 for the development of four gas and condensate reservoirs in the Ohanet region of Algeria.

The total budgeted costs for the development of the Ohanet reservoirs were US$1,030 million, our share being US$464 million. Actual development costs will not be finalised until the completion of a future drilling campaign included in the original development scope.

Production began in October 2003. Gross liquids production during 2004-2005 averaged 27,000 barrels per day of condensate and 2,100 tonnes per day of LPG.

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The terms of the RSC specify that the total production from the fields is the property of Sonatrach. The RSC Contractor bears the total cost of developing the Ohanet reservoirs, and in return, will recover its investment, together with an agreed fixed profit consideration from liquids production, over a target eight-year period from the start of production. This eight-year period can be extended for up to four years under certain conditions.

The monetary entitlement is translated into entitlement volumes of condensate, butane and propane that are currently sold to Sonatrach under a marketing agreement with the Ohanet Joint Venture parties.

ROD Integrated Development

In Algeria, we hold a 45% interest in the contractor party that is signatory to the Blocks 401a and 402a production sharing contract with Sonatrach. Under the terms of the contract, the Algerian government has contracted the development and extraction of the resources whilst retaining title to these resources for an exploitation phase duration of 15 years, with an option to extend for an additional 5 years under certain conditions. The blocks are located 900 kilometres southeast of Algiers, near the Tunisian border in the Berkine Basin.

Exploration in Blocks 401a/402a led to BHP Billiton Board sanction in 2000 to proceed with the ROD Integrated Development project. The development activities were undertaken by a joint Sonatrach/BHP Billiton operating organisation (OOC).

The ROD Integrated Development 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. An agreement is in place to govern unitisation of the ROD and SFNE fields, the sharing of specified costs, operatorship and commercial arrangements for the development. Under this agreement, we estimate that our share of the US$500 million development costs will be approximately US$190 million, still subject to agreement by all parties on the final allocation of capital expenditure between the fields.

The ROD fields are being produced through a new dedicated processing train, constructed adjacent to the existing Bir Ribaa Nord (BRN) production facility located on the Algerian Block 403, operated by a joint Sonatrach/ENI Algeria Exploration B.V operating organisation (GSA). ROD crude is exported through the established pipeline infrastructure to terminals located on the Algerian coast. The associated gas is being re-injected underground. First production from the ROD Integrated Development commenced in October 2004 through an accelerated production system utilising spare capacity in the BRN plant, with production through the dedicated new train following in December 2004. Gross oil production in the period October 2004 to June 2005 averaged 43,000 barrels of oil per day.

Following formal transfer of unit operatorship on 30 June 2005, production operations for the ROD Integrated Development are being conducted by the GSA.

Exploration and Development

We have exploration interests in Australia, Asia, the Americas and Europe/Africa/Middle East. We are participating in developments in Australia, the United States, and Trinidad and Tobago.

Australia/Asia

We have exploration interests in Australia, Brunei Darussalam, the Philippines, and Pakistan.

Australian Exploration

In Australia we have exploration interests in 16 permits offshore Western Australia and one permit offshore Victoria.

Stybarrow WA-255-P Exploration

We drilled and completed, as operator, an exploration well on the Stybarrow prospect in February 2003. The well encountered hydrocarbons. A Stybarrow-2 appraisal well was drilled and also encountered hydrocarbons. A further two wells, Stybarrow-3 and 4, further confirmed the oil/water contact and encountered hydrocarbons. Based upon the results of these wells, various development concepts have been considered and we expect the Board to consider the final development plan in late 2005.

We own a 50% operated working interest in this permit with the remaining interest held by Woodside Energy Ltd.

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

We drilled and completed, as operator, an exploration well on the Ravensworth prospect in July 2003 which encountered hydrocarbons. A Ravensworth-2 appraisal well was drilled in June 2004 and also encountered hydrocarbons.

We own a 40% operated working interest in the WA-155-P permit, with Apache Energy Ltd owning 31.5% and Inpex owning the remaining 28.5%.

In addition to the Ravensworth discovery wells, we also drilled a series of exploration and appraisal wells in the adjoining block WA-12-R during 2003 and 2004. The Stickle-1, Stickle-2, Stickle-3, Crosby-1, Crosby-2 and Harrison-1 wells all encountered hydrocarbons. We own a 71.43% operated working interest in the WA-12-R permit, with Apache owning the remaining 28.57%.

A joint development plan is currently underway encompassing the Ravensworth, Crosby and Stickle discoveries (jointly referred to as Pyrenees development). Harrison is being considered as a potential near-field tie-back following the initial phase of development.

Exmouth Sub-Basin

During 2004-2005, we conducted exploration programmes in the Exmouth Sub-basin of the Carnarvon Basin, in permits WA-255-P (2), WA-155-P (1), WA-12-R, WA-351-P and WA-322-P.

Exploration activity concentrated on integrating the results from the extensive 2003-2004 drilling campaign and rebuilding the prospect inventory. Langdale-1, located in WA-155-P(1), was drilled in April 2005 and was plugged and abandoned as a sub-commercial gas discovery.

We commenced a 3D seismic survey in northern WA-255-P and WA-322-P in June 2005. The acquisition of this survey (covering an area greater than 1600 square kilometres) will enable us to characterise the hydrocarbon potential in the northern part of the sub-basin.

Browse Basin

We are the operator of five permits in the deepwater Outer Browse Basin (WA-301-P, WA-302-P, WA-303-P, WA-304-P and WA-305-P), located immediately to the west of the Brecknock & Scott Reef gas discoveries. During 2004-2005, our efforts were focussed on maturing gas prospects with sufficient volumetric potential for LNG supply. During 2005-2006, we will acquire 3D seismic data over the Dacey prospect and drill the Warrabkook prospect in WA-303-P.

We are also a joint venture participant in the various Woodside-operated retention leases covering the Brecknock, Brecknock South & Scott Reef discoveries, with an equity level varying between 8.33% and 20%. Three wells and two 3D seismic surveys will be undertaken to appraise these discoveries commencing in July 2005.

Additionally, we are the operator of permit AC/P30 in the northern Browse where we have applied for a retention lease over the Argus gas discovery. We have a 67% operated interest in AC/P30 and Encana International (Australia) Pty Ltd holds the other 33%.

Scarborough/Pilbara LNG

We have a 50% non-operated interest in the Scarborough gas field in WA-1-R and hold 100% interest in WA-346-P which covers the northern extension of the mapped gas reservoir. During the first half of calendar year 2004, we obtained 912 square kilometres of 3D seismic data over the field in WA-1-R and its extension into the WA-346-P permit. Subsequently, under agreement with our partner, Exxon, we operated the drilling of three appraisal wells in WA-1-R between December 2004 and February 2005. Scarborough-3, Scarborough-4A and Scarborough-5 all encountered hydrocarbons and were plugged and abandoned. Evaluation of the drilling results and the 3D seismic data acquired in 2004 are in progress. We are conducting a pre-feasibility study into development options for the field and a proposed LNG plant and export facilities to receive and process feedstock from the Scarborough gas field in the Carnarvon Basin, 280 kilometres north-west of Onslow, Western Australia. We have selected a site near Onslow as our preferred location for the LNG processing plant and export facilities. The project is examining a number of concepts for the field development that would connect to a single train with capacity of approximately 6 million tonnes per annum.

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Gippsland

During 2004-2005, we drilled the West Moonfish -1 exploration well in Vic/L10 which was plugged and abandoned as a sub-commercial gas and oil discovery. We also exited the VIC/P45 permit, which we had previously operated.

Philippines Exploration

In April 2005, we exited SC-41, an offshore permit in the Sulu Sea after drilling two wells in mid 2004, Zebra-1 & Rhino-1. Both wells failed to encounter hydrocarbons and were subsequently plugged and abandoned.

We were also part of a bidding consortium with Unocal, Occidental and Amerada Hess Corporation (25% each) that won two deepwater permits. The service contract (SC56) was signed in August 2005.

Brunei Exploration

We have a 25% working interest in Block J, offshore Brunei Darussalam. The remaining interests are held by Total (60% and operator), and Amerada Hess Corporation (15%). The joint venture executed a production sharing contract with the government of Brunei Darussalam in March 2003. The government of Malaysia subsequently claimed this block formed part of their territorial waters and awarded the same acreage to a competing joint venture. The dispute remains unresolved.

Pakistan Exploration

In April 2005 we acquired a 37.5% working interest in the Jhangara block in the Sindh province of Pakistan, approximately 40 kilometres from our Zamzama operated asset. Premier Oil Pakistan Offshore BV is the operator with 18.75% working interest. The remaining working interests are held by OMV (18.75%), Pakistan Exploration Limited (10%) and Oil & Gas Investments Ltd (15%). We have a one-well commitment and seismic option. The first exploration well spudded in August 2005.

Americas

In the Gulf of Mexico, we are developing the Atlantis and Neptune oil and gas fields. In addition, we have extensive exploration interests in the Gulf of Mexico, Trinidad and Tobago and smaller interests in Canada, Colombia and Mexico.

Gulf of Mexico

We have been acquiring leasehold interests in the deepwater Gulf of Mexico since the early 1990s. At 30 June 2005 our offshore portfolio consisted of 368 leases, 241 of which are in deepwater and 127 of which are on the shelf in the Gulf of Mexico and cover various prospects within this area.

Atlantis Development

We have a 44% working interest in Atlantis. BP is the operator of the field and holds the remaining 56% interest.

The initial Atlantis discovery in the Green Canyon area was drilled in 1998. As of June 2005, a total of five appraisal wells, three with major sidetracks, have been drilled on the Atlantis structure. All five wells encountered oil bearing sands. In addition, four successful development wells have been drilled to date.

In February 2003, the BHP Billiton Board approved a total of US$1.1 billion as full funding for the development of the Atlantis oil and gas reserves. In November 2004, the Board agreed that the US$1.1 billion approved in 2003 would be used to develop the South portion of the field only and that funding for the North portion of the field would be sought at a later date. The majority of the reserves for the Atlantis field are located in the South portion of the field. It is anticipated that additional funding for the North portion of the field will be requested during fiscal year 2006. The final expenditure for Atlantis will depend on the number of development wells needed to optimise the production of reserves. Located in 4,400-7,100 feet of water, Atlantis will be developed using a moored semi-submersible production facility with up to 20 subsea wells. Gross daily capacity is expected to be 200,000 barrels of oil per day and 180 million cubic feet of gas per day. First oil is expected from the field in the third quarter of calendar year 2006.

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Neptune Development

In 1995 we farmed into the Neptune prospect, operated by BP, and drilled the discovery well Neptune-1. A subsequent appraisal well, Neptune-2, was drilled in 1998 and abandoned after recovering hydrocarbon samples.

Subsequent to acquiring BP s interest in April 2002 with partners Woodside Petroleum Ltd and Marathon Oil Company, we, as operator, drilled and completed the Neptune-3 appraisal well and encountered hydrocarbons. The fourth appraisal well on the prospect was drilled in December 2002. It was non-commercial and has been plugged and abandoned.

In May 2003, we farmed-out a portion of our interest in the Neptune prospect to Maxus (US) Exploration Company, a subsidiary of Repsol (YPF). As a result of this arrangement, our working interest has decreased from 50% to 35%. Other partners working interests are Marathon Oil Company (30%), Woodside Petroleum Ltd (20%) and Maxus (15%).

In July 2003, we drilled the Neptune-5 well and encountered hydrocarbons. In January 2004, an integrated project team was formed to evaluate development alternatives and select a preferred concept. In April 2004, the Neptune-7 appraisal well was drilled and encountered hydrocarbons (Neptune-6 was drilled but due to drilling complications was abandoned and Neptune-7 was drilled in its place).

In June 2005, the Board approved the capital expenditure for our share of the costs to develop the Neptune field. The Neptune facility will have a design capacity to produce up to 50,000 barrels of oil and 50 million cubic feet of gas per day with gross costs for the development estimated at approximately US$850 million (BHP Billiton share approximately US$300 million). The Neptune field is located in the deepwater Gulf of Mexico approximately 120 miles from the coast of Louisiana. The production facility will be located in approximately 4,250 feet of water. A standalone, tension leg platform (TLP) has been selected for the development, with seven initial subsea wells tying back to the TLP. First oil is expected by the end of calendar year 2007.

Starlifter Development

We hold a 30.95% interest in the Starlifter project with Newfield Exploration (operator with 45%), Houston Exploration (13.75%) and Ridgewood Energy Corp. (10.3%). It is located in West Cameron Blocks 77 and 96. First production from a single gas well commenced in July 2005. A second well is expected to be drilled in the first half of calendar year 2006.

Shenzi Green Canyon Exploration

In December 2002 we drilled an exploration well on the deepwater Shenzi prospect. The well was drilled in 4,400 feet of water and encountered hydrocarbons. Four successful appraisal wells have since been drilled on the Shenzi prospect. The Shenzi-2 appraisal well drilled to a total depth of 25,500 feet also encountered hydrocarbons, and was followed up by several successful sidetracks. The Shenzi-3 appraisal well was subsequently drilled to test the western side of the structure, reaching a total depth of 28,300 feet. The Shenzi-3 appraisal drilling operations were completed in December 2004 after several successful sidetracks. The Shenzi-4 appraisal well finished drilling in March 2005 after reaching

a total depth of 28,000 feet. The Shenzi-5 appraisal well finished drilling in June 2005, after reaching a total depth of 28,500 feet and successfully testing the down dip limits of the structure.

An integrated project team was formed to further define the range of reservoir uncertainty, evaluate development alternatives and select a preferred concept. In July 2005, the Shenzi project progressed to the feasibility phase, having selected a concept based on a 100,000 barrels of oil per day nominal capacity TLP with subsea wells. The project scope, costs, and schedule are being finalised as a part of the front end engineering and design prior to sanctioning the project.

Based on the preferred development concept and the wells drilled to date, a small quantity of reserves were booked in 2004-2005.

We are operator and own a 44% working interest in Shenzi, with Amerada Hess and BP each owning a 28% working interest.

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Mustang Exploration

In June 2005, we drilled a successful gas exploration well in West Cameron Block 77. We are the operator with a 43.7% working interest with partners Dominion Exploration (22.4%), Houston Exploration (19.4%) and Ridgewood Energy Corp. (14.5%). Development activities are underway, with first gas expected during calendar year 2006.

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 operator (BP) is currently drilling the first appraisal well, with a second appraisal well planned to spud late calendar year 2005.

We hold a 33.3% working interest in Puma with BP owning 51.7% and Unocal owning the remaining 15%.

Cascade / Chinook Walker Ridge Exploration

In June 2002, we (as operator) drilled an exploration well on the ultra deepwater Cascade Prospect and encountered hydrocarbons. The well was drilled in waters approximately 8,200 feet deep to a total depth of 27,979 feet. The Cascade 2 appraisal well is currently drilling and is expected to be finished late calendar year 2005.

We hold a 50% working interest in Cascade, with Petrobras and Devon Energy Corporation each holding a 25% interest.

In January 2001, we (as operator) drilled an exploration well on the ultra deepwater Chinook Prospect. The well was drilled in water depths of approximately 8,830 feet and failed to encounter hydrocarbons. A second exploration well targeting a deeper reservoir section was subsequently drilled in June 2003 and encountered hydrocarbons. Further appraisal will be required to evaluate the economic viability of the resource.

We own a 40% working interest in Chinook, with Petrobras America owning a 30% interest with Amerada Hess and Total each owning a 15% interest.

Some significant exploration wells drilled in the Gulf of Mexico during 2004-2005 included:

Mad Dog Deep

Drilling operations are proceeding on the Mad Dog Deep well, a 27,300 feet wildcat located in Green Canyon Block 826 in 6,741 feet of water. The well was spud in May 2005 and is targeting the Pre-Miocene section (Eocene and Paleocene) on the Mad Dog anticline. It reached final depth in August 2005 and logging operations are continuing. We hold a 23.9% working interest, with partners BP (operator) 60.5% working interest and Unocal 15.6% working interest.

Makalu

The Makalu-1 exploration well in the Atwater Valley was spudded in the fourth quarter of 2004, and was subsequently plugged and abandoned in the second quarter of 2005 as a dry hole. Chevron operated the well with a 37.5% working interest, while we participated at a 40% working interest level. Other partners were Devon (12.5%) and Murphy Oil who farmed-in to our position at a 10% working interest level.

Bonsai

We are currently participating with a 35% working interest in a planned 29,500 feet deep exploratory test on the Bonsai Prospect in the Atwater Valley. BP is operating the well with a 65% working interest, and will also operate any subsequent appraisal operations.

Joseph

We participated with a 20% working interest with Shell as operator (30%) in an exploration well on the Joseph prospect in High Island Block 10L in Texas State waters, spudded in early September 2004. Partners in the well included Devon (20%) and Total (30%). The well reached a total depth of 25,552 feet in late June 2005 and has been temporarily abandoned.

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Blackbeard

We are currently participating with a 5% working interest with Exxon as operator (25%) in an exploration well on the Blackbeard prospect in South Timbalier Block 168 in Lousiana Federal OCS waters, spudded in early February 2005. Partners in the well include Newfield (23%), BP (20%), Petrobras (20%) and Dominion (7%). As of mid 2005, the well was at a depth of 12,872 feet. The planned total depth of the Blackbeard well is 32,000 feet and total depth is anticipated to be reached in early calendar 2006.

Knotty Head

We are currently participating with a 25% working interest in an exploration well on the Knotty Head Prospect located in the Green Canyon area close to the existing Tahiti discovery. Partners in the well include Nexen (25% operator), Anadarko (25%), and Unocal (25%). Unocal spudded the well in March 2005 and has encountered hydrocarbons. Drilling operations are continuing with the well expected to reach final depth in mid-October 2005.

Significant Acreage Activity / Changes in Ownership in the Gulf of Mexico during 2004-2005 included:

Vortex and Bass Lite (Atwater Valley)

In November 2004 we divested our interest in the Vortex gas discovery in the eastern Atwater foldbelt area. An additional divestment was made of the Bass Lite gas discovery and more than 60 OCS blocks in the same area in April 2005.

Trinidad and Tobago Exploration

Block 2(c) REA Exploration

In April 2002, at the end of the Second Exploration Phase, we relinquished acreage as required under the production sharing contract , and retained approximately 16,120 hectares in the southern portion of Block 2(c), offshore Trinidad. The retained exploration area (REA) is a subset of the broader Block 2(c) PSC which was signed on 22 April 1996 and which comprised 51,766 hectares. We own a 64.28% working interest with Talisman Energy holding the remaining 35.72%. As the operator we drilled the Howler-1 well in June 2003 and encountered hydrocarbons. The well was drilled in waters approximately 190 feet deep to a total depth of 10,170 feet. It is being evaluated as part of the Angostura gas commercialisation study. During 2004-2005, mapping of the remaining prospectivity within Block 2(c) REA was completed and the final commitment exploration well (Gypsy) was spudded in July 2005.

Block 2(c) Producing Area

Kairi A1-A05 (K1-OG) was spudded in December 2004 to test a deeper pool exploration follow-on to a deviated field development well within the Block 2(c) Producing Area. We operated the well with a 45% working interest, with other participants being Total (30%) and Talisman (25%). In January 2005, we and Talisman agreed to drill to a deeper depth which Total opted out of leaving us with a 64.28% working interest and Talisman having the remaining 35.72% in this well. We encountered sub-commercial quantities of hydrocarbons and the well was plugged and abandoned as a dry hole in late June 2005.

Block 3(a) Exploration

The Block 3(a) PSC was signed on 22 April 2002. Block 3(a) is located 40 kilometres off the east coast of Trinidad in water depths ranging from 100 to 300 feet and comprises 612 square kilometres adjacent to the east of Block 2(c). We own a 30% working interest in block 3(a) with BG Trinidad and Tobago and Talisman Energy each holding 30% and Total holding 10%. As the operator we drilled two exploration wells in block 3(a) in September and October 2003. The wells were on the Bimurraburra and Delaware prospects. It was subsequently found that the Bimurraburra prospect was non-commercial and the cost was written-off in March 2005. The Delaware discovery is being assessed to determine its economic potential. During 2004-2005, mapping of the remaining prospectivity within Block 3(a) was completed and the first of a maximum of three commitment exploration wells is planned to be spudded in late calendar 2005.

Galera Block Exploration

We farmed into BP s Galera Block during 2003-2004 under an agreement which required us to fund a seismic programme over the block in order to retain an option to earn a working interest by funding a future exploration well. We are currently deciding whether or not to exercise our option to participate in an exploration well on the block. Should we participate, the post-well interests in the Galera Block would be BP (50% operator), BHP Billiton (32.5%) and Talisman (17.5%). Our farm-in to this block remains subject to Government approval.

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Maritime Canada

During 2003, we negotiated a farm-in arrangement with ConocoPhillips to participate in its Laurentian Basin acreage. The agreement, concluded in 2004, gave us access to ConocoPhillip s operated acreage with Murphy Oil Company as its joint venture partner. The acreage includes existing exploration licences (offshore Newfoundland 7 licences, Nova Scotia 1 licence/pending and St Pierre Miquelon 1 licence), with the farm-in giving us various participating interest earning options, with a maximum participating interest earning rights ranging from 32.5% to 40% depending upon the particular area earned and exploration work programme completed. The work programmes to date have included a 3,800 kilometre 2D seismic programme (completed during July through November 2004) and a 2,100 square kilometre 3D seismic programme (in progress in 2005 with completion targeted for early in the second quarter of 2005-2006). An exploration drilling programme targeting one or more exploration wells (depending upon seismic results) is scheduled to begin in 2007.

Colombia

During 2004-2005, we negotiated a 100% participating interest in the offshore Fuerte Technical Evaluation Agreement (TEA), which became effective 16 May 2005. The TEA covers an area of approximately 1.5 million hectares and gives us the right to technically study the area for a period of 18 months. On or before the end of the study period, we have the preferential right to convert the TEA to an exploration licence, the term and work commitments of which are negotiable with the Colombian National Hydrocarbon Agency.

Mexico

During 2004-2005, we entered into an agreement with PEMEX (Mexico s state oil company) to assist them in evaluating the petroleum system and prospectivity of the Lamprea Profundo area. This Joint Collaboration Project started in March 2005 and concluded in August 2005. We have conducted geological and geophysical evaluations of seismic and well data and are assisting PEMEX with basin modeling, structural restoration and production facility selection studies.

Brazil

In June 2002, we acquired a 100% interest in offshore block BM-C-24 that covers 603 square kilometres. Following an evaluation of the block s prospectivity, a decision was made to exit. Therefore, following the required transfer of reprocessed seismic data to the government, we relinquished the block in August 2005.

Europe/Africa/Middle East

We have exploration interests in the UK North Sea, Algeria and southern Africa.

UK North Sea Exploration

In October 2004 we farmed into the Davan prospect located in the UK northern North Sea in Blocks 9/5aS, 9/10a, 9/5c and 9/4c. Partners in the blocks include Total (operator), Marathon and Amerada Hess, with the equity held by each partner varying across the four blocks. We have working interests of 27%-35% in the Davan blocks. The Davan prospect is located in 350 feet of water 17 kilometres north-east of the Bruce platform and if successful could potentially be developed as a subsea tieback to Bruce. The current commitment is to drill one exploration well which spudded in September 2005.

Algeria Exploration

During 2004 and 2005, we participated in two international exploration licence rounds in Algeria (the fifth round awarded in August 2004 and the sixth round in April 2005), with the blocks being awarded under production sharing contracts. We were successful in both of these rounds, being awarded the Ksar Hirane permit in the fifth round and the Hassi Bir Rekaiz and Oudoume permits in the sixth round.

Ksar Hirane (Blocks 408a/409) is located onshore to the north of the gas field Hassi R Mel. We have a 50% operating interest, with Woodside Energy Ltd holding the remaining 50%. The expected work programme is 1,200 kilometres of 2D seismic and one exploration well during the initial three year period. Seismic acquisition commenced in September 2005, with the first exploration well planned for late 2006.

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Hassi Bir Rekaiz is located onshore in the Berkine Basin, approximately 190 kilometres north-west of the ROD Integrated Development. We have a 100% operating interest in this permit which includes the existing Semhari oil discovery. The expected work programme includes both exploration and appraisal activities (2D seismic on the exploration potential and 3D seismic on the appraisal area, with wells on both) over the initial three year period, but work is yet to start as the licence is yet to be formally gazetted.

Oudoume is located onshore in the Illizi Basin, approximately 100 kilometres west of the Ohanet wet gas development. We have a 100% operating interest in this permit which includes two small existing gas discoveries. The expected work programme includes both exploration appraisal activities (2D seismic on the exploration potential and 3D seismic on the appraisal area, with wells on both) over the initial three year period, but work is yet to start as the licence is yet to be formally gazetted.

South Africa

In May 2002, we entered into a farm-in agreement with Global Energy Holdings to acquire a 90% operated working interest in deepwater exploration Block 3B/4B, offshore South Africa. In February 2004, we farmed out half of our interest in Block 3B/4B offshore South Africa to Occidental Oil and Gas Corporation whilst retaining a 45% working interest and operatorship. The joint venture then acquired 3D seismic data and we are currently planning to drill an exploration well in the fourth quarter of calendar year 2005.

In November 2004, we and Occidental applied to the South African Government Agent (PASA) for an exploration right over a large tract of acreage (approximately 52,000 square kilometres) to the west of Blocks 3B/4B, referred to as the Western Margin Deepwater Block and this application is currently being processed.

In March 2005, we farmed into Block 3A/4A, acquiring a 90% working interest and resuming operatorship from Sasol Petroleum International (Pty) Ltd. We are currently reprocessing the 3D survey prior to deciding whether to proceed with the next licence phase.

Namibia

In March 2005, we applied for two exploration licences in offshore Namibia and negotiations with the Government are currently underway.

Marketing

Oil and Condensate

Our global trading and marketing teams based in Houston, Melbourne, The Hague and Singapore manage the marketing and risk associated with our crude oil, condensate and petroleum products. We use a combination of floating price short term and long term contracts in both domestic and export markets. The global crude oil and products trading and marketing team forms part of the wider BHP Billiton Group marketing

function.

