BHP Billiton Finance Limited
ABN 82 008 519 319

General Purpose Financial Report for the year ended 30 June 2022

Contents

Directors' report

The directors present their report on BHP Billiton Finance Limited (the Company) for the year ended 30 June 2022 and the auditor's report thereon.

Directors

The following persons were directors of the Company at any time during or since the end of the financial year until the date of this report:

Roderick John Douglas Mainland
Bradford Paul Aldred Smith
Vasundhara Vasundhara
Scott Michael Lester (Appointed on 13 April 2022)
Carolyn Louise Pedic (Appointed on 13 April 2022)
Graham Clifford Tiver (Resigned on 15 December 2021)
James Joseph Sharp (Resigned on 26 January 2022)

Company Secretary

Angeli Gayfer

Principal activities

During the year the principal activities of the Company were to issue non-USD denominated bonds including Euro, Sterling and Canadian Bonds, as well as provide finance to related corporations. There have been no significant changes in the nature of the activities of the Company.

BHP Billiton Finance Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 15
171 Collins Street
Melbourne VIC 3000
Australia

On 31 January 2022, BHP Group unified its corporate structure under its existing Australian parent company, BHP Group Limited. BHP Group Limited is the ultimate parent entity of BHP Billiton Finance Limited.

The 'Group' here and further in the financial statements refers to BHP Group Limited and its consolidated entities.

Dividends

No dividends were paid, declared or recommended during the financial year ended 30 June 2022 (2021: US$nil).

As at the date of this report and since year end, the directors have not declared, determined or publicly recommended the payment of any dividends.

Directors' report (continued)

Review of operations
The net loss after tax for the financial year ended 30 June 2022 is US$149,170 thousand (2021: net loss of US$38,756 thousand).

The increase in net loss by US$110,414 thousand mainly driven by lower operating income offset by lower net finance cost during the financial year. Decrease in operating income is relating to expected credit recovered from related party receivable taken place in prior year.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Company during the year ended 30 June 2022.

Matters subsequent to the end of the financial year and likely developments
On 28 September 2022, the Group announced that in accordance with its group strategy and strong liquidity position, it will exercise its contractual option to redeem and cancel the £600,000,000 6.25 per cent subordinated fixed rate reset notes (the 'Notes'). The notes were issued by the Company and due in 2077. The notes had a carrying amount of US$723,349 thousand and classified as a current interest-bearing liability as at 30 June 2022.

Insurance of officers
During the financial year, the Company has insured against amounts that it may be liable to pay directors, secretaries or certain employees if applicable.

The insurance policy insures directors, secretaries and employees of the Company (if applicable) against certain liabilities (including legal costs) they may incur in carrying out their duties for the Company.

The premium is borne by the ultimate parent entity, BHP Group Limited, and is not allocated directly to the Company.

Directors' remuneration
The directors of the Company do not receive compensation in direct exchange for services rendered to the Company.

Each person who held the office of director at the date the directors resolved to approve this directors' report makes the following statement:

- So far as the director is aware, there is no relevant audit information of which the external auditors are unaware;
- The director has taken all steps that he or she ought to have taken as a director to make him or herself aware of any relevant audit information and to establish that the external auditors are aware of that information.

Rounding of amounts
The Company is a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Directors' report (continued)

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the directors' report for the year ended 30 June 2022.

Going concern
The financial statements have been prepared on the going concern basis. The Company has current assets in excess of current liabilities of US$980,679 thousand (2021: net current liabilities of US$7,203,341 thousand) and net assets of US$118,516 thousand (2021: US$276,926 thousand) at 30 June 2022.

This report is made in accordance with a resolution of directors pursuant to section 298 (2) of the Corporations Act 2001.

Bradford Paul Aldred Smith
Director

Dated at Melbourne this 18 day of October 2022

Building a better
working world

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Auditor's independence declaration to the directors of BHP Billiton Finance Limited

As lead auditor for the audit of the financial report of BHP Billiton Finance Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner
18 October 2022

BHP Billiton Finance Limited
Statement of Profit or Loss
For the year ended 30 June 2022

	Note	**2022 US$'000**	2021 US$'000
Guarantee fees income	16	**4,625**	7,794
Operating income excluding net finance costs	2	**1,953**	147,300
Profit from operations		**6,578**	155,094
Finance income	3	**306,324**	358,521
Finance costs	3	**(520,943)**	(607,423)
Net finance costs		**(214,619)**	(248,902)
Loss before income tax		**(208,041)**	(93,808)
Income tax benefit	4	**58,871**	55,052
Loss after income tax		**(149,170)**	(38,756)

The accompanying notes form part of these financial statements

BHP Billiton Finance Limited
Statement of Other Comprehensive Income
For the year ended 30 June 2022

	Note	**2022 US$'000**	2021 US$'000
Loss after income tax		**(149,170)**	(38,756)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
(Losses)/ Gains taken to equity	14	**(893,809)**	831,496
Gains/ (Losses) transferred to the income statement	14	**880,608**	(837,509)
Deferred tax relating to cash flow hedges	14	**3,961**	1,804
Total other comprehensive loss, net of tax		**(9,240)**	(4,209)
Total comprehensive loss for the year		**(158,410)**	(42,965)
Attributable to member of BHP Billiton Finance Limited		**(158,410)**	(42,965)

The accompanying notes form part of these financial statements

BHP Billiton Finance Limited
Statement of Financial Position
As at 30 June 2022

	Note	**2022 US$'000**	2021 US$'000
ASSETS			
Current assets			
Cash and cash equivalents	15	**6,828,146**	3,239,313
Receivables	6	**100,262**	157,006
Other financial assets	7	**9,978,260**	5,527,676
Total current assets		**16,906,668**	8,923,995
Non-current assets			
Other financial assets	7	**10,158,322**	21,442,539
Deferred tax assets	4	**51,198**	25,626
Total non-current assets		**10,209,520**	21,468,165
Total assets		**27,116,188**	30,392,160
LIABILITIES			
Current liabilities			
Payables	8	**172,740**	191,899
Interest bearing liabilities	9	**15,395,204**	15,935,316
Other financial liabilities	10	**358,045**	121
Total current liabilities		**15,925,989**	16,127,336
Non-current liabilities			
Interest bearing liabilities	9	**9,850,371**	13,399,510
Other financial liabilities	10	**1,221,312**	588,388
Total non-current liabilities		**11,071,683**	13,987,898
Total liabilities		**26,997,672**	30,115,234
NET ASSETS		**118,516**	276,926
EQUITY			
Share capital	11	**783,370**	783,370
Reserves	12	**18,680**	27,920
Accumulated losses	13	**(683,534)**	(534,364)
Total equity		**118,516**	276,926

