bhpbilliton

Resourcing global growth
Strategic Report 2015

Our Charter

We are BHP Billiton, a leading global resources company.

Our purpose is to create long-term shareholder value through the discovery, acquisition, development and marketing of natural resources.

Our strategy is to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market.

Our Values

Sustainability
Putting health and safety first, being environmentally responsible and supporting our communities.

Integrity
Doing what is right and doing what we say we will do.

Respect
Embracing openness, trust, teamwork, diversity and relationships that are mutually beneficial.

Performance
Achieving superior business results by stretching our capabilities.

Simplicity
Focusing our efforts on the things that matter most.

Accountability
Defining and accepting responsibility and delivering on our commitments.

We are successful when:

Our people start each day with a sense of purpose and end the day with a sense of accomplishment.

Our communities, customers and suppliers value their relationships with us.

Our asset portfolio is world-class and sustainably developed.

Our operational discipline and financial strength enables our future growth.

Our shareholders receive a superior return on their investment.

Andrew Mackenzie

Andrew Mackenzie
Chief Executive Officer

BHP Billiton Limited. ABN 49 004 028 077. Registered in Australia. Registered office: 171 Collins Street, Melbourne, Victoria 3000, Australia. BHP Billiton Plc. Registration number 3196209. Registered in England and Wales. Registered office: Neathouse Place, London SW1V 1LH, United Kingdom. Each of BHP Billiton Limited and BHP Billiton Plc is a member of the BHP Billiton Group, which is headquartered in Australia. BHP Billiton is a Dual Listed Company structure comprising BHP Billiton Limited and BHP Billiton Plc. The two entities continue to exist as separate companies but operate as a combined Group known as BHP Billiton.

The headquarters of BHP Billiton Limited and the global headquarters of the combined BHP Billiton Group are located in Melbourne, Australia. BHP Billiton Plc is located in London, United Kingdom. Both companies have identical Boards of Directors and are run by a unified management team. Throughout this publication, the Boards are referred to collectively as the Board. Shareholders in each company have equivalent economic and voting rights in the BHP Billiton Group as a whole.

Throughout this Strategic Report, the terms BHP Billiton, the Company and the Group refer to the combined group, including both BHP Billiton Limited and subsidiary companies and BHP Billiton Plc and subsidiary companies.

1 Strategic Report

Contents

1.1 Chairman's Review

Dear Shareholder

In the past year, we have seen continued growth in the global economy despite significant drops in commodity prices and volatility in currency and financial markets.

At last year's Annual General Meetings I said, 'Events this year (FY2014) have been a reminder of how uncertain and volatile politics and economics can be'. This year, those trends have accelerated. While this level of uncertainty in the global economy can be unsettling, for over 130 years your Company has demonstrated the ability to successfully overcome difficult challenges.

Against this backdrop, in FY2015 we set production records across many of our operations. This, combined with a focus on productivity, offset some of the downturn in commodity prices. While our financial performance was impacted by market conditions, continued improvements in operational performance, productivity and higher production produced an Attributable profit of US$1.9 billion and Net operating cash flows of US$19.3 billion. We increased our full-year dividend by two per cent to 124 US cents per share. This is in addition to the pro rata, in-specie distribution of South32 shares to eligible shareholders during the year.

Your Company is in a strong financial position. We have lower debt, a strong balance sheet and solid cash flows. While we are taking an even more focused approach to capital allocation, we continue to invest in those projects that we expect to provide superior long-term returns. The focus on simplification and productivity saw the demerger of South32 in May 2015. This transaction significantly simplified our portfolio, enabling us to focus on generating more value from our large-scale, high-quality assets while allowing shareholders continued ownership of South32's operations.

Tragically five of our colleagues died at work in FY2015. On behalf of the Board, I extend my deepest sympathy to their families and friends. Your Directors and your management team are committed to a safe workplace.

BHP Billiton is a global company that values our host communities. Our tax payments are just one part of the contribution we make to the communities in which we operate. We paid more than US$7.3 billion to governments worldwide in 2015. BHP Billiton is one of Australia's largest taxpayers. In addition, we invested more than US$225 million in local communities across the world on projects that include improving access to education and healthcare.

Climate change remains a strategic consideration for your Board. We understand the importance of reducing the Company's greenhouse gas emissions and ensuring the resilience of our business. Policy measures are also needed to effect reductions in emissions. We are contributing to practical and effective policy development and supporting the efforts of nations to reach a global agreement in Paris in December 2015.

It is with profound sadness that the Board pays tribute to Sir John Buchanan after his passing in July 2015. Sir John served as a Non-executive Director of BHP Billiton from 2003 up until the time of his death and was the Senior Independent Director of BHP Billiton Plc. Sir John provided wise counsel to his fellow Directors and to management and we will miss him greatly – both personally and for his invaluable contribution as a Director.

I would also like to thank Keith Rumble and Carlos Cordeiro for their valuable contribution over the years. Keith Rumble retired from the Board in May this year, while Carlos Cordeiro will retire after the Annual General Meetings later this year. In line with our planned approach to Board succession, we appointed Anita Frew to the Board as a Non-executive Director with effect from 15 September 2015. Anita's depth of experience in strategic and risk management, marketing and governance across a broad range of sectors will enable her to make a significant contribution to the Board. We also announced that Shriti Vadera will assume the role of Senior Independent Director of BHP Billiton Plc.

The results you will read about in this Report are due to the efforts of all our employees and contractors, led by Andrew Mackenzie. Through their efforts, your Company contributes to stronger economies and improved living standards around the world. Your Board is confident in the outlook for BHP Billiton and we thank you for your continued support of the Company.

Jac Nasser AO
Chairman

1.2 Chief Executive Officer's Report

BHP Billiton delivered a solid set of results in FY2015, based on strong operating performance and improved productivity against a backdrop of a volatile global economy and lower commodity prices.

Our FY2015 safety performance was disappointing. While we improved total recordable injury frequency performance by two per cent to 4.1 injuries per million hours worked, five colleagues died at work. It is with deep sadness that I extend my condolences to their families, friends and workmates. Safety is unquestionably my first priority, as it is for everyone at BHP Billiton. I am working with all the leaders of BHP Billiton and we have implemented a Company-wide program of engagement to make our workplaces safer than ever before.

In FY2015, the focus on best-in-class performance across our operations delivered productivity gains of US$4.1 billion, two years ahead of target. Iron Ore and Metallurgical Coal achieved annual production records, with increases of 14 per cent and 13 per cent respectively, Petroleum production increased by four per cent and Copper production was flat following the unplanned mill outage at Olympic Dam. This resulted in an overall Group production increase of nine per cent on a copper equivalent basis.

Improved operational productivity has generated strong cash flow to fund the progressive dividend, maintain a solid 'A' credit rating and allow us to continue to invest in growth. Further operational productivity will stretch the capacity of existing operations to safely increase volumes at very low cost, and increased capital productivity will reduce the cost of investments. In FY2015, we reduced capital and exploration expenditure to US$11 billion and expect this to decline to US$8.5 billion in FY2016. We have unique, high-return growth opportunities within the portfolio, and our cash flows and disciplined capital management structure will allow us to progress these when the time is right.

In May 2015, we completed the demerger of South32 to create a more focused portfolio for BHP Billiton. This simpler portfolio of assets, with more similar characteristics, allows a sharper focus on the Businesses that generate the majority of our earnings, and increases the potential for further productivity gains and shareholder value. Post-demerger, BHP Billiton's strategy remains unchanged and *Our Charter* values of Sustainability, Integrity, Respect, Performance, Simplicity and Accountability will continue to define and guide us.

Local partnerships continue to be an integral part of our business. In FY2015, we contributed US$225 million to programs that will have a positive impact on the quality of life for people in our host communities. This year, we developed a new BHP Billiton Social Investment Framework to build a stronger linkage between our business and the communities that support and host us. The framework has identified three areas of sustainable development that will form the basis of future investments: governance, environment, and human capability and social inclusion.

Climate change considerations remain central to planning and execution. We are taking action to reduce emissions, build the resilience of our operations and supply chains, and work with others to support effective policy development. We are exploring opportunities to invest in low-emission technologies such as carbon capture and storage and battery storage.

We are proud to have publicly committed our support for the recognition of Australia's Aboriginal and Torres Strait Islander Peoples in the nation's constitution. We have strong relationships with Indigenous peoples in Australia and around the world. Our support for recognition in Australia's foundation governance document is consistent with the values underpinning the relationships we seek to have with Indigenous Australians.

Last month marked the 130th anniversary of the establishment of the Broken Hill Proprietary Company. The longevity of BHP Billiton is a tribute to the enduring innovation, passion and commitment that has supported our rise from a single operation on a remote sheep station in western New South Wales, Australia to a Company operating across the globe.

We will build upon this inheritance by making sure we continue to have the very best people working with the best assets in the best commodities. We remain confident that focus on best-in-class performance, unrivalled asset quality, diversification and investment in high-return projects, will create long-term value through the cycle and deliver superior returns to our shareholders.

In everything we do, we are motivated by the knowledge that the commodities we produce are central to global economic growth and development. Every employee of BHP Billiton is proud of the role the Company plays in supporting the supply of the resources necessary to improve living standards and social progress.

I would like to extend my sincere thanks to our suppliers, customers, host communities and shareholders. I would especially like to thank the employees and contractors whose contributions help BHP Billiton reach its potential, and whose commitment to step up and deliver their best makes me very proud to be part of this great Company.

Andrew Mackenzie
Chief Executive Officer

1.3 Our Company

We are BHP Billiton, a leading global resources company. We are among the world's top producers of major commodities, including iron ore, metallurgical coal, copper and uranium, and have substantial interests in conventional and unconventional oil and gas and energy coal.

1.3.1 Group overview

Our strategy is to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market. Our diversified portfolio of high-quality assets gives us resilience and flexibility to enhance value throughout the commodity cycle.

We extract and process minerals, oil and gas from our production operations located primarily in Australia and the Americas. We sell our products globally with sales and marketing taking place principally through Singapore and Houston, United States. As at 30 June 2015, our workforce consisted of approximately 80,000 employees and contractors.

During FY2015, we demerged a selection of BHP Billiton's alumina, aluminium, coal, manganese, nickel, silver, lead and zinc assets into a new company, South32.

The safety and health of our people and of the broader communities in which we operate are central to the success of our organisation. Regardless of where our people are located, the area of the organisation in which they work or the type of work they undertake, we strive to create an environment that is free from fatality, injury or occupational illness.

The long-term nature of our operations allows us to build collaborative community relationships. Our size and scope mean we can make a meaningful contribution to communities in which we operate. We aim to maximise the economic and social benefits of our operations to contribute to global economic development, while minimising our environmental footprint, for example through innovation, productivity and technology.

We have strong governance processes in place, high standards of ethical and responsible behaviour, and we are an active contributor to societal development. We care as much about how results are achieved as we do about the results themselves.

1.3.2 Our structure

BHP Billiton operates under a Dual Listed Company (DLC) structure, with two parent companies BHP Billiton Limited and BHP Billiton Plc operated as a single economic entity, run by a unified Board and management team. Our headquarters are located in Melbourne, Australia.

BHP Billiton Limited has a primary listing on the Australian Securities Exchange (ASX) in Australia. BHP Billiton Plc has a premium listing on the UK Listing Authority's Official List and its ordinary shares are admitted to trading on the London Stock Exchange (LSE) in the United Kingdom and a secondary listing on the Johannesburg Stock Exchange (JSE) in South Africa. In addition, BHP Billiton Limited American Depositary Receipts (ADRs) and BHP Billiton Plc ADRs trade on the New York Stock Exchange (NYSE) in the United States.

Our Operating Model describes the way the Company is organised and sets out the relationship between the Businesses, Group Functions and Marketing. The Operating Model defines how we work, how we are organised and how we measure performance.

- **Businesses**: Our assets, operations and interests are separated into four business units. These Businesses are: Petroleum and Potash; Copper; Iron Ore; and Coal. The Operating Model has been designed to ensure that decision-making remains as close to the Businesses as possible.
- **Group Functions**: Group Functions support the Businesses and operate under a defined set of accountabilities authorised by the Group Management Committee (GMC). Our Group Functions are primarily located in Melbourne, London and Singapore.
- **Marketing**: Marketing is responsible for securing sales of our product; realising the full value of our products; managing the supply chain from resources to markets; supporting strategic decision-making through market insights; minimising operating costs and optimising working capital.

The core principles of the Operating Model include mandatory performance requirements, common organisational design, common systems and processes, and common planning and reporting.

The Operating Model is designed to deliver a simple and scalable organisation to achieve a sustainable improvement in productivity by providing performance transparency, eliminating duplication of effort and enabling the more rapid identification and deployment of best practice.

1.3.3 Strategic context

Across the globe, communities are experiencing transformational change – economically, socially, technologically and environmentally. As these accelerate and interconnect, they create opportunities for innovation and improvement. We aim to be at the forefront of these shifts and provide the resources needed to turn change into positive development.

We supply the mineral and energy commodities that are crucial for all stages of economic growth. Emerging economies require construction materials like steel as their populations expand and new cities and heavy industry develop. As economies grow and people become wealthier, a consumer economy emerges and steel intensity slows while demand increases for materials that are used in consumer goods, such as copper. Increased income leads to a demand for agricultural commodities, including potash. The products in our portfolio are the raw materials that fuel change and support an improvement in living standards for people in many parts of the world.

While short-term demand for commodities has moderated, our global energy needs are expected to increase by around 30 per cent in the next 20 years. Around two thirds of new demand will originate from Asia, with the majority from China and India. Sub-Saharan Africa is expected to see the fastest growth, albeit from a lower base.

By 2030, around 50 per cent of newly installed electricity capacity in China and India is expected to be renewable energy. However, even with the strong growth in renewables, the energy supply mix in these two Asian giants is expected to continue to be dominated by oil, coal and gas.

Independent bodies such as the International Energy Agency believe that over the next few decades, fossil fuels will remain central to the energy mix as their affordability and the scale of existing infrastructure often make them hard to practically replace, although their exact percentage varies across a range of scenarios.

We think and plan in decades and generations, and we have long recognised that sustainable growth requires an effective response to climate change. Responding to climate change is a priority Board governance and strategic issue for our Company. BHP Billiton accepts the IPCC's assessment of climate change science, which has found that warming of the climate is unequivocal, the human influence is clear and physical impacts are unavoidable. We believe that the world must pursue the twin objectives of limiting climate change to the lower end of the IPCC emission scenarios in line with current international agreements, while providing access to reliable and affordable energy to support economic development and improved living standards.

Our strategic approach to climate change is underpinned by engagement with policy makers and other stakeholders, including investors, companies and non-government organisations. Industry has a key role to play in climate change policy development by working with governments and other stakeholders to inform the development of an effective, long-term policy framework that delivers a measured transition to a low carbon economy. BHP Billiton believes that any such policy framework should include a complementary set of measures, including a price on carbon, support for low-emissions technologies and measures to build resilience.

1.3.4 FY2015 performance summary

Two per cent reduction
Total recordable injury frequency.[1]
Five work-related fatalities.

US$108 billion
Market capitalisation as at 30 June 2015.

US$44.6 billion
Revenue from Continuing operations decreased by 21 per cent.

US$19.3 billion
Net operating cash flows[2] decreased by 24 per cent.

35.9 US cents
Basic earnings per ordinary share[3] decreased by 86 per cent.

124 US cents
Total dividend per share increased by two per cent.

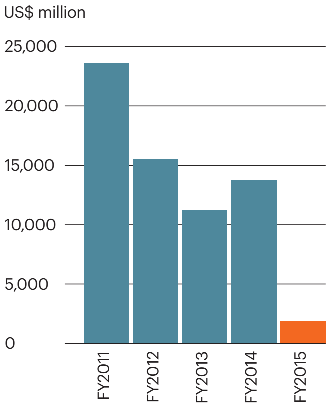
US$4.1 billion
Sustainable productivity gains[4] delivered during FY2015.

Nine per cent increase
Production increase on a copper equivalent basis in FY2015.

Six per cent reduction
Greenhouse gas emissions[5] (CO_2-e).

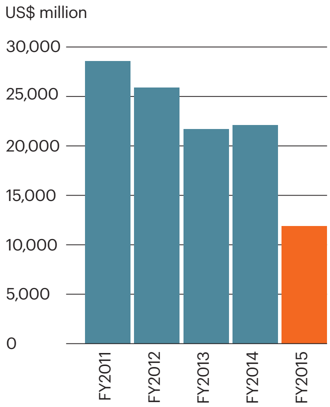
(1) Total recordable injury frequency for FY2015 includes the contribution from Continuing and Discontinued operations.
(2) Includes 'Net operating cash flows from Discontinued operations' of US$1,502 million which represents the contribution to operating cash flows from assets that were demerged with South32.
(3) Presented on a Continuing and Discontinued operations basis.
(4) Presented on a Continuing operations basis to exclude the contribution from assets that were demerged with South32.
(5) Greenhouse gas (GHG) emissions from demerged South32 assets are included in FY2015 total GHG emissions (estimated between the date of demerger and 30 June 2015).

Attributable profit[1]
US$1.9 billion



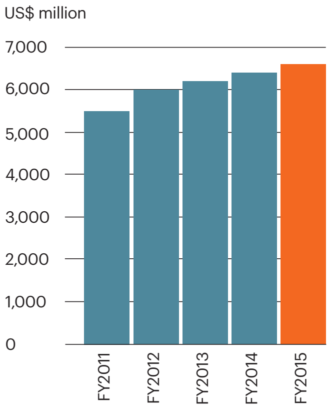
(1) Includes data for Continuing and Discontinued operations for the financial years being reported.

Underlying EBIT[1]
US$11.9 billion

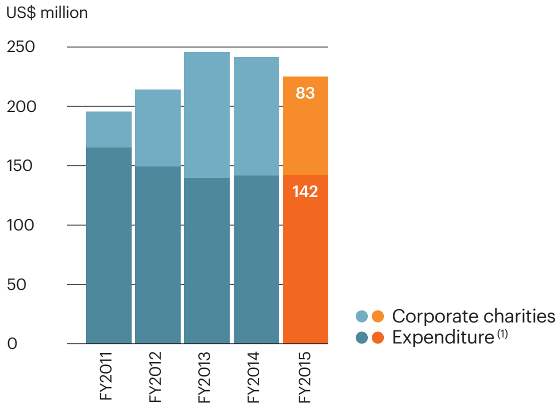


(1) Excludes data from Discontinued operations for the financial years being reported.

Dividends determined
US$6.6 billion



Community investment
US$225 million



(1) Includes BHP Billiton's equity share for both operated and non-operated joint venture operations. Includes payments made by operations demerged with South32.

1.3.5 About this Strategic Report

This Strategic Report meets the requirements of the Strategic Reporting required by the UK Companies Act 2006 and the Operating and Financial Review required by the Australian Corporations Act 2001.

This Strategic Report provides insight into BHP Billiton's strategy, operating and business model and objectives. It describes the principal risks the Company faces and how these risks might affect our future prospects. It also gives our perspective on our recent operational and financial performance.

We intend this disclosure to assist shareholders and other stakeholders to understand and interpret the Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) included in the Annual Report 2015. The basis of preparation of the Consolidated Financial Statements is set out in note 41 'Basis of preparation and measurement' to the Financial Statements in the Annual Report 2015. To obtain full details of the financial and operational performance of BHP Billiton this Strategic Report should be read in conjunction with the Consolidated Financial Statements and accompanying notes.

We have excluded certain information from this Strategic Report, to the extent permitted by UK and Australian law, on the basis that it relates to impending developments or matters in the course of negotiation and disclosure would be seriously prejudicial to the interests of the Group. This is because such disclosure could be misleading due to the fact it is premature or preliminary in nature, relates to commercially sensitive contracts, would undermine confidentiality between the Group and its suppliers and clients, or would otherwise unreasonably damage the business. The categories of information omitted include forward looking estimates and projections prepared for internal management purposes, information regarding the Group's assets and projects which is developing and susceptible to change, and information relating to commercial contracts and pricing modules.

Section 1 of the Annual Report 2015 constitutes our Strategic Report 2015. References to sections beyond section 1 are references to sections in the Annual Report 2015. Shareholders may obtain a hard copy of the Annual Report free of charge by contacting our Share Registrars, whose details are set out in our Corporate Directory at the end of the Annual Report 2015.

The Annual Report 2015 is available online at *www.bhpbilliton.com.*

1.3.6 Forward looking statements

This Strategic Report contains forward looking statements, including statements regarding trends in commodity prices and currency exchange rates; demand for commodities; production forecasts; plans, strategies and objectives of management; closure or divestment of certain operations or facilities (including associated costs); anticipated production or construction commencement dates; capital costs and scheduling; operating costs; anticipated productive lives of projects, mines and facilities; provisions and contingent liabilities; and tax and regulatory developments.

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

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 Strategic Report. Readers are cautioned not to put undue reliance on forward looking statements.

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

Other factors that may affect the actual construction or production commencement dates, costs or production output and anticipated lives of operations, mines or facilities include our ability to profitably produce and transport the minerals, petroleum and/or metals extracted to applicable markets; the impact of foreign currency exchange rates on the market prices of the minerals, petroleum or metals we produce; activities of government authorities in the countries where we are exploring or developing projects, facilities or mines, including increases in taxes, changes in environmental and other regulations and political uncertainty; labour unrest; and other factors identified in the risk factors set out in section 1.7.2 of this Strategic Report.

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

Past performance cannot be relied on as a guide to future performance.

1.3.7 Completed demerger of assets

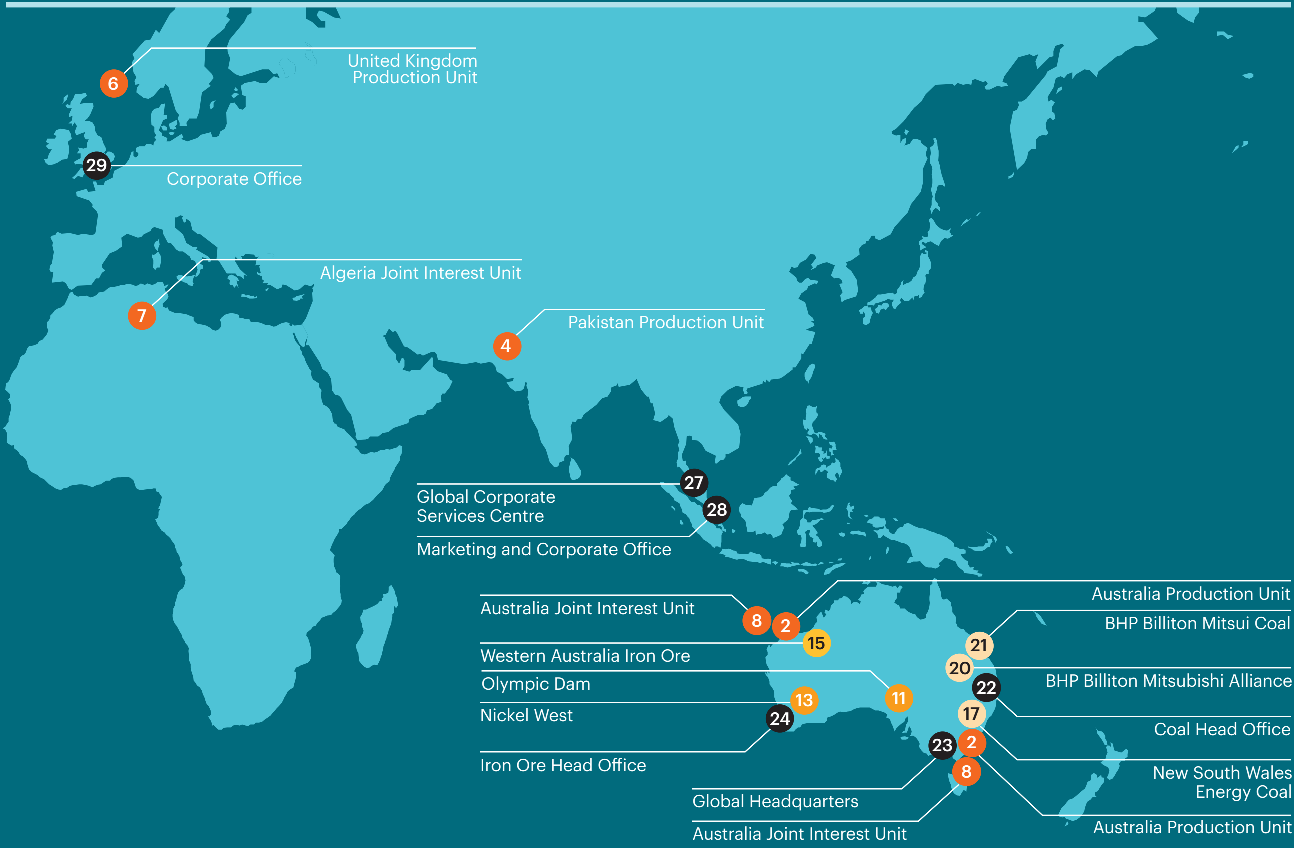
In August 2014, we announced our intention to create a new company through the demerger of a selection of assets that included BHP Billiton's interest in its integrated Aluminium business, Energy Coal South Africa, Illawarra metallurgical coal, the Manganese business, the Cerro Matoso nickel operation and the Cannington silver-lead-zinc mine. After receiving shareholder approval for the demerger on 6 May 2015 (with approximately 98 per cent of votes cast being in favour), the new company, South32, was listed on the ASX as an independent company on 18 May 2015 and the formal separation of South32 from BHP Billiton was completed on 25 May 2015. Eligible BHP Billiton Limited and Plc shareholders received shares in South32 in the demerger through a pro rata, in-specie distribution, as well as retaining their existing shares in the Group.

For IFRS accounting purposes, the demerger was deemed completed as of 8 May 2015 (the date of loss of control) and the demerged assets are treated as Discontinued operations in BHP Billiton's Financial Statements. Unless otherwise stated, throughout this Strategic Report financial information for FY2015 relating to the demerged assets is reported for the period from 1 July 2014 to 8 May 2015 as Discontinued operations, while FY2015 production information relating to the demerged assets is reported for the period from 1 July 2014 to 30 April 2015 to more closely align with BHP Billiton's month-end reporting systems. Continuing operations refers to the assets that formed part of the BHP Billiton Group as at 30 June 2015.

Comparative information for the years ended 30 June 2014 and 30 June 2013 has been restated for the effects of the application of IFRS 5/AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' following the demerger of South32. The Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet and the Consolidated Statement of Changes in Equity for these periods are not required to be restated.

For more information on the South32 demerger and reporting of Continuing and Discontinued operations, refer to section 1.6.4 of this Strategic Report, and section 2.1.7 of the Annual Report 2015 and note 29 'Discontinued operations to the Financial Statements in the Annual Report 2015.

BHP Billiton locations



1.4 BHP Billiton locations

We are among the world's top producers of major commodities, including iron ore, metallurgical coal, copper and uranium, and have substantial interests in conventional and unconventional oil and gas and energy coal.

Petroleum and Potash				
Ref	**Country**	**Asset**	**Description**	**Ownership**
1	US	Onshore US	Onshore shale liquids and gas fields in Arkansas, Louisiana and Texas	<1–100%
2	Australia	Australia Production Unit	Operated offshore oil fields and onshore gas processing facilities in Western Australia and Victoria	40–90%
3	US	Gulf of Mexico Production Unit	Operated offshore oil and gas fields in the Gulf of Mexico	35–44%
4	Pakistan	Pakistan Production Unit	Operated onshore oil and gas fields	38.5%
5	Trinidad and Tobago	Trinidad and Tobago Production Unit	Operated offshore oil and gas fields	45%
6	UK	United Kingdom Production Unit	Operated offshore oil and gas fields	16–31.83%
7	Algeria	Algeria Joint Interest Unit (1)	Joint interest onshore oil and gas unit	38%
8	Australia	Australia Joint Interest Unit (1)	Joint interest offshore oil and gas fields in Bass Strait and North West Shelf	8.3–50%
9	US	Gulf of Mexico Joint Interest Unit (1)	Joint interest offshore oil and gas fields in the Gulf of Mexico	5–44%

Copper				
Ref	**Country**	**Asset**	**Description**	**Ownership**
10	Chile	Escondida	Open-cut mine and processing facilities, producing copper concentrate and copper cathode, located in northern Chile	57.5%
11	Australia	Olympic Dam	Underground mine and processing, smelting and refining facilities producing copper cathode, uranium oxide, gold and silver	100%
12	Chile	Pampa Norte	Two open-cut mines, producing copper cathode in northern Chile	100%
13	Australia	Nickel West	Integrated sulphide mining, concentrating, smelting and refining operation in Western Australia	100%
14	Peru	Antamina (1)	Open-cut copper and zinc mine, located in northern Peru	33.75%

Iron Ore				
Ref	**Country**	**Asset**	**Description**	**Ownership**
15	Australia	Western Australia Iron Ore	Integrated iron ore mines, rail and port operations in the Pilbara region of Western Australia	51–85%
16	Brazil	Samarco (1)	Open-cut iron ore mine, concentrators and pelletising facilities	50%

Coal				
Ref	**Country**	**Asset**	**Description**	**Ownership**
17	Australia	New South Wales Energy Coal	Open-cut energy coal mine and coal preparation plant in New South Wales	100%
18	US	New Mexico Coal (2)	Energy coal mines in New Mexico	100%
19	Colombia	Cerrejón (1)	Open-cut energy coal mine with integrated rail and port operations	33.3%
20	Australia	BHP Billiton Mitsubishi Alliance	Open-cut and underground metallurgical coal mines in the Bowen Basin and Hay Point Coal Terminal, Queensland	50%
21	Australia	BHP Billiton Mitsui Coal	Two open-cut metallurgical coal mines in the Bowen Basin, Central Queensland	80%

BHP Billiton principal office locations			
Ref	**Country**	**Location**	**Office**
22	Australia	Brisbane	Coal Head Office
23	Australia	Melbourne	Global Headquarters
24	Australia	Perth	Iron Ore Head Office
25	Canada	Saskatoon	Potash Head Office
26	Chile	Santiago	Copper Head Office
27	Malaysia	Kuala Lumpur	Global Corporate Services Centre
28	Singapore	Singapore	Marketing and Corporate Office
29	UK	London	Corporate Office
30	US	Houston	Petroleum Head Office
31	US	New York	Corporate Office

(1) Non-operated joint venture.
(2) Completed sale of Navajo Mine and will retain control until final transfer.

1.5 Strategy and business model

1.5.1 Our consistent strategy

Our purpose

Our corporate purpose is to create long-term shareholder value through the discovery, acquisition, development and marketing of natural resources.

Our strategy

Our strategy is to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market.

Our unique position in the resources industry is due to our proven and consistent strategy. In line with our strategy, we pursue growth opportunities consistent with our core skills of:

- evaluating, developing and extracting resources in our Businesses;
- distributing and selling our products, and managing financial risk associated with our revenue through Marketing;
- defining and governing world-class functional standards, which are implemented Group-wide through our Group Functions.

We operate in a dynamic, globally competitive environment. Our strategy has delivered strong Company performance over time which, in turn, underpins the creation of long-term sustainable value for our shareholders, customers, employees and the communities in which we operate. We aim to deliver long-term sustainable value rather than focusing on short-term returns.

Our values

In pursuing our strategy through all stages of the economic and commodity cycles, we are guided by *Our BHP Billiton Charter* values of Sustainability, Integrity, Respect, Performance, Simplicity and Accountability.

Our overriding commitment is to ensuring the safety of our people, and respecting our environment and the communities in which we work. This commitment informs everything we do and influences every aspect of our work.

Operational capability is fundamental to our strategy. It is reflected in *Our Charter*, in particular our values of Performance – achieving superior business results by stretching our capabilities, and Simplicity – focusing our efforts on the things that matter most.

Our success factors

We are successful when:

- our people start each day with a sense of purpose and end the day with a sense of accomplishment;
- our communities, customers and suppliers value their relationships with us;
- our asset portfolio is world-class and sustainably developed;
- our operational discipline and financial strength enables our future growth; and
- our shareholders receive a superior return on their investment.

1.5.2 Our business model

Exploration and evaluation → Development → Extraction, processing and transportation → Marketing and logistics

Exploration and evaluation

- **Discovery through brownfield and greenfield exploration.**
- **Evaluating our portfolio.**
- **Divestment and acquisition.**

Our portfolio of existing assets in large resource basins provides us with potential growth opportunities. This has allowed us to reduce our greenfield exploration expenditure and rationalise our brownfield exploration program. We continue to focus our greenfield exploration on copper in Chile, Peru and the southwestern United States, and conventional oil and gas, predominantly offshore in the Gulf of Mexico, Western Australia and Trinidad and Tobago. We evaluate the results of our brownfield and greenfield exploration to identify future growth projects consistent with our strategy to own and operate large, long-life, low-cost, expandable, upstream assets. We also continually evaluate our portfolio and consider divestment and acquisition opportunities.

Development

- **Evaluating and developing projects.**

The evaluation and development of large-scale resource projects generates significant value for BHP Billiton. We have a number of high-quality growth projects currently under development. We also have a large number of growth opportunities in our project pipeline in varying stages of evaluation.

In our development process, these projects progress through feasibility to execution only after internal and external approvals. Our rigorous internal review process requires projects to pass through various tollgates for internal approvals at each stage, including Board approval for major projects.

Potential expansion projects must compete for capital within BHP Billiton and approved only if they meet our strict criteria for investment.

Extraction, processing and transportation

- **Open-pit and underground mining.**
- **Extracting conventional and unconventional oil and gas.**
- **Processing and refining.**

Across our global operations, the diversification of our portfolio of assets by commodity, geography and market continues to be one of our differentiating features. Our goal is to safely operate all our assets at capacity through mining, extracting, processing and transporting commodities.

We continue to set production records at a number of assets. Through the development and use of standard operating practices and technology, we are driving efficiencies through improved capital intensity, labour productivity and increased utilisation of plant and machinery.

Our extraction and processing activities are mindful of our ongoing sustainability obligations, including rehabilitation at the end of the asset life.

Marketing and logistics

BHP Billiton's Marketing organisation is responsible for:

- **Developing the Group-wide view of the markets and future pricing.**
- **Supporting the Businesses to maximise the value of upstream resources.**
- **Managing the supply chain to customers.**
- **Achieving market clearing prices for the Group's products.**
- **Selling the Group's products and purchasing all major raw materials.**
- **Managing price risk.**

Due to its proximity to our customers in Asia, the primary hub for our marketing activities is Singapore, while our marketing of oil and gas is headquartered in Houston, United States. In addition, we have marketers located close to our customers in nine cities around the world.

Marketing's responsibilities require an active presence in the various commodities markets, the global freight market and the crude and gas pipeline transportation market, through which we manage the supply chain for our products and develop strong integrated relationships between our Businesses and our customers.

Our market insight is strengthened by the multi-commodity nature of our organisation, our proximity to our customers and the flow of information in our centralised marketing structure.

A description of our risk factors, including those that impact our business model, and our approach to risk management are presented in section 1.7 of this Strategic Report.

1.5.3 External factors and trends

Economic outlook

The global economy grew at a modest rate in FY2015 with a mild improvement in developed economies offsetting a moderation in emerging markets.

In China, a slowdown in the property sector and fixed asset investment led to lower economic growth following policy tightening in CY2014. Consumer spending remained resilient reflecting the continued rebalancing of the economy. A number of interest rate reductions, cuts in bank reserve requirements, boosts to infrastructure spending and administrative measures supporting the property market are likely to buttress growth over the remainder of CY2015. In line with our expectations, the economy is growing more slowly as it matures over the medium term and the government's reform program promotes domestic consumption over investment. We expect the authorities will continue to press ahead with reform in a cautious but sustained manner as they seek to improve the efficiency of capital allocation in the economy, while maintaining support for employment.

The US economy continued to improve despite weakness in the March 2015 quarter caused by severe weather in the northeast and a stronger US dollar. Ongoing strength in the labour market, rising disposable incomes, higher equity markets and improved housing prices supported consumer demand. After a period in which businesses failed to respond to improved economic conditions and higher levels of profitability, corporate investment has begun to show signs of recovery. The Federal Reserve is expected to begin increasing interest rates in the first half of CY2016.

The European Central Bank began a program of quantitative easing in March 2015, which appears to be driving a modest pick-up in economic growth. Activity has improved across the Eurozone, with the exception of Greece, reflecting a broad-based lift in domestic demand. We expect this improvement in growth to continue in FY2016.