LNG

As part of our expansion plans, we participate with the other North West Shelf joint venture partners in a marketing organisation, North West Shelf Australia LNG Pty Ltd, established to market LNG produced from Australian gas resources to overseas buyers. Along with our joint venture partners, we are actively pursuing opportunities in Japan, China and Korea.

We are seeking approval to construct and operate the Cabrillo Port, a Floating Storage and Re-gasification Unit (FSRU) approximately 34 kilometres off the California coast. This deepwater port would be the receiving terminal for shipments of LNG bound for the west coast markets of the United States. Cabrillo Port is designed to store 270,000 cubic metres of LNG. Natural gas production would average 800 million cubic feet per day with design capacity of the FSRU and downstream pipelines allowing maximum deliveries of 1.2 billion cubic feet per day into the SoCal Gas pipeline system. The Cabrillo Port project is in the midst of a thorough permitting process involving federal, state and local government agencies. The project is currently in the pre-feasibility study stage with Board sanction targeted for 2007.

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LPG

We market our entitlements of LPG produced from the Bass Strait and North West Shelf projects mainly through term contracts with domestic Australian wholesalers of LPG and international LPG end users. We make some spot sales when LPG produced exceeds our term commitments.

Energy Marketing

Energy Marketing (EM) was set up in July 2002, with the responsibility of co-ordinating our marketing activities in the energy commodity markets, namely coal, gas, emissions credits and electricity. The group is based in The Hague, The Netherlands and is part of our Marketing function.

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. EM has also participated in gas storage capacity to facilitate its gas sale and purchase activities. Where required, EM also buys or sells pipeline capacity to transport gas onto the UK gas grid called the National Transmission System. Most products are transacted over the counter and are principal-to-principal transactions in the wholesale market. The emissions strategy is largely defensive to meet internal asset requirements as well as to facilitate increased coal sales into Europe.

Reserves

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which 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 table below details estimated oil, condensate, LPG and gas reserves at 30 June 2005, 30 June 2004 and 30 June 2003, with a reconciliation of the changes in each year. Reserves have been calculated using the economic interest method and represent our net interest volumes after deduction of applicable royalty, fuel and flare volumes. Our reserves include quantities of oil, condensate and LPG which 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 2005, approximately 12 % (2004: 17 %; 2003: 19 %) of proved developed and undeveloped oil, condensate and LPG reserves and nil per cent (2004: nil; 2003: 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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Proved developed and undeveloped oil, condensate and LPG reserves [a]	Australia / Asia	Americas	UK/Middle East	Total
		(millions of barrels)		
Reserves at 30 June 2002	329.0	160.7	108.9	598.6
Improved recovery			0.1	0.1
Revisions of previous estimates	52.2	(12.2)	12.2	52.2
Extensions and discoveries	0.5	10.1	3.9	14.5
Purchase/sales of reserves				
Production [b]	(55.1)	(6.6)	(11.7)	(73.4)
Total changes	(2.4)	(8.7)	4.5	(6.6)
Reserves at 30 June 2003	326.6	152.0	113.4	592.0
Improved recovery				
Revisions of previous estimates	20.2	(2.6)	(9.5)	8.1
Extensions and discoveries	0.4	11.0	1.1	12.5
Purchase/sales of reserves		(4.0)		(4.0)
Production [b]	(46.3)	(7.6)	(14.1)	(68.0)
Total changes	(25.7)	(3.2)	(22.5)	(51.4)
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 [c]	**284.7**	**183.0**	**74.9**	**542.6**
Proved developed oil, condensate and LPG reserves [a]				
Reserves at 30 June 2002	233.1	15.9	30.2	279.2
Reserves at 30 June 2003	227.8	9.9	24.5	262.2
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**

(a) In Bass Strait, the North West Shelf, Ohanet and the North Sea, LPG is extracted separately from crude oil and natural gas.
(b) Production for reserves reconciliation differs slightly from marketable production due to timing of sales and corrections to previous estimates.
(c) Total proved oil, condensate and LPG reserves include 11.3 million barrels derived from probabilistic aggregation procedures.

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Proved developed and undeveloped natural gas reserves	Australia / Asia (a)	Americas	UK/ Middle East	Total
		(billions of cubic feet)		
Reserves at 30 June 2002	4,500.8	154.0	489.2	5,144.0
Improved recovery			16.7	16.7
Revisions of previous estimates	404.1	4.9	(7.0)	402.0
Extensions and discoveries	188.9	10.2		199.1
Purchases/sales of reserves				
Production [(b)]	(189.2)	(21.8)	(79.9)	(290.9)
Total changes	403.8	(6.7)	(70.2)	326.9
Reserves at 30 June 2003	4,904.6	147.3	419.0	5,470.9
Improved recovery				
Revisions of previous estimates	114.6	2.2	(10.0)	106.8
Extensions and discoveries	51.6	4.6		56.2
Purchases/sales of reserves		(32.8)		(32.8)
Production [(b)]	(222.9)	(20.5)	(77.0)	(320.4)
Total changes	(56.7)	(46.5)	(87.0)	(190.2)
Reserves at 30 June 2004	4,847.9	100.8	332.0	5,280.7
Improved recovery				
Revisions of previous estimates	237.3	3.1	(29.9)	210.5
Extensions and discoveries	177.0	27.6		204.6
Purchases/sales of reserves	(165.8)			(165.8)
Production [(b)]	(275.7)	(14.6)	(57.6)	(347.9)
Total changes	(27.2)	16.1	(87.5)	(98.6)
Reserves at 30 June 2005 [(c)]	4,820.7	116.9	244.5	5,182.1
Proved developed natural gas reserves				
Reserves at 30 June 2002	2,455.1	79.9	481.9	3,016.9
Reserves at 30 June 2003	2,560.4	64.8	397.1	3,022.3
Reserves at 30 June 2004	2,539.7	20.1	310.0	2,869.8
Reserves at 30 June 2005	**2,621.4**	**15.1**	**239.3**	**2,875.8**

(a) Production for Australia includes gas sold as LNG and as liquefied ethane.
(b) Production for reserves reconciliation differs slightly from marketable production due to timing of sales and corrections to previous estimates.
(c) Total proved natural gas reserves include 190.6 billion cubic feet derived from probabilistic aggregation procedures.

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Production

The table below details our Petroleum business historical net crude oil and condensate, natural gas, LNG, LPG and ethane production by region for the three years ended 30 June 2005, 2004 and 2003. 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.

	Year ended 30 June		
	2005	**2004**	**2003**
Crude Oil and Condensate Production (millions of barrels)			
Australia/Asia	31.1	38.9	48.0
Americas	7.6	7.5	7.1
Europe/Africa/Middle East	12.1	11.6	10.8
Total	50.8	58.0	65.9
Natural Gas Production (billions of cubic feet)			
Australia/Asia (Domestic)	189.8	165.3	126.4
Australia/Asia (LNG) (leasehold production)[1]	83.1	60.8	62.0
Americas	15.0	20.6	20.6
Europe/Africa/Middle East	57.8	77.6	72.2
Total	345.7	324.3	281.2
Liquefied Petroleum Gas (LPG) Production[2] (thousand tonnes)			
Australia/Asia (leasehold production)	640.1	652.8	644.2
Europe/Africa/Middle East (leasehold production)	220.0	200.7	98.9
Total	860.1	853.5	743.1
Ethane Production (thousand tonnes)			
Australia/Asia (leasehold production)	101.5	94.3	94.9
Total Petroleum Products Production (millions of barrels of oil equivalent) [3]	119.0	122.5	121.8
Average Sales Price			
Oil and Condensate (US$ per barrel)[4]	47.16	32.24	28.14
Natural gas (US$ per thousand cubic feet)	2.98	2.62	2.21
Average Production Cost[5]			
US$ per barrel of oil equivalent (including resource rent tax and other indirect taxes)	9.89	7.78	8.01
US$ per barrel of oil equivalent (excluding resource rent tax and other indirect taxes)	4.16	3.27	3.55

(1) LNG consists primarily of liquefied methane.
(2) LPG consists primarily of liquefied propane and butane.
(3) Total barrels of oil equivalent (boe) conversions based on the following:

6,000 scf of natural gas equals 1 boe; 1 tonne of LPG equals 11.6 boe; 1 tonne of ethane equals 4.4667 boe.

(4) No commodity hedging of oil and condensate prices occurred during the periods presented.
(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 including and excluding resource rent tax and other indirect taxes and duties. Average production costs also include the foreign exchange effect of translating local currency denominated costs and indirect taxes into US$.

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Regulatory and Fiscal Terms

Australia

Oil and natural gas belong to the government, and rights to explore and produce oil and natural gas are granted by the relevant State, Territory or Commonwealth Government of Australia. The Commonwealth Government has legislative responsibility for Australian offshore petroleum exploration and production beyond the three-mile territorial sea limit, which encompasses the area of most relevance to us in Australia. Our operations in this area are governed by the Petroleum (Submerged Lands) Act 1967 (PSLA). Within the three-mile limit, petroleum operations are governed by the adjacent State or Northern Territory legislation, which is similar to the PSLA. Most production licences we hold in the North West Shelf and Bass Strait regions have been issued under the PSLA.

An exploration permit authorises the holder to explore for, but not produce, petroleum in the area that is the subject of the permit. Offshore exploration permits are awarded based on either cash bidding or work programme bidding for an initial period of six years. The holder of a permit granted under the work programme bidding system is required to complete a minimum guaranteed dry-hole work programme for the first three years of the permit and secondary work programme for the subsequent three years. Under the cash bidding system, permits are awarded to the highest cash bidder and applicants are not required to submit exploration programmes.

Exploration permits may be renewed for five-year periods in respect of half the number of blocks contained within the existing permit. A retention lease may be applied for if a petroleum discovery is currently non-commercial but has the potential to become commercial within 15 years. The initial term of a retention lease is five years and it may be renewed provided it still meets the required commerciality criteria. A production licence may be applied for after a discovery is made. Production licences granted prior to 30 July 1998 authorise the licensee to recover petroleum and explore for petroleum in the licence area for a term of 21 years with a further term of 21 years upon the first renewal. All production licences granted after 30 July 1998 and the second renewal of production licences granted prior to that date remain in force indefinitely. Such production licences will expire if no production operations are carried on for a continuous period of five years.

The expiry dates of our existing production licences in Australia are as follows:

Licence Name	Field (s)	Expiry Date
VIC/L1-2	Barracouta, Whiptail, Tarwhine and Whiting	24 August 2009
VIC/L3-4	Marlin, Batfish and Turrum	24 August 2009
VIC/L5-6	Halibut, Mackerel, Yellowtail and Gudgeon	19 September 2010
VIC/L7-8	Kingfish	19 September 2010
VIC/L9	Tuna	12 July 2016
VIC/L10	Snapper, Moonfish and Sweetlips	28 May 2018
VIC/L11	Flounder	28 May 2018
VIC/L13-14	Bream	15 December 2006
VIC/L15-16	Dolphin	13 June 2010
VIC/L17	Perch	13 June 2010
VIC/L18	Seahorse	13 June 2010
VIC/L19	West Fortescue	12 July 2016
VIC/L20	Blackback/Terakihi	1 January 2019
VIC/L22	Minerva	31 October 2023
WA-1-L to WA-6-L	North Rankin, Goodwyn and Angel	29 September 2022

WA-9-L	Wanaea and Cossack	11 April 2012
WA-11-L	Wanaea	30 September 2014
WA-16-L	Hermes and Lambert	11 September 2018
WA-30-L	Perseus Extension	5 years after the end of production
WA-10-L	Griffin, Chinook and Scindian	18 February 2014
WA-23-L to WA-24-L	Echo Yodel	5 years after the end of production
PL191 (Coal Bed Methane)	N/A	21 March 2032
PL196 (Coal Bed Methane)	N/A	21 December 2034

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Secondary taxes Australia

A petroleum resource rent tax applies to offshore areas, with the exception of the North West Shelf project. The petroleum resource rent tax, which applies at a 40% rate, is calculated on the excess of assessable receipts over certain deductible expenditures as outlined in the Petroleum Resource Rent Tax Act 1987. The North West Shelf project is subject to excise and royalty on oil production and royalty on LNG, domestic gas, LPG and condensate production.

The petroleum resource rent tax is assessed before company income tax. The amount of petroleum resource rent tax paid is a deduction for the purpose of calculating company income tax.

The petroleum resource rent tax is payable when project cash flows become positive, after taking into account all allowable exploration, development and operating costs, and after a stipulated return on the project has been achieved. Exploration expenditure has a stipulated return of 15% plus the Australian government long-term bond rate, and project expenditure has a stipulated return of 5% plus the long-term bond rate. The long-term bond rate for this purpose for the year ended 30 June 2005 was 5.42%.

Pakistan

Onshore oil and gas interests in Pakistan are held under concession agreements which provide for exploration, development and production operations to be carried out under petroleum exploration licences, with interest holders being entitled to apply for the grant of a development and production lease in the event of a commercial discovery. Our rights in the Zamzama field are held under the concession agreement relating to the 2667-1 Dadu block, and the associated development and production lease. A royalty equivalent to 12.5% of the wellhead value of the petroleum won and saved under this lease is payable to the government, with production bonuses also payable when cumulative levels of production reach specific pre-set levels. Income tax liability is charged at the higher of 55% of taxable profits (after charging royalty as an expense) and 50% of profits before charging royalty. Royalty payments are adjustable against the final income tax liability.

Americas

Our current operations in the Americas principally fall under two separate fiscal regimes, namely, the United States, and Trinidad and Tobago. In the United States, operations are predominantly in Federal offshore waters in the Gulf of Mexico. Revenues from this area carry royalty interests of 16.67% in water depths up to 400 metres and 12.5% in water depths greater than 400 metres. In addition, a 35% tax rate is also levied on taxable income. Under the United States Outer Continental Shelf Deep Water Royalty Relief Act of 1995, certain deepwater outer continental shelf tracts in the central and western Gulf of Mexico have been leased with automatic suspension of the royalty payment obligation as to certain volumes of production, depending on the water depth of the wells. In addition to automatic royalty relief, the government can also grant discretionary royalty relief where prospect development would be otherwise uneconomic.

The lease conditions for our existing production in the Gulf of Mexico are such that each lease shall continue from the effective date, for the initial period, and for so long thereafter as oil or gas is produced from the leased area.

In December 2000, the US Minerals Management Service (MMS) granted discretionary royalty relief for up to 87.5 million barrels of oil equivalent on production from the Typhoon field, subject to commodity price thresholds which, when reached, trigger royalty payment obligations. The Boris field qualifies for automatic royalty relief, but MMS has, arguably incorrectly, imposed price thresholds, which trigger the royalty payment obligation. The Mad Dog Field is not eligible for any form of royalty relief.

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As at 30 June 2005 we have 19 producing leases in the Gulf of Mexico:

Block	Area	Field	Expiry Date
282	Green Canyon	Boris	As long as oil and gas is producing in paying quantities .
18	Green Canyon	Green Canyon 18	As long as oil and gas is producing in paying quantities .
944, 988	Ewing Bank	Green Canyon 18	As long as oil and gas is producing in paying quantities .
160-161, 205	Green Canyon	Genesis	As long as oil and gas is producing in paying quantities .
738, 781-783, 825-826	Green Canyon	Mad Dog	As long as oil and gas is producing in paying quantities .
236-237	Green Canyon	Typhoon	As long as oil and gas is producing in paying quantities .
60	Green Canyon	Green Canyon 60	As long as oil and gas is producing in paying quantities .
60-61, 76-77	West Cameron	West Cameron 76	As long as oil and gas is producing in paying quantities .

In Trinidad and Tobago, the production sharing contracts allow the contractor to recover its cost from revenue from production in Block 2(c) and Block 3(a). The remaining production is deemed to be profit crude oil or profit natural gas which is split between the Government and contractor according to a formula based on daily production levels and the respective oil or natural gas prices.

The present expiry dates of our existing production sharing contracts in Trinidad and Tobago are as follows:

Block	Field (s)	Expiry date
2(C)	Angostura	21 April 2021
2(C) Retention	Exploration phase	21 February 2006
3(A)	Exploration phase	21 April 2006

United Kingdom

In the United Kingdom, the Crown owns all petroleum under land, the territorial sea and the UK continental shelf. A licence is required for exploration or production. The Secretary of State for Trade and Industry is empowered to grant licences, on conditions approved by the Secretary, and has wide powers of regulation of all aspects of exploration and production. The UK corporate tax rate, applicable to offshore Petroleum production, is 40% (30% primary tax plus a surcharge of 10%).

The present expiry dates of our existing production licences (which are capable of extension in accordance with their individual licence terms) in the United Kingdom are as follows:

Licence Name	Block	Field (s)	Expiry date
P.710	110/13a and 110/13b	Douglas, Douglas West, Hamilton, Hamilton North and Hamilton East	18 July 2007
P.791	110/15b	Lennox	12 June 2009
P.099	110/14b	Lennox and Hamilton East	8 June 2016
P.276	9/9b	Bruce	11 April 2015
P.209	9/8a	Bruce and Keith	15 March 2018
P.090	9/9a	Bruce	24 November 2011

Algeria

Oil and gas are owned by the Algerian state. Mining licences are granted to Sonatrach, the state-owned oil company. Sonatrach, in turn, is empowered by Algerian legislation to enter into contractual arrangements with non-Algerian enterprises covering the exploration and/or exploitation of oil and gas fields. Where the contractual form is either that of a production sharing or risk service contract, the non-Algerian enterprise is liable to Algerian tax, but Sonatrach pays this on their behalf. The ROD Integrated Development partly located in Blocks 401a/402a is under a production sharing contract with an exploitation phase duration of 15 years, plus an option for a five year extension under certain conditions. The Ohanet development is under a risk service contract with an agreed fixed profit consideration from liquids production over a target eight year period from the start of production. This eight year period can be extended for up to four years under certain conditions.

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The 401a/402a production sharing contract allows the Contractor to recover its costs out of a maximum of 72.5% of the annual production of crude oil and natural gas liquids from the fields that are covered by the production sharing contract. The remaining production is split as between Sonatrach and the Contractor according to a formula based upon daily production levels. Sonatrach s share of such production ranges from 28% to 57%, out of which Algerian taxes and royalty are paid on behalf of the Contractor, provided that the Contractor is not entitled to more than 49%, in aggregate, of the annual production of crude oil and natural gas liquids, except in the first and second calendar years of production. This may be adjusted in the sixth calendar year of production.

With regard to Ohanet, the risk service contract provides that the Ohanet field shall be developed by the Contractor, the cost reimbursement of which is capped at approximately US$928 million (excluding payments made for Algerian taxes and duties). The Contractor is entitled to the reimbursement of the cost of development, Algerian taxes and duties paid, and operating costs. A level of remuneration set at 106.9% is applied to the recoverable development costs and Algerian taxes and duties incurred. Total recoveries and remuneration is from the production of LPG and condensate. The recoverable and remunerable volumes cannot exceed 49% of the combined annual production of LPG, condensate, and dry gas from the Ohanet field. Sonatrach is entitled to the remainder of the production, from which Algerian royalty and taxes are paid on behalf of the Contractor.

Aluminium

Our Aluminium Customer Sector Group is principally involved in the production of aluminium and alumina. The principal raw materials required for our aluminium production are alumina, petroleum coke, liquid pitch and electricity.

Hillside

We own the Hillside aluminium smelter, which we commissioned between July 1995 and June 1996. Hillside is located in Richards Bay, 200 kilometres north of Durban, KwaZulu-Natal, South Africa. In 2003 2004, we increased the capacity of Hillside by 132,000 tonnes per annum at a cost of US$411 million. In fiscal year 2005 Hillside produced approximately 685,000 tonnes of aluminium using the Aluminium Pechiney AP30 technology. Hillside mostly produces primary aluminium. We sell most of our primary aluminium in standard ingot form, principally to export markets in Asia, Northern Europe and the United States. Hillside also sells aluminium in liquid metal form to our Bayside operations, which casts it into products for the manufacture of aluminium value-added products such as alloy wheels.

We own all of Hillside s property, plant and equipment, including the land on which it is located. In addition, we own silos, buildings and overland conveyors at Richards Bay Port which sit on leased land. Our leases are for 10 years and expire in 2009. Other than the lease of the silo site, the leases have options to extend for up to 10 years. We have to reline the pots we use in our reduction process every five to six years and are currently in our second relining cycle for potline 1 and 2.

Hillside s annual alumina requirements of approximately 1,326,000 tonnes are sourced from our own refinery product and third party sources. Hillside consumes approximately 257,000 tonnes per year of calcined petroleum coke and approximately 56,000 tonnes of liquid pitch each year sourced from a number of overseas suppliers. Hillside purchases electricity from Eskom, the local state-owned power generation company, under a long-term contract with pricing linked to the aluminium price on the London Metal Exchange (LME).

Bayside

We own the Bayside aluminium smelter, which was commissioned in 1971. Bayside is located at Richards Bay. Bayside currently produces approximately 180,000 tonnes of aluminium per year. The smelter uses Alusuisse pre-bake and Soderberg self-bake technologies.

Bayside purchases liquid aluminium from Hillside, which is utilised in addition to the liquid metal produced by Bayside in the manufacture of value-added products.

Bayside generates approximately 80% of its sales revenue from the domestic market, which consists of South Africa and the surrounding countries. The main products produced at Bayside include wheel rim alloy, for use in the manufacturing of vehicle rims, extrusion billets, for use in the building industry, rods, for use mainly as electrical cables and rolling ingot, for use mainly in the production of aluminium sheeting.

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Bayside s annual alumina requirements are sourced from our own refinery product and third party sources. Bayside purchases approximately 70,000 tonnes per year of calcined petroleum coke primarily from American suppliers and approximately 24,000 tonnes of liquid pitch each year from primarily a locally based manufacturer. Bayside purchases electricity from Eskom under a long-term power supply agreement which links the cost of electricity to the aluminium price on the LME.

Mozal

We own a 47.1% interest in the Mozal aluminium smelter, which was commissioned in June 2000. The remaining interest in Mozal is owned by Mitsubishi, which owns a 25% interest, Industrial Development Company of South Africa Limited, which owns a 24% interest, and the government of Mozambique, which owns a 3.9% interest. The smelter is located in southern Mozambique, on the east coast of southern Africa, 17 kilometres from Maputo. It is located approximately 13 kilometres from the nearest port facilities. The smelter uses the Aluminium Pechiney AP30 technology.

Mozal produced its first metal from Phase 1 in June 2000 and from Phase 2, which added a second potline at a cost of US$660 million, in April 2003. The nameplate capacity of the smelter is 506,000 tonnes per year. Our share of production for 2004-2005 was 260,000 tonnes. The joint venture produces standard ingots. We export most of our share of Mozal s production to Europe.

We furnish approximately 1,000,000 tonnes of alumina per year to Mozal, which represents its entire alumina requirements. Mozal purchases most of its petroleum coke requirements from American suppliers. The joint venture purchases its electricity from the South African grid from Motraco, a joint venture between Electricidade de Mozambique, Eskom and the Swaziland Electricity Board, under a power supply agreement which in the first 12 years (through 2012) is at a fixed tariff and thereafter is linked to the aluminium price on the LME.

Worsley

We own an 86% interest in the Worsley joint venture, an integrated bauxite mining and alumina refining operation located in Western Australia. The other participants in the venture are Sojitz Alumina Pty Ltd, which owns a 4% interest, and Japan Alumina Associates (Australia) Pty Ltd, which owns a 10% interest. The refinery is located approximately 55 kilometres north-east of Bunbury and the bauxite mining operation is linked to the refinery via a 51 kilometre overland conveyor.

The open-pit mine produces approximately 12 million tonnes of bauxite per year from extensive near surface deposits. The venture operates its mine on a 2,600 square kilometre mining lease. At the end of the initial 21-year lease granted by the Government of Western Australia, the joint venture renewed the lease for a further 21 years in 2004. There is a further 21-year renewal option available and a possibility that the joint venture may benefit from a third 21-year renewal under renegotiated terms. At current production rates, the venture expects the mining life of the reserves at Worsley to be approximately 26 years.

The refinery, utilising the Bayer process, currently produces approximately 3.27 million tonnes of alumina per year. The joint venture produces metallurgical grade alumina, which is used as feedstock for aluminium smelting. Our share of alumina production at the refinery is approximately 2.81 million tonnes per year. Our alumina is railed to a shared berth facility at the port of Bunbury, and dispatched from there by ship directly to end-use customers.

In May 2004, we announced the approval of the US$192 million (US$165 million our share) Worsley Alumina Development Capital Projects (DCP). The DCP is designed to take advantage of latent capacity in the plant through a series of 28 packages of work. The result will be an increase in alumina production of 250,000 tonnes per annum (215,000 tonnes per annum our share) to a capacity of 3.5 million tonnes per annum (3.01 million tonnes per annum our share). Commissioning and completion of DCP is expected by the first quarter of calendar year 2006 with the resulting production ramp-up to be achieved by the end of the second quarter of calendar year 2006.

The principal raw materials required for alumina production at Worsley, apart from bauxite, are caustic soda, natural gas used for calcination and steam generation and coal for the power station. The power and steam needed by the refinery are provided by a venture owned onsite coal fired power station and a non-venture owned onsite gas fired power station.

Suriname

In August 2003, we announced the restructuring of our joint venture arrangements with Suriname Aluminium Company, L.L.C (Suralco). Under the new arrangement, BHP Billiton Maatschappij Suriname manages all mining operations while Suralco continues to manage the alumina refining in the restructured 45% (BHP Billiton) - 55% (AWAC) venture. The mining joint venture exploits the Lelydorp and Coermotibo deposits, carries out exploration work and new mine development for future bauxite supply. The mining joint venture produces metallurgical grade bauxite, which is processed by the refining joint venture s alumina plant at Paranam.

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The Lelydorp III mine, an open-pit mine located in the coastal plain of Suriname, is situated approximately 25 kilometres south of Paramaribo and 17 kilometres west of the Paranam Refinery. The mine has a nominal production capacity of 2.1 million tonnes per annum.

