

GLOBAL SPREAD OF WORLD-CLASS ASSETS

BHP Billiton has brought together some of the finest resource assets in the world, in a diverse portfolio that enables us to develop innovative solutions for customers while delivering competitive returns for shareholders. The asset portfolio will be managed globally by our Customer Sector Groups (CSGs). The composition of these CSGs is explained in the operational review that follows.

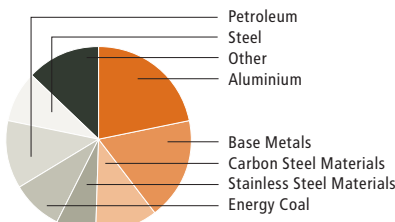


CUSTOMER SECTOR GROUPS

The new business model for BHP Billiton groups major operating assets into Customer Sector Groups (CSGs). This model enables BHP Billiton to identify specific customer requirements and manage business operations accordingly. Each CSG will have clear financial and operating responsibilities and will be required to deliver sector-specific growth opportunities.

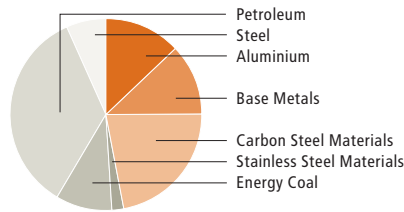
	Total BHP Billiton Attributable Production	Principal Assets/BHP Billiton Ownership/FY01 Attributable Production
ALUMINIUM	Alumina 2.94 million tonnes Aluminium 984 000 tonnes	Worsley alumina refinery and bauxite mine (Australia); 86% • 1.6 million tonnes Paranam alumina refinery (Suriname); 45% • 852 000 tonnes Alumar alumina refinery (Brazil); 36% • 454 000 tonnes Hillside/Bayside aluminium smelters (South Africa); 100% • 676 000 tonnes Alumar aluminium smelter (Brazil); 46% • 172 000 tonnes Mozal aluminium smelter (Mozambique); 47% • 93 000 tonnes Valesul aluminium smelter (Brazil); 46% • 43 000 tonnes
BASE METALS	Copper 1 021 000 tonnes Lead 216 896 tonnes Zinc 140 174 tonnes Gold 766 610 ounces Silver 33.65 million ounces	Escondida copper (Chile); 57.5% • 500 000 tonnes copper in concentrate and cathode Tintaya copper (Peru); 100% • 88 000 tonnes copper in concentrate Alumbra copper and gold (Argentina); 25% • 34 000 tonnes copper in concentrate • 110 468 ounces gold Highland Valley Copper (Canada); 33.6% • 45 000 tonnes copper in concentrate Cerro Colorado copper (Chile); 100% • 97 000 tonnes copper in cathode Ok Tedi copper and gold (Papua New Guinea); 52% • 216 000 tonnes copper in concentrate • 521 131 ounces gold Cannington silver/lead/zinc (Australia); 100% • 210 872 tonnes lead in concentrate • 76 122 tonnes zinc in concentrate • 31.78 million ounces silver
CARBON STEEL MATERIALS	Iron Ore 65.85 million tonnes Metallurgical Coal 37.14 million tonnes Manganese Ores 3.77 million tonnes Manganese alloys 642 000 tonnes Hot briquetted iron 1.046 million tonnes	Mt Newman iron ore Joint Venture (Australia); 85% • 20.95 million tonnes iron ore Yandi iron ore Joint Venture (Australia); 85% • 26.15 million tonnes iron ore CQCA and Gregory Joint Ventures (Australia); 50% • 18.96 million tonnes metallurgical coal BHP Mitsui Coal (Australia); 80% • 5.13 million tonnes metallurgical coal Illawarra (Australia); 100% • 6.57 million tonnes metallurgical coal Samancor Manganese (South Africa) 60% • 2.16 million tonnes manganese ore • 397 000 tonnes manganese alloys

SUMMARY OF OPERATIONS BHP BILLITON PLC

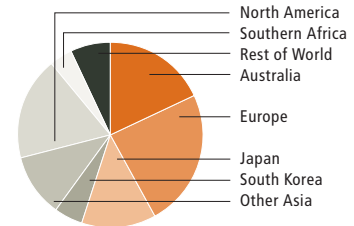


NET OPERATING ASSETS BY CSG
At 30 June 2001

Other - includes Exploration, technology and new business;
Other activities; Group and unallocated



EBIT BY CSG
(excluding exceptionals FY'01)
At 30 June 2001



TURNOVER BY GEOGRAPHICAL MARKET
At 30 June 2001

Growth Opportunities/BHP Billiton Ownership/Share of Production

- Hillside III aluminium smelter expansion (South Africa); 100%
- Incremental: 130 000 tonnes per annum
- Mozal II aluminium smelter expansion (Mozambique); 47%
- Incremental: 120 000 tonnes per annum
 - Completion – FY04

- Escondida Phase IV copper expansion (Chile); 57.5%
- Incremental 230 000 tonnes copper in concentrate per annum (average)
 - Completion – FY03
- Tintaya oxide development (Peru); 100%
- Incremental: 34 000 tonnes copper in cathode per annum
 - Completion – FY02
- Antamina copper/zinc project (Peru); 33.8%
- Incremental: 100 000 tonnes copper per annum, 80 000 tonnes zinc per annum
 - Completion – FY02
- Cerro Colorado debottlenecking (Chile); 100%
- Incremental: 15 000 tonnes copper in cathode per annum
- Escondida Norte development (Chile); 57.5%
- Incremental: 63 250 tonnes per annum
- Spence Development (Chile); 100%
- Incremental: 160 000 tonnes copper in cathode per annum

- Blackwater mine expansion project – (Australia); 50%
- Incremental: 2.5 million tonnes metallurgical coal per annum
 - Completion FY02
- Mining Area C – Iron Ore (Australia); 85%
- 13 million tonnes per annum
 - Completion – FY04

Financials 2001 US\$ m

Turnover:	2 971
EBIT, excluding exceptional items:	523
Capital and investment expenditure:	1 635
Net operating assets:	4 730

Turnover:	2 231
EBIT, excluding exceptional items:	485
Capital and investment expenditure:	2 127
Net operating assets:	3 834

Turnover:	3 369
EBIT, excluding exceptional items:	894
Capital and investment expenditure:	429
Net operating assets:	2 289

CUSTOMER SECTOR GROUPS CONTINUED

	Total BHP Billiton Attributable Production	Principal Assets/BHP Billiton Ownership/FY01 Attributable Production
STAINLESS STEEL MATERIALS	<p>Nickel 60 800 tonnes</p> <p>Chrome Ores 3.16 million tonnes</p> <p>Chrome alloys 908 000 tonnes</p>	<p>Cerro Matoso (Colombia); 99.8% • 31 800 tonnes nickel</p> <p>Yabulu nickel refinery (Australia); 100% • 29 000 tonnes nickel</p> <p>Samancor chrome (South Africa); 60% • 3.16 million tonnes chrome ores • 908 000 tonnes chrome alloys</p>
ENERGY COAL	<p>Thermal Coal 92.9 million tonnes</p>	<p>Ingwe (South Africa); 100% • 61.3 million tonnes</p> <p>New Mexico (United States); 100% • 14.92 million tonnes</p> <p>Kalimantan (Indonesia); 80% • 8.5 million tonnes</p> <p>Hunter Valley (Australia) • 5.3 million tonnes; 100%</p> <p>CdelC and CZN(Colombia); 16% – 33% • 2.8 million tonnes</p>
PETROLEUM	<p>Crude Oil & Condensate 79 million barrels</p> <p>Natural Gas 261.83 billion cubic feet</p> <p>LPG 674 000 tonnes</p>	<p>Bass Strait – Oil & Gas (Australia); 50% • 29 million barrels of oil • 96 billion cubic feet of gas • 454 000 tonnes of LPG</p> <p>North West Shelf – LNG & Liquids (Australia); 16.67% interest in the LNG phase • 12 million barrels of liquids • 13.5 billion cubic feet of domestic gas • 56.7 billion cubic feet of gas (LNG) • 124 000 tonnes of LPG</p> <p>Laminaria - Oil (Australia); 33% • 15 million barrels of oil</p> <p>Liverpool Bay - Oil & Gas (United Kingdom); 46.1% • 8.7 million barrels of oil • 35 billion cubic feet of gas</p> <p>Griffin - Oil & Gas (Australia); 45% • 7.1 million barrels of oil • 3.1 billion cubic feet of gas</p>
STEEL	<p>Raw Steel 5.4 million tonnes</p>	<p>Port Kembla Steelworks (Australia); 100% • 4.8 million tonnes of raw steel</p> <p>New Zealand Steel (New Zealand); 100% • 602 000 tonnes of raw steel</p> <p>Coated Steel (Australia); 100% • 1.9 million tonnes of rolled and coated products</p> <p>Coated Steel (Asia) • 338 000 tonnes of rolled and coated products</p>
OTHER		<p>EKATI™ – Diamonds (Canada); 51% • 1.428 million carats</p> <p>Richards Bay Minerals – Titanium minerals (South Africa); 50%</p>