Japan's economy saw growth improve in annualised terms as the year progressed, supported by the Bank of Japan's quantitative easing and a weaker yen. Growth should be supported by stronger business investment into FY2016. A longer-term, sustainable recovery is contingent on the scale and speed of structural reform.

Climate change

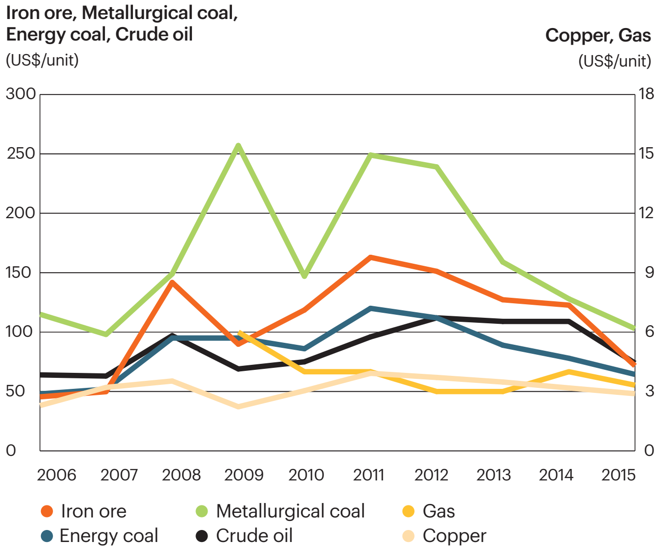
The physical impacts of climate change and various regulations that seek to address climate change may affect our operations, productivity and the markets in which we sell our products. Physical effects may include changes in rainfall patterns, water shortages, rising sea levels, increased storm intensities and higher temperatures. In addition national governments have already introduced or are contemplating the introduction of, regulatory responses to greenhouse gas emissions from the combustion of fossil fuels to address the impacts of climate change. There has also been a number of divestment campaigns that have focused on fossil fuels 'stranded assets'. We continue to welcome the opportunity to engage with our shareholders on our business strategy to ensure the benefits and resilience of our portfolio, including in a carbon constrained world, are understood.

Other external factors and trends

A number of external factors and trends may continue to have a material impact on our financial and operational results, as described in section 1.15.1 of this Strategic Report. These factors include commodity prices, exchange rates, and operating costs.

The chart below presents the price movements in our core Business commodities over the past 10 years. Over this period we have benefited from generally strong commodity prices, which have trended downwards in FY2015 and this trend has continued post 30 June 2015.

Commodity prices 2006–2015



A summary of the pricing trends for our most significant commodities for FY2015 is presented in section 1.15.1 of this Strategic Report.

1.5.4 Corporate planning

At BHP Billiton we have a long-standing and robust corporate planning process that underpins the development and delivery of our strategy.

Our planning process involves a review of our strategy against a constantly changing external environment and the risks and opportunities this presents, to optimise our returns to our shareholders.

Core principles

The corporate planning cycle embodies the following core principles:

- Board and GMC ownership and regular review of strategy and strategic priorities.
- Regular engagement between the GMC, Businesses, Group Functions and Marketing.
- Application of a consistent and integrated planning process where Business, Group Functions and Marketing plans are aggregated to form the overall corporate plan.
- Cycle begins with long-term strategic plans followed by short-term plans to deliver strategic imperatives.
- Ensure our portfolio and plans are resilient under both long-term scenarios and short-term shock events.

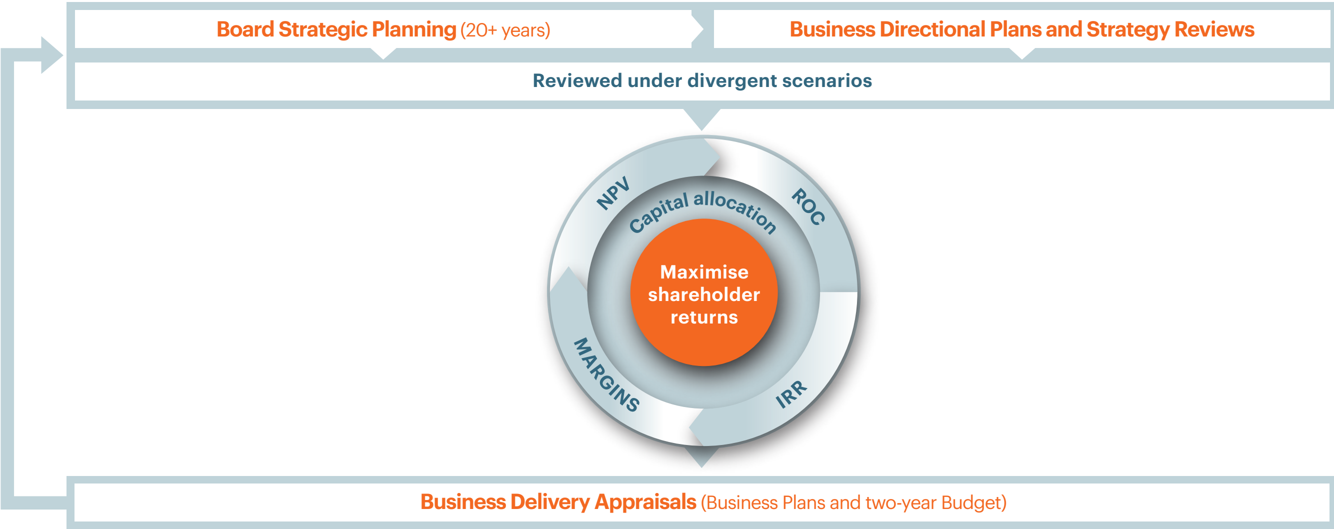
Corporate planning framework

A Board Strategy Forum is held regularly where the Board and the GMC actively discuss and debate the Company's strategy. Businesses prepare long-term plans and discuss these plans at strategic reviews with the GMC.

A BHP Billiton 20-year Plan is prepared based on input from the Businesses' long-term plans and is optimised for an annual capital allocation limit that maximises total shareholder returns, while ensuring financial risks are appropriately mitigated. Within this capital ceiling, major growth options are optimally sequenced over the 20-year Plan through our capital allocation process.

The capital allocation process includes analysis of net present value (NPV), internal rates of return (IRR), return on capital (ROC) and margin analysis to inform decision-making. This process is further described in section 1.6.3 of this Strategic Report. All available growth options are assessed and prioritised to generate a high-value and capital-efficient portfolio, which provides flexibility to return excess cash to shareholders. The increased competition for capital has improved our capital productivity.

The flowchart below illustrates our corporate planning framework.



We believe that the rigour of our corporate planning process, combined with the flexibility it provides the Company to quickly respond to an inherently dynamic external environment, is essential to maximise total shareholder returns.

The starting point of our planning process is the construction of a central case, built through an in-depth, bottom up analysis using rigorous processes, benchmarked with external views, and thoroughly reviewed and endorsed periodically by the GMC and the Board. Our current central case assumes the US economy continues to recover and strengthen, progressive development of China and India, integration of emerging economies into a multi-polar economic environment, and action on climate change centred on national policies with short-term prioritisation to adaptation and a long-term shift toward mitigation.

Scenarios

Our corporate planning process uses scenario analysis to encompass a wide spectrum of potential outcomes for key global uncertainties. Designed to interpret external factors including technical, economic, political and governance trends facing the global resources industry, the scenarios offer a means by which to explore potential portfolio discontinuities and opportunities, as well as to test the robustness of decisions.

Our scenarios do not constitute preferred outcomes for BHP Billiton. The Company's approach to critical global challenges, such as the importance of addressing climate change, continues to be based on *Our Charter* values, including our value of Sustainability. Our position on climate change is discussed further in sections 1.6.1 and 1.14 of this Strategic Report.

The scenarios are designed to be divergent, but also plausible and internally consistent, spanning unique potential future business environments. An outline of the key characteristics of each of our scenarios is set out below:

- Robust global economic growth sustains strong impetus to develop and implement cleaner, more energy efficient solutions that support growth. Unified societal action to address climate change leads to high cooperation and commitment to limit emissions. Technology plays a pivotal role with breakthroughs in new, next generation clean energy technologies. Higher-cost options are often deployed to meet lower CO_2 stabilisation targets. There is an orderly transition to a two degrees Celsius world.
- Strong global growth led by China and the United States underpinned by liberalised trade. Coordination in environment, technology and trade policy reduces water and food constraints. Technology dynamism with significant investment in research and development underpinned by high economic growth, and a coordinated response to addressing climate change.
- High, sustainable economic growth is unlocked by productivity gains in advanced economies. Reform success in India achieves high transformative growth. Parts of the global resource base are not as accessible as once thought. Rapidly growing production rates of some commodities deplete basins and reserve replacement is costly. More difficult to access capital in resource rich economies given greater uncertainty in regulatory regime and higher capital costs. Technology development is focused on highly differentiated products including uptake and transfer of information and communications technology (ICT), robotics and bio-technology. There is less technology transfer from the major economies to emerging economies.
- A future state enmeshed in economic stagnation and protectionism. Nationalism drives economic policy rather than reform. Security of supply rather than lowest cost sourcing drives resources investment policy. Global cooperation is limited and research and development dwindles with low private sector capacity and government support. Food and water supply does not meet global requirements provoking instability in some economies. Climate change commitments are abandoned in favour of adaptation.

Tracking of signposts (trends) and triggers (events) across scenarios is integral to our planning process. These signposts and triggers provide an indication of which scenarios are becoming more or less dominant through time. They allow early awareness for the move towards a scenario, offering us a powerful decision-making tool that would enable us to act early. For example, the nature and pace of growth in global foreign direct investment, including patent, trademark and design application trends by industry are indicator variables that measure the pace of uptake of global and inter-regional technology transfer, a signpost that reflects the nature and extent of liberalised trade. An example of a potential trigger event is a ratified accord on climate change during the 2015 United Nations Framework Convention on Climate Change Conference of the Parties, and binding agreements on longer-term carbon emissions targets were enacted across key economies.

Our analysis highlights that our uniquely diversified, high-quality portfolio of assets is robust across each of our scenarios. For example, in a carbon constrained world, we believe there is a likelihood of upside for uranium and our high-quality hard coking coal (with lower smelting emissions) and iron ore lump product (for direct blast furnace feed). In addition, we expect that copper would be resilient and offer continued opportunity for growth, while our gas exposure may yet provide opportunities during a transition to a lower-carbon economy. In general, we anticipate that these commodities are robust and could help mitigate potential negative impacts in other commodities.

1.6 Strategic priorities

Our GMC maintains a strong focus on the following strategic priorities in order to execute the Company's strategy. A number of these priorities are monitored by the GMC using the key performance indicators as presented in section 1.10 of this Strategic Report.

1.6.1 Continue to operate sustainably

We will continue to operate sustainably with our focus on the following areas:

Protect our people and improve the health and safety of our operations

The health, safety and wellbeing of our people are central to the success of our organisation. Regardless of where our people are located or the type of work they undertake, we strive to create a working environment that is free from occupational illness or injury. Identifying and managing fatal and material risk is a critical component of our management approach. By understanding and managing our risks, we provide greater protection for our people, communities and assets.

Despite our goal to achieve zero work-related fatalities, tragically we lost five of our colleagues in FY2015. Four fatalities occurred during on-site work activities and one fatality occurred in an off-site transportation accident. Independent investigations were undertaken for each incident, with remedial action taken and findings from the investigations shared across the Group. In FY2014, we had no work-related fatalities at our operated assets, a goal that we will continue to work towards.

As part of our constant focus to eliminate fatal and other serious incidents, a Company-level safety intervention was initiated in FY2015. The safety intervention was launched across our business through a variety of methods, including workshops, team talks and surveys. Feedback was presented at our senior leaders' meeting in July 2015, identifying the key controls, programs, systems, processes and tools currently in place that require improvement and Company-wide adoption through focused leadership.

Support sustainable development of our host communities

We strive to be a valued partner in the communities in which we operate and, through all our interactions, seek to foster meaningful, long-term relationships that respect local cultures and create lasting benefits. We are also proud of our broader contribution to society. Our commodities support economic development and ultimately lead to urbanisation and improved standards of living. Through employment, taxes and royalties, we support local, regional and national economies. Where possible, we purchase local goods and services and develop infrastructure that benefits entire communities.

Our position on climate change

We accept the Intergovernmental Panel on Climate Change's (IPCC) assessment of climate change science which has found that warming of the climate is unequivocal, the human influence is clear and physical impacts are unavoidable.

We believe that:

- The world must pursue the twin objectives of:
  - limiting climate change to the lower end of the IPCC emission scenarios in line with current international agreements; while
  - providing access to reliable and affordable energy to support economic development and improved living standards.
- Under all current plausible scenarios, fossil fuels will continue to be a significant part of the energy mix for decades.
- Therefore, there needs to be an acceleration of effort to drive energy efficiency, develop and deploy low-emissions technology and adapt to the impacts of climate change.
- There should be a price on carbon, implemented in a way that addresses competitiveness concerns and achieves lowest cost emissions reductions.

We will:

- continue to take action to reduce our emissions;
- build resilience of our operations, investments, communities and ecosystems to climate change impacts;
- seek to enhance the global response by engaging with governments, recognising their role as policy makers;
- work in partnership with resource sector peers to improve sectoral performance and increase the industry's influence in policy development to deliver effective long-term regulatory responses;
- contribute to reducing emissions from the use of fossil fuels through material investments in low-emission technology.

1.6.1 Continue to operate sustainably continued

We voluntarily invest one per cent of our pre-tax profit, calculated on the average of the previous three years' pre-tax profit, in community programs. Since 2001, BHP Billiton has committed more than US$2 billion in programs that aim to have a long-lasting, positive impact on quality of life around the world. During FY2015, our voluntary community investment totalled US$225 million, comprising US$142 million in cash, in-kind support and administrative costs and a US$83 million contribution to the BHP Billiton Foundation.

Strategic approach to climate change

Our strategic approach to climate change is underpinned by engagement with policy makers and other stakeholders including investors, companies and non-government organisations. We believe industry has a key role to play in climate change policy development by working with governments and other stakeholders to inform the development of effective long-term policy frameworks that deliver a measured transition to a lower emissions economy.

We have an integrated approach to addressing climate change that has three key areas: mitigation, adaptation and low-emissions technology (LET). As well as taking action to reduce emissions, adapt to the physical impacts of climate change, develop and deploy LETs and engage in the policy debate, we continue to identify and assess the impacts of climate change on our portfolio. We have a robust corporate planning process that includes testing the resilience of our portfolio and investment decisions against a range of future scenarios.

Further information on our sustainability commitments, standards and performance can be found in section 1.14 of this Strategic Report.

Additional information is also available in the Sustainability Report 2015, which can be found online at *www.bhpbilliton.com*.

1.6.2 A more productive organisation

During the past year, we have continued to focus on sustainable improvement in productivity across the Company. Our people have worked smarter to identify and implement more productive ways of working. Our portfolio, common systems, structures and culture have also resulted in greater volume growth from our existing plant and equipment at lower unit costs.

Our Operating Model remains the foundation for our sustainable productivity gains. It guides how our people work together, defines how we are organised and allows us to measure operational and financial performance across our business. It also helps remove duplication, build capability and more rapidly identify and deploy best practices.

To achieve functional excellence across the Company, we are developing our people and encouraging our teams to learn from each other. Our focus is on creating an inclusive environment where every employee feels they can contribute to improving our performance.

Increasing transparency and access to robust data across the organisation has improved our ability to deliver sustained improvements. By using 1SAP as our single Company-wide resource planning system, our teams have access to best-in-class business processes, standard metrics and reports.

Our focus on productivity has significantly improved operating performance at each of our Businesses. During the year, we delivered a nine per cent increase in Group production (on a copper equivalent basis).

Our long-term commitment to improve productivity across our Company continues to create significant value for shareholders. This year, our productivity initiatives delivered US$4.1 billion in productivity gains (excludes Discontinued operations). This means that over the last three years, our productivity initiatives have delivered more than US$10 billion in productivity gains.

CASE STUDY:

Increased truck performance at Copper's Escondida Mine

Objective: To increase ultra-class haul truck production time.

Approach: Escondida benchmarked its truck performance and maintenance activities, both internally and externally, and reviewed how it conducted truck maintenance and shift activities to identify improvement opportunities.

A range of initiatives were implemented to improve haul truck production time. Less frequent and larger blasts were used to reduce interruptions to production. Trucks were only taken out of production for preventative maintenance determined by equipment condition, rather than by time in service. The mine also implemented new crib huts and shift relief, called 'hot seating', to keep the trucks moving.

Outcomes: Escondida has set a new internal BHP Billiton benchmark for sustainable ultra-class haul truck performance. In FY2015, truck utilisation of available time increased to 83 per cent from 75 per cent in the previous year. This allowed the operation to move 438 million tonnes of material, an increase of six per cent compared to FY2014.

Productivity results: During FY2015, Escondida decreased its mine production unit costs by 10 per cent through its productivity initiatives.

1.6.3 Disciplined approach to capital management

Our priorities for capital management remain unchanged. The quality of our assets and adherence to our strategy has differentiated our performance and maximised shareholder returns by allocating capital in a disciplined manner.

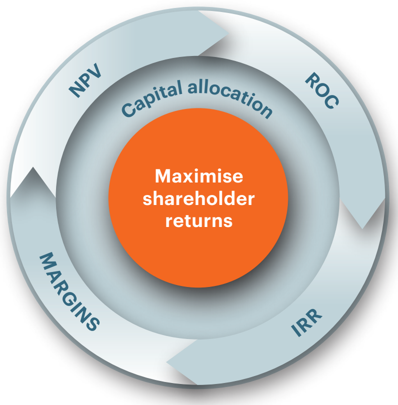
Our diversified and high-margin portfolio delivers a higher return on capital with lower volatility, when compared with many peers. Over the last 10 years, we have returned US$67 billion to shareholders in the form of dividends and buy-backs.

Many of the areas to which we direct our cash flow are interconnected. In order to make capital allocation decisions, we test each decision against a range of short-term and long-term criteria across several scenarios. We aim to optimise for net present value (NPV), return on capital (ROC), internal rate of return (IRR) and margin, while remaining mindful of portfolio construction and cash flow at risk. No single metric can dominate the process given the potential to create imbalances and all alternatives actively compete.

Our portfolio remains a key point of difference. However, because it is opportunity-rich, capital discipline is more important. By reducing annual expenditure, we have created even more competition for capital and we have sharpened our focus on our core commodities and our high-margin major basins.

Given our portfolio of long-life orebodies, we also consider the value of future options as we must preserve their value at low cost.

Our approach to capital management is illustrated in the diagram below.



The following factors are considered when making capital allocation decisions:

Progressive dividend

BHP Billiton remains committed to a progressive dividend policy. The aim of this policy is to steadily increase or at least maintain the dividend per share in US dollars at each half-yearly payment.

On 25 August 2015, the Board determined a final dividend for the year of 62 US cents per share. Together with the interim dividend of 62 US cents per share paid to shareholders on 31 March 2015, this brought the total dividend determined for the year to 124 US cents per share, a two per cent increase over the previous year's full-year dividend of 121 US cents per share.

Year ended 30 June	2015	2014	2013
Dividends determined in respect of the period (US cents per share)			
Interim dividend	**62.0**	59.0	57.0
Final dividend	**62.0**	62.0	59.0
	124.0	121.0	116.0

A strong balance sheet

Our solid 'A' credit rating provides flexibility and access to debt capital markets. Despite the reduction in commodity prices broadly over FY2015, the Group maintained a strong balance sheet and reduced net debt by five per cent to US$24.4 billion. Improved operating and capital productivity supported by our flexible investment program generated free cash flow of US$6.3 billion.

During FY2015, the Group issued a three tranche Euro denominated bond under its Euro Medium Term Note Programme, comprising €600 million Floating Rate Notes due 2020 paying interest at three-month Euribor plus 35 basis points, €650 million 0.75 per cent bonds due 2022 and €750 million 1.50 per cent bonds due 2030. The Group also priced a five-year A$1.0 billion note issue under its Australian Medium Term Note Program, paying interest at 3.00 per cent due 2020.

In August 2014, the Group redeemed all outstanding Petrohawk Energy Corporation 7.25 per cent Senior Notes due August 2018 and 6.25 per cent Senior Notes due June 2019 at the applicable call prices. The aggregate principal value of the notes redeemed was approximately US$1.8 billion.

The Group has a US$6.0 billion commercial paper program backed by a US$6.0 billion revolving credit facility. The facility expires in May 2020 and has a one-year extension option. As at 30 June 2015, the Group had US$nil outstanding in the US commercial paper market and the Group's cash and cash equivalents on hand were US$6.8 billion.

Internal competition for capital investment

By reducing annual capital and exploration expenditure and increasing competition for capital within the Group, we have prioritised higher quality growth at a higher average rate of return on incremental investment. We continue to invest selectively in those projects that are capital efficient and have high return growth.

During the year, three major projects achieved first production, namely:

- The Escondida Oxide Leach Area Project (OLAP) was completed in November 2014. The Project involved the creation of a new dynamic leaching pad and mineral handling system that included several overland conveyors. The new pad is expected to maintain oxide leaching capacity at current levels. OLAP was approved in February 2012 with budgeted expenditure of US$721 million (US$414 million BHP Billiton share) and a US$212 million increase in the budget of OLAP to US$933 million (US$536 million BHP Billiton share) was approved in March 2014. Expected final cost is US$899 million (US$517 million BHP Billiton share).
- In March 2011, we approved the third expansion of the Hay Point Coal Terminal. The expansion of the terminal will deliver an additional 11 Mt of annual port capacity (100 per cent basis). The project investment has a budget of US$1.5 billion (BHP Billiton share). In January 2015, first coal was loaded through the expanded terminal and the project was 97.6 per cent complete as at 30 June 2015.
- The Escondida Organic Growth Project 1 (OGP1) is a new concentrator with a 152 kilotonnes per day (ktpd) plant. We expect this project to provide additional processing capacity and allow access to high-grade ore. OGP1 was approved in February 2012 with budgeted expenditure of US$3.8 billion (US$2.2 billion BHP Billiton share). A US$361 million increase in the budget of OGP1 to US$4.2 billion (US$ 2.4 billion BHP Billiton share) was approved in October 2014 following challenges associated with contractor's progress. The Project was completed in May 2015 and is currently in the commissioning and ramp-up phase.

At the end of FY2015, BHP Billiton had four major projects under development with a combined budget of US$7.0 billion.

Information in this section has been presented on a Continuing operations basis to exclude the contribution from assets that were demerged with South32, unless otherwise noted. Details of the contribution of the South32 assets to the Group's results are disclosed in note 29 'Discontinued operations' to the Financial Statements in the Annual Report 2015.

1.6.3 Disciplined approach to capital management continued

Capital expenditure

Capital and exploration expenditure is disclosed for each Business in the table below.

Year ended 30 June	2015 US$M	2014 US$M Restated	2013 US$M Restated
Capital and exploration expenditure (1)			
Petroleum and Potash	**5,929**	7,070	8,439
Copper	**3,912**	3,808	4,157
Iron Ore	**2,048**	3,118	6,196
Coal	**749**	2,000	3,168
Group and unallocated items	**125**	214	465
BHP Billiton Group	**12,763**	16,210	22,425

(1) Capital expenditure is presented on a cash basis and excludes capitalised interest, but includes capitalised exploration. Exploration expenditure is capitalised in accordance with our accounting policies, as set out in note 43 'Significant accounting policies' to the Financial Statements in the Annual Report 2015.

Capital expenditure encompasses expenditure on major projects, as set out in section 2.4 of the Annual Report 2015, and capital expenditure on sustaining and other items.

Year ended 30 June	2015 US$M	2014 US$M Restated	2013 US$M Restated
Capital expenditure	**11,947**	15,224	21,104
Exploration expenditure			
Petroleum	**567**	600	675
Minerals	**249**	386	646
Total	**816**	986	1,321
Total capital and exploration expenditure (cash basis)	**12,763**	16,210	22,425
Add: equity accounted investments	**434**	871	1,493
Less: capitalised deferred stripping (1)	**(815)**	(1,275)	(1,501)
Less: non-controlling interests	**(1,342)**	(1,198)	(995)
Total capital and exploration expenditure (BHP Billiton share)	**11,040**	14,608	21,422

(1) Capitalised deferred stripping includes US$142 million attributable to non-controlling interests in FY2015 (2014: US$243 million; 2013: US$292 million).

BHP Billiton's share of capital and exploration expenditure declined by 24 per cent during FY2015 to US$11.0 billion. Our rate of investment is expected to decline to US$8.5 billion in FY2016 and US$7.0 billion in FY2017.

1.6.4 Active management of our portfolio

We continue to concentrate our efforts on the assets and operations where we enjoy economies of scale and a competitive advantage. Our focus remains on our four major Businesses of Iron Ore, Petroleum, Copper, and Coal, with Potash as a potential fifth. This diversified portfolio of low-cost assets, unrivalled in scale and quality, provides resilience and flexibility to enhance value for shareholders.

Since FY2013, we have executed a targeted divestment program, which has included a collection of individual transactions totalling US$7 billion and the successful demerger of a selection of BHP Billiton assets with South32.

We will continue to simplify our portfolio towards achieving BHP Billiton's identified core portfolio of 19 assets across eight countries and three continents.

Completed demerger of assets

Demerger milestones

On 19 August 2014, we announced our intention to create a new company through the demerger of a selection of BHP Billiton assets that included:

- BHP Billiton's integrated Aluminium business;
- Energy Coal South Africa;
- Illawarra metallurgical coal;
- BHP Billiton's Manganese business;
- Cerro Matoso nickel operation;
- Cannington silver-lead-zinc mine.

A shareholder circular dated 16 March 2015 contained a unanimous recommendation from the BHP Billiton Board that shareholders vote in favour of the demerger resolution.

Simultaneous General Meetings took place in Perth and London on 6 May 2015 to approve the demerger of South32 from BHP Billiton. The resolution was successful with approximately 98 per cent of votes cast being in favour.

On 8 May 2015, BHP Billiton transferred operational management control of the assets to the South32 delegated management team. On 25 May 2015, the implementation of the demerger was completed, marking the formal separation of the two companies.

Eligible BHP Billiton Limited and Plc shareholders received shares in South32 through a pro rata, in-specie distribution, as well as retaining their existing shares in the Group.

Demerger rationale and impacts

The demerger simplifies BHP Billiton and enables us to further focus on generating value from our core portfolio. This portfolio comprises our exceptionally large long-life petroleum, copper, iron ore, coal and potash assets. With a smaller set of similar assets, our common systems and processes enable us to identify and deploy best practice more quickly.

Having assessed a number of alternatives, the Board considered the demerger to be the preferred approach to achieving simplification of our portfolio, maximising shareholder value and providing the potential for South32 assets to maximise their value due to the focus of their own dedicated Board and management.

Post-demerger, BHP Billiton remains one of the largest diversified global resources companies and in particular:

- the largest exporter of metallurgical coal;
- a global top three producer of iron ore;
- a global top four exporter of copper concentrate;
- the largest overseas investor in onshore US shale;
- the holder of what we believe to be one of the world's best undeveloped potash resources.

Our strategic priorities remain unchanged. Consistent with our established strategy, our portfolio provides broad exposure to steelmaking raw materials, copper, energy and, potentially, agricultural markets and will remain diversified by commodity, geography and market.

Disclosure of the demerged assets in the Annual Report 2015

For IFRS accounting purposes, the demerger was deemed completed as of 8 May 2015 (the date of loss of control) and the demerged assets are treated as Discontinued operations in BHP Billiton's Financial Statements. Unless otherwise stated, throughout this Strategic Report, financial information for FY2015 relating to the demerged assets is reported for the period from 1 July 2014 to 8 May 2015 as Discontinued operations, while FY2015 production information relating to the demerged assets is reported for the period from 1 July 2014 to 30 April 2015 to more closely align with BHP Billiton's month-end reporting systems. Where noted, Continuing operations refers to the assets that formed part of the BHP Billiton Group as at 30 June 2015.

Comparative information for the years ended 30 June 2014 and 30 June 2013 has been restated for the effects of the application of IFRS 5/AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' following the demerger of South32. The Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet and the Consolidated Statement of Changes in Equity for these periods are not required to be restated.

For information relating to a description of the demerged assets and production associated with these assets, refer to sections 2.1.7, 2.2.2 and note 29 'Discontinued operations' to the Financial Statements in the Annual Report 2015.

Additional information on the demerger of South32, including the Shareholder Circular, is available online at *www.bhpbilliton.com*.

1.7 Management of risk

1.7.1 Approach to risk management

We believe the identification and management of risk are central to achieving our corporate purpose of creating long-term shareholder value.

Risk has the potential to impact our health and safety, environment, community, reputation, regulatory, market and financial performance and thereby the achievement of our corporate purpose.

By understanding and managing risk, we provide greater certainty and confidence for our shareholders, employees, customers, suppliers, and for the communities in which we operate. Successful risk management can be a source of competitive advantage.

Our risks are viewed and managed on a Group-wide basis. The natural diversification in our portfolio of commodities, geographies, currencies, assets and liabilities is a key element in our risk management approach.

Risk management is embedded in our critical business activities, functions and processes. Materiality and our tolerance for risk are key considerations in our decision-making.

Risk issues are identified, analysed and assessed in a consistent manner. Performance requirements exist for the identification, assessment, control and monitoring of material risk issues that could threaten our corporate purpose and business plans.

These include that:

- The potential for impacts on the achievement of our corporate purpose and business plans is identified through risk assessments using approved materiality and tolerability criteria. The severity of any risk event is assessed according to a matrix that describes the degree of harm, injury or loss from the most severe impact associated with that risk event, assuming reasonable effectiveness of controls.
- A risk assessment (risk identification, risk analysis, including likelihood and impact assessment and risk evaluation) is conducted for material risk issues.
- Risk controls are designed, implemented, operated and assessed to produce a residual risk that is tolerable. Performance standards are established for critical controls over material risks with supporting verification processes.

We have established processes that apply when entering or commencing new activities in high-risk countries. Risk assessments and a supporting risk management plan are required to ensure that potential reputation, legal, business conduct and corruption-related exposures are managed and legislative compliance is maintained, including relevant anti-corruption legislation and the application of any relevant sanctions or trade embargos.

Our risk management governance approach is described in sections 3.14.1 and 3.15 of the Annual Report 2015.

1.7.2 Risk factors

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

External risks

Fluctuations in commodity prices and impacts of ongoing global economic volatility may negatively affect our results, including cash flows and asset values

The prices we obtain for our oil, gas and minerals are determined by, or linked to, prices in world markets, which have historically been subject to substantial volatility. Our usual policy is to sell our products at the prevailing market prices. The diversity provided by our relatively broad portfolio of commodities does not fully insulate the effects of price changes. Fluctuations in commodity prices can occur due to price shifts reflecting underlying global economic and geopolitical factors, industry demand, increased supply due to the development of new productive resources, technological change, product substitution and national tariffs. We are particularly exposed to price movements in iron ore, coal, copper, and oil and gas. For example, a US$1 per tonne decline in the average iron ore price and US$1 per barrel decline in the average oil price would have an estimated impact on FY2015 profit after taxation of US$144 million and US$54 million, respectively.

For further information relating to commodity price impacts, refer to section 1.15.1 of this Strategic Report.

Volatility in global economic growth, particularly in the developing economies, has the potential to adversely impact future demand and prices for commodities. The impact of potential long-term sustained price shifts and short-term price volatility, including the effects of unwinding the sustained monetary stimulus in the United States, creates the risk that our financial and operating results, including cash flows and asset values, will be materially and adversely affected by unforeseen declines in the prevailing prices of our products.

Our financial results may be negatively affected by currency exchange rate fluctuations

Our assets, earnings and cash flows are influenced by a wide variety of currencies due to the geographic diversity of the countries in which we operate. Fluctuations in the exchange rates of those currencies may have a significant impact on our financial results. The US dollar is the currency in which the majority of our sales are denominated and the currency in which we present our financial performance. Operating costs are influenced by the currencies of those countries where our mines and mine processing plants are located and also by those currencies in which the costs of imported equipment and services are determined. The Australian dollar, Chilean peso and US dollar are some of the currencies influencing our operating costs. We do not generally believe that active currency hedging provides long-term benefits to our shareholders. From time to time, we consider currency protection measures appropriate in specific commercial circumstances, subject to strict limits established by our Board.

External risks

Reduction in Chinese demand may negatively impact our results

The Chinese market has been driving global materials demand and pricing over the past decade. Sales into China generated US$16.3 billion (FY2014: US$21.8 billion) or 36.6 per cent (FY2014: 38.5 per cent) of our revenue in FY2015. The FY2015 sales into China by Business included 66 per cent Iron Ore, 23 per cent Copper, nine per cent Coal, one per cent Nickel West (reported in Group and Unallocated) and one per cent Petroleum. A continued slowing in China's economic growth and demand could result in lower prices for our products and negatively impact our results, including cash flows.

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

We have operations or interests (e.g. through our non-operated assets) in various countries around the globe, which have varying degrees of political, judicial and commercial stability. We operate or have interests in certain emerging markets, which may involve additional risks that could have an adverse impact on the profitability of an operation. These risks could include terrorism, civil unrest, judicial activism, regulatory investigation, nationalisation, protectionism, renegotiation or nullification of existing contracts, leases, permits or other agreements, imposts, controls or prohibitions on the production or use of certain products, restrictions on repatriation of earnings or capital and changes in laws and policy, as well as other unforeseeable risks. Risks relating to bribery and corruption, including possible delays or disruption resulting from a refusal to make so-called facilitation payments, may be prevalent in some of the countries in which we operate. If any of our major operations are affected by one or more of these risks, it could have a negative effect on our operations in those countries, as well as the Group's overall operating results and financial condition.

Our operations are based on material long-term investments that are dependent on long-term fiscal stability and could be adversely impacted by changes in fiscal legislation. The natural resources industry continues to be regarded as a source of tax revenue and can also be impacted by broader fiscal measures applying to businesses generally.

Our business could be adversely affected by new government regulations and international standards, such as controls on imports, exports, prices and greenhouse gas emissions. Increasing requirements relating to regulatory, environmental and social or community approvals can potentially result in significant delays in construction and may adversely affect the economics of new mining and oil and gas projects, the expansion of existing operations and results of our operations. Infrastructure, such as rail, ports, power and water, is critical to our business operations. We have operations or potential development projects in countries where government-provided infrastructure or regulatory regimes for access to infrastructure, including our own privately operated infrastructure, may be inadequate or uncertain or subject to legislative change. The impact of climate change may increase competition for, and the regulation of, limited resources, such as power and water. These factors may adversely impact the efficient operations and expansion of our business.

We operate in countries where ownership of land is uncertain and where disputes may arise in relation to ownership. For example, in Australia, the Native Title Act 1993 provides for the establishment and recognition of native title under certain circumstances.

These regulations are complex, difficult to predict and outside our control and could negatively affect our Company, future results and our financial condition.

Business risks

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

The demand for our products and production from our operations results in existing reserves being depleted over time. As our revenues and profits are derived from our oil and gas and minerals operations, our future results and financial condition are directly related to the success of our exploration and acquisition efforts, and our ability to generate reserves to meet our future production requirements at a competitive cost. Exploration activity occurs adjacent to established operations and in new regions, in developed and less-developed countries. These activities may increase land tenure, infrastructure and related political risks. A failure in our ability to discover or acquire new resources, maintain reserves or develop new operations in sufficient quantities to maintain or grow the current level of our reserves could negatively affect our results, financial condition and prospects.

Future deterioration in commodities pricing may make some existing reserves uneconomic. Our actual drilling activities and future drilling budget will depend on our mineral inventory size and quality, drilling results, commodity prices, drilling and production costs, availability of drilling services and equipment, lease expirations, transportation pipelines, railroads and other infrastructure constraints, regulatory approvals and other factors.

There are numerous uncertainties inherent in estimating mineral and oil and gas reserves. Geological assumptions about our mineralisation that are valid at the time of estimation may change significantly when new information becomes available. Estimates of reserves that will be recovered or the cost at which we anticipate such reserves will be recovered are based on uncertain assumptions. The uncertain global financial outlook may affect economic assumptions related to reserve recovery and may require reserve restatements. Reserve restatements could negatively affect our results and prospects.

Potential changes to our portfolio of assets through acquisitions and divestments may have a material adverse effect on our future results and financial condition

We regularly review the composition of our asset portfolio and from time to time may add assets to the portfolio or divest assets from the portfolio. There are a number of risks associated with such acquisitions or divestments. These include adverse market reaction to such changes or the timing or terms on which such changes are made, the imposition of adverse regulatory conditions and obligations, commercial objectives not being achieved as expected, unforeseen liabilities arising from such changes to the portfolio, sales revenues and operational performance not meeting our expectations, anticipated synergies or cost savings being delayed or not being achieved, inability to retain key staff and transaction-related costs being more than anticipated. These factors could negatively affect our reputation, future results and financial condition.