The Coermotibo operations, a surface strip mine located 150 kilometres east of the Paranam refinery produces 2.1 million tonnes of metallurgical grade bauxite ore per annum. The ore is hauled to the Coermotibo crushing and loading facility and subsequently barged to the Paranam refinery.

Exploration and Exploitation rights

We hold exploitation licences with respect to the Para and Kankantrie deposits, which were recently extended to 2026. Suralco holds exploitation licences over the current Lelydorp III deposit as well as over the bauxite deposits in the Coermotibo operations. Suralco also holds exploitation licences over a number of deposits in eastern and central Suriname. These licences expire in 2032. Furthermore, BHP Billiton and Suralco jointly hold the exploration licence over the Bakhuis region in western Suriname. The rights over this 2,780 square kilometres terrain were granted in November 2003 for a period of 25 months with options for extension. Currently the development of the Kaaimangrasie and Klaverblad deposits across the Suriname River is in the execution phase. It is expected that mining of these deposits will commence in 2006 on depletion of the reserves at the current operations.

All the above mentioned bauxite rights were made available to the new mining joint venture.

Refining joint venture

The refining joint venture operates an alumina refinery and port facilities located at Paranam, at the Suriname River. Alumina exports take place from the Paranam port.

The refining joint venture s alumina plant is a low temperature plant which uses standard Bayer plant technology. The refinery produces approximately 1.95 million tonnes of alumina per year. Our share was 874,000 tonnes in 2004-2005.

In August 2003, we, along with Suralco, approved the expansion of the refinery by 250,000 metric tonnes per year to a capacity upon completion of approximately 2.2 million metric tonnes per year. The US$65 million (100% terms) expansion is complete and although the commissioning process is challenging, it is expected that the target capacity will be achieved in late calendar year 2005.

All alumina produced is exported to Europe. The refinery has three thermal generators, which provide the steam and electricity necessary for the process.

Alumar

The Alumar Consortium (Alumar) is an unincorporated joint venture comprised of an alumina refinery, an aluminium smelter and support facilities. We own a 46.3% interest in the aluminium smelter and Alcoa Aluminio S.A. (Alcoa) owns the remaining 53.7%. We own a 36% interest in the alumina refinery, an affiliate of Alcan Aluminium Limited (Alcan) owns 10%, Alcoa owns 35.1%, and Abalco S.A. (owned 60% by Alcoa and 40% by Alumina Limited) owns the remaining 18.9%. The alumina and aluminium plants are integrated, located in the industrial district of São Luís, the capital of the state of Maranhão, in northern Brazil.

Total annual smelter production, using Alcoa technology, is approximately 380,000 tonnes of aluminium per year. Alumina arrives by conveyor from the adjoining refinery and electricity generated at the Tucuruí hydroelectric dam arrives via two transmission lines. The venture purchases its electric power requirements from Central Elétricas do Norte (Eletronorte) under a long-term contract that was renewed in June 2004 and will expire in December 2024. Most of the production is standard ingots. In 2004-2005, we sold approximately 50% of our share of the ingots to domestic customers with the balance sold on the export market.

The refinery began production in 1984. Subsequently it has been expanded several times. Total production has now reached approximately 1.4 million tonnes per year. The required raw materials, caustic soda, coal, and bauxite, are delivered by ship to the Alumar port. In 2004-2005, approximately 80% of our share of the alumina was allocated to the Alumar and Valesul smelters with the balance sold on the export market.

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We own 14.8% of Mineraçao Rio do Norte S.A. (MRN), a Brazilian mining company jointly owned by affiliates of Alcoa, Alcan, Companhia Brasileira de Alumínio (CBA), Companhia Vale do Rio Doce (CVRD) and Norsk Hydro. MRN extracts, processes and supplies bauxite. We have long-term contracts with MRN to supply the Alumar refinery. MRN has bauxite production capacity of 15.5 million tonnes per annum. Currently, MRN has total proven ore reserves that would allow it to produce 15.5 million tonnes of bauxite per annum for approximately 5 years. The mine is actively pursuing an evaluation programme of bauxite plateaus within the remaining lease area to establish the overall life of the project. MRN holds valid mining rights to all its reserves until exhaustion of the reserves.

During 2001-2002, we joined two consortia with the objective of participating in auctions being held by the Brazilian Electricity Regulatory Agency (ANEEL) for concessions to build and operate proposed Hydropower Plants The first is made up of affiliates of Alcoa, CVRD, Votorantim and Camargo Correa Energia S.A. We own a 20.6% interest in this consortium. In 2001, the consortium won the auction for the Santa Isabel Baixa concession and later signed the concession contract. The Federal Environmental Agency (IBAMA) has declared the project not viable as presented, therefore the consortium has requested ANEEL to return the concession guarantees and to revoke the concession agreement.

Our partners in the second consortium are affiliates of Alcoa, CVRD, Tractebel and Camargo Correa Energia S.A. We own a 16.5% interest in this consortium. This consortium won the auction for the Estreito concession in July 2002 and the Estreito concession contract was signed in December 2002. We are awaiting further definition of requirements from IBAMA regarding environmental issues before the project can be progressed further.

Valesul Aluminio SA

We own a 45.5% joint venture interest in Valesul Aluminio SA, an aluminium smelter located in Rio de Janeiro, Brazil. The balance is held by CVRD. The port of Sepetiba is less than 40 kilometres away and the Port of Rio de Janeiro is less than 60 kilometres away. Valesul began production in 1981 and currently produces approximately 95,000 tonnes of aluminium per year based on P19 Reynolds technology. Valesul draws power primarily from local hydroelectric plants in which it has an ownership interest.

Marketing

Our global trading and marketing team based in The Hague manages the marketing and risk associated with our product. We also purchase product from third parties and some of our joint venture partners in Mozal.

Reserves and Production

The table below details our bauxite-ore reserves in metric tonnes, and is presented in 100% terms as estimated at 30 June 2005.

Bauxite	Ore Type	Proved Ore Reserve	Probable Ore Reserve	Total Ore Reserve	BHP

Deposit[1, 2, 3, 4]		Tonnes (millions)	% $A.Al_2O_3$	% R. SiO_2	% Fe_2O_3	Tonnes (millions)	% $A.Al_2O_3$	% R. SiO_2	% Fe_2O_3	Tonnes (millions)	% $A.Al_2O_3$	% R. SiO_2	% Fe_2O_3	Billiton Interest %
Australia														
Worsley	Laterite	297	30.9	1.73		22	30.10	1.8		319	30.8	1.73		86
Brazil														
MRN[5]	MRN Crude	98								98				14.8
	MRN Washed	72	51	3.5						72	51	3.5		14.8
Suriname														
Coermotibo	Laterite	3.4	45.1	3.1	15.9	0.5	40.2	3.3	20.6	3.8	44.5	3.1	16.4	45
Onverdacht[6]	Laterite	8.5	51.5	4.41	4.98	6.9	49.2	4.2	9.9	15.4	50.5	4.3	7.2	45

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

	Proved Ore Reserve	Probable Ore Reserve
Worsley	maximum 100m	maximum 200m
MRN	A maximum bauxite intersection grid of 200 metres. Mining and metallurgical characterisation (test pit/bulk sample), plus a reliable suite of chemical and size distribution data.	Those plateaux with a bauxite intersection grid spacing of less than 400 metres and/ or a 400 metre spaced grid with a 200 metre offset fill in, plus a reliable suit of chemical and size distribution data.
Coermotibo	61m x 61m	122m x 122m
Onverdacht	61m x 61m	122m x 122m

(2) Metallurgical recoveries for the operations are:

	%
	Anticipated Metallurgical Recovery
	Al_2O_3
Worsley	90
MRN (based on Alumar refinery)	94
Coermotibo	93.5
Onverdacht	93.5

(3) All reserve tonnages and grades include dilution and are quoted on a dry basis.
(4) No third party reserve audits were conducted specifically for the purpose of this disclosure.
(5) Mineração Rio do Norte (MRN) annual reporting moisture basis has been changed from Wet/Semi Dry in 2004 to Bone Dry.
(6) In addition to the reserves of the Lelydorp III the 2005 statement includes an additional 10.8Mt of reserves made up of 3.9Mt of proved reserve from Klaverblad and 6.9Mt of probable reserve from Kaaimangrasie.

The table below details our alumina and aluminium production for the three years ended 30 June 2005, 2004 and 2003. Production data shown is our share unless otherwise stated.

	BHP Billiton Group Share of Production		
BHP Billiton Group Interest	Year ended 30 June		
	2005	2004	2003
	(thousands of tonnes)		

Alumina				
- Worsley	86%	2,813	2,799	2,742
- Suriname	45%	874	918	879
- Alumar	36%	495	507	471
Total		4,182	4,224	4,092
Aluminium				
- Hillside	100%	685	622	534
- Bayside[(1)]	100%	166	184	185
- Mozal	47.1%	260	250	134
- Alumar	46.3%	176	156	178
- Valesul	45.5%	43	44	43
Total		1,330	1,256	1,074

(1) During 2005, Bayside experienced a total potline freeze at the end of April, which impacted on the production capacity of the facility.

Regulatory and Fiscal Terms

Australia - Western Australia

In Western Australia, minerals in the ground belong to the government, and rights to mine are granted by the state. The Worsley joint venture operates under a State Agreement made under the Alumina Refinery (Worsley) Agreement Act 1973 (as amended). The Worsley joint venturers are permitted, under the State Agreement, to explore for and mine bauxite and to refine it into alumina.

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Market Conditions

The aluminium market was firm throughout fiscal year 2005, with visible stocks continuing to decline. For example, LME aluminium stocks declined by 168,600 tonnes in the six months ending June 2005. As a consequence, the ratio of visible global stocks to global consumption is at its lowest level for 30 years. Towards the end of the fiscal year, some signs emerged that the market had moved closer to balance rather than deficit, mainly due to an abatement in demand growth.

The smelter grade market remained strong throughout the period. The Metal Bulletin spot alumina price averaged US$395 per tonne in fiscal 2005 versus US$369 per tonne in fiscal 2004. China remained a large and growing buyer of alumina. Measures by the Chinese authorities to lessen the pace of smelting production growth might see the rate of growth of China s appetite for alumina slow in the future. However, smelter production growth elsewhere in the world should be supportive of alumina.

The outlook for the aluminium and alumina markets remains sound, with ongoing demand and high effective utilisation rates.

Base Metals

Our Base Metals Customer Sector Group comprises our assets and interests in copper, silver, lead, zinc, uranium and gold. We provide base metals concentrates to smelters worldwide and copper cathodes to rod and brass mills and casting plants.

Copper

We are the world s second largest producer of copper. The Escondida copper mine in northern Chile is the world s largest source and a low cost producer of copper. During the year, as part of the acquisition of WMC, we acquired the Olympic Dam mine in South Australia, which has a significant copper and uranium reserve. Our other key Base Metals assets include the Cannington silver, lead and zinc mine in Australia, the Cerro Colorado copper mine in northern Chile, and the Tintaya copper mine and Antamina copper and zinc operations in Peru. We also have a number of greenfield and brownfield expansion opportunities.

Escondida

We hold a 57.5% interest in Escondida, a copper mine consisting of two open-pits accessible by road and located in northern Chile s Atacama Desert, at an altitude of approximately 3,100 metres, 160 kilometres south-east of the port city of Antofagasta. The other owners are affiliates of Rio Tinto plc, which hold a 30% interest, JECO, which holds a 10% interest, (Mitsubishi Corporation, 7%, Mitsubishi Materials Corporation, 1%, Nippon Mining and Metals Company Limited, 2%), and the International Finance Corporation, which holds a 2.5% interest.

Escondida is a large porphyry copper deposit with current mine dimensions of 2.4 kilometres in an east-west direction, 3.2 kilometres in a north-south direction and a depth of 464 metres. The ultimate pit limits are estimated to be 3.5 kilometres by 4.8 kilometres, with a depth of 750 metres.

Original construction of the operation was completed in 1990 at a cost of US$836 million (100% terms) and the project has since undergone four phases of expansions at an additional cost of US$2,125 million (100% terms) plus US$451 million (100% terms) for the construction of an oxide plant. The operation has two conventional processing streams, with high quality copper concentrate being extracted from sulphide ore through a flotation extraction process and pure copper cathode obtained in a plant applying leaching and subsequent solvent extraction and electro-winning to oxide ores. An open pit mine services both operations, with a current total movement of approximately 375 million tonnes of material each year, while dedicated pipeline and port facilities as well as a private railway are used to transport output.

The Escondida Norte expansion was approved in June 2003, with an investment of US$400 million (100% terms) required to bring Escondida Norte mine into production. In April 2004, the US$870 million (100% terms) Escondida Sulphide Leach copper project was approved. The project has the capacity to produce up to 180,000 tonnes of copper cathode per annum and is scheduled to begin production during the second half of 2006. The project will utilise a bacterially assisted leaching process on low-grade run-of-mine sulphide ore from the existing Escondida pit and the currently in-development Escondida Norte pit. The resulting solutions from the leaching will then be treated in solvent extraction and electro-winning plants to produce copper cathode.

The Escondida mine life is based on the production rate of feed to the combined flotation plants and is currently estimated at 27 years. Escondida Norte will provide a portion of the production to the flotation and sulphide leach plants for 19 years, concurrently with Escondida.

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Escondida has the right of indefinite exploitation (mining) concessions for the mining of the Escondida ore body as well as exploitation and exploration rights for some territory surrounding the existing operation. Exploitation concessions allow the concession holder to mine the area indefinitely contingent upon the annual payment of corresponding licence fees.

Separate transmission circuits provide power for the Escondida mine complex. These transmission lines, which are connected to Chile s northern power grid, are company-owned and are sufficient to supply Escondida post Phase IV. Electricity is purchased under contracts with local generating companies, Norgener S.A. and GasAtacama Generación S.A.

Escondida has committed its forecast annual copper concentrate production under long-term sales contracts ranging in duration from 5 to 10 years. Expiration of these contracts varies, with the earliest being at the end of calendar year 2006 and the latest in 2012. Forecast production is fully committed (though not 100% priced) through to the end of calendar year 2006 under these long-term sales contracts. Approximately 85% of annual cathode production is sold under annual contracts to end-users and traders located primarily in Europe, Asia, the United States and Brazil and the remainder of production is sold on a spot basis.

Tintaya

The Tintaya deposit is owned by BHP Billiton Tintaya S.A., a Peruvian subsidiary of BHP Billiton Limited. Tintaya is an open-pit copper mine located in the Southern Andes in Peru at an altitude of approximately 4,000 metres. We hold a 99.95% interest in Tintaya with the remainder held by Peruvian shareholders. The deposit is a copper gold skarn system associated with a low-grade porphyry copper body and is approximately 3 kilometres long by 2.5 kilometres wide. We hold mining rights over 3,600 hectares and surface rights over 5,930 hectares on which the Tintaya mine and operations and provisions for future projects are located. These rights can be held indefinitely, contingent upon the annual payment of corresponding licence fees and the supply of information on investment and production to the authorities in due course. Mine operations consist of conventional truck and shovel operations from multiple pit locations. Electricity for the Tintaya operations is sourced from the Peruvian power grid and supplied under contract with three Peruvian power companies, San Gabán S.A., Enersur S.A. and Eléctrica MachuPicchu S.A.

Production commenced in 1984 and currently consists of a conventional flotation extraction process producing copper in concentrate from sulphide ore. Tintaya s total annual production capacity is 90,000 tonnes of copper contained in concentrate along with gold and silver credits. An acid leach plant for oxide ore commenced commercial operation in June 2002 with a design capacity of 34,000 tonnes of copper cathode per year. With recent improvements to this plant, cathode production is now 38,000 tonnes annually. We expect annual production to remain stable until 2010 and then decrease as sulphide ore mining ceases and low grade stockpiles are processed to the end of the life of the mine, which we estimate will be between 2012-2014.

Approximately 65% of Tintaya s cathode production is committed under annual contracts with rod mills in Peru and North America with the balance allocated to the spot market. For calendar year 2005, approximately 60% of Tintaya s anticipated copper concentrate output is committed against long-term contracts with the balance allocated to a variety of spot sales. Operations were suspended from 25 May 2005 until 20 June 2005 after a period of local political unrest culminated in protesters briefly entering the facility. As a precautionary measure to guarantee the safety of employees and to defuse the situation, management suspended operations and evacuated personnel. Operations were resumed when the government re-established public order and management assessed that it was safe to return to work. Lost production during this period was 8,700 tonnes.

Cerro Colorado

The Cerro Colorado mine is owned by Compañia Minera Cerro Colorado Limitada, a Chilean wholly owned subsidiary of BHP Billiton Plc. The open-pit copper mine is located in the Atacama Desert at an altitude of 2,600 metres, approximately 125 kilometres by road, east of Iquique, Chile. Cerro Colorado holds mineral rights over 16,582 hectares and surface rights over approximately 845.6 hectares on which the mine and plant are located. These rights can be held indefinitely contingent upon the annual payment of corresponding licence fees.

The Cerro Colorado deposit is approximately 2 kilometres long east-west and 1.5 kilometres wide north-south. Two main zones are present. Mineralisation is from 50 metres to 250 metres thick and is covered with 50 metres to 150 metres of leached cap and post-mineral rocks. The east deposit contains multiple layers of oxide and sulphide mineralisation with complex shapes. The west deposit generally consists of one oxide layer overlying one sulphide layer, but locally exhibits some of the complexities present in the east deposit.

At Cerro Colorado, we produce finished cathode copper by crushing, agglomeration and heap leaching followed by a solvent extraction-electrowinning process.

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We source water requirements from an underground aquifer at Pampa Lagunillas, the rights to which we hold by grant from the state. Two suppliers, Edelnor S.A. and Compañía Electrica Tarapacá S.A, supply power under long-term contracts to the facilities through the northern Chile power grid.

Construction of the facilities was completed in 1994 at a total cost of US$287 million and commercial production at Cerro Colorado commenced in June 1994. An expansion of annual production capacity to 60,000 tonnes was completed in 1995 at a cost of US$49 million and in 1998, a second expansion of Cerro Colorado was completed, at a cost of US$214 million increasing the mine s annual production to a nominal 100,000 tonnes of refined copper. Plant modifications were completed during calendar year 2004, at a cost of US$62 million, to increase the mine s crushing capacity, leach pad area and mine fleet in order to maintain annual production capacity at a level of 120,000 tonnes per year for the next five years. With these modifications, we estimate that the remaining mine life will be 11 years.

The majority of Cerro Colorado production of cathode copper is committed for sale under annual contracts to customers in Europe and Asia.

On 13 June 2005, an earthquake measuring 7.9 on the Richter scale affected the region in which the Cerro Colorado mine is located. Normal road accessibility for heavy trucks was suspended for two weeks, but was re-established by the end of June. Production on one of the two plants suffered damage and its production was halted for two months until it was rebuilt. Production of cathode was approximately 50% of capacity during the month of August and will gradually ramp up to full capacity over the next few months. Some other minor damage affected the mine but with no serious consequences.

Spence

In October 2004, following the completion of an updated feasibility study, we approved the development of the US$990 million Spence copper project in Chile. This porphyry copper deposit lies within BHP Billiton s (100%) land holding of 46,744 hectares of mineral rights with an associated 20,145 hectares of surface rights. The project is located 150 kilometres north-east of the port city of Antofagasta and 50 kilometres south-east of the mining city of Calama at an elevation of 1,700 metres above sea level in the Atacama Desert of northern Chile.

The Spence orebody consists of in situ copper oxide mineralisation that overlies supergene sulphide, transitional sulphide, and lower-most primary (hypogene) sulphide mineralisation. The copper contained within both the oxide and supergene sulphide mineralisation is recoverable by heap leaching and solvent extraction/electorwinning processes (SXEW), whereas copper contained within the primary sulphide mineralisation (principally chalcopyrite) is not. The deposit will be developed by open-cut mining methods and heap leaching of crushed ore on dynamic (on-off) leach pads. Chemical (acid) leaching of oxide ores and bacterial leaching of supergene sulphide ores will be applied. Collected leach solutions will be sent to separate oxide and sulphide solvent extraction (SX) plants followed by a single electro-winning (EW) plant to produce copper cathode. The project will have a nominal capacity to produce 200,000 tonnes of copper cathode per annum when completed, and has an estimated mine life of approximately 19 years. First cathode production is scheduled for the fourth quarter of 2006.

BHP Billiton has the right of indefinite exploitation (mining) concessions for the mining of the Spence ore body as well as exploitation and exploration rights for some territory surrounding the existing operation. Exploitation concessions allow the concession holder to mine the area indefinitely contingent upon the annual payment of corresponding licence fees.

Access and transportation of supplies to the project is via the primary highway connecting Antofagasta and Calama, which, prior to the project passed directly over the deposit. Electrical power will be supplied to the project via a 70 kilometre high-voltage transmission line connected to Chile s northern power grid. Spence will own this transmission line and purchase electricity under contracts from a local generating company.

As of 30 June 2005 the overall project was at 29% completion with 4.5 million hours worked. Project and operations staffing ramp-up has also been accomplished on plan. Pre-mine waste stripping operations commenced on schedule in May 2005.

Copper-Uranium

Olympic Dam

The Olympic Dam operations in South Australia became a part of Base Metals through the acquisition of WMC. The operations are a significant producer of both copper and uranium oxide. It currently ranks as the fourth largest copper deposit and the largest uranium deposit in the world.

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During 2002, Olympic Dam completed an optimisation project which delivered the capacity to plate 235,000 tonnes of copper per year and the ability to mill slag. Following successful commissioning of the new copper solvent extraction plant in the first quarter of 2004, production in calendar year 2004 was 224,731 tonnes of copper. Production in the year ended 30 June 2005 was 231,257 tonnes of copper.

Due to the size of the Olympic Dam ore body, there is potential to further increase the size of the operation over and above the 235,000 tonnes of copper capacity. We are currently examining a substantial increase in production via an open-pit mine. However, this expansion of Olympic Dam will require completion of feasibility studies and subsequent Board approval as well as various regulatory and governmental approvals covering a range of operational matters.

The Olympic Dam copper, uranium, gold and silver deposit was discovered in 1975 and production of copper began in 1988. It is located 560 kilometres north-west of Adelaide in South Australia. It comprises a large number of discrete ore zones throughout an area of several square kilometres ranging in depth from 350 metres to approximately one kilometre. The Olympic Dam underground mining operation is highly mechanised, with automated rail transportation and underground crushing. The primary method of ore extraction is long hole open stoping with cemented aggregate fill. This method allows for large equipment to achieve high productivity and maximum ore recovery.

Ore is hoisted to the surface where it is fed to two grinding circuits in parallel. After grinding, the resultant slurry passes to a flotation circuit where a series of flotation stages and a further regrinding stage produce a copper concentrate. The concentrate then passes through a leaching circuit which is principally designed to extract uranium from the copper minerals. Uranium is extracted in a solvent extraction plant, producing yellow-cake, which is subsequently calcined to produce uranium oxide concentrate and then packaged in drums for export sales.

After drying, copper concentrate is fed to an Outokumpu flash furnace, which produces blister copper and flash furnace slag. Blister copper is transferred to anode furnaces for further fire refining. Anode copper is transported to the refinery where the ISA electro-refining process is used to produce copper cathodes. The slimes from this process are treated separately to recover gold and silver.

Approximately 95% of copper sales from Olympic Dam are made under short to medium-term contracts with major customers. Approximately 75% of the copper sold during 2004 was exported. The bulk of uranium production is committed under long-term sales contracts with well-established overseas electricity generating utilities.

Power for the Olympic Dam operations is supplied via a 275kV power line from Adelaide, with power supplied currently under contract until July 2006 by TXU and transmitted by Electranet in accordance with the National Electricity Code and the Electricity Act 1996 (SA) (as amended).

Water supply for Olympic Dam is accessed from bore fields which draw from the Great Artesian Basin in South Australia. The operation has licences from the relevant authorities to allow a drawdown (aquifer pressure) estimated to be the equivalent of 42 megalitres per day, of which 33 megalitres per day is currently used.

The Olympic Dam operations produce both LME accredited ER (electro-refined) copper cathode and EW (electro-won) copper which is not LME accredited. Production commenced at Olympic Dam in 1988 at a rate of 45,000 tonnes per year of refined copper. Between 1989 and 1995, the production rate was increased, ultimately raising the ore mining capacity to approximately 3 million tonnes per year to supply a copper production capacity of approximately 85,000 tonnes per year. In 1999, a major expansion of operations was completed at Olympic Dam with

production capacity increasing to approximately 200,000 tonnes of refined copper, 4,300 tonnes of uranium oxide, 75,000 ounces of refined gold and 850,000 ounces of refined silver per year. A further optimisation project in 2002 has taken our refined copper production capacity to 235,000 tonnes per annum. However, production in 2003 was 160,080 tonnes due to the plant shutdown to reline the smelter, the rebuild of the copper and uranium solvent extraction plants and a failure of a heat exchanger in the acid plant.

The currently accepted mine life for Olympic Dam underground operation is in excess of 20 years. Studies are underway to re-examine the underground mine plan.

We hold a special mining lease relating to the Olympic Dam operation that 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.

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Copper-Zinc

Antamina

The Antamina copper-zinc deposit is owned by Compañía Minera Antamina S.A. (CMA), in which BHP Billiton holds a 33.75% interest. Noranda Inc. holds a 33.75% interest, Teck Cominco Limited holds a 22.5% interest and Mitsubishi Corporation holds the remaining 10% interest. The deposit is located in the Peruvian Andes at an altitude of 4,300 metres, approximately 270 kilometres north of Lima, Peru.

The Antamina project achieved mechanical completion in May 2001 and commercial production began in October 2001. The total development cost, including financing costs, working capital and sunk costs was US$2,228 million. The principal project facilities include a 115 kilometre access road, a truck-shovel pit operation, a nominal 70,000 tonnes per day concentrator, a 300-kilometre concentrate pipeline with a single stage pumping station to transport concentrates in slurry form from the mine to the de-watering, drying, and port facilities at Huarmey, and housing for operating employees and their families in the City of Huaraz, located approximately 200 kilometres by road from the mine.