The accompanying notes form part of these financial statements

BHP Billiton Finance Limited
Statement of Cash Flows
For the year ended 30 June 2022

	2022 US$'000	2021 US$'000
Operating activities		
Loss before income tax	**(208,041)**	(93,808)
Adjustments for:		
Interest received/receivable	**(299,302)**	(351,129)
Interest paid/payable	**404,471**	572,622
Net foreign exchange differences on cash	**(6,097)**	(13,618)
Net foreign exchange differences on receivables from related parties	**(376)**	444
Net foreign exchange differences on derivatives	**988,061**	(924,190)
Net foreign exchange differences on debt	**(893,797)**	797,730
Interest income from bank balances and deposits	**(7,022)**	(7,392)
Expected credit recovered	**(2,902)**	(149,681)
Change in assets and liabilities:		
Net other financial assets and liabilities	**(98,195)**	147,171
Cash used in operations	**(123,200)**	(21,851)
Interest received	**300,675**	361,057
Interest paid	**(423,630)**	(648,851)
Income taxes received	**99,660**	181,714
Net operating cash flows	**(146,495)**	(127,931)
Financing activities		
Loans to related parties	**(5,346,925)**	(2,627,760)
Repayments of loans from related parties	**11,305,968**	17,258,055
Repayments of borrowings to related parties	**(9,388,867)**	(13,700,375)
Proceeds of borrowings from related parties	**7,159,055**	2,300,087
Repayments of borrowings to third parties	**-**	(3,163,928)
Settlement of derivatives and cash management related instruments	**-**	(16,760)
Net financing cash flows	**3,729,231**	49,319
Net increase/(decrease) in cash and cash equivalents	**3,582,736**	(78,612)
Cash and cash equivalents at the beginning of the financial year	**3,239,313**	3,304,307
Effect of foreign currency exchange rate changes on cash and cash equivalents	**6,097**	13,618
Cash and cash equivalents at end of year	**6,828,146**	3,239,313

The accompanying notes form part of these financial statements

BHP Billiton Finance Limited
Statement of Changes in Equity
For the year ended 30 June 2022

	Share capital US$'000	Capital redemption reserve US$'000	Hedging reserve US$'000	Accumulated losses US$'000	Total US$'000
Balance at 1 July 2021	**783,370**	**505**	**27,415**	**(534,364)**	**276,926**
Total comprehensive loss for the year	**-**	**-**	**(9,240)**	**(149,170)**	**(158,410)**
Balance at 30 June 2022	**783,370**	**505**	**18,175**	**(683,534)**	**118,516**

	Share capital US$'000	Capital redemption reserve US$'000	Hedging reserve US$'000	Accumulated losses US$'000	Total US$'000
Balance at 1 July 2020	783,370	505	31,624	(495,608)	319,891
Total comprehensive loss for the year	-	-	(4,209)	(38,756)	(42,965)
Balance at 30 June 2021	783,370	505	27,415	(534,364)	276,926

The accompanying notes form part of these financial statements

1 Accounting policies

The principal accounting policies adopted in the preparation of this general purpose financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

On 31 January 2022, BHP Group unified its corporate structure under its existing Australian parent company, BHP Group Limited. BHP Group Limited is the ultimate parent entity of BHP Billiton Finance Limited.

Basis of preparation

This general purpose financial report for the year ended 30 June 2022 has been prepared in accordance with accounting standards and interpretations collectively referred to as 'IFRS' in this report, which encompass the:

- International Financial Reporting Standards and interpretations as issued by the International Accounting Standards Board;
- Australian Accounting Standards, being Australian equivalents to International Financial Reporting Standards and interpretations as issued by the Australian Accounting Standards Board (AASB).

The general purpose finance report also complies with IFRS adopted in the European Union.

New and amended accounting pronouncements adopted in the current year

The adoption of new and amended accounting pronouncements applicable from 1 July 2021 did not result in a significant impact on the Company's Financial Statements. This includes the Interest Rate Benchmark (IBOR) Reform – Phase 2 (Amendments to IFRS 9/AASB 9 'Financial Instruments', IAS 39/AASB139 'Financial Instruments: Recognition and Measurement' and IFRS 7/AASB 7 'Financial Instruments: Disclosures' early adopted in the prior year.

New and amended accounting pronouncements on issue but not yet effective

A number of other accounting standards and interpretations have been issued and will be applicable in future periods. While these remain subject to ongoing assessment, no significant impacts have been identified to date.

These pronouncements have not been applied in the preparation of these Financial Statements.

1 Accounting policies (continued)

Basis of measurement

The financial statements are drawn up on the basis of historical cost principles, except for derivative financial instruments and certain other financial assets, which are carried at fair value.

Rounding of amounts

The Company is a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Going concern basis

The financial statements have been prepared on the going concern basis. The Company has current assets in excess of current liabilities of US$980,679 thousand (2021: net current liabilities of US$7,203,341 thousand) and net assets of US$118,516 thousand (2021: US$276,926 thousand) at 30 June 2022.

Comparatives

Where applicable, comparatives have been adjusted to measure or present them on the same basis as current period figures.

Foreign currencies

The Company's presentation currency and functional currency is the US dollar as this is assessed to be the principal currency of the economic environments in which it operates.

Transactions denominated in foreign currencies (currencies other than the functional currency) are recorded using the exchange rate ruling at the date of the underlying transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange prevailing at year-end and the gains or losses on retranslation are included in the income statement.

1 Accounting policies (continued)

Exchange rates

The following exchange rates relative to the US dollar have been applied in the financial statements:

	Average year ended 30 June 2022	Average year ended 30 June 2021	**As at 30 June 2022**	As at 30 June 2021
Australian dollar	**1.38**	1.34	**1.45**	1.33
Canadian dollar	**1.27**	1.28	**1.29**	1.24
Euro	**0.89**	0.84	**0.96**	0.84
UK pound sterling	**0.75**	0.74	**0.83**	0.72

Financial income and costs

Financial income comprises, where applicable, interest income on funds invested. Interest income is recognised as it accrues in the income statement using the applicable effective interest rate.

Financial costs comprises where applicable interest expense on borrowings, unwinding of the discount on borrowings, net fair value losses on liabilities which are subject to fair value hedge accounting and related hedging derivatives and exchange losses on net debt. Realised fair value changes on non-hedging derivatives used to manage interest rate exposure on debt securities are recognised in interest and finance charges paid/payable. Unrealised fair value changes on non-hedging derivatives used to manage interest rate exposure on debt securities are recognised in fair value changes on derivatives. All borrowing costs are recognised through the income statement using the effective interest rate method.