Increased costs and schedule delays may adversely affect our development projects

Although we devote significant time and resources to our project planning, approval and review process, many of our development projects are highly complex and rely on factors that are outside our control, which may cause us to underestimate the cost or time required to complete a project. For instance, incidents during development projects may cause setbacks or cost overruns, required licences, permits or authorisations to build a project may be unobtainable at anticipated costs, or may be obtained only after significant delay and market conditions may change, thereby making a project less profitable than initially projected.

In addition, we may fail to manage projects as effectively as we anticipate and unforeseen challenges may emerge.

Any of these may result in increased capital costs and schedule delays at our development projects and impact anticipated financial returns.

1.7.2 Risk factors continued

Financial risks

If our liquidity and cash flow deteriorate significantly it could adversely affect our ability to fund our major capital programs

We seek to maintain a solid 'A' credit rating as part of our strategy. However, fluctuations in commodity prices and the ongoing global economic volatility may adversely impact our future cash flows and ability to access capital from financial markets at acceptable pricing. If our key financial ratios and credit rating are not maintained, our liquidity and cash reserves, interest rate costs on borrowed debt, future access to financial capital markets and the ability to fund current and future major capital programs could be adversely affected.

We may not fully recover our investments in mining, oil and gas assets, which may require financial write-downs

One or more of our assets may be impacted by changed market or industry structures, commodity prices, technical operating difficulties, inability to recover our mineral, oil or gas reserves and increased operating cost levels. These may cause us to fail to recover all or a portion of our investment in mining and oil and gas assets and may require financial write-downs, including goodwill adversely impacting our financial results.

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

We contract with a large number of commercial and financial counterparties, including end-customers, suppliers and financial institutions. Global economic volatility continues to strain global financial markets, with tighter liquidity in China and uncertain business conditions generally. We maintain a 'one book' approach with commercial counterparties to ensure all credit exposures are quantified. Our existing counterparty credit controls may not prevent a material loss due to credit exposure to a major customer segment or financial counterparty. In addition, customers, suppliers, contractors or joint venture partners may fail to perform against existing contracts and obligations. Non-supply of key inputs, such as tyres, mining and mobile equipment, diesel and other key consumables, may unfavourably impact costs and production at our operations. These factors could negatively affect our financial condition and results of operations.

Operational risks

Cost pressures and reduced productivity could negatively impact our operating margins and expansion plans

Cost pressures may continue to occur across the resources industry. As the prices for our products are determined by the global commodity markets in which we operate, we do not generally have the ability to offset these cost pressures through corresponding price increases, which can adversely affect our operating margins. Notwithstanding our efforts to reduce costs and a number of key cost inputs being commodity price-linked, the inability to reduce costs and a timing lag may adversely impact our operating margins for an extended period.

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

Many of our Australian employees have conditions of employment, including wages, governed by the operation of the Australian Fair Work Act 2009. Conditions of employment are often contained within collective agreements that are required to be renegotiated on expiry (typically every three to four years). In some instances, under the operation of the Fair Work Act it can be expected that unions will pursue increases to conditions of employment, including wages, and/or claims for greater union involvement in business decision-making.

In circumstances where a collective agreement is being renegotiated, industrial action is permitted under the Fair Work Act. Industrial action and any subsequent settlement to mitigate associated commercial damage can adversely affect productivity, customer perceptions as a reliable supplier and contribute to increases in costs.

The industrial relations environment in Chile remains challenging and it is possible that we will see further disruptions. Changes to labour legislation are being considered by the Chilean Congress, and if passed would result in the right to have a single negotiating body across different operations owned by a single company, which may also result in higher risk of operational stoppages.

These factors could lead to increased operating costs at existing operations and could negatively impact our operating margins and expansion plans.

Unexpected natural and operational catastrophes may adversely impact our operations

We operate extractive, processing and logistical operations in many geographic locations, both onshore and offshore. Our key port facilities are located at Coloso and Antofagasta in Chile, and Port Hedland and Hay Point in Australia. We have five underground mines, including three underground coal mines. Our operational processes may be subject to operational accidents, such as port and shipping incidents, underground mine and processing plant fire and explosion, open-cut pit wall failures, loss of power supply, railroad incidents, loss of well control, environmental pollution and mechanical critical equipment failures. Our operations may also be subject to unexpected natural catastrophes such as earthquakes, flood, hurricanes and tsunamis. Our northwest Western Australia iron ore, Queensland coal and Gulf of Mexico oil and gas operations are located in areas subject to cyclones or hurricanes. Our Chilean copper operations are located in a known earthquake and tsunami zone. Based on our risk management and concerns about the value of external insurance in the natural resource sector, our risk financing (insurance) approach is to minimise or not to purchase external insurance for certain risks, including property damage, business interruption, construction-related risk, marine cargo and primary liability risks. Existing business continuity plans may not provide protection for all of the costs that arise from such events. The impact of these events could lead to disruptions in production, increased costs and loss of facilities. Where external insurance is purchased, third party claims arising from these events may exceed the limit of liability of the insurance policies we have in place.

Our non-operated assets may not comply with our standards

Some of our assets are operated and managed by joint venture partners or by other companies. Management of our non-operated assets may not comply with our management and operating standards, controls and procedures, including our health, safety, environment and community (HSEC) standards. 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.

Breaches in our information technology security processes may adversely impact our business activities

We maintain information technology (IT) systems, consisting of infrastructure, business applications and communications networks to support our business activities. These systems may be subject to security breaches (e.g. cyber-crime) that can result in misappropriation of funds, increased health and safety risks to staff, disruption to our operations, environmental damage, poor product quality, loss of intellectual property, disclosure of commercially sensitive information and reputational damage.

Sustainability risks

Safety, health, environmental and community impacts, incidents or accidents and related regulations may adversely affect our people, operations and reputation or licence to operate

Safety

Potential safety events that may have a material adverse impact on our operations include fire, explosion or rock fall incidents in underground mining operations, personnel conveyance equipment failures in underground operations, aircraft incidents, incidents involving light vehicles and mining mobile equipment, ground control failures, well blowouts, explosions or gas leaks, and accidents involving inadequate isolation and working from heights or lifting operations.

Health

Health risks faced include fatigue, musculoskeletal illnesses and occupational exposure to noise, silica, diesel exhaust particulate, nickel and sulphuric acid mist. Longer-term health impacts may arise due to unanticipated workplace exposures or historical exposures of our workforce to hazardous substances. These effects may create future financial compensation obligations.

Given we operate globally, we may be affected by potential pandemic influenza outbreaks, such as A(H1N1) and avian flu, in any of the regions in which we operate.

Environment

Environmental incidents have the potential to lead to material adverse impacts on our operations. These include uncontrolled tailings containment breaches, subsidence from mining activities, escape of polluting substances and uncontrolled releases of hydrocarbons.

Our operations by their nature have the potential to adversely impact biodiversity, water resources and related ecosystem services. Changes in scientific understanding of these impacts, regulatory requirements or stakeholder expectations may prevent or delay project approvals and result in increased costs for mitigation, offsets or compensatory actions.

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

Community

Local communities may become dissatisfied with the impact of our operations or oppose our new development projects, including through litigation, potentially affecting costs and production, and in extreme cases viability. Community related risks may include community protests or civil unrest, and may cause delays to proposed developments. Our operations or activities also risk inadvertent breaches of human rights or other international laws or conventions.

HSE legislation

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

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

Hydraulic fracturing

Our Onshore US operations involve hydraulic fracturing, an essential and common practice in the oil and gas industry to stimulate production of natural gas and oil from dense subsurface rock formations. Hydraulic fracturing involves using water, sand and a small amount of chemicals to fracture the hydrocarbon-bearing rock formation, to allow flow of hydrocarbons into the wellbore. We routinely apply hydraulic fracturing techniques in our drilling and completion programs.

Attention given to the hydraulic fracturing process could lead to greater opposition to oil and gas production activities using hydraulic fracturing techniques. Increased regulation could impose more stringent permitting, public disclosure and well construction requirements on hydraulic fracturing operations. In the United States, the hydraulic fracturing process is typically regulated by relevant US state regulatory bodies. Some states are considering changes to regulations in relation to permitting, public disclosure, and/or well construction requirements on hydraulic fracturing and related operations, including the possibility of outright bans on the process. Arkansas, Louisiana and Texas (the states in which we currently operate) have adopted various laws and regulations, or issued regulatory guidance, concerning hydraulic fracturing.

Several US federal agencies are also reviewing or advancing regulatory proposals concerning hydraulic fracturing and related operations. The US Environmental Protection Agency (EPA) commenced a study of the potential impacts of hydraulic fracturing activities on drinking water resources. The agency issued a non-determinative Progress Report in December 2012 and is expected to issue a final draft assessment report for peer review and comment in CY2015. As part of the studies' efforts, the EPA released a preliminary analysis on 30 March 2015. The EPA is expected to issue a final report for peer review in CY2016. The EPA's Office of Inspector General continues to research the EPA's and states' ability to manage potential threats to water resources from hydraulic fracturing, with a possible longer-term study to follow. The US Bureau of Land Management (BLM) issued a final rule on 20 March 2015 that would impose new requirements on hydraulic fracturing operations conducted on federal lands, including the disclosure of chemicals used, wellbore integrity, water use and disposal of flow back water. The BLM regulation took effect on 24 June 2015. Activity at the federal level, including the ongoing EPA study, BLM rules and other analysis by federal and state agencies to assess the impacts of hydraulic fracturing, could spur additional legislative or regulatory actions.

While we have not experienced a material delay or substantially higher operating costs in our Onshore US operations as a result of current regulatory requirements, we cannot predict whether additional federal, state or local laws or regulations will be enacted and what such actions would require or prohibit. Additional legislation or regulation could subject our operations to delays and increased costs, or prohibit certain activities, which could adversely affect the financial performance of our Onshore US operations.

Due to the nature of our operations, HSEC incidents or accidents and related regulations may adversely affect our reputation or licence to operate.

1.7.2 Risk factors continued

Sustainability risks continued

Climate change may impact the value of our Company, and our operations and markets

The physical impacts of climate change and various regulations that seek to address climate change may negatively affect our operations, productivity and the markets in which we sell our products. Fossil fuel-related emissions are a significant source of greenhouse gases contributing to climate change. We produce fossil fuels such as coal, oil and gas for sale to customers, and we use fossil fuels in our mining and processing operations either directly or through the purchase of fossil fuel-based electricity.

A number of national governments have already introduced, or are contemplating the introduction of, regulatory responses to greenhouse gas emissions from the combustion of fossil fuels to address the impacts of climate change. This includes countries where we have operations such as Australia, the United States and Chile, as well as customer markets such as China, India and Europe. In addition, the international community aims to complete a new global climate agreement at the 21st Conference of the Parties (COP21) in Paris in December 2015. The absence of regulatory certainty, global policy inconsistencies and the challenges presented by managing our portfolio across a variety of regulatory frameworks has the potential to adversely impact our operations and supply chain. From a medium to long-term perspective, we are likely to see some adverse changes in the cost position of our greenhouse gas-intensive assets and energy-intensive assets as a result of regulatory impacts in the countries where we operate. These proposed regulatory mechanisms may impact our operations directly or indirectly through our suppliers and customers. Assessments of the potential impact of future climate change regulation are uncertain given the wide scope of potential regulatory change in the many countries in which we operate. For example, the Australian Government repealed a carbon tax in 2014 and carbon pricing is being discussed as part of a broader tax reform package in Chile.

There is a potential gap between the current valuation of fossil fuel reserves on the balance sheets of companies and in global equities markets and the reduced value that could result if a significant proportion of reserves were rendered incapable of extraction in an economically viable fashion due to technology, regulatory or market responses to climate change. In such a scenario, stranded reserve assets held on our balance sheet may need to be impaired or written off and our inability to make productive use of such assets may also negatively impact our financial condition and results.

The growth of alternative energy supply options, such as renewables and nuclear, could also present a change to the energy mix that may impact on fossil fuel markets.

The physical effects of climate change on our operations may include changes in rainfall patterns, water shortages, rising sea levels, increased storm intensities and higher temperatures. These effects may adversely impact the financial performance of our operations.

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

We operate in a global environment that encompasses multiple jurisdictions and complex regulatory frameworks. Our governance and compliance processes, which include the review of internal controls over financial reporting and specific internal controls in relation to trade and financial sanctions, and offers of things of value to government officials and representatives of state-owned enterprises, may not prevent future potential breaches of law, accounting or governance practice. Our *Code of Business Conduct*, together with our mandatory policies, such as the anti-corruption, trade and financial sanctions and competition policies, may not prevent instances of fraudulent behaviour and dishonesty nor guarantee compliance with legal or regulatory requirements. This may lead to regulatory fines, disgorgement of profits, litigation, loss of operating licences and/or reputational damage.

1.7.3 Management of principal risks

The scope of our operations and the number of industries in which we operate and engage mean that a range of factors may impact our results. Material risks that could negatively affect our results and performance are described in section 1.7.2 of this Strategic Report. Our approach to managing these risks is outlined below.

Principal risk area	Risk management approach
External risks Risks arise from falls in commodity prices and demand in major markets (such as China or Europe) or changes in currency exchange rates and actions by governments and political events that impact long-term fiscal stability.	The diversification of our portfolio of commodities, geographies and currencies is a key strategy for reducing the effects of volatility. Section 1.15.1 of this Strategic Report describes external factors and trends affecting our results and note 23 'Financial risk management' to the Financial Statements in the Annual Report 2015 outlines the Group's financial risk management strategy, including market, commodity, and currency risk. The Financial Risk Management Committee oversees these risks as described in sections 3.15 and 3.16 of the Annual Report 2015. We also engage with governments and other key stakeholders to ensure the potential adverse impacts of proposed fiscal, tax, resource investment, infrastructure access and regulatory changes are understood and where possible mitigated.
Business risks Risks include the inherent uncertainty of identifying and proving reserves, adding and divesting assets and managing our capital development projects.	Our Geoscience Technology and Engineering function provides governance and technical leadership for Mineral Resource development and Ore Reserves reporting as described in section 2.3.2 of the Annual Report 2015. Our governance over reporting of Petroleum reserves is described in section 2.3.1 of the Annual Report 2015. We have established investment approval processes that apply to all major capital projects and asset divestment and acquisitions. The Investment Committee oversees these as described in sections 3.15 and 3.16 of the Annual Report 2015. Our Project Management function additionally seeks to ensure that projects are safe, predictable and competitive, and it has established a continuous improvement practice.

1.7.3 Management of principal risks continued

Principal risk area	Risk management approach
Financial risks Continued volatility in global financial markets may adversely impact future cash flows, our ability to adequately access and source capital from financial markets and our credit rating. Volatility may impact planned expenditures, as well as the ability to recover investments in mining and oil and gas projects. In addition, the commercial counterparties (customers, suppliers and financial institutions) we transact with may, due to adverse market conditions, fail to meet their contractual obligations.	We seek to maintain a solid 'A' credit rating, supported by our portfolio risk management strategy. As part of this strategy, the diversification of our portfolio reduces overall cash flow volatility. Commodity prices and currency exchange rates are not hedged, and wherever possible we take the prevailing market price. We use Cash Flow at Risk analysis to monitor volatilities and key financial ratios. Credit limits and review processes are required to be established for all customers and financial counterparties. The Financial Risk Management Committee oversees these as described in sections 3.15 and 3.16 of the Annual Report 2015. Note 23 'Financial risk management' to the Financial Statements outlines our financial risk management strategy and can be found in our Annual Report 2015.
Operational risks Operating cost pressures and reduced productivity could negatively impact operating margins and expansion plans. Non-operated assets may not comply with our standards. Unexpected natural and operational catastrophes may adversely impact our operations. Breaches in IT security processes may adversely impact the conduct of our business activities.	We seek to ensure that adequate operating margins are maintained through our strategy to own and operate large, long-life, low-cost and expandable upstream assets. The Group's concentrated effort to reduce operating costs and drive productivity improvements has realised tangible results, with a reduction in controllable costs. The capability to sustain productivity improvements is being further enhanced through continued refinements to our Operating Model. The Operating Model is designed to deliver a simple and scalable organisation, providing a competitive advantage through defining work, organisation and performance measurements. Defined global business processes, including 1SAP, provide a standardised way of working across the organisation. Common processes generate useful data and improve operating discipline. Global sourcing arrangements have been established to ensure continuity of supply and competitive costs for key supply inputs. We seek to influence the application of our standards to non-operated assets. Through the application of our risk management processes, we identify catastrophic operational risks and implement the critical controls and performance requirements to maintain control effectiveness. Business continuity plans are required to be established to mitigate consequences. Consistent with our portfolio risk management approach, we continue to be largely self-insured for losses arising from property damage, business interruption and construction. From an industrial relations perspective, detailed planning is undertaken to support the renegotiation of employment agreements and is supported by training and access to expertise in negotiation and agreement making. IT security controls to protect IT infrastructure, business applications and communication networks and respond to security incidents are in place and subject to regular monitoring and assessment. To maintain adequate levels of protection, we also continue to monitor the development of threats in the external environment and assess potential responses to those threats.
Sustainability risks HSEC incidents or accidents may adversely affect our people or neighbouring communities, operations and reputation or licence to operate. The potential physical impacts and related responses to climate change may impact the value of our Company, and operations and markets. Given we operate in a challenging global environment straddling multiple jurisdictions, a breach of our governance processes may lead to regulatory penalties and loss of reputation.	Our approach to sustainability risks is reflected in *Our Charter* and described in section 1.14, including a Company-level safety intervention that was initiated in FY2015. A comprehensive set of Group Level Documents (GLDs) set out Group-wide HSEC-related performance requirements designed to ensure effective management control of these risks. Our approach to corporate planning, investment decision-making and portfolio management provides a focus on the identification, assessment and management of climate change risks. We have been applying an internal price on carbon in our investment decisions for more than a decade. Through a comprehensive and strategic approach to corporate planning, we work with a broad range of scenarios to assess our portfolio, including consideration of a broad range of potential policy responses to and impacts from climate change. Our models suggest that BHP Billiton's portfolio diversification results in the resilience of our overall asset valuation through all these scenarios. Our approach to engagement with community stakeholders is outlined in our *Community* GLD. Businesses are also required to undertake social impact opportunity assessments to identify, mitigate or manage key potential social and human rights risks. As with our other risks, for climate change risk our *Risk Management* GLD provides the framework for risk management. Internal audits are conducted to test compliance with GLD requirements and action plans are developed to address any gaps. Key findings are reported to senior management and reports are considered by relevant Board committees. Our *Code of Business Conduct* sets out requirements related to working with integrity, including dealings with government officials and third parties. Processes and controls are in place for the internal control over financial reporting, including under Sarbanes-Oxley. We have established anti-corruption and antitrust related performance requirements, which are overseen by the Legal and Compliance function as described in section 3.17 of the Annual Report 2015. Additionally, the Disclosure Committee oversees our compliance with securities dealing obligations and continuous and periodic disclosure obligations as described in sections 3.15 and 3.18 of the Annual Report 2015.

1.8 Corporate governance

At BHP Billiton, we have a governance framework that goes beyond an interest in governance for its own sake or the need to comply with regulatory requirements. We believe that high-quality governance supports long-term value creation. Simply put, we think good governance is good business, and our approach is to adopt what we consider to be the best of the prevailing governance standards in Australia, the United Kingdom and the United States.

In the same spirit, we do not see governance as just a matter for the Board. Good governance is also the responsibility of executive management and is embedded throughout the organisation.

The diagram below describes the governance framework at BHP Billiton. It shows the interaction between the shareholders and the Board, demonstrates how the Board Committee structure facilitates the relationship between the Board and the Chief Executive Officer (CEO) and illustrates the flow of delegation from shareholders. We have robust processes in place to ensure that the delegation flows through the Board and its committees to the CEO and the GMC and into the organisation. At the same time, accountability flows upwards from the Company to shareholders. This process helps to ensure alignment with shareholders.

As part of our corporate planning cycle, we include a range of scenarios that are reviewed annually and updated by the Group with the executive management's involvement. The scenarios, and the governance process supporting them, also form part of the Board agenda.

These scenarios provide a lens to assess the performance of our business portfolio. They include assumptions around commodity prices, currencies, costs, tax rates and the price of carbon and ranges for a number of risks the Group faces. These include global growth, levels of trade, geopolitical situations, climate change and technology. All of the scenarios are used to inform BHP Billiton's strategy and the resilience of our diversified asset portfolio over the short and long term.

Regardless of which direction the world may take, we will always be guided by *Our Charter* values, including our value of Sustainability, in how we operate our business, interact with our stakeholders and plan for the future.

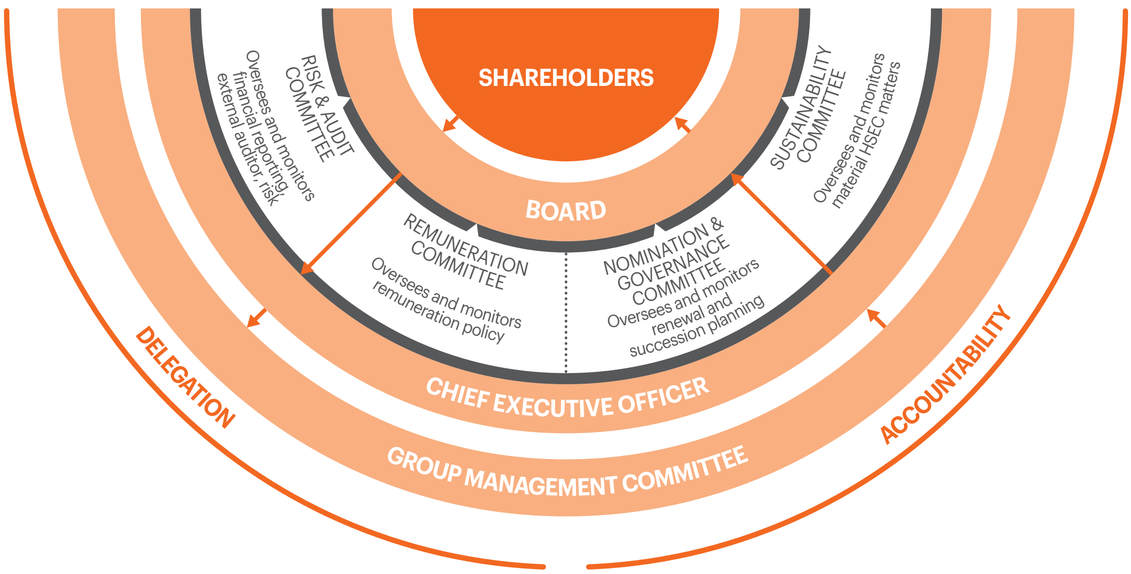
Our Charter is core to the governance framework of BHP Billiton. It embodies our corporate purpose, strategy and values, and defines when we are successful. We foster a culture that values and rewards high ethical standards, personal and corporate integrity and respect for others.

Part of the Board's commitment to high-quality governance is expressed through the approach BHP Billiton takes to engaging and communicating with shareholders. We encourage shareholders to make their views known to us.

Our shareholders are based across the globe. Outside of the two Annual General Meetings (AGMs), which are an important step in the governance and investor engagement process, the Board uses a range of formal and informal communication channels to understand shareholder views to ensure it can represent shareholders in governing BHP Billiton. Regular proactive engagement with institutional shareholders and investor representative organisations takes place in Australia, South Africa, the United Kingdom and the United States. The purpose of these meetings is to discuss the full range of governance issues, as well as the broad strategy of the Group. They offer an important opportunity to build relationships and to engage directly with governance managers, fund managers and governance advisers.

For more information on our corporate governance processes, refer to section 3 of the Annual Report 2015.

BHP Billiton governance structure



1.9 Remuneration

Our Remuneration Committee recognises that remuneration has an important role to play in supporting the implementation and achievement of the Group's strategy and our ongoing performance, aligning the activities of management to the interests of shareholders, and in supporting *Our Charter*.

Remuneration at BHP Billiton

The key principles of our remuneration policy, which remain unchanged from FY2014, are to:

- support the execution of the Group's business strategy in accordance with a risk framework that is appropriate for the organisation;
- provide competitive rewards to attract, motivate and retain highly skilled executives willing to work around the world;
- apply demanding performance measures, including key financial and non-financial measures of performance;
- link a significant component of pay to our performance and the creation of value for our shareholders from relative outperformance;
- ensure remuneration arrangements are equitable and facilitate the deployment of people around the Group;
- limit severance payments on termination to pre-established contractual arrangements (which do not commit us to making any unjustified payments).

Link to strategy

Our Charter sets out our values, placing health and safety first, upon which the Remuneration Committee places great weight in the determination of performance-based remuneration outcomes for BHP Billiton's executives. *Our Charter* also sets out our purpose, our strategy and how we measure success. The Committee is guided by those measures in supporting our executives in taking a long-term approach to decision-making in order to build a sustainable and value-adding business. Our remuneration policy and strategy is focused on long-term success and minimising short-term behaviours or results that would jeopardise longer-term outcomes.

We want executive remuneration to reflect the Group's performance and share price over an extended period and this is primarily achieved with the equity component of the Short-Term Incentive award being deferred for a two-year period, and with Total Shareholder Return under the Long-Term Incentive Plan being measured over a five-year performance period.

Our approach

We have made no changes to the underlying approach to remuneration in the last year. It is an approach that BHP Billiton has practised for over 10 years and we believe it continues to serve our executives and shareholders well. The remuneration outcomes continue to appropriately reflect the performance of the Group, of the Businesses and of individuals.

While our approach has been given strong support by shareholders, with a vote 'for' the Remuneration Report in excess of 97 per cent at last year's AGMs, and indeed over 96 per cent in each of the prior five years, the Remuneration Committee and the Board will continue to listen and give attention to feedback and views from shareholders on the Group's approach to pay.

Summary

The Committee remains confident that our philosophy and policies on remuneration are appropriate to support long-term value creation, and the outcomes for FY2015 continue to demonstrate the alignment between remuneration and performance at BHP Billiton.

For more information on our remuneration policies and the remuneration outcomes for members of the GMC and Non-executive Directors, refer to section 4 of the Annual Report 2015.

1.10 Key performance indicators

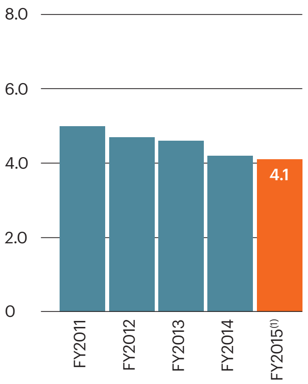
Our key performance indicators (KPIs) enable us to measure our sustainable development and financial performance. Their relevance to our strategy and our performance against these measures in FY2015 are explained below.

These KPIs are used as measures, directly and indirectly, in the short-term and/or long-term incentive arrangements for remuneration of senior executives. Certain KPIs (denoted with this symbol $) are used directly to calculate incentive outcomes and others (denoted with this symbol $) are considered more broadly in determining final overall results. Our Remuneration Report is contained in section 4 of the Annual Report 2015 and provides information on our overall approach to remuneration of executives, including remuneration policies and the remuneration outcomes for members of the GMC and Non-executive Directors.

1.10.1 Sustainability KPIs

TRIF

Per million hours worked



(1) Includes data for Continuing and Discontinued operations for the financial years being reported.

Definition

Total recordable injury frequency (TRIF) is an indicator in highlighting broad personal injury trends and is calculated based on the number of recordable injuries per million hours worked. This data covers the assets that have been wholly owned and operated by BHP Billiton or that have been operated by BHP Billiton in a joint venture operation (including assets that now form part of South32 until 8 May 2015), and includes work-related events occurring outside of our operation locations for the period from 1 July 2014 to 30 June 2015. In FY2015, we expanded our definition of work-related activities to align with the reporting boundaries of the International Council on Mining and Metals, which includes the recording of events that occur outside of our operated locations where we have established the work to be performed and can set and verify the health and safety standards.

Link to strategy

Our overriding commitment is to ensuring the safety and health of our people and this is supported by *Our Charter* value of Sustainability.

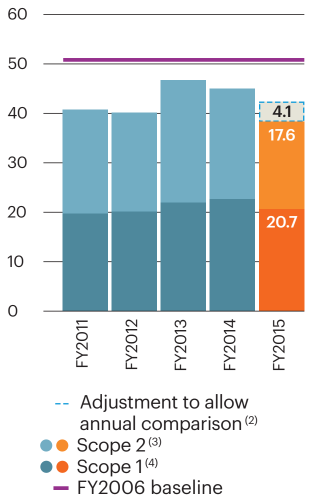
FY2015 performance

There were five work-related fatalities in FY2015. Our TRIF has improved by 18 per cent over the last five years. During FY2015, we improved our TRIF by two per cent.

For information on our approach to health and safety and our performance, refer to section 1.14 of this Strategic Report.

GHG emissions (1)

Millions of tonnes CO_2-e



(1) Measured according to the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol.

(2) In order to compare the total GHG emissions to prior financial years, GHG emissions (estimated) from South32 assets between the date of demerger and 30 June 2015 have been added to FY2015 GHG emissions as shown above.

(3) Scope 2 refers to indirect GHG emissions from the generation of purchased electricity and steam that is consumed by operated assets.

(4) Scope 1 refers to direct GHG emissions from operated assets.

Definition

Greenhouse gas (GHG) emissions are measured according to the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol. This data only includes wholly owned and operated assets or assets operated in a joint venture operation from 1 July 2012 to 30 June 2015 (including assets that now form part of South32 until 8 May 2015).

Link to strategy

The global challenge of climate change remains a priority for our organisation and is core to our strategic decision-making. Our GHG emissions are monitored and our performance is tracked against our target.

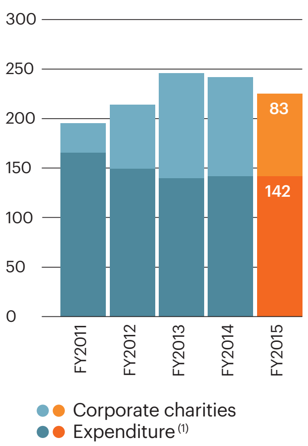
FY2015 performance

In FY2015, the Group's GHG emissions was 38.3 million tonnes (Mt) carbon dioxide equivalent (CO_2-e). Taking into account the impact of the demerger (2), this represents a six per cent reduction compared to FY2014 GHG emissions.

For more information on our GHG emissions, refer to section 1.14 of this Strategic Report.

Community investment

US$ million



(1) Includes BHP Billiton's equity share for both operated and non-operated joint venture operations. Includes payments made by operations demerged with South32.

Definition

Our voluntary community investment comprises cash, in-kind support, administrative costs and contributions to the BHP Billiton Foundation and BHP Billiton Sustainable Communities (our corporate charities). It includes BHP Billiton's equity share for both operated and non-operated joint venture operations.

Link to strategy

We believe that in addition to operating a responsible and ethical company, we can make a broader contribution to the communities in which we operate and support *Our Charter* value of Sustainability.

FY2015 performance

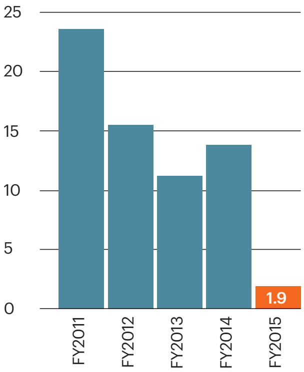
Our voluntary community investment totalled US$225.0 million, comprising US$142.0 million in cash, in-kind support and administrative costs, and a US$83.0 million contribution to the BHP Billiton Foundation.

For more information on our community investment, refer to section 1.14 of this Strategic Report.

1.10.2 Financial KPIs

Attributable profit [(1)]

US$ billion



(1) Includes data for Continuing and Discontinued operations for the financial years being reported.

Definition
Attributable profit represents Profit after taxation attributable to members of BHP Billiton Group and includes attributable (loss)/profit after taxation from Discontinued operations.

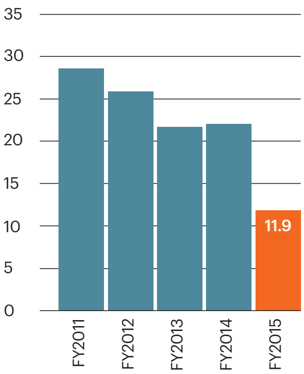
Link to strategy
This is a key financial measure that provides insight on the amount of profit available to distribute to shareholders, which aligns to our purpose as presented in *Our Charter*.

FY2015 performance
Attributable profit decreased by 86 per cent to US$1.9 billion, mainly driven by a significant decline in commodity prices and included an attributable loss related to Discontinued operations of US$1.6 billion.

For our Financial Statements, refer to section 7 of the Annual Report 2015.

Underlying EBIT [(1)]

US$ billion



(1) Excludes data from Discontinued operations for the financial years being reported.

Definition
Underlying EBIT is earnings before net finance costs, taxation, Discontinued operations and any exceptional items.

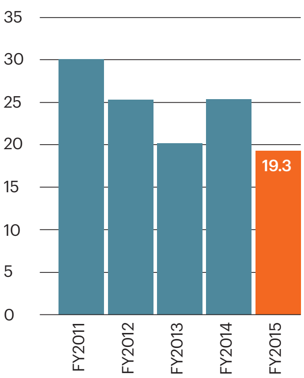
Link to strategy
This is a key financial measure used across the Group. It gives insight to cost management, production growth and performance efficiency.

FY2015 performance
Underlying EBIT declined by 46 per cent to US$11.9 billion, as the reduction in controllable cash costs of US$2.7 billion, productivity-led volume efficiencies of US$1.2 billion and an increase in growth volumes of US$1.8 billion, were more than offset by lower realised prices net of price-linked costs of US$15.2 billion.

For a reconciliation of Underlying EBIT to Profit from operations, refer to section 1.11 of this Strategic Report and section 2.5.1 of the Annual Report 2015. For our Financial Statements, refer to section 7 of the Annual Report 2015.

Net operating cash flows [(1)]

US$ billion



(1) Includes data for Continuing and Discontinued operations for the financial years being reported.

Definition
Net operating cash flows represents the cash generated by the Group's consolidated operations, after dividends received, interest, taxation and royalty-related taxation. This figure excludes cash flows relating to investing and financing activities and includes net operating cash flows from Discontinued operations.

Link to strategy
Net operating cash flows provides insight into how we are managing costs and increasing efficiency and productivity across the Company.

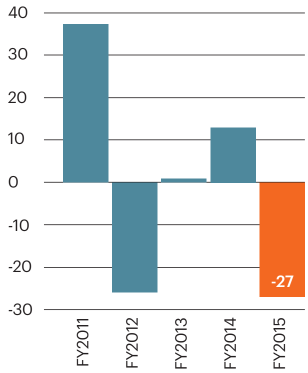
FY2015 performance
Net operating cash flows decreased by 24 per cent to US$19.3 billion during FY2015. The major contributor was the US$7.7 billion decrease in cash generated from operations (after changes in working capital balances), which was partially offset by a decrease of US$2.1 billion in net taxes paid.

For our Financial Statements, refer to section 7 of the Annual Report 2015.

1.10.3 Capital management KPIs

Total shareholder return (TSR)

% change from previous year (3-month average)



Definition
TSR shows the total return to the shareholder during the year. It combines both movements in share prices and dividends paid (which are assumed to be reinvested).

Link to strategy
TSR measures performance of the organisation in terms of shareholder wealth generation, which aligns to our purpose as presented in *Our Charter*, and enables the comparison of our performance with that of our peer companies.

FY2015 performance
TSR was negative 27.0 per cent during FY2015 as a result of a decrease in the BHP Billiton share price, partly offset by an increase in the dividends paid. BHP Billiton underperformed its peer companies by 10.7 per cent from 1 July 2010 to 30 June 2015.

Long-term credit rating

Standard & Poor's

2015	**A+**
2014	A+
2013	A+
2012	A+
2011	A+

Moody's

2015	**A1**
2014	A1
2013	A1
2012	A1
2011	A1

Definition
Credit ratings are forward looking opinions about credit risk. Standard & Poor's and Moody's credit ratings express the opinion of each agency about the ability and willingness of BHP Billiton to meet its financial obligations in full and on time.

Link to strategy
One of BHP Billiton's priorities for capital management is to maintain a solid 'A' credit rating, which indicates the strength of our balance sheet.