The property comprising the Antamina mine area consists of mining concessions, mining claims and surface rights covering an area of approximately 14,000 hectares. The project company also owns sufficient surface rights for mining infrastructure, the port facility at Huarmey and an electrical substation located at Huallanca. In addition, the project company holds title to all easements and rights of way required for the concentrate pipeline from the mine to the project company s port at Huarmey. All of the rights can be held indefinitely.

Power to the mine site is being supplied under long-term contracts with individual power producers through a 58-kilometre, 220 kilovolt transmission line constructed by the project company, which is connected to the Peru national energy grid. In late 2002, an additional third party owned transmission line was connected to the project s substation, significantly increasing power supply reliability.

CMA entered into 19 long-term copper and zinc concentrate sales contracts with 16 smelting companies, which, in aggregate, cover approximately 75% of the project s expected annual production. All but two of the contracts are for terms extending to 2012 or 2013. The remainder of production is sold to project sponsors prorated by each partner s equity stake in CMA.

The Antamina deposit is a large copper skarn with zinc, silver, molybdenum, lead, arsenic and bismuth mineralisation. It has a south-west to north-east strike length of more than 2,500 metres and a width of up to 1,000 metres. The deposit sits at the bottom of a U-shaped glacial valley surrounded by limestone ridges. Mineralisation is associated with pervasive replacement by calcium silicate minerals of both a centralised intrusive body and a thick limestone formation that hosts the intrusive. A well defined zonation consists of high-grade copper sulphides occurring in the centralised intrusive and in limestone immediately adjacent to the intrusive. High grade copper-zinc sulphides overprint the copper-only style of mineralisation in a narrow doughnut-shaped zone at the outer margin of skarn formation. Like other skarn deposits, the Antamina deposit is highly erratic in form and grade.

During calendar years 2003 and 2004, 30,000 metres and 114,000 metres, respectively, of additional diamond drilling was completed. Because of the erratic nature of the ore types and grades within ore zones, a change in reserve classification has been adopted effectively tightening the criteria for Proven and Probable ore. As a result some of the previously reported Proven ore is now reported as Probable.

Following the drilling programme, a new pit design was completed utilising updated parameters more closely reflecting actual operating experience. This new pit design forms the basis of the current reserve. The reserve has been grouped into two major ore types, copper only and copper-zinc ores since they undergo different treatment processes and in order to add clarity for reporting purposes. Zinc contained in copper only ore is not recovered and molybdenum contained in copper-zinc ores is not recovered. The Antamina mine has an expected life of 15 years at current production rates.

Silver, Lead and Zinc

Cannington

Cannington is a mining and concentrating facility that is 100% owned and operated by us, and is the world s largest single mine producer of both silver and lead. The Cannington silver, lead and zinc deposit is located in northwest Queensland, Australia, and is accessible by sealed road 300 kilometres southeast of Mount Isa. The Cannington deposit is entirely contained within mining leases granted to us in 1994 and which expire in 2029. The deposit consists of a shallow, low grade northern zone and a deeper, higher grade and more extensive southern zone. The southern zone contains a broadly zoned and faulted sequence of silver-lead-zinc, zinc and silver-lead lodes.

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We use transverse, long hole open stoping for the extraction of the main, thicker, hanging wall orebodies of the deposit. Production commenced in October 1997 at a cost of US$250 million. Underground mine production for the year ended 30 June 2005 was 3.4 million tonnes. Work on the Cannington Growth Project which was approved in February 2003 was completed during the year at a total cost of US$56 million to improve mill throughput and increase metal recovery. We are continuing an ongoing programme of incremental mill improvements. Nominal capacity is now 3 million tonnes per annum. A power station, comprising 18 x 1.03MW and 6 x 1.915MW gas-fired engines and 4 x 1.4MW diesel-fired engines located at Cannington is operated under contract to supply power solely to Cannington.

Approximately 85% of Cannington s lead and zinc concentrate production for the year ending June 30, 2006, is fully committed under long-term contracts with smelters in Australia, Korea, Japan and Europe with the balance being allocated to the spot market, primarily China and Korea.

The reserve life as currently stated is approximately seven years. Surface exploration is continuing on a number of geophysical and geochemical anomalies in the mine lease area.

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Reserves and Production

The table below details our copper, zinc, silver, gold, molybdenum and lead reserves in metric tonnes, and are presented in 100% terms as estimated at 30 June 2005.

		Proved Ore Reserve [1]					Probable Ore Reserve [1]					Total Ore Reserve					
			Grade					Grade					Grade				
Commodity Deposit [2,3,12,13]	Ore Type	Millions of dry metric tonnes	% TCu[4]	% SCu[4]	g/t Au	g/t Ag	Millions of dry metric tonnes	% TCu[4]	% SCu[4]	g/t Au	g/t Ag	Millions of dry metric tonnes	% TCu[4]	% SCu[4]	g/t Au	g/t Ag	BHP Billiton Interest%
Copper																	
Escondida[5]	Oxide	119		0.65			30		0.52			149		0.62			57.5
	Sulphide	588	1.39				534	1.06				1,122	1.23				57.5
	Sulphide leach	466	0.58				405	0.53				870	0.56				57.5
Escondida Norte[3]	Oxide	5		0.53			121		0.79			126		0.78			57.5
	Sulphide	193	1.65				381	1.25				574	1.38				57.5
	Sulphide leach	53	0.55				281	0.60				334	0.59				57.5
Tintaya[5]	Oxide	6	1.21	0.93			24	1.74	1.22			31	1.63	1.16			99.95
	Sulphide	31	1.45	0.02	0.20	5.10	30	1.16	0.07	0.14	4.13	61	1.31	0.05	0.17	4.63	99.95
Cerro Colorado[7]	Oxide	70	0.69	0.53			69	0.75	0.58			139	0.72	0.55			100
	Sulphide	22	0.94	0.16			30	0.79	0.14			52	0.85	0.15			100
Spence [8]	Oxide	40	1.35	1.00			38	1.01	0.76			79	1.18	0.88			100
	Supergene sulphides	107	1.38				124	0.92				231	1.13				100
		Millions of dry metric tonnes	% Cu	kg/ tonne U3O8	g/t Au	g/t Ag	Millions of dry metric tonnes	% Cu	kg/ tonne U_3O_8	g/t Au	g/t Ag	Millions of dry metric tonnes	% Cu	kg/ tonne U_3O_8	g/t Au	g/t Ag	
Copper Uranium																	
Olympic Dam[9]	Sulphide	115	2.1	0.6	0.5	3.7	641	1.4	0.5	0.5	3.0	756	1.5	0.5	0.5	3.1	100
		Millions of dry metric tonnes	% Cu	% Zn	g/t Ag	% Mo	Millions of dry metric tonnes	% Cu	% Zn	g/t Ag	% Mo	Millions of dry metric tonnes	% Cu	% Zn	g/t Ag	% Mo	
Copper Zinc																	
Antamina[10]	Sulphide Cu only	58	1.14		9.0	0.041	273	1.24		10.2	0.039	330	1.22		10.0	0.040	33.75
	Sulphide Cu-Zn	39	1.00	2.68	20.6		97	1.15	2.82	19.5		136	1.10	2.78	19.8		33.75
		Millions of dry metric	g/t Ag	% Pb	% Zn		Millions of dry metric	g/t Ag	% Pb	% Zn		Millions of dry metric	g/t Ag	% Pb	% Zn		

		tonnes				tonnes				tonnes				
Silver Lead Zinc														
Cannington[11]	Sulphide	18	464	10.5	3.9	3	397	9.1	3.8	22	454	10.2	3.8	100

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

	Proved Ore Reserves	Probable Ore Reserves
Escondida	Sulphide: 60m x 60m	Sulphide: 100m x 100m
	Sulphide leach: 60m x 60m	Sulphide leach: 110m x 110m
	Oxide: 55m x 55m	Oxide: 60m x 60m
Escondida Norte	Sulphide: : 54m x 54m	Sulphide: 90m x 90m
	Sulphide leach: 60m x 60m	Sulphide leach: 125m x 125m
	Oxide: 48m x 48m	Oxide: 60m x 60m
Tintaya	Two drill holes in two quadrants within 25 meters search distance, considering only skarn composites	Two drill holes in two quadrants within 50 meters search distance, considering only skarn composites
Cerro Colorado	50m x 50m	70m x 70m
Spence	Continuous square drill grid of 70m	Continuous square drill grid of 100m, exclusive of Measured
Olympic Dam	40m x 40m	80m x 80m
Antamina	3 holes within 30-35m, closest hole within 20-25m, depending on grade of mineralization	3 holes within 55m, closest hole within 40m; or 2 holes within 75m, closest hole within 30m; all of similar grade
Cannington	12.5m sectional x 15.0m vertical	25.0m sectional x 25.0m vertical

(2) Metallurgical recoveries for the operations are:

% Metallurgical Recovery	Ag	Pb	Zn	Cu	U_3O_8	Au
Escondida				Sulphide: 83.8% of TCu; Sulphide Leach: 36.6% of TCu; Oxide: 79.1% of SCu		
Escondida Norte				Sulphide: 87.9% of TCu; Sulphide Leach: 32.3% of TCu; Oxide: 53.7% of SCu		
Tintaya				Sulphide: 86% of TCu; Oxide: 78% of SCu		
Cerro Colorado				80		
Spence				81 - 82		
Olympic Dam				91	72	60
Antamina	0-84	0-70	0 -85	30-94		
Cannington	84	88	66			

(3) %SCu - per cent soluble copper, %TCu - per cent total copper, kg/tonne U_3O_8 - U_3O_8 & Uranium oxide in concentrate as product
(4) There are some differences in Cu prices used, but all are less than the three-year average.

Copper prices used for reserve calculation are:

	US$/lb
Antamina	0.902
Cerro Colorado	0.743
Escondida	0.94
Escondida Norte	0.94
Olympic Dam	0.85
Spence	0.84
Tintaya	0.88

See table in Item 4 - Ore Reserves for prices used for other metals.

(5) For both Escondida and Escondida Norte separate mine designs and pit optimisation were developed to comply with the SEC Industry Guide 7. Small tonnages of ore encountered during Escondida Norte pre-stripping activities are now stockpiled and included in the appropriate ore reserve estimate as Proved reserve

(6) The resource model for Tintaya was updated in April 2005, based on a new geological interpretation from 181 new holes totaling 30,100 metres of drilling. Modifications were made to the estimation procedures, resource classification, and method to designate the preferred process route of mixed sulphide/oxide ore. A new mine plan increased sulphide reserves by 12 million tonnes.

(7) Changes in the Cerro Colorado Reserves from 2004 reflect a slightly increased Reserves based on drilling and updated interpretation, and include depletion through mining, adjusted by reconciliation.

(8) Spence is an enriched and oxidised porphyry copper deposit that is to be developed by open-cut mining and heap leaching of crushed ore. The inclusion of reserve figures in the declaration for June 2005 reflect project approval in October 2004 and changes are therefore net positive for 2004-2005. Differences to the reserve declared in the Spence Feasibility Study are related to rounding to significant figures**.**

(9) We acquired the Olympic Dam operation in the purchase of WMC that was finalised in June 2005. Reserves are quoted per the December 2004 reporting by WMC, depleted by production incurred through June 2005. A review of the Olympic Dam operations and expansion project is currently in progress, which includes a determination of the compliance with BHP Billiton Ore Reserve and Capital Investment policies. Prices used for Reserves are: Cu US$0.85/lb, U_3O_8 US$18/lb, Au US$300/oz, Ag US$5/oz.

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(10) The April 2001 Antamina resource model that supported the 2004 reserve has been updated to include 144,167 metres of additional drill core information collected in 2003 and 2004. The 2005 resource model includes changes to the data interpolation methods used for estimating grades and ore types. These changes require more samples on a closer spacing to classify material as compared to the 2001 resource model. The amount of Proven Reserves has therefore decreased significantly. Sulphide mineralisation has been sub-divided into Cu-only and Cu-Zn ore types to better reflect actual operations.

(11) At Cannington, on-going underground diamond drilling and geological interpretation has resulted in minor and local changes. There has been a steady promotion of ore reserves into the Proven category. Changes in metal prices and exchange rates have resulted in an adjustment in the tonnages and grades above a given ($A60) dollar per tonne cut-off.

(12) All tonnages and grades included in the reserve statement include mining recovery and dilution.

(13) No third party reserve audits have been specifically conducted for the purposes of this disclosure.

The table below sets forth the BHP Billiton Group copper, gold, silver, lead, molybdenum, uranium and zinc production for the three years ended 30 June 2005, 2004 and 2003. Production data shown is the BHP Billiton Group share unless otherwise stated.

		BHP Billiton Group Share of Production[1]		
	30 June 2005	Year ended 30 June		
	BHP Billiton Group interest %	2005	2004	2003
Copper (000 tonnes)				
Escondida (Chile)	57.5	665.5	601.6	497.6
Tintaya (Peru)[2]	99.95	107.1	93.5	35.4
Cerro Colorado (Chile)[3]	100	113.1	125.5	131.1
Alumbrera (Argentina)				34.4
Highland Valley (Canada)[4]			28.3	56.2
Antamina (Peru)	33.75	123.1	91.9	96.9
Selbaie (Canada)[5]	100		4.1	8.3
Olympic Dam[6]	100	16.1		
North American Copper	100	9.1	9.5	10.6
Total		1,034.0	954.4	870.5
Gold (000 ounces)				
Escondida (Chile)	57.5	96.6	103.8	64.1
Tintaya (Peru)[2]	99.95	21.8	11.8	0.0
Alumbrera (Argentina)				121.3
Selbaie (Canada)[5]	100		8.0	17.8
Olympic Dam[6]	100	7.0		
Highland Valley (Canada)[4]			2.2	4.7
Total		125.4	125.8	207.9

Silver (000 ounces)				
Cannington (Australia)	100	44,030	37,420	34,872
Antamina (Peru)	33.75	2,774	2,179	2,227
Tintaya (Peru)[2]	99.95	629	608	
Alumbrera (Argentina)				200
Highland Valley (Canada) [4]			323	604
Escondida (Chile)	57.5	2,551	2,445	1,700
Olympic Dam[6]	100	62		
Selbaie (Canada)[4]	100		717	1,525
Total		50,046	43,692	41,128
Lead (000 tonnes)				
Cannington (Australia)	100	282.0	249.9	237.4
Pering (South Africa)	100			2.6
Total		282.0	249.9	240.0
Zinc (000 tonnes)				
Cannington (Australia)	100	52.9	53.6	63.9
Antamina (Peru)	33.75	52.5	89.6	82.7
Selbaie (Canada)[5]	100		16.0	30.2
Pering (South Africa)	100			17.1
Total		105.4	159.2	193.9
Molybdenum (000 tonnes)				
Highland Valley (Canada) [4]		0.0	0.6	1.0
Antamina (Peru)	33.75	1.8	0.3	0.3
Total		1.8	0.9	1.3
Uranium Oxide Concentrate (tonnes)				
Olympic Dam[6]	100	415		
Uranium (000 pounds)				
Rio Algom Mining	100			54

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(1) Mine production figures for minerals refer to the total quantity of payable metal produced.
(2) Production at Tintaya was temporarily suspended on 25 May 2005 following civil unrest in the Espinar region. Production recommenced on 20 June 2005.
(3) Production at Cerro Colorado was temporarily suspended on 14 June 2005 following an earthquake. Production recommenced at half capacity on 30 June 2005.
(4) BHP Billiton sold its interest in Highland Valley Copper with effect from 3 January 2004.
(5) Production at Selbaie ceased in February 2004, in accordance with mine plan. Shipments ceased in May 2004.
(6) BHP Billiton acquired Olympic Dam with the acquisition of WMC. Production data is shown from 1 June 2005.

Production under WMC control for the years ended 31 December 2004, 2003 and 2002 was:

Production - Olympic Dam		Year ended 31 December 2004	Year ended 31 December 2003	Year ended 31 December 2002
Copper Cathode	(000 tonnes)	224.7	160.1	178.1
Gold	(000 ounces)	88.6	86.1	64.3
Silver	(000 ounces)	861.6	601.4	643.9
Uranium	(tonnes)	4,404.0	3,203.1	2,890.0

Regulatory and Fiscal Terms

Chile

Minerals in Chile are legally owned by the State. The exclusive right to exploit mineral deposits is granted to individuals and private sector companies through mining concessions. The Mining Code of Chile provides for two kinds of mining concessions, namely the exploration concession and the exploitation concession. A concession is defined as an immovable real right that grants the holder the exclusive authority to explore, or explore and exploit, mineral substances within the concession, and become the owner of any extracted substances, in the case of an exploitation concession. As provided by the Mining Code and the Constitution of Chile, mining concessions are established by court ruling. An exploitation concession is of indefinite duration, provided that yearly licence fees are paid. An exploration concession is granted for two years and may be renewed for another two-year period, provided that at least half of the concession area is surrendered. Licence fees are also applicable. Mining concessions are distinct from surface rights and the legislation provides for the ability to request mining easements in the case where the owner of the mining concession is not the same owner as that of the land surface. Mining easements may be established by mutual consent of the owners or by court ruling.

In February 2004, the Ministry of Mining passed and published a new regulation, amending Decree Number 72 from 1985, the Mining Safety Ordinance. Pursuant to such amendment, in addition to generally refreshing the safety requirements and duties of the governmental agency in charge, a new section regarding mining closure requirements was added to the Ordinance. Mine closure plans are required to be documented during the life of the operation, with the purpose of preventing, minimising and/or controlling the risks and negative effects that can be produced or may continue causing effects after finalising mining activities.

The environmental regulatory legal framework is established pursuant to Decree Law 19,300 and its ordinances and regulations. Mining exploitation activities are subject to the approval by CONAMA (the national environmental corporation) and require Environmental Impact

Studies and/or Environmental Impact Declarations depending on the nature of the proposed project.

The Decree Law 600 provides the main legal framework for foreign investment in Chile. This law covers types of capital contributions, taxes, foreign exchange, repatriation of profits and capital and administrative procedures. It is based on economic and legal principles found in the Constitution of Chile, with economic equality between foreign investors and nationals being the most important. It offers all foreign investors on a most favoured nation basis the same treatment as nationals and guarantees a stable framework by means of an investment contract between foreign investors and the State of Chile. Such contracts cannot be modified unilaterally and are not affected by the passage of new laws. Investment can be made through convertible currencies, tangible assets, technologies that can be capitalised and loans tied to foreign investment projects. Repatriation of capital and profits is guaranteed through the formal currency exchange market.

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The Chilean Mining Tax Bill, which became law on 16 June 2005, created a new specific mining tax applicable to all mining activities. The Bill does not challenge ownership rights of the mining reserves and provides protection for companies with valid tax stability agreements. The Bill involves deductible Chilean mining tax payable monthly of 5% of the value of the operating profit (excluding interest, accelerated tax depreciation and any tax losses), for all mines with annual sales exceeding the equivalent value of 50,000 tonnes of fine copper. Sales values within 12,000 to 50,000 tonnes are subject to progressive rates up to 5%.

Special rules (4% mining tax, rather than the 5% mining tax, with initial 2 year 50% credit of this tax against the 17% Chilean corporate tax and 12 year tax stability concerning the 4% rate amongst other items) seek to encourage companies with tax stability agreement protection (that have not waived the 42% tax rate or other tax conditions in these contracts) to waive these tax clauses and enter the mining tax regime. These special rules require an election to be made by 30 November 2005. We are currently evaluating our position with respect to the new tax regime.

Peru

Minerals in Peru are legally owned by the State. The exclusive right to exploit mineral deposits is granted to individuals and private sector companies through mining concessions. Three types of concessions that have been established under the General Mining Law are mining, processing and transportation concessions. Mining concessions give rights to explore and extract minerals, but are distinct from property rights over the land surface. Miners must obtain the necessary rights of way to access mineral deposits from surface rights holders. The processing concession grants the holder the exclusive right to construct and operate the facilities necessary to transform minerals into a marketable product. A transportation concession would, for example, cover the construction and operation of a copper concentrate pipeline. Concessions under the General Mining Law are irrevocable provided that the nominal mining good standing fees are paid.

The General Mining Law provides qualifying mining companies with a stability regime covering taxation, foreign exchange and trade regulations. Companies that invest at least US$20 million in the development of an operation of not less than 5,000 tonnes per day, or expand an existing operation by such amount, can enter into a contract with the State that guarantees the stability of the tax laws for a period of 15 years. Free disposition of foreign currency and repatriation of capital and profits are also guaranteed, as is conversion of foreign exchange at the most favourable rate of exchange available at the time of conversion. We also obtain the benefit of accelerated tax depreciation for machinery, equipment and all other fixed assets up to the maximum limit of 20% per year.

Law 28090, known as the Mine Closure Law, was enacted on 14 October 2003. It regulates the obligations to be followed by mine owners to prepare, file and implement a mine closure plan. The Mine Closure Law is an environmental management instrument that requires a mine owner to describe its reclamation measures, anticipate those costs and establish a mechanism for funding those costs. Implementation is to be made on a gradual basis during the life cycle of the mining operation.

The Mining Royalty Law was enacted on 24 June 2004. In summary, this new law obliges mining operations to pay an economic consideration to the State of Peru, for the mineral resources under exploitation. The actual amount shall be determined monthly by the mineral value, according to its current quotation in the international market. The amount effectively paid as mining royalty, shall be considered as an expense in the corresponding fiscal year. The Mining Royalty Law will not apply to operations that are subject to mining stability agreements. Both the Tintaya and the Antamina operations are subject to such mining stability agreements.

Australia

We mine at Olympic Dam in South Australia pursuant to State legislation (*Roxby Downs (Indenture Ratification) Act 1982* (SA)) (Ratification Act). The Ratification Act provides the right for those that are a party to the indenture, of which WMC (Olympic Dam Corporation) Pty Ltd is a party, to sell product produced on, and which leaves, lands within a specified area of Olympic Dam, and account to the South Australian Government for a percentage royalty in respect of that product.

To deal with uranium, we are required to hold possession and export permissions, which are also subject to regulation by the Australian Government or bodies which 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 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 which reports to the Australian Government.

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To export uranium from Australia, a Permit to Export Radioactive Substances (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 who 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 tranport permit.

Market Conditions

We produce five primary products, namely copper concentrates, copper cathodes (metal), lead concentrates, zinc concentrates and uranium oxide. In addition, since they are contained within the concentrates, we also receive payment credits for silver and gold recovered during the smelting and refining process. We also produce gold and silver bullion during the smelting and refining process at Olympic Dam.

We sell most of our copper, lead and zinc concentrates to third party smelters. The remainder of our production is mostly sold to merchants. We sell most of our copper cathodes to rod and brass mills and casting plants. We sell all of our uranium oxide on long term contracts to electricity utilities. Our customers are located around the world.

We compete against other mining companies producing copper, lead and zinc concentrates and other producers of copper cathode. Merchants can also provide short-term competition, but will not fundamentally affect supply and demand.

According to the International Copper Study Group (ICSG), during calendar year 2004 total refined copper supplies reached 15.77 million tonnes, a rise of 3.5% compared with 2003. Refined copper demand reached 16.53 million tonnes, up 5.7% from the previous year.

In the second half of 2004, LME cash copper prices rose from an average of US$1.274 per pound in July to US$1.427 per pound in December. Strong demand for copper, driven by robust growth in China, continuing recovery in the United States and Japan, and also some stock building due to rising prices, led to a sharp drawdown in stocks on the Exchanges. Refined production fell a long way short of demand as smelter capacity was unable to keep pace. As a result stocks of copper concentrates built up and spot treatment and refining charges (TCRCs) rose rapidly from 16.7¢ per pound combined in July 2004 to a peak of 44.9¢ per pound in April 2005. Annual contract TCRCs for 2005 were settled at a combined charge of 21.9¢ per pound compared to 11¢ per pound for 2004.

In the first half of calendar 2005, refined demand has fallen, with the ICSG estimating refined copper consumption has dropped by 4.4% in the first four months of the year, but much of this is destocking by consumers due to very high and volatile prices. The market has remained in deficit with stocks continuing to fall and, in May and June 2005, demand has appeared to improve as consumers have finished destocking and returned to the market. LME cash copper prices have continued to rise through the first half of calendar 2005, only falling back briefly in May. LME cash prices averaged US$1.482 per pound in quarter one 2005 and US$1.549 per pound in quarter two 2005. Combined exchange stocks at LME/Comex/Shanghai continued to decline during the second half of calendar 2004 and the first half of calendar 2005. From the end of June 2004 to the end of June 2005, total exchange stocks fell by 185,500 tonnes from 258,000 tonnes to 72,500 tonnes. Stocks fell in the USA and Asia and rose in Europe, although by only just over 20,000 tonnes from less than 2,000 tonnes. By the end of June 2005 stocks on the Exchanges were at their lowest levels since April 1990.

Uranium oxide is not traded on an official exchange and the spot market is highly illiquid as most uranium oxide is sold under long-term contract (three-to-ten years). In spite of this, the spot market is important, as pricing under some portions of long-term contracts are linked to the spot market. Spot prices in 2004 averaged US$18.65 per pound for uranium oxide, a 61% increase from 2003. During the first half of calendar year 2005, the spot price increased further to US$24.54 per pound.

Copper Concentrate Matters

In May 2003, the European Commission, the US Department of Justice and the Canadian Competition Bureau commenced an investigation to ascertain whether there is evidence of illegal practices in the copper concentrate sector. BHP Billiton, which was served with notice to submit to this investigation, is co-operating with regulatory authorities and has produced documents and other requested material. The US Department of Justice notified us in February 2005 that it has closed its investigation. We have received no word on the status of the European Commission or Canadian Competition Bureau investigations.

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Carbon Steel Materials

Our Carbon Steel Materials Customer Sector Group is a leading supplier of core raw materials and services to the global steel industry. The key raw materials that we supply for steel making are iron ore in various forms, metallurgical coal and manganese.