Foreign currency gains and losses are reported on a net basis.

1 Accounting policies (continued)

Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year using rates enacted or substantively enacted at the year-end, and includes any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax assessment or deduction purposes.

The tax effect of certain temporary differences is not recognised, principally with respect to temporary differences arising on the initial recognition of assets or liabilities (other than those arising in a business combination or in a manner that initially impacted accounting or taxable profit). The amount of deferred tax recognised is based on the expected manner and timing of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at period end.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each balance sheet date and amended to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis.

Tax consolidation

The Company is part of an Australian tax consolidated group, whereby members are taxed as a single entity. The head entity within the tax consolidated group is BHP Group Limited. The entities within the tax consolidated group have entered into a tax sharing agreement and a tax contribution agreement with the head entity.

The accounting for taxes of each entity in the consolidated tax group are determined and recognised as if it continued to be a separately taxable entity in its own right. This method of accounting for taxes requires the calculation of income tax expense as if the entity had not been a member of the tax consolidated group.

Under the tax contribution agreement the entities in the tax consolidated group agree to pay a tax equivalent amount to the head entity for current income tax payable or to receive a tax equivalent amount from the head entity for current income tax receivable and/or tax losses.

1 Accounting policies (continued)

Tax consolidation (continued)

The tax sharing agreement provides the method of allocating tax liabilities should the head entity default on its tax payment obligations.

Dividend franking account

Tax consolidation legislation requires a tax consolidated group to keep a single franking account. Accordingly, upon formation of the tax consolidated group, franking credits were transferred to the ultimate parent entity.

Financial instruments

Refer to Note 14 for accounting policies applied to the Company's financial instruments.

Application of critical accounting policies and estimates

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the amounts of assets, liabilities, contingent liabilities, revenues and expenses reported in the financial statements. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances, the results of which form the basis of the reported amounts that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The Company has identified the following critical accounting policies under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Recoverability of receivables

Under IFRS 9/AASB 9, the simplified approach is applied for receivables from related parties, whereby lifetime expected credit losses is recognised on receivables from related parties regardless of any changes in the counterparty credit risk. Further description is contained in Credit risk section in Note 14 Financial risk management.

Quantitative and qualitative disclosures about market risk

The Company's principal market risks are identified in Note 14 Financial risk management. A description of how the Company manage its market risks, including both quantitative and qualitative information about market risk sensitive instruments outstanding at 30 June 2022, is contained in Note 14 Financial risk management.

2 Operating income excluding net finance costs

	2022 US$'000	2021 US$'000
Management fees	**(125)**	(128)
Consultant fees	**(731)**	(2,013)
Expected credit recovered	**2,902**	149,681
All other operating expenses	**(93)**	(240)
	1,953	147,300

3 Net finance costs

	2022 US$'000	2021 US$'000
Finance income		
Interest income from bank balances and deposits [(a)]	**7,022**	7,392
Interest received/receivable from related parties	**299,302**	351,129
	306,324	358,521
Finance costs		
Interest paid/payable to non-related parties	**(246,408)**	(362,782)
Interest paid/payable to related parties	**(157,687)**	(210,284)
Fair value change on hedged loans – gain	**969,404**	229,602
Fair value change on derivatives – loss [(b)]	**(1,081,940)**	(262,213)
Net exchange differences on loans and derivatives transactions	**(4,312)**	(1,746)
	(520,943)	(607,423)
	(214,619)	(248,902)

(a) Interest income from bank balances and deposits US$7,022 thousand (2021: income of US$7,392 thousand) are presented as an aggregate of interest income on deposits and bank balances, as well as foreign exchange component of forward exchange contract derivatives to enable users of the financial statements to understand the economic effects of foreign currency deposit transactions.

(b) Loss on fair value changes of derivatives of US$1,081,940 thousand (2021: loss of US$262,213 thousand) include fair value loss of US$1,053,455 thousand on hedging derivatives used to manage interest rate exposure on debt securities (2021: fair value loss of US$266,559 thousand), and fair value loss on foreign exchange trades amounting to US$28,485 thousand (2021: gain of US$4,346 thousand).

4 Income tax benefit

	2022 US$'000	2021 US$'000
Income tax benefit comprises:		
- Current tax benefit	**37,260**	121,805
Deferred tax benefit/(expense)	**21,611**	(66,753)
	58,871	55,052

The reconciliation of the Company's income tax benefit is as follows:

	2022 US$'000	2021 US$'000
Factors affecting income tax benefit for the period		
Income tax expense differs to the standard rate of corporation tax as follows:		
Loss before income tax	**(208,041)**	(93,808)
Tax at the standard Australian tax rate of 30 per cent	**62,412**	28,142
Tax effect of amounts which are (not deductible)/taxable in calculating taxable income:		
Foreign exchange (losses)/gain on income tax receivable	**(3,403)**	26,910
Withholding tax on corporate guarantee fee	**(138)**	-
Income taxation benefit	**58,871**	55,052

The movement for the year in the Company's net deferred tax position is as follows:

	2022 US$'000	2021 US$'000
Net deferred tax asset		
At the beginning of the financial year	**25,626**	90,531
Income tax credit/(expense) recorded in the income statement	**21,611**	(66,753)
Income tax credit recorded directly in equity [(a)]	**3,961**	1,804
Other	**-**	44
At the end of the financial year	**51,198**	25,626

(a) The amounts charged directly to other comprehensive income relate to deferred tax relating to fair value gains/losses on effective cash flow hedges.

4 Income tax benefit (continued)

The composition of the Company's net deferred tax asset and liability recognised in the balance sheet and the deferred tax expense credited to the income statement is as follows:

	Net deferred tax asset		Credited/(debited) to the income statement	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Type of temporary difference				
Foreign exchange (gains)/losses	**(617)**	2,106	**(2,723)**	(5,762)
Fair value adjustment on related party swaps and loans	**49,276**	20,100	**25,215**	(16,077)
Provision for doubtful debts	**2,516**	3,387	**(871)**	(44,904)
Others	**23**	33	**(10)**	(10)
	51,198	25,626	**21,611**	(66,753)

5 Dividends

During the year, no dividends were paid to BHP Group Limited (2021: US$nil).