FY2015 performance
BHP Billiton has maintained a long-term credit rating of A+ from Standard & Poor's and A1 from Moody's. On 4 May 2015, Standard & Poor's revised the Group's ratings outlook to negative from stable.

For more information on our liquidity and capital resources, refer to section 1.15.5 of this Strategic Report.

1.11 Summary of consolidated performance

1.11.1 Selected financial information

Our selected financial information reflects the operations of the BHP Billiton Group, and should be read in conjunction with the FY2015 Financial Statements, together with the accompanying notes in the Annual Report 2015.

We prepare our Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, and as outlined in note 41 'Basis of preparation and measurement' to the Financial Statements in the Annual Report 2015. We publish our Consolidated Financial Statements in US dollars.

Comparative financial information for FY2014, FY2013, FY2012 and FY2011 has been restated for the effects of the application of IFRS 5/AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' following the demerger of South32, unless otherwise noted. The Consolidated Balance Sheet for these periods is not required to be and has not been restated, for further information refer to note 41 'Basis of preparation and measurement' to the Financial Statements in the Annual Report 2015.

We use several financial measures to monitor the financial performance of our overall strategy. The two key measures are Profit after taxation attributable to members of the BHP Billiton Group (Attributable profit) and Underlying EBIT.

Year ended 30 June US$M	2015	2014	2013	2012 (7)	2011 (7)(8)
Consolidated Income Statement					
Revenue	**44,636**	56,762	53,860	56,642	57,088
Profit from operations	**8,670**	22,649	21,977	22,602	28,462
Profit after taxation from Continuing operations	**4,390**	14,955	14,132	15,233	21,062
(Loss)/profit after taxation from Discontinued operations	**(1,512)**	269	(1,312)	1,384	2,884
Profit after taxation from Continuing and Discontinued operations attributable to members of BHP Billiton Group (1)	**1,910**	13,832	11,223	15,473	23,648
Dividends per ordinary share – paid during the period (US cents)	**124.0**	118.0	114.0	110.0	91.0
Dividends per ordinary share – determined in respect of the period (US cents)	**124.0**	121.0	116.0	112.0	101.0
Basic earnings from Continuing and Discontinued operations per ordinary share (US cents) (1)(2)	**35.9**	260.0	210.9	290.7	429.1
Diluted earnings from Continuing and Discontinued operations per ordinary share (US cents) (1)(2)	**35.8**	259.1	210.2	289.4	426.9
Basic earnings from Continuing operations per ordinary share (US cents) (2)	**65.5**	256.5	238.6	265.3	380.8
Diluted earnings from Continuing operations per ordinary share (US cents) (2)	**65.3**	255.7	237.8	264.1	378.8
Number of ordinary shares (millions)					
– At period end	**5,324**	5,348	5,348	5,348	5,350
– Weighted average	**5,318**	5,321	5,322	5,323	5,511
– Diluted	**5,333**	5,338	5,340	5,346	5,540
Consolidated Balance Sheet (3)					
Total assets	**124,580**	151,413	139,178	129,201	102,920
Net assets	**70,545**	85,382	75,291	69,315	57,755
Share capital (including share premium)	**2,761**	2,773	2,773	2,773	2,771
Total equity attributable to members of BHP Billiton Group	**64,768**	79,143	70,667	65,526	56,762
Other financial information					
Underlying EBITDA (4)	**21,852**	30,292	28,109	31,554	32,904
Underlying EBIT (4)	**11,866**	22,098	21,680	25,948	28,626
Underlying attributable profit (4)	**6,417**	13,263	12,017	15,928	19,194
Underlying basic earnings per share (US cents) (4)	**120.7**	249.3	225.8	299.2	348.3
Capital and exploration expenditure (BHP Billiton share) (5)	**11,581**	15,181	22,291	19,793	12,387
Net operating cash flows (6)	**19,296**	25,364	20,154	25,259	30,080

(1) Includes (loss)/profit after taxation from Discontinued operations attributable to members of BHP Billiton Group.
(2) For more information on earnings per share refer to note 6 'Earnings per share' to the Financial Statements in the Annual Report 2015.
(3) The Consolidated Balance Sheet for FY2015 does not include the assets and liabilities of the Businesses demerged with South32. IFRS 5/AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' does not require the Consolidated Balance Sheet to be restated for comparative periods.
(4) Underlying attributable profit, Underlying EBIT and Underlying EBITDA are non-IFRS financial measures that we use to reflect the underlying performance of BHP Billiton. Underlying attributable profit is Attributable profit excluding Discontinued operations and any exceptional items. Underlying EBIT is earnings before net finance costs, taxation, Discontinued operations and any exceptional items. Underlying EBITDA is Underlying EBIT before depreciation, impairments and amortisation. We believe that Underlying attributable profit, Underlying EBIT and Underlying EBITDA provide useful information, but should not be considered as an indication of, or as an alternative to, Attributable profit as an indicator of actual operating performance or as an alternative to cash flow as a measure of liquidity. Underlying EBIT and Underlying EBITDA are included in the FY2015 Consolidated Financial Statements as required by IFRS 8 'Operating Segments' and are disclosed in section 1.15.3 Operating results of this Strategic Report and section 2.5 Business performance of the Annual Report 2015.
(5) Represents the share of capital and exploration expenditure attributable to BHP Billiton shareholders on a cash basis. Includes BHP Billiton proportionate share of equity accounted investments, capital and exploration expenditure from Discontinued operations; excludes capitalised deferred stripping and non-controlling interests.
(6) Net operating cash flows are after dividends received, net interest and taxation and include net operating cash flows from Discontinued operations.
(7) FY2012 and FY2011 restated data is not required to be and has not been subject to audit.
(8) FY2011 data has not been restated for the effects of new accounting standards and interpretations and other voluntary changes in accounting policy, which were effective in the financial year commencing from 1 July 2013. This information has however been restated where required by IFRS 5/AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', unless otherwise noted.

1.11.1 Selected financial information continued

Non-IFRS measures

We use a number of non-IFRS measures to assess our performance. Non-IFRS measures include the following:

- Adjusted effective tax rate – comprises Total taxation expense excluding remeasurement of deferred tax assets associated with the Minerals Resource Rent Tax (MRRT), exceptional items, Discontinued operations and exchange rate movements included in taxation expense divided by Profit before taxation and exceptional items.
- Controllable cash costs – comprises operating cash costs and exploration and business development costs and excludes Discontinued operations.
- Free cash flow – comprises Net operating cash flows less net investing cash flows and excludes Discontinued operations.
- Gearing – represents the ratio of net debt to net debt plus net assets.
- Net debt – comprises Interest bearing liabilities less Cash and cash equivalents for the total operations within the Group at the reporting date.
- Net operating assets – represents operating assets net of operating liabilities, including the carrying value of equity accounted investments and predominantly excludes cash balances, interest bearing liabilities and deferred tax balances. The carrying value of investments accounted for using the equity accounted method represents the balance of the Group's investment in equity accounted investments, with no adjustment for any cash balances, interest bearing liabilities and deferred tax balances of the equity accounted investment.
- Underlying attributable profit – comprises Profit after taxation attributable to members of BHP Billiton Group less exceptional items as described in note 2 'Exceptional items' to the Financial Statements in the Annual Report 2015 and excludes Discontinued operations.
- Underlying basic earnings per share – represents basic earnings per share excluding any exceptional items and Discontinued operations.
- Underlying EBIT – is earnings before net finance costs, taxation, Discontinued operations and any exceptional items.
- Underlying EBITDA – is Underlying EBIT before depreciation, impairments and amortisation.
- Underlying EBIT margin – comprises Underlying EBIT, excluding third party product profit from operations, divided by revenue excluding third party product revenue.
- Underlying EBITDA margin – comprises Underlying EBITDA, excluding third party product EBITDA, divided by revenue excluding third party product revenue.
- Underlying EBITDA interest coverage – for the purpose of deriving interest coverage, net interest comprises Interest on bank loans and overdrafts, Interest on all other borrowings, Finance lease and hire purchase interest less Interest income.
- Underlying return on capital – represents net profit after tax, excluding exceptional items, Discontinued operations and net finance costs (after tax), divided by average capital employed. Capital employed is net assets before net debt.

Financial results for year ended 30 June 2015 compared with year ended 30 June 2014

Information in this section has been presented on a Continuing operations basis to exclude the contribution from assets that were demerged with South32, unless otherwise noted. Details of the contribution of the South32 assets to the Group's results are disclosed under 'Discontinued operations' below and in note 29 'Discontinued operations' to the Financial Statements in the Annual Report 2015.

Revenue in FY2015 was US$44.6 billion, a decrease of US$12.2 billion or 21 per cent from US$56.8 billion in the corresponding period. Revenue decreased across all Businesses, but mainly in the Iron Ore and Petroleum and Potash Businesses, where revenue decreased by US$6.6 billion and US$3.4 billion, respectively. Our Copper Business and our Coal Business contributed additional revenue decreases of US$1.3 billion and US$678 million, respectively.

The decrease in revenue in Iron Ore was primarily due to a 41 per cent decline in the average realised price of iron ore to US$61 per wet metric tonne (FOB), which more than offset a 13 per cent volume increase at WAIO to a record 254 Mt (100 per cent basis) as a result of continued improvement in the performance of our integrated supply chain and the successful ramp-up of the Jimblebar mining hub. The decrease in revenue in Petroleum was primarily driven by lower realised prices.

Overall, the US$12.2 billion decrease in revenue in FY2015 was primarily attributable to weaker realised prices for our commodities, which reduced total revenue by US$17.0 billion, which more than offset additional revenue of US$6.2 billion attributable to increased volumes during the year.

1.11.1 Selected financial information continued

Year ended 30 June	2015 US$M	2014 US$M Restated	2013 US$M Restated
Raw materials and consumables used	**4,667**	5,540	5,407
Employee benefits expense	**4,971**	5,413	5,578
External services (including transportation) (1)	**8,928**	9,899	10,202
Third party commodity purchases	**1,165**	1,702	1,158
Net foreign exchange (gains)/losses	**(469)**	168	(187)
Fair value change on derivatives	**124**	(122)	63
Government royalties paid and payable	**1,708**	2,412	2,179
Depreciation and amortisation expense	**9,158**	7,716	6,067
Exploration and evaluation expenditure	**670**	698	1,026
Impairment of assets (2)	**4,024**	478	3,286
Operating lease rentals	**636**	665	679
Other operating expenses (3)	**1,428**	1,954	1,371
Total expenses	**37,010**	36,523	36,829
Less exceptional items	**(3,196)**	–	(2,862)
Total expenses excluding exceptional items	**33,814**	36,523	33,967

(1) Includes exceptional items of US$ nil (2014: US$ nil; 2013: US$96 million).
(2) Includes exceptional items of US$3,196 million (2014: US$ nil; 2013: US$2,924 million).
(3) Includes exceptional items of US$ nil (2014: US$ nil; 2013: credit of US$158 million).

Total expenses increased from US$36.5 billion in FY2014 to US$37.0 billion in FY2015. Total expenses excluding exceptional items of US$3.2 billion, the majority of which related to impairments in FY2015, decreased by US$2.7 billion or seven per cent during FY2015 from US$36.5 billion to US$33.8 billion.

The increase of non-cash expenses for depreciation and amortisation of US$1.4 billion and impairments not classified as exceptional items of US$350 million, was more than offset by our ability to reduce operating costs across all of our Businesses, demonstrated by the delivery of a US$2.7 billion reduction in cash cost efficiencies and a favourable foreign exchange impact of US$1.7 billion.

Reductions in expenses (excluding exceptional items) were evident in Raw materials and consumables used of US$873 million, External services (including transportation) of US$971 million, Employee benefit expense of US$442 million, Third party commodity purchases of US$537 million, and Government royalties paid and payable of US$704 million. Total operating costs were aided by favourable exchange rates, including a favourable restatement of monetary items in the balance sheet of US$637 million compared to FY2014. For further information, refer to note 42 'Functional and presentation currency' to the Financial Statements in the Annual Report 2015.

Other income decreased from US$1.2 billion in FY2014 to US$496 million in FY2015, mainly due to the gain on sale for the Pinto Valley mining operation of US$551 million recognised in FY2014. For further information, refer to note 5 'Other income' to the Financial Statements in the Annual Report 2015.

Profit from operations decreased by US$13.9 billion or 62 per cent, from US$22.6 billion to US$8.7 billion. Gross exceptional items during FY2015 comprised an impairment of Onshore US assets of US$2.8 billion and an impairment of Nickel West assets of US$409 million, compared with gross exceptional income of US$551 million in FY2014.

Underlying EBIT

Underlying EBIT is a key measure that management uses internally to assess the performance of our Businesses, make decisions on the allocation of resources and assess operational management. Management uses this measure because financing structures and tax regimes differ across our assets and substantial components of our tax and interest charges are levied at a Group level rather than an operational level.

We exclude exceptional items from Underlying EBIT in order to enhance the comparability of the measure from period to period and provide clarity into the underlying performance of our operations. Our management monitors exceptional items separately.

For FY2015, Underlying EBIT declined by 46 per cent to US$11.9 billion. Further analysis of Underlying EBIT for the Businesses is included in section 1.12 and for the Group in section 1.15.3 of this Strategic Report.

The following table reconciles Underlying EBIT to Profit from operations.

Year ended 30 June	2015 US$M	2014 US$M Restated	2013 US$M Restated
Underlying EBIT	**11,866**	22,098	21,680
Exceptional items (before taxation) – refer section 1.15.3	**(3,196)**	551	297
Profit from operations (EBIT)	**8,670**	22,649	21,977

1.11.1 Selected financial information continued

Net finance costs

Net finance costs decreased by US$300 million to US$614 million in FY2015. The decrease reflected foreign exchange gains on finance leases and the early redemption of the Petrohawk Energy Corporation Senior Notes in August 2014, which resulted in a gain on redemption and lower interest expense.

Taxation expense

Total taxation expense decreased by US$3.1 billion to US$3.7 billion in FY2015. This decrease was mainly driven by the decrease of Profit before taxation. The adjusted effective tax rate, which excludes the influence of exchange rate movements, remeasurement of deferred tax assets associated with the MRRT and exceptional items, decreased from 32.2 per cent to 31.8 per cent.

Discontinued operations

South32's contribution to BHP Billiton's FY2015 results comprised US$753 million Profit after taxation, excluding exceptional items. Exceptional items comprised a tax expense of US$111 million related to the repeal of the MRRT and a net loss on the demerger of US$2.2 billion (after tax benefit). This contribution has been included in Loss attributable to members of BHP Billiton Group from Discontinued operations of US$1.6 billion.

Underlying attributable profit

The following table reconciles Underlying attributable profit to Attributable profit.

Year ended 30 June	2015 US$M	2014 US$M	2013 US$M
Underlying attributable profit	**6,417**	13,263	12,017
Attributable loss – Discontinued operations	**(1,573)**	184	(1,475)
Exceptional items (after taxation)	**(2,946)**	385	681
Minority interest in exceptional items	**12**	–	–
Attributable profit	**1,910**	13,832	11,223

Attributable profit decreased by 86 per cent to US$1.9 billion mainly driven by a significant decline in commodity prices and included an Attributable loss related to Discontinued operations of US$1.6 billion.

Underlying basic earnings per share of 120.7 US cents is calculated using Underlying attributable profit divided by the weighted average number of ordinary shares.

Other financial information

Net operating cash flows from Continuing operations decreased by 25 per cent to US$17.8 billion during FY2015. The major contributor was the US$7.7 billion decrease in cash generated from operations (after changes in working capital balances), which was partially offset by a decrease of US$2.1 billion in net taxes paid. Despite the significant decline in commodity prices, we generated US$6.3 billion of free cash flow during the period as we further improved both operating and capital productivity and exercised the flexibility in our investment program. In this regard, we invested US$11.0 billion in capital projects and exploration (BHP Billiton share) for Continuing operations during the year.

We finished the period with net debt of US$24.4 billion (2014: US$25.8 billion) for a gearing ratio of 25.7 per cent (2014: 23.2 per cent). IFRS 5/AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' does not require the Consolidated Balance Sheet to be restated for comparative periods. The FY2014 figures therefore includes assets and liabilities of the Businesses demerged with South32. For information relating to Discontinued operations refer to note 29 'Discontinued operations' to the Financial Statements in the Annual Report 2015.

1.11.2 Production performance

A summary of our production volumes for FY2015 and the previous two financial years is shown below. Further details appear in section 2.2 of the Annual Report 2015.

Year ended 30 June [(1)]	2015	2014	2013
Production – Continuing operations			
Total Petroleum production (MMboe)	**256**	246	236
Copper (kt)	**1,708**	1,727	1,689
Iron ore (kt)	**232,508**	203,564	169,856
Metallurgical coal (kt)	**42,621**	37,565	29,708
Energy coal (kt)	**41,012**	43,108	40,818
Nickel (kt)	**90**	99	103
Production – Discontinued operations			
Metallurgical coal (kt)	**7,216**	7,513	7,942
Energy coal (kt)	**28,677**	30,384	31,627
Alumina (kt)	**4,284**	5,178	4,880
Aluminium (kt)	**843**	1,174	1,179
Manganese ores (kt)	**7,224**	8,302	8,517
Manganese alloys (kt)	**612**	646	608
Nickel (kt)	**34**	44	51

(1) BHP Billiton Group share of production includes our proportional share of production for which profit is derived from our equity accounted investments, unless otherwise stated.

1.11.3 Projects and pipeline

Our project pipeline focuses on commodities that are expected to be high-margin and create significant future value. During FY2015, three major projects achieved first production for a total capital expenditure (subject to finalisation) of US$6.7 billion. At the end of FY2015, we had four major projects under development with a combined budget of US$7.0 billion. This budget does not include an additional US$1.5 billion of capital expenditure that we expect to spend in FY2016 on development of our Onshore US asset.

For more information on our major projects and pipeline refer to section 1.12 of this Strategic Report.

For more information on our major projects and pipeline refer to sections 2.1 and 2.4 of the Annual Report 2015.

1.12 Our Businesses

The description of our Businesses and a discussion of their performance are set out below.

For further information on our assets, production, results and reserves and resources refer to section 2 of the Annual Report 2015. For further information on the financial results of our Businesses, refer to note 1 'Segment reporting' to the Financial Statements in the Annual Report 2015.

1.12.1 Revenue and Underlying EBIT performance by Business

The following tables provide a summary of Revenue and Underlying EBIT for FY2015 and the two prior corresponding periods of our Businesses and the Group. Our use of Underlying EBIT is explained in section 1.11.1 of this Strategic Report. Underlying EBIT is one of the financial measures used to monitor the financial performance of our overall strategy and is disclosed by segment in note 1 'Segment reporting' to the Financial Statements in the Annual Report 2015.

Information in this section has been presented on a Continuing operations basis to exclude the contribution from assets that were demerged with South32, unless otherwise noted. Details of the contribution of the South32 assets to the Group's results are disclosed in note 29 'Discontinued operations' to the Financial Statements in the Annual Report 2015.

Group and business level information is reported on a statutory basis in accordance with IFRS 8 'Operating Segments'. Revenue excludes revenue from investments accounted for using the equity method. Underlying EBIT includes net finance costs and taxation expense of investments accounted for using the equity method.

Year ended 30 June	2015 US$M	2014 US$M Restated	2013 US$M Restated
Revenue (1)			
Petroleum and Potash	**11,447**	14,833	13,224
Copper	**11,453**	12,789	13,172
Iron Ore	**14,753**	21,356	18,593
Coal	**5,885**	6,563	6,574
Group and unallocated items (2)	**1,098**	1,221	2,297
BHP Billiton Group	**44,636**	56,762	53,860

Year ended 30 June	2015 US$M	2014 US$M Restated	2013 US$M Restated
Underlying EBIT			
Petroleum and Potash	**1,802**	5,287	5,636
Copper	**3,353**	4,668	5,033
Iron Ore	**6,932**	12,102	11,109
Coal	**348**	575	424
Group and unallocated items (2)	**(569)**	(534)	(522)
BHP Billiton Group	**11,866**	22,098	21,680

(1) Includes the sale of third party products.
(2) Comprises Group Functions, other unallocated operations including Nickel West (previously disclosed in the former Aluminium, Manganese and Nickel Business), consolidation adjustments and external sales of freight and fuel to third parties.

Year ended 30 June 2015 compared with year ended 30 June 2014

Underlying EBIT for FY2015 was US$11.9 billion, a decrease of 46 per cent compared to the prior year.

A significant decline in commodity prices reduced Underlying EBIT by US$16.4 billion. This was offset in part by a reduction in operating cash costs of US$2.7 billion and the generation of productivity-led volume efficiencies of US$1.2 billion. A US$142 million reduction in capitalised exploration expenditure contributed to the delivery of US$4.1 billion of productivity gains during the period, two years ahead of our FY2017 target.

Non-cash charges and one-off items decreased Underlying EBIT by US$1.3 billion and US$456 million respectively, but were offset by the favourable impact of a stronger US dollar of US$1.6 billion, reduction of price-linked costs of US$1.2 billion and the impact of additional growth volumes of US$1.8 billion.

The use of the term operating cash costs is described in section 1.15.3 of this Strategic Report.

1.12.2 Petroleum and Potash Business

Our Petroleum and Potash Business headquartered in Houston, United States, comprises conventional and non-conventional oil and gas operations and a potash project based in Saskatchewan, Canada.

Results

Year ended 30 June	2015 US$M	2014 US$M	2013 US$M
Revenue	**11,447**	14,833	13,224
Underlying EBIT	**1,802**	5,287	5,636
Capital expenditure	**5,359**	6,423	7,675
Net operating assets	**36,287**	39,514	37,525
Total petroleum production (MMboe)	**256**	246	236

Our Petroleum Business includes exploration, development, production and marketing activities. We have a high-quality resource base concentrated in the United States and Australia. Our core production operations are located in the US Gulf of Mexico, Australia, Trinidad and Tobago (conventional) and Onshore US (unconventional). We produce crude oil and condensate, gas and natural gas liquids (NGLs). A summary of the assets, capital projects and FY2015 performance of our Petroleum and Potash Business is presented as follows.

Description of the Petroleum Business

Our production operations include the following:

Gulf of Mexico (United States)

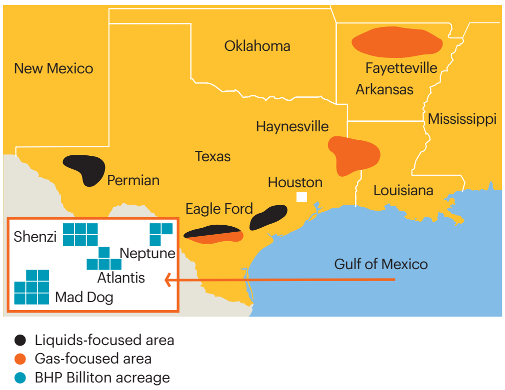
We operate two fields in the Gulf of Mexico (Shenzi with a 44 per cent interest and Neptune with a 35 per cent interest) and hold non-operating interests in three other fields (Atlantis with a 44 per cent interest, Mad Dog with a 23.9 per cent interest, and Genesis with a 4.95 per cent interest). We have ongoing infill drilling in most of our Gulf of Mexico fields and also planned ongoing water injection wells at the Shenzi and Atlantis fields. All the fields are located between 155 and 210 kilometres offshore from the US state of Louisiana. We also own 25 per cent and 22 per cent, respectively, of the companies that own and operate the Caesar oil pipeline and the Cleopatra gas pipeline. These pipelines transport oil and gas from the Green Canyon area, where our Gulf of Mexico fields are located, to connecting pipelines that transport product onshore. Our US oil production is delivered to refineries along the Gulf Coast of the United States. Production in FY2015 was 36.6 million barrels of oil equivalent (MMboe), up from 36.1 MMboe in FY2014.

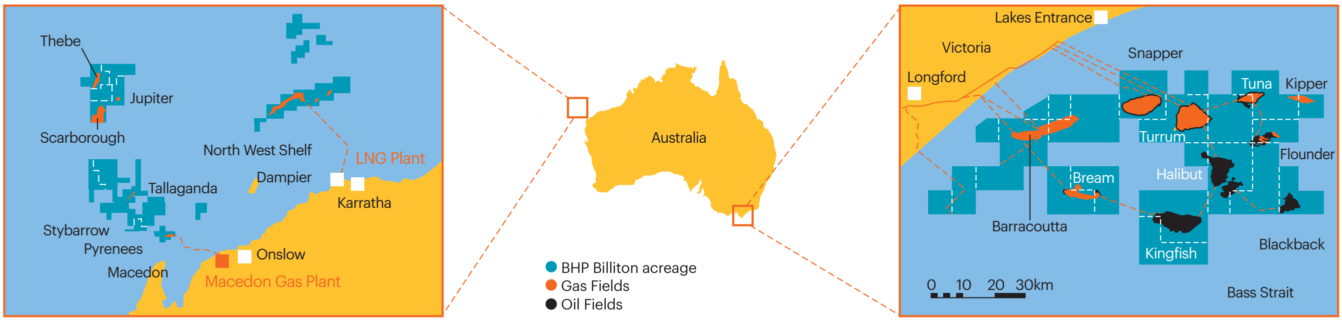
Onshore US (United States)

We produce oil, condensate, gas and NGLs in four shale areas: Eagle Ford, Permian, Haynesville and Fayetteville. The Eagle Ford area has two fields, Black Hawk and Hawkville. Much of the Eagle Ford and Permian areas are focused on hydrocarbon liquids. The Haynesville and Fayetteville areas are focused on gas. Our combined leasehold acreage onshore in the United States is approximately 1.1 million net acres. Our ownership interests in those leases range from less than one per cent to 100 per cent. At 30 June 2015, we held an interest in approximately 7,300 gross wells and approximately 2,300 net wells. We acted as joint venture operator for approximately 27 per cent of our gross wells. Production in FY2015 was 125.7 MMboe, up from 108.1 MMboe in FY2014.

Oil and gas production from our onshore shale areas is sold domestically in the United States, via connections to intrastate and interstate pipelines, and internationally through the export of processed condensate from Black Hawk. Prices for oil, NGLs and gas are based on US regional price indices, including West Texas Intermediate prices for oil, relevant published US regional gas indices for natural gas and Mont Belvieu prices for NGLs.

Map of Onshore US and Gulf of Mexico





Bass Strait (Australia)
Together with our 50–50 joint venture partner, Esso Australia (a subsidiary of ExxonMobil), through the Gippsland Basin Joint Venture, we participated in the original discovery of hydrocarbons in 1965 and we have been producing oil and gas from Bass Strait for more than 40 years. The Bass Strait operations are located between 25 and 80 kilometres off the southeastern coast of Australia.

We sell the majority of our Bass Strait crude oil and condensate production to refineries along the east coast of Australia under 12-month contracts. The contract price is based on the average Dated Brent price. Gas is piped onshore to the joint venture's Longford processing facility, from where we sell our share of production to domestic distributors under contracts with periodic price reviews. Liquefied petroleum gas (LPG) is dispatched via pipeline, road tanker or sea tanker. Ethane is dispatched via pipeline to petrochemical plants in western Melbourne.

Production in FY2015 was 31.2 MMboe, down from 34.0 MMboe in FY2014.

Minerva *(Australia)*
We are the operator of Minerva (90 per cent interest), a gas field located 11 kilometres south-southwest of Port Campbell in western Victoria. The operation consists of two subsea wells, with gas piped onshore to a processing plant. After processing, the gas is delivered into a pipeline and sold domestically under long-term contracts.

Production in FY2015 was 3.1 MMboe, up from 3.0 MMboe in FY2014.

North West Shelf (Australia)
We are a joint venture participant in the North West Shelf Project, located approximately 125 kilometres northwest of Dampier in Western Australia. The North West Shelf Project supplies gas to the Western Australian domestic market, mainly under long-term contracts, and liquefied natural gas (LNG) to buyers in Japan, South Korea and China under a series of long-term contracts.

North West Shelf gas is piped from the fields to the Karratha Gas Plant for processing. LPG, condensate and LNG are transported to market by ship, while domestic gas is transported by the Natural Gas and Pilbara Energy pipelines. We are also a joint venture partner in four nearby oil fields – Cossack, Wanaea, Lambert and Hermes. All North West Shelf gas and oil joint ventures are operated by Woodside. Production in FY2015 was 28.7 MMboe, down from 28.8 MMboe in FY2014.

Pyrenees (Australia)
We operate six oil fields in Pyrenees, which are located offshore approximately 23 kilometres northwest of Northwest Cape, Western Australia. We had an effective 62 per cent interest in the fields as at 30 June 2015, based on inception-to-date production from two permits in which we have interests of 71.43 per cent and 40 per cent, respectively. The project uses a floating, production, storage and off-take (FPSO) facility. The crude oil produced is sold internationally on the spot market. Production in FY2015 was 7.2 MMboe, down from 7.5 MMboe in FY2014.

Macedon (Australia)
We are the operator of Macedon (71.43 per cent interest), an offshore gas field located approximately 75 kilometres west of Onslow, Western Australia, and an onshore gas processing facility, located approximately 17 kilometres southwest of Onslow. The operation achieved first gas in August 2013 and consists of four subsea wells, with gas piped onshore to the processing plant. After processing, the gas is delivered into a pipeline and sold into the Western Australian domestic market, mainly under long-term contracts. Production in FY2015 was 6.8 MMboe, up from 5.5 MMboe in FY2014.

Stybarrow (Australia)
We are the operator of Stybarrow (50 per cent interest), an oil field located 55 kilometres west-northwest of Exmouth, Western Australia. The project uses a FPSO facility. The crude oil produced is sold internationally on the spot market. Stybarrow reached the end of its field life and ceased production on 30 June 2015.

Trinidad and Tobago
We operate the Greater Angostura field (45 per cent interest in the production sharing contract), an integrated oil and gas development, located offshore, 40 kilometres east of Trinidad. The crude oil is sold on a spot basis to international markets, while the gas is sold domestically under term contracts. Production in FY2015 was 6.7 MMboe, down from 7.5 MMboe in FY2014.

Other
We are the operator of the Zamzama gas project (38.5 per cent interest) in the Sindh province of Pakistan and the Keith oil and gas field (31.83 per cent interest) in the North Sea. We have non-operating interests in ROD Integrated Development (38 per cent interest), which consists of six satellite oil fields in Algeria, and in the Bruce oil and gas field (16 per cent interest) in the North Sea. Production in FY2015 was 9.0 MMboe, down from 14.2 MMboe in FY2014.

More information on our assets and operations is presented in section 2.1.1 of the Annual Report 2015.

1.12.2 Petroleum and Potash Business continued

Development projects in execution at year-end

North West Shelf Greater Western Flank–A

The North West Shelf Greater Western Flank–A (GWF-A) gas project was approved by the Board in November 2011 to recover gas from the near field Goodwyn H and Tidepole fields. The project consists of a five well subsea tie-back of the Goodwyn H and Tidepole fields to the Goodwyn A platform. The Goodwyn A platform is located in 130 metres of water, approximately 130 kilometres offshore from Karratha on the northwest coast of Australia. First gas production is expected in CY2016. Woodside is the operator and we own a 16.67 per cent interest.

Bass Strait Longford Gas Conditioning

The Longford Gas Conditioning Plant (LGCP) Project was approved by the Board in December 2012 to enable the production of Turrum reserves plus the production of Kipper and other undeveloped high carbon dioxide content hydrocarbons. The Project scope includes a carbon dioxide extraction facility, brownfield tie-ins, an electrical upgrade and multiple supporting utilities. First gas production is expected in CY2016.

Bass Strait Kipper gas field development

Initial development of the Kipper gas field in the Gippsland Basin, located offshore from Victoria, was approved by the Board in December 2007. A supplemental approval of the development was granted in January 2011. The first phase of the project included two new subsea wells, three new pipelines and platform modifications to supply 10 thousand barrels per day (Mbbl/d) of condensate and 80 million cubic feet per day (MMcf/d) of gas.

Gas and liquids will be processed via the existing Gippsland Basin Joint Venture facilities. The Kipper gas field development comprises the Kipper Unit Joint Venture and the Gippsland Basin Joint Venture. We own a 32.5 per cent interest in the Kipper Unit Joint Venture, with Esso Australia owning 32.5 per cent and Santos owning 35 per cent. We own a 50 per cent interest in the Gippsland Basin Joint Venture, with Esso Australia owning the remaining 50 per cent.

The main Kipper gas field facilities were completed in September 2012; however, first production has not yet commenced due to the need to provide for mercury removal. Funding for the installation of the mercury treatment facilities of US$120 million was approved in March 2014, with completion expected to occur in CY2016. Our share of costs incurred to 30 June 2015 was US$59 million.

Bass Strait Turrum field development

Further expansion of the Gippsland Basin facilities is underway following approval by the Board in July 2008 of the full field development of the Turrum oil and gas field. A supplemental approval of the development was obtained in January 2011. The project consists of five wells and a new platform, Marlin B, linked by a bridge to the existing Marlin A platform. The Turrum field, which has a capacity of 11 Mbbl/d of oil and 200 MMcf/d of gas, is located 42 kilometres offshore in approximately 60 metres of water. Our share of development costs is approximately US$1.4 billion, of which US$1.3 billion was incurred as of 30 June 2015.

The Turrum field development operates under the Gippsland Basin Joint Venture, in which we own a 50 per cent interest, with Esso Australia owning the remaining 50 per cent. Initial production of low carbon dioxide gas through the Turrum facilities occurred in June 2013. High carbon dioxide gas production from the Turrum reservoir will come online with completion of the Longford Gas Conditioning Plant in CY2016.

Onshore US development

BHP Billiton's Onshore US drilling and development expenditure in FY2015, presented on an accruals basis within this section, was US$3.3 billion (FY2014: US$4.2 billion). The expenditure was primarily related to drilling and completion activities in our liquids-rich Black Hawk and Permian fields, while deferring development in areas that are predominantly gas.

Eagle Ford capital expenditure for FY2015 was US$2.1 billion (FY2014: US$3.1 billion). The expenditure was primarily related to drilling and completion activities, resulting in 188 net development wells completed during the year. Of the US$2.1 billion, approximately US$95 million was spent on the installation of more than 52 kilometres of pipeline infrastructure and additional gas processing facilities. The operated rig count was seven for the year (FY2014: 17).

Permian capital expenditure for FY2015 was US$0.7 billion (FY2014: US$0.5 billion). The expenditure was primarily related to drilling and completion activities, resulting in 45 net development wells completed during the year. Of the US$0.7 billion, approximately US$54 million was spent on the installation of more than 101 kilometres of pipeline infrastructure and additional gas processing facilities. The operated rig count was three for the year (FY2014: four).

Haynesville capital expenditure for FY2015 was US$0.3 billion (FY2014: US$0.4 billion). The expenditure was primarily related to drilling and completion activities, resulting in 25 net development wells completed during the year. There were no operated rigs in Haynesville at the end of this year (FY2014: three).

Fayetteville capital expenditure for FY2015 was US$0.2 billion (FY2014: US$0.2 billion). The expenditure was primarily related to participation in drilling and completion activities for wells operated by third parties, resulting in 45 net development wells completed during the year.

More information on our development and capital projects is presented in section 2.4 of the Annual Report 2015.

Exploration and evaluation

Our exploration strategy is to focus on material opportunities, at high working interest, with a bias for liquids and operatorship. While the majority of the expenditure incurred was in our Gulf of Mexico, Western Australia and Trinidad and Tobago focus areas, we also incurred expenditure in South Africa, Brazil, South-East Asia, India and Onshore US.

After exploration and appraisal we then perform development evaluation activities to determine the technical feasibility and commercial viability of prospective projects.

More information on our development evaluation activities and exploration is presented in section 2.1.1 of the Annual Report 2015.

Description of Potash

Jansen Potash Project

Our Potash strategy is to build a material industry position over the long term.

We hold exploration permits and mining leases, issued by the Government of Saskatchewan, covering more than 16,000 square kilometres of mineral rights in the province of Saskatchewan in Canada. The Government of Saskatchewan has issued a Potash Lease Special Agreement (KLSA) for the Jansen Potash Project, which provides long-term security of tenure to allow the ongoing development and subsequent operation of Jansen for the life of the operation.

We have progressively explored our permit areas over the past eight years and continue to evaluate their economic development potential. We are converting our exploration permits to long-term mining leases as these permits mature in order to enable further evaluation. To date, we have secured 8,000 square kilometres under long-term mining leases.