Iron Ore

Mount Newman Joint Venture

We hold an 85% joint venture interest in the Mount Newman project, located in the Pilbara region of Western Australia. We manage the project. Other participants in this venture are Mitsui-Itochu Iron Pty Ltd, which holds a 10% interest, and Itochu Minerals & Energy Australia Pty Ltd (formerly C I Minerals Australia Pty Ltd), which holds a 5% interest in the joint venture. The joint venture was granted a mineral lease in April 1967 under the Iron Ore (Mount Newman) Agreement Act 1964. This lease expires in 2009 with the right for successive renewals of 21 years.

The venture began production in 1969 at the Mount Whaleback orebody. Today, production continues to be sourced from the major Mount Whaleback orebody and is complemented by production from other ore bodies, namely Orebody 25, 29 and 30. All mines are open-pit. At current price assumptions and production rates, reserves from Mt Whaleback are expected to contribute to the Mount Newman Joint Venture for at least 20 years.

The facilities at Mount Whaleback include primary and secondary crushing plants with a nominal capacity of 35 million tonnes of product per year, a heavy media beneficiation plant with a capacity of eight million tonnes of product per year and a train-loading facility. An additional primary and secondary crushing plant is present at Orebody 25 with a nominal capacity of eight million tonnes of product per year. Pre-stripping and construction of a crusher and train loading facility at a cost of US$85 million is underway at Orebody 18.

Power is sourced from the Newman gas-fired power station owned by Alinta Dewap and distributed by power lines owned by BHP Billiton Iron Ore.

The venture mainly sells iron ore into Asia with minor sales to Australia and Europe. During 2004-2005, 56% of the project s total dispatches were to China, with 21% of sales to Japan and 7% to Korea.

Yandi Joint Venture

We hold an 85% joint venture interest in the Yandi project, an open pit-mine, located 92 kilometres north of Newman in the Pilbara region of Western Australia. We manage the Yandi project. The other participants in the joint venture are Itochu Minerals & Energy Australia Pty Ltd,

which holds an 8% interest, and Mitsui Iron Ore Corporation Pty Ltd, which holds a 7% interest in the venture.

The Yandi mine was granted a mining lease in September 1991 under the Iron Ore (Marillana Creek) Agreement Act 1991. This lease expires in 2012 with the right to extend for a further 42 years if required.

Development of the orebody began in 1991 with a capacity of 10 million tonnes per annum and the project s first shipment of iron ore was in March 1992. Capacity was progressively expanded between 1994 and 2003 and the current capacity is 42 million tonnes per annum.

Two processing plants (OHP1 and OHP2) and a primary crusher and overland conveyor (Iowa) are used to crush and screen the Yandi ore and deliver it to one of two train loading facilities. Power for the Yandi site comes from the Alinta Dewap owned Newman power station via power lines owned by BHP Billiton Iron Ore.

At the current production rate, it is expected that the reserves will be sufficient for at least 20 years.

During 2004-2005, 59% of the venture s shipments by volume went to Japan and 23% went to Korea. China accounted for 5% of the venture s shipments. The Yandi deposits are mined by an independent contract mining company on behalf of the joint venture.

Jimblebar

We own 100% of the Jimblebar lease, which is located approximately 40 kilometres east of Newman in Western Australia and is mined by an independent contract mining company on our behalf. We were granted a mining lease at Jimblebar in October 1988 under the Iron Ore (McCamey s Monster) Agreement Authorisation Act 1972. Production at Jimblebar began in March 1989, with the ore railed to Port Hedland via a 30 kilometres spur line linking with the main Newman to Port Hedland railway. Our lease expires in 2009 with the right of renewal for successive 21 year periods.

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In September 2004, we entered into a commercial agreement with four Chinese steel mills with iron ore sales expected to total US$9 billion over the next 25 years. On 5 September 2005, the agreements took effect.

The ore currently being produced at Jimblebar is from the Wheelarra Hill 4 (W4) deposit, which is an open-pit mine. This ore is blended with ore produced from Mount Whaleback and satellite orebodies (OB25, 29 and 30) to create the Mount Newman blend. The primary and secondary crushing plant at Jimblebar has a nominal capacity of eight million tonnes of product per year. We expect the W3 deposit to contribute to the Newman Joint Venture products commencing in 2005-2006 and the Hashimoto deposits (H1, H2 and H4) commencing in 2014-2015. At current price assumptions and production rates, reserves from Jimblebar will continue to support the Mount Newman blend for at least 20 years.

Mount Goldsworthy Joint Venture

There are two areas of operation associated with the Mount Goldsworthy Joint Venture: the Yarrie Nimingarra area east of Port Hedland and the Area C operations north-west of Newman.

We hold an 85% joint venture interest in the Mount Goldsworthy Mining Associates project, located at Nimingarra/Yarrie, 210 kilometres east of Port Hedland in the Pilbara region of Western Australia. While we manage the project, mining operations are carried out by an independent contractor on the Joint Venture s behalf. The other participants in the joint venture are Itochu Minerals & Energy Australia Pty Ltd, which holds an 8% interest, and Mitsui Iron Ore Corporation Pty Ltd, which holds a 7% interest in the project. Mount Goldsworthy was commissioned in 1966. The original Goldsworthy mine was closed in 1982 and mining operations ceased at Shay Gap in 1993. Since then, mining has continued from the adjacent Nimingarra and Yarrie areas, 30 kilometres to the south-east.

The Mount Goldsworthy open-pit mines are covered by four separate mineral leases under the *Iron Ore (Mount Goldsworthy) Agreement Act 1964* and the *Iron Ore (Goldsworthy Nimingarra) Agreement Act 1972* and a number of smaller mining leases issued under the Mining Act 1978 which were granted in 2005. The original leases were granted between 1965 and 1974 and they expire between 2007 and 2014. We have the right to renew these leases for successive 21 year periods.

Two primary crushers exist, one at Yarrie and the other at Nimingarra. The ore is crushed and then railed to Finucane Island. Power for Yarrie and Nimingarra is sourced via overhead power lines from the Port Hedland gas-fired powered station operated by Alinta Dewap.

In October 2003, we opened the new Area C mine located 120 kilometres north-west of Newman, which produces a Marra Mamba ore deposit, which is sold under the trademark MAC.

Initial mining has commenced at the C Deposit under the POSMAC arrangement, to which we, POS-Ore Pty Ltd (Korea), Itochu Minerals & Energy Australia Pty Ltd and Mitsui Iron Ore Corporation Pty Ltd are parties. Under this arrangement, POSCO has committed to purchase 3 million tonnes per annum. In line with the historical Goldsworthy leases, this mining lease expires in 2007 and has a right of renewal for further period of 21 years. Area C sources its power from the Newman power station also operated by Alinta Dewap.

All production from the Mount Goldsworthy North (Yarrie and Nimingarra deposits) is transported on a separate railway to Port Hedland. Ore from Area C is transported via a 39 kilometre new section of railway to the Yandi mine which then connects to the main Newman to Port Hedland railway. From there, the venture ships the ore through the Nelson Point and Finucane Island facilities. Ore is currently being produced from Goldsworthy North area at a nominal capacity of 8 million tonnes of product per year. At current price assumptions and production rates, reserves at the Mount Goldsworthy North mines are sufficient to support mining activities for at least one year, although strategies are in place for an extension of this time with other known deposits.

The ore currently being produced at Area C is from C Deposit, which is an open-pit mine. The ore processing plant at Area C has a nominal capacity of 23 million tonnes of product per year. E Deposit will also contribute to Area C products commencing in 2005-2006 and other Area C deposits (F, A and D Deposits) commencing in 2008-2009. At current price assumptions and production rates, reserves from Area C will continue to support Area C products for at least 20 years.

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During 2004 2005 65% of the venture s sales by volume were to China, 30% were to Japan and 4% to Taiwanese steelworks.

Pilbara Iron Ore port operations

All of our Pilbara Iron Ore joint ventures production is transported to the Nelson Point and Finucane Island port facilities at Port Hedland via two railway systems containing nearly 1,000 kilometres of track which supports the longest and heaviest trains in the world. The major railway, the 426 kilometre Newman to Nelson Point line, services the Mount Whaleback and Orebodies 23, 25 and 29, with extensions to Jimblebar, the Yandi Mine and Area C. The second line, the 208 kilometre Finucane Island to Yarrie line, links the Yarrie mine and adjacent mining operation at Nimingarra. Finucane Island receives ore from the Area C and Yarrie mines while the other mine products are sent to Nelson Point.

Facilities at the port include three car dumpers, crushing and screening plants, stockpile reclaimers and ship loading equipment. We can load vessels of 250,000 deadweight tonnes in the sheltered harbour.

In 1998, an under-harbour tunnel between the Nelson Point and Finucane Island facilities was commissioned by the joint venture. The tunnel allows us to transport ore to the Finucane Island ship loading facilities.

In February 2004, a Products and Capacity Expansion Programme was officially completed at a cost of US$266 million, increasing the overall capacity of the Port Hedland facilities to 100 million tonnes per annum. This included establishing new stockyard facilities and a second shiploading berth at Finucane Island, an upgrade of the under-harbour tunnel conveyor, and the addition and expansion of rail sidings to accommodate longer trains. By the end of 2004, further expansions had lifted mining, railing and shipping capacity to 110 million tonnes per annum and work is currently in progress to lift capacity to 118 million tonnes per annum by the second half of 2006.

Rapid Growth Projects & Feasibility Study

A feasibility study into the expansion of our Iron Ore business has now been completed, providing a vision for growth to 152 million tonnes per annum. The growth will primarily be achieved through the expansion of the well-established Newman, Yandi and Area C mines. The feasibility study also included options for expansion of the rail system and a reconfiguration of the port operations to ensure growth enhances environmental performance and is not constrained by existing infrastructure. The growth programme will be phased to allow us to continue to meet market demand for our products. While exchange rate movements and pressures in the construction market have created some challenges for the current RGP 2 project (increasing capacity to 118 million tonnes per annum), it, too, is on budget and on schedule for completion by the second half of 2006.

Samarco

We own 50% of Samarco Mineração S.A., a Brazilian company. The remaining 50% interest in Samarco is held by Companhia Vale do Rio Doce (CVRD).

Samarco began production at the Germano mine in 1977 and at the Alegria Complex in 1992. The Alegria Complex has now replaced the depleted Germano mine. Ore is transported from the Alegria mine to the Germano concentrator plant via a five-kilometre conveyer belt. At current price assumptions and production rates, reserves at the Alegria mine are sufficient for approximately 20 years.

Samarco operates one hydroelectric power plant, Muniz Freire, and has a 49% investment in another, Guilman-Amorim. Together, these two plants supply about 32% of Samarco s total electricity requirements .

Samarco has signed a ten year agreement, expiring in January 2015, to purchase its remaining power needs from a local consortium. The contract has a one year option (expiring December 31, 2005) in which Samarco may elect to extend the supply to include the Expansion Project described below.

Samarco has two industrial facilities:

Samarco s mining and beneficiation activities are located in Germano, municipality of Mariana, in the state of Minas Gerais, with a capacity to produce currently 15.5 million tonnes per year, expanding to 16.5 million tonnes per year with the optimised project due for completion in 2006.

Samarco s two pellet plants are located in Ponta Ubu, municipality of Anchieta, in the state of Espirito Santo, with total production capacity of 13.8 million tonnes of pellets per year and a private port with two berths.

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The two facilities are linked by a 396 kilometre iron ore slurry pipeline, which is the world s longest and largest iron ore pipeline.

Samarco is currently implementing an investment programme, referred to as the Optimisation Project, due for completion in 2006. This will increase concentrate production to 16.5 million tonnes per year, from previous 15.5 million tonnes per year, and pellet production capacity will reach 14 million tonnes per year. The total expected cost of the project is US$24 million (100% terms).

Samarco is considering a further expansion that is currently in the feasibility phase. The project comprises three major components:

- Additional mining capacity and a new 7.5 million tonnes per year concentrator at the Germano mine site;
- A new 400 kilometre slurry pipeline adjacent to the existing slurry pipeline from Germano to Ponta Ubu; and
- A 7.6 million tonnes per year third pellet plant, additional stockyard and ship loading capacity at the Ponta Ubu port site.

Queensland Coal

Together with Mitsubishi Development Pty. Ltd., we own six open-pit coal mines, one underground coal mine and a port in the Bowen Basin, Queensland, Australia. These coal mining operations are managed through a jointly owned entity, BM Alliance Coal Operations Pty Ltd (BMA), and the coal produced is marketed through a jointly owned entity, BM Alliance Coal Marketing Pty Ltd. Adjacent to one of the open-pit coal mines, the new Broadmeadow underground mine is currently being commissioned. These mines are separated into two joint venture structures, in which we have a 50% interest, namely the Central Queensland Coal Associates (CQCA) joint venture and the Gregory joint venture. Mitsubishi Development Pty Ltd has the remaining 50% interest in these two joint ventures. In addition, BMA operates one other Bowen Basin mine for BHP Mitsui Coal Pty Ltd in which we have an 80% interest. The majority of the coal production is high quality metallurgical coal used for steel making. Some energy coal is also produced from three of these mines. The power supplied to the mines is sourced from the state of Queensland s electricity grid.

Most of the coal from the CQCA northern area mines (Goonyella, Peak Downs, Saraji and Norwich Park) and some coal from the Gregory mine is shipped through the venture s owned and operated Hay Point coal terminal. The CQCA joint venture participants and the Gregory joint venture participants have entered into rail transport agreements with Queensland Rail providing for the transportation of coal from their mines until 2015 and 2016. Hay Point port, located at Mackay, handles around 35 million tonnes per annum of coal and can accommodate bulk carriers of up to 230,000 deadweight tonnes. All of the export coal from the Blackwater mine and most Gregory joint venture production is shipped through the R.G. Tanna Coal Terminal at Gladstone. All of the coal from the CQCA and the Gregory joint venture mines is transported to ports on railroads owned and operated by the State of Queensland.

In 2004-2005, approximately 42% of BMA s metallurgical coal sales were to north Asia, 17% to south Asia, 32% to western Europe and approximately 9% elsewhere. Virtually all of the sales are under annually priced term contracts with minimal spot sales.

Queensland Coal has announced that it will increase coal production capacity to 59 million tonnes per annum by the second half of 2006 in response to strong customer demand. This includes the expansion of capacity at the Hay Point Coal Terminal to 40 million tonnes per annum by mid 2006 and 44 million tonnes by 2007, a Coal Preparation plant and the Broadmeadow Underground mine referrred to above at a total cost of US$ 278 million. Additional port and rail capacity has been secured with third party providers. Further capacity expansion options are currently under review.

Central Queensland Coal Associates Joint Venture

Through a 50% interest in the CQCA joint venture, we operate five open-pit mines, namely Blackwater, Goonyella, Peak Downs, Saraji and Norwich Park and the Hay Point coal terminal. The adjacent South Blackwater and Blackwater mines were integrated into a single 13.5 million tonnes per annum operation in mid-2001. These mines are all located in Queensland, Australia.

Goonyella mine, which commenced operations in 1971, merged operationally with the adjoining Riverside mine in 1989 and is operated as the Goonyella Riverside mine. Reserves at the Riverside mine have been depleted; production of the Riverside product will continue from the Goonyella Mine, effectively increasing production from nine million tonnes per annum to 13 million tonnes per annum. CQCA has signed an agreement to purchase certain assets and assume certain rehabilitation liabilities of the Riverside mine from BHP Mitsui Coal, in which we are an 80% shareholder.

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We expect to complete the sale in 2006. At current price assumptions and production rates, reserves from the Goonyella open-pit mine can support operations for approximately 26 years. A new underground mine, Broadmeadow, is currently being commissioned on the Goonyella mining lease to produce up to 3.6 million tonnes per annum, with an estimated mine life of 28 years. Peak Downs mine produced its first coal in 1972 and has a capacity to produce nine million tonnes per annum. At current price assumptions and production rates, reserves from the Peak Downs mine can support operations for approximately 50 years.

Saraji mine commenced production in 1974 and has a capacity of more than six million tonnes per annum. At current price assumptions and production rates, reserves from the Saraji mine are expected to be depleted in approximately 30 years. First coal was mined from the Norwich Park mine in 1979 and it has a production capacity of more than five million tonnes per annum. At current price assumptions and production rates, reserves from the Norwich Park mine are expected to be depleted in approximately 11 years. Blackwater mine commenced production in 1967 and has a production capacity of more than 13 million tonnes each year. At current price assumptions and production rates, reserves from the Blackwater and South Blackwater mines are expected to be depleted in approximately 17 years.

The leases for the CQCA and South Blackwater mines expire in 2008, 2009, 2010, 2011, 2012, 2015, 2017, 2020, 2021, 2023, and 2024 and are renewable for such further periods as the Queensland Governor-in-Council allows in each particular case.

Gregory Joint Venture

Through a 50% interest in the Gregory joint venture, we operate an open-pit mine called Gregory and an underground mine called Crinum.

The Gregory mine became operational in 1979. At current price assumptions and production rates, reserves from the Gregory mine are expected to be depleted in approximately 2008. Crinum mine commenced longwall production in 1997. At current price assumptions and production rates, reserves from the Crinum mine are expected to be depleted in approximately 2011. The combined capacity of the mines is in excess of five million tonnes of product coal per year. All coals are beneficiated, using heavy media processes, to marketable specifications.

The venture s leases for the Gregory and Crinum mines expire in 2006, 2014, 2018 and 2019 and are renewable for such further periods as the Queensland Governor-in-Council allows in each particular case.

BHP Mitsui Coal

We hold an 80% interest in BHP Mitsui Coal Pty Ltd and Mitsui & Co. Ltd Group owns the remaining 20% interest. BHP Mitsui Coal s coal mines are managed by the BHP Billiton Mitsubishi Alliance (BMA), a joint venture between us and Mitsubishi.

Reserves from Riverside were depleted in 2005. As noted above, an agreement has been signed for CQCA to purchase certain assets and assume certain rehabilitation liabilities of the Riverside mine; we expect to complete the sale in 2006. South Walker Creek became operational in 1998. It is an open-pit mining operation, producing pulverised coal injection fuel and minor quantities of by-product energy coal. South Walker Creek has a production capacity of four million tonnes per year. At current price assumptions and production rates, the current reserve base for South

Walker Creek is expected to be depleted in 14 years. The venture contracted substantially all of the operations at South Walker Creek to Thiess Contractors for three years, commencing July 2003. BHP Mitsui Coal has entered into a rail transport agreement with Queensland Rail providing for the transportation of coal from the South Walker Creek mine until 30 June 2016. The principal markets for the coal are Europe, Japan, Korea and Brazil.

BHP Mitsui Coal s mining leases expire in 2005, 2020 and 2024 and are renewable for such further periods as the Queensland Governor-in-Council allows in each particular case. The renewal of the lease that is due to expire in 2005 is currently progressing.

BHP Mitsui Coal signed an agreement in 2005 to enter into a Joint Venture for a shared Coal Preparation plant and rail loading loop with Millennium Coal (MC), for use by the proposed BHP Mitsui Coal Poitrel mine. BHP Mitsui Coal will own 50% of the proposed Red Mountain Infrastructure Joint Venture.

BHP Mitsui Coal holds significant undeveloped leases in the Bowen Basin (specifically, Wards Well, Lancewood, Poitrel, Winchester, Kemmis-Walker, Bee Creek and Nebo West).

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Illawarra Coal

We wholly-own the Appin, Elouera, West Cliff and Dendrobium underground coal mines, in the Illawarra region of New South Wales, Australia. These mines produce coking coal primarily used for steelmaking. We produce coal under leases expiring in 2010, 2011, 2012, 2013, 2016, 2017, 2021 and 2023. These leases have renewal rights under the New South Wales Mining Act 1992 for periods of 21 years. Our current production capacity is 7.5 million tonnes of clean wet coal per year. The power supplied to the mines is sourced from the state of New South Wales electricity grid.

Appin commenced production in 1962 with longwall mining starting in 1969. Appin currently produces approximately three million tonnes of clean wet coal each year and, at current price assumptions and production rates, its reserves are expected to support production for at least another 12 years.

West Cliff was commissioned in 1976 and currently produces approximately 2.2 million tonnes of clean wet coal per year. At current prices and production rates, reserves from West Cliff are expected to be depleted in approximately 10 years. Elouera officially opened in 1993 with the amalgamation of the Nebo, Kemira and Wongawilli coal mining leases. Elouera reserves are now depleted and it finished its last longwall block, producing 1.2 million tonnes of clean wet coal in 2005. The mine is now under care and maintenance.

In 2004-2005, we opened the Dendrobium Mine at a total capital cost of US$200 million. The Dendrobium Mine has now replaced the Elouera mine, and is a modern longwall mine, which will have a production capacity of 3.6 million tonnes of clean wet coal per annum following completion of the production ramp up in the next few years. Reserves at Dendrobium are expected to support production for approximately seven years.

We also own a 20% shareholding interest in the lease of the Port Kembla Coal Terminal Limited, which operates a coal loading facility at Port Kembla in New South Wales, Australia. We manage the terminal under contract on behalf of the shareholding companies.

Over 50% of the metallurgical coal we produce at Illawarra Coal is sent to BlueScope Steel Limited s Port Kembla Steelworks in New South Wales under a long term supply contract, and One Steel Limited s Steelworks at Whyalla, South Australia. We export the remainder of our coking coal production through Port Kembla and also sell a middlings by-product into the export energy market. Capacity expansion options for Illawarra both in production and beneficiation are currently under review.

Manganese

Our 60% owned global manganese ore and alloy business comprises operations in South Africa and Australia and is the world s largest integrated producer of high grade manganese ore. Our South African operations are held through Samancor Limited, while the Australian assets are owned through an Australian subsidiary. Anglo American Corporation holds the remaining 40% in both entities.

Manganese ore is produced by Hotazel Manganese Mines, located in the Kalahari Basin in South Africa, and the Groote Eylandt Mining Company Pty Ltd (GEMCO) in Australia s Northern Territory. Approximately 70% of the ore production is sold to alloyers across the world, while the remaining 30% is converted into alloys at two plants: Metalloys in Meyerton, South Africa and the Tasmanian Electro Metallurgical Co. (TEMCO) in Tasmania, Australia. Through Samancor, we also hold a 50% interest in Advalloy, a refined manganese alloy joint venture, and a 51% interest in the Manganese Metal Company. With a production capacity of 44,000 tonnes per annum through its Nelspruit and Krugersdorp facilities, the Manganese Metal Company is one of the world s leading producer of electrolytic manganese metal. Through Samancor, located on the Metalloys site in Meyerton, we also own and operate the DMS Powders plant, the world s largest dedicated producer of milled and atomised ferrosilicon. Ferrosilicon is primarily used in the dense medium separation of minerals and scrap metals and the plant has a production capacity of 32,000 tonnes of milled and 7,000 tonnes of atomised product. The power source for the South African manganese operations is the national utility company Eskom. At the Metalloys smelter, 20% of power is sourced from Elgen, the on-site power from waste-gas electricity plant. GEMCO owns and operates its power generation facility on Groote Eylandt. Power is used principally at the mine site but some power is also sold for use at Alyangula and Anuguru, the 2 small townships near the mine. Generation is via diesel generators. TEMCO source their 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 generate 13 mws for internal use from an on-site ERU (Energy Recovery Unit).

Hotazel Manganese Mines encompasses two mines in South Africa s Northern Cape Province. Mamatwan, first commissioned in the mid 1960s, is an open-cut, medium grade ore producer, while Wessels, commissioned in the early 1970s, is a high-grade underground mechanised mine. The mines at Hotazel have a combined annual production capacity of 3.54 million tonnes of ore, which includes one million tonnes used for sinter production.

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At current price assumptions and production rates, Hozatel s reserves will be depleted in approximately 18 years. All of the mineral leases will be affected by the new South African Mining Charter. Refer to Business Overview Carbon Steel Materials Regulatory and Fiscal Terms South African Mining Charter for more information.

At GEMCO, a high-grade manganese ore is extracted using open-cut, strip mining methods. The mine was first commissioned in 1965 and has a current production capacity of three million saleable tonnes per annum. All of the GEMCO mineral leases are situated on Aboriginal land held under the Aboriginal Land Rights (Northern Territory) Act 1976. The current mineral leases, other than MLN 2 and MLN 3, are renewal leases of the original mineral leases granted for a term of 21 years. GEMCO leases are subject to renegotiations in 2006 and 2010. At current price assumptions and production rates, GEMCO s reserves are expected to be depleted in approximately 15.6 years.

Our two manganese alloy plants, Metalloys in Gauteng, South Africa and TEMCO in Tasmania, Australia have a combined annual production capacity of 700,000 tonnes of alloy, which is exported to steelmakers across the globe.

Manganese production for 2004 2005 was 5.5 million tonnes of manganese ore and 755,000 tonnes of manganese alloy. Our products include manganese ore, high and medium carbon ferro manganese, silico manganese and electrolytical manganese metal. In 2004 2005 sales to Asia were 37% for manganese ore and 26% for alloy. Europe accounted for 11% of manganese ore sales and 17% of alloy sales. Approximately 6% of ore sales and 28% of manganese alloy sales were to North America. The remainder of sales were mainly to Australia, the Middle East, South Africa and South America. Ore prices are determined through periodic negotiations, usually either annually or quarterly. Alloy prices are generally determined on a quarterly basis, either by negotiation or by reference to a published price in a major trade journal.

Hot Briquetted Iron

Boodarie Iron Western Australia

On 24 August 2005, we announced the permanent closure of our wholly-owned Boodarie Iron plant in Western Australia. The plant had used Finmet technology to undertake the secondary processing of raw iron ore, purchased from the Mount Newman joint venture, converting iron ore into hot iron briquettes for use in electric-arc furnace and integrated steelmaking operations.

Operations at Boodarie Iron were suspended following a fatal accident on 19 May 2004 and, in November 2004, a decision was made to place the plant into care and maintenance while an internal study was conducted into its future viability.