SUMMARY OF OPERATIONS BHP BILLITON PLC

Growth Opportunities/BHP Billiton Ownership/Share of Production	Financials 2001 US\$ m								
<p>Yabulu expansion, (Australia); 100%</p> <ul style="list-style-type: none"> • 30-35 000 tonnes (additional throughput) per annum 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Turnover:</td> <td style="text-align: right;">838</td> </tr> <tr> <td>EBIT, excluding exceptional items:</td> <td style="text-align: right;">79</td> </tr> <tr> <td>Capital and investment expenditure:</td> <td style="text-align: right;">212</td> </tr> <tr> <td>Net operating assets:</td> <td style="text-align: right;">1 598</td> </tr> </table>	Turnover:	838	EBIT, excluding exceptional items:	79	Capital and investment expenditure:	212	Net operating assets:	1 598
Turnover:	838								
EBIT, excluding exceptional items:	79								
Capital and investment expenditure:	212								
Net operating assets:	1 598								
<p>San Juan Underground (New Mexico, USA); 100%</p> <ul style="list-style-type: none"> • Production: 6.5 million short tons (replacement) per annum • Completion – FY03 <p>Mount Arthur North (Australia); 100%</p> <ul style="list-style-type: none"> • Total production: 12.1 million tonnes of saleable coal per annum • Production start date – 2003 <p>Carbones del Cerrejon (Colombia); 33%</p> <ul style="list-style-type: none"> • Production: Expansion of capacity from 3 to 9-10 million tonnes coal per annum • Production start date – 2005 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Turnover:</td> <td style="text-align: right;">1 982</td> </tr> <tr> <td>EBIT, excluding exceptional items:</td> <td style="text-align: right;">382</td> </tr> <tr> <td>Capital and investment expenditure:</td> <td style="text-align: right;">545</td> </tr> <tr> <td>Net operating assets:</td> <td style="text-align: right;">1 986</td> </tr> </table>	Turnover:	1 982	EBIT, excluding exceptional items:	382	Capital and investment expenditure:	545	Net operating assets:	1 986
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Capital and investment expenditure:	545								
Net operating assets:	1 986								
<p>Ohanet wet gas field development (Algeria); 45%</p> <ul style="list-style-type: none"> • Estimated Peak Production: 58 000 barrels per day (gross) • Production start date – 2003 <p>Laminaria Phase II Oil development (Australia); 33%</p> <ul style="list-style-type: none"> • 65,000 barrels (gross) of incremental oil production • Production start date – mid 2002 <p>North West Shelf LNG & Liquids expansion (Australia); 16.67%</p> <ul style="list-style-type: none"> • Total production capacity: 4.2 million tonnes (gross) of LNG per annum • Production start date – mid 2004 <p>Echo Yodel Condensate & Gas Production (Australia); 16.67%</p> <ul style="list-style-type: none"> • Production: 5000 barrels per day • Production start date – Fourth Quarter 2001 <p>ROD Integrated Oil Field Development (Algeria); 17.3% (of total project reserves)</p> <ul style="list-style-type: none"> • Estimated peak production: 80 000 barrels per day (gross) • Production start date – First Quarter 2003 <p>Typhoon Oil & Gas Field Development, Gulf of Mexico (USA); 50%</p> <ul style="list-style-type: none"> • Total production: 40 000 bopd & 60 mmscfd (gross) • Production start date – Third Quarter 2001 <p>Zamzama Gas Field Extended Well Test (Pakistan); 47.5%</p> <ul style="list-style-type: none"> • Total production: 70 mmscfd (million standard cubic feet per day gross) 37.5% EWT Phase Equity • Production start date – March 2001 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Turnover:</td> <td style="text-align: right;">3 361</td> </tr> <tr> <td>EBIT, excluding exceptional items:</td> <td style="text-align: right;">1 407</td> </tr> <tr> <td>Capital and investment expenditure:</td> <td style="text-align: right;">459</td> </tr> <tr> <td>Net operating assets:</td> <td style="text-align: right;">2 504</td> </tr> </table>	Turnover:	3 361	EBIT, excluding exceptional items:	1 407	Capital and investment expenditure:	459	Net operating assets:	2 504
Turnover:	3 361								
EBIT, excluding exceptional items:	1 407								
Capital and investment expenditure:	459								
Net operating assets:	2 504								
<ul style="list-style-type: none"> • Growth in BHP Steel Asia through market expansion and sustained improvements in operational performance • Implemented e-business initiatives including agreement with e-Steel corporation to form a customised steel e-commerce network • Launched the on-line steel market place www.bhpsteelconnect.com 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Turnover:</td> <td style="text-align: right;">3 760</td> </tr> <tr> <td>EBIT, excluding exceptional items:</td> <td style="text-align: right;">270</td> </tr> <tr> <td>Capital and investment expenditure:</td> <td style="text-align: right;">69</td> </tr> <tr> <td>Net operating assets:</td> <td style="text-align: right;">1 965</td> </tr> </table>	Turnover:	3 760	EBIT, excluding exceptional items:	270	Capital and investment expenditure:	69	Net operating assets:	1 965
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Dia Met acquisition									

ALUMINIUM

DAVID MUNRO PRESIDENT



“OUR OUTSTANDING PORTFOLIO GIVES US A POWERFUL BASE FROM WHICH TO CONTINUE ON OUR VALUE-CREATING GROWTH PATH.”

Customer Sector Overview

BHP Billiton Aluminium is active in every stage of the primary aluminium production process: bauxite mining, alumina refining and aluminium smelting. We are one of the world's major producers of alumina and aluminium, with our principal assets located in Australia, Brazil, Mozambique, South Africa and Suriname.

Approximately half of our current alumina capacity of just over 4 million tonnes per annum covers the requirements of our own smelters, with substantial tonnages being available for sale to third parties. The smelters, with just over 1 million tonnes per annum current capacity, principally produce ingots for international markets in addition to supplying value-added products (such as rod and alloy) to domestic markets in South Africa and Brazil. Both the aluminium and metal capacities make us one of the largest suppliers to third-party markets.

This business is an attractive segment of the BHP Billiton portfolio due to:

- our relative low-cost position within the industry, and therefore our ability to generate substantial cash flows through the cycle;

- the potential for superior returns from exploiting brownfield expansion opportunities;
- the quality and skills of people managing and operating our assets; and
- the unique project expertise we have in constructing and commissioning smelters in southern Africa.

In a strategically important transaction completed in January 2001, BHP Billiton acquired an additional 56 per cent stake in the Worsley (Australia) alumina refinery and bauxite mine, for US\$1.49 billion, bringing our interest to 86 per cent. Worsley is a large-scale, world-class asset producing 3.1 million tonnes of alumina per annum with exceptionally low operating costs. With this acquisition, we secured the alumina needed to underpin our smelter expansion opportunities in Africa.

Construction of the US\$1.2 billion (100% terms) Mozal smelter in Mozambique was completed ahead of schedule and below budget in June 2000 and achieved its design capacity of 253 000 tonnes per annum in December 2000. Expansion of the smelter, in which BHP Billiton holds a 47 per cent interest, has been approved. This will double capacity at a construction cost of US\$860 million (100% terms).

Construction commenced during June 2001 and commissioning is scheduled for early calendar 2004.

During the year, aluminium demand declined reflecting the global economic slowdown but the anticipated price impact was moderated by unforeseen smelter production curtailments in the United States, Canada, Brazil and New Zealand due to constrained availability of competitive power. With the resulting drop in demand for feedstock and the commissioning of several refinery expansion projects, the alumina market moved into surplus during the second half of the year, with consequential price weakness.

Restructuring and consolidation of the industry has continued, bringing greater efficiency in operations, lower costs and greater focus on developing new applications for aluminium, particularly

HIGHLIGHTS

We own some of the lowest cost alumina and aluminium production units in the world.

In January 2001, we acquired an additional 56% stake in the newly expanded Worsley alumina refinery.

The recently constructed Mozal smelter achieved design capacity in December 2000 and is performing well.

Hillside increased production by 4 000 tonnes despite an accelerated pot relining program.

EBIT excluding exceptional items was \$523 million, a 19% improvement on last year.

ALUMINIUM			
	2001	2000	Variance (%)
EBIT (US\$million) including exceptionals	576	438	32
EBIT (US\$million) excluding exceptionals	523	438	19
Alumina (net '000 tonnes)	2 938	1 878	56
Aluminium (net '000 tonnes)	984	883	11
Average LME Aluminium (cash US\$/tonne)	1 539	1 516	1.5

in transportation. This improving industry structure should bring benefits to both customers and shareholders.

2001 in Review

Financial

Earnings Before Interest and Tax (EBIT) excluding exceptional items were US\$523 million, a 19 per cent (US\$85 million) increase on last financial year. The increase in earnings was due largely to higher volumes from the additional interests in Worsley and Mozal, and the impact of favourable exchange rates for the Australian dollar, South African rand and Brazilian real. These gains were partially offset by increased costs for an accelerated pot relining program at Hillside and an increase in costs linked to product pricing. The result, including exceptionals, included a US\$61 million profit from the sale of expansion rights at Mozal.

Operational

Aluminium smelters produced 984 000 tonnes, compared with 883 000 tonnes last year. The newly commissioned Mozal smelter contributed 93 000 tonnes. During the same period, alumina output rose by 1.1 million tonnes to 2.9 million tonnes. Of that amount, 1.6 million tonnes was attributable to Worsley, with the additional 56 per cent stake purchased in January contributing 720 000 tonnes.

Average aluminium unit cash costs rose 3 per cent over last year as a result of the one-off start-up costs of Mozal and significant pot relining costs at Hillside. Alumina unit cash costs decreased 9 per cent over the same period, principally due to lower unit cash costs at Worsley as a result

of efficiencies arising from the recently completed expansion project.

The Hillside aluminium smelter increased production for the year by 4 000 tonnes to 498 000 tonnes, despite the accelerated pot relining program caused by the first-generation pots approaching the end of their normal lives. During the financial year, 273 pots were relined, compared with 119 pots the previous financial year. Some 176 pots are scheduled for relining in the next financial year, following which a period of lower relining activity will see costs decrease.

The Bayside aluminium smelter lowered its cash costs by some 5 per cent through the implementation of a wide-ranging cost reduction program that placed particular emphasis on fixed-cost reductions.

The construction of Mozal outperformed the approved budget. Preliminary production costs results are sufficiently encouraging to indicate that Mozal will set new benchmarks in aluminium smelter performance.

The Worsley alumina refinery successfully reached its design capacity of 3.1 million tonnes per annum during the second half of the financial year. Opportunities for incremental output and cost enhancements are apparent and will be pursued.

The Brazilian operations, Alumar and Valesul, performed in line with expectations.

HSEC highlights included approval to proceed with the Environmental Impact Assessment of the Hillside smelter extension, an extensive planting program as part of the mine site rehabilitation in Brazil and support of an AIDS community awareness campaign in Mozambique.

Looking Ahead

In the near term we expect the alumina and aluminium markets to remain weak. However, should there be any significant world economic recovery, it is possible that constrained metal supply will result in upward aluminium price pressure.

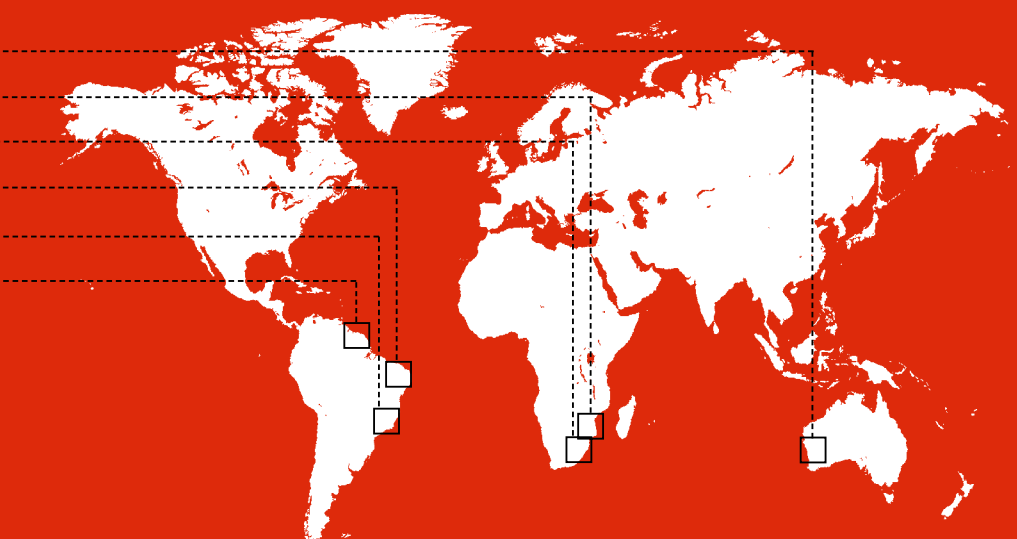
In the longer term, the aluminium business is expected to continue to grow in line with global GDP. Industry structuring will continue, with the objectives of improved cost competitiveness, environmental management and the aggressive pursuit of new markets.

Consequently, our key business objectives for the current year are to:

- improve the cost position of the existing asset portfolio, including de-bottlenecking of existing capacity;
- execute the agreed expansion of Mozal and seek approval for further expansion of Hillside;
- complete OSHAS 18001 implementation and proceed towards ISO 14001 certification of our Environmental Management Systems; and
- seek value-added growth opportunities.

KEY ASSETS

- Worsley (Australia)
- Mozal (Mozambique)
- Hillside/Bayside (South Africa)
- Alumar (Brazil)
- Valesul (Brazil)
- Paranam (Suriname)



BASE METALS BRAD MILLS PRESIDENT



“WE HAVE EXPANSION OPPORTUNITIES SUFFICIENT TO INCREASE COPPER PRODUCTION BY UP TO 50 PER CENT OVER THE NEXT FIVE YEARS IF MARKET CONDITIONS PERMIT.”