We continue to progress Jansen, a greenfield potash project, located approximately 140 kilometres east of Saskatoon in south-central Saskatchewan. We believe Jansen is one of the world's best undeveloped potash resources and is likely to be a low-cost source of supply once fully developed. Investment in Jansen could underpin a potential fifth Business within BHP Billiton, given the opportunity to develop a multi-decade, multi-mine basin in Saskatchewan.

On 20 August 2013, we announced an additional US$2.6 billion investment in Jansen, bringing total approved spending to US$3.8 billion. This investment is funding the excavation and lining of the Project's production and service shafts, and the installation of essential surface infrastructure and utilities and was 46 per cent complete as of 30 June 2015.

The level of expenditure on the Project in FY2015 was US$423 million. Shaft excavation is progressing, while the construction workforce camp and service shaft permanent headframe have been completed. Necessary infrastructure work continues to be progressed.

With our investment premised on the attractive longer-term market fundamentals for potash, we will continue to modulate the pace of development. The introduction of one or more minority partners, consistent with our approach for some of our other resource operations, will be considered at the appropriate time.

On the basis of our current projections and subject to Board approval, Jansen is likely to ramp-up production in the decade beginning 2020.

We are continuing to evaluate other areas for which we have exploration permits in the Saskatchewan potash basin, including Young, Boulder, Burr and Melville, through analysis of the extensive data collected from successive exploration programs.

In October 2014, the management of the closed mines sites associated with Base Metals North America was transitioned from the Potash to the Petroleum Business. All locations are in care and maintenance or in various stages of closure.

As at 1 August 2015, management of the Jansen Potash Project transferred from the Petroleum Business to BHP Billiton's Chief Commercial Officer.

Performance

Total petroleum production increased by four per cent in FY2015 to a record 256 MMboe. A 17 per cent increase in liquids production to 125 MMboe was supported by a 67 per cent increase in Onshore US liquids volumes and strong uptime performance in the Gulf of Mexico. Natural gas production declined by six per cent to 787 billion cubic feet due to weaker seasonal demand at Bass Strait, along with lower Onshore US gas volumes as a result of the decision to defer development activity for longer-term value.

Petroleum revenue decreased by US$3.4 billion to US$11.5 billion. Revenue in Australia for the Australia Production Unit (which includes Macedon, Pyrenees, Stybarrow and Minerva), Bass Strait and North West Shelf collectively decreased by US$1.5 billion (27 per cent) to US$4.2 billion and revenue in the Gulf of Mexico for Atlantis, Shenzi and Mad Dog decreased by US$963 million (30 per cent) to US$2.2 billion.

Underlying EBIT for Petroleum decreased by US$3.9 billion to US$1.9 billion in FY2015. Price related impacts, net of price-linked costs decreased Underlying EBIT by US$4.1 billion due to the decrease in average realised prices of crude and condensate oil from US$102/bbl to US$68/bbl, US natural gas from US$4.10/Mscf to US$3.27/Mscf and LNG from US$14.67/Mscf to US$11.65/Mscf.

Higher volumes contributed an increase of US$799 million to Underlying EBIT. This was partially offset by non-cash costs which reduced Underlying EBIT by US$639 million. The increase in non-cash costs includes: US$316 million of higher depreciation and amortisation charges in Onshore US following the ramp-up of liquids production at Black Hawk and the progressive development of our Permian acreage; and US$328 million of impairment charges associated with the divestment of conventional assets in North Louisiana (Haynesville) and unconventional gas assets in the Pecos field (Permian). The rate of depreciation in Onshore US assets is expected to continue to rise as the proportion of currently higher-margin liquids volumes increase relative to gas. During the period, a US$79 million impairment of Neptune was also recognised as the fall in near-term oil prices has affected its value due to its short field life.

Petroleum capital expenditure declined by 15 per cent to US$5.0 billion in FY2015, which included US$3.7 billion of Onshore US drilling and development expenditure. We continued to realise significant improvements in shale drilling efficiency during the period as spud to sales timing in the Black Hawk improved by 17 per cent and drilling costs declined by 19 per cent to US$3.4 million per well.

2015 financial year (2014 financial year)		Liquids focused areas		Gas focused areas		
		Eagle Ford	Permian	Haynesville	Fayetteville	Total
Capital expenditure (i)	US$ billion	**2.3** (3.1)	**0.8** (0.5)	**0.4** (0.4)	**0.2** (0.2)	**3.7** (4.2)
Rig allocation	At period-end	**7** (17)	**3** (4)	**0** (3)	**0** (0)	**10** (24)
Net wells drilled and completed (ii)	Period total	**188** (262)	**45** (43)	**25** (38)	**45** (71)	**303** (414)
Net productive wells (iii)	At period-end	**836** (647)	**75** (57)	**395** (899)	**1,070** (1,023)	**2,376** (2,626)

(i) Includes land acquisition, site preparation, drilling, completions, well site facilities, mid-stream infrastructure and pipelines.
(ii) Can vary between periods based on changes in rig activity and the inventory of wells drilled but not yet completed at period-end.
(iii) Change in productive well count includes reduction associated with the divestment of assets in North Louisiana (Haynesville) and Pecos (Permian).

Petroleum exploration expenditure for FY2015 was US$567 million, of which US$481 million was expensed. Activity for the period was largely focused on the Gulf of Mexico, Western Australia and Trinidad and Tobago.

Potash recorded an Underlying EBIT loss of US$184 million in FY2015 compared to a loss of US$285 million in FY2014. The reduction in loss was driven by a decrease in non-cash costs and exploration expenditure.

Outlook

Petroleum production is forecast to decrease by seven per cent in FY2016 to 237 MMboe (Conventional: 125 MMboe; Onshore US: 112 MMboe). In Onshore US, further improvements in drilling and completions efficiency will support stable volumes in the liquids-rich Black Hawk and Permian despite lower capital spend in FY2016. However, we anticipate a 19 per cent decline in the combined production of the predominantly gas-rich, and currently lower-margin Haynesville, Fayetteville and Hawkville fields as we continue to defer development of these assets for longer-term value. Conventional volumes are expected to decrease as a result of planned maintenance programs and natural field decline.

In FY2016, we expect to reduce drilling costs further to US$2.5 million per well in the Black Hawk. In our Conventional business, investment remained focused on high-return infill drilling opportunities in the Gulf of Mexico and life extension projects at Bass Strait and North West Shelf.

Petroleum capital expenditure of approximately US$3.1 billion is planned in FY2016. Onshore US capital expenditure is expected to account for US$1.5 billion of this and support a development program of nine operated rigs. Completions activity will continue to be tailored to market conditions and we will exercise further flexibility should there be greater value in deferral. Drilling activity will be focused on our liquids-rich Black Hawk and Permian acreage with our dry-gas development program in Haynesville and Fayetteville deferred for longer-term value.

A US$600 million exploration program, largely focused on acreage access and seismic data acquisition is planned for FY2016.

During February 2015, BHP Billiton signed an agreement with Tri-Resources, a subsidiary of the Hashoo Group, for the sale of our gas business in Pakistan. The transaction is subject to regulatory approval.

The excavation and lining of the Jansen Potash project shafts is steadily progressing and the pre-development project was 46 per cent complete at the end of the period. We expect to spend approximately US$350 million in FY2016. With our investment premised on the attractive longer-term market fundamentals for potash, we will continue to review the appropriate pace and level of development activity and capital expenditure for the project.

1.12.3 Copper Business

Our Copper Business, headquartered in Santiago, Chile, is one of the world's leading producers of copper concentrate and cathode, uranium oxide, and a producer of zinc concentrate. Our portfolio of mining operations includes the Escondida mine in Chile, a leading producer of copper, and Olympic Dam in South Australia, a major producer of copper and uranium oxide.

Results

Year ended 30 June (1)	2015 US$M	2014 US$M Restated	2013 US$M Restated
Revenue	**11,453**	12,789	13,172
Underlying EBIT	**3,353**	4,668	5,033
Capital expenditure	**3,822**	3,697	3,891
Net operating assets	**23,701**	21,997	19,868
Production – copper (kt)	**1,708**	1,727	1,689

(1) Information included in this table excludes Cannington given it formed part of the South32 demerger. The financial results for FY2013 and FY2014 have been restated to exclude Cannington.

A summary of the assets and operations, development projects and FY2015 performance of our Copper Business is presented as follows.

Description of the Copper Business

Our assets consist of the following:

Escondida (Chile)

Our 57.5 per cent owned and operated Escondida mine is a leading producer of copper. Located in the Atacama Desert in northern Chile, Escondida employs approximately 12,000 operational employees and contractors and has the capacity to move in excess of 1.3 million tonnes (Mt) of material per day. Its two open-cut pits currently feed three concentrator plants, which use grinding and flotation technologies to produce copper concentrate, as well as two leaching operations (oxide and sulphide). In FY2015, total Escondida production was 916.1 kilotonnes (kt) of payable copper in concentrate and 310.4 kt of copper cathode.

Pampa Norte (Chile)

Pampa Norte consists of two wholly owned operations in the Atacama Desert in northern Chile – Spence and Cerro Colorado. During FY2015, Spence produced 171.4 kt of high-quality copper cathode, using oxide and sulphide ore treatment through leaching, solvent extraction and electrowinning processes. Although production levels at Cerro Colorado have fallen in recent years as grades have declined, production in FY2015 reached 78.2 kt of copper cathode. A project currently being studied, referred to as the Spence Growth Option (SGO), is being conducted to consider exploiting the large and expandable hypogene resource with associated molybdenum sulphide by building a 95 kilotonnes per day (ktpd) concentrator at the Spence operation. SGO would extend the mine life by approximately 50 years beyond the current CY2025 closure date.

Antamina (Peru)

We own 33.75 per cent of Antamina, a large, low-cost copper and zinc mine in north central Peru. Antamina's total production for FY2015 was 107.7 kt of copper in concentrate and 66.4 kt of zinc in concentrate. Antamina also produces molybdenum and lead/bismuth concentrate, as well as small amounts of silver in the form of by-products.

In FY2015, following the identification of a number of debottlenecking opportunities, Antamina successfully increased nominal milling capacity to 53 million tonnes per annum (Mtpa).

Olympic Dam (Australia)

Our wholly owned Olympic Dam mine is a producer of copper cathode and uranium oxide and a refiner of gold and silver bullion. The site includes an underground mine, where the primary method of ore extraction is long-hole open stoping with cemented aggregate fill, and an integrated metallurgical processing plant.

The underground mine extracts copper uranium ore and hauls the ore by an automated train and trucking network feeding underground crushing, storage and ore hoisting facilities. The processing plant consists of two grinding circuits in which high-quality copper concentrate is extracted from sulphide ore through a flotation extraction process. The operation includes a fully integrated metallurgical complex with a grinding and concentrating circuit, a hydrometallurgical plant incorporating solvent extraction circuits for copper and uranium, a copper smelter, a copper refinery and a recovery circuit for precious metals.

The Svedala mill, which accounts for approximately 60 per cent of Olympic Dam's production, experienced an electrical failure in January 2015. Repairs were completed by June 2015 and the mill is now operating at full capacity.

In FY2015, Olympic Dam produced 124.5 kt of copper cathode, 3.1 kt of uranium oxide, 104.8 kilo-ounces (koz) of refined gold and 724 koz of refined silver.

More information on our assets and operations is presented in section 2.1.2 of the Annual Report 2015.

Development projects in execution at year-end

Escondida

The Organic Growth Project 1 (OGP1) is a new concentrator with a 152 ktpd plant. We expect this project to provide additional processing capacity and allow access to higher-grade ore. OGP1 was approved in February 2012 with budgeted expenditure of US$3.8 billion (US$2.2 billion BHP Billiton share). A US$361 million increase in the budget of OGP1 to US$4.2 billion (US$2.4 billion BHP Billiton share) was approved in October 2014 following challenges associated with contractor's progress. The Project was completed in May 2015 and is currently in the commissioning and ramp-up phase.

The Escondida Water Supply (EWS) project was approved in July 2013 and consists of a new 2,500 litres per second sea water desalination facility. This project will provide an alternative water supply to Escondida, as water usage increases upon completion of the 152 ktpd OGP1 copper concentrator. Construction of the new desalination facility commenced in July 2013 and includes the development of two pipelines, four high-pressure pump stations, a reservoir at the mine site and high-voltage infrastructure to support the system. The new facility is expected to be commissioned in CY2017 at a cost of US$3.4 billion (US$2.0 billion BHP Billiton share).

The Oxide Leach Area Project (OLAP) was completed in November 2014. The Project involved the creation of a new dynamic leaching pad and mineral handling system that included several overland conveyors. The new pad is expected to maintain oxide leaching capacity at current levels. OLAP was approved in February 2012 with budgeted expenditure of US$721 million (US$414 million BHP Billiton share) and a US$212 million increase in the budget of OLAP to US$933 million (US$536 million BHP Billiton share) was approved in March 2014. Expected final cost is US$899 million (US$517 million BHP Billiton share).

More information on our development projects is presented in section 2.4 of the Annual Report 2015.

Exploration activities

Our greenfield copper exploration activities during FY2015 were focused on advancing targets within Chile, Peru and southwestern United States. Greenfield activities include opportunity identification, application for and acquisition of mineral title, early reconnaissance operations and drilling programs.

Performance

Total copper production, including our proportional share of production for which profit is derived from our equity accounted investments for FY2015 was unchanged at 1.7 Mt. Escondida copper production increased by six per cent to 1.23 Mt as an 11 per cent improvement in truck utilisation and higher grades more than offset the impact of severe wet weather, water restrictions, industrial action and a power outage throughout northern Chile. Pampa Norte copper production increased by seven per cent to 250 kt as Spence benefited from higher recoveries. Olympic Dam copper production decreased by 32 per cent to 125 kt following an electrical failure which caused a mill outage in January 2015. Antamina copper production decreased by 25 per cent to 108 kt as lower grades more than offset record mill throughput.

Copper revenue decreased by US$1.3 billion to US$11.5 billion. The decrease was across all operations with revenue for Escondida decreasing by three per cent to US$7.8 billion, revenue at Olympic Dam decreased 30 per cent to US$1.2 billion and revenue at Pampa Norte decreased 20 per cent to US$1.4 billion.

Underlying EBIT for FY2015 decreased by US$1.3 billion to US$3.4 billion. Price impact net of price-linked costs for Copper reduced Underlying EBIT by US$1.6 billion due to lower average realised prices for copper from US$3.22/lb to US$2.78/lb. The increase in non-cash costs of US$839 million largely reflects increased ore mined resulting in higher depletion of stripping capitalised in previous periods in line with mine plans at Escondida; increased depreciation following the completion of OLAP; and a US$199 million impairment driven by a lower copper price and permitting uncertainty for the proposed mine life extension at Cerro Colorado. In contrast, a stronger US dollar against the Chilean peso and Australian dollar increased Underlying EBIT by US$359 million. Productivity cost efficiencies increased Underlying EBIT additionally by US$1.0 billion driven by improved productivity at Escondida and improved ore grades.

Unit cash costs is one of the financial measures used to monitor the performance of our individual assets.

Unit cash costs (excluding one-off items, freight and treatment and refining charges) at our operated copper assets declined by 14 per cent during FY2015. At Escondida, the improvement in truck utilisation and significant costs savings resulted in an eight per cent decrease to US$1.07 per pound. The excluded one-off costs primarily reflect the implementation of the Escondida voluntary redundancy program which is expected to reduce employee head count by more than 20 per cent.

Outlook

Total copper production is forecast to decrease by 12 per cent in FY2016 to 1.5 Mt. Escondida copper production of approximately 940 kt is forecast as increased throughput, enabled by the completion of OGP1 and further productivity improvements, partly offset an anticipated 27 per cent decline in grade. Pampa Norte production is forecast to remain at a similar level for FY2016. At Olympic Dam, an increase in full-year production is anticipated following the full ramp-up of the mill at the end of July 2015. Higher average copper grades at Antamina are expected to support an increase in copper volumes in FY2016.

During FY2015, OLAP delivered first production while OGP1 achieved mechanical completion and is now in the commissioning phase. The commissioning of the EWS project remains on schedule to commence in CY2017. In the medium term, completion of the EWS project and the life extension of Los Colorados will allow the use of three concentrators at Escondida to offset grade decline and support a strong recovery in production. At Olympic Dam, we will continue with our low-cost underground transition into the higher-grade Southern Mining Area. This high-grade ore will release latent capacity within our existing operations and lay the foundation for the longer-term underground expansion.

In FY2016, despite an anticipated increase in material moved to mitigate grade decline, a further step change in unit cost performance is expected as additional benefits from our productivity agenda are realised. In this context, Escondida unit costs are expected to decline by 15 per cent to US$0.91 per pound on a grade-adjusted basis.

1.12.4 Iron Ore Business

Our Iron Ore Business, headquartered in Perth, Australia, is one of the leading iron ore producers in the world. We sell lump and fines products produced in Australia and produce pellets from our operations in Brazil.

Results

Year ended 30 June	2015 US$M	2014 US$M	2013 US$M
Revenue	**14,753**	21,356	18,593
Underlying EBIT	**6,932**	12,102	11,109
Capital expenditure	**1,930**	2,949	5,979
Net operating assets	**23,954**	23,390	22,126
Production – iron ore (Mt)	**233**	204	170

A summary of the assets, development projects and FY2015 performance of our Iron Ore Business is presented as follows.

Description of the Iron Ore Business

Our assets consist of the following:

Western Australia Iron Ore (Australia)

Operations at Western Australia Iron Ore (WAIO) involve an integrated system of mines and more than 1,000 kilometres of rail infrastructure and port facilities in the Pilbara region of northern Western Australia, with our headquarters located in Perth. Our focus is to safely maximise output through operating our mines and utilising available infrastructure at our disposal.

Map of Western Australia Iron Ore

Since 2001, we have expanded our WAIO operations in response to increasing demand for iron ore, particularly from China. We have completed eight expansion projects to increase our mine, rail and port capacity. This includes our plan to continue to grow production following the recent completion of a number of expansion projects and ongoing debottlenecking of the supply chain to underpin potential further growth in capacity to 290 Mtpa (100 per cent basis). Our share of FY2015 production was 218.0 Mt of ore, which is expected to increase in FY2016 to 233 Mtpa.

Our Pilbara reserve base is relatively concentrated, allowing us to plan our development around a series of integrated mining hubs joined to the orebodies by conveyors or spur lines. This approach enables us to maximise the value of installed infrastructure by using the same processing plant and rail infrastructure for a number of orebodies.

Lump and fines products are sold to steel mills in China, South Korea, Japan, Singapore, Hong Kong, Taiwan, Switzerland and Australia under long-term and short-term contracts. Contract prices are generally linked to market indices.

In order to establish a consistent, long-term, high-quality lump ore product with a stable grade, we produce a blended lump product. The product is a blend of lump ores produced from the Newman, Area C and Jimblebar mining areas, known as Newman Blend lump. During FY2015, 23 per cent of our sales were lump and 77 per cent were fines.

Our WAIO operations consist of four main joint ventures: Mt Newman, Yandi, Mt Goldsworthy and Jimblebar. Our interest in the joint ventures is 85 per cent, with Mitsui and ITOCHU owning the remaining 15 per cent. The joint ventures are unincorporated, except Jimblebar.

The Mt Newman Joint Venture (JV) consists of a number of orebodies joined by conveyors and spur lines to a mining hub at Mt Whaleback. Ore is crushed, beneficiated (where necessary) and blended to create lump and fines products. The ore is then transported to port using Mt Newman JV-owned rail facilities. The Yandi JV comprises the Yandi mine where ore is crushed and screened and then transported by rail on the Newman main line. The Mt Goldsworthy JV consists of the Area C mine in the central Pilbara and the Yarrie mine in northern Pilbara. Ore is crushed and screened at Area C and transported by rail to Port Hedland. Production at the Yarrie mine in the northern Pilbara has been suspended since 25 February 2014, following improved productivity at our other mining operations. The Jimblebar operation comprises the Jimblebar mine, located 40 kilometres east of Newman. Jimblebar delivered first production in the September 2013 quarter and produced 16.8 Mt during FY2015. The Jimblebar mining hub ramped-up to a production rate exceeding 45 Mtpa during FY2015.

Our rail operations are controlled from Perth via our integrated remote operations centre, which co-locates rail control, port production control, mine dispatch control and mine fixed plant control.

Our port facilities are located on both sides of the harbour at Port Hedland. These facilities consist of Nelson Point, owned by the Mt Newman JV, and Finucane Island, owned by the Mt Goldsworthy JV. The port facilities include five ore car dumpers, three lump rescreening plants, eight stackers, five reclaimers, stock and blending yards, and eight ship loaders.

Samarco (Brazil)

We are a 50–50 joint venture partner with Vale at the Samarco operation in Brazil. Samarco currently comprises a mine and three concentrators located in the state of Minas Gerais, and four pellet plants and a port, located in Anchieta in the state of Espirito Santo. Three 400-kilometre pipelines connect the mine site to the pelletising facilities.

Samarco's main product is iron ore pellets. Extraction and beneficiation of iron ore are conducted at the Germano facilities in the municipalities of Mariana and Ouro Preto. Conveyor systems are used to extract the ore and convey it from the mines. Ore beneficiation then occurs in concentrators, where crushing, milling, desliming and flotation processes produce iron concentrate. The concentrate leaves the concentrators as slurry and is pumped through the slurry pipelines from the Germano facilities to the pellet plants in Ubu, Anchieta, where the slurry is processed into pellets. The iron ore pellets are then heat treated. The pellet output is stored in a stockpile yard before being shipped out of the Samarco-owned Port of Ubu in Anchieta.

Pellets are independently marketed by Samarco and sold to steelmakers in 19 countries, with prices generally linked to market indices.

In FY2015, our share of production was 14.5 Mt of pellets.

More information on our assets and operations is presented in section 2.1.3 of the Annual Report 2015.

Development projects in execution at year-end

Western Australia Iron Ore

WAIO has been executing a number of expansion projects in recent years. These projects, approved in March 2011 for a total of US$7.4 billion (US$6.6 billion BHP Billiton share) plus pre-commitment funding of US$2.3 billion (US$2.1 billion BHP Billiton share), were designed to deliver an integrated operation with a minimum capacity of 220 Mtpa (100 per cent basis).

These projects, each of which are substantially complete, included:

- the Jimblebar Mine Expansion project to develop the Jimblebar mine and rail links, and procure mining equipment and rolling stock in order to deliver a capacity of 35 Mtpa. The project costs as at 30 June 2015 amounted to US$3.5 billion (BHP Billiton share). Final costs are expected to be delivered below the revised budget of US$3.6 billion;
- further development of Port Hedland, including two additional berths and ship loaders, a car dumper, connecting conveyor route, and associated rail works and rolling stock. The project costs as at 30 June 2015 amounted to US$1.8 billion (BHP Billiton share). Final costs are expected to be delivered below the revised budget of US$1.9 billion;
- port blending facilities and rail yards to enable ore blending. The project costs as at 30 June 2015 amounted to US$0.9 billion (BHP Billiton share). Final costs are expected to be delivered below the revised budget of US$1.0 billion.

Our plan to continue to grow production following the recent completion of a number of expansion projects includes ongoing debottlenecking of the supply chain to underpin potential further growth in capacity to 290 Mtpa (100 per cent basis).

Western Australia Iron Ore – Orebody 24 mine

In FY2014, WAIO completed execution of its development of the Orebody 24 mine, located approximately 10 kilometres northeast of Newman. Orebody 24 is a sustaining mine to maintain iron ore production output from the Mt Newman JV operations. The project costs as at 30 June 2015 amounted to US$0.6 billion (BHP Billiton share). Final costs are expected to be delivered below the revised budget of US$0.7 billion.

More information on our development projects is presented in section 2.4 of the Annual Report 2015.

Exploration activities

Western Australia

WAIO has a substantial existing reserve base supported by considerable additional mineralisation, all within a 250-kilometre radius of our existing infrastructure. This concentration of orebodies also gives WAIO the flexibility to add growth tonnes to existing hub infrastructure and link brownfield developments to our existing mainline rail and port facilities. The total area covered by exploration and mining tenure amounts to 6,500 square kilometres, excluding crown leases and general purpose and miscellaneous licences, which are used for infrastructure space and access.

Total exploration expenditure in FY2015 amounted to US$118 million.

Guinea Iron Ore

BHP Billiton has a 41.3 per cent interest in a joint venture that holds the Nimba Mining Concession and four iron ore prospecting permits in southeast Guinea.

On 29 July 2014, BHP Billiton and ArcelorMittal signed an agreement for the acquisition by ArcelorMittal of BHP Billiton's 43.5 per cent stake in Euronimba Limited, which holds an effective 95 per cent interest in the Mount Nimba iron ore project in Guinea. In May 2015, ArcelorMittal terminated the transaction following failure to meet the conditions to closing by the agreed deadline. We will continue to assess our options for the Mount Nimba iron ore project.

Liberia Iron Ore

BHP Billiton has a 100 per cent interest in a Mineral Development Agreement with the Government of Liberia. This enables the further exploration and development of our Liberian iron ore mineral leases.

On 25 August 2014, BHP Billiton and Cavalla Resources signed a sale and purchase agreement for the acquisition by Cavalla Resources of BHP Billiton's 100 per cent interest in its Liberia iron ore project. Completion of the transaction remains subject to the receipt of regulatory approval and other customary closing conditions.

Performance

Total iron ore production, including our proportional share of production for which profit is derived from our equity accounted investments, increased by 14 per cent in FY2015 to a record 233 Mt. WAIO production increased by 13 per cent to a record 254 Mt (100 per cent basis) as a result of continued improvement in the performance of our integrated supply chain and the successful ramp-up of the Jimblebar mining hub. Continued optimisation of the port facilities and an increase in direct to ship ore resulted in record sales volumes at WAIO of 256 Mt (100 per cent basis). Samarco production increased by 33 per cent to 29 Mt (100 per cent basis) as the fourth pellet plant ramped up to full capacity.

Iron Ore revenue decreased by US$6.6 billion to US$14.8 billion, which included a 31 per cent decrease in revenue for WAIO of US$6.4 billion to US$14.4 billion. The major contributor to this decline was a 41 per cent decline in average realised price of iron ore to US$61 per wet metric tonne (FOB), which was partially offset by an increase in WAIO sales volumes.

Underlying EBIT for FY2015 decreased by US$5.2 billion to US$6.9 billion. The fall in the average realised price of iron ore reduced Underlying EBIT by US$8.7 billion, net of price-linked costs, although this was partially offset by a weaker Australian dollar, which increased Underlying EBIT by US$499 million. The improved performance of our integrated supply chain at WAIO and the successful ramp-up of the Jimblebar mining hub supported an increase of US$1.9 billion volume impact to Underlying EBIT. Cost efficiencies from productivity initiatives increased Underlying EBIT by US$1.2 billion.

Unit cash costs is one of the financial measures used to monitor the performance of our individual assets.

WAIO unit cash costs (excluding freight and royalties) declined by 31 per cent to US$19 per tonne, underpinned by reductions in labour, contractor and maintenance costs, lower diesel prices and a stronger US dollar against the Australian dollar.

Outlook

Total iron ore production is forecast to increase by six per cent in FY2016 to 247 Mt. WAIO production is forecast to increase to approximately 270 Mt (100 per cent basis) as a result of improved efficiency at Mining Area C, Newman and our rail and port operations.

Further productivity improvements and the low-cost expansion of the Jimblebar mining hub, which comprises the installation of a new primary crusher and additional conveying capacity, are expected to deliver an increase in system capacity to 290 Mtpa (100 per cent basis) over time.

Costs associated with the Jimblebar expansion, as well as the investment to purchase additional tugs and construct a new tug harbour at Port Hedland, are expected to be included within WAIO's average sustaining capital expenditure budget of approximately US$5 per tonne. WAIO unit costs are expected to fall to US$15 per tonne in FY2016.

1.12.5 Coal Business

Our Coal Business, headquartered in Brisbane, Australia, is the world's largest supplier of seaborne metallurgical coal, a key input in steel production. Our Coal Business is also a large supplier of seaborne energy coal (also known as thermal or steaming coal) and a domestic energy coal supplier in the countries where our mines are located.

Results

Year ended 30 June (1)	2015 US$M	2014 US$M Restated	2013 US$M Restated
Revenue	**5,885**	6,563	6,574
Underlying EBIT	**348**	575	424
Capital expenditure	**729**	1,971	3,136
Net operating assets	**11,769**	11,909	10,632
Production – metallurgical coal (Mt)	**43**	38	30
Production – energy coal (Mt)	**41**	43	41

(1) Information included in this table excludes Energy Coal South Africa and Illawarra Coal given they formed part of the South32 demerger. The numbers for FY2013 and FY2014 have been restated to exclude Energy Coal South Africa and Illawarra Coal.

A summary of the assets, development projects and FY2015 performance of our Coal Business is presented as follows.

Map of Queensland Coal

Description of the Coal Business

Our assets comprise the following:

Queensland Coal (Australia)

Queensland Coal comprises the BHP Billiton Mitsubishi Alliance (BMA) and BHP Billiton Mitsui Coal (BMC) Assets in the Bowen Basin in Central Queensland, Australia.

The Bowen Basin is well positioned to supply the seaborne market because of its high-quality metallurgical coals, which are ideally suited to efficient blast furnace operations, and its geographical proximity to Asian customers. We have access to key infrastructure in the Bowen Basin, including a modern, multi-user rail network, and our own coal loading terminal at Hay Point, located near the city of Mackay. We also have contracted capacity at three other multi-user port facilities including the Port of Gladstone (RG Tanna Coal Terminal), Dalrymple Bay Coal Terminal and Abbot Point Coal Terminal.

BHP Billiton Mitsubishi Alliance – BMA owns and operates open-cut and underground metallurgical coal mines in the Bowen Basin, and also owns and operates the Hay Point Coal Terminal. We share 50–50 ownership with Mitsubishi Development. BMA operates the Goonyella Riverside, Broadmeadow, Daunia, Caval Ridge, Peak Downs, Saraji, Gregory Crinum and Blackwater mines. Our share of total production in FY2015 was 33.9 Mt. During FY2015, BMA announced the ramping down of the Crinum underground mine as it approaches the end of its economic reserve life, with longwall production expected to cease in the March 2016 quarter.

BHP Billiton Mitsui Coal – BMC is a subsidiary company owned by BHP Billiton (80 per cent) and Mitsui and Co (20 per cent). BMC owns and operates South Walker Creek and Poitrel, both open-cut metallurgical coal mines in the Bowen Basin. Total production in FY2015 was 8.7 Mt.

New Mexico Coal (United States)

We own and operate the San Juan energy coal mine located in the US state of New Mexico. The mine transports its production directly to the nearby San Juan Generating Station (SJGS). Production for FY2015 was 5.1 Mt.

To ensure the ongoing supply of coal to the SJGS beyond 2017, in May 2015, the SJGS owners reached an in principle agreement for a new Coal Supply Agreement with Westmoreland Coal Company. In conjunction with this, in July 2015, New Mexico Coal executed a sales agreement with Westmoreland for the purchase of the San Juan Mine. Subject to regulatory approval, the transaction is expected to be completed at the end of CY2015 with Westmoreland assuming full operation of the mine from 1 January 2016.

We also operate the nearby Navajo mine, located on Navajo Nation land in New Mexico. Full ownership of the Navajo Coal Company transferred to the Navajo Transitional Energy Company (NTEC), an entity of the Navajo Nation, effective 30 December 2013. New Mexico Coal and NTEC have entered into a Mine Management Agreement where New Mexico Coal will continue as mine operator until 31 December 2016, at which time control will pass to a new mine manager. Navajo mine transports its production directly to the nearby Four Corners Power Plant. Production for FY2015 was 4.9 Mt. As we retain control of the mine until full consideration is paid, production continues to be reported by the Group.

New South Wales Energy Coal (Australia)

Our wholly owned New South Wales Energy Coal Asset owns and operates the Mt Arthur Coal open-cut energy coal mine in the Hunter Valley region of New South Wales, Australia.

New South Wales Energy Coal produced 19.7 Mt in FY2015.

Cerrejón (Colombia)

We have a one-third interest in Cerrejón, which owns, operates and markets one of the world's largest open-cut export energy coal mines, located in the La Guajira province of Colombia.

In FY2015, our share of Cerrejón production was approximately 11.3 Mt.

More information on our assets and operations is presented in section 2.1.4 of the Annual Report 2015.

Completed development projects

Cerrejón P40 Project

In August 2011, we announced a US$437 million (BHP Billiton share) investment in the expansion of Cerrejón, known as the P40 Project, which is expected to increase Cerrejón's thermal coal production by 8 Mtpa to approximately 40 Mtpa (100 per cent basis). The project scope includes a second berth and dual quadrant ship loader at Cerrejón's 100 per cent owned and operated Puerto Bolivar, along with necessary mine, rail and associated supply chain infrastructure. Construction commenced in CY2011 and the project handled its first coal in the December 2013 quarter. However, operational issues are expected to constrain capacity to approximately 35 Mtpa (100 per cent basis) in the medium term. The final cost was US$376 million (BHP Billiton share) and the project was completed during the December 2014 quarter.

Development projects in execution at year-end

Hay Point Coal Terminal Expansion Stage 3

In March 2011, we approved the third expansion of the Hay Point Coal Terminal. The expansion of the terminal will deliver an additional 11 Mt of annual port capacity (100 per cent basis). The project investment has a budget of US$1.5 billion (BHP Billiton share). In January 2015, first coal was loaded through the expanded terminal and the project was 97.6 per cent complete at 30 June 2015.

Newcastle Port Third Phase Expansion

In August 2011, we announced a US$367 million (BHP Billiton share) investment in the third stage development of the Newcastle Coal Infrastructure Group's coal handling facility in Newcastle. The port expansion project is expected to increase total capacity at the coal terminal from 53 Mtpa to 66 Mtpa. This is expected to increase New South Wales Energy Coal's allocation by 4.6 Mtpa to 19.2 Mtpa. First coal on ship, being the first ship loaded through the new facility, was achieved in June 2013, ahead of schedule. At 30 June 2015, the project was 99.5 per cent complete.

IndoMet Coal Project

IndoMet Coal comprises seven coal contracts of work covering a large metallurgical coal resource in Central and East Kalimantan, Indonesia, which was discovered by BHP Billiton in the 1990s. Following an assessment of the importance of local participation in developing the project, in 2010 we sold a 25 per cent interest in the project to a subsidiary of PT Adaro Energy TBK. We retain 75 per cent of the project and hold management responsibility.

During FY2015, IndoMet completed infrastructure development and received an operating permit to commence mining at Haju mine. Production is expected to commence from the 1 Mtpa Haju mine in Indonesia during FY2016.

More information on our development projects is presented in section 2.4 of the Annual Report 2015.

Performance

Metallurgical coal production increased by 13 per cent in FY2015 to a record 43 Mt. Record production and sales volumes at Queensland Coal were supported by the successful ramp-up of the Caval Ridge mine and continued productivity improvements. An increase in equipment and wash-plant utilisation rates underpinned record volumes at six other operations.

Energy coal production, including our proportional share of production for which profit is derived from our equity accounted investments, for FY2015 decreased by five per cent to 41 Mt as anticipated. Lower production reflected drought conditions and the need to manage dust emissions at Cerrejón, as well as reduced demand for our Navajo Coal product.

Coal revenue for FY2015 decreased by US$678 million to US$5.9 billion. The decrease in revenues was driven by a 20 per cent reduction in the average realised price for hard coking coal to US$105/t, a 21 per cent reduction in the average price received for weak coking coal to US$88/t and a 22 per cent reduction in the average realised price for thermal coal to US$58/t.

Underlying EBIT for FY2015 decreased by US$227 million to US$348 million. The price impact, net of price-linked costs, on Underlying EBIT for FY2015 was a decrease of US$1.0 billion. This was partially offset by a stronger US dollar against the Australian dollar, which increased Underlying EBIT by US$406 million, and productivity cost efficiencies which increased Underlying EBIT by US$418 million.

Unit cash costs is one of the financial measures used to monitor the performance of our individual assets.

Queensland Coal unit cash costs (excluding freight and royalties) declined by 23 per cent to US$65 per tonne, supported by increased equipment and wash-plant utilisation rates, a continued reduction in labour, contractor and maintenance costs and a favourable currency movement.

Outlook

Metallurgical coal production is forecast to decrease in FY2016 to 40 Mt as operations at Crinum are expected to cease in the first quarter of CY2016 as the mine approaches the end of its economic reserve life. Energy coal production is forecast to remain broadly unchanged in FY2016 at 40 Mt.

In FY2016, unit costs are expected to decline to US$61 per tonne as the benefits from embedded productivity initiatives and a stronger US dollar, more than offset the removal of low-cost Crinum volumes and the expenses associated with its closure.