6 Receivables

	2022	2021
	US$'000	US$'000
Current		
Related party receivable - Income tax receivable from ultimate parent on behalf of the Company	**91,527**	153,928
Accrued interest due from related parties	**5,718**	69
Withholding tax receivable	**3,017**	3,009
Total current receivables	**100,262**	157,006

7 Other financial assets

	2022	2021
	US$'000	US$'000
Current		
At fair value		
Forward exchange contracts - related parties	**133,453**	8,478
	133,453	8,478
At amortised cost		
Receivables from related parties - interest bearing	**9,844,286**	5,518,677
Capitalised fees	**521**	521
	9,844,807	5,519,198
Total current other financial assets	**9,978,260**	5,527,676

7 Other financial assets (continued)

	2022 US$'000	2021 US$'000
Non-current		
Cross currency and interest rate swaps – related parties	**141,782**	1,143,560
	141,782	1,143,560
At amortised cost		
Receivables from related parties - interest bearing	**10,014,114**	20,295,864
Capitalised fees	**2,426**	3,115
	10,016,540	20,298,979
Total non-current other financial assets	**10,158,322**	21,442,539

8 Payables

	2022 US$'000	2021 US$'000
Current		
Payables – accrued interest related parties	**44,515**	44,736
Payables – accrued interest non-related parties	**128,225**	147,163
	172,740	191,899

9 Interest bearing liabilities

	2022 US$'000	2021 US$'000
Current		
Notes and debentures	**1,690,076**	-
Loans from ultimate parent entity	**816,517**	3,201,836
Loans from other related parties	**12,888,611**	12,733,480
Total current interest bearing liabilities	**15,395,204**	15,935,316
Non-current		
Notes and debentures	**5,092,493**	8,641,632
Loans from other related parties	**4,757,878**	4,757,878
Total non-current interest bearing liabilities	**9,850,371**	13,399,510

10 Other financial liabilities

	2022 US$'000	2021 US$'000
Current		
At fair value		
Cross currency and interest rate swaps - related parties	**357,878**	-
Forward exchange contracts - related parties	**167**	121
Total current other financial liabilities	**358,045**	121
Non-current		
Cross currency and interest rate swaps - related parties	**1,221,312**	588,388
Total non-current other financial liabilities	**1,221,312**	588,388

11 Share capital

	2022 Shares	2021 Shares	**2022 US$'000**	2021 US$'000
Share capital				
Ordinary shares - fully paid	**1,550,000,002**	1,550,000,002	**783,370**	783,370

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

12 Reserves

	Note	**2022 US$'000**	2021 US$'000
Capital redemption reserve (1)		**505**	505
Hedging reserve	14	**18,175**	27,415
Total reserves		**18,680**	27,920

(1) Capital redemption reserve represents the redemption of share capital from shareholders, in relation to redeemed preference shares.

13 Accumulated losses

	2022 US$'000	2021 US$'000
Opening balance	**(534,364)**	(495,608)
Loss attributable to member of BHP Billiton Finance Limited	**(149,170)**	(38,756)
Closing balance	**(683,534)**	(534,364)

14 Financial risk management

Financial and capital risk management strategy

BHP Billiton Finance Limited is a wholly owned subsidiary of the Group and hence the Company's key financial risks are managed as part of the Group's financial risk management strategy.

The financial risks arising from the Company's operations comprise market, liquidity and credit risk. These risks arise in the normal course of business and the Company manages its exposure to them in accordance with the Group's portfolio risk management strategy. The objective of the strategy is to support the delivery of the Group's financial targets, while protecting its future financial security and flexibility by taking advantage of the natural diversification provided by the scale, diversity and flexibility of the Group's operations and activities.

As part of the risk management strategy, the Company monitors target gearing levels and credit rating metrics under a range of different stress test scenarios incorporating operational and macroeconomic factors.

14 Financial risk management (continued)

Market risk management

The Company's activities expose it to market risks associated with movements in interest rates and foreign currencies. Under the strategy outlined above, the Company seeks to achieve financing costs and currency impacts, on a floating or index basis.

In executing the strategy, financial instruments are potentially employed in below distinct but related activities. The following table summarises this activity and the key risk management processes:

Activity	Key risk management processes
Economic hedging of short-term cash deposits and debt instruments Where debt is issued in a currency other than the US dollar and/or at a fixed interest rate, fair value and cash flow hedges may be executed to align the debt exposure with the Group's functional currency of US dollars and/or to swap to a floating interest rate. Where short-term cash deposits and other monetary items are denominated in a currency other than US dollars, derivative financial instruments may be executed to align the foreign exchange exposure to the Group's functional currency of US dollars.	• Measuring and reporting the exposure in issued debt instruments. • Executing hedging derivatives to align the total group exposure to the index target. • Execution of transactions within approved mandates.

Primary responsibility for the identification and control of financial risks, including authorising and monitoring the use of financial instruments for the above activities and stipulating policy thereon, rests with the Group Financial Risk Management Committee under authority delegated by the Chief Executive Officer.

Interest rate risk

The Company is exposed to interest rate risk on its outstanding borrowings and short-term cash deposits from the possibility that changes in interest rates will affect future cash flows or the fair value of fixed interest rate financial instruments. Interest rate risk is managed as part of the portfolio risk management strategy.

The majority of the Company's debt is issued at fixed interest rates. The Company has entered into interest rate swaps and cross currency interest rate swaps to convert most of its fixed interest rate exposure to floating US dollar interest rate exposure. As at 30 June 2022, 88 per cent of the Company's borrowings were exposed to floating interest rates inclusive of the effect of swaps (2021: 90 per cent).

The fair value of interest rate swaps and cross currency interest rate swaps in hedge relationships used to hedge both interest rate and foreign currency risks are shown in the valuation hierarchy of this note.

14 Financial risk management (continued)

Interest rate risk (continued)

Based on the net debt position as at 30 June 2022, taking into account interest rate swaps and cross currency interest rate swaps, it is estimated that a one percentage point increase in the US LIBOR interest rate will increase the Company's equity and profit after taxation by US$32,112 thousand (2021: increase of US$26,797 thousand). This assumes the change in interest rates is effective from the beginning of the financial year and the fixed/floating mix and balances are constant over the year. However, interest rates and the net debt profile of the Company may not remain constant over the coming financial year and therefore such sensitivity analysis should be used with care.

Interest Rate Benchmark Reform

The London Interbank Offered Rate (LIBOR) and other benchmark interest rates are being replaced by alternative risk-free rates (ARR) as part of inter-bank offer rate (IBOR) reform. Sterling LIBOR ceased to be published on 1 January 2022 and USD LIBOR will no longer be published after 30 June 2023. The Group has assessed the implication of IBOR reform and has updated various policies, systems and processes including the adoption of the International Swaps and Derivatives Association (ISDA) IBOR Fallbacks Protocol. In November 2021, the Group amended its US$5.5 billion revolving credit facility to reference ARRs.