Customer Sector Overview

BHP Billiton Base Metals is one of the world’s top three producers of copper and a top five producer of silver, lead and zinc.

We supply high-quality base metal concentrates to the European, Asian and South American custom smelters, and copper cathodes (metal) to copper wire manufacturers and brass mills.

We have an excellent portfolio of large, low-cost mining operations with substantial growth opportunities. The Escondida mine is the world’s largest and one of the lowest-cost sources of copper. Other key copper assets include the Cerro Colorado mine in northern Chile and the Tintaya and Antamina operations in Peru. We have a number of greenfield and brownfield expansion opportunities that are sufficient to allow us to expand copper production by up to 50 per cent over the next five years, if market conditions permit.

Our Cannington mine in Australia is one of the world’s largest and lowest-cost silver mines.

Beyond conventional mine development, the Base Metals group is also investing heavily in advanced bioleaching technology. While still early in its development, this technology has the potential to significantly reduce the cost of producing base metals. Producing metal directly from leaching of ores can eliminate capital-intensive, downstream processing facilities.

Our core strategy is to continue to grow our Base Metals business into the world market leader through a series of low-cost capacity expansions and further industry consolidation. Our aim is to earn the cost of capital at the bottom of the price cycle and to be a significant profit contributor to BHP Billiton in average pricing environments.

In addition to the many positive aspects of our Base Metals business, there are also some significant challenges. The current

difficult global business environment has dramatically slowed the consumption of our products, putting pressure on inventories and pricing. We expect this to continue until the United States returns to an average GDP growth rate.

Beyond the business cycle, a major challenge is to successfully manage the impact of our legacy assets, such as Ok Tedi in Papua New Guinea and closed mines such as Island Copper in British Columbia and the copper mines in the southwest United States. Decision-making in regard to these properties involves striking the right balance between local economic benefits and social and environmental impacts.

HIGHLIGHTS

Escondida maintained its standing as a first quartile copper producer and construction commenced on the Phase IV development at the mine.

Production of copper, lead, zinc and gold increased due to addition of Rio Algom and improved performance at Cannington.

The current business environment is putting pressure on inventories and pricing.

The Antamina mine achieved mechanical completion. Full production is expected before December 2001.

BASE METALS			
	2001	2000	Variance (%)
EBIT (US\$million) including exceptionals	47	478	-90
EBIT (US\$million) excluding exceptionals	485	478	1
Copper production (net, '000 tonnes) (a)	1 021	848	20
Lead production (net, tonnes)	217 000	207 000	5
Zinc production (net, tonnes)	140 174	127 008	10
Gold production (net, ounces)	766 610	589 095	30
Silver production (net, '000 ounces)	33 653	32 310	4

(a) Ok Tedi production included on a 100% basis. BHP Billiton holds a 52% equity interest in Ok Tedi

2001 in Review

Financial

Earnings Before Interest and Tax (EBIT) excluding exceptional items were US\$485 million compared with US\$478 million in 2000. The contribution from the Base Metals group remained largely unchanged, with production increases due to the acquisition of Rio Algom assets (Cerro Colorado, Alumbreira and Highland Valley Copper), lower treatment and refining costs at Escondida and Cannington, and the favourable \$US/Kina exchange rate being offset by lower average copper, silver and zinc prices, lower Escondida production due to reduced head grades and a major mill shutdown in June 2001, and the contribution from discontinued assets in the prior period.

The loss from exceptional items was due mainly to the write-off of the Ok Tedi copper mine (US\$430 million before equity minority interests).

Operational

Attributable copper production increased by 20 per cent for the year, reflecting the acquisition of the Rio Algom mines, partly offset by reduced production at Escondida.

At Escondida, production of copper concentrate was 7.2 per cent lower than last year, due to reduced head grades and a major mill shutdown in June 2001.

Cathode production was 4 per cent higher due to improved productivity and efficiency of the oxide plant, which increased annual capacity from 139 000 tonnes to 150 000 tonnes. BHP Billiton and its joint venture partners announced approval for the Escondida Phase IV expansion, which will be completed within two years and will increase ore processing facilities by 85 per cent and average net copper production by 230 000 tonnes per annum over the first five years.

Tintaya production was 1 per cent higher than last year. The Tintaya Oxide project, which will add 34 000 tonnes per annum of copper cathode from mid calendar 2002, was approved.

Ok Tedi copper concentrate production increased 16.5 per cent as a result of increased mill throughput from the mining of faster-milling monsonite ore.

The acquisition of Rio Algom in October 2000 added 78 900 tonnes of copper concentrate from Alumbreira and Highland Valley Copper and 96 730 tonnes of copper cathode from Cerro Colorado. Cerro Colorado production increased by 10 per cent compared to the equivalent nine-month period in the prior year, as a result of improved processing of heap material on the leach pads.

At Cannington, production of lead, zinc and silver increased for the period, reflecting higher output as a result of the de-bottlenecking of the mill.

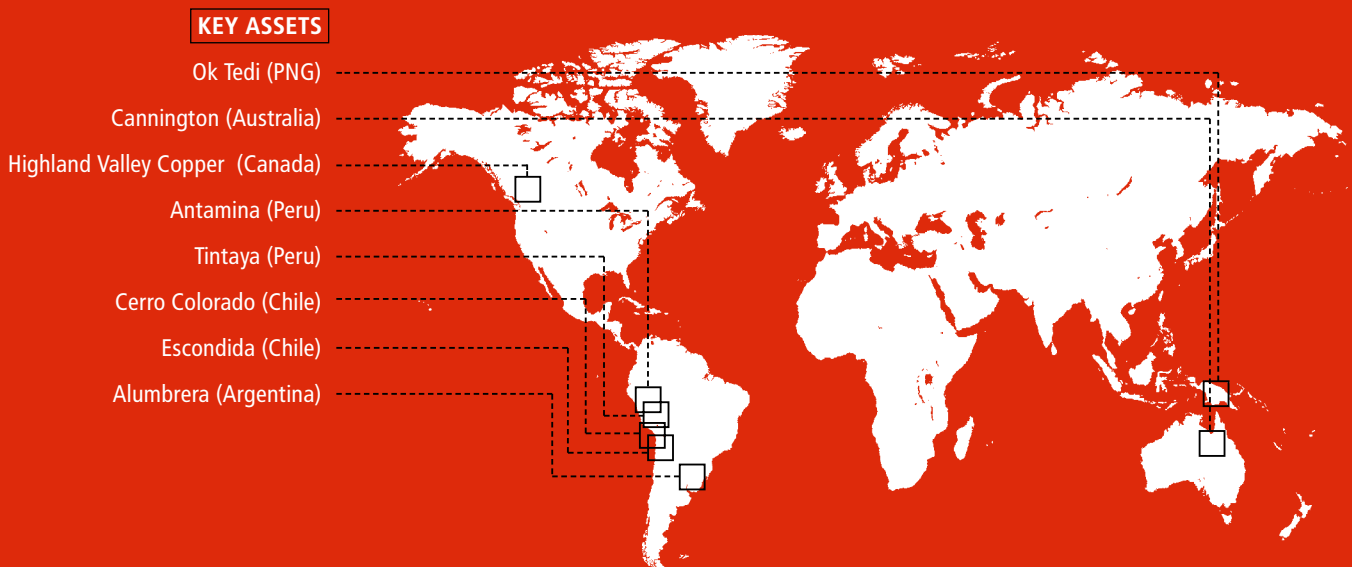
Looking Ahead

Our key business objectives for the coming year are to:

- integrate the Billiton Plc and BHP Limited management and operations into one team;
- commission the Antamina mine;
- progress the Escondida Phase IV expansion and Tintaya Oxide development;
- complete feasibility studies on the Spence and Escondida sulphide leaching projects, and complete an integrated mine plan that includes Escondida Norte.

Looking forward, copper market fundamentals are more positive than negative. The industry continues to shut in production to meet the current decline in demand, thus slowing inventory build up. Once GDP growth returns to normal levels, we would expect rapid reduction in inventories and associated price increases.

The Antamina copper/zinc project achieved mechanical completion in May 2001. It is anticipated the project will reach its full design capacity of 70 000 tonnes per day of ore before December 2001.



CARBON STEEL MATERIALS

BOB KIRKBY PRESIDENT



“OUR KEY STRENGTH LIES IN OUR ABILITY TO RESPOND IN A COMPREHENSIVE WAY TO THE INCREASING DEMANDS FACED BY OUR CUSTOMERS.”

Customer Sector Overview

BHP Billiton Carbon Steel Materials is a leading supplier of core raw materials and services to the global steel industry. The key raw materials for steel-making are iron in various forms, metallurgical coal and manganese. We have significant market share in sales of these materials, being ranked number one in the world in seaborne supply of metallurgical coal and manganese and number three in iron ore. We supply global markets, including the growing Asia-Pacific region, which is geographically close to our operations in Australia and South Africa.

The group has an impressive portfolio of long-life assets, producing high-quality, low-cost products. The portfolio includes world-class mining operations – Western Australia iron ore, Queensland metallurgical coal and manganese from the Northern Territory and South Africa. These assets are in the lowest quartile of the cost curve for their respective segments. Our metallurgical coal operations in New South Wales, Australia, are cost competitive and

strategically located close to the company's Port Kembla Steelworks. We also supply iron briquettes from our Hot Briquetted Iron (HBI) plant in Western Australia, manganese alloy from plants in South Africa and Tasmania, and we are a partner in Samarco, an iron pellet producer in Brazil.

During 2001 we consolidated our Queensland coal business. BHP Billiton and Mitsubishi jointly acquired QCT Resources Limited and subsequently formed a strategic alliance that has commenced integration activities in the region.

The Iron Ore group has responded to customer needs by developing a new product – Yandi Lump. Feasibility studies are underway, including a trial being undertaken with Japanese steel mills. The Mining Area C (MAC) development is proceeding, with feasibility studies under way on a 15 million tonne per annum mine development. These two new product developments are aimed at helping our customers to improve their competitive position.

Through our established knowledge of steel-making requirements we can cater to the exact requirements of our customers. Our comprehensive product range is backed by technical marketing support and logistics management, ensuring cost-effective and timely delivery.

This customer-focused approach is the cornerstone of our strategy to leverage our well-established industry position into superior financial returns for our shareholders and customers. We are committed to low-cost development and expansion of our world-class resource base, new high-value-in-use product offerings, continuing customer focus, operating excellence and strategic alliances.

HIGHLIGHTS

EBIT excluding exceptional items was US\$894 million, a 66% increase from the previous year. Operating results improved due to higher volumes and prices as well as a favourable exchange rate.

Metallurgical coal production was up 21% to 37 million tonnes following the joint acquisition of QCT Resources Limited with Mitsubishi.

Iron product shipments were a record 67.6 million tonnes, up 11%.

Iron Ore signed a Letter of Intent with Pohang Iron & Steel Co Ltd for a joint venture in a deposit of Mining Area C.

Iron Ore developed new high-value-in-use-products (Yandi Lump and MAC).