1.12.6 Other assets

Our Other assets include the following:

Nickel West (Australia)

Our wholly owned Nickel West Asset in Western Australia consists of an integrated system of mines, concentrators, a smelter and a refinery. Nickel West production in FY2015 was 89.9 kt of contained nickel. On 31 October 2013, production at the Nickel West Leinster Perseverance underground mine was suspended following a significant seismic event. A subsequent review of the incident determined it was unsafe to resume operations.

Performance

Revenue for Nickel West decreased by 13 per cent to US$1.4 billion predominantly due to lower sales volumes.

Underlying EBIT for Nickel West increased by US$134 million due to cost efficiencies and a favourable exchange rate movement, which was partially offset by a movement in ceased and sold operations from the closure of the Nickel West Leinster Perseverance underground mine during FY2014.

More information on our assets and operations is presented in section 2.1.5 of the Annual Report 2015.

1.13 Our people

Enabling our organisation to realise its potential through our people is fundamental to our success. We are focused on facilitating a culture where our employees are provided with opportunities to develop, are valued and are encouraged to contribute toward making work safer, simpler and more productive. Achieving this in a focused and collaborative way will mean we can deliver greater value to our shareholders.

1.13.1 Employees and contractors

Our Charter enables us to align our people around a common purpose and values, as well as provide clear guidance for how we do business and the way in which we work, wherever we are based in the world.

The table below provides the average number of employees and contractors over the last three financial years.

Year ended 30 June	2015 Continuing operations [(a)]	2015 Discontinued operations [(a)]	2014 [(b)]	2013 [(b)]
Employees	**29,670**	**13,159**	47,044	46,892
Contractors	**50,698**	**13,352**	76,759	79,330
Total	**80,368**	**26,511**	123,803	126,222

The table below shows the gender composition of our workforce, senior leaders and the Board over the last three financial years.

Year ended 30 June	2015 Continuing operations [(a)]	2015 Discontinued operations [(a)]	2014 [(b)]	2013 [(b)]
Male employees	**24,487**	**11,331**	39,517	38,920
Female employees	**5,183**	**1,828**	7,527	7,972
Female employees (%)	**17**	**14**	16	17
Male senior leaders [(c)]	**293**	**85**	317	326
Female senior leaders [(c)]	**62**	**19**	55	40
Female senior leaders (%)	**17**	**18**	15	11
Male Board members	**10**		12	11
Female Board members [(d)]	**2**		2	2
Female Board members (%)	**17**		14	15

(a) For a description of the South32 demerger and reporting of Continuing and Discontinued operations, see sections 1.3.7 and 1.6.4 of this Strategic Report, section 2.1.7 of the Annual Report 2015 and note 29 'Discontinued operations' to the Financial Statements in the Annual Report 2015.
(b) These figures have not been restated for the purposes of the South32 demerger or reporting of Continuing and Discontinued operations.
(c) For UK law purposes, we are required to show information for 'senior managers', which is defined to include both senior leaders and any persons who are directors of any subsidiary company even if they are not senior leaders. In FY2015, 355 senior leaders comprise the top people in the organisation. There are 50 directors of subsidiary companies who are not senior leaders, comprising 36 males and 14 females. Therefore, for UK law purposes, the total number of senior managers is 329 males and 76 females (19 per cent female).
(d) For information relating to changes to the Board following year-end please refer to section 3.1 of the Annual Report 2015.

1.13.1 Employees and contractors continued

The tables below provide a breakdown of the average number of employees across the Group, in accordance with our reporting requirements under the UK Companies Act 2006. The calculation includes the Executive Director, 100 per cent of employees of subsidiary companies, and our share of joint operations, for each of the past three financial years. Employees of equity accounted entities are not included. Part-time employees are included on a full-time equivalent basis. Employees of businesses acquired or disposed of during a particular year are included for the period of ownership. Contractors are not included.

Year ended 30 June	2015	2014 [(a)]	2013 [(a)]
Average number of employees for Continuing operations			
Petroleum and Potash	**4,224**	4,207	4,449
Copper	**9,138**	9,414	9,765
Iron Ore	**7,483**	8,035	6,883
Coal	**5,579**	6,160	6,006
Group and unallocated	**3,246**	3,687	4,054
Total average number of employees for Continuing operations	**29,670**	31,503	31,157
Total average number of employees from Discontinued operations	**13,159**	15,541	15,735
Total average number of employees	**42,829**	47,044	46,892

(a) These figures have not been restated for the purposes of the South32 demerger or reporting of Continuing and Discontinued operations.

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

Year ended 30 June	2015 Continuing operations [(a)]	2015 Discontinued operations [(a)]	2014 [(b)]	2013 [(b)]
Africa	**117**	**6,875**	9,035	9,121
Asia	**1,022**	**121**	1,105	1,183
Australasia	**16,839**	**4,589**	23,048	21,977
Europe	**83**	**19**	146	231
North America	**4,188**	**–**	4,373	5,116
South America	**7,421**	**1,555**	9,337	9,264
Total	**29,670**	**13,159**	47,044	46,892

(a) For a description of the South32 demerger and reporting of Continuing and Discontinued operations, see sections 1.3.7 and 1.6.4 of this Strategic Report, section 2.1.7 of the Annual Report 2015 and note 29 'Discontinued operations' to the Financial Statements in the Annual Report 2015.
(b) These figures have not been restated for the purposes of the South32 demerger or reporting of Continuing and Discontinued operations.

Changes in market conditions, and our business transformation programs focused on improving efficiencies and driving greater productivity have resulted in a decrease in our workforce requirements. Additionally, the deferral of some projects has had a consequential reduction in the workforce required for such projects. The FY2015 reductions were predominately in our contractor workforce, primarily in our Petroleum and Potash, Iron Ore and Coal Businesses.

1.13.2 Employee policies and engagement

At BHP Billiton, our people are fundamental to our success. Our people strategy focuses on developing our future leaders, engaging and supporting our high-performance workforce, and continuing to build a diverse team and inclusive workplace culture.

Our people strategy reflects our desire to have a highly motivated team and the importance of building effective leadership and deep functional expertise across our workforce to enable productivity. We strongly believe that having employees who are engaged and connected to our organisation reinforces our shared purpose, aligned to *Our Charter*, and will result in a more harmonious workplace.

An important component of our people strategy is how we enable our leaders to step up and drive greater productivity. In FY2015, a new leadership development framework, Leading the Future, was developed and implemented to address the findings of our FY2013 employee survey. Based on the premise that leadership drives culture and culture drives performance, the framework is globally consistent, sustainable and designed to build a distinctive BHP Billiton leadership capability. The first program introduced was Leading Step Up, a global approach to shifting our culture in the areas of employee engagement, the way we lead change, and how we develop our people. Targeted at all frontline people leaders in our operations, Group Functions and Marketing, Leading Step Up is delivered locally by BHP Billiton leaders, taught through practical everyday routines, and reinforced with regular feedback and coaching. To ensure continuous improvement, the program will be measured through local observation and feedback discussions, and through our annual employee surveys. Leading the Future will continue to be implemented across the business in FY2016.

Integral to achieving effective employee engagement is our approach to communication. We believe communication is a two-way process that we undertake through a variety of channels, including face-to-face, the internet, intranet, email, newsletters, online collaboration forums and other means designed to cater for the local environment. Annually we seek feedback from our employees via an Employee Perception Survey. The findings from these surveys inform our HR practices and are used to measure and track people-related performance.

Our Charter, the BHP Billiton *Code of Business Conduct* and Human Resources GLDs prescribe what we will do and the behaviours that we expect of those who work for, or on behalf of, BHP Billiton. All of these documents are accessible to employees. Also, our employees can access our Annual Reports either via the internet or hard copy and receive regular communications on BHP Billiton goals and performance, as well as on other important issues such as health and safety, the environment and the *Code of Business Conduct*. Dispute and grievance handling processes exist to address issues across the Company. A business conduct advisory service, EthicsPoint, operates worldwide to allow concerns to be raised about conduct that is out of step with *Our Charter* values, our policies and procedures or legislation.

To help our people focus on clear goals, deliver our strategic and operational priorities and align behaviour to *Our Charter*, in FY2015, 86 per cent of our total number of employees participated in a formal performance management process, including 86 per cent of our operators and support staff. This process also provides the opportunity for employees to receive feedback and coaching, and identify skills and capabilities requiring further development. Due to industrial agreements, not all our employees are able to participate in individual performance or reward programs.

BHP Billiton is committed to creating a diverse workforce and inclusive work environment in which every employee is respected, treated fairly and embraced for their unique skills, experiences and perspectives. Discrimination on any basis, including disability, is not acceptable. In instances where employees require support for a disability, we work with them to identify roles that meet their skill, experience and capability, and offer retraining where required. Where practical to do so, flexible work practices are offered, taking into account the needs of the employee and those of the particular workplace. The employment packages under our remuneration policy, which must comply with local regulations, are aligned to our business requirements and are designed to be sufficiently attractive to recruit and retain highly capable and experienced candidates.

Our employee share purchase plan, Shareplus, is available to all permanent full-time and part-time employees, and those on fixed-term contracts, except where local regulations limit operation of the scheme. In these instances, alternate arrangements are in place. As at 30 June 2015, 14,077 employees were participants in Shareplus. Short-term and long-term incentive schemes also operate across the Group. Rewards for eligible individuals are predicated on the need to meet targets relating to the Group's performance in areas such as health, safety and achievement of financial measures and on the personal performance of each employee.

1.13.3 Inclusion and diversity at BHP Billiton

Our Charter and Human Resources GLDs provide guidance on all aspects of our human resource management, including our approach to inclusion and diversity.

We believe that an inclusive work environment and a diverse workforce, where the unique skills, experiences and perspectives of our people are embraced, is pivotal to sustaining performance and further increasing our productivity. At BHP Billiton, we celebrate diversity in a broad sense, including differences in thought, perspectives, nationality, gender, sexual orientation, age and experience. In relation to gender, the Board had a goal of increasing the number of women on the Board to three by the end of CY2015. This has now been achieved with the announcement on 14 August 2015 that Anita Frew has been appointed to the Board (effective 15 September 2015) and will stand for election at the 2015 AGMs.

Each financial year the Board considers, approves and monitors progress on the Group's performance objectives. More details are set out below.

Our approach to inclusion and diversity is underpinned by the following principles:

- a diverse workforce and an inclusive environment are necessary to the delivery of our strategy that is predicated on diversification by commodity, geography and market;
- our aspiration is to have a workforce that best represents the communities in which our assets are located and our employees live;
- actions that support our inclusion and diversity objectives should be consistent with our established approach to talent, performance and reward;
- achieving an appropriate level of diversity is facilitated by line leadership and structured programs that support employees from an early career stage in developing the necessary skills and experiences for leadership roles;
- creating an inclusive work environment will require every employee and leader to embrace diversity and act in a way that is consistent with *Our Charter*;
- measurable objectives in support of inclusion and diversity will be transparent, fit for purpose and focus on (i) engaging, enabling and developing our workforce and (ii) establishing appropriate representation goals.

1.13.3 Inclusion and diversity at BHP Billiton continued

Progress against measurable objectives

A summary of the three objectives committed to in FY2015 and progress to date are set out below.

1. **Each Business, Group Function and Marketing will be evaluated on progress in executing the measurable objectives that form part of its multi-year diversity plan.**
   - As in previous years, monitoring and tracking performance against inclusion and diversity plans was undertaken as part of the Group's internal compliance requirements. Performance for each Business, Group Function and Marketing was evaluated against FY2015 measurable objectives and the results of these evaluations were taken into account in determining bonus remuneration.

2. **Execute the inclusion and diversity strategy and actions approved by the GMC.**
   - Our Businesses, Group Functions and Marketing executed the GMC approved inclusion and diversity plan. During the reporting period:
     - Our CEO and senior management across the organisation reinforced the Company's commitment to inclusion and diversity through internal and external communication channels, including leadership messages, town hall meetings and participation in external industry events.
     - Our CEO and the executive team participated in an Inclusive Leadership and Unconscious Bias development experience. Key content was also included in the BHP Billiton Group-wide Leadership Development Program, Leading Step Up, seeking to strengthen the ability of all people leaders to engage, lead change and develop our people.
     - A Senior Executive Sponsorship program for female talent was launched. In addition, Businesses continued executing their female mentoring programs. These initiatives have contributed to increasing female representation in pipelines to manager and above level roles.
     - After successful pilot programs during FY2014, flexible work arrangements were implemented in some Businesses, Group Functions and Marketing. Implementation was supported by information and engagement sessions led by line managers.
     - Initiatives to keep employees engaged while on parental leave were successfully implemented. These included keep in touch meetings with employees during their parental leave and parental coaching sessions for managers.
     - Initiatives to develop and promote diverse talent continued to be deployed across different regions. Key initiatives included career panel discussions, talent discussions sessions for diverse employees and implementing inclusion of diverse candidates for vacant roles.
     - Actions to increase representation of Indigenous peoples (including Aboriginal and Torres Strait Islander peoples) in our workforce continued to be executed. Actions included targeted resourcing strategies, training programs and integration initiatives to broaden their employment opportunities.
     - From our baseline in 2010, female representation increased by (i) 13 per cent in manager and senior leadership roles to 21 per cent and (ii) two per cent in our overall workforce representation to 17 per cent [(a)]. We remain committed to increasing overall female representation, with a specific focus on operational areas.
     - In FY2015, female representation in our graduate intake increased by 7.6 per cent at a global level to 42 per cent and by 10 per cent to 46 per cent in Australia [(b)]. Representation of Aboriginal and Torres Strait Islander peoples in the graduate intake increased by six per cent to 11 per cent.

3. **Demonstrate year-on-year improvement in creating a work environment of inclusion, as measured by our employee survey index.**
   - As part of our employee survey, we gauge employees' perceptions of feeling valued and heard. Results, together with tools and materials to assist action planning and improvement, were cascaded to business leaders and line managers. Results demonstrate a three per cent increase from last year.

(a) These figures represent outcomes for Continuing operations. For Discontinued operations, female representation in manager and senior leadership roles was 17 per cent (totalling 19 per cent for the Group for FY2015) and female representation for the overall Discontinued operations workforce was 14 per cent (totalling 16 per cent for the Group for FY2015). We remain committed to increasing overall female representation, with a specific focus on operational areas.
(b) These figures represent outcomes for the total Group (including Discontinued operations). In relation to Discontinued operations, three per cent of these graduates from the total Group were transferred to South32 as part of the demerger.

Continuous improvement

In FY2016, we will continue to focus on creating a more inclusive work environment and on enhancing our gender and diversity profile. We will take the following steps to achieve this commitment:

- demonstrate progress against key objectives to improve the diversity of our workforce profile with particular emphasis on increasing female representation year-on-year, both overall and in leadership roles;
- demonstrate year-on-year improvement in creating a work environment of inclusion, as measured by our employee survey index.

As in previous years, each Business, Group Function and Marketing will be evaluated on progress in executing the measurable objectives that form part of their scorecards and appraisal commitments. Successful completion of these objectives will be taken into account in determining bonus remuneration. Progress against each year's measurable objectives will continue to be tracked as part of the Group's internal compliance requirements and disclosed in the Annual Report.

1.14 Sustainability

Sustainability is core to our business strategy and integrated into our decision-making. It helps us live *Our Charter* values of putting health and safety first, being environmentally responsible and supporting our host communities.

In reporting our sustainability performance, we include our impact on the environment and approach to climate change, water stewardship, resource conservation and biodiversity; and our efforts to ensure the broader economic contributions of our operations benefit the regions in which we operate.

The information (including performance data) contained in this section, unless otherwise stated, covers assets that have been wholly owned and operated by BHP Billiton or that have been operated by BHP Billiton in a joint venture operation (operated assets) for FY2015. It also includes information (including performance data) relating to, and including, the demerged assets for the period from 1 July 2014 to 8 May 2015. Unless otherwise stated, data included in this section is presented on a Continuing operations basis.

We acknowledge the importance of measuring our broader impact. As such, in FY2015 we expanded our definition of work-related activities to align with the recording boundaries of the International Council on Mining and Metals (ICMM). This includes the recording of events that occur outside of our operated locations where we have established the work to be performed and can set and verify the health and safety standards.

1.14.1 Identifying our material sustainability issues

To deliver successfully on our business strategy, we identify and respond to the sustainability issues that have a direct or indirect impact on our business and our stakeholders. Using a materiality assessment process, we identify and prioritise material sustainability issues. The following issues are discussed in this Strategic Report:

Governance	Health and safety	Environment	Society
• Governance and sustainability • Identifying and managing our material risks • Operating with integrity • Climate change	• Keeping our people and operations safe • Focusing on the health of our people	• Biodiversity management • Water • Responsibly managing hydraulic fracturing	• Engaging with our host communities • Respecting human rights • Making a positive contribution to society

Additional information relating to our materiality assessment process and our sustainability performance for FY2015 is available in our Sustainability Report 2015 and can be found online at *www.bhpbilliton.com*.

1.14.2 Governance

Governance and sustainability

Our Board governs the Group in a manner consistent with *Our Charter*, our strategy and our commitment to a transparent and high-quality governance system. The Board has established a number of committees to assist in exercising its authority, including monitoring the performance of the Group.

The Sustainability Committee assists the Board in oversight of health, safety, environment and community (HSEC) matters, including climate change. This includes overseeing areas relating to HSEC risk control, compliance with applicable legal and regulatory requirements, and overall HSEC performance of the Group.

During FY2015, the Sustainability Committee continued to assist the Board in its oversight of HSEC issues and performance. This included consideration of strategic environmental and community matters, HSEC audits and trends, and the detailed reports from management of the relevant operation on the event, actions taken and investigations in the event of a fatality or significant incident.

Below the level of the Board, key management decisions are made by the CEO, the GMC, other management committees and individual members of management to whom authority has been delegated.

At the Group level, health, safety, environment and community teams provide guidance and thought leadership by developing and implementing HSEC management frameworks, focusing on catastrophic and fatal hazards management; identifying relevant HSEC trends; tracking performance and alignment with other Company requirements; and reporting progress against targets.

To link HSEC matters to remuneration, 20 per cent of the FY2015 short-term incentive opportunity for GMC members was based on HSEC performance. Given the importance the Group places on safety, the short-term incentive opportunity attached to HSEC has been increased for FY2016 to 25 per cent. The Sustainability Committee assists the Remuneration Committee in determining appropriate HSEC metrics to be included in GMC scorecards and in assessing performance against those measures.

The Remuneration Committee and the Board also have discretion over both the short-term and long-term incentive opportunities for GMC members and take into consideration HSEC performance. As a consequence of the five tragic fatalities in FY2015, the Board and the Remuneration Committee concluded, after taking advice from the Sustainability Committee, that a zero outcome was appropriate for the CEO's FY2015 short-term incentive HSEC component, with the decision supported by the CEO.

Further information on the metrics and their assessment is available in the Remuneration Report contained in section 4 of the Annual Report 2015.

Identifying and managing our material risks

In addition to the legal requirements of the countries in which we operate, our approach to sustainability risks is defined by our GLDs. These clearly describe our mandatory minimum performance requirements and accountabilities across the Group and are the foundation for developing and implementing management systems at our operations.

GLDs relating to HSEC matters set our Group-wide HSEC-related performance requirements to ensure effective management control of our sustainability risks. Our GLDs are consistent with the principles and mandatory requirements of the position statements of the ICMM Sustainable Development Framework, the United Nations (UN) Global Compact, the UN Declaration of Human Rights and the Voluntary Principles on Security and Human Rights.

At our operated assets, we have the ability to set workplace HSEC standards and enforce their application. Contractors working at our operated assets must comply with the minimum performance requirements in our relevant GLDs. In addition we seek to ensure our customers, suppliers, agents and service providers maintain business practices and workplaces that are aligned with our GLDs. We also seek to apply GLD performance requirements to our non-operated assets.

We use the framework in our *Risk Management* GLD to identify and manage the risk involved in our business activities, functions and processes. This provides a strong foundation for our active and consistent risk-based approach to sustainability. A broader discussion of our risk factors and management approach is provided in section 1.7 of this Strategic Report.

Operating with integrity

Integrity and accountability are core values at BHP Billiton and central to our reputation as one of the world's leading companies. We are committed to ethical business practices and high-quality governance in all that we do. Regardless of the country or culture within which our people work, our *Anti-corruption* GLD and *Code of Business Conduct* prohibit bribery and corruption in all our business dealings. Particulars in relation to the *Code of Business Conduct* and anti-corruption are referred to the Sustainability Report 2015 and in section 3.17 of the Annual Report 2015. Specific discussion on legal proceedings is available in section 6 of the Annual Report 2015.

Transparency of payments to governments

BHP Billiton considers the licences we have to operate in jurisdictions around the world as a privilege that bestows upon us a responsibility to contribute to the economic and social development of our host countries. A critical component of this responsibility is our taxation obligations to our host governments.

Our payments to governments in FY2015 on a country-by-country basis of US$7.3 billion are presented in our Sustainability Report 2015. Approximately US$1.4 billion in taxes collected on behalf of employees was also remitted to governments in FY2015. More than 99 per cent (excludes demerged assets) of our payments were made to nine countries. Of these, our largest payments were made in Australia, where we have the majority of our assets.

BHP Billiton has long been deeply committed to the role transparency plays in contributing to the good governance of natural resources for the benefit of the governments and citizens of countries that host our operations. This is why BHP Billiton has voluntarily publicly reported our payments of taxes and royalties in our Annual Sustainability Report in increasing detail over the last 15 years and has been a member of the Extractive Industries Transparency Initiative (EITI) since its inception in 2002. We continue our strong support through our active participation on the EITI Board.

We believe that transparency by governments and companies around revenue flows from the extraction of natural resources is an important element in the fight against corruption. A level and globally consistent playing field will ensure all companies disclose on the same basis and reduce the reporting burden for those operating in multiple jurisdictions. To this end, and consistent with our Transparency Principles, we support appropriate national and extra-territorial mandatory corporate reporting to complement the EITI and provide a globally consistent regulatory framework for all extractive industry companies.

We have disclosed our payments of taxes and royalties on a project-by-project basis, and payments to state and provincial governments at a subnational level, in a stand-alone BHP Billiton Economic contribution and payments to governments Report. This Report is available online at *www.bhpbilliton.com*.

1.14.2 Governance continued

Closure planning

Closure planning is an important consideration in the planning and development of our mining and petroleum operations. We recognise the significant risks associated with ineffective closure and seek to minimise these through our closure governance framework. The closure framework integrates resource planning and development, health, safety and environment, stakeholder engagement, finance and assurance into business operational design.

Specifically, the framework requires each asset to develop closure plans. These plans describe closure objectives and the management process in place to reduce closure liabilities over the life of the asset.

An ongoing internal audit program continues to test the effectiveness of these closure plans and the business alignment to the closure planning framework, including the financial provisions. Information on these provisions can be found in note 14 'Closure and rehabilitation provisions' to the Financial Statements in the Annual Report 2015. Audit findings are reviewed annually and reported to the relevant Business Presidents, while summary reports are considered by the Sustainability Committee of the Board. During FY2015, 11 audits were conducted against performance criteria and recommendations from such audits have been initiated.

Climate change

Our perspective on climate change

We accept the Intergovernmental Panel on Climate Change (IPCC) assessment of climate change science, which has found that warming of the climate is unequivocal, the human influence is clear and physical impacts are unavoidable.

Sustainable economic growth requires an effective response to climate change. The world needs reliable, affordable energy to support higher living standards and lower GHG emissions to keep the global average temperature rise below two degrees Celsius. We do not prioritise one of these requirements over the other. Both are essential.

Even allowing for significant improvements in energy efficiency, energy demand is expected to increase as the global population grows and living standards improve. Today, fossil fuels are often the most affordable, reliable and accessible way of meeting this demand and provide more than 80 per cent of the world's primary energy. However, their growing use would substantially increase GHG emissions and exacerbate climate change unless new technology reduces their impact. To meet its development and climate goals, the world must find ways to progressively decarbonise the use of fossil fuels, improve energy efficiency and increase the use of alternative energy sources such as renewables and nuclear power.

Climate change governance

BHP Billiton's strategy is tied to economic growth in both emerging and developed economies, and sustainable growth requires an effective response to climate change. Responding to climate change is a priority Board governance and strategic issue for our Company.

Our GMC has primary responsibility for the design and implementation of an effective position and response to climate, and accountability for performance against GHG emissions, our climate change metric. We also seek input and insight from external experts, such as the Forum on Corporate Responsibility.

To reflect updates in scientific knowledge and global regulatory and political responses, we regularly review our position on climate change. We incorporate climate change considerations into our Group scenario planning to understand potential impacts on our portfolio. We also conduct annual reviews of performance against Business GHG targets to ensure we are on track to achieve our Company target. The Sustainability Committee has considered a range of climate change scenarios and continues to monitor the actions being taken to manage a range of climate change impacts and policy responses.

Our approach

Our strategic approach to climate change is underpinned by engagement with policy makers and other stakeholders, including investors, companies and non-government organisations. We believe industry has a key role to play in climate change policy development by working with governments and other stakeholders to inform the development of effective long-term policy framework that delivers a measured transition to a lower emissions economy. BHP Billiton believes an effective policy framework should include a complementary set of measures, including a price on carbon, support for low-emissions technologies and measures to build resilience.

We continue to share lessons learnt with our stakeholders and identify solutions that we believe can drive emissions reductions at the lowest cost. In September 2014, BHP Billiton signed the World Bank's Putting a Price on Carbon statement, which was presented at the 2014 UN Climate Summit in New York and we are a member of their Carbon Pricing Leadership Coalition. In 2015, we made two climate change policy submissions in response to the Australian Government's discussion papers Setting Australia's Post-2020 Target for GHG Emissions and Emission Reduction Fund: Safeguard Mechanism, sharing our perspective on the importance of this issue.

We have also hosted several policy roundtables, bringing cross-sectoral business groups together to discuss different ways that business and government can address climate change. Internationally, we look forward to the 21st Conference of the Parties (COP21) in Paris in December 2015 delivering a positive outcome that puts the world on a path to limit global temperatures to less than two degrees Celsius above pre-industrial levels, in line with current international commitments.

We are committed to transparent and open communications and have an ongoing and extensive engagement program with investors, government and the broader society, including our voluntary submission to the CDP (formerly known as the Carbon Disclosure Project). The CDP score is a measure of the actions that a company has demonstrated in carbon management. Our commitment to continuing transparency and disclosure has resulted in an improvement in our CDP score since 2013.

We have been taking action for many years to understand and manage the impacts of climate change on our business. We have been applying an internal price on carbon in our investment decisions and portfolio evaluation for more than a decade and were early adopters of this approach. We maintain a view on carbon pricing using a carbon price protocol, which we update regularly. Our carbon price protocol tracks the progress of national emissions reduction ambitions to tackle climate change throughout the world, including in our major operating regions and customer demand centres. In parallel, we look at the potential for reductions in emissions and the cost associated with those reductions to determine an appropriate long-term price level. We carry out this assessment for various scenarios which reflect the effectiveness and ambition of policies, the timing to implement reductions, the interaction between policy mechanisms and the role of low carbon technologies. We have an integrated approach to addressing climate change that has three key areas mitigation, adaptation and low-emissions technology.

1.14.2 Governance continued

Mitigation

As a major producer and consumer of energy, we prioritise GHG reductions and energy efficiency.

BHP Billiton is among the sector leaders in setting an absolute target to limit our GHG emissions. As we grow our business, this target encourages us to look for ways to improve our energy efficiency, increase productivity and implement additional GHG reduction projects across our operations. All our Businesses are required to identify, evaluate and implement suitable GHG reduction opportunities, including during project design and equipment selection.

In FY2015, the Group's total GHG emissions were 38.3 million tonnes (Mt) of carbon dioxide equivalent (CO_2-e). Taking into account the impact of the demerger, this represents a six per cent reduction on FY2014 GHG emissions. For the purposes of the FY2014 comparison, emissions from assets demerged with South32 for the period 1 July 2014 to 30 April 2015 were annualised. This reduction has been driven in part by GHG reduction projects across our Businesses and improved productivity.

GHG Scope 1 and 2 (millions of tonnes CO_2-e) [(a)]

Year ended 30 June [(b)]	2015	2014	2013
Scope 1 [(c)]	**20.7**	22.7	22.0
Scope 2 [(d)]	**17.6**	22.3	24.7
Total GHG millions of tonnes CO_2-e	**38.3**	45.0	46.7

(a) Measured according to the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol.
(b) Includes data for Continuing and Discontinued operations.
(c) Scope 1 refers to direct GHG emissions from our operated assets.
(d) Scope 2 refers to indirect GHG emissions from the generation of purchased electricity and steam that is consumed by our operated assets.

In line with the requirements of the UK Companies Act 2006, our reported FY2015 GHG intensity was 3.8 tonnes of CO_2-e per tonne of copper equivalent production (FY2014: 4.9 tonnes of CO_2-e). Our reported FY2015 energy intensity was 30 petajoules per million tonnes of copper equivalent production. Copper equivalent production has been based on FY2013 average realised product prices. Rather than use an intensity metric, we have set ourselves a challenging goal to limit our overall emissions by keeping our absolute FY2017 GHG emissions below our FY2006 baseline while we continue to grow our business.

A key example of our ongoing activity to reduce GHG emissions is our Fuel Quality Network that brings people together from across our Company to understand and test the benefits of improving fuel quality. Our investigations have shown that improving fuel chemistry can deliver significant reductions in diesel exhaust particulates and GHG emissions. We estimate that improving the quality of fuel delivered to our mobile plants has the potential to reduce energy consumption across the Company by around 4,600 terajoules (TJ) per annum and reduce GHG emissions by approximately 320,000 tonnes of CO_2-e per annum. In addition, the Fuel Quality Network will help us to achieve cost savings in maintenance operations and deliver improved productivity.

Projects and initiatives such as these keep us on track to achieve our GHG emissions reduction target. We are committed to continued focus on the delivery of GHG reduction opportunities within our Businesses.

In addition to identifying opportunities within our Company, we also seek to contribute to global GHG emissions reductions. We are currently implementing a strategy to support REDD+ (Reducing Emissions from Deforestation and Forest Degradation), an international mechanism that provides economic, social and environmental incentives for developing countries to reduce GHG emissions from deforestation and related activities through the creation of carbon credits. Through project support, improved governance and climate finance market stimulation, BHP Billiton is playing a role in reducing deforestation, enhancing community livelihoods and improving biodiversity and watershed conservation. BHP Billiton and the International Finance Corporation are exploring ways of stimulating demand for REDD+ credits to support forest protection and conservation.

Adaptation

BHP Billiton's corporate strategy is based on owning and operating long-life assets diversified by commodity, geography and market. Our success over many years can be attributed to the way we have successfully adapted to the changing business landscape. Building resilience to the physical impacts of climate change is just as essential to long-term business success.

We take a multifaceted approach to climate change adaptation, building resilience across activities both within our operations and investments, and outside of our operational control in our communities and ecosystems. We seek to leverage many of our established core business processes such as risk and planning. Climate risks may occur as a result of acute (extreme) weather events (e.g. floods and cyclones); chronic (incremental) changes in climate conditions, which may progressively increase risk over time (e.g. changes to temperature); and cumulative impacts from the interaction of direct and indirect climate impacts (e.g. changes to water availability). Our analysis has found that climate change will exacerbate existing risks while also exposing our Businesses to new risks. For example, cyclone management is critical for our Western Australia Iron Ore (WAIO) Asset and maintaining adaptive management practices will allow WAIO to respond to the expected increase in cyclone intensity in the Pilbara. We also require new investments to assess risks associated with the forecast impacts of climate change. For example, during the project design, identification and assessment of increasing storm intensity and storm surge levels resulted in raising the height of the trestle at our Hay Point coal port facility in Queensland, Australia, as part of our expansion plans.

Effective analysis of climate science is critical to our resilience planning and we take care to understand what variables and analysis make the most sense to our business. We are currently working with the CSIRO (Australia's national science agency) to obtain analyses of the climate science. This will inform climate resilience planning at an asset level, improving our understanding of the material climate vulnerabilities that face our Businesses.

Technology

Technology and innovation have the potential to significantly reduce global emissions and meet long-term climate goals. Given that fossil fuels are likely to continue to be a significant part of the energy mix for decades, it is vital that low-emissions technologies (LET) are available at scale, lower cost and much faster than the usual commercial time frames to meet the challenge of climate change. Industry has a significant collaborative role to play with government, academia and the community to facilitate this necessary step change.

Since 2007, we have spent over US$400 million on LET research, development and deployment across a number of projects ranging in scale and complexity. For example, the West Cliff Ventilation Air Methane Project (WestVAMP) first piloted at Illawarra Coal's Appin Colliery in 2001, utilises 20 per cent of available mine ventilation air to produce electricity. This reduces the site's overall GHG emissions footprint by removing the methane from mine ventilation air.

BHP Billiton is also part of ONE Future, a coalition of companies from across the natural gas industry in the United States focused on identifying solutions for fugitive methane emissions management. ONE Future has developed an approach, that if widely adopted, could lower the total methane emissions of participating coalition companies to less than one per cent of gross production.

To build upon this contribution to the development of LET, we have recently established an integrated strategy that considers investment across a range of technologies that can lead to material emissions reductions in our operations and across our supply chains. When evaluating opportunity areas for potential investment, we look at several different factors, including the potential to impact upon global emissions and the opportunity to use our own skills and expertise to accelerate the change required, including our expertise in geology, engineering and markets.

1.14.2 Governance continued

We also seek to leverage our investments with the contribution of suitable partners, including governments, peers and research organisations. The focus for us is to consider the catalytic role that BHP Billiton can play in working with others to accelerate the deployment of technology to address material sources of emissions.

Our roadmap for investment includes the development and demonstration of carbon capture and storage (CCS) technologies, the reduction of fugitive methane emissions from coal and petroleum operations, high-efficiency/low-emissions power generation, low-emissions transportation and improvement and application of battery storage to enhance the wider deployment of renewable energy.

CCS can play a pivotal role in reducing emissions from oil and gas production, and from the use of fossil fuels in power generation and industrial processes. The key components of CCS (capture, transport and storage of CO_2) have all been demonstrated successfully for many years. The challenge for large-scale deployment of CCS technology in the power and industrial sectors is the integration of the key components of CCS and appropriate commercial and regulatory support to foster further development.

Addressing the key barriers to deployment (regulatory uncertainty, cost and stakeholder concern) is essential if CCS is to become a global mitigation tool at the scale required to make a meaningful contribution to long-term climate goals. We have previously contributed to the development of CCS in both Australia and the United States and we are a founding member of CO2CRC, one of the world's leading collaborative research organisations focused on long-term geological storage of carbon dioxide.

Portfolio evaluation

As well as taking action to reduce emissions, build resilience to the physical impacts of climate change, develop and deploy LETs and support an effective global response, we continue to identify and assess the impacts of climate change on our portfolio.

The starting point of our corporate planning process is the construction of a central case based on extensive analysis and research. Our current central case assumes the US economy continues to recover and strengthen, progressive development of China and India, integration of emerging economies into a multi-polar economic environment, and action on climate change centred on national policies.

Our corporate planning process uses scenario analysis to encompass a wide spectrum of potential outcomes for key global uncertainties. Designed to interpret external factors including technical, economic, political and governance trends facing the global resources industry, the scenarios offer a means by which to explore potential portfolio discontinuities and opportunities, as well as to test the robustness of decisions. Our scenarios do not constitute preferred outcomes for BHP Billiton. The scenarios are designed to be divergent, but also plausible and internally consistent, spanning unique potential future business environments.

According to independent bodies such as the International Energy Agency (IEA), fossil fuels will continue to supply a significant amount of the world's energy for decades. This is the case even in the IEA's '450 Scenario', under which the world achieves a two degrees Celsius outcome. Oil, coal and gas are likely to continue to constitute a significant part of the energy supply mix in countries like China and India, notwithstanding strong growth in renewables.

Given the ongoing role of fossil fuels, and the many uncertainties facing not only the resources sector but the world in general, accurately predicting how the world will respond to the challenge posed by climate change is difficult. Our scenario planning approach endeavours to consider a range of potential outcomes in order to understand the impacts on our portfolio and the critical signposts we must monitor in order to respond in a timely and effective way.