We incurred a charge of US$266 million relating to the closure of the hot briquetted iron facilities, primarily to settle existing contractual arrangements, plant decommissioning, site rehabilitation, and other associated costs. As part of the closure plan, we are negotiating with a number of parties to purchase the majority of gas contracted under take-or-pay arrangements.

We intend to retain the Boodarie Iron beneficiation plant to complete feasibility studies into longer term options for our lower grade iron ore resources.

Reserves and Production

The tables below detail our iron ore, manganese and metallurgical coal reserves in wet or dry metric tonnes as shown, and are presented in 100% terms as estimated at 30 June 2005.

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Iron Ore Reserves

		Proved Ore Reserve						Probable Ore Reserve						Total Ore Reserve					
y Deposit (2)	Ore Type(2)	Millions of wet metric tonnes	% Fe	% P	% SiO_2	% Al_2O_3	% LOI	Millions of wet metric tonnes	% Fe	% P	% SiO_2	% Al_2O_3	% LOI	Millions of wet metric tonnes	% Fe	% P	% SiO_2	% Al_2O_3	% LO
an JV(8)	BKM	442	63.2	0.06	5.3	2.0	1.5	326	62.7	0.09	4.7	2.0	3.1	768	63.0	0.07	5.0	2.0	2
	MM	54	62.3	0.07	2.4	1.6	6.3	14	61.8	0.05	3.4	1.8	6.0	68	62.2	0.07	2.6	1.6	6
(8)	BKM	43	62.5	0.07	4.7	2.6	3.0	202	62.8	0.08	3.5	2.5	3.6	246	62.8	0.08	3.7	2.5	3
orthy rn(8)	NIM	11	60.3	0.09	6.2	2.1	4.8	3	61.1	0.07	7.1	1.7	1.9	14	60.5	0.09	6.4	2.0	4
orthy (8,9)	MM	304	62.0	0.06	3.2	1.8	5.9	170	62.5	0.06	2.9	1.6	5.6	474	62.2	0.06	3.1	1.7	5
8)	CID	502	57.9	0.04	5.2	1.2	10.4	358	57.2	0.04	5.6	1.6	10.6	860	57.6	0.04	5.4	1.4	10
		Millions of dry metric tonnes)	% Fe	% Pc				Millions of dry metric tonnes)	% Fe	% Pc				Millions of dry metric tonnes)	% Fe	% Pc			
V(11)	ROM	311.3	45.8	0.04				204.4	45.0	0.04				515.7	45.5	0.04			

(1) Reserves are divided into joint ventures, and material types that reflect the various products produced. The bedded ore types are classified as per the host Archaean or Proterozoic banded iron formations.

(2) Ore types are BKM Brockman, MM Marra Mamba, NIM Nimingarra, and CID Channel Iron Deposit, ROM Run of Mine

(3) The Reserve grades listed refer to in situ mass percentage on a dry weight basis. %Pc represents phosphorous in concentrate for Samarco. For Mt Newman, Jimblebar, Mt Goldsworthy and Yandi joint ventures tonnages represent wet tonnes based on the following moisture contents: BKM = 3%, MM = 4%, CID = 8%, NIM = 3.5%. Iron Ore is marketed as Lump (direct blast furnace feed) and Fines (sinter plant feed). Samarco is marketed predominantly as direct reduction and blast furnace pellets.

(4) Mining dilution and mining recovery (in general around 95 %) has been taken into account in the estimation of reserves for all West Australian Iron Ore operations. For Samarco the mine recovery is 96.5 per cent (not included in the reserve estimate) of the stated diluted reserve.

(5) No third party audits have been conducted specifically for the purposes of this disclosure.

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

	Proved Ore Reserve	Probable Ore Reserve
Mt Newman JV	100m x 50m	300m x 50m
Jimblebar	50m x 50m	100m x 50m
Mt Goldsworthy JV Northern Areas	25m x 25m	50m x 50m
Mt Goldsworthy JV Area C	120m x 30m in structurally complex deposits, and	Greater than 120m x 30m in structurally complex deposits, or
	240m x 60m in structurally simple deposits	Greater than 240m x 60m in structurally simple deposits
Yandi JV	100m x 100m Main ore zone,	150m x 150m
	75m x 75m weathered, marginal and basal zones	
Samarco JV	ALE 126345: 200m x 200m x 16m,	ALE 126345: 400m x 400m x 16m ;

ALE 7: 150m x 150m x 16m; ALE 7: 300m x 300m x 16m;

ALE 8:250m x 250m x 16m; ALE 89: 500m x 500m x 16m;

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(7) Metallurgical recoveries for the operations are:

	% Metallurgical Recovery	
	High grade iron ore	Iron ore concentrate
Jimblebar	100	
Mt Goldsworthy JV Area C	100	
Mt Goldsworthy JV Northern	100	
Mt Newman JV	92 - 100	
Samarco JV	57-59	56
Yandi JV	100	

(8) Changes at Mt Newman, Jimblebar, Mt Goldsworthy and Yandi joint ventures are in part due to a change in reporting precision where tonnes are now reported to the nearest 1million wet metric tonne, change to reporting silica (SiO2), alumina (Al2O3) and Loss On Ignition (LOI) in addition to iron (Fe) and phosphorous (P). Changes to the Reserves for Mt Newman JV and Jimblebar are due to changes to Fe cut-off grades used for reporting, changes to Reserve classifications and changes to reconciliation factors. The large change to reserve classification for Jimblebar is due to review of historic data, models and documentation. Changes to Yandi reserves due to change in pit designs. Changes to Goldsworthy JV Northern Areas due to introduction of the Cattle Gorge deposit. Changes to Goldsworthy JV Area C Reserves due to new model and revised pit design for C Deposit. Other changes are due to mining depletion.

(9) Whilst 85% is shown as the BHP Billiton Interest for Area C, POSCO (a Korean steelmaker) has a 20% legal interest in the in the area within Area C known as C Deposit, and the Group has an agreement to supply POSCO with 75Mt of ore from Area C with no restrictions on mining rates from C Deposit. The joint venture relates to a free on board (FOB) sales agreement. This disclosure and the financial statements are prepared on this basis.

(10) Cut-off grades used to estimate Reserves: Mt Newman 50-62%Fe for BKM, 60%Fe for MM; Jimblebar 58-60%Fe for BKM, Mt Goldsworthy 56.5-60%Fe for NIM, 57%Fe for MM, Yandi 56%Fe for CID.

(11) Samarco Reserves are estimated assuming external supply of approximately 8wmt of process feed from the nearby Fazendao mine, which is owned by our 50 % joint venture partner in Samarco (CVRD). The external ore supply has a high proportion of specular hematite, a particular ore type that is required to produce the desired ore blend for producing iron pellets. The absence of this external ore supply would significantly reduce Samarco reserves.

(12) The prices used are based on an average of the last three years commercial contracts.

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Manganese Ore Reserves

	Proved Ore Reserve			Probable Ore Reserve			Total Ore Reserve			BHP Billiton Interest
	Millions of dry metric tonnes	% Mn	% Yield	Millions of dry metric tonnes	% Mn	% Yield	Millions of dry metric tonnes	% Mn	% Yield	%
Manganese[1] [2] [4]										
GEMCO [5]	65.2	48.6	49	37.6	47.5	47	102.7	48.2	49	60
Wessels	2.2	48		10.3	48		12.5	48		60
	Millions of wet metric tonnes	% Mn	% Fe	Millions of wet metric tonnes	% Mn	% Fe	Millions of wet metric tonnes	% Mn	% Fe	
Mamatwan [3]	23.5	37.9	4.4	15	37.7	4.4	38.5	37.7	4.4	60

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

	Proved Ore Reserve	Probable Ore Reserve
GEMCO	60m x 120m and 60m x 60m	120m x 120m
Wessels	Underground sampling within a 50m to 75m radius and incorporating 180m on average spaced surface holes	Based predominately on 180m spaced drill holes supplemented by some underground drilling.
Mamatwan	40m x 40m	80m x 80m

(2) Metallurgical recoveries for the operations are:

	% Metallurgical recovery
GEMCO	See above % Yield
Wessels	75% for main W1 lump product
Mamatwan	96%

(3) Mamatwan cut-off grade was revised from 37.5% to 35%.
(4) Tonnages are on a dry basis, except for Mamatwan. Mining dilution and recovery is included in the reserve estimate.
(5) GEMCO Mn grades are reported as washed sample grades and as such reflect a recovered mineral product grade.
(6) The prices used are based on an average of the last three years commercial contracts.

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Metallurgical Coal Reserves

Commodity Deposit [6,9]		Mining Method [1]	Coal Type[2]	Total Coal Reserve[3,5] Tonnes (millions)	Marketable Coal Reserve[3,4] Tonnes (millions)	Calorific Value (Kcal/kg)	Volatile Matter (%)	Total Sulphur (%)	BHP Billiton Interest %
Queensland Coal, operating mines [8]									
CQCA JV:									
	Goonyella Broadmeadow	OC	Met	490	343		23.5	0.53	50
		UG	Met	121	101		23.8	0.50	50
	Peak Downs	OC	Met	814	453		20.6	0.60	50
	Saraji	OC	Met	334	193		18.5	0.60	50
	Norwich Park	OC	Met	84	61	7,267	17.3	0.69	50
	Blackwater	OC	Met/Th	219	187	7,006	24.6	0.42	50
	South Blackwater	OC	Met/Th	40	34	6,735	25.5	0.54	50
	Subtotal			2,102	1,372				
Gregory JV									
	Gregory Crinum	OC & UG	Met/Th	33	27		32.9	0.60	50
BHP Mitsui Coal									
	South Walker Creek	OC	Met/Th	66	45			0.36	80
Total Queensland Coal Reserves at operating mines				**2,201**	**1,444**				
Illawarra Coal Reserves at operating mines [7]									
	Appin	UG	Met/Th	42	37				100
	West Cliff	UG	Met/Th	26	22				100
	Dendrobium	UG	Met/Th	36	28				100
Total Illawarra Coal Reserves at operating mines				**104**	**87**				

(1) Mining Method: OC = open-cut, UG = Underground

(2) Coal type: Met = metallurgical coal, Th = thermal coal

(3) Coal Reserve (metric tonnes) is the sum of Proven and Probable coal reserve estimates, which include allowances for diluting materials and for losses that occur when the coal is mined and are at the moisture content when mined. Marketable Coal reserve (metric tonnes) are the tonnages of coal available, at specified moisture and quality, for sale after beneficiation of the Coal Reserve. Reserves are quoted on air-dried qualities, as this is the basis they are sold on the international market. As received moisture bases range from 8% to 10%, depending on mine product.

(4) Coal washplant recoveries are:

Queensland Coal:	
Goonyella OC	72.3%
Broadmeadow UG	85.5%
Peak Downs	55.9%
Saraji	54.4%
Norwich Park	75%

Blackwater	84.1%
South Blackwater	81%
Gregory Crinum	84%
South Walker Ck	67.8%
Illawarra Coal:	
Appin	88.5%
West Cliff	85.5%
Dendrobium	75.7%

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(5) The classification criteria used for Proved and Probable Reserves (drill hole spacing) has been tightened to be consistent with the Australian Coal Guidelines.

Approximate drill hole spacings used to classify the reserves are:

Proved Coal Reserves		Probable Coal Reserves	
Queensland Coal			
Goonyella Broadmeadow	maximum 500m spacing of geophysically logged, analysed, coreholes with a minimum of 95% recovery or less than +/-10% expected error at 95% confidence on a 50m x 100m block and 3D seismic coverage for UG.	Goonyella Broadmeadow	500m to 1000m spacing of geophysically logged, analysed, coreholes with a minimum of 95% recovery or +/-10% to +/-20% expected error at 95% confidence on a 50m x 100m block.
Peak Downs Saraji Norwich Park Blackwater South Blackwater South Walker Ck	maximum 500m spacing of geophysically logged, analysed, coreholes with >=95% recovery.	Peak Downs Saraji Norwich Park Blackwater South Blackwater	500m to 1000m spacing of geophysically logged, analysed, coreholes with a minimum of 95% recovery.
Gregory Crinum	maximum 500m spacing of geophysically logged, analysed , coreholes with >=95% recovery, 3D seismic coverage for UG resources.	Gregory Crinum	500m to 1000m spacing of geophysically logged, analysed, coreholes with a minimum of 95% recovery.
Illawarra Coal			
Appin, West Cliff and Dendrobium	maximum of 700m between data points.	Appin, West Cliff and Dendrobium	maximum of 1000m between data points.

(6) Third party reserve audits have not been conducted on our reserves for purposes of this annual report.
(7) Illawarra Coal has changed the internal classification of reserves to include the approval status of reserves. Due to the vigorous mining approval constraints recently experienced from the various State departments, Illawarra Coal has removed some reserves that were previously classified as Proven and Probable. This has substantially reduced the level of reported reserves.
(8) Marketable Reserve base for Queensland Coal operating mines reduced by 19% in total primarily due to impact of revised Australian Guidelines for the Estimation and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2003) Coal Guidelines, which has reduced allowable spacing for same confidence level and to a lessor extent due to lack of full permitting.
(9) The prices used are based on an average of the last three years commercial contracts.

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The table below details our coking coal, iron ore, manganese and hot briquetted iron production for the years ended 30 June 2005, 30 June 2004 and 30 June 2003. Production data shown is our share unless otherwise stated.

		BHP Billiton Group Share of Production			
	Coal	Year ended 30 June			BHP Billiton Group Interest
	Type[1]	2005	2004	2003	%
		(thousands of tonnes)			
Iron Ore[2][3]					
Mt. Newman (Australia)		25,736	24,461	21,958	85
Jimblebar (Australia)		6,364	6,355	5,418	100
Mt. Goldsworthy (Australia)		4,685	5,844	6,693	85
Area C[4]		16,612	5,676	19	85
Yandi (Australia)		35,661	34,159	31,788	85
Samarco (Brazil)[5]		7,687	7,725	7,856	50
Total Iron Ore		96,745	84,220	73,732	
Queensland coal production CQCA joint venture					
Goonyella	Met	5,461	3,777	3,812	50
Peak Downs	Met	4,526	4,112	3,631	50
Saraji	Met	3,251	2,911	2,321	50
Norwich Park	Met	2,880	2,344	2,161	50
Blackwater	Met/Th	6,565	6,531	6,841	50
Total CQCA JV		22,683	19,675	18,766	
Total Gregory JV		2,712	2,859	2,525	50
BHP Mitsui Coal[6]					
Riverside	Met	2,384	3,323	2,641	80
South Walker Creek	Met/Th	3,273	3,658	3,927	80
Total BHP Mitsui Coal		5,657	6,981	6,568	
Total Queensland Coal		31,052	29,515	27,859	
Illawarra coal production					
Illawarra Collieries	Met/Th	6,251	5,845	6,763	100
Manganese Ore[7]					
(Australia)		2,947	2,451	1,853	60
(South Africa)		2,508	2,502	2,249	60
Total Manganese Ore		5,455	4,953	4,102	
Manganese Alloys[7]					
(Australia)		263	250	234	60
(South Africa)		492	462	503	60

Total Manganese Alloys	755	712	737	
Hot Briquetted Iron				
HBI Western Australia[8]	0	1,716	1,670	100
Total HBI	0	1,716	1,670	

(1) Coal Type: Met metallurgical, Th thermal.
(2) All figures for Australian iron ore are reported in wet tonnes.
(3) Commenced production in May 2003.
(4) Production statistics relate to pellet production and concentrate and screens product.
(5) BHP Mitsui Coal production shown on a 100% basis before 20% outside equity interest.
(6) Saleable production shown on a 100% basis. BHP Billiton interest in saleable production is 60%. These were operations of the BHP Billiton Plc Group prior to the DLC merger with the BHP Billiton Limited Group on 29 June 2001.
(7) Production was suspended at Boodarie Iron following an incident in May 2004 and the plant was placed on care and maintenance in November 2004. On 24 August 2005, we announced the permanent closure of the Boodarie Iron plant.

Regulatory and Fiscal Terms

Western Australia

The Newman, Yandi and Goldsworthy mining, rail and port operations are conducted under agreements with the Government of Western Australia. The agreements have been ratified by Acts of the Western Australian Parliament.

In Western Australia, minerals belong to the Crown, and rights to mine are granted by the State Government. Royalty payments, based on the value of the iron ore that we sell, are made to the State Government for the right to extract the mineral.

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Brazil

Exploitation concessions are granted by the Brazilian Federal Government. A licence is valid until the depletion of the reserve, subject to mining operations being performed in accordance with an approved plan. Financial compensation for the exploitation of mineral resources is payable at a rate of 3% of net turnover from the sale proceeds. In addition to financial compensation for the exploitation of mineral resources, Samarco pays royalties for ore extracted from reserves belonging to CVRD. Samarco blends the ore from its own reserves with that from CVRD s reserves. The amount of royalties due to CVRD has been agreed at 4% of the total amount of dividends declared by Samarco per year.

There are no material restrictions on distribution and remittance of profits abroad. Payment of dividends and remittance of dividends are not subject to withholding tax.

Queensland

In the State of Queensland, the Government generally owns coal until it is mined (except at Crinum where coal is privately owned). At that point it becomes the property of the holder of the mining lease subject to payment of a royalty to the Government of Queensland. Matters of ownership of the coal and payment of the royalties are regulated under the Queensland Mineral Resources Act 1989 and the regulations made under this Act. The current royalty rate is 7% of the coal s invoiced selling price adjusted for the deduction of certain allowable charges as determined by the Minister.

New South Wales

All our Illawarra coal holdings in the State of New South Wales belong to the state Government. Coal can only be mined by the holder of a Mining Lease under the Mining Act of 1992. From 1 July 2004, an *ad valorem* royalty scheme (based on the revenue value of product mined) was introduced, replacing the previous regime where a flat rate royalty of A$1.70 per clean tonne was paid on all coal mined. The ad valorem rates vary depending on the depth of the mine and range from 5 6%.

South Africa

South African Mining Charter

The Mineral and Petroleum Resources Development Act, 2002 took effect on 1 May 2004. It provides for State custodianship of all mineral resources and abolishes the prior system of privately held mineral rights provided for in the Minerals Act, 1991.

Where we have privately held mining rights, which are capable of conversion into the new form of mining rights provided for in the transition provisions of the Act, we will be eligible to lodge such conversion applications for a period of five years commencing on 1 May 2004. Each

successful conversion will allow up to 30 years of mining rights with an additional 30 years granted if the terms of the original conversion remain intact.

Holders of unused old order rights had the sole right to apply for new order prospecting rights over the properties in question by 30 April 2005, failing which the unused old order rights would lapse. We have made application for new order rights over appropriate properties in respect of which we held unused old order rights.

In order for our old order rights to be converted into new order rights, we will be required to comply with the terms of the Broad Based Socio Economic Empowerment Charter which has been published under the Act. The Charter requires holders of mining rights to achieve 26% ownership participation by historically disadvantaged South Africans in their mining operations by 30 April 2014, of which 15% needs to be achieved by 30 April 2009.

The Act and the Mining Charter are not specific as to how the 26% 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.

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In addition to the ownership requirements, we will also need to satisfy other requirements of the Mining Charter in relation to:

- human resource development;
- employment equity (40% of management to be filled by historically disadvantaged South Africans);
- mine community and rural development;
- housing and living conditions; and
- procurement.

The conversion process also requires lodgement of a prescribed Social and Labour Plan, which aims to promote employment and advance social and economic welfare in order to contribute to transformation of the mining industry and to ensure contribution to the socio-economic development of the areas in which mines are located.

We support the broad objectives of the Mining Charter, most of which accord with long established programmes 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 operations.

State-Owned Rights

Some of our more strategic mineral rights in respect of manganese were not privately owned mineral rights as described above, but were over alienated State land, the mineral rights over which were held by the South African government. Existing mineral rights over this land were abolished under the new legislation, save in respect of pending applications for mineral leases that had not been processed by the date on which the Act came into force.

The rights which Samancor previously held in respect of contemplated extension areas on alienated State land in the vicinity of its Wessels and Mamatwan manganese mines terminated on 30 April 2004, when the Department of Minerals and Energy refused a pending application for mineral leases over these areas under the Minerals Act, 1991.

Ongoing discussion regarding Samancor s manganese mineral rights are being conducted with senior officials in the Department of Minerals and Energy in accordance with the transitional provisions of the Mineral and Petroleum Resources Development Act, which provides for the conversion of existing mineral rights. Samancor has already received formal confirmation of approval of some of its applications for conversion and is in the process of obtaining registration of the converted rights in accordance with the provisions of the Act.

In the meantime, Samancor has explored various options with an empowerment company with a view to consolidating Samancor s position with regard to its mineral rights.

The Royalty Bill

Royalties are currently payable to the South African government on profits in respect of State-owned minerals. The State is considering imposing royalties based on a percentage of revenue derived from the mining operation. Introduction of the Bill has been postponed and it is currently not known when the new legislation will become operative.

A draft Bill, released in March 2003 for public comment, suggests that holders of the new forms of mining right provided for in the above new Act will be required to pay a royalty to the State of disposals or exports of minerals, which royalty will be based on published tradable value or in the absence thereof on gross sales value. Proposed coal royalty rates were 2% on exported coal and 1% on domestically sold coal, 2% on manganese and 3% on chromite. A revised draft of the Bill was expected by early 2005, but it has not yet been released. According to statements made by the National Treasury, the Bill may provide for lower royalty rates in the case of some minerals. The government has promised industry that no royalties would be payable before 2009.

Other Fiscal Issues

Relief from other fiscal impositions such as transfer duty, value-added tax and capital gains tax has been provided in the Revenue Laws Amendment Act, 2003 in relation to the transition from old rights to new order rights.

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The South African National Treasury announced during 2004 that it intends to review the system of mining taxation, which may eliminate the current provision in terms of sections 15 and 36 of the Income Tax Act, 1962 for deductions of capital expenditure of mining companies in the determination of their taxable income. There have been no further developments announced publicly in this regard.

Market Conditions

Global steel demand recorded robust growth during 2004-2005, primarily due to strong Chinese consumption and industry restocking from June 2004 through to March 2005. The period experienced two quite distinct halves, with the first half ended December 2004 showing strong growth, inventory build ups and rising prices; the second half ended June 2005 experienced weakening demand in much of the developing world, especially north America and Europe, declining prices and moves to reduce stock levels via production cuts. Global crude steel production rose strongly in 2004-2005, surpassing the 1 billion tonne figure, to a record level of around 1,076 million tonnes representing an increase of over 87 million tonnes over the previous year. Most regions exhibited robust growth, with the developing world led by China being responsible for most of the increase. Chinese production increased almost 18% in the 12 months to June 2005, which was a lower rate than the previous 3 years due to government measures aiming to curb excessive steel investment and production. China currently accounts for approximately 29% of global steel production, up 4% in the past year. The positive global steel market conditions in the first half of the year and continued strong Chinese steel demand for high quality steels has underpinned Japanese steel exports resulting in sustained steel production in excess of 113 millions tonnes. Continued growth in steel demand in Asia saw production increase in all major producing countries with Asia s share of world production rising to over 49%.

The overall impact of these factors was a decline in the Hot Rolled Coil steel price of around US$200-300 per tonne, depending on the markets, or around 30-35%. Global pig iron production was strongly correlated with the trends of crude steel production, reaching 750 million tonnes in 2004-2005, an increase of over 72 million tonnes. China maintained very strong output coincident with steel production rising 30% and now accounts for almost 39% of total global output. High production drove strong demand for all steelmaking raw materials including iron ores and metallurgical coals including pulverised coal injection coals.

High pig iron production in all key Asian economies during 2004-2005 and an increase in domestic ore production in China of around 10% resulted in seaborne iron ore shipments of approximately 580 million tonnes. The iron ore fines market remained very strong, driven by strong imports from China on the back of strong pig iron production. Buoyant Chinese demand for seaborne iron ore saw the growth and development of a spot iron ore market dominated by Indian iron ores and the growth in traded ores from smaller producers such as Vietnam and Venezuela to meet demand. Despite this additional high cost ore, the Chinese market remained fundamentally undersupplied, with imports supplying more than 50% of total iron units for the first time. The outlook for fines supply remains tight as Chinese seaborne demand is forecast to continue to increase strongly in 2005-2006. Domestic supply growth remains significantly below total demand growth with the gap to be filled by increasing volumes of imported iron ore. Buoyant seaborne iron ore demand in 2004-2005 also saw strong demand for lump ores leading to a further increase in price differentials with fines. Strong Chinese demand and increasing DRI production saw the demand for pellets pick up strongly in line with all other iron ore products and it is likely to remain in high demand in the near term.

Metallurgical coal demand was strong across all segments during 2004-2005. Strong pig iron production saw demand for higher quality coke translate through into increased use of high quality hard coking coals at the expense of weaker coking coals. Continued strong coke prices in excess of US$250 per tonne during late calendar 2004 saw moves to increase coke yields further boosting demand for low volatile hard coking coals. High demand and tight supply saw record average price increases of approximately 120% negotiated for the 2006 Japanese financial year. Supply for hard coking coal in China continues to lag demand resulting in a growing market for hard coking coal imports. This is supported by Chinese moves to improve safety in the coal mining sector and to better utilise its own in situ hard coking coals resources. The commissioning of a number of new coke batteries in the past 12 months have seen demand for coking coal rise as coke production increased in countries with additional capacity such as India. Despite the record prices there has been little additional coke export from the traditional swing supply of the United States. With major port constraints in the short term in Australia, Canada and the United States, new coking coal capacity coming on-stream is expected to be limited and with a number of new coke batteries under construction and consideration, the outlook is for a continuation of positive market conditions.

The metallics market followed similar trends to the steel market: very strong demand and high prices in the first 6-9 months of 2004-2005 and then a sharp decline. Metallics prices also followed steel prices reaching over US$400 per tonne in late calendar 2004 before declining to as low as US$150-160 per tonne in May-June 2005. Chinese steel growth remains a major factor in boosting global scrap demand and also resulted in higher metallics demand. The market outlook is for sustained growth in global scrap and metallics demand on the back of strong steel production growth with higher primary raw materials prices seeing integrated blast furnace based steelmaking seeking to increase the volumes of scrap and metallics they use in the steelmaking process.