CARBON STEEL MATERIALS

	2001	2000	Variance (%)
EBIT (US\$million) including exceptionals	836	(157)	–
EBIT (US\$million) excluding exceptionals	894	538	66
Iron Ore production (net '000 tonnes)	58 345	53 051	10
Pellets production (net '000 tonnes)	7 509	6 765	11
Metallurgical coal production ('000 tonnes) (a)	37 136	30 633	21
Manganese Ores production ('000 tonnes) (b)	3 774	3 600	5
Manganese Alloys production ('000 tonnes) (b)	642	676	-5
Hot Briquetted Iron production (net '000 tonnes)	1 046	580	80

(a) BHP Mitsui coal production shown on 100% basis before 20% outside equity interest.

(b) Shown on 100% basis. BHP Billiton interest in saleable production is 60%.

2001 in Review

Financial

Earnings Before Interest and Tax (EBIT) excluding exceptional items were US\$894 million, an increase of 66% compared with the corresponding period. The underlying business results were enhanced, primarily due to improved prices, higher volumes for most products and favourable exchange movements. Additionally, all assets successfully continued their cost reduction activities. These positive activities were partly offset by the impact of industrial action at the coal operations, and by higher fuel costs. Exceptional items included the profit from the sale of interests in the CQCA and Gregory joint ventures (US\$128 million) and the write-off of the investment in HBI Venezuela (total US\$180 million) in this period, and the write-off of HBI Western Australia (US\$695 million) in the corresponding period.

Operational

For the year ended 30 June 2001, attributable iron product shipments were 67.6 million tonnes, 11 per cent higher than last year. There were record total shipments from Western Australia of 60.6 million tonnes (previous record 53.3 million tonnes in 1998). The higher Western Australia iron ore production and shipments reflected strong market demand and better weather conditions than the previous year, including record shipments of Yandi ore.

A Federal Court decision confirming the Company's ability to offer Work Place Agreements will facilitate ongoing productivity improvements and culture change in the iron ore operations. Our share of Samarco production increased 11 per cent to 7.5 million tonnes.

The acquisition of QCT Resources in November 2000 added 5.2 million tonnes to metallurgical production. The integration of these operations is on target. Remaining Queensland coal production was 4 per cent higher at 25.4 million tonnes, with increased volumes at the Blackwater and South Walker Creek mines. Illawarra production rose 4.7 per cent to 6.6 million tonnes.

Manganese ore production was 5 per cent higher than last year, while manganese alloy production fell 5 per cent following lower demand.

The Western Australian HBI plant experienced substantial technical difficulties in the first half of the year. Following an extensive review and technical modifications, production increased during the second half. Overall annual production was 848 000 tonnes. The Orinoco HBI plant (Venezuela) was commissioned in June 2000 but experienced significant ramp-up difficulties. Our investment has subsequently been written off, with provisions made for liabilities.

Reflecting our continued progress towards our HSEC targets, no significant environmental incidents occurred, and improvements continued to be made in safety performance.

Looking Ahead

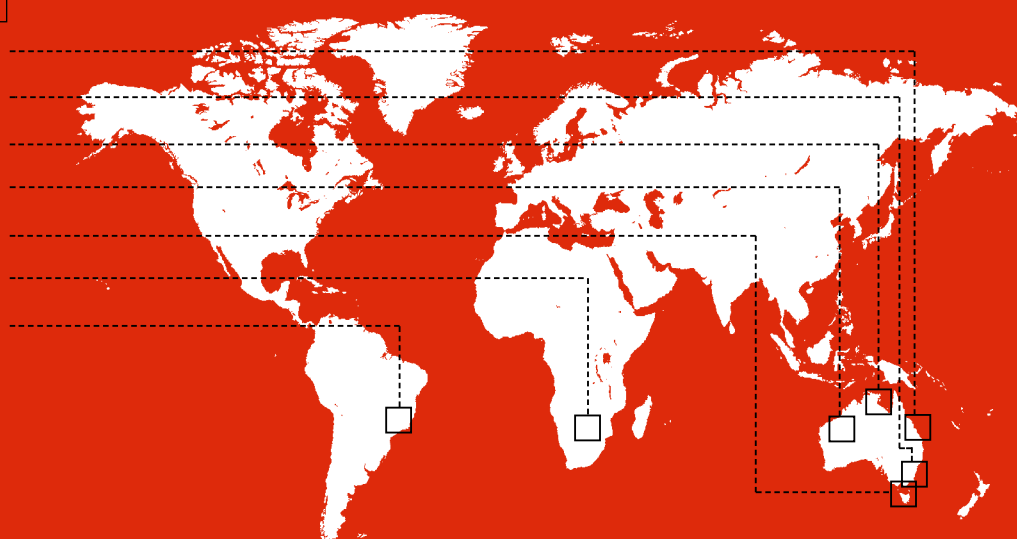
Our key objectives for the coming year are to:

- expand high-value-in-use iron ore production through the development of Mining Area C and lump from the Yandi mine;
- expand the Blackwater and South Walker Creek coal mines in Queensland;
- develop the Dendrobium underground coal mine in New South Wales;
- continue our focus on cost reduction initiatives through the operating excellence program;
- establish a global marketing network; and
- proceed towards ISO 14001 certification at all sites.

The slowdown in global industrial production will produce challenges in the coming year, for us and our customers. However, continued economic development in China will have a significant positive impact on future demand for our products.

KEY ASSETS

- Queensland Coal (Australia)
- Illawarra Coal (Australia)
- Gemco Manganese (Australia)
- Pilbara Iron Ore (Australia)
- Temco Manganese (Australia)
- Samancor Manganese (South Africa)
- Samarco Iron Ore (Brazil)



STAINLESS STEEL MATERIALS

CHRIS POINTON PRESIDENT



"WE AIM TO BE THE LEADING SUPPLIER OF NICKEL AND CHROME THROUGH A TRUE VALUE OFFERING TO CUSTOMERS, AND BY PURSUING CAPITAL-EFFICIENT GROWTH."

Customer Sector Overview

BHP Billiton Stainless Steel Materials is the world's fourth-largest nickel producer and the second-largest producer of ferrochrome.

We supply nickel and ferrochrome to the stainless steel industry, our principal customer. We also supply nickel, ferrochrome, chrome ores and cobalt to customers in the speciality alloy, chemicals, and refractory material industries.

Our key strengths are:

- cost-competitive existing operations;
- access to low-cost reserves;
- a unique ability to provide both nickel and ferrochrome to customers;
- industry, technological and project development expertise; and
- opportunities for incremental growth in nickel production.

Our primary nickel assets are the Cerro Matoso mine and smelter in Colombia, and the Yabulu refinery in Queensland, Australia.

Cerro Matoso is the world's largest and most competitive ferronickel producer with a high-quality ore body. The recent completion of a second production line will double capacity and ensure Cerro Matoso's long-term competitiveness.

The Yabulu refinery is a major lateritic nickel-cobalt processing plant. Future low-cost expansion will equip the refinery to process feed from new BHP Billiton laterite mine developments, further increasing our cost competitiveness.

Samancor Ltd (BHP Billiton 60 per cent) is the second-largest producer of ferrochrome, with approximately 18 per cent market share. Samancor has two mining centres and three integrated ferrochrome plants in South Africa.

We aim to be the leading supplier of nickel and chrome through a true value offering to customers, and by pursuing capital-efficient growth through expansion and participation in new developments.

In line with this strategy, the Cerro Matoso Line II construction was completed in

January 2001, at a cost of just under US\$300 million, three months ahead of schedule and 15 per cent below budget. Production ramp-up will continue over the next 18 months.

A feasibility study of the Ravensthorpe/Yabulu extension project commenced. The project involves construction of a new mine and pressure acid leaching plant and associated expansion of the Yabulu refinery.

Samancor Chrome began implementing a major rationalisation and production optimisation program to ensure its future competitive position.

HIGHLIGHTS

Demand for our nickel products remained firm despite the economic slowdown.

Samancor Chrome began implementing a major rationalisation and production optimisation program to ensure its future competitive position.

The Cerro Matoso Line II expansion was completed in January 2001 ahead of schedule and 15% below budget, while the Yabulu refinery rehabilitation program resulted in a record output of 28 960 tonnes, 15% above last year.

Safety highlights included a 22 per cent reduction in the Lost Time Injury Frequency Rate.

STAINLESS STEEL MATERIALS

	2001	2000	Variance (%)
EBIT (US\$million) including exceptionals	74	205	-64
EBIT (US\$million) excluding exceptionals	79	205	-62
Nickel production (net '000 tonnes)	60.8	54.1	12
Chrome ores production ('000 tonnes) (a)	3 158	3 726	-15
Chrome alloys production ('000 tonnes) (a)	908	1 055	-14
Average LME Nickel (cash US\$/lb)	3.28	3.75	-13
Average Charge Ferrochrome (realised, US\$/lb)	33	36	-8

(a) Shown on 100% basis. BHP Billiton interest in saleable production is 60%.

Demand for our nickel products remained firm despite the economic slowdown and weakening prices. The ferrochrome market, however, suffered a severe contraction as a result of cutbacks in stainless steel production, high availability of stainless steel scrap in 2000, and oversupply in the primary chrome industry. Major producers, including Samancor, responded by idling capacity, and market balance has now been largely restored.

2001 in Review

Financial

Earnings Before Interest and Tax (EBIT) were US\$74 million compared with US\$205 million in 2000, a reduction of 64 per cent.

In Nickel, the EBIT reduction was driven by lower nickel prices (-13 per cent), lower cobalt prices (-22 per cent) and higher energy prices. This was partly offset by increased production and lower unit costs.

The reduction in ferrochrome EBIT was due to a dramatic decline in prices and sales volumes, caused by falling world demand for stainless steel and increased use of stainless steel scrap. For Samancor, the average sales price received for chrome units in the second half of the financial year fell 28 per cent below last year's levels.

Operational

Both nickel operations achieved record production volumes (+12 per cent).

Total nickel production increased to 60 800 tonnes of contained nickel from 54 100 tonnes in the previous year. Of this, approximately 3 000 tonnes is attributable to the expansion of Cerro Matoso, with the remaining increase a consequence of the Yabulu refinery rehabilitation program that resulted in a record output of 28 960 tonnes, 15 per cent higher than last year. Significant cost efficiencies were realised at Yabulu, with unit costs reduced by 15 per cent, helped by a lower Australian dollar exchange rate.

Chrome alloy production for the year was 908 000 tonnes, a reduction of 14 per cent on the previous year and ore production was 3 158 000 tonnes, a reduction of 15 per cent. Ferrochrome unit costs were lower due to cost savings from capacity shutdown and implementation of the first phase of the restructuring program.

The Cerro Matoso SA ferronickel production facility was completed to World Bank environmental standards, and Environmental Impact Assessments were completed for the Ravensthorpe and Yabulu expansion projects. The nickel and chrome facilities participated in industry-wide studies into product life-cycle inventory.