Our analysis highlights that our uniquely diversified portfolio of high-quality assets is robust across our scenarios and is highly unlikely to result in BHP Billiton assets being 'stranded'. In a scenario where there is strong impetus to develop and implement cleaner, more energy efficient solutions and unified societal action to address climate change, our analysis indicates that there is a potential of upside for uranium, our high-quality hard coking coal and iron ore lump product. Copper is resilient and would offer continued opportunity for growth and our gas exposure may yet provide opportunities during a transition to a lower carbon economy. In aggregate, we anticipate these commodities are robust and provide options that could mitigate potential negative impacts on other commodities.

Regardless of the path the world chooses, we are committed to reducing our own emissions and to supporting global efforts to reduce general emissions.

1.14.3 Health and safety

Keeping our people and operations safe

The health and safety of our people and of the broader communities in which we operate is central to every aspect of our business. Regardless of where our people are located, the area of the organisation in which they work, or the type of work they undertake, we strive to create an environment that is free from occupational harm. However, we do recognise that environments we operate in can be hazardous.

Despite our goal to achieve zero work-related fatalities, tragically we lost five of our colleagues in FY2015. Four fatalities occurred during on-site work activities and one fatality occurred in an off-site transportation accident. Independent investigations were undertaken for each incident, with remedial action taken and findings from the investigations shared across the Group. In FY2014, we had no work-related fatalities at our operated assets, a goal that we will continue to work towards.

As part of our ongoing focus to eliminate fatal and other serious incidents, a Company-level safety intervention was initiated in FY2015. The safety intervention was launched with engagement across our business through a variety of methods, including workshops, team talks and surveys. Feedback was presented at our senior leaders' meeting in July 2015, identifying the key controls, programs, systems, processes and tools currently in place that require improvement and Company-wide adoption through focused leadership.

Safety risk controls for Company-wide risks are included in our *Safety* GLD and serve as the minimum mandatory controls. Each Business is required to assess whether additional controls are required to manage risks and to meet the objective of no fatalities.

During FY2015, our overall total recordable injury frequency (TRIF) performance of 4.1 injuries per million hours worked improved by two per cent compared with FY2014. Over the past five years, our TRIF has reduced by 18 per cent.

Total recordable injury frequency (per million hours worked)

Year ended 30 June [(a)]	2015	2014	2013
Total recordable injury frequency (TRIF)	**4.1**	4.2	4.6

(a) Includes data for Continuing and Discontinued operations for the financial years being reported.

Focusing on the health of our people

We want our people to be fit for work and make sure their work does not negatively impact their health or wellbeing now or in the future.

During FY2015, we continued to establish, maintain and review our exposure profiles and manage significant health risks. The minimum mandatory controls contained within our *Health* GLD are structured around three principal aims: the prevention of illness from exposure; ensuring people are fit for work; and returning people to work after illness or injury. These principal aims form the cornerstone of our health risk management framework.

1.14.3 Health and safety continued

In FY2012, we established a health target baseline and committed to reduce potential occupational exposure to carcinogens and airborne contaminants by 10 per cent by FY2017. In FY2015, the number of potential exposures to carcinogens and airborne contaminants requiring the use of personal protective equipment reduced by 40 per cent compared with our FY2012 baseline. We have therefore exceeded our target to date. While good progress has been made in relation to occupational exposures to carcinogens and airborne contaminants, we remain vigilant in adopting and maintaining effective exposure controls. Our FY2015 results are due to a number of initiatives across our operations, details of which can be found in our Sustainability Report 2015.

In FY2015, the incidence of employee occupational illness was 4.93 per million hours worked, an increase of 74 per cent compared with FY2014. Noise induced hearing loss cases increased significantly due to a more accurate assessment triggered by incorrectly applying our hearing loss criteria in previous years at some assets. Our reduction in musculoskeletal illnesses was primarily due to the introduction of a multifaceted control program at one of our assets.

Year ended 30 June [a]	2015	2014	2013
Noise induced hearing loss	**3.05**	0.68	0.51
Musculoskeletal	**1.52**	1.61	1.24
Other illnesses	**0.36**	0.55	0.64
Total	**4.93**	2.84	2.39

(a) Includes data for Continuing and Discontinued operations for the financial years being reported.

1.14.4 Environment

We seek to demonstrate our environmental responsibility by minimising our environmental impacts and leaving lasting benefits. We approach our environmental management in ways that address our responsibilities to firstly understand and minimise impacts, and, secondly to contribute more broadly as environmental stewards.

We complement our core business processes of risk management, and corporate planning, community development and stakeholder engagement with the minimum mandatory requirements for environmental management of our *Environment* GLD. In this GLD, we take a risk-based approach and emphasise implementation of the mitigation hierarchy to avoid, minimise and rehabilitate direct, indirect and cumulative impacts within our area of influence across both short-term and long-term business horizons. We require our Businesses to set target environmental outcomes for land, biodiversity, water resources and air, and prevent or minimise GHG emissions, including in project design. Where unacceptable impacts remain to important biodiversity and ecosystems, we apply compensatory actions to address the residual impacts.

Biodiversity management

A sustainable society depends on biodiversity and its associated ecosystem services, such as food, air and water. Similarly, our operations depend on and have the potential to impact biodiversity and its related ecosystem services.

We have two targets focused on biodiversity that acknowledge the importance of maintaining the unique ecosystems and biodiversity of the areas in which we operate and the importance of conserving these more broadly. The first target requires the development and maintenance of land and biodiversity management plans that include controls demonstrating application of the mitigation hierarchy to manage the biodiversity and ecosystem impacts of our operations. This target is supported by the requirements of our *Environment* GLD. In FY2015, consistent with our target, all operations developed land and biodiversity management plans.

The second target is at a wider Group level and is a voluntary commitment to financing the conservation and ongoing management of areas of high biodiversity and ecosystem value that are of national or international conservation significance. In FY2012, we established an alliance with Conservation International to support the delivery of this target and improve our approach to biodiversity management more broadly. As a result, we will improve our environmental performance and broaden our contributions to lasting environmental benefits beyond what could be achieved by our operations alone. As of FY2015, we have committed more than US$35 million to conservation, in addition to the environmental management activities at our operations.

A central part of our approach to managing our impacts on land and biodiversity is the rehabilitation of land no longer required for our activities. Our Businesses are required to maintain rehabilitation plans that support life-of-asset and closure plans. This includes rehabilitating disturbed areas that are no longer required for our operational purposes, consistent with the pre-disturbance land use or alternate land use, while taking into account regulatory requirements and stakeholder expectations. As at the end of FY2015, our total land rehabilitated was 40,800 hectares, a five per cent increase since FY2014, on the total area rehabilitated.

Water

The sustainability of our operations relies on our ability to obtain an appropriate quality and quantity of water, use it responsibly and manage it appropriately, including taking account of natural supply variations. As economies and populations continue to expand and pressure for water becomes more intense, we recognise the role we have as responsible stewards of the water we share with our host communities. We anticipate climate change is likely to make the patterns and cycles of water flow less predictable and require our operations to implement adaptive responses. Managing our shared water resources is therefore a complex task for our business.

To manage our shared water resources, our operations are required to assess the direct, indirect and cumulative impacts and risks to water resources. We do this by understanding the social, cultural, ecological and economic values of these resources at a catchment level within our area of influence. Based on the risks and impacts, our operations apply a mitigation hierarchy; implement controls and monitor their effectiveness. At the operational level, we maintain quantitative water balance models to predict and support the management of water inputs, use and outputs and to enable timely management responses to water-related risks. Where possible, we seek to use lower-quality or recycled water to minimise extraction requirements from higher-quality water resources.

Recognising the regional nature of our water risks, we introduced a target in FY2013 requiring our operations with water-related material risks to implement projects to reduce their impact on associated water resources. The target allows our Businesses to annually review and focus on the water challenges specific to the regions in which they operate. Further discussion on projects implemented as part of our water target can be found in our Sustainability Report 2015.

We report on our water use publicly, consistent with the Input Output model of the Minerals Council of Australia's Water Accounting Framework (WAF). We are working with the ICMM to support broader adoption across the industry. The WAF aims to improve data integrity and comparability across the sector to allow a more meaningful analysis on which to base policy making and deliver improved outcomes.

Under the WAF, water is categorised as Type 1 (close to drinking water standards), Type 2 (suitable for some purposes), and Type 3 (unsuitable for most purposes). In FY2015, our total water input (water intended for use) was 340,200 megalitres across the Group, with 85 per cent defined as Type 2 or Type 3. Our use of Type 2 and Type 3 water demonstrates our approach to utilising lower-quality water wherever feasible.

1.14.4 Environment continued

Responsibly managing hydraulic fracturing

Since 2011, we have conducted onshore shale operations in the Eagle Ford, Permian, Haynesville and Fayetteville shale operations according to our North America Shale Operating Principles. These principles state our commitment to safety, and to protect the land where we operate, safeguard and manage water resources, minimise air emissions from our operations, and be a good neighbour to our host communities. We construct and operate our facilities in an environmentally sensitive manner. We conduct environmental assessments, and prepare plans with controls to minimise impacts to air, water, land and biodiversity.

We publicly report the ingredients of the fracturing fluids from each well completion into FracFocus, the hydraulic fracturing chemical disclosure registry. We don't use benzene, toluene, ethylbenzene or xylene (BTEX) or diesel in our fracturing fluids, and we work with our service companies to reduce toxicity of fracturing fluids where possible.

We check every well we drill against our list of critical elements to ensure well integrity and the safety of our operations. Our Groundwater Risk Management Plan incorporates controls to prevent the loss of containment of pressurised fluids, including: casing annulus monitoring procedures to verify well integrity; proper wellhead and casing design and construction; and specialised training to assure competency. During FY2015, we voluntarily implemented a pre-drilling groundwater monitoring program in the active drilling areas of the Eagle Ford, Permian and Haynesville shale operations to establish a baseline of groundwater quality.

To improve management of water resources and reduce fresh water demand at our Eagle Ford operations, we implemented a mobile reverse osmosis system to produce potable water and treat waste water for reuse in drilling and completions at our drilling camps, while reducing trucking of water and waste. In our Permian shale operation, we use predominately a blend of brackish water and recycled produced water for our drilling and completions operations.

The majority of our air emissions relate to GHG emissions from fuel combustion, flaring and venting during well construction and production. We reduce methane emissions across our shale operations by capturing and selling the produced natural gas that would otherwise be vented or flared.

At our Permian shale operation, we increased the percentage of produced water sent through pipeline to disposal, eliminating a portion of trucking to disposal wells, which also contributed to GHG reductions. We utilise temporary pipelines instead of trucks throughout our shale operations to supply water to our construction operations. This reduces air emissions and relieves traffic stress on local roads and communities.

We accept the scientific basis for linking seismic activity to waste water injection wells associated with unconventional oil and gas production. As such, we conduct enhanced seismicity monitoring and other types of data acquisition to better understand and mitigate the risk of the potential for induced seismic activity associated with waste water disposal operations. We actively participate in cooperative efforts with stakeholders (industry, government, science community and the public) to better understand and promote best practice risk management in our operations.

1.14.5 Society

We strive to be a valued partner in the communities in which we operate and, through all our interactions, seek to foster meaningful, long-term relationships that respect local cultures and create lasting benefits. We believe this is fundamental to being a responsible corporate citizen and is a clear demonstration of *Our Charter* values.

Engaging effectively in communities

Our *Community* GLD prescribes an inclusive and proactive approach to stakeholder engagement. We seek to build connections with stakeholders early in the life cycle of our operations, maintain open and ongoing communications with them, and operate transparently in relation to our plans and performance. In order to be effective and reach as many people as possible, we ensure these engagement activities are culturally and socially inclusive.

Our stakeholder engagement process requires our assets and operations to identify and analyse stakeholder groups to determine the level of impact the Company has on them and their level of interest in engaging with us. Each asset and operation then designs community engagement activities suitable for each of the stakeholder groups and individuals, where appropriate. Through engagement, with our host communities we also develop an understanding of the social and economic environment, including potential impacts and opportunities.

To measure the effectiveness of our engagement and community development activities, our operations are required to complete a community perception survey every three years. These surveys provide a valuable external perspective on the quality of our engagement and whether our stakeholders believe we are addressing their key concerns.

Respecting human rights

BHP Billiton's corporate responsibility to respect human rights is embedded within the Company's systems and processes and aligns with the UN Declaration of Human Rights and the UN Global Compact principles. The UN Guiding Principles on Business and Human Rights require companies to address three aspects to fulfil their responsibility to respect human rights: express a commitment to human rights through a policy statement; perform human rights due diligence to identify, prevent, mitigate and account for potential human rights impacts; and provide remediation where business enterprises have been identified as having caused or contributed to adverse human rights impacts. We meet these requirements by embedding them into our Company systems and processes.

BHP Billiton's commitment to human rights is publicly stated in our *Code of Business Conduct* (the Code), which clearly outlines our responsibilities and expectations. All employees and certain contractors are provided with the Code on commencement of employment with BHP Billiton, and it is a condition of that employment that they behave in accordance with the Code. Annual risk-based *Code of Business Conduct* training and communication plans must be completed and executed by each area of the Group. In addition, we measure effectiveness and obtain assurance of our human rights processes through the internal audits of our GLDs.

As part of our human rights due diligence process, our operations are required to identify and document key potential human rights risks by completing a Human Rights Impact Assessment (HRIA). This includes assessing performance against the articles of the UN Universal Declaration of Human Rights, the UN Global Compact principles, and host country legislation governing human rights issues. We require each HRIA to be reviewed internally on an annual basis.

Every three years, each HRIA is required to be verified through an engagement process with stakeholders and, in medium- and high-risk jurisdictions, validated by a qualified human rights specialist. Where a HRIA identifies a material risk, a Human Rights Management Plan is required to be implemented and reviewed annually. Selected employees and contractors receive training on compliance with BHP Billiton's human rights commitments.

1.14.5 Society continued

Managing our security-related material risks

The nature and global reach of our organisation can result in our people working in countries where there is potential exposure to personal and business risks. We require an assessment of each country for the degree of risk associated with visiting, exploring and operating within it, and appropriate controls are developed to mitigate identified risks.

Through our commitment to the Voluntary Principles on Security and Human Rights (VPs), we seek to protect people and property from material security-related risks. Performance requirements related to the VPs are implemented through our *Security and Emergency Management* GLD. Our operations are required to identify security-related material risks to people and property, and engage relevant stakeholders to develop and manage security programs that respect human rights and fundamental freedoms.

In addition, we require our operations to conduct an annual review for alignment with the VPs and implement an improvement plan to close identified gaps. The process also provides an opportunity to further build awareness and understanding of the VPs across the Company.

Respecting and including Indigenous communities

As many of our operations are located on or near Indigenous peoples' lands, it is important we recognise the traditional rights and values of Indigenous peoples, respect their cultural heritage and the significance of their lands and provide opportunities for inclusion and advancement.

BHP Billiton's approach to engaging with and supporting Indigenous peoples is articulated in our Indigenous Peoples Policy Statement, which was developed and approved by our GMC in FY2015. Implementation of the Policy Statement will help us strengthen relationships with Indigenous peoples and be a valued partner in their economic, social and cultural empowerment. We are currently in the process of developing a Group-wide Indigenous Peoples Strategy to guide implementation of the Policy Statement.

As a member of the ICMM, our Indigenous Peoples Policy Statement is consistent with the 2013 ICMM Indigenous Peoples and Mining Position Statement and is implemented in accordance with our *Community* GLD.

Commitments through our Policy Statement include understanding Indigenous peoples' rights and interests; building cross-cultural understanding; agreeing on appropriate engagement processes; and ensuring effective participation in decision-making. A number of related commitments address how we engage where government is responsible for managing Indigenous peoples' interests and how to move forward when differences of opinion arise.

Our Policy Statement specifically addresses the issue of free, prior and informed consent through committing to seek the consent of Indigenous peoples for new operations or major capital projects that are located on lands traditionally owned by, or under customary use of, Indigenous peoples and which are likely to have significant adverse impacts on Indigenous peoples.

In making this commitment, we recognise the right of governments to ultimately make decisions on the development of resources and that, in most countries, neither Indigenous peoples nor other groups have a right to veto projects. Where consent cannot be reached, a host government may decide to proceed with a project after balancing the rights and interests of Indigenous peoples with the wider population. In these circumstances, BHP Billiton will determine whether we remain involved with the project. The BHP Billiton Indigenous Peoples Policy Statement can be found in our Sustainability Report 2015.

Respecting customary rights

At a very early stage of a project, we seek to identify customary owners, occupiers and users of the land on which we intend to operate, as well as conduct land usage surveys. Knowing who is connected to the land and how it is used is critical to establishing effective community consultation and engagement. This helps to ensure people potentially affected by our operations are fully aware of our activities and have an opportunity to express their concerns and aspirations.

In instances where land may be used for customary purposes and no formal land title has been issued, information is requested from relevant organisations, including government authorities with responsibilities for customary land uses, and Indigenous peoples' representative organisations, such as land and tribal councils. Further enquiries are also made directly with the people in the area to help identify those with connections to the land. Arising from this engagement, the operational work plan may be amended to reduce potential impacts on landowners and users.

Our projects are designed in a way that avoids or minimises resettlement of individuals or communities. If resettlement is required (voluntary or involuntary), programs must be implemented consistent with the requirements set out in the International Finance Corporation's Performance Standard 5, Land Acquisition and Involuntary Resettlement. This includes being planned and implemented in a participatory manner that leads to a demonstrable improvement in livelihoods of the displaced persons or communities.

Ok Tedi

BHP Billiton exited from Ok Tedi Mining Limited (OTML) in February 2002. The exit arrangements included the transfer of BHP Billiton's shares in OTML to Papua New Guinea Sustainable Development Program Limited (PNGSDP) and a statutory undertaking protecting BHP Billiton from environmental claims by the PNG Government. In September 2013, the PNG Parliament passed laws which compulsorily acquired PNGSDP's shares in OTML and changed other aspects of the exit arrangements, including the repeal of the protection from environmental claims by the PNG Government. PNGSDP is challenging the validity of actions taken by the PNG Government to restructure and obtain control of PNGSDP. BHP Billiton retains an indemnity from PNGSDP in respect of environmental claims by the PNG Government and certain environmental claims by third parties. This indemnity is secured against certain key assets of PNGSDP. BHP Billiton remains committed to ensuring that the substantial long-term fund held by PNGSDP remains well governed for the benefit of the people of Papua New Guinea and the Western Province in particular.

Making a positive contribution to society

We know we are successful when our host communities value their relationship with us. Our aim is to work alongside host communities to help them achieve sustainable economic and social benefits, as well as diversified and resilient local economies, so that these benefits continue beyond the life of our operations. Our broader contribution to local economies can be realised through indirect employment and our support of local businesses that provide a range of services and products, which enable our operations to function effectively.

Our operations around the world support local and national economies through creating jobs, providing infrastructure, purchasing goods and services and contributing significant payments of taxes and royalties to governments. By supplying many of our commodities to markets in developing countries, we also support economic development to help improve living standards and quality of life.

1.14.5 Society continued

Improving the quality of life in our host communities

We aim to be partners with our host communities and are committed to understanding their needs and priorities. We seek to invest in projects that will continue to promote a benefit to the community beyond the life of the project. Using data from a social baseline study and social impact and opportunity assessment, we prepare a community development management plan. Community development projects and donations are required to be aligned to the overall community development management plan, implemented in consultation with local stakeholders, and meet our due diligence and anti-corruption requirements.

We voluntarily invest one per cent of our pre-tax profit, calculated on the average of the previous three years' pre-tax profit, in community programs that aim to have a long-lasting, positive impact on people's quality of life, including implementing new and supporting existing community projects. With a focus on improving quality of life, our community development programs are developed by working openly with governments and the communities in which we operate, and focusing on the needs and resources of our key stakeholders. This is how we are contributing to economic and social development.

During FY2015, our voluntary community investment totalled US$225 million, comprising US$142 million cash, in-kind support and administrative costs, and a US$83 million contribution to the BHP Billiton Foundation. The BHP Billiton Foundation was established in FY2013 to identify and support large sustainable development projects in countries and regions of interest to BHP Billiton, in order to complement the local programs managed by our assets. This builds on contributions that have previously been paid to the BHP Billiton Sustainable Communities charitable organisation. At the end of FY2015, BHP Billiton Sustainable Communities had a total of US$62.5 million and the BHP Billiton Foundation had a total of US$219.2 million in funds available for future sustainable development projects.

Community investment (US$M)

Year ended 30 June	2015	2014	2013
Expenditure (1) (including in-kind support and administrative costs)	**142.0**	141.7	139.8
Contribution into BHP Billiton Sustainable Communities and BHP Billiton Foundation	**83.0**	100.0	106.0
Total Community investment	**225.0**	241.7	245.8

(1) Includes BHP Billiton's equity share for both operated and non-operated joint venture operations. Includes payments made by operations demerged with South32.

BHP Billiton Social Investment Framework

During FY2015, we developed a new BHP Billiton Social Investment Framework to guide our approach to voluntary social investment (social and environmental programs with net social benefit) between FY2016 and FY2020, providing a unified and integrated framework across our Company. The Framework is the outcome of an extensive review of BHP Billiton's existing approach to social investment and has been informed by a thorough analysis of information about our internal and external operating context. Specific inputs to the review included our material sustainability risks, emerging global trends and the stakeholder needs and expectations of our host communities. Using this information to inform our Social Investment Framework has ensured a strong linkage between our business and social investment objectives.

BHP Billiton is committed to ensuring our significant social investment adds value to the communities in which we operate and leaves behind a lasting change. Details of our new Social Investment Framework can be found in our Sustainability Report 2015.

1.15 Additional information

1.15.1 External factors and trends

The following section describes some of the external factors and trends that have had a material impact on our financial condition and results of operations. We operate our business in a dynamic and changing environment and with information that is rarely complete and exact. We primarily manage the risks discussed in this section under our portfolio risk management approach, which relies on the effects of diversification, rather than individual risk management programs. Details of our risk factors can be found in section 1.7.2 of this Strategic Report. Details of our financial risk management strategies and financial instruments outstanding at 30 June 2015 can be found in section 1.7.3 of this Strategic Report and in note 23 'Financial risk management' to the Financial Statements in the Annual Report 2015.

Management monitors particular trends arising from external factors with a view to managing the potential impact on our future financial condition and results of operations. The following external factors could have a material adverse effect on our business and areas where we make decisions on the basis of information that is incomplete or uncertain.

Information in this section has been presented on a Continuing operations basis to exclude the contribution from assets that were demerged with South32, unless otherwise noted. Details of the contribution of the South32 assets to the Group's results are disclosed in note 29 'Discontinued operations' to the Financial Statements in the Annual Report 2015.

Commodity prices

The prices we obtain for our products represent a key driver of our business, and fluctuations in these commodity prices affect our results, including cash flows and asset values. The estimated impact on FY2015 profit after taxation of changes of commodity prices is set out below.

	US$M
US$1/bbl on oil price	54
US¢10/MMBtu on US gas price	27
US¢1/lb on copper price	24
US$1/t on iron ore price	144
US$1/t on metallurgical coal price	23
US$1/t on energy coal price	11
US¢1/lb on nickel price	2

Commodity markets were influenced by modest growth in global economic activity in FY2015. Solid momentum in the US economy, supported by improved growth in the Eurozone and Japan, saw developed economies contribute an improved share of activity relative to emerging markets. A number of emerging economies, including China, saw growth slow while Russia and Brazil experienced recessions. In the case of most steelmaking raw materials and energy commodities, supply growth was greater than demand growth resulting in lower prices. The price for crude oil dropped significantly, while the Henry Hub gas price declined on higher supply and increased inventory levels relative to the previous year. The Asian LNG price dropped on greater supply and lower oil prices. The copper price was also lower as supply disruptions were offset by weaker than expected consumption. Although aluminium demand grew, supply exceeded consumption due to increasing production from China. In the manganese market, the supply side response to weak demand growth was slower than expected resulting in a decrease in prices.

The following tables show the prices for our most significant commodities for the years ended 30 June 2015, 2014 and 2013, on both a Continuing and Discontinued operations basis. These prices represent selected quoted prices from the relevant sources as indicated, and will differ from the realised prices on the sale of the Group's production due to differences in quotation periods, quality of products, delivery terms and the range of quoted prices that are used for contracting sales in different markets.

Continuing operations

Year ended 30 June	**2015 Closing**	2014 Closing	2013 Closing	**2015 Average**	2014 Average	2013 Average
Natural gas Henry Hub [1] (US$/MMBtu)	**2.81**	4.39	3.73	**3.32**	4.25	3.44
Natural gas Asian Spot LNG [2] (US$/MMBtu)	**7.30**	11.28	15.40	**9.74**	16.38	15.14
Crude oil (Brent) [3] (US$/bbl)	**61.05**	111.02	102.46	**73.91**	109.36	108.64
Ethane [4] (US$/bbl)	**8.40**	12.02	9.92	**8.56**	11.92	12.15
Propane [5] (US$/bbl)	**16.25**	44.47	35.52	**29.34**	48.05	37.31
Butane [6] (US$/bbl)	**23.89**	54.39	49.51	**36.89**	56.70	61.74
Copper (LME cash) (US$/lb)	**2.60**	3.15	3.06	**2.89**	3.18	3.48
Iron ore [7] (US$/dmt)	**59.50**	93.25	116.25	**71.61**	122.70	127.23
Metallurgical coal [8] (US$/t)	**88.00**	110.50	130.00	**102.91**	128.40	159.13
Energy coal [9] (US$/t)	**61.66**	70.89	78.89	**64.37**	78.38	89.10
Nickel (LME cash) (US$/lb)	**5.30**	8.49	6.21	**7.02**	6.88	7.43

(1) Platts Gas based on Henry Hub – typically applies to gas sales in the US gas market.
(2) Platts Liquefied Natural Gas Delivery Ex-Ship (DES) Japan/Korea Marker – typically applies to Asian LNG spot sales.
(3) Platts Dated Brent is a benchmark price assessment of the spot market value of physical cargoes of North Sea light sweet crude oil.
(4) OPIS Mont Belvieu non-Tet Ethane – typically applies to ethane sales in the US Gulf Coast market.
(5) OPIS Mont Belvieu non-Tet Propane – typically applies to propane sales in the US Gulf Coast market.
(6) OPIS Mont Belvieu non-Tet Normal Butane – typically applies to butane sales in the US Gulf Coast market.
(7) Platts 62 per cent Fe Cost and Freight (CFR) China – used for fines.
(8) Platts Low-Vol hard coking coal Index FOB Australia – representative of high-quality hard coking coals.
(9) GlobalCOAL FOB Newcastle 6,000kcal/kg NCV – typically applies to coal sales in the Asia Pacific market.

1.15.1 External factors and trends continued

The following summarises the average and closing pricing trends of our most significant commodities for FY2015.

Natural gas Henry Hub: The Platts US Henry Hub natural gas price decreased by 22 per cent during FY2015. The decrease was a result of increased production growth, partially offset by consumption growth in the power sector. Natural gas inventories ended the year at 2,577 Billion cubic feet (Bcf), one per cent above the five-year average and 35 per cent higher year-on-year. The year-end price was 15 per cent below the average for the year. Since 30 June 2015, the US Henry Hub natural gas price decreased five per cent on 31 August 2015.

Natural gas Asian Spot LNG: The Asian liquefied natural gas spot price decreased by 41 per cent during FY2015. The decrease was driven by weaker north Asian end-user demand and ample global supply availability. In turn, this allowed for more spot purchases on lower prices and provided some support for Asian buyers to maintain higher inventory levels. Meanwhile, the drop in crude oil prices has had a lagged negative impact on oil-linked LNG contracts in the second half of FY2015. The year-end price was 25 per cent below the average for the year.

Crude oil: The Platts Dated Brent crude price decreased by 32 per cent during FY2015 following increases in global crude supply, particularly from US production, growing faster than demand. Libyan supply outages returned to market in the latter half of CY2014, and OPEC decided to maintain its production levels. The year-end price was 17 per cent below the average for the year. Since 30 June 2015, the Dated Brent crude price decreased 21 per cent on 28 August 2015.

NGL: A barrel of natural gas liquids consists mainly of ethane and liquefied petroleum gas (propane and butane). The Mont Belvieu ethane and propane price decreased by 28 per cent and 39 per cent, respectively, during FY2015 following increases in ethane and propane supply. Mont Belvieu butane prices decreased by 35 per cent during FY2015 following a decrease in the West Texas Intermediate oil price. The year-end propane and butane prices were 45 per cent and 35 per cent below the average for the year, respectively. Since 30 June 2015, the Mont Belvieu ethane price decreased seven per cent and the Mont Belvieu propane price increased nine per cent 31 August 2015.

Copper: The London Metal Exchange (LME) copper cash settlement price decreased by nine per cent in FY2015. The copper price trended downwards during the first seven months amid improved supply, weaker than anticipated consumption and the strengthening of the US dollar. The price decreased to a five-year low in mid-January on short-selling by Chinese-backed hedge funds. The price increased in February, impacted by Chilean supply disruption due to flooding, while softening of Chinese demand dampened prices since May. Since 30 June 2015, the copper price decreased 11 per cent on 28 August 2015.

Iron ore: The Platts 62 per cent iron ore CFR China decreased 42 per cent over FY2015 as low-cost seaborne iron ore supply outpaced demand growth. Productivity and cost compression on the supply side also impacted price as mining companies lowered their cost structures in response to the changed environment. The year-end price was 17 per cent below the average price for the year. Since 30 June 2015, the iron ore CFR price decreased six per cent on 31 August 2015.

Metallurgical coal: The Platts Low-Vol Hard Coking Coal Index decreased by 20 per cent during FY2015. While demand from traditional markets recovered steadily, the price decrease was mainly driven by continuing supply growth and weak Chinese demand. The year-end price was 15 per cent below the average price for the year. Since 30 June 2015, the Hard Coking Coal Index decreased eight per cent on 31 August 2015.

Energy coal: The globalCOAL Newcastle FOB price decreased by 18 per cent during FY2015. The decrease was driven by weak Chinese seaborne demand, despite healthy growth from India, and sustained supply from Australia and Indonesia supported by depreciating currencies. Since 30 June 2015, the Newcastle energy coal price decreased seven per cent on 31 August 2015.

Nickel: The LME cash settlement nickel price increased two per cent during FY2015 though the price decreased over the course of the financial year driven by weak demand and adequate supply, as evidenced by rising LME stocks. The year-end price was 25 per cent below the average price for the year. Since 30 June 2015, the nickel price decreased 14 per cent on 28 August 2015.

Discontinued operations

Year ended 30 June (1)	**2015 Closing**	2014 Closing	2013 Closing	**2015 Average**	2014 Average	2013 Average
Aluminium (LME cash) (US$/t)	**1,647**	1,851	1,731	**1,880**	1,764	1,938
Alumina (2) (US$/t)	**323**	312	318	**339**	321	327
Manganese Alloys (3) (US$/t)	**821**	999	1,038	**879**	1,020	1,106
Manganese Ores (4) (US$/dmtu)	**2.98**	4.20	5.54	**3.89**	4.95	5.29

(1) Post-demerger BHP Billiton's results will not be impacted by fluctuations in the prices of commodities (aluminium, alumina, manganese alloys and ores) that no longer form part of post-demerger operations. Refer to section 1.6.4 of this Strategic Report for more details.
(2) Platts PAX Free on Board (FOB) Australia – market price assessment of calcined metallurgical/smelter grade alumina.
(3) Bulk FerroAlloy high carbon ferromanganese (HCFeMn) Western Europe DDP.
(4) Metal Bulletin manganese ore 44 per cent Mn Cost Insurance Freight (CIF).

1.15.1 External factors and trends continued

The FY2015 pricing trends for the commodities that comprise our Discontinued operations were as follows:

Aluminium: The LME cash settlement price increased by seven per cent during FY2015. However, price premiums in Japan, Europe and the United States ended lower, reflecting the market surplus on increasing production from China. The year-end price was 12 per cent below the average for the year.

Alumina: The FOB Australia price increased six per cent during FY2015, supported by a lack of bauxite availability as a result of the Indonesian ore ban, and growing demand from China.

Manganese: The Metal Bulletin manganese ore China CIF price decreased 21 per cent during FY2015. Demand growth slowed and the market was well supplied amid high Chinese inventories. The year-end price was 23 per cent below the average price for the year. The Western Europe spot high carbon ferromanganese price decreased 14 per cent during FY2015, driven by persistent oversupply and the currency depreciation of major producers in India, Australia, South Africa and Europe.

Exchange rates

We remain exposed to exchange rate transaction risk on foreign currency sales and purchases, as we believe active currency hedging does not provide long-term benefits to our shareholders. Operating costs and costs of locally sourced equipment are influenced by fluctuations in local currencies, primarily the Australian dollar and Chilean peso. Foreign exchange gains and losses reflected in operating costs owing to fluctuations in the local currencies relative to the US dollar may potentially offset one another. The majority of our sales are denominated in US dollars and we borrow and hold surplus cash predominately in US dollars; those transactions and balances provide no foreign exchange exposure relative to the US dollar functional currency of the Group.

The US dollar strengthened against our main local currencies during FY2015, resulting in stronger average US dollar rates versus the Australian dollar and Chilean peso. Average and closing exchange rates for current and prior periods are contained within note 42 'Functional and presentation currency' to the Financial Statements in the Annual Report 2015.

We are also exposed to exchange rate translation risk in relation to net monetary liabilities, being our foreign currency denominated monetary assets and liabilities, including certain debt and other long-term liabilities. Details of our exposure to foreign currency fluctuations are contained within note 23 'Financial risk management' to the Financial Statements in the Annual Report 2015.

Changes in product demand and supply

The global economy grew at a modest rate in FY2015 with a mild improvement in developed economies offsetting a moderation in emerging markets.

In China, a slowdown in the property sector and fixed asset investment led to lower economic growth following policy tightening in CY2014. Consumer spending remained resilient reflecting the continued rebalancing of the economy. A number of interest rate reductions, cuts in bank reserve requirements, boosts to infrastructure spending and administrative measures supporting the property market are likely to buttress growth over the remainder of CY2015. In line with our expectations, the economy is growing more slowly, though off a higher base, as it matures over the medium term and the government's reform program promotes domestic consumption over investment. We expect near-term volatility to continue as the authorities press ahead with reform in a cautious but sustained manner as they seek to improve the efficiency of capital allocation in the economy while maintaining support for employment. However, our robust longer-term outlook for China remains intact as the economy transitions.

The US economy continued to improve despite weakness in the March 2015 quarter caused by severe weather in the northeast and a stronger US dollar. Ongoing strength in the labour market, rising disposable incomes, higher equity markets and improved housing prices supported consumer demand. After a period in which businesses failed to respond to improved economic conditions and higher levels of profitability, corporate investment has begun to show signs of recovery. The Federal Reserve is expected to begin increasing interest rates in the first half of FY2016.

The European Central Bank began a program of quantitative easing in March 2015, which appears to be driving a modest pick-up in economic growth. Activity has improved across the Eurozone, with the exception of Greece, reflecting a broad-based lift in domestic demand and we expect the improvement in growth to continue in FY2016.

Japan's economy saw growth improve in annualised terms as the year progressed, supported by the Bank of Japan's quantitative easing and a weaker yen. Growth should be supported by stronger business investment into FY2016. A longer-term, sustainable recovery is contingent on the scale and speed of structural reform.

Commodity prices generally trended downwards in FY2015, with prices for most of our commodities notably lower going into the new financial year.

Chinese steel production declined by 1.3 per cent in the second half of FY2015 versus the corresponding period in FY2014, triggered largely by a slowing construction sector. New construction starts were lower this year due to considerable levels of existing stock. Although China's steel exports are at an all-time high, we expect subdued crude steel production growth over the remainder of CY2015 with some upside potential should the construction sector recover. However, with steel stock per capita still well below that of developed nations, we expect moderate but sustainable growth in Chinese steel production over the next decade. An extended view on the life cycle of steel usage has resulted in a lower but longer plateau for crude steel production, peaking between 935 Mt and 985 Mt in the middle of the next decade. The implications for pig iron demand, and therefore iron ore and metallurgical coal, are mitigated in the medium term by lower scrap availability as the scrap cycle in China will take longer to develop. Outside China, steel production growth is improving steadily driven by India, the Middle East and South-East Asia.

The supply of most steelmaking raw materials has grown faster than demand. In iron ore, we estimate that approximately 100 Mt of incremental lower cost seaborne supply will enter the market in CY2015, outweighing demand growth. In this context, higher cost Chinese domestic production, along with high-cost seaborne exports, continues to exit the market. Private mines in China have seen their operating rates fall from approximately 90 per cent in CY2011 to approximately 35 per cent today. Many producers have also cut their costs. As a result, the iron ore cost curve has both flattened and fallen from previous levels.