The amendments to IFRS 9/AASB 9 'Financial Instruments' and IFRS 7/AASB 7 'Financial Instruments (IFRS 7): Disclosures' in relation to IBOR reform early adopted by the Company in previous periods impact the Company's cross currency and interest rate swaps, which reference US LIBOR, and the associated hedge accounting. Refer to Note 14 'Derivatives and hedge accounting' for further information.

Currency risk

The US dollar is the predominant functional currency within the Company and as a result, currency exposures arise from transactions and balances in currencies other than the US dollar. The Company's potential currency exposures comprise:

- translational exposure in respect of non-functional currency monetary items;
- transactional exposure in respect of non-functional currency expenditure and revenues.

The Company's foreign currency risk is managed as part of the portfolio risk management strategy.

Translational exposure in respect of non-functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are restated at the end of each reporting period to US dollar equivalents and the associated gain or loss is taken to the income statement.

The Company has entered into cross currency interest rate swaps and foreign exchange forwards to convert its significant foreign currency exposures in respect of monetary items into US dollars. Fluctuations in foreign exchange rates are therefore not expected to have a significant impact on equity and profit after tax.

14 Financial risk management (continued)

Currency risk (continued)

The following table shows the carrying values of financial assets and liabilities at the end of the reporting period denominated in currencies other than the US dollar that are exposed to foreign currency risk:

	2022	2021
Net financial assets - by currency of denomination	**US$'000**	US$'000
AUD	**170,176**	368,344
CAD	**759**	794
EUR	**1,887**	1,265
GBP	**1,769**	2,016
Total	**174,591**	372,419

The principal non-functional currency to which the Company is exposed is the Australian dollar. Based on the Company's net financial assets and liabilities as at 30 June 2022, a weakening of the US dollar against the Australian dollar (one cent strengthening in Australian dollar), with all other variables held constant, would decrease the Company's equity and profit after taxation by US$1,733 thousand (2021: decrease of US$3,436 thousand).

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its financing activities, including deposits with banks and financial institutions, other short-term investments and interest rate and currency derivative contracts and other financial instruments.

At the end of the reporting period, the Company has significant concentrations of credit risk for loans and receivables entered into with multiple internal counterparties. Management does not anticipate any credit losses arising from these counterparties as they are part of the Group with high credit-ratings assigned by international credit-rating agencies.

The simplified approach is applied for receivables from related parties, whereby lifetime expected credit losses is recognised on receivables from related parties regardless of any changes in the counterparty credit risk.

Under IFRS 9/AASB 9 the Company will measure expected credit losses using:

- Unbiased and probability weighted outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort.

At 30 June 2022, intercompany receivables are stated net of provisions for expected credit losses of US$8,388 thousand (2021: US$11,291 thousand). As at the reporting date, there are no indications that the debtors will not meet their payment obligations.

14 Financial risk management (continued)

Liquidity risk

The Company's liquidity risk arises from the possibility that it may not be able to settle or meet its obligations as they fall due and is managed as part of the portfolio risk management strategy. Operational, capital and regulatory requirements are considered in the management of liquidity risk, in conjunction with short-term and long-term forecast information.

The Group's strong credit profile, diversified funding sources, its minimum cash buffer and its committed credit facilities ensure that sufficient liquid funds are maintained to meet its daily cash requirements.

The Group's Moody's credit rating has remained at A2/P-1 outlook stable (long-term/short-term) throughout FY2022 and Moody's affirmed its credit rating on 2 June 2022. The Group's Standard & Poor's rating changed from A/A-1 outlook stable (long-term/short-term) to A/A-1 CreditWatch negative (long-term/short-term) on 23 August 2021 following the announcement of the proposed merger of our petroleum business with Woodside. Upon completion of merger, on 1 June 2022 Standard & Poor's lowered the Group's long-term credit rating by one notch, removed the credit rating from CreditWatch, and confirmed a credit rating of A-/A-1 outlook stable (long-term/short-term).

There were no defaults on the Company's liabilities during the period.

Counterparty risk

The Company is exposed to credit risk from its financing activities, including short-term cash investments such as deposits with banks. This risk is managed by Group Treasury in line with the counterparty risk framework, which aims to minimise the exposure to a counterparty and mitigate the risk of financial loss through counterparty failure.

Exposure to counterparties is monitored at a Group level across all products and includes exposure with cash investments.

Investments are only transacted with approved counterparties who have been assigned specific limits based on a quantitative credit risk model. These limits are updated at least bi-annually. Additionally, investments are subject to concentration limits by rating.

Investments are only transacted with approved counterparties who have been assigned specific limits based on a quantitative credit risk model. These limits are updated at least bi-annually. Additionally, investments are subject to concentration limits by rating.

Standby arrangements and unused credit facilities

The Company is a participant in the Group's committed revolving credit facility operates as a back-stop to the Group's uncommitted commercial paper program. The combined amount drawn under the facility or as commercial paper will not exceed US$5.5 billion. As at 30 June 2022, US$ nil commercial paper was drawn (2021: US$ nil). The facility was amended in November 2021 for IBOR transition and is due to mature on 10 October 2026. A commitment fee is payable on the undrawn balance and interest is payable on any drawn balance comprising a reference rate plus a margin. The agreed margins are typical for a credit facility extended to a company with the Group's credit rating.

14 Financial risk management (continued)

Maturity profile of financial liabilities

The maturity profile of the Company's financial liabilities based on the undiscounted contractual amounts, taking into account the derivatives related to debt, is as follows:

2022 US$000	**Bank loans, debentures and other loans**	**Expected future interest payments**	**Derivatives related to net debt**	**Other Derivatives**	**Trade and other payables**	**Total**
Due for payment:						
In one year or less or on demand	**1,698,507**	**196,151**	**504,119**	**167**	**13,877,868**	**16,276,812**
In more than one year but not more than two years	**582,595**	**162,560**	**270,832**	**-**	**734,413**	**1,750,400**
In more than two years but not more than three years	**824,547**	**122,482**	**275,397**	**-**	**-**	**1,222,426**
In more than three years but not more than four years	**-**	**113,504**	**77,079**	**-**	**323,350**	**513,933**
In more than four years but not more than five years	**-**	**113,504**	**77,720**	**-**	**115**	**191,339**
In more than five years	**3,551,225**	**975,456**	**1,262,599**	**-**	**3,700,000**	**9,489,280**
Total	**6,656,874**	**1,683,657**	**2,467,746**	**167**	**18,635,746**	**29,444,190**
Carrying amount	**6,782,569**		**1,579,190**	**167**	**18,635,746**	**26,997,672**