Looking Ahead

Our key business objectives for the coming year are to:

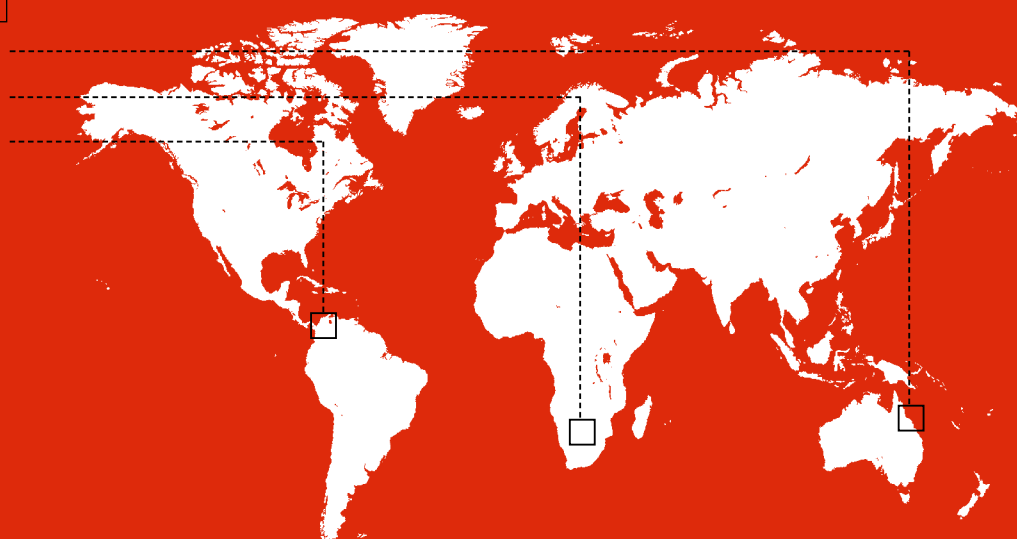
- continue to reduce unit production costs at existing operations;
- successfully ramp-up Line II at Cerro Matoso;
- progress the Ravensthorpe/Yabulu extension project study;
- commission the Wonderkop ferrochrome plant expansion, in Joint Venture with Xtrata, and the Tubutse ferrochrome ore pelletising plant;
- continue the restructuring program in Samancor Chrome; and
- further develop our product offering and strengthen our customer service relationships.

Continuing depressed nickel and ferrochrome prices are expected through the first half of the financial year.

Key HSEC objectives are to complete ISO 14001 certification of Environmental Management Systems at all chrome production facilities, and OSHAS 18001 certification of the OHS Management Systems at all nickel production facilities.

KEY ASSETS

- Yabulu (Australia)
- Samancor Chrome (South Africa)
- Cerro Matoso (Colombia)



ENERGY COAL

MIKE OPPENHEIMER PRESIDENT



“WORLD-CLASS ASSETS AND OPERATIONS UNDERPIN OUR PERFORMANCE. MARKET INNOVATION WILL INCREASINGLY DETERMINE OUR FUTURE.”

Customer Sector Overview

BHP Billiton Energy Coal is the world’s largest producer and marketer of export thermal coal. We are focused on providing highly competitive energy solutions for our customers, who are primarily involved in electric power generation.

The business is structured around a portfolio of world-class producing assets, which provide a unique multi-sourcing capability to service the major power markets of Europe, Asia and the USA.

Large, low-cost mining operations, as well as favourable infrastructure positions and a global logistics capability, underpin our market competitiveness and provide a platform for future growth.

The Ingwe operation in South Africa is currently our major export producer and also supplies over 33 per cent of the coal consumed in that country’s domestic power industry. Our mines in Indonesia and Australia’s Hunter Valley are well positioned to supply Asian markets. The Mount Arthur North project in Australia was recently approved and is expected to contribute 12.1 million tonnes per annum of saleable coal by 2006.

Our New Mexico operations have a profitable supply niche in the Western US power market, and our ability to supply Atlantic Basin markets has been enhanced by the recent successful acquisition of production capacity in Colombia.

Energy Coal’s strategy is to grow the business into the world market leader in energy coal solutions, contributing significant earnings to BHP Billiton across the full coal price cycle. We are seeking to achieve this through low-cost expansion projects, further industry consolidation and innovation in marketing.

Increasing deregulation of electric power markets is changing the buying patterns and risk management needs of our customers. We are continuing to reposition our marketing teams to offer our customers solutions that more closely match their requirements. This has also provided us with the opportunity to consider growth through market-based commercial activities, leveraging off our strong physical supply and logistics positions, while meeting the needs of our energy customers with an extended range of energy products and services.

The longer-term outlook for Energy Coal remains positive, based on demand growth in major power markets, continuing industry rationalisation and the limited range of truly low-cost expansion opportunities from major exporting regions. However, there are significant challenges. We recognise the need to manage the environmental impact of fossil fuel combustion and will be working actively with all stakeholders to promote the sustainable use of coal. Potential weakness in the global economy may limit near-term energy demand growth. Chinese export growth is also an increasingly significant market factor.

HIGHLIGHTS

Increase of 179% (to US\$382 million) in annual EBIT, excluding exceptional items.

Commitment to the Mount Arthur North project in Australia and the San Juan underground project in New Mexico. Positions in two coal companies in Colombia acquired.

Substantial progress in merging the BHP and Billiton thermal coal businesses, with the new leadership team in place.

A favourable price environment is expected to continue in the near term.

ENERGY COAL

	2001	2000	Variance (%)
EBIT (US\$million) including exceptionals	348	137	154
EBIT (US\$million) excluding exceptionals	382	137	179
Thermal Coal production (net, '000 tonnes)	92 866	93 902	-1

2001 in Review

Financial

Earnings Before Interest and Tax (EBIT) excluding exceptional items were US\$382 million compared to US\$137 million in 2000, an increase of 179 per cent.

The growth was largely driven by favourable price movements and the weakening of currencies in South Africa, Australia and Indonesia against the US dollar, contributing to real cost decreases in US dollar terms.

At the end of the financial year, Free On Board (FOB) prices were between US\$33 and US\$35 per tonne. This is a significant increase on last year.

During the period the Group acquired a share in two Colombian coal companies, Carbones del Cerrejon (CdelC) and Cerrejon Zona Norte SA (CZN).

Operational

In South Africa, Koorfontein and Douglas performed exceptionally well following restructuring, and the envisaged productivity improvements were achieved.

The group acquired 170 million tonnes of open-cut coal reserves bordering on the Optimum colliery, which will increase the mine's life. The Boschmanskrans project at Douglas progressed well, with 3.1 million tonnes being produced from the project area in the financial year.

In Australia, the outstanding minority interest in the Bayswater operation was acquired, effective 1 January 2001. Bayswater achieved a year-on-year reduction of 5.9 per cent in operating costs in Australian dollar terms. In Colombia, volumes at both operations were above budget.

Production from the New Mexico operations (Navajo Mine and San Juan Coal Company) was above budget, and a new annual record was set at San Juan Coal Company. New Mexico mine costs were under budget for the year. The San Juan underground project was approved by the BHP Board in October 2000, and at year end the project was on schedule and within budget. In Indonesia, shipments and costs were above budget. Contract operations were successfully established at all Indonesian mines.

Tragically, four lives were lost in mine accidents in South Africa, placing further emphasis on the drive to improve safety standards. No significant environmental incidents occurred.

Looking Ahead

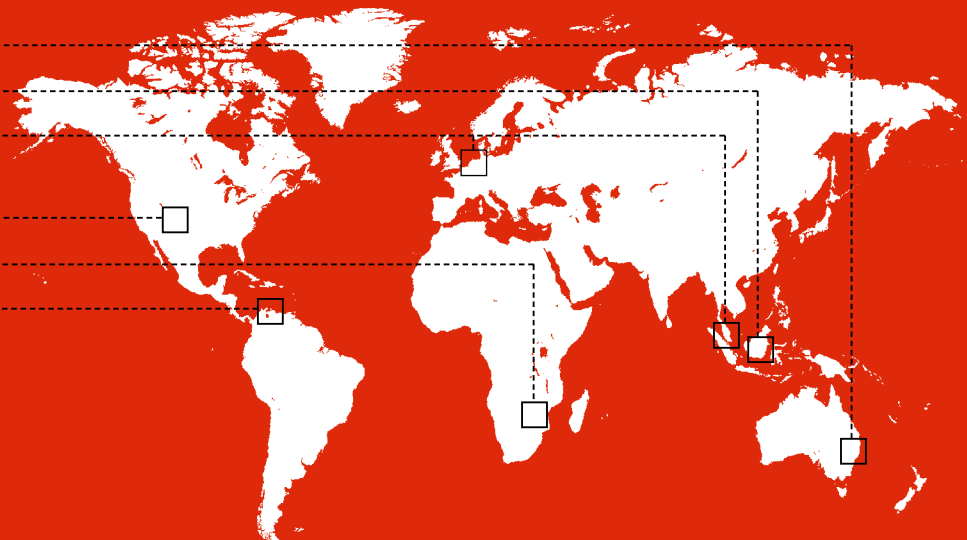
Our key business objectives for the coming year are to:

- successfully align the management, marketing and operations in our new Customer Sector Group;
- progress the Mount Arthur North project in Australia and the San Juan underground mine in New Mexico, USA;
- finalise the feasibility study for CdelC expansion in Colombia;
- complete growth opportunity assessments across all operating regions; and
- achieve material progress in new marketing initiatives.

Demand for export thermal coal remains strong in most markets and we expect the current favourable price environment to continue in the near term.

KEY ASSETS

- Hunter Valley (Australia)
- Kalimantan (Indonesia)
- Marketing offices – The Hague, Singapore
- New Mexico (USA)
- Ingwe (South Africa)
- CdelC, CZN (Colombia)



PETROLEUM PHILIP AIKEN PRESIDENT & CEO



“WE ARE NOW STARTING TO SEE THE RESULTS OF OUR FOCUSED BUSINESS STRATEGY ... AND THE FUTURE IS LOOKING VERY EXCITING.”

Customer Sector Overview

BHP Billiton Petroleum is a significant oil and gas explorer and producer, with major producing assets in Australia, the United Kingdom, the Gulf of Mexico (US), Pakistan and Bolivia.

Our portfolio of high-quality, high-margin assets has strong growth potential and provides an excellent return on capital. The oil and gas business provides BHP Billiton with further commodity diversity and exposure to an industry where the growth dynamics are significant.

Australia is currently our main production base. We have a 50 per cent interest in the Bass Strait oil and gas fields in offshore southern Australia, one of the country's largest energy sources. We are also a participant in Australia's largest resources development, the North West Shelf Project in Western Australia, producing liquified

natural gas (LNG), natural gas, liquified petroleum gas (LPG), condensate and crude oil. The LNG is supplied primarily to customers in Japan under long-term take-or-pay contracts and natural gas is supplied to domestic consumers in Western Australia. Our operations in the North Sea and Irish Sea, Gulf of Mexico (US) and Bolivia produce oil, gas and condensate, and we produce gas in Pakistan. Our exploration and development portfolio comprises acreage in nine countries and is centred on our strong acreage holding in the Gulf of Mexico (US).

Our strategy is designed to gain medium to long term high-value growth through the commercialisation of gas resources in Australia, Trinidad and Pakistan; the exploration and development of high-margin oil projects, primarily in deepwater areas (the Gulf of Mexico (US), West Africa and the Carnarvon Basin,

offshore Western Australia); and by securing access to discovered resources in North Africa and the Middle East.

Some of our significant achievements in 2001 included sanctioning the Ohanet wet gas project in Algeria and commencing production from the Zamzama Extended Well Test in Pakistan. Construction of the Typhoon oil and gas development in the Gulf of Mexico (US) progressed, producing oil on 31 July 2001 and becoming the first of our deepwater discoveries to come onstream.