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The strong global steel industry also resulted in an increase in demand for ferroalloys. Ferroalloy prices experienced marked changes during 2004-2005. Prices declined during the period reaching levels below the cost of production for many producers resulting in production cuts in the December quarter. As with other steelmaking materials, strong steel production in China saw a significant rise in alloy demand and strong growth in manganese ore imports as domestic manganese ore production was unable to respond to the demand increase. The increase in Chinese imported ore requirements has resulted in demand outstripping supply in the short term. Sustained steel production growth is likely lead to increased manganese ore and alloy demand in the future.

Diamonds and Specialty Products

The Diamonds and Specialty Products Customer Sector Group encompasses the diamonds, titanium minerals and fertilisers businesses and Minerals Exploration and Technology. The EKATI Diamond Mine, of which we own 80%, is located in the Canadian Northwest Territories. Richards Bay Minerals, of which we own 50%, is a heavy mineral sands mine and smelter based in South Africa. Our fertilisers business consists of a 100% interest in the Southern Cross Fertiliser Operation (formerly Queensland Fertiliser Operation) and a 33.3% interest in the Hi-Fert marketing and distribution business. The Minerals Exploration strategy is to grow BHP Billiton s mineral resources through both greenfield and brownfield discovery as well as early-stage acquisitions. The Technology strategy is to ensure the use of optimal technology across BHP Billiton s operations, technical marketing of our products as well as generating growth opportunities through the development of new technologies.

EKATI Diamond Mine

The EKATI Diamond Mine is located in the Northwest Territories of Canada approximately 300 kilometres north-east of Yellowknife. Normal access to the site is provided by aircraft. Road access is available for about 10 weeks per year by ice road from late January to early April. Major facilities at the mine include camp accommodation, a truck maintenance shop with office complex, an equipment-warming shed, the process plant, a powerhouse, an all weather road access from the main complex to each pit. All the electric power is generated by our company-owned and operated power station. In addition, there is storage for approximately 90 million litres of diesel fuel on site.

The mine plan is based on multiple kimberlite pipe development. These deposits are located within a 30 kilometre radius of the main development facilities. The Panda open-pit was initiated in 1997 and mining was completed in 2003 when the pit reached its ultimate mining limit. In fiscal 2006, operating pits scheduled for ore production include Koala, Misery and Beartooth. In addition, pre-production development of the Fox pipe was started in 2002 and it will begin producing ore in late calendar 2005 ramping up to full production rates by mid calendar 2006. During fiscal year 2005, mining was completed at Koala open pit and at Misery the current phase of the operations was also completed. Consequently, fiscal 2006 production for Koala and Misery will be sourced from unprocessed ore stockpiles. The Panda underground operation commenced production in April 2005 and is currently ramping up to full production rates. The processing plant began operation in mid-1998 at a designed rate of 9,000 tonnes per day. Production is currently averaging around 12,500 tonnes per day.

We own an 80% interest in the Core Zone joint venture that manages the property on which the mine is located. The other participants in the Core Zone joint venture are Charles E. Fipke and Stewart L. Blusson, each of whom holds a 10% interest. We also hold a 58.8% interest in property managed by the Buffer Zone joint venture. The other participants in the Buffer Zone joint venture are Archon Minerals Limited, which holds a 31.2% interest, and Charles E. Fipke, who holds a 10% interest. Tenure is secured through ownership of 370 mineral claims or mining leases. Mining leases have been granted for reserves until 2017, a period sufficient to cover production from current proved and probable reserves. At 30 June 2005, the joint venture had converted all except three of its claims, totalling 824,348 acres, to lease status. The three outstanding claims are in good standing and may be converted to lease status in the future.

The joint venture has continued surface regional exploration activities throughout the mine property area. During mid 2004 a significant programme of grade control drilling was undertaken on the Fox pipe and another programme is in progress during 2005.

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Reserves and Production

The table below details our diamond reserves (in dry metric tonnes and 100% terms), estimated at 30 June 2005.

		Proved Ore Reserve		Probable Ore Reserve		Total Ore Reserve		BHP
Commodity Ownership	Reserve Type[4]	Millions of dry metric tonnes	Grade Carats per tonne	Millions of dry metric tonnes	Grade Carats per tonne	Millions of dry metric tonnes	Grade Carats per tonne	Billiton Interest %
Diamonds[1, 2, 3, 5]								
EKATI Core Zone	OC	16.5	0.4	17.0	0.6	33.5	0.5	80
	S/P	2.7	1.4			2.7	1.4	80
	UG	3.4	1.0	7.2	1.1	10.6	1.1	80

(1) Approximate drill hole spacings used to classify the reserves are 30m x 30m for Proved Reserves and 60m x 60m for Probable Reserves.
(2) Grade carats per tonne are based on a 2 mm square screen size cut-off.
(3) Prices used for Reserves are below current sales prices.
(4) OC=Open-cut, S/P=Stockpile, UG=Underground.
(5) No third party audits were carried out specifically for this disclosure.

The table below details our share of diamond production for the years ended 30 June 2005, 2004, and 2003.

	Year ended 30 June		
	2005	2004	2003
	(000 s carats)		
Diamonds			
EKATI Diamond Mine (Canada)	3,617	5,482	4,340

Regulatory and Fiscal Terms

In Canada, title to land is divided into (a) surface rights, which can be acquired from the government (or the current owner thereof) and registered in Land Title or Registry offices within each Province or Territory, and (b) mineral rights which are reserved to the Government in most land grants and are granted by licence or lease to permitted miners or prospectors for a fixed term, subject to compliance with specified annual rental and performance obligations. The government s title both to the land and the mineral rights has primacy, subject only to the burden of proven aboriginal title and treaties that may accord subsurface rights to the aboriginal party. Under the Constitution Act, 1867, the title to all mines, minerals and royalties was passed to the Provinces, which regulate the acquisition and development of mineral claims through provincial mining or mineral tenure legislation. The Northwest Territories is one of the few jurisdictions in Canada where, subject to aboriginal Land Claim Agreements, the bulk of government lands remain under federal control, with the acquisition and maintenance of title being governed by the Territorial Lands Act and the Canada Mining Regulations, the administration of which is handled by the federal Department of Indian and Northern Affairs Canada. Development of kimberlite pipes at the EKATI Diamond Mine is regulated by the Mackenzie Valley Land and Water Board under the auspices of the Mackenzie Valley Resource Management Act, by which the mine is regulated in the use of water and the

deposition of wastes.

Market Conditions

Production from the EKATI Diamond Mine represents approximately 7% of the world supply by value. De Beers is the principal supplier, controlling over 40% of global production and a total market share of approximately 50-60% including global marketing contracts. Alrosa, which accounts for 98% of Russian production, produces about 20% of world supply. The other main independent sources are various mines in Angola and Rio Tinto s Argyle Mine in Australia and Diavik Mine near EKATI.

BHP Billiton Diamonds Inc. markets 100% of EKATI s rough diamond production. Approximately 50% of sales are made to regular customers, 15-20% in smaller allocations are sold by tender or negotiated sales, 15-20% are sold on a contractual basis to international polishing and manufacturing companies, up to 10% are sold under contract to three Northwest Territories manufacturers and the remainder sold as both polished diamonds and rough diamonds directly to jewellery retailers or polishers. Rough diamond sales are made in 10 cycles per year, approximately at five-weekly intervals, which is standard industry practice. In November 2002, the EKATI brand of polished diamonds was merged with the Aurias™ brand and programmes are being instituted to expand the market for this product globally under the Aurias™ brand.

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Newly introduced in May 2003 was CanadaMark™, a hallmark programme, which identifies the polished stones as being of Canadian origin and ensures the integrity of the product throughout the supply chain. Polished diamonds for the branding operations are obtained through contract polishing programmes or through buy-back arrangements with customers for rough diamonds.

Titanium minerals

Our interest in titanium minerals consists of our effective 50% interest in Richards Bay Minerals in South Africa, and our effective 90% interest in Corridor Sands and 100% interest in TiGen, both of which are minerals sands projects in Mozambique.

Richards Bay Minerals

Richards Bay Minerals is jointly owned with Rio Tinto. Richards Bay Minerals was formed in 1976 to mine and beneficiate the sands in the coastal dunes north of Richards Bay in the province of KwaZulu-Natal, South Africa. These operations involve the mining of heavy mineral sands to produce ilmenite, natural rutile and zircon. Richards Bay Minerals processes the ilmenite to produce titanium dioxide slag and high purity iron. Most product is shipped from the Richards Bay port.

Richards Bay Minerals mining leases are valid for the remainder of the mine life, although this may be affected by legislative changes flowing from the South African Mining Charter. Refer to Business Overview Carbon Steel Materials Regulatory and Fiscal Terms South African Mining Charter for further information.

The sand is mined using dredging process in five ponds located in coastal dunes. In the concentrator, the heavy minerals are separated from the lighter sand particles by using a gravity separation process, and stockpiled as heavy mineral concentrate for transportation to the mineral separation plant. The sand residue is used for dune reshaping and rehabilitation.

The heavy mineral concentrate is transported from the mining plants to the mineral separation plant where the material is passed over a series of magnets that remove the ilmenite which is set aside to be fed into the smelter. The remaining material is further processed to produce zircon and rutile. The ilmenite, containing approximately 50% titanium dioxide, is transferred by conveyor for further beneficiation, which involves smelting to produce titanium dioxide slag, with a titanium dioxide grade of approximately 85%, and high purity iron. The nominal titanium slag capacity is 1.05 million tonnes. The power for the operation is purchased from the South African grid.

Approximately 90% of the titanium dioxide slag produced by Richards Bay Minerals is suitable for the chloride process of titanium dioxide pigment manufacture and is sold internationally under medium-term contracts. The zircon, rutile and pig iron are sold as end products both internationally and locally.

Corridor Sands

Following the acquisition of WMC, we have a Prospecting and Research Licence (Mineral Tenement) on land which incorporates the Corridor Sands mineral sands project in Southern Mozambique. Under the licensing agreement, subject to committing to a development plan, we have the right to convert the exploration licence to a mining title and commence exploitation of the resource, which title will have an initial 25 year term, renewable with 15 year terms for the life of mine. The project contemplates the exploitation of large, currently undeveloped mineral sands deposits. The project envisages a world-scale integrated mining, concentration and smelting operation to produce titanium dioxide slag. The project is currently undergoing a review and update of previous feasibility studies prior to making a decision whether to move into the feasibility phase during the first half of fiscal 2006.

TiGen

We have a 100% interest in TiGen, a heavy mineral sands resource located at Moebase in Mozambique, 500 kilometres north of Beira. A pre-feasibility study has been completed and market studies continue to determine when the project should move into feasibility.

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Reserves and Production

The table below details our titanium minerals reserves (in metric tonnes and 100% terms) as estimated at 31 December 2004.

Commodity Ownership	Deposit	Ore Type	Proved Ore Reserve Tonnes (million)	Probable Ore Reserve Tonnes (million)	Total Ore Reserve Tonnes (million)	BHP Billiton Interest %
Titanium						
Richards Bay Minerals [(1)]	OC	TiO_2 slag	6.2	20.5	26.7	50

(1) No third party audits were carried out specifically for this disclosure.

Reserves will be depleted in approximately 25 years at current production rates.

The table below shows Richards Bay Minerals titanium minerals production (100% terms) for the years ended 31 December 2004, 2003 and 2002, in which we have a 50% interest. The data shown below is sourced from TZMI Mineral Sands Annual Review 2005.

	Year ended 31 December		
	2004	2003	2002
	(thousands of tonnes)		
Titanium slag[(1)]	726	700	810
Rutile[(2)]	66	70	90
Zircon[(2)]	220	235	260

(1) TZ Minerals International Pty. Ltd. estimates Richard Bay Minerals slag production from data reported by Rio Tinto.
(2) TZ Minerals International Pty. Ltd. estimates Richards Bay Minerals rutile and zircon production from a variety of industry sources.

Market Conditions

Over 90% of the world s titanium is used in the form of titanium dioxide pigment in the paint, paper and plastics industries.

Titanium dioxide pigment consumption has historically grown largely in line with global GDP. Overall, demand for titanium dioxide feedstock is expected to grow in line with titanium dioxide pigment consumption, although demand for chlorinatable feedstock is expected to grow at a higher rate. The bulk of demand for titanium dioxide feedstocks, such as the titanium dioxide produced by Richards Bay Minerals, comes from a few major consumers, including Du Pont, Huntsman Tioxide, Kerr McGee Chemicals, Millennium Chemicals and Kronos. The bulk of supply comes from a number of major producers, including Richards Bay Minerals, QIT, a subsidiary of Rio Tinto, and Iluka Resources. Richards Bay Minerals is the second largest producer of titanium dioxide slag with approximately 12% of global titanium dioxide feedstock output in terms of contained titanium dioxide units. Supplies of titanium dioxide slag feedstocks are increasing and may increase further in the future as a result of increased production by recent entrants to the industry, such as Ticor South Africa, Bemax Resources and Kenmare Resources.

Co-products of heavy mineral sands mining and titanium dioxide slag production at Richards Bay Minerals include zircon and high purity iron. The major applications of zircon are as an opacifier in ceramic glazes, in the production of steel and glass and as a moulding sand in foundries. In producing titanium dioxide slag, ilmenite smelters can recover iron in the form of high purity pig iron from which low manganese pig iron is produced. This is a niche product at the upper end of the iron market and is used mainly in ductile iron castings in the automobile industry.

Fertilisers

Following the acquisition of WMC, we hold mining leases over two phosphate deposits in north-west Queensland. Our major phosphate resource and processing facilities are located at Phosphate Hill, 140 kilometres south-east of Mount Isa. The principal activities at Phosphate Hill are conducted on Mining Lease 5543, which expires on 31 October 2035. Currently, mining is from three open-pits using excavators and trucks. Ore is treated through a beneficiation plant which has a four-stage process of crushing, washing and de-sliming, grinding, thickening and slurry storage. WMC completed the construction of the Queensland Fertiliser Operation (QFO) at the end of 1999, and commissioned the integrated plant during 2000. On 18 August 2005, the business name for QFO was changed to Southern Cross Fertilisers.

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Sulphuric acid is sourced from a wholly owned acid plant located adjacent to Xstrata Plc s Mt Isa smelter and from the Korea Zinc plant at Townsville. The acid plant has a production capacity of approximately 1.1 million tonnes of sulphuric acid per year. We transport sulphuric acid to Phosphate Hill in specially designed rail tanker wagons.

Sulphuric acid is combined with filter cake from the beneficiation plant in a phosphoric acid plant to produce phosphoric acid and gypsum. The phosphoric acid plant located at Phosphate Hill, is a hemihydrate plant with a production capacity of 465,000 tonnes per annum.

Ammonia is produced in the Phosphate Hill ammonia plant by combining hydrogen from natural gas and nitrogen from air. In the granulation plant, phosphoric acid is reacted with ammonia to form ammonium phosphate slurry which is pumped into the granulator where it forms granules of fertiliser, as either di-ammonium phosphate (DAP) or mono-ammonium phosphate (MAP). We transport the final product by rail to handling and storage facilities in Townsville under the terms of a transport contract with Queensland Rail. The Townsville storage facilities have a capacity of 90,000 tonnes.

Gypsum is stored onsite in large lined dams.

Power is sourced from on-site third-party gas fired turbines. We purchase natural gas for power and ammonia production from a consortium of producers operated by Santos Ltd, under a long-term contract. We source this gas from the Cooper Basin gas fields in south-west Queensland via the AGL Carpentaria gas pipeline.

Water is sourced from a series of bores into nearby aquifers within the mining lease area. These should be adequate to meet requirements for at least 10 to 15 years. We are currently pursuing access to other identified sources.

We own 33.3% of Hi-Fert Pty Ltd, in a partnership with ELF Australia Pty Ltd (a joint venture owned by a subsidiary of AWB Limited and Futuris Corporation Limited) relating to the distribution and marketing of fertiliser.

Reserves and Production

The table below details our Phosphate Hill ore reserves, estimated at 30 June 2005.

		Proved Ore Reserve [4]		Probable Ore Reserve [5]		Total Ore Reserve		
Commodity								**BHP**
Ownership	**Deposit[3]**	**Tonnes**	**% P_2O_5**	**Tonnes**	**% P_2O_5**	**Tonnes**	**% P_2O_5**	**Billiton Interest**
		(millions)		**(millions)**		**(millions)**		**%**
Phosphate [1,2, 6, 7]								

Queensland fertiliser	OC	26.8	24.4	57.6	24.4	84.4	24.4	100
	S/P	0.6	22.3			0.6	22.3	100

(1) The commodity price used to estimate the 2005 ore reserves was A$300/tonne (for DAP free-on-board Tampa). At the 3-year average exchange rate, this equated to US$194 per tonne (for DAP free-on-board Tampa). This is an average price. Contracts are based on a US$ price per tonne. In addition to the DAP price, premiums for differentiated products and the freight differential between Australia and Tampa contributed to the realised revenue.

(2) Ore reserves reflect tonnages recoverable from mining. The estimates include diluting materials and allowances for losses which may occur when the material is mined but do not include adjustments for metallurgical recovery.

(3) OC = open-cut, S/P = stockpile

(4) Approximate drill hole spacings used to classify the proven ore reserves were 40m x 40m.

(5) Approximate drill hole spacings used to classify the probable ore reserves were 120m x 120m.

(6) The metallurgical recovery factors included in the tabulation represent the estimated overall recovery of P_20_5 from run-of-mine ore feed to final saleable product, assumed in the estimation of the ore reserves. The reported recovery refers to the combined recovery of the beneficiation plant and the phosphoric acid plant.

(7) No third party audits were carried out specifically for this disclosure.

Reserves included in our current mine plan will be depleted in approximately 30 years at current production rates.

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The table below shows our share of Phosphate Hill fertiliser production for the years ended 30 June 2005, 2004, and 2003.

	Year ended 30 June		
	2005 [1]	2004	2003
		(tonnes)	
Phosphate			
Di-ammonium phosphate (DAP) [2]	40,507		
Mono-ammonium phosphate (MAP) [3]	33,395		

(1) BHP Billiton acquired the Phosphate asset with the acquisition of WMC. Production data is shown from 1 June 2005.
(2) Production of DAP under WMC control for the years ended 31 December 2004, 2003 and 2002 was 647,862 tonnes, 759,856 tonnes and 718,287 tonnes respectively.
(3) Production of MAP under WMC control for the years ended 31 December 2004, 2003 and 2002 was 236,059 tonnes, 162,121 tonnes and 102,713 tonnes respectively.

Market Conditions

Our focus is on delivering fertiliser products to the Australian market, which yields the best margins for our operations. In particular, we have continued to increase the domestic sales of MAP as we move toward an even production split between MAP and DAP.

We have domestic supply contracts in place with major Australian fertiliser distributors serving the domestic market and a marketing agreement in place targeting Asian markets. Domestic sales volumes are approximately 65-75% and export sales are approximately 25-35%. The generally accepted benchmark for ammonium phosphate fertiliser is based on US Gulf of Mexico prices.

Integris Metals

On 4 January 2005, we completed the sale of our 50% equity interest in Integris Metals to Ryerson Tull. Total proceeds from the sale were US$202 million resulting in a profit on sale before tax of US$19 million (no tax effect).

Technology

We operate three industrial research and development laboratories, in Melbourne and Newcastle, both in Australia, and Johannesburg, South Africa, and following the acquisition of WMC we are looking at the possibility of establishing a fourth in Perth, Australia. The tasks of the laboratories are to:

Develop and implement technologies that can provide significant competitive advantage and growth options;

Support our marketing programmes, especially in carbon steel materials, with predictive modelling of various material sources when used by our customers in their products; and

Reduce technical risk in new capital projects.

To ensure alignment with the CSGs, these activities are paid for by the business groups within the CSGs. Our proprietary FALCON gravity gradiometry (an airborne geophysical technology that measures earth density variations from an aircraft which is a competitive advantage in the exploration for new mineral deposits) is a good example of the type of new technology development we are seeking. The number of staff directly employed on these activities is approximately 190.

The three research laboratories have as their main activities:

Newcastle mining, ferrous and non-ferrous minerals processing, hydrometallurgy, pyrometallurgy, mineralogy, process control, product performance, and sustainability:

Melbourne gravity gradiometry technology and mine optimisation:

Johannesburg non-ferrous minerals processing, bio-mining, remediation, process engineering, chemistry, microbiology and mineralogy.

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We plan to move sections of our process control and mineralogy teams to Perth as a result of the recent expansion in Nickel operations following the acquisition of WMC.

Minerals Exploration

Our Minerals Exploration group seeks to expand our mineral inventory at new and existing sites. Targets for this group are generally large, low-cost mining projects. Minerals targeted include diamonds, copper, nickel, silver, coal, iron ore and bauxite. The process of discovery runs from early stage mapping through the full range to drilling. The programme is global and prioritises targets, consistent with our assessment of the relative attractiveness of each mineral. The operating team for our FALCON™ exploration technology is also part of this team.

Our exploration activities are organised from seven principal offices in Perth, Australia; Vancouver, Canada; Santiago, Chile; Johannesburg, South Africa; Beijing, China; Moscow, Russia; and Rio de Janeiro, Brazil. The headquarters for the exploration group is in Melbourne, Australia. The group currently has approximately 215 employees.

Energy Coal

Our Energy Coal group is the world s second largest producer and marketer of export thermal coal.

South Africa

Witbank Region

In the Witbank coalfield region of the Mpumalanga Province in South Africa, we operate five coal mines and one project mine through our wholly-owned subsidiary, Ingwe Collieries Limited. The five coal mines are Douglas, Khutala, Koornfontein, Middelburg, and Optimum. The project mine is Klipspruit. The Douglas and Middelburg mines are joint ventures with Xstrata Plc, in which we hold an 84% interest and Xstrata holds the remaining 16% interest. Ingwe wholly owns the remaining operations, Optimum, Khutala, Koornfontein and Klipspruit.

Douglas was commissioned in 1979. In 2004-2005, we produced 5.7 million tonnes of saleable coal (our share). The reserve life at the Douglas Mine is approximately 13 years. Khutala was commissioned in 1984. In 2004-2005, we produced 15.1 million tonnes of saleable coal. Reserves at the Khutala mine are expected to be sufficient for approximately 20 years. Koornfontein was commissioned in 1964. In 2004-2005, we produced 5.5 million tonnes of saleable coal. Reserves are expected to be depleted at the Koornfontein mine by 2007.

Middelburg was commissioned in 1982. In 2004-2005, we produced 13.8 million tonnes of saleable coal (our share). Reserves are expected to be depleted at the Middelburg mine in approximately 12 years. Optimum was commissioned in 1970. In 2004-2005, we produced 12.6 million tonnes of saleable coal. Reserves are expected to be sufficient at the Optimum mine for approximately 20 years.

At Klipspruit during 2004-2005 we produced 1.5 million tonnes of saleable coal from the existing mini-pit. The mini-pit is providing information that will be utilised in assessing the feasibility of any expansion of this operation.

With respect to the above mentioned coal mines, the mineral rights are held by Ingwe Collieries Ltd and they may be mined until the reserves are depleted.

The mining method used depends upon the mine type. The open-cut mines utilise draglines together with truck and shovel operations, while the underground mines adopt bord and pillar methods using continuous miners with Douglas also using continuous haulage. Koornfontein is an underground mine, Optimum, Middelburg and Klipspruit are open-cut, while Douglas and Khutala are both underground and open-cut.

We have entered into four coal supply agreements with Eskom, a public electricity service company in South Africa. The price of three of the contracts is a base price with escalation based on certain costs and inflation indices, while the fourth contract involves a cost plus arrangement based on a formula that includes a return on invested capital and inflation price escalation. The total energy coal supplied to Eskom in 2004 2005 was 31.3 million tonnes. In addition, 21.7 million tonnes were sold to other parties in 2004 2005.

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Anthracite Mine

The Zululand Anthracite Colliery (ZAC), which is located in the province of KwaZulu-Natal, South Africa, 48 kilometres northeast of Ulundi, was commissioned in 1984 to supply anthracite to both local and export markets. We own and operate the colliery. We mine a low ash prime product (8% to 9% ash) and a higher ash middlings product (15% ash). From these products, we screen a number of sized products to customers specifications. Total production in 2004 2005 of anthracite was 0.6 million tonnes. The mine has sufficient reserves for approximately another four years of mining and the mineral lease expires in August 2009. In February 2005, an agreement for the sale of ZAC was reached with Riversdale Mining Limited, which remains subject to a number of conditions precedent.

Richards Bay Coal Terminal

The Richards Bay Coal Terminal is located in the province of KwaZula-Natal in the north-east of South Africa. It has a capacity of 72 million tonnes per annum with the ability to handle 34 grades of product. It is owned and managed by its users. We own 37.4% of Richards Bay Coal Terminal and are the largest single shareholder. Anglo American is the second largest shareholder, holding a 27.5% interest, and Xstrata is the third largest shareholder, holding a 20.9% interest.

Australia

Mt Arthur Coal

Mt Arthur Coal is located in the Upper Hunter Valley area of New South Wales, approximately 100 kilometres by rail from the port of Newcastle. Our Mt Arthur Coal operation consists of the Bayswater mining area and the Mt Arthur North mining area. We signed a 21 year mining lease with the New South Wales Government in June 2001. Coal production from the Mt Arthur North area commenced in April 2002, development costs were approximately US$380 million.

At Mt Arthur Coal, we produce thermal products for electricity generation and general industry use. In 2004-2005, we produced 9.9 million tonnes of saleable coal, which was sold to export and local markets. We have a supply contract for the supply of approximately 15 million tonnes of coal to Macquarie Generation from 1 January 2003 to 31 December 2007. We export predominantly to Japan, Korea and Taiwan. Reserves from the Mt Arthur North coal deposit are expected to support production for approximately 17 years. We are continuing to conduct mining studies to assess the viability of the adjacent Bayswater mining area which is likely to be extractable by predominately underground mining methods.