In metallurgical coal, while uneconomic high-cost supply has slowly withdrawn from the seaborne market, prices remain subdued as industry-wide cost reductions and weaker producer currencies against the US dollar support continued production from marginal suppliers. Recent quality restrictions have also weakened China's import demand but this was partially offset by growth in traditional markets. The long-term outlook remains robust as the supply of premium hard coking coals becomes scarce.

Depreciating currencies have sustained Indonesian and Australian thermal coal exports, prolonging the weak pricing environment. Despite healthy seaborne demand growth from India, China's import demand has weakened, limiting prospects for price recovery in the near term.

In copper, prices were affected by weaker than expected consumption and the strengthening US dollar. In the near term, new supply under development is expected to keep the market well supplied. However, a deficit is expected to emerge at the end of this decade as grade decline, rising costs and a scarcity of high-quality future development opportunities are likely to constrain the industry's ability to meet attractive demand growth.

1.15.1 External factors and trends continued

Global crude oil demand growth was outpaced by supply growth putting pressure on prices throughout the year. Despite strong demand growth, liquids supply exceeded demand by 2.6 MMboe/d in the second half of FY2015. We expect prices to remain range bound in the short term due to available supply capacity from the United States and OPEC. The long-term demand outlook remains healthy, underpinned by the transport sector, notably in the Asian region.

US natural gas prices declined during the year as production growth was only partially offset by increased consumption in the power sector. In the longer term, demand is expected to benefit from increasing industrial use, growth in gas-fired power generation and the start of LNG exports. As core acreage is depleted, less productive and higher cost shale areas will be required to meet growing demand. In the LNG market, weaker North Asian end-user demand and ample supply have kept prices subdued.

We expect modest growth of the global economy. In the longer term, urbanisation and industrialisation will remain the primary drivers of commodity demand. The transition to consumption-led growth in emerging economies should provide particular support for industrial metals, energy and fertilisers.

Capital expenditure

Capital expenditure is important in pursuing our strategy through the development of large-scale resource projects and in sustaining our existing operations. Capital expenditure is disclosed for each Business in section 1.6.3 of this Strategic Report.

Operating costs

Information in this section has been presented on a Continuing operations basis to exclude the contribution from assets that were demerged with South32, unless otherwise noted. Details of the contribution of the South32 assets to the Group's results are disclosed in note 29 'Discontinued operations' to the Financial Statements in the Annual Report 2015.

As the prices for our products are determined by the global commodity markets in which we operate, we do not generally have the ability to offset cost pressures through corresponding price increases; therefore, controlling our operating costs is a key driver of our results. Operating costs for the last three years are set out in section 1.11.1 of this Strategic Report as well as an analysis of the change in Total expenses. Further analysis of the factors that impacted expenses during FY2015 is set out below and in section 1.15.3 of this Strategic Report.

In discussing the factors that affected Total expenses, we refer to the change in operating cash costs and change in exploration and business development. Collectively we refer to these as change in controllable cash costs. Operating cash costs by definition do not include non-cash costs being depreciation, amortisation, impairments, movements in deferred stripping balances and movements in provisions. The change in operating cash costs also excludes the impact of exchange rates and inflation on the actual costs incurred in the corresponding period, changes in fuel and energy costs, changes in exploration and business development costs and one-off items. These items are excluded so as to provide a consistent measurement of changes in costs across all the Businesses based on the factors that are within their control and responsibility.

Change in operating cash costs and change in controllable cash costs are not measures that are recognised under International Financial Reporting Standards (IFRS) and they may differ from similarly titled measures reported by other companies. A reconciliation of the movements in Underlying EBIT to the financial statement line items in the Consolidated Income Statement is included in section 2.5 of the Annual Report 2015.

Our focus on reducing operating costs through productivity initiatives saw a decrease in operating cash costs of US$2.7 billion and a reduction in exploration and business development of US$29 million for a combined reduction in controllable cash costs of US$2.7 billion. In addition, the improvement in operating costs was complemented by favourable exchange rate impacts of US$1.7 billion. These improvements were partially offset by inflation of US$433 million and an increase in the production costs associated with higher volumes of US$3.2 billion. With higher depreciation and amortisation charges of US$1.4 billion and higher impairment charges of US$350 million. Total expenses excluding exceptional items of US$3.2 billion decreased from US$36.5 billion to US$33.8 billion.

Exploration and development of resources

Minerals exploration

Over the past six years, brownfield exploration has increased our reserve base around our portfolio of existing assets in large resource basins, which now provide us with growth opportunities. This has allowed us to reduce brownfield exploration expenditure and rationalise our greenfield exploration program.

Greenfield minerals (new sites) exploration is focused on advancing targets within Chile, Peru, southwestern United States and is organised through our Copper Business. Greenfield activities include opportunity identification, application for and acquisition of mineral title, early reconnaissance operations and multi-million dollar delineation drilling programs.

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

Our expenditure on minerals exploration over the last three financial years is set out below.

Year ended 30 June	**2015 US$M**	2014 US$M Restated	2013 US$M Restated
Greenfield exploration	**55**	46	179
Brownfield exploration	**194**	340	467
Total minerals exploration (1)	**249**	386	646

(1) Excludes minerals exploration from Discontinued operations.

The Group's minerals exploration expenditure declined by 36 per cent in FY2015 to US$249 million as we sharpened our focus on advancing copper targets within Chile, Peru and southwestern United States.

Petroleum exploration

We have reduced exploration expenditure in Petroleum over recent years with a focus on high-impact liquids opportunities in the Gulf of Mexico, Western Australia and Trinidad and Tobago.

Year ended 30 June	**2015 US$M**	2014 US$M	2013 US$M
Petroleum exploration	**567**	600	675

Exploration expense

Exploration expense represents that portion of exploration expenditure that is not capitalised in accordance with our accounting policies, as set out in note 43 'Significant accounting policies' to the Financial Statements in the Annual Report 2015.

Exploration expense for each Business over the three-year period is set out below.

Year ended 30 June	**2015 US$M**	2014 US$M Restated	2013 US$M Restated
Exploration expense (1) (2)			
Petroleum and Potash	**532**	544	709
Copper	**90**	111	266
Iron Ore	**38**	56	74
Coal	**20**	29	32
Group and unallocated items	**18**	30	47
BHP Billiton Group	**698**	770	1,128

(1) Excludes exploration expenses from Discontinued operations.
(2) Includes US$28 million (2014: US$72 million; 2013: US$102 million) exploration expense previously capitalised, written off as impaired.

1.15.1 External factors and trends continued

Following our focus on productivity and reducing costs, the reduction in the Group's exploration expense, excluding impairment of exploration expenditure previously capitalised, increased Underlying EBIT in FY2015 by US$28 million.

Interest rates

We are exposed to interest rate risk on our outstanding borrowings and investments. Our policy on interest rate exposure is to pay or receive on a US dollar floating interest rate basis. To achieve this policy, we often use derivative financial instruments, including cross currency and interest rate swaps, to convert an underlying exposure to a US dollar floating rate exposure. Deviation from our policy requires approval from our Financial Risk Management Committee and is managed within our portfolio risk management approach.

Our earnings are sensitive to changes in interest rates on the floating component of the Group's net borrowings. Our main exposure is to the 3 month US LIBOR benchmark, which increased by 0.010 per cent in FY2015 to an average of 0.252 per cent. Further information, including the Group's sensitivity to movements in interest rates, can be found in note 23 'Financial risk management' to the Financial Statements in the Annual Report 2015.

Health, safety, environment and community

We operate in an industry where many of our activities are highly regulated by laws governing health, safety and the environment. We are committed to compliance with the laws and regulations of the countries in which we operate and, where applicable, to exceeding legal and other requirements which are less stringent than our own. However, regulatory standards and community expectations are constantly evolving. As a result, we may be exposed to increased litigation, compliance costs and unforeseen environmental rehabilitation expenses, despite our best efforts to work with governments, community groups and scientists to keep pace with regulations, law and public expectations.

Further information about our compliance with HSEC regulations can be found in section 1.14 of this Strategic Report.

Insurance

During FY2015, we maintained an insurance program encompassing property damage, business interruption, sabotage and terrorism, marine cargo, construction, directors' and officers' liability and public and certain other liabilities. The program includes a combination of self-insurance via subsidiary captive insurance companies, industry mutuals and external market insurance and reinsurance. Mandates are established as to risk retention levels, policy cover and, where applicable, insurance and reinsurance counterparty security. As part of our portfolio risk management approach, we regularly conduct an assessment of maximum foreseeable loss potential, cash flow at risk, loss experience, claims received and insurance premiums paid, and will make adjustments to the balance of self-insurance and external insurance and reinsurance as required.

The Group is largely self-insured for losses arising from property damage and business interruption, sabotage and terrorism, marine cargo, construction, primary public liability and employee benefits. For these risks, we internally insure our Businesses (for wholly owned assets and, where permissible, by local insurance regulation and/or commercial market terms our share of joint venture assets) via our captive insurance companies. Any losses incurred will consequently impact the Financial Statements as they arise.

1.15.2 Application of critical accounting policies

The preparation of the Consolidated 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 Group 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:

- reserve estimates;
- exploration and evaluation expenditure;
- development expenditure;
- taxation;
- property, plant and equipment and intangible assets – recoverable amount; and
- provision for closure and rehabilitation.

In accordance with IFRS, we are required to include information regarding the nature of the estimates and judgements and potential impacts on our financial results or financial position in the Financial Statements. This information can be found in note 44 'Application of accounting estimates, assumptions and judgements' to the Financial Statements in the Annual Report 2015.

1.15.3 Operating results

The following table describes the approximate impact of the principal factors that affected Underlying EBIT for FY2015 and FY2014. Underlying EBIT is earnings before net finance costs, taxation, Discontinued operations and any exceptional items.

Year ended 30 June	2015 US$M	2014 US$M Restated
Underlying EBIT	**22,098**	21,680
Net price impact:		
Change in sales prices	**(16,433)**	(2,639)
Price-linked costs	**1,209**	(111)
	(15,224)	(2,750)
Change in volumes:		
Productivity	**1,220**	1,029
Growth	**1,822**	1,929
	3,042	2,958
Change in controllable cash costs:		
Operating cash costs	**2,678**	1,131
Exploration and business development	**29**	398
	2,707	1,529
Change in other costs:		
Exchange rates	**1,567**	1,188
Inflation on costs	**(433)**	(575)
Fuel and energy	**518**	(3)
Non-cash	**(1,304)**	(1,737)
One-off items	**(456)**	–
	(108)	(1,127)
Asset sales	**(72)**	61
Ceased and sold operations	**22**	(349)
Share of operating profit from equity accounted investments	**(637)**	43
Other	**38**	53
Underlying EBIT	**11,866**	22,098

The total increase in Underlying EBIT relating to productivity initiatives in FY2015 was US$4.1 billion. The following table reconciles the principal factors shown above with the Group's benefits attributable to productivity initiatives.

Year ended 30 June	2015 US$M	2014 US$M Restated
Change in operating cash costs	**2,678**	1,131
Change in exploration and business development	**29**	398
Change in controllable cash costs	**2,707**	1,529
Change in volumes attributed to productivity	**1,220**	1,029
Total productivity gains in Underlying EBIT	**3,927**	2,558
Change in capitalised exploration	**142**	9
Total benefits attributable to productivity initiatives	**4,069**	2,567

1.15.3 Operating results continued

The method of calculation of the factors that affected Underlying EBIT and the Financial Statement line items of Revenue, Other income and Expenses (excluding net finance costs) that are affected by the factors are as follows.

Factor affecting Underlying EBIT	Method of calculation	Financial statement line item affected
Change in sales prices	Change in average realised price for each operation from the corresponding period to the current period, multiplied by current period volumes.	Revenue
Price-linked costs	Change in price-linked costs for each operation from the corresponding period to the current period, multiplied by current period volumes.	Expenses
Volumes – Productivity	Change in volumes for each operation not included in the Growth category from the corresponding period to the current period, multiplied by the prior year Underlying EBIT margin.	Revenue and Expenses
Volumes – Growth	Volume – Growth comprises Underlying EBIT for operations that are new or acquired in the current period minus Underlying EBIT for operations that are new or acquired in the corresponding period, change in volumes for operations identified as a Growth project from the corresponding period to the current period multiplied by the prior year Underlying EBIT margin, and change in volume for Petroleum Business from the corresponding period to the current period multiplied by the prior year Underlying EBIT margin.	Revenue and Expenses
Operating cash costs	Change in total costs, other than price-linked costs, exchange rates, inflation on costs, fuel and energy costs, non-cash costs and one-off items as defined below for each operation from the corresponding period to the current period.	Expenses
Exploration and business development	Exploration and business development expense in the current period minus exploration and business development expense in the corresponding period.	Expenses
Exchange rates	Change in exchange rate multiplied by current period local currency revenue and expenses. The majority of the Group's selling prices are denominated in US dollars and so there is little impact of exchange rate changes on Revenue.	Revenue and Expenses
Inflation on costs	Change in inflation rate applied to expenses, other than depreciation and amortisation, price-linked costs, exploration and business development expenses, expenses in ceased and sold operations and expenses in new and acquired operations.	Expenses
Fuel and energy	Fuel and energy expense in the current period minus fuel and energy expense in the corresponding period.	Expenses
Non-cash	Includes non-cash items, mainly depreciation, amortisation and impairments.	Expenses
One-off items	Change in costs exceeding a pre-determined threshold associated with an unexpected event that had not occurred in the last two years and is not reasonably likely to occur within the next two years.	Expenses
Asset sales	Profit/loss on the sale of assets or operations in the current period minus profit/loss on sale in the corresponding period.	Other income
Ceased and sold operations	Underlying EBIT for operations that are ceased or sold operations in the current period minus Underlying EBIT for operations that are ceased or sold in the corresponding period.	Revenue, Other income and Expenses
Share of operating profit from equity accounted investments	Share of operating profit from equity accounted investments for the period minus Share of operating profit from equity accounted investments in the corresponding period.	Share of operating profit from equity accounted investments
Other	Variances not explained by the above factors.	Revenue, Other income and Expenses

A reconciliation of the movements in Underlying EBIT for FY2015 to the Financial Statement line items in the Consolidated Income Statement is included in section 2.5 of the Annual Report 2015.

The following commentary describes the principal factors outlined in the table above for FY2015 and FY2014.

Prices

Lower realised prices reduced Underlying EBIT by US$16.4 billion in FY2015. A 41 per cent decline in the average realised price of iron ore was the major contributor and reduced Underlying EBIT by US$9.5 billion. Weaker average realised prices for our Petroleum, Copper and Coal Businesses decreased Underlying EBIT by US$4.2 billion, US$1.6 billion and US$1.1 billion, respectively. A reduction in price-linked costs increased Underlying EBIT by US$1.2 billion and primarily reflected lower royalty charges in our Iron Ore Business.

Volumes

Productivity-led volume efficiencies and the ramp-up of major projects underpinned a US$3.0 billion increase in Underlying EBIT. Western Australia Iron Ore (WAIO) was the major contributor as the improved performance of our integrated supply chain and the ramp-up of the Jimblebar mining hub supported a US$1.9 billion increase in Underlying EBIT. A doubling of liquids production from both Black Hawk and Permian supported a further US$799 million volume-related increase in Petroleum's Underlying EBIT.

Controllable cash costs

Operating cash costs

Our focus on best-in-class performance underpinned a US$2.7 billion reduction in operating cash costs during FY2015.

A reduction in labour, contractor and maintenance costs increased Underlying EBIT by US$1.5 billion during the period. This was most evident in WAIO where the standardisation of our equipment and maintenance systems, and the insourcing of third party services facilitated a step change in the performance of our mining operations. Mining-related efficiencies contributed to a further US$580 million reduction in cash costs and largely reflected improved productivity at Escondida.

Exploration and business development

The Group's exploration and business development expenditure was broadly in line with FY2014. Our exploration program remains focused on greenfield copper targets within Chile, Peru and the southwestern United States, and petroleum liquids opportunities in the Gulf of Mexico, Western Australia and Trinidad and Tobago.

Other costs

Exchange rates

A stronger US dollar increased Underlying EBIT by US$1.6 billion during the period. This included the restatement of monetary items in the balance sheet, which increased Underlying EBIT by US$637 million relative to FY2014.

Further information can be found in note 42 'Functional and presentation currency' to the Financial Statements in the Annual Report 2015.

1.15.3 Operating results continued

Inflation on costs

The impact of inflation reduced Underlying EBIT by US$433 million during the period. This was most notable in Australia and Chile, which accounted for over 85 per cent of the total variance.

Fuel and energy

A reduction in diesel prices across our minerals businesses supported a US$518 million increase in Underlying EBIT.

Non-cash

An increase in non-cash charges reduced Underlying EBIT by US$1.3 billion during the period.

A US$839 million increase in non-cash charges in our Copper Business reflects: higher ore mined which resulted in increased depletion of stripping capitalised at Escondida; increased depreciation following the completion of the Escondida Oxide Leach Area Project; and a US$199 million impairment driven by a lower copper price and permitting uncertainty for the proposed mine life extension at Cerro Colorado.

A US$639 million increase in non-cash charges in our Petroleum Business reflects: US$316 million of higher depreciation and amortisation charges in Onshore US following the ramp-up of liquids production at Black Hawk and the progressive development of our Permian acreage; and US$328 million of impairment charges associated with the divestment of assets in north Louisiana and the Pecos field in the Permian. During the period, a US$79 million impairment of Neptune was also recognised as the fall in near-term oil prices has affected its value due to its short field life.

The decrease in non-cash charges relates to mine site rehabilitation provision charges, recognised in FY2014 for the Group's North American closed mines.

One-off items

One-off items recognised during the period comprise a US$268 million expense related to the mill outage at Olympic Dam and US$188 million costs associated with the implementation of the Escondida Voluntary Redundancy Program.

Asset sales

The contribution of asset sales to Underlying EBIT decreased by US$72 million from FY2014, which included the sale of Liverpool Bay.

Ceased and sold operations

Underlying EBIT from ceased and sold operations increased by US$22 million in FY2015. This largely reflected an unfavourable US$143 million adjustment to the Browse divestment proceeds, due to unitisation changes subsequent to the completion of the sale, offset by the closure of the Nickel West Leinster Perseverance underground mine, both during FY2014.

Share of operating profit from equity accounted investments

Lower average realised prices received by our equity accounted investments decreased Underlying EBIT US$637 million.

Net finance costs

Net finance costs decreased by US$300 million to US$614 million. The decrease reflected foreign exchange gains on finance leases and the early redemption of the Petrohawk Energy Corporation Senior Notes in August 2014, which resulted in a gain on redemption and lower interest expense.

Taxation expense

The Group's adjusted effective tax rate, which excludes the influence of exchange rate movements, remeasurement of deferred tax assets associated with the Minerals Resource Rent Tax (MRRT) and exceptional items, was 31.8 per cent (30 June 2014: 32.2 per cent).

Total taxation expense, including royalty-related taxation, exceptional items and exchange rate movements, was US$3.7 billion, representing a statutory effective tax rate of 45.5 per cent (30 June 2014: 31.2 per cent).

Government imposed royalty arrangements calculated by reference to profits are reported as royalty-related taxation. An exceptional item of US$698 million tax expense (2014: US$ nil) was recognised on a Continuing operations basis for the derecognition of deferred tax assets upon the repeal of the MRRT legislation in Australia.

Adjusted effective tax rate is not an IFRS measure and is reconciled to the Statutory effective tax rate below:

	2015			2014 Restated		
Year ended 30 June	**Profit before tax US$M**	**Income tax expense US$M**	**%**	Profit before tax US$M	Income tax expense US$M	%
Statutory effective tax rate	8,056	(3,666)	45.5%	21,735	(6,780)	31.2%
Less:						
Exchange rate movements	–	**339**		–	(34)	
Remeasurement of deferred tax assets associated with the MRRT	–	–		–	(170)	
Exceptional items	**3,196**	**(250)**		(551)	166	
Adjusted effective tax rate	**11,252**	**(3,577)**	**31.8%**	21,184	(6,818)	32.2%

Other royalty and excise arrangements that are not profit based are recognised as operating costs within Profit before taxation. These amounted to US$1.7 billion during the period (30 June 2014: US$2.4 billion).

1.15.3 Operating results continued

Exceptional items

Year ended 30 June 2015	Gross US$M	Tax US$M	Net US$M
Exceptional items by category			
Impairment of Onshore US assets	**(2,787)**	**829**	**(1,958)**
Impairment of Nickel West assets	**(409)**	**119**	**(290)**
Repeal of Minerals Resource Rent Tax legislation (1)	**–**	**(698)**	**(698)**
	(3,196)	**250**	**(2,946)**

(1) Includes amounts attributable to non-controlling interests of US$(12) million.

The Group recognised an impairment charge of US$2.0 billion (after tax benefit) in relation to its Onshore US assets. The gas-focused Hawkville field accounts for the substantial majority of this charge reflecting its geological complexity, product mix, acreage relinquishments and amended development plans. The remainder relates to the impairment of goodwill associated with the Petrohawk acquisition.

On 12 November 2014, the Group announced that the review of its Nickel West business was complete and the preferred option, the sale of the business, was not achieved on an acceptable basis. As a result of operational decisions made subsequent to the conclusion of this process, an impairment charge of US$290 million (after tax benefit) was recognised in FY2015.

The legislation to repeal the MRRT in Australia took effect on 30 September 2014. As a result, the Group derecognised a MRRT deferred tax asset of US$809 million, and corresponding taxation charges of US$698 million related to Continuing operations and US$111 million related to Discontinued operations were recognised in FY2015.

Refer to note 2 'Exceptional items' to the Financial Statements in the Annual Report 2015 for more information.

Year ended 30 June 2014	Gross US$M	Tax US$M	Net US$M
Exceptional items by category			
Sale of Pinto Valley	551	(166)	385
	551	(166)	385

On 11 October 2013, the Group announced it had completed the sale of its Pinto Valley mining operation for cash consideration of US$653 million, after working capital adjustments. A gain on sale of US$385 million (after tax expense) was recognised in FY2014.

Refer to note 2 'Exceptional items' to the Financial Statements in the Annual Report 2015 for more information.

Discontinued operations

On 25 May 2015, the Group announced that it completed the demerger of a selection of its aluminium, coal, manganese, nickel and silver-lead-zinc assets to create an independent metals and mining company, South32.

South32's contribution to BHP Billiton's FY2015 results comprised a US$753 million profit after taxation excluding exceptional items. Exceptional items comprised a tax expense of US$111 million related to the repeal of the MRRT and a net loss on demerger of US$2.2 billion (after tax benefit). This contribution has been included in Attributable loss after taxation from Discontinued operations of US$1.6 billion.

Third party sales

We differentiate sales of our production from sales of third party products due to the significant difference in profit margin earned on these sales. The table below shows the breakdown between our production and third party products.

Year ended 30 June (1)	2015 US$M	2014 US$M Restated	2013 US$M Restated
Group production			
Revenue	**43,457**	55,045	52,637
Related operating costs	**(31,605)**	(32,962)	(31,021)
Underlying EBIT	**11,852**	22,083	21,616
Underlying EBIT Margin	**27.3%**	40.1%	41.1%
Third party products			
Revenue	**1,179**	1,717	1,223
Related operating costs	**(1,165)**	(1,702)	(1,159)
Operating profit	**14**	15	64
Margin on third party products (2)	**1.2%**	0.9%	5.2%

(1) Excluding exceptional items and Discontinued operations.
(2) Operating profit divided by revenue.

We engage in third party trading for the following reasons:

- Production variability and occasional shortfalls from our own assets means that we sometimes source third party materials to ensure a steady supply of product to our customers.
- To optimise our supply chain outcomes, we may buy physical product from third parties.
- In order to support the development of liquid markets, we will sometimes source third party physical product and manage risk through both the physical and financial markets.

1.15.4 Cash flow analysis

A Consolidated Cash Flow Statement is contained in the Financial Statements in the Annual Report 2015. The explanatory notes appear in note 37 'Notes to the consolidated cash flow statement' to the Financial Statements in the Annual Report 2015. A summary table has been presented below to show the key sources and uses of cash.

Year ended 30 June	2015 US$M	2014 US$M Restated	2013 US$M Restated
Cash generated from operations	**21,620**	29,318	27,026
Dividends received	**740**	1,264	716
Net interest paid	**(541)**	(795)	(848)
Taxation paid	**(4,025)**	(6,147)	(7,877)
Net operating cash flows from Continuing operations	**17,794**	23,640	19,017
Net operating cash flows from Discontinued operations	**1,502**	1,724	1,137
Net operating cash flows	**19,296**	25,364	20,154
Purchases of property plant and equipment	**(11,947)**	(15,224)	(21,104)
Exploration expenditure	**(816)**	(986)	(1,321)
Exploration expenditure expensed and included in operating cash flows	**670**	698	1,026
Purchases of intangibles	**(98)**	(192)	(380)
Investment in financial assets	**(15)**	(1,168)	(455)
Investment in equity accounted investments	**(71)**	(44)	(84)
Net proceeds from investing activities	**775**	1,782	4,697
Net investing cash flows from Continuing operations	**(11,502)**	(15,134)	(17,621)
Net investing cash flows from Discontinued operations	**(1,066)**	(700)	(1,105)
Cash disposed on demerger of South32	**(586)**	–	–
Net investing cash flows	**(13,154)**	(15,834)	(18,726)
Net (repayment of)/proceeds from interest bearing liabilities	**(728)**	(1,011)	7,255
Dividends paid	**(7,052)**	(6,506)	(6,945)
Contributions from non-controlling interests	**53**	1,435	73
Other financing activities	**(346)**	(354)	(433)
Net financing cash flows from Continuing operations	**(8,073)**	(6,436)	(50)
Net financing cash flows from Discontinued operations	**(203)**	(32)	(148)
Net financing cash flows	**(8,276)**	(6,468)	(198)
Net (decrease)/increase in cash and cash equivalents from Continuing operations	**(1,781)**	2,070	1,346
Net increase/(decrease) in cash and cash equivalents from Discontinued operations	**233**	992	(116)
Cash disposed on demerger of South32	**(586)**	–	–

Net operating cash flows from Continuing operations after interest and tax decreased by 25 per cent to US$17.8 billion during FY2015. The major contributor was the US$7.7 billion decrease in cash generated from operations (after changes in working capital balances), which was partially offset by a decrease of US$2.1 billion in net taxes paid.

Net investing cash outflows from Continuing operations decreased by US$3.6 billion to US$11.5 billion during FY2015 and reflected a US$3.4 billion reduction in capital and exploration expenditure. Expenditure on growth projects totalled US$9.3 billion, including US$4.5 billion on Petroleum projects and US$4.8 billion on Minerals projects. Sustaining capital expenditure and other items totalled US$2.6 billion. Exploration expenditure was US$816 million, including US$670 million classified within net operating cash flows.

Net financing cash outflows from Continuing operations increased by US$1.6 billion to US$8.1 billion. A decrease in proceeds from interest bearing liabilities of US$2.6 billion, a decrease in contributions from non-controlling interests of US$1.4 billion and higher dividends paid to non-controlling interests of US$435 million were partially offset by a decrease in repayments of interest bearing liabilities of US$2.9 billion during FY2015.

1.15.5 Net debt and sources of liquidity

Our policies on debt and liquidity management pursue the following objectives:

- a solid 'A' credit rating;
- gearing to be a maximum of 40 per cent;
- diversification of funding sources;
- maintain borrowings and excess cash predominantly in US dollars.

Gearing and net debt

Net debt, comprising Interest bearing liabilities less Cash and cash equivalents, was US$24.4 billion, which represented a decrease of US$1.4 billion compared with the net debt position at 30 June 2014. Gearing, which is the ratio of net debt to net debt plus net assets, was 25.7 per cent at 30 June 2015, compared with 23.2 per cent at 30 June 2014. IFRS 5/AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' does not require the Consolidated Balance Sheet to be restated for comparative periods. The FY2014 figures therefore includes assets and liabilities of the Businesses demerged with South32. For information relating to Discontinued operations refer to note 29 'Discontinued operations' to the Financial Statements in the Annual Report 2015.

Cash and cash equivalents less overdrafts at 30 June 2015 was US$6.6 billion compared with US$8.8 billion at 30 June 2014. Included within Cash and cash equivalents were short-term deposits of US$5.8 billion compared with US$7.1 billion at 30 June 2014.

Funding sources

During FY2015, we issued the following long-term debt:

- In March 2015, we issued an A$1.0 billion 3.000 per cent Australian bond due 2020.
- In April 2015, we issued a three tranche Euro bond comprising €600 million Floating Rate Notes due 2020 paying three-month Euribor plus 0.350 per cent, €650 million 0.750 per cent bonds due 2022 and €750 million 1.500 per cent bonds due 2030.

None of our Group-level borrowing facilities are subject to financial covenants. Certain specific financing facilities in relation to specific Businesses are the subject of financial covenants that vary from facility to facility, but which would be considered normal for such facilities.

In addition to the Group's uncommitted debt issuance programs, we hold the following committed standby facilities.

	Facility available 2015 US$M	**Drawn 2015 US$M**	**Undrawn 2015 US$M**	Facility available 2014 US$M	Drawn 2014 US$M	Undrawn 2014 US$M
Revolving credit facility (1)	**6,000**	–	**6,000**	6,000	–	6,000
Total financing facilities	**6,000**	–	**6,000**	6,000	–	6,000

(1) The Group's committed US$6.0 billion 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$6.0 billion. As at 30 June 2015, US$ nil commercial paper was drawn (2014: US$ nil), therefore US$6.0 billion of committed facility was available to use (2014: US$6.0 billion). The revolving credit facility has a five-year maturity with one remaining one-year extension option. A commitment fee is payable on the undrawn balance and an interest rate comprising an interbank rate plus a margin applies to any drawn balance. The agreed margins are typical for a credit facility extended to a company with the Group's credit rating.

Additional information regarding the maturity profile of our debt obligations and details of our standby and support agreements is included in note 23 'Financial risk management' to the Financial Statements in the Annual Report 2015.

The Group's credit ratings are currently A1/P-1 (Moody's – long-term/short-term) and A+/A-1 (Standard & Poor's – long-term/short-term). The credit ratings from both agencies remained unchanged in FY2015, however on 4 May 2015 Standard & Poor's revised the Group's ratings outlook to negative from stable.

1.15.6 Other information

Quantitative and qualitative disclosures about market risk
We identified our primary market risks in section 1.15.1 of this Strategic Report. A description of how we manage our market risks, including both quantitative and qualitative information about our market risk sensitive instruments outstanding at 30 June 2015, is contained in note 23 'Financial risk management' to the Financial Statements in the Annual Report 2015.

Off-balance sheet arrangements and contractual commitments
Information in relation to our material off-balance sheet arrangements, principally contingent liabilities, commitments for capital expenditure and commitments under leases at 30 June 2015 is provided in note 34 'Commitments' and note 35 'Contingent liabilities' to the Financial Statements in the Annual Report 2015 in the Annual Report 2015.

Subsidiary information
Information about our significant subsidiaries is included in note 30 'Subsidiaries' to the Financial Statements and section 7.2 'BHP Billiton Plc' in the Annual Report 2015.

Related party transactions
Related party transactions are outlined in note 33 'Related party transactions' to the Financial Statements in the Annual Report 2015.

Significant changes since the end of the year
Significant changes since the end of the year are outlined in note 36 'Subsequent events' to the Financial Statements in the Annual Report 2015.

The Strategic Report is made in accordance with a resolution of the Board.

Jac Nasser AO
Chairman
Dated: 10 September 2015

Key dates for shareholders

The following table sets out future dates in the next financial and calendar year of interest to our shareholders. If there are any changes to these dates, all relevant stock exchanges (see section 9.2 of the Annual Report 2015) will be notified.

Date	Event
29 September 2015	Final Dividend Payment Date
22 October 2015	BHP Billiton Plc Annual General Meeting in London **Venue:** The Queen Elizabeth II Conference Centre Broad Sanctuary Westminster London SW1P 3EE United Kingdom Time: 11.00am (local time) Details of the business of the meeting are contained in the separate Notice of Meeting
19 November 2015	BHP Billiton Limited Annual General Meeting in Perth **Venue:** Perth Convention and Exhibition Centre 21 Mounts Bay Road Perth, Western Australia Time: 10.00am (local time) Details of the business of the meeting are contained in the separate Notice of Meeting
23 February 2016	Interim Results Announced
11 March 2016	Interim Dividend Record Date
31 March 2016	Interim Dividend Payment Date
16 August 2016	Annual Results Announced

Glossary – units of measure

%
percentage or per cent

bbl/d
barrels per day

boe
barrels of oil equivalent – 6,000 scf of natural gas equals 1 boe

km
kilometre

koz
kilo-ounce

kV
kilovolt

kt
kilotonnes

ktpd
kilotonnes per day

MMboe
million barrels of oil equivalent

Mscf
thousand standard cubic feet

Mt
million tonnes

Mtpa
million tonnes per annum

scf
standard cubic feet

t
tonne

tpd
tonnes per day

Corporate Directory

BHP Billiton Group Registered Offices

BHP Billiton Limited
Australia
171 Collins Street
Melbourne VIC 3000
Telephone 1300 554 757 (within Australia)
+61 3 9609 3333 (outside Australia)
Facsimile +61 3 9609 3015

BHP Billiton Plc
United Kingdom
Neathouse Place
London SW1V 1LH
Telephone +44 20 7802 4000
Facsimile +44 20 7802 4111

Group Company Secretary
Margaret Taylor

BHP Billiton Corporate Centres

Chile
Cerro El Plomo 6000
Piso 18
Las Condes 7560623
Santiago
Telephone +56 2 2579 5000
Facsimile +56 2 2207 6517

United States
Our agent for service in the United States is Maria Isabel Reuter at:
1360 Post Oak Boulevard, Suite 150
Houston, TX 77056-3020
Telephone +1 713 961 8500
Facsimile +1 713 961 8400

Marketing Offices

Singapore
10 Marina Boulevard, #50-01
Marina Bay Financial Centre, Tower 2
Singapore 018983
Telephone +65 6421 6000
Facsimile +65 6421 7000

Share Registrars and Transfer Offices

Australia
BHP Billiton Limited Registrar
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Postal Address – GPO Box 2975
Melbourne VIC 3001
Telephone 1300 656 780 (within Australia)
+61 3 9415 4020 (outside Australia)
Facsimile +61 3 9473 2460
Email enquiries:
www.investorcentre.com/bhp

New Zealand
Computershare Investor Services Limited
Level 2/159 Hurstmere Road
Takapuna Auckland 0622
Postal Address – Private Bag 92119
Auckland 1142
Telephone +64 9 488 8777
Facsimile +64 9 488 8787

United Kingdom
BHP Billiton Plc Registrar
Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS13 8AE
Postal Address (for general enquiries) – The Pavilions, Bridgwater Road
Bristol BS99 6ZZ
Telephone +44 844 472 7001
Facsimile +44 870 703 6101
Email enquiries:
www.investorcentre.co.uk/contactus

South Africa
BHP Billiton Plc Branch Register and Transfer Secretary
Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg 2001
Postal Address – PO Box 61051
Marshalltown 2107
Telephone +27 11 373 0033
Facsimile +27 11 688 5217
Email enquiries:
web.queries@computershare.co.za
Holders of shares dematerialised into Strate should contact their CSDP or stockbroker.

United States
Computershare Trust Company N.A.
250 Royall Street
Canton, MA 02021
Postal Address – PO Box 43078
Providence, RI 02940-3078
Telephone +1 888 404 6340
(toll-free within US)
Facsimile +1 312 601 4331

ADR Depositary, Transfer Agent and Registrar Citibank Shareholder Services
PO Box 43077
Providence, RI 02940-3077
Telephone +1 781 575 4555 (outside of US)
+1 877 248 4237 (+1-877-CITIADR)
(toll-free within US)
Facsimile +1 201 324 3284
Email enquiries:
citibank@shareholders-online.com
Website: *www.citi.com/dr*

BHP Billiton produces a range of publications, which can be viewed or downloaded at *www.bhpbilliton.com*. If you are a shareholder, you can also elect to receive a paper copy of the Annual Report 2015 through the Share Registrar (above).

Economic contribution and payments to governments Report 2015

Sustainability Report

Latest news

Reports and presentations

Company overview (including *Our BHP Billiton Charter*, Structure and Governance)

Subscribe to receive news alerts

sent directly to your email address

www.linkedin.com/company/bhp-billiton
www.youtube.com/bhpbilliton
www.twitter.com/bhpbilliton

bhpbilliton