We expanded our gas marketing in eastern Australia with the commencement of Eastern Gas Pipeline sales into New South Wales and agreement to supply gas to Tasmania. We also signed a number of

PETROLEUM			
	2001	2000	Variance (%)
EBIT (US\$million) including exceptionals	1 407	1 142	23
EBIT (US\$million) excluding exceptionals	1 407	1 061	33
Crude oil and condensate production (net, '000 barrels)	79 102	79 784	-1
Natural gas production (net, bcf)	261.83	238.63	10
LPG production (net, '000 tonnes)	673.56	681.68	-1
Ethane production (net, '000 tonnes)	67.42	79.82	-16
Average realised oil price (US\$/barrel)	28.04	22.86	23

HIGHLIGHTS

Strong financial results and overall performance contributed EBIT of US\$1407 million.

Contractual gas sales commenced from the Zamzama gas field in southern Pakistan.

Fourth train expansion of NWS LNG processing facilities was approved.

The Ohanet wet gas project in Algeria was approved.

Our leaseholding position in the Gulf of Mexico (US) was strengthened, along with continued success of the exploration and appraisal program.

agreements with Japanese customers for the supply of LNG, and the North West Shelf Joint Venture participants committed to a fourth LNG train expansion that will provide an additional 4.2 million tonnes per annum. During the year, we successfully completed the appraisal drilling in the Gulf of Mexico (US) at Atlantis 2 (and side track) and Mad Dog 3 appraisal wells. We also implemented or approved selected incremental brownfield projects to support existing producing assets.

2001 in review

Financial

Earnings Before Interest and Tax (EBIT) excluding exceptional items were US\$1407 million compared with US\$1061 million in 2000, an increase of US\$346 million or 33 per cent.

Major factors driving the increase were the favourable effect of the lower exchange rate for the Australian dollar, higher prices for petroleum products, and income from the Laminaria/Corallina oil fields, which recorded their first full year of production. The increase was partly offset by lower Bass Strait oil volumes and higher exploration expenditure.

Operational

Oil and condensate production was 1 per cent lower than last year, due to natural field decline at Bass Strait, the sale of the Buffalo oil field and lower Bruce (UK) production following shut-ins for maintenance. This decrease was partly offset by higher volumes at Laminaria/Corallina in their first full year of operation, strong performance at Liverpool Bay and infill drilling at Griffin.

Gas production (excluding LNG) was 15 per cent higher, largely due to higher volumes from Bass Strait, Bruce and Griffin and the commencement of production from the Zamzama field in Pakistan.

LNG production from the North West Shelf was 5 per cent lower, due mainly to planned maintenance on Train 2 and unplanned maintenance on Train 1 in October 2000.

HSEC improvements were achieved in both safety and environmental performance. The target to reduce the Lost Time Injury Frequency Rate was bettered, and no significant environmental incidents occurred. The Liverpool Bay facility received ISO 14001 certification.

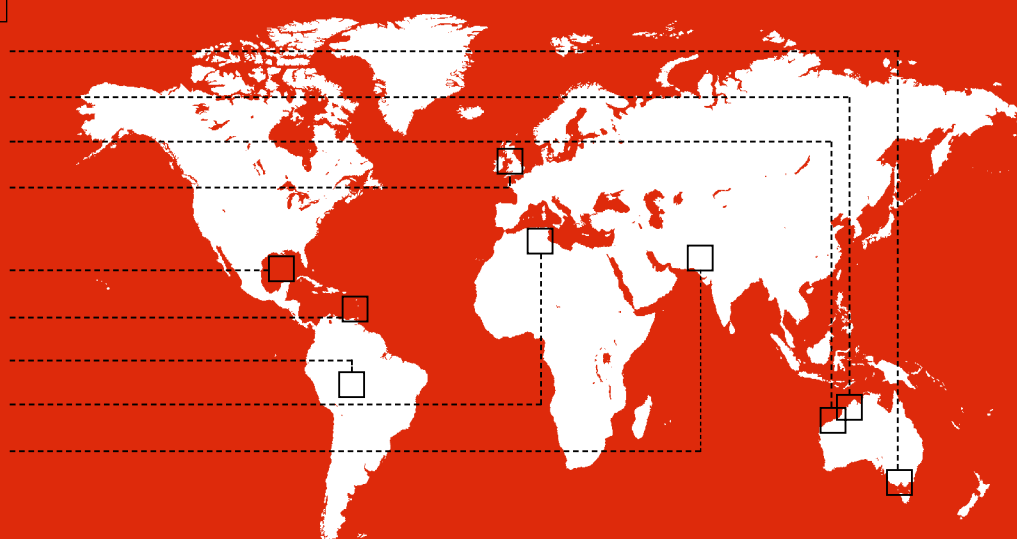
Looking Ahead

Our key business objectives for the coming year are to:

- progress the ROD oil and Ohanet wet gas project developments in Algeria, scheduled for production in 2003;
- progress commercialisation of the Mad Dog and Atlantis oil discoveries in the Gulf of Mexico (US) and continue our exploration program — we expect to sanction development of our first ultradeepwater project this year;
- further develop the gas market in Pakistan, Trinidad and south-eastern Australia, and fully develop the Zamzama gas field;
- finalise gas sales contracts with Japanese customers to underpin the North West Shelf Train 4 LNG expansion, and secure further contracts in other growing LNG markets in Asia to support a fifth train investment; and
- update our HSE Management Standards to ensure alignment with the BHP Billiton HSEC Management Standards, and then ensure compliance across all sites.

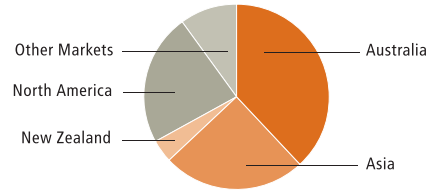
KEY ASSETS

- Bass Strait (Australia)
- Laminaria (Australia)
- North West Shelf (Australia)
- Liverpool Bay Development (Irish Sea)
- Gulf of Mexico
- Trinidad (South America)
- Bolivia (South America)
- Ohanet/ROD (Algeria)
- Zamzama (Pakistan)



STEEL

KIRBY ADAMS PRESIDENT & CEO



Sales (tonnes) by Destination



“OVER THE PAST FIVE YEARS, BHP STEEL HAS BEEN ONE OF THE WORLD’S BETTER PERFORMING STEEL BUSINESSES.”

Customer Sector Overview

BHP Steel is the leading flat products steel company in its region. We have pre-eminent positions in the Australian and New Zealand markets, are building on our established presence throughout South East Asia, and are a world leader in metallic coating and painting technologies. Our strong global brands include COLORBOND® steel, ZINCALUME® steel and LYSAGHT®.

We manufacture and sell a wide range of steel products used in the building and construction, automotive, manufacturing, general engineering, packaging, rural and mining industries. The group is the world’s largest roll former of processed steel building products.

We are a long-term supplier to core customers throughout Asia, the Americas, Europe, the Pacific and southern Africa, with a worldwide network of sales offices.

Key steel-making assets are the low-cost, global-scale Port Kembla Steelworks (Australia), BHP New Zealand Steel and North Star BHP Steel (USA). A network of metallic coating and coil painting facilities operates in Australia, New Zealand and

South East Asia. These facilities are supported by a range of in-market processing and customer service centres.

Our strategy is to be a flat and coated steel products company that is:

- a superior provider of market-driven solutions and branded products, principally in Australasia and Asia;
- a strategic supplier of intermediate steel products; and
- a low-cost operator of steel assets and a manufacturer of ‘fit for purpose’ steel products.

In a very demanding global steel environment characterised by low prices and over-production, we once again demonstrated the underlying strength of our business by generating returns in the top quartile of the steel industry.

Our focus on cost reduction and productivity improvements continues. Over the past year, efficiency and cost programs have been accelerated, including those directed towards maintenance, energy, yields and fixed costs. Several effective capital and supply chain efficiency programs have also been implemented.

We are building our business future through:

- customer driven solutions;
- investments in leading technologies;
- continuing safety and environmental achievements moving us even closer towards our zero harm objective;
- innovative new products and services, particularly in the growing Asian market place;
- breakthroughs in logistics, supply chains and e-commerce to improve customer service, streamline delivery and lower costs; and
- long-term strategic relationships and alliances.

HIGHLIGHTS

The intention to publicly list BHP Steel during fiscal year 2002 was announced.

Steel contributed US\$270 million to 2001 EBIT, excluding exceptional items.

Investments in leading technologies included Castrip® in joint venture with Nucor and the A\$98 million Port Kembla sinter plant emission reduction program.

Implemented e-business initiatives and the on-line steel marketplace www.bhpsteelconnect.com, placing us at the forefront of steel industry e-business.

Sydney Olympic venues showcased steel as a leading construction material for the 21st century.

OneSteel Ltd was established as a separate publicly listed company in October 2000.

STEEL	2001	2000	Variance (%)
EBIT (US\$million) including exceptionals	248	249	0
EBIT (US\$million) excluding exceptionals	270	402	-33
Raw steel production ('000 tonnes)	5 432	5 461	-1
Marketable products production ('000 tonnes)	5 316	4 883	9

2001 in review

Financial

Earnings Before Interest and Tax (EBIT) excluding exceptional items were US\$270million, a decrease of 33 per cent compared with the preceding year. This decrease was largely due to significantly lower international prices and lower sales volumes of coated products to the Australian market, reflecting reduced building activity. These factors were partly offset by improved operating performance from our Asian businesses.

The favourable movement in losses from exceptional items is mainly due to the loss on sale of US West Coast Steel in the previous period.

The business experienced a difficult operating environment during the year. Sales in Australia were affected by a major downturn in the key building and construction market following the boom associated with the Sydney Olympics. Prices for globally traded steel slumped to the lowest levels experienced in 20 years, reflecting considerable overproduction by the world's steel industry, particularly in North Asia and Eastern Europe.

Operational

Total steel despatches from flat and coated operations were 5.34 million tonnes for the year, 10 per cent above the corresponding period.

Australian domestic despatches were 9 per cent higher, due to the inclusion of sales to OneSteel Limited (previously treated within the Group) partly offset by lower sales volumes of coated products. Australian export despatches were up 15 per cent, reaching record levels and accounting for 53 per cent of total Australian despatches. This record was achieved despite intensely competitive conditions in world markets.

New Zealand steel despatches were down 3 per cent, while despatches from plants outside Australia and New Zealand were up 9 per cent.

Operational performance was affected by industrial action at operations in Port Kembla and New Zealand. Performance was also affected by major planned repairs to the Port Kembla Hot Strip Mill. Sustained improvements in the operational performance of the Asian businesses were achieved during the year.

Overall, there was a 17 per cent reduction in the Lost Time Injury Frequency Rate and a 21 per cent reduction in Medical Treated Injuries. Tragically, three lives were lost in accidents, further motivating the organisation to achieve our goal of zero harm to people. No significant environmental incidents occurred.