2021 US$000	Bank loans, debentures and other loans	Expected future interest payments	Derivatives related to net debt	Other Derivatives	Trade and other payables	Total
Due for payment:						
In one year or less or on demand	-	264,610	60,779	121	16,127,215	16,452,725
In more than one year but not more than two years	1,884,174	222,716	266,719	-	-	2,373,609
In more than two years but not more than three years	666,027	185,949	95,287	-	734,413	1,681,676
In more than three years but not more than four years	943,496	140,110	131,753	-	-	1,215,359
In more than four years but not more than five years	-	129,839	28,926	-	323,350	482,115
In more than five years	4,061,663	1,246,217	585,490	-	3,700,115	9,593,485
Total	7,555,360	2,189,441	1,168,954	121	20,885,093	31,798,969
Carrying amount	8,641,632		588,388	121	20,885,093	30,115,234

14 Financial risk management (continued)

Recognition and measurement

All financial assets and liabilities, other than derivatives, are initially recognised at the fair value of consideration paid or received, net of transaction costs as appropriate. Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs.

Financial assets are subsequently carried at fair value or amortised cost based on:

- the Company's purpose, or business model, for holding the financial asset; and
- whether the financial asset's contractual terms give rise to cash flows that are solely payments of principal and interest.

The resulting financial statements classifications of financial assets can be summarised as follows:

Contractual cash flows	Business model	Category
Solely principal and interest	Hold in order to collect contractual cash flows	Amortised cost
Solely principal and interest	Hold in order to collect contractual cash flows and sell	Fair value through other comprehensive income
Solely principal and interest	Hold in order to sell	Fair value through profit or loss
Others	Any of those mentioned above	Fair value through profit or loss

Solely principal and interest refers to the Company receiving returns only for the time value of money and the credit risk of the counterparty for financial assets held. The main exception for the Company is its derivatives which are measured at fair value through the income statement under IFRS 9.

With the exception of derivative contracts, the Company's financial liabilities are classified as subsequently measured at amortised cost.

The Company may in addition elect to designate certain financial assets or liabilities at fair value through profit or loss or to apply hedge accounting where they are not mandatorily held at fair value through profit or loss.

Derivatives and hedge accounting

Derivatives are included within financial assets or liabilities at fair value through profit or loss unless they are designated as effective hedging instruments. Financial instruments in this category are classified as current if they are due or expected to be settled within 12 months otherwise they are classified as non-current.

14 Financial risk management (continued)

Derivatives and hedging (continued)

Where hedge accounting is applied, at the start of the transaction, the Company documents the type of hedge, the relationship between the hedging instrument and hedged items and its risk management objective and strategy for undertaking various hedge transactions. The documentation also demonstrates that the hedge is expected to be effective.

The Company applies the following types of hedge accounting to its derivatives hedging the interest rate and currency risks in its notes and debentures:

- Fair value hedges - the fair value gain or loss on interest rate and cross currency swaps relating to interest rate risk, together with the change in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised immediately in the income statement. If the hedge no longer meets the criteria for hedge accounting, the fair value adjustment on the note or debenture is amortised to the income statement over the period to maturity using a recalculated effective interest rate.
- Cash flow hedges – changes in the fair value of cross currency interest rate swaps which hedge foreign currency cash flows on the notes and debentures are recognised directly in other comprehensive income and accumulated in the cash flow hedging reserve. To the extent a hedge is ineffective, changes in fair value are recognised immediately in the income statement.

  When a hedging instrument expires, or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is amortised to the income statement over the period to the hedged item's maturity.

When hedged, the Company hedges the full notional value of notes or debentures. However, certain components of the fair value of derivatives are not permitted under IFRS 9/AASB 9 to be included in the hedge accounting above. Certain costs of hedging are permitted to be recognised in other comprehensive income. Any change in the fair value of a derivative that does not qualify for hedge accounting, or is ineffective in hedging the designated risk due to contractual differences between the hedged item and hedging instrument, is recognised immediately in the income statement.

The table below shows the carrying amounts of the Company's notes and debentures by currency and the derivatives which hedge them:

- The carrying amount of the notes and debentures includes foreign exchange remeasurement to period end rates and fair value adjustments when included in a fair value hedge.
- The breakdown of the hedging derivatives includes remeasurement of foreign currency notional values at period end rates, fair value movements due to interest rate risk, foreign currency cash flows designated into cash flow hedges, costs of hedging recognised in other comprehensive income, ineffectiveness recognised in the income statement and accruals or prepayments.
- The hedged value of notes and debentures includes their carrying amounts adjusted for the offsetting derivative fair value movements due to foreign currency and interest rate risk remeasurement.

14 Financial risk management (continued)

Derivatives and hedging (continued)

The following table shows a reconciliation of the components of equity and an analysis of the movements in reserves for all hedges.

2022 US$000	**Carrying amount of notes and debentures**	**Fair value of derivatives: Foreign exchange notional at spot rates**	**Interest rate risk**	**Recognised in cash flow hedging reserve**	**Recognised in cost of hedging reserve**	**Recognised in the income statement**	**Accrued cash flows**	**Total**	**Hedged value of notes and debentures**
	A	**B**	**C**	**D**	**E**	**F**	**G**	**B to G**	**A+B+C**
GBP	**2,659,982**	**796,540**	**(175,718)**	**(24,493)**	**13,275**	**(54,258)**	**91,602**	**646,948**	**3,280,804**
EUR	**3,547,328**	**585,278**	**13,703**	**(21,335)**	**8,265**	**(107,053)**	**144,745**	**623,603**	**4,146,309**
CAD	**575,259**	**166,776**	**5,115**	**(7,031)**	**5,356**	**(2,621)**	**(738)**	**166,857**	**747,150**
Total	**6,782,569**	**1,548,594**	**(156,900)**	**(52,859)**	**26,896**	**(163,932)**	**235,609**	**1,437,408**	**8,174,263**

The weighted average interest rate payable is USD LIBOR + 1.71%.

