

FACT SHEET

Date 24 AUGUST, 2005

BOODARIE IRON

- Boodarie Iron, owned by BHP Billiton, is located about 20 kilometres south of the town of Port Hedland in north west Western Australia.
- Construction of the Boodarie Iron plant commenced in 1996 and was completed in 1999. More than 77 per cent of the construction expenditure was spent in Australia, with around 70 per cent spent in Western Australia.
- The Boodarie Iron plant was constructed in two modules, each with two production trains, and was designed to produce 2.3 million tonnes of briquettes per year. Boodarie Iron also encompasses a gas plant and iron ore beneficiation facilities.
- Iron ore fines (less than 6mm in size) were transferred from BHP Billiton's stockpiles at Port Hedland via an under-harbour tunnel and a 7.2 kilometre conveyor to the Boodarie Iron plant. The same conveyor returned the briquettes to the Finucane Island shiploading terminal for stockpiling and export.
- Boodarie Iron used FINMET technology to convert the iron ore fines into iron briquettes. In this process, the iron ore was exposed to heat and hydrogen and carbon monoxide gases to remove oxygen. This transformed the iron ore (with 67 per cent iron content) into metallic granules with over 90 per cent iron content. The granules were then compressed into briquettes about the size and shape of a cake of soap for export, primarily to the Asia Pacific region.
- The first shipment of 'Boodarie Iron™' was loaded aboard the 'Mallika Naree' on 9 May 1999.
- As a result of persistent commissioning difficulties, large cost overruns and significant operational issues, the book value of the Boodarie Iron plant was written down in the period 1998 to 2000. This includes the announcement in May 2000 of a total write-off of the remaining carrying value of the plant.

.../2

The write-downs were as follows:

Year	Gross (A\$M)	Tax (A\$M)	Net (A\$M)
1998	590	(212)	378
1999	829	(298)	531
2000	1,138	(344)	794
TOTAL	2,557	(854)	1,703

- In May 2000, BHP Billiton announced it would spend A\$46 million on trials to determine the technical viability of the plant. The trials found that adjusting the process temperature via water injection led to significant technical and operational improvements, with resulting improvements in plant reliability and product quality.
- Following the success of the technical trials, BHP Billiton committed an additional A\$20 million to implementing changes to other parts of the plant and assessing economic viability.
- In December 2000, BHP Billiton announced it would continue to operate the Boodarie Iron plant against strict technical and financial performance criteria relating to campaign length, productivity, maintenance turnaround and input costs.
- In May 2004, an explosion occurred at Boodarie Iron in an area of the plant (Train 4) that had been shut down for scheduled maintenance. The incident resulted in the death of one employee and serious injuries to two others.
- At the time of the incident, the Boodarie Iron workforce comprised about 490 employees and a similar number of contractors.
- Production at Boodarie Iron was suspended immediately following the incident and BHP Billiton assembled a team of global experts to begin investigations into its cause.
- The State Mining Engineer also ordered BHP Billiton to commission a team of independent experts to investigate, and report on, the incident under Section 45b of the Mines Safety & Inspection Act.
- In September 2004, the Section 45 team presented a preliminary report to the State Mining Engineer indicating that the accident was caused by a series of dust explosions, at least one of which was initiated and stimulated by hydrogen formed during the cleaning process. This finding was reiterated in the final Section 45 report which was delivered to the State Mining Engineer on 30 November 2004.

- On 11 November 2004, BHP Billiton announced it would place the Boodarie Iron plant on care and maintenance while it determined the long term future of the operation.
- This determination would be based on a full analysis of the safety and economic issues in relation to partnering with another organisation in the resumption of operations, selling the facility for conversion to another use or closure. All employees were retained for a further three months to facilitate the transition to care and maintenance.
- In February 2005, employees were provided with options for re-deployment to other BHP Billiton operations, including those in the Pilbara, or offered redundancy packages to pursue other employment.
- Between May and November 2004, 22 people secured alternative employment at other BHP Billiton sites. Following the announcement of care and maintenance a further 87 employees were also redeployed to other BHP Billiton operations.
- On 24 May 2005, the Department of Industry and Resources served BHP Billiton Direct Reduced Iron with charges under sections 9(1) and 9(8) of the Mines Safety and Inspection Act, 1994 following a review of the Section 45 report.
- On 24 August 2005, BHP Billiton announced it would permanently close the hot briquetted iron facilities at the Boodarie Iron plant.
- The decision followed a detailed review of options for the plant, which included partnering with another organisation in the resumption of operations, selling the facility for conversion to another use, or closure.
- While the company had hoped to continue operations at Boodarie Iron in one form or another, most of the parties BHP Billiton had discussions with either declined to submit a business proposal or withdrew their interest after detailed reviews of the plant.
- Of the proposals received, all required major capital investment for plant modifications and/or significant discounts from BHP Billiton on key inputs such as gas.
- The economic impact of these proposals, coupled with the failure to consistently achieve the financial and technical targets announced in 2000, left BHP Billiton with no alternative but to close the hot briquetted iron facilities and mitigate the company's financial exposure through on-selling the contracted gas.

Boodarie Iron's historic production and economic performance is as follows:

Financial Year	Production (Kt)	EBIT (US\$M)
2000	420	(857) ¹
2001	848	(136)
2002	1047	(116)
2003	1670	(53)
2004	1716	(8)
2005	-	(378) ²

1.) Includes US\$695m write down.

2.) Includes US\$266 million charge associated with closure.

- It is BHP Billiton's intention to retain the Boodarie Iron beneficiation plant and associated infrastructure. The company plans to use the plant to complete feasibility studies into longer term beneficiation options for its lower grade iron ore resources. This has the potential to create further value for the iron ore business and employment options in the Pilbara.

Further information on BHP Billiton can be found at: <http://www.bhpbilliton.com>

Australia

Jane Belcher, Investor Relations
Tel: +61 3 9609 3952 Mobile: +61 417 031 653
email: Jane.H.Belcher@bhpbilliton.com

Tania Price, Media Relations
Tel: +61 3 9609 3815 Mobile: +61 419 152 780
email: Tania.Price@bhpbilliton.com

United States

Tracey Whitehead, Investor Relations
Tel: +44 20 7802 4031 Mobile: +44 79 17 64 8093
email: Tracey.Whitehead@bhpbilliton.com

United Kingdom

Mark Lidiard, Investor & Media Relations
Tel: +44 20 7802 4156
email: Mark.Lidiard@bhpbilliton.com

Ariane Gentil, Media Relations
Tel: +44 20 7802 4177 Mobile: +44 78 81 51 8715
email: Ariane.Gentil@bhpbilliton.com

South Africa

Michael Campbell, Investor & Media Relations
Tel: +27 11 376 3360 Mobile: +27 82 458 2587
email: Michael.J.Campbell@bhpbilliton.com