Looking Ahead

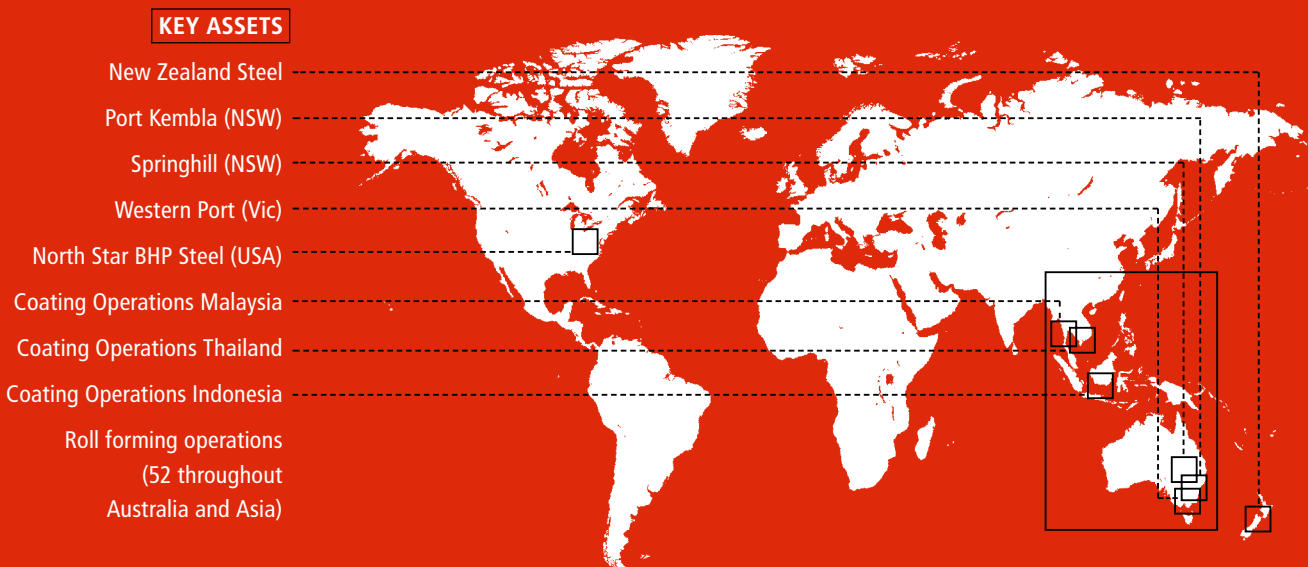
BHP Billiton has announced its intention to publicly list BHP Steel during fiscal year 2002. This follows the spin-out of OneSteel Ltd, BHP Billiton Ltd's former long products steel business, in October 2000.

Our key business objectives for the coming year are to:

- further develop our customer solutions focus;
- build customer satisfaction and our focus on safety as we successfully carry out and manage all separation issues;
- achieve further value growth in our Asian businesses; and
- continue the drive to reduce operating costs and improve margins and supply chain efficiencies.

Despite difficult market conditions, by virtue of our low-cost position and premium product range, we are well placed to compete effectively in a challenging market environment.

Key HSEC objectives are to achieve ISO 14001 certification of Environmental Management Systems at major facilities by the end of 2002, and to involve the majority of employees in undertaking site safety audits.



BOARD OF DIRECTORS

Ben Alberts

Paul Anderson

Don Argus

Ben Alberts
Pr Eng, BSc (Eng) (Agriculture),
BSc (Eng) (Mining), FSAIMM, 61

A Director of BHP Limited since January 2000 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001.

A member of the Risk Management and Audit Committee. A Director of Xinergistix Limited, a South African company involved in transport and logistic support to industry and Mkhunyane Ecoreserve Pty Ltd, an eco-tourism company. Former Executive Director of Iscor Limited, and Managing Director of its mining division, Iscor Mining. He is also Chairman of the Council of the University of Pretoria, South Africa's largest residential university. Ben brings to the Board his extensive international business experience and his knowledge of the resources industry. He lives in Pretoria, South Africa.

Paul Anderson
BSc (Mech Eng), MBA, 56

Managing Director and Chief Executive Officer of BHP Limited since December 1998 and of BHP Billiton Limited and BHP Billiton Plc since June 2001. He was previously President and Chief Operating Officer of Duke Energy Corporation, President, Chairman and Chief Executive Officer of PanEnergy Corporation, a Director of Kerr-McGee Corporation,

Baker Hughes Incorporated and TEPCO Partners, LP. He is an advisory director of Temple-Inland Inc, and of the Stanford University Graduate School of Business and a Global Counsellor for The Conference Board. His leadership skills, clarity of vision and corporate restructuring capabilities were the attributes that led to his selection as Managing Director in 1998. He lives in Melbourne, Australia.

Don Argus
AO, FAIB, FCPA, FAICD, 63

Appointed a Director of BHP Limited in November 1996 and Chairman in April 1999. Chairman of BHP Billiton Limited and BHP Billiton Plc since June 2001. Chairman of the Nominations Committee. Former Managing Director and Chief Executive Officer of the National Australia Bank Limited. He is Chairman of Brambles Industries Limited and a Director of Southcorp Holdings Limited and the Australian Foundation Investment Company Limited. He is also a member of the International Advisory Council of Allianz Aktiengesellschaft. He is an experienced Chairman and Company Director and has considerable international business experience. He lives in Melbourne, Australia.

COMPANY SECRETARY – Karen J Wood LLB (Hons), FCIS

QUALIFICATIONS – ABBREVIATIONS: **AC** Companion of the Order of Australia **ACCA** Association of Chartered Certified Accountants **AO** Officer of the Order of Australia **BA** Bachelor of Arts **BE** Bachelor of Engineering **BEc** Bachelor of Economics **BSc** Bachelor of Science **CA (SA)** Chartered Accountant (South Africa) **FAIB** Fellow Australian Institute of Bankers **FAICD** Fellow Australian Institute of Company Directors **FAIM** Fellow Australian Institute of Management **FAusIMM** Fellow Australian Institute of Mining & Metallurgy **FCA** Fellow Institute of Chartered Accountants **FCIS** Fellow of Chartered Secretaries Australia **FCPA** Fellow Australian Society of Certified Practising Accountants **FIBSA** Fellow Institute of Bankers of South Africa **FIEAust** Fellow Institution of Engineers Australia **FTSE** Fellow Academy of Technological Sciences and Engineering **FSAIMM** Fellow South African Institute of Mining and Metallurgy **KCMG** Knight Commander of the Order of St Michael and St George **LLB** Bachelor of Laws **MBA** Master of Business Administration **MBL** Master in Business Leadership **MSc** Master of Science **Pr Eng** Professional Engineer

David Brink

Michael Chaney

John Conde

David Crawford

Brian Gilbertson

David Brink
MSc Engineering (Mining),
D Com (hc), 62

A Director of Billiton Plc since July 1997 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. Chairman of the Health, Safety and Environment Committee and a member of the Nominations Committee. He is Chairman of Murray & Roberts Holdings Limited and Unitrans Limited and Deputy Chairman of ABSA Bank Limited and ABSA Group Limited. He is also a Director of Sanlam Limited and Sappi Limited and President of the South Africa Foundation. An experienced mining engineer and international banker, he lives in Johannesburg, South Africa.

Michael Chaney
BSc, MBA, FAIM, FAICD, 51

A Director of BHP Limited since May 1995 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. He is the Managing Director of Wesfarmers Limited and a Director of Gresham Partners Group Limited. He is a trustee of the Committee for the Economic Development of Australia, a member of the Business Council of Australia and the Council of the National Gallery of Australia, a Director of the Centre for Independent Studies and Vice President of the Australia-Japan Business Cooperation Committee. As Chief Executive Officer of one of Australia's most successful public companies, he brings valuable executive experience and considerable financial acumen to the Board's deliberations. He lives in Perth, Australia.

John Conde
AO, BSc, BE, MBA, 53

A Director of BHP Limited since March 1995 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. A Director of the BHP Billiton Superannuation Fund trustee, Haematite Pty Ltd, and a member of the Remuneration Committee. He is Chairman of Energy Australia and of Medical Benefits Fund of Australia Limited and a Director of Lumley General Insurance Limited and the Sydney Symphony Orchestra. He is a member of the Commonwealth Remuneration Tribunal. Former Chairman and Managing Director of Broadcast Investments Holdings Pty Ltd and former Chairman of Radio 2UE Sydney Pty Ltd. He is an experienced Chairman and Managing Director, active in community service and brings his broad business acumen to the Board's skills. He lives in Sydney, Australia.

David Crawford
B Comm, LLB, FCA, FCPA, 57

A Director of BHP Limited since May 1994 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. Chairman of the BHP Billiton Superannuation Fund trustee, Haematite Pty Ltd, and Chairman of the Risk Management and Audit Committee. A Director of Lend Lease Corporation Limited, Foster's Group Limited and former Australian National Chairman of KPMG, Chartered Accountants. He brings to the Board his extensive accounting experience with specialisation in corporate restructuring and turn-around of companies in financial difficulties, having acted either as a

consultant, scheme manager, receiver and manager or liquidator to very large and complex groups of companies. He lives in Melbourne, Australia.

Brian Gilbertson
MSc, MBL, 58

Executive Chairman and Chief Executive of Billiton Plc since July 1997 and a Director and Deputy Chief Executive Officer of BHP Billiton Limited and BHP Billiton Plc since June 2001. A Director of the South African Reserve Bank. Former Executive Director of Johannesburg Consolidated Investment Company Limited and Executive Director and Executive Chairman of Gencor Limited. He has had an extensive career in the mining industry and management and will succeed Paul Anderson as Chief Executive Officer and Managing Director of BHP Billiton Limited and BHP Billiton Plc in calendar year 2002. He will live in Melbourne, Australia, while continuing to travel extensively to discharge his executive responsibilities.

BOARD OF DIRECTORS CONTINUED

Cornelius Herkströter

John Jackson

David Jenkins

Derek Keys

Cornelius Herkströter
CA, 64

A Director of Billiton Plc since July 1998 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. A member of the Risk Management and Audit Committee. He is Professor of International Management at Amsterdam University, Chairman of the Supervisory Board of the ING Group and a trustee to the Board of the International Accounting Standards Committee. Former President of the Royal Dutch Petroleum Company and Chairman of the Committee of Managing Directors of the Royal Dutch/Shell group of companies. Cor brings extensive finance and business experience to the Group. He lives in Wassenaar, the Netherlands.

John Jackson
BA, LLB, 72

A Director of Billiton Plc since 1997 and senior independent Non-Executive Director of that company. A Director and Deputy Chairman of BHP Billiton Limited and BHP Billiton Plc since June 2001. Chairman of the Remuneration Committee. He is Chairman of Hilton Group Plc, Celltech Group Plc, Oxford Technology Venture Capital Trust Plc, Wyndeham Press Group Plc and Xenova Group Plc. A Director of WPP Group Plc, Brown & Jackson Plc and is non-solicitor Chairman of Mishcon de Reya. His management experience in the electronics industry and subsequent board experience with companies in a wide range of industries makes for a valuable contribution to constructive Board debate. He lives in London, United Kingdom.

David Jenkins
BA, PhD (Geology), 62

A Director of BHP Limited since March 2000 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. A member of the Health, Safety and Environment Committee. A Director of Chartwood Resources Ltd, a private company providing consultancy services and business and technology advice to the oil industry. Former Chief Geologist and

Chief Executive Technology to the British Petroleum Company. He is a Director of a Houston-based technology company, the Information Store Inc. He is a member of the Technology Advisory Committee of the Halliburton Company, the Technology Advisory Board of Landmark Graphics, the Advisory Council of Consort Resources and the Energy Advisory Council of Cambridge Management Consulting. He also chairs the Energy Advisory Panel of Science Applications International Corporation. David brings to the Board broad competencies across all facets of upstream petroleum technology and executive management. He lives in Weybridge, United Kingdom.