2021 US$000	Carrying amount of notes and debentures	Fair value of derivatives: Foreign exchange notional at spot rates	Interest rate risk	Recognised in cash flow hedging reserve	Recognised in cost of hedging reserve	Recognised in the income statement	Accrued cash flows	Total	Hedged value of notes and debentures
	A	B	C	D	E	F	G	B to G	A+B+C
GBP	3,446,619	434,889	(603,631)	(52,127)	25,174	(132,915)	82,202	(246,408)	3,277,877
EUR	4,569,363	72,893	(501,560)	(36,365)	27,102	(118,557)	133,922	(422,565)	4,140,696
CAD	625,650	142,326	(21,113)	(28,491)	25,543	(2,415)	(2,049)	113,801	746,863
Total	8,641,632	650,108	(1,126,304)	(116,983)	77,819	(253,887)	214,075	(555,172)	8,165,436

The weighted average interest rate payable is USD LIBOR + 1.71%.

14 Financial risk management (continued)

Interest Rate Benchmark Reform

IBOR reform impacts the Group's cross currency and interest rate swaps, which reference 3-month US LIBOR, and the associated hedge accounting. The SOFR benchmark rate is being widely adopted by market participants as the replacement for US LIBOR in new contracts. However, a number of US LIBOR settings, including 3-month US LIBOR, will continue to be published until 30 June 2023. Accordingly, absent of any agreement with counterparties to transition to an alternative risk-free rate before this date, the Company's existing cross currency and interest rate swaps with maturity dates beyond 30 June 2023 will only transition to ARR once US LIBOR publication ceases. As at 30 June 2022, the Company has not transitioned any of its existing cross currency and interest rate swaps to alternative risk-free rates, however it is expecting to commence active transition of the existing cross currency and interest rate swaps portfolio to alternative benchmark rates during FY2023.

The following table shows the notional value of the Company's hedging instruments that are expected to expire before 30 June 2023.

Hedging instrument	Notional currency	Notional value US$000	Notional value to mature before LIBOR expires FY2023
Interest rate swaps	USD	**8,985**	**748**
Cross-currency interest rate swaps	EUR	**3,187**	**404**
	GBP	**1,673**	**923**
	Total	**13,845**	**2,075**

In addition, the Company has other arrangements which reference 3 month US LIBOR benchmarks and extend beyond 2022.

The Company has previously adopted amendments to IFRS 9 and IFRS 7 in relation to IBOR Reform. These amendments provide reliefs from applying specific hedge accounting requirements to hedging arrangements directly impacted by these reforms. In particular, where changes to the Company's instruments arise solely as a result of IBOR reform and do not change the economic substance of the Company's arrangements, the Company is able to maintain its existing hedge relationships and accounting. The Company has continued to apply these reliefs, resulting in no impact on the Company's hedge accounting. Upon transition to alternative risk-free rates, the Company will seek to apply further reliefs in IFRS 9 and continue to apply hedge accounting to its hedging arrangements.

14 Financial risk management (continued)

Movements in reserves relating to hedge accounting

The following table shows a reconciliation of the components of equity and an analysis of the movements in reserves for all hedges.

	Cash flow hedging reserve			**Cost of hedging reserve**			
2022 **US$000**	**Gross**	**Tax**	**Net**	**Gross**	**Tax**	**Net**	**Total**
At the beginning of the financial year	**116,983**	**(35,095)**	**81,888**	**(77,819)**	**23,346**	**(54,473)**	**27,415**
Add: Change in fair value of hedging instrument recognised in OCI	**(893,809)**	**268,143**	**(625,666)**	**-**	**-**	**-**	**(625,666)**
Less: Reclassified from reserves to interest expense – recognised through OCI	**829,685**	**(248,905)**	**580,780**	**50,923**	**(15,277)**	**35,646**	**616,426**
At the end of the financial year	**52,859**	**(15,857)**	**37,002**	**(26,896)**	**8,069**	**(18,827)**	**18,175**

	Cash flow hedging reserve			Cost of hedging reserve			
2021 US$000	Gross	Tax	Net	Gross	Tax	Net	Total
At the beginning of the financial year	77,820	(23,346)	54,474	(32,643)	9,793	(22,850)	31,624
Add: Change in fair value of hedging instrument recognised in OCI	831,496	(249,449)	582,047	-	-	-	582,047
Less: Reclassified from reserves to interest expense – recognised through OCI	(792,333)	237,700	(554,633)	(45,176)	13,553	(31,623)	(586,256)
At the end of the financial year	116,983	(35,095)	81,888	(77,819)	23,346	(54,473)	27,415

14 Financial risk management (continued)

Fair value measurement

The carrying amount of financial assets and liabilities measured at fair value is principally calculated based on inputs other than quoted prices that are observable for these financial assets or liabilities, either directly (i.e. as unquoted prices) or indirectly (i.e. derived from prices). Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Company's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates.

The inputs used in fair value calculations are determined by the relevant segment or function. The functions support the assets and operate under a defined set of accountabilities authorised by the Executive Leadership Team. Movements in the fair value of financial assets and liabilities may be recognised through the income statement or in other comprehensive income according to the designation of the underlying instrument.

For financial assets and liabilities carried at fair value, the Company uses the following to categorise the inputs to the valuation method used based on the lowest level input that is significant to the fair value measurement as a whole:

IFRS 13 Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**
Valuation inputs	Based on quoted prices (unadjusted) in active markets for identical financial assets and liabilities.	Based on inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly (i.e. as unquoted prices) or indirectly (i.e. derived from prices).	Based on inputs not observable in the market using appropriate valuation models, including discounted cash flow modelling.

14 Financial risk management (continued)

Financial assets and liabilities

	IFRS 13 Fair value hierarchy Level	IFRS 9/AASB 9 Classification	2022 US$'000	2021 US$'000
Fair value hierarchy [1]				
Current cross currency and interest rate swaps	2	Fair value through profit or loss	**141,782**	1,143,560
Other derivative contracts	2	Fair value through profit or loss	**133,453**	8,478
Total other financial assets			**275,235**	1,152,038
Cash and cash equivalents		Amortised cost	**6,828,146**	3,239,313
Trade and other receivables		Amortised cost	**19,958,662**	25,971,547
Total financial assets			**27,062,043**	30,362,898
Non-financial assets			**54,145**	29,262
Total assets			**27,116,188**	30,392,160
Cross currency and interest rate swaps	2	Fair value through profit or loss	**1,579,190**	588,388
Other derivative contracts	2	Fair value through profit or loss	**167**	121
Total other financial liabilities			**1,579,357**	588,509
Trade and other payables		Amortised cost	**18,635,746**	20,885,093
Notes and debentures [2]		Amortised cost	**6,782,569**	8,641,632
Total financial liabilities			**26,997,672**	30,115,234
Non-financial liabilities			**-**	-
Total liabilities			**26,997,672**	30,115,234

(1) All of the Company's financial assets and financial liabilities recognised at fair value were valued using market observable inputs categorised as Level 2.
(2) All interest bearing liabilities are listed bonds and unsecured.