Mt Arthur Coal is an open-cut mine. Our current plan is to produce approximately 12 million saleable tonnes of coal per annum at full production, two thirds of which is currently designated for export markets. We conduct the operations on land to which we have title and access from public roads.

We load domestic coal onto a 10 kilometre overland conveyor system that connects the mine directly with the local power stations. We load export coal onto trains from the on-site train load out facility, commissioned in November 2001, for delivery to Newcastle Port.

Other Australia - Wyong Areas Coal Joint Venture and Togara South

We were the manager and agent for the Wyong Areas Coal Joint Venture. We sold our interest in the Joint Venture in April 2005. We explored the Togara South deposit in central Queensland pursuant to an exploration permit that expired on 13 February 2002. We subsequently obtained a development licence which expires 30 September 2007. We are currently evaluating exit options for this property.

Hunter Valley Energy Coal is a shareholder in the Newcastle Coal Infrastructure Group (NCIG). This group represents a number of coal producers with operating coal mines in the Newcastle, Central Coast and Hunter Valley regions that currently export through Port Waratah Coal Services facilities at Newcastle. NCIG is an incorporated entity and its members comprise:

Hunter Valley Energy Coal;

Centennial Coal;

Donaldson Coal;

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Excel Coal;

AMCI Holdings Australia (through Glennies Creek Coal Management);

Whitehaven Coal; and

White Mining.

In August 2005, NCIG entered into an agreement for lease of land with the New South Wales State Government with the intention of developing a 30 million tonnes per annum coal loading facility on this land. The agreement covers a 42 month term and provides time to further develop and modify the proposal, progress it through the capital budgeting and tollgating processes, seek external approvals and raise finance.

New Mexico

Navajo Mine

We own the Navajo surface coal mine, which is located in the Navajo Nation, New Mexico, USA. The mine has been in operation since 1963 under 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. Navajo mine is an open-cut mine, has the capacity to produce 8 to 9 million tonnes of coal per year and is the sole supplier of coal to the Four Corners Power Plant operated by the Arizona Public Service Company. We transport coal 25 kilometres from the production areas via our railroad to the Four Corners Power Plant. We sell our coal under two contracts, each continuing until 6 July 2016. The customer has an option to extend these contracts for up to an additional 15 years. The price is a stated amount plus escalation based on certain cost indices for minimum annual quantities and an incremental price that is escalated annually for quantities in excess of these minimums, plus reimbursement of certain regulatory costs. Contractual deliveries have varied annually, principally because of generating plant shutdown schedules for maintenance and general market conditions. The bulk of the power generated at the Four Corners Power Plant is sold in California and Arizona. Reserves at the Navajo Mine will not be depleted under the current sale contracts mentioned above as these reserves are in excess of foreseeable Four Corners Power Plant requirements.

San Juan/La Plata Mines

We own the San Juan mine located in New Mexico. The 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 long wall mining commenced in February 2001 and the San Juan Underground Mine reached full production in early 2004. The annual production will meet expected customer requirements, which is forecast to be 5.9 million tonnes per year. San Juan Mine has coal leases and is permitted, as required, to meet coal sales obligations.

We have entered into a long-term coal sales contract as the sole supplier of coal to the San Juan Generating Station operated by the Public Service Company of New Mexico. Under this fuel supply contract, we are obligated to supply coal to the San Juan Generating Station until the end of calendar year 2017. The price payable under the contract is determined by a formula that includes reimbursement of operating costs

(including coal taxes and royalties), escalation for inflation and a return on invested capital. The bulk of the power generated at the San Juan Generating Station is sold in New Mexico, Arizona and California.

We also own the La Plata Mine, located north-east of the San Juan Mine. La Plata Mine began production in August 1986 and due to the development of the San Juan underground mine, the last deliveries were in early 2003. The mine-site is now undergoing reclamation.

Colombia

The Cerrejon Coal Company is a privately owned and equal joint venture between BHP Billiton, Anglo American PLC, and Glencore International AG. The Cerrejon Coal lease areas and active mining operations are located in the La Guajira province of Colombia in the north-east corner adjacent to the Venezuelan border. The export facility is 150 kilometres north-east of the mine on the Caribbean coast at Puerto Bolivar and is connected to the mine by a single-track rail line.

In July 2005, the consortium approved the progressive expansion of Cerrejon Coal Company to 32 million tonnes per annum by 2008 to meet the growing demand in Europe and the Americas. The high quality export energy coal is produced from open-cut mines utilizing traditional truck and shovel methods. Production to meet the approved expansion will be sourced from a number of lease areas, which expire in 2034 with the exception of the Oreganal lease that expires in 2022. The cost of the expansion is forecast at US$42 million (our share).

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During 2004-2005 coal production totalled 8.0 million tonnes (our share). Sales are primarily to Europe, but sales to North America have increased to approximately 20% over the last year.

Reserves and Production

The table below details our energy coal reserves in metric tonnes, and is presented in 100% terms as estimated at 30 June 2005.

				Marketable Coal Reserve on air-dried basis[4]					BHP
Commodity Deposit[3]	Mining Method[1]	Coal Type[2]	Coal Reserve[4] Tonnes	Tonnes	Calorific Value	Calorific Value	Sulphur	Total Moisture[5]	Billiton Interest
			(millions)	(millions)	KCal/kg	BTU/lb	%	%	%
Australia - Operating mine and project									
Mt Arthur Coal	OC	Th	253	205	6,378	11,480	0.64	8.7	100
Colombia - Operating mine									
Cerrejon Coal Company	OC	Th	889	889	6,288	11,319	0.60	11.75	33
New Mexico - Operating mines									
San Juan	UG	Th	88	88	5,300	9,540		9.9	100
La Plata	OC	Th							100
Navajo	OC	Th	218	218	4,800	8,640	0.84	13.2	100
Subtotal			**306**	**306**					
South Africa - Operating mines									
Douglas	OC & UG	Th	97	72	5,520	9,936	0.86	8.08	84
Khutala	OC & UG	Th	255	255	4,429	7,972	1.04	8.00	100
Koornfontein	UG	Th	10	7	6,480	11,664	0.86	7.4	100
Middelburg	OC	Th	292	233	5,934	10,655	0.79	6.97	84
Optimum	OC	Th	314	245	5,588	10,059	1.07	8	100
ZAC	UG	Anth	2	2	7,400	13,320	0.80	6.3	100
Subtotal			**970**	**814**					

(1) OC = open-cut, UG = underground
(2) Th = thermal coal, Anth = anthracite.
(3) Approximate drill hole spacings used to classify the reserves are:

	Proved Ore Reserves	Probable Ore Reserves
Mt Arthur Coal	Maximum 500m	500m-1000m
Cerrejon Coal Company	A minimum of 6 boreholes per 100ha	2-6 boreholes per 100Ha
San Juan	0 - 500m	500m - 1000m
La Plata	0 - 500m	500m - 1000m
Navajo	1100m maximum nearest hole spacing, 180m average	NA
Douglas	A minimum of 8 Boreholes per 100Ha	4-8 Boreholes per 100Ha
Khutala	A minimum of 16 Boreholes per 100Ha	5-16 Boreholes per 100Ha
Koornfontein	A minimum of 8 Boreholes per 100Ha	4-8 Boreholes per 100Ha

Middelburg	A minimum of 16 Boreholes per 100Ha	5-16 Boreholes per 100Ha
Optimum	A minimum of 16 Boreholes per 100Ha	5-16 Boreholes per 100Ha
ZAC	A minimum of 16 Boreholes per 100Ha	5-16 Boreholes per 100Ha

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

(5) Coal moisture content is on an as received basis.

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(6) Prices used to calculate reserves are based on current commercial contracts.
(7) No third party audits were carried out specifically for this disclosure.

The table below sets forth our energy coal production for the three years ended 30 June 2005, 2004 and 2003. Production data shown is our share unless otherwise stated.

	BHP Billiton Group Interest	BHP Billiton Group Share of Production Year ended 30 June		
		2005	2004	2003
	(%)	(millions of tonnes)		
Energy Coal				
New Mexico	100	14.93	13.23	14.16
Ingwe				
Optimum	100	12.60	13.34	13.79
Middelburg	84	13.78	14.13	14.22
Douglas	84	5.67	5.43	6.75
Koornfontein	100	5.47	5.49	6.11
Khutala	100	15.07	14.74	12.83
Klipspruit	100	1.47	0.56	
Zululand Anthracite Colliery	100	0.59	0.56	0.54
Sub total		54.65	54.25	54.24
Mount Arthur Coal	100	9.87	8.72	6.44
Colombia	33	7.97	7.69	6.59
Indonesia[(1)]	80			0.27
Total		87.42	83.89	81.70

(1) Production at the Kendilo mine ceased in September 2002.

Regulatory and Fiscal Terms

South Africa

For a discussion of the Minerals and Petroleum Resources Development Act, 2002 and the South African Mining Charter, refer to the discussion contained within the Business Overview - Carbon Steel Materials - Regulatory and Fiscal terms South Africa .

Ingwe remains in discussion with the Department of Mineral and Energy in relation to its application for credits gained from previous transactions with Historically Disadvantaged South Africans (Eyesizwe and Kuyasa) to be recognised in the process of converting old order rights of its existing operations to new order mining rights in terms of the *Mineral and Petroleum Resources Development Act 2004*. Dependent on the outcome of these discussions, Ingwe may have to explore further empowerment options in order to satisfy the requirements of the Mining Charter.

Colombia

Refer to the discussion contained within Business Overview - Stainless Steel Materials - Regulatory and Fiscal terms Colombia . Different royalty rates apply to the various energy coal contracts to which the entities in which we own a share are a party. The standard 38.5% income tax rate and the 7% remittance tax rate described apply to our Colombian energy coal interests, as these assets do not have a tax stability agreement. The 38.5% tax rate includes a 3.5% tax levy, which is expected to cease after 2006.

Market Conditions

Coal is one of the world s most extensive, affordable and geographically diverse natural sources of energy. Energy coal, also referred to as steaming coal and thermal coal , is used in combustion processes by electricity producers and industrial users to produce steam for electricity and heat. Demand for energy coal arises principally from its use as a fuel, with approximately 91% of OECD energy coal consumption used for electricity generation and heating.

The global export energy coal market is largely a seaborne market, with land traded coal accounting for typically 9% of exports. Key coal exporting nations, like Australia, China, Indonesia, Colombia and South Africa, ship coal into the Pacific market and Europe. Most of the growth in energy coal exports in recent years has come from Australia, Colombia, Indonesia and South Africa.

The export energy coal market is the most rapidly growing segment of the global coal industry, having expanded from 275 million tonnes in calendar 1996 to 488 million tonnes in calendar 2004.

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Growth in energy coal demand is closely related to growth in electricity consumption. The Energy Information Administration reports that net worldwide electricity consumption increased at an average rate of 2.6% per annum between 1990 and 2002, and is projected to double between 2001 and 2025, with the highest growth rates expected for the countries of the developing world. The demand for electricity will continue to be driven by population growth and increases in per capita income.

The cost of fuel is typically the largest variable cost involved in electricity generation. Energy coal, natural gas, oil, nuclear energy and hydropower compete as sources of energy. On an energy basis, coal is currently the cheapest fossil fuel for electricity generation.

Energy coal prices have been volatile during 2004-2005, climbing to record highs in calendar year 2004 and softening slightly in calendar 2005, though still well above historical averages. European reference prices were US$73.29 per tonne in June 2004, decreasing to US$60.87 per tonne in June 2005. A comparable decrease can be seen in South Africa reference prices, which decreased from US$63.72 per tonne in June 2004 to US$50.20 per tonne in June 2005. Newcastle (Australia) reference prices decreased from US$61.46 per tonne in June 2004 to US$51.93 per tonne in June 2005. The generally high price levels reflect higher demand from North Asia, driven by new installed power generation capacity, and increased demand in Europe as the result of high oil and gas prices, domestic mine closures and strong seasonal buying. Weather related supply disruption was seen in Indonesia, and infrastructure constraints limited supply from Australia and South Africa. This was compounded by tight supply from China, currently experiencing strong domestic demand.

Energy Marketing and Trading

For a description of the activities of the Energy Marketing and Trading group refer to Petroleum Energy Marketing and Trading in Item 4B.

Stainless Steel Materials

Our Stainless Steel Materials Customer Sector Group is the world s third largest nickel producer .

Nickel

Nickel West

In June 2005, we gained control of Nickel West as part of the acquisition of WMC.

Our operation is a fully integrated nickel business comprising mines, concentrators, a smelter and a refinery. It produced 119,291 tonnes of contained nickel-in-concentrate extracted from 14.9 million tonnes of ore processed in the year ended 30 June 2005. Purchased feed from third parties amounted to 32,202 tonnes of nickel-in-concentrate for the year ended 30 June 2005.

WMC commenced production of nickel concentrate in 1967, following the discovery of significant nickel ore reserves at Kambalda in Western Australia. We currently mine nickel ore from both open-cut and underground mines at the wholly owned mines at Leinster and Mount Keith. Mining ceased at Kambalda in 2002. The mill and concentrator at Kambalda are now fed with third party ore. Nickel ore is concentrated at Kambalda, Leinster and Mount Keith and then the majority of this nickel concentrate is transported to the Kalgoorlie Nickel Smelter to be smelted into nickel matte. Until March 2005, some of the Mount Keith production was sold directly as concentrate pursuant to a long-term contract. In the year ended 30 June 2005, Nickel West sold 32% of nickel matte produced to overseas customers and refined the balance at our Kwinana Nickel Refinery to produce LME accredited nickel briquettes, nickel powder and various other intermediate products such as cobalt-nickel sulphide.

Pursuant to an agreement with Southern Cross Energy that expires in 2013, power at the Kambalda, Mount Keith and Leinster nickel operations and at the Kalgoorlie Nickel Smelter is primarily derived from on-site third party gas fired turbines. Gas for these turbines is sourced by us from the North West gas fields and transported through the Goldfields Gas Pipeline. 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.

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Kambalda Nickel Operations

The Kambalda concentrator is located 56 kilometres south of Kalgoorlie in Western Australia. Since early 2000, Nickel West has been divesting the mines at Kambalda and entering into long-term nickel purchase agreements with the mine operators for the processing of ore and the purchase of subsequent concentrate. During the first half of 2002, Nickel West ceased mining ore at Kambalda and now relies entirely on third party ore for feed through the concentrator. The Kambalda concentrator has a capacity of 1.5 million tonnes of ore per year. In 2004- 2005, the utilisation of the Kambalda concentrator was approximately 77%. The nickel concentrate, containing approximately 13% nickel, is dried at Kambalda and transported by rail to the Kalgoorlie Nickel Smelter for conversion to nickel matte.

Production from third parties amounted to 32,202 tonnes of nickel-in-concentrate for 2004-2005, and 25,400 tonnes for 2003-2004. The lease containing the Miitel mine, previously on care and maintenance was sold in November 2000. The Wannaway mine and North Widgiemooltha Block were sold to external parties in 2001. Nickel West leased land containing the Otter-Juan and Coronet North mines to a third party under a long-term arrangement in 2001. Nickel West sold the Long Victor mine during September 2002. Nickel West ceased mining at Lanfranchi at the end of March 2002 and, in November 2004, sold this mine and associated tenements to a third party. We have entered into long-term nickel purchase agreements with the purchasers of these mines.

Leinster Nickel Operations

Leinster is approximately 375 kilometres north of Kalgoorlie in Western Australia. WMC purchased the Leinster Nickel Operations in 1988 from Mount Isa Mines and Western Selcast.

The site comprises underground and open-pit mines and a concentrator and is supported by the nearby township of Leinster. The Leinster deposits consist of both medium-grade disseminated sulphide and massive sulphide mineralisation with average grades of approximately 1.9%. During the year ended 30 June 2005, Nickel West sourced the Leinster production from the Perseverance underground mine, the 11 Mile Well open-pit and the Harmony open-pit .

The Leinster mill has a nominal operating capacity of three million tonnes of ore per year. In the year ended 30 June 2005 its utilisation was approximately 95%. The nickel concentrate, containing approximately 12% nickel, is dried at Leinster before being delivered to our Kalgoorlie Nickel Smelter for further processing. Our reserves are equivalent to eight years life at current production rates.

Mount Keith Operations

Mount Keith is located in Western Australia, approximately 450 kilometres north of Kalgoorlie and 80 kilometres north of Leinster. The Mount Keith deposit is a low-grade disseminated sulphide ore body averaging some 0.52% nickel that is mined by open-cut method. The operation includes a concentrator and ancillary facilities and was officially commissioned by WMC in January 1995.

The agreement to sell up to a maximum of 14,000 tonnes of nickel-in-concentrate per year to OMG Harjavalta Nickel Oy expired in February 2005. Mount Keith concentrates, containing approximately 23% nickel, not contracted for sale are transported by road to Leinster for drying and blending with Leinster concentrates and then delivered by rail to our Kalgoorlie Nickel Smelter for smelting.

The nominal capacity of the Mount Keith concentrator is 11.5 million tonnes of ore per annum. It currently has a utilisation of approximately 96%. Our reserves included in the current mine and stockpile reclaim plan will be depleted in approximately 24 years at current production rates.

Kalgoorlie Nickel Smelter

WMC constructed the Kalgoorlie Nickel Smelter and commenced operation in 1972 to supply nickel matte under sales contracts to overseas nickel refiners and also to supply the Nickel West nickel refinery at Kwinana. The smelter receives supplies of concentrate from the Kambalda, Leinster and Mount Keith mills. We use a flash smelting process to produce matte containing about 68% nickel.

In the year ended 30 June 2005, approximately 68% of the nickel matte Nickel West produced was sent by rail to the refinery at Kwinana where it was refined to nickel metal with the remainder being exported.

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Kwinana Nickel Refinery

The Kwinana Nickel Refinery is located 30 kilometres south of Perth in Western Australia. WMC constructed the refinery, which commenced operation in 1970, and 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 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. We receive a credit for the nickel and have the cobalt metal returned for subsequent sale.

Cerro Matoso

We own 99.82% of the shares in Cerro Matoso S.A., a company incorporated under the laws of Colombia. Current and former employees hold the remaining interest in Cerro Matoso.

Through Cerro Matoso, we own an integrated open-pit mine and ferronickel smelter. The mine is located in northern Colombia, 400 kilometres south of the Caribbean port of Cartagena. We access the site from a national highway. The orebody is geologically similar to other lateritic nickel deposits but has the advantage of a relatively high nickel grade and a concentrated mining area, which lends itself to simple and efficient open-pit mining. The smelter at the mine produces ferronickel granules with an average chemical composition of approximately 35% nickel and the balance iron. Low levels of carbon, phosphorous and sulphur make it a preferred product for stainless steel producers.

Cerro Matoso commenced production at the mine in 1982 when Royal Dutch Shell was the 47% owner of the mine and the Colombian government held the remaining interest. In 1996, the Colombian government elected to sell its interest in the mine to us in return for amendments to the mining rights relating to the mine. In 1999, we increased our interest in Cerro Matoso to 99.82%.

On 22 July 2005 we signed two agreements with the Colombian Government entity, Ingeominas, whereby the nickel concessions covering our Cerro Matoso deposit will now be governed by the New Mining Code. The effects of these agreements are that we have been granted an initial 30 year period of exploitation ending on 1 October 2012 and the right to a 30 year extension, ending on 1 October 2042. This new concession arrangement replaces the Aporte Minero, which previously governed our mining rights for the Cerro Matoso deposit.

Our processing operations smelt and refine ore. We feed the ore into a rotary drier and then to a rotary kiln or calciner. Following smelting, we refine the molten ferronickel in a ladle refining system and cast it into ferronickel granules for sale. We transport ferronickel product to the Port of Cartagena through a local contractor. The state of Colombia provides gas and electricity to the site.

In January 2001, Cerro Matoso commissioned a second production line at the mine at a cost of US$298 million, which duplicated the existing ferronickel plant and has resulted in an increase in total nickel production at the mine from approximately 28,000 tonnes per year to approximately 50,000 tonnes per year. We achieved a record production in 2004-2005 of 51,263 tonnes of nickel in ferronickel. Our currently planned project life is through to 2022.

QNI

Through our wholly owned subsidiary QNI Pty Ltd, we own and operate the Yabulu nickel and cobalt refinery located 25 kilometres north-west of Townsville, Queensland, Australia.

We access the Yabulu refinery from a public highway and the Queensland Rail railway network. At the railway s connection in the Port of Townsville, we own and operate an ore receival berth and unloading, storage and rail transfer system. We transport production from Yabulu by road to the Port of Townsville and other Australian ports for overseas shipment. We purchase approximately 3.5 million wet tonnes per year of nickel and cobalt-bearing laterite ore from third party mining enterprises in New Caledonia, Indonesia and the Philippines under short and medium term supply agreements. The ore price is linked to the nickel and cobalt metal content and the then-current metal prices. We process lateritic 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. Our cobalt purification plant produces a high purity cobalt oxide hydroxide product. The Yabulu refinery is a major laterite nickel refinery with an annual production capacity of approximately 32,000 tonnes of nickel and 2,000 tonnes of cobalt. Production in 2004-2005 was slightly down on 2003-2004 at 31,363 tonnes of nickel and 1,809 tonnes of cobalt. We sell the nickel products with varying metal content in the range 78% to 99% nickel. We sell the cobalt in oxide-hydroxide form.

We source power and steam used in production principally from an on-site, coal-fired power station with coal supplied under long-term contract with Xstrata from the Collinsville mine near Mackay, Queensland. We obtain additional electrical power under a long-term electricity supply agreement with Ergon Energy. In May 2005, we signed a 15 year contract with the Queensland Government-owned energy company, Enertrade, for the supply of coal seam gas. This gas supply will allow the conversion of a range of current processes at Yabulu to gas-fired, bring energy efficiencies to the operation and reduce greenhouse gas emissions.

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In March 2004, we approved the expansion of the refinery (in conjunction with the development of the Ravensthorpe project described below). The expansion will increase nickel production capacity of the existing solvent extraction and cobalt processing facilities to an estimated 76,000 tonnes per annum and extend the life of the refinery by approximately 25 years. First nickel metal production is expected from the expanded refinery by late 2007. The project was originally estimated to cost US$350 million, however the current forecast cost is US$460 million due to a strengthening of the Australian dollar, increases in contractor margins due to a shortage of engineering skills and other services and the increased cost of raw materials.

Exploration and Development

Through QNI, we own the Ravensthorpe nickel project in Western Australia under mining tenements expiring in 2019, with an option to extend to 2040. The Ravensthorpe project comprises a proposed laterite nickel mine and acid leaching plant and the associated expansion at Yabulu to refine the intermediate product produced. In March 2004, we approved the development of the mine, treatment plant and associated infrastructure near Ravensthorpe, Western Australia. The project, will provide up to 45,000 tonnes per annum of nickel in a concentrated intermediate product for refining at the expanded Yabulu refinery. Once implemented, we anticipate that the project, together with the expansion of the refinery, will result in a reduction in Yabulu s unit costs. The first shipment of intermediate product is expected by the second quarter of 2007. The project was originally estimated to cost US$1,050 million, however the current estimated cost is US$1,340 million due to a strengthening of the Australian dollar, increases in contractor margins due to a shortage of engineering skills and other services and the increased cost of raw materials.

We are continuing other worldwide exploration in both laterite and sulphide nickel regimes. We hold a 75% managing interest in the Gag Island project in Indonesia with Aneka Tambang holding the remaining 25% interest. In February 2002, work was suspended on the project because of the introduction of Indonesia Law 41/1999, prohibiting open-cast mining in Protection Forest areas. However, in 2004, a Presidential Decree, now ratified by the Indonesian Parliament, overturned the prohibition. The future of the project is being assessed.

In the Philippines, in eastern Davao Province, a drilling programme commenced on the Hallmark Prospect in which we own a 40% share. We consider the prospect to have potential for a Nickel-laterite deposit.

In 2004-2005, we continued our exploration work at our West Musgrave nickel-copper project in Western Australia. West Musgrave is located within the Musgrave Ranges north-east of Laverton near the South Australian border. The tenements lie entirely within Aboriginal Reserve No. A17614, administered by the Ngaanyatjarra Land Council. In addition, we have a 70-30 joint venture with Falcon Minerals NL (including the Olympia project) and hold 100 % of other tenements covering a large area at Collurabbie.

Chrome

In June 2005, Samancor, in which we have a 60% interest and Anglo American has the remaining 40% interest, effected the sale of the Chrome business to the Kermas Group. The sale excluded the Samancor Chrome interest in the Wonderkop joint venture. We retain a marketing agreement under which we market Charge Chrome and Medium Carbon Ferrochrome as agent of Kermas Group for a period of 5 years from June 2005.

Samancor has a 50% share in a joint venture with Xstrata Ltd, comprising two electric furnaces operated by Xstrata Ltd at its Wonderkop site, North West Province. Power is supplied from the South African national grid under contract with Eskom, the local power utility. This interest is currently in the process of being sold subject to completion of conditions precedent.

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Reserves and Production

The table below details our stainless steel materials ore reserves in metric tonnes, and are presented in 100% terms as estimated at 30 June 2005.

		Proved Ore Reserve		Probable Ore Reserve		Total Ore Reserve[1]		
Commodity Deposit [2, 3, 4, 7]	**Ore Type**	**Millions of dry metric tonnes**	**%Ni**	**Millions of dry metric tonnes**	**%Ni**	**Millions of dry metric tonnes**	**%Ni**	**BHP Billiton Interest %**
Nickel Australia - Projects								
Ravensthorpe	Laterite	125	0.73	138	0.57	263	0.65	100
Nickel Colombia								
Cerro Matoso	Laterite	34.1	1.82	11.1	1.60	45.1	1.77	99.8
Nickel West Australia[5, 6]								
Leinster	OC	0.2	1.9			0.2	1.9	
	S/P	0.2	2.0			0.2	2.0	
	UG	6.5	1.8	11.4	1.9	17.9	1.9	100
Mount Keith[5]	OC	192	0.54	58	0.47	250	0.53	