For financial instruments that are carried at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period. There were no transfers between categories during the period.

14 Financial risk management (continued)

Offsetting financial assets and liabilities

The Company enters into money market deposits and derivative transactions under International Swaps and Derivatives Association master netting agreements that do not meet the criteria in IAS 32 'Financial Instruments: Presentation' for offsetting, but allow for the related amounts to be set-off in certain circumstances. The amounts set out as cross currency and interest rate swaps in the table above represent the derivative financial assets and liabilities of the Company that may be subject to the above arrangements and are presented on a gross basis.

15 Cash and cash equivalents

For the purpose of the cash flow statement, cash equivalents include highly liquid investments that are readily convertible to cash and with a maturity of less than 180 days, and net of bank overdrafts.

Cash and cash equivalents include balances denominated in the following currencies:

	2022 US$'000	2021 US$'000
USD	**3,471,017**	2,667,187
EUR	**1,887**	1,265
GBP	**1,769**	2,016
AUD	**3,352,714**	568,051
CAD	**759**	794
Total cash and cash equivalents	**6,828,146**	3,239,313

16 Related party transactions

Ultimate parent entity

The ultimate parent entity of the Company is BHP Group Limited, which as at 30 June 2022 owns 100% (2021: 100%) of the issued ordinary shares of the Company.

Subsidiaries

The Company holds no interests in subsidiaries as at 30 June 2022 (2021: nil).

Transactions with related parties

	2022 US$'000	2021 US$'000
Transactions with related parties		
Guarantee fees income [a]	**4,625**	7,794

(a) Guarantee fees income is in respect of bank guarantees provided to related parties.

16 Related party transactions (continued)

Outstanding balances arising from interest received/paid on loans and borrowings with related parties.

	2022 US$'000	2021 US$'000
Outstanding balances with related parties		
Accrued interest receivable from related parties [(a)]	**5,718**	69
Accrued interest payable to related parties	**(44,515)**	(44,736)
Income tax receivable by ultimate parent on behalf of the Company	**91,527**	153,928
Withholding tax receivable	**3,017**	3,009
Derivative contracts – related party [(b)]	**(1,304,122)**	563,529

(a) Accrued interest is in respect of related party loans for which interest payable has not been capitalised to the carrying amount of the loan.

(b) Derivative contracts are cross currency swaps and forward exchange contracts taken with related parties to hedge foreign exchange and interest rate risk exposures on related party funding structures and to fund AUD operating costs.

Loans to/(from) related parties

	2022 US$'000	2021 US$'000
Loans to related parties[(1)]		
Beginning of the year	**25,814,541**	40,295,155
Loans advanced	**5,545,940**	2,638,085
Loans repayment received	**(11,522,975)**	(17,549,782)
Interest received	**(199,015)**	(10,325)
Interest charged	**217,007**	291,727
Expected credit recovered	**2,902**	149,681
End of year	**19,858,400**	25,814,541
Loans from ultimate parent		
Beginning of the year	**(3,201,836)**	(5,875,965)
Loan repayments made	**2,372,162**	2,679,738
Interest charged	**(713)**	(6,511)
Interest paid	**13,485**	1,347
Foreign exchange revaluation	**385**	(445)
End of year	**(816,517)**	(3,201,836)

16 Related party transactions (continued)

	2022 US$'000	2021 US$'000
Loans from related parties[1]		
Beginning of the year	**(17,491,358)**	(26,217,072)
Loan repayments made	**7,038,752**	11,338,718
Loans received	**(7,227,866)**	(2,358,141)
Interest charged	**(34,819)**	(312,917)
Interest paid	**68,811**	58,054
Foreign exchange revaluation	**(9)**	-
End of year	**(17,646,489)**	(17,491,358)
Total net loans to related parties	**1,395,394**	5,121,347

Reconciliation of loans to/(from) related parties:

	2022 US$'000	2021 US$'000
Current receivables from related parties - interest bearing (Note 7)	**9,844,286**	5,518,677
Non-current receivables from related parties - interest bearing (Note 7)	**10,014,114**	20,295,864
Total loans to related parties	**19,858,400**	25,814,541
Loans from ultimate parent entity (Note 9)	**(816,517)**	(3,201,836)
Total loans from ultimate parent entity	**(816,517)**	(3,201,836)
Current loans from other related parties (Note 9)	**(12,888,611)**	(12,733,480)
Non-current loans from other related parties (Note 9)	**(4,757,878)**	(4,757,878)
Total loans to related parties	**(17,646,489)**	(17,491,358)
Total net loans to related parties	**1,395,394**	5,121,347

(1) Related Parties comprise subsidiary members of the Group.

Terms and conditions

Interest received/paid on loans and borrowings are made in arm's length transactions at normal market prices and on normal commercial terms.

Outstanding balances at year end are unsecured and settlement occurs in cash.

Transactions with key management personnel

The directors are personnel of the BHP Group who are not remunerated by the BHP Group for their services as directors.

17 Segment reporting

The Company operates in a single segment, being financial services in Australia. The segment information considered by the Management is consistent with the Company's profit or loss as recorded in the Company's income statement. The Company's finance income is principally derived from the provision of finance to related corporations.

18 Subsequent events

On 28 September 2022, the Group announced that in accordance with its group strategy and strong liquidity position, it will exercise its contractual option to redeem and cancel the £600,000,000 6.25 per cent subordinated fixed rate reset notes (the 'Notes'). The notes were issued by the Company and due in 2077. The notes had a carrying amount of US$723,349 thousand and classified as a current interest-bearing liability as at 30 June 2022.

19 Auditor's remuneration

Fees for services rendered by the company's auditor, Ernst & Young, in relation to the statutory audit are borne by a related entity.

20 Contingent liabilities

There were no contingent liabilities at 30 June 2022 (2021: US$nil).

21 Commitments

There were no commitments at 30 June 2022 (2021: US$nil).

1 In the opinion of the directors of BHP Billiton Finance Limited ("the Company"):

(a) the financial statements and notes that are contained on pages 7 to 37 are in accordance with the Australian Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The directors draw attention to Note 1 to the financial statements, which include a statement of compliance with International Financial Reporting Standards and Australian Accounting Standards.

Signed in accordance with a resolution of the directors:

Bradford Paul Aldred Smith
Director

Dated at Melbourne this 18 day of October 2022

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Independent auditor's report to the members of BHP Billiton Finance Limited

Opinion

We have audited the financial report of BHP Billiton Finance Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner
Sydney
18 October 2022