Derek Keys
CA(SA), FIBSA, 70

A Director of Billiton Plc since July 1997 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. A member of the Remuneration Committee. Former Executive Chairman of Gencor Limited and former South African Minister for Finance in the cabinets of de Klerk and Mandela, establishing an all-party economic policy in that country. His experience as a politician and as a businessman in a mixture of entrepreneurial, executive and advisory roles are valuable to the Board. He lives in Johannesburg, South Africa.

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Ron McNeilly

John Ralph

Lord Renwick
of Clifton

Barry Romeril

John Schubert

Ron McNeilly

BCom, MBA, FCPA, 58

An Executive Director of BHP Limited since July 1991 and an Executive Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. He is Executive Director, Global Markets, and has held executive positions in BHP as President BHP Minerals from January 1999 to June 2001, Chief Operating Officer from April 1998 to December 1998, Executive Director, Office of the Chief Executive, from October 1997 to March 1998, Executive General Manager and Chief Executive Officer BHP Steel from May 1991 to September 1997. He is Chairman of the Melbourne Business School Limited and a Director of the Melbourne Storm Football Club Limited, the Minerals Council of Australia and the Committee for Melbourne. He is also President of the Australia Chile Business & Investment Council and Vice President of the Australia-Japan Business Cooperation Committee. He brings to the Board his considerable management experience and knowledge of the Company's operations. He lives in Melbourne, Australia.

John Ralph

AC, FCPA, FAIM, FAICD, FAusIMM, 68

A Director of BHP Limited since November 1997 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. A member of the Remuneration Committee. Chairman of the Commonwealth Bank of Australia and Pacific Dunlop Limited and Deputy Chairman of Telstra Corporation Limited. Former Chief Executive of CRA Limited and former President of the Australian Institute of Company Directors and the Business Council of Australia. He brings to the Board's deliberations his management skills and knowledge of taxation matters and the mining industry. He lives in Melbourne, Australia.

Lord Renwick Of Clifton KCMG, MA, 63

A Director of Billiton Plc since July 1997 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. A member of the Nominations Committee. Former British Ambassador to the United States and to South Africa, he was subsequently appointed to the House of Lords by Prime Minister Blair. He is Vice Chairman, Investment Banking at J P Morgan Plc, and a Director of British Airways, Fluor Corporation, South African Breweries, Richemont and Harmony Gold, and a trustee of The Economist. Lord Renwick brings his diplomatic skills and experience and subsequent business experience to the Board. He lives in London, United Kingdom.

Barry Romeril

BA (Hons), ACCA, 57

A Director of Billiton Plc since November 1998 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. A member of the Risk Management and Audit Committee. He is a Director, Vice Chairman, and Chief Financial Officer of Xerox Corporation Inc, and non-executive Director of Fuji Xerox, a joint venture between Xerox and Fuji Photo Film. Former Finance Director of British Telecommunications Plc and senior finance executive with BTR Plc and ICI Plc. Barry brings strong financial executive experience to the Board. He lives in Connecticut, USA.

John Schubert

BC Eng, PhD (Chem Eng), FIEAust, FTSE, 58

A Director of BHP Limited since June 2000 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. A member of the Nominations Committee. Deputy Chairman of the Commonwealth Bank of Australia, a Director of Qantas Limited, Hanson Plc, the Australian Graduate School of Management and the Great Barrier Reef Research Foundation. He is also non-executive Chairman of G2 Therapies Limited and of the Advisory Board of Worley Limited and President of the Business Council of Australia. Former Managing Director and Chief Executive Officer of Pioneer International Limited and former Chairman and Managing Director of Esso Australia Limited. John brings his experience in the petroleum industry and in corporate restructuring to the Board. He lives in Sydney, Australia.

EXECUTIVE COMMITTEE

Kirby Adams



Brian Gilbertson



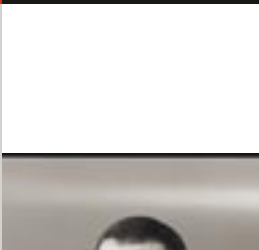
Paul Anderson



Philip Aiken



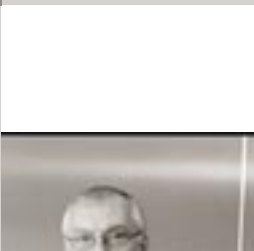
John Fast



Charles Goodyear



Miklos Salamon



Paul Anderson
CEO and Managing Director
BSc (Mech Eng), MBA, 56

Managing Director and Chief Executive Officer of BHP Limited since December 1998 and of BHP Billiton Limited and BHP Billiton Plc since June 2001. He was previously President and Chief Operating Officer of Duke Energy Corporation, President, Chairman and Chief Executive Officer of PanEnergy Corporation, a Director of Kerr-McGee Corporation, Baker Hughes Incorporated and TEPPCO Partners, LP. He is an advisory director of Temple-Inland Inc, and of the Stanford University Graduate School of Business and a Global Counsellor for The Conference Board. He lives in Melbourne, Australia.

Brian Gilbertson
Deputy CEO
MSc, MBL, 58

Executive Chairman and Chief Executive of Billiton Plc since July 1997 and a Director and Deputy Chief Executive Officer of BHP Billiton Limited and BHP Billiton Plc since June 2001. A Director of the South African Reserve Bank. Former Executive Director of Johannesburg Consolidated Investment Company Limited and Executive Director and Executive Chairman of Gencor Limited. He has had an extensive career in the mining industry and management and will succeed Paul Anderson as Chief Executive Officer and Managing Director of BHP Billiton Limited and BHP Billiton Plc in calendar year 2002. He will live in Melbourne, Australia while continuing to travel extensively to discharge his executive responsibilities.

Kirby Adams
President and CEO BHP Steel
BSc Industrial Engineering, MBA, 45

Appointed President BHP Steel in March 2000. Former President BHP Services and former Group General Manager and Chief Executive Officer BHP Service Companies. Former President and CEO Titanium Metals Corporation. He lives in Melbourne, Australia.

Philip Aiken
President and CEO Petroleum
BE (Chem), 52

Appointed President Petroleum in October 1997. Former Director BTR Plc and former Managing Director BTR Nylex, following a long career at BOC Plc where his last role was Managing Director Gases Europe. He is a Director of Robert Walters Plc, Mt Eliza Business School, and the Australian Institute of Petroleum. He lives in Melbourne, Australia and London, United Kingdom.

John Fast
Chief Legal Counsel
LLB (Hons), BEc (Hons), 51

Appointed Chief Legal Counsel in December 1999. Former Senior Commercial Partner Arnold Bloch Leibler. Director of the Medical Research Foundation for Women and Babies. He is a member of the Strategic Advisory Board to the University of Melbourne Law School, an Associate of the Securities Institute of Australia and a member of the Markets Policy Group of that Institute, and a member of the Law Institute of Victoria. He lives in Melbourne, Australia.

Charles Goodyear
Chief Development Officer and
Acting Chief Financial Officer
BSc, MBA, FCPA, 43

Appointed Chief Financial Officer in 1999, he became Chief Development Officer in June 2001 and continues to act as Chief Financial Officer pending the appointment of a new Chief Financial Officer. Former President Goodyear Capital Corporation and former Executive Vice President and Chief Financial Officer Freeport-McMoRan Inc. He lives in Melbourne, Australia.

Miklos Salamon
President and CEO Minerals
BSc Mining Engineering, MBA, 46

From July 1997 to June 2001, Executive Director Billiton Plc with responsibilities for nickel, chrome, manganese, stainless steel and titanium. Former Director of Gencor, Executive Chairman of Samancor and Managing Director of Trans-Natal Coal Corporation. He is Chairman of Samancor and Columbus and a Director of Richards Bay Minerals, Cerro Matoso and Escondida. He lives in Surrey, United Kingdom; Melbourne, Australia and Johannesburg, South Africa.

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BHP BILLITON GROUP RESULTS – FINANCIAL REVIEW

Status of financial information

On 29 June 2001, BHP Billiton Plc (previously known as Billiton Plc) and BHP Billiton Limited (previously known as BHP Limited) entered into a Dual Listed Companies (DLC) merger. This was brought into effect by contractual arrangements between the Companies and amendments to their constitutional documents.

Under UK generally accepted accounting principles (GAAP), the DLC merger is treated as a business combination because a single economic entity has been formed, even though BHP Billiton Plc and BHP Billiton Limited remain separate legal entities. The consolidated financial statements of BHP Billiton Plc therefore include BHP Billiton Limited and its subsidiary companies using the merger method of accounting in accordance with UK accounting standards.

Basis of presentation of financial information

The financial information is presented in accordance with UK GAAP. The reporting currency is US dollars, the dominant currency in which the BHP Billiton Group operates.

The Directors, having made appropriate enquiries, consider that the BHP Billiton Group has adequate resources to continue in operational business for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

The financial information in this section has been prepared on the same basis and using the same accounting policies as were used in preparing the financial statements for the year ended 30 June 2000, except that the BHP Billiton Group has adopted two changes to its accounting policies for

deferred tax and exploration costs, principally to align policies between BHP Billiton Plc and BHP Billiton Limited.

The aggregate impact of these changes on operating profit and the tax charge on profits from ordinary activities for the year ended 30 June 2000 has been a decrease of US\$7 million and an increase of US\$6 million respectively from the figures previously published, resulting in profit after tax and attributable profit being decreased by US\$13 million and US\$11 million respectively.

The impact on the current year operating profit and charge for taxation is a decrease of US\$2 million and of US\$58 million respectively, resulting in attributable profit being increased by US\$42 million, of which US\$18 million is attributable to exceptional items.

Key Financial Information for the BHP Billiton Group			
Year ended 30 June	US\$m 2001	US\$m 2000	% Change
Group turnover (a)	19 079	18 402	3.7
EBITDA (b)			
- excluding exceptional items	5 299	4 775	11.0
- including exceptional items	4 211	4 015	4.9
EBIT			
- excluding exceptional items	3 627	3 027	19.8
- including exceptional items	2 539	2 267	12.0
Attributable profit			
- excluding exceptional items	2 189	1 743	25.6
- including exceptional items	1 529	1 506	1.5
Basic earnings per share (cents)			
- excluding exceptional items	36.8	30.4	21.1
- including exceptional items	25.7	26.3	(2.3)
Net operating assets	21 712	20 275	7.1
EBITDA interest cover (excluding exceptional items) (c)	11.1 x	9.1 x	22.0
Gearing (net debt/[net debt + net assets])	38.4%	34.2%	12.3
Debt to equity ratio (net debt/attributable net assets)	64.6%	55.2%	17.0

(a) Including share of joint ventures and associates.

(b) Earnings before interest, tax, depreciation and amortisation.

(c) For this purpose, interest includes capitalised interest and excludes the effect of discounting on provisions.

Results for financial year 2001

Overview

The table on page 48 provides the key financial information for the BHP Billiton Group for the year ended and as at 30 June 2001, comparative with the corresponding period.

The financial results for the year ended 30 June 2001 for the BHP Billiton Group demonstrate the financial strength of the new merged group, exemplified by strong cash flow generation, earnings capability across a range of world-class business operations and underlying balance sheet strength.

Attributable profit, excluding exceptional items, for 2001 of US\$2 189 million, was an increase of 26 per cent from the previous year (2000 - US\$1 743 million). Higher received prices, higher production and generally favourable exchange rate movements were the principal factors influencing the improved result.

The attributable profit of US\$1 529 million was influenced by a number of exceptional items, which in aggregate reduced profit before taxation by US\$1 094 million and attributable profit by US\$660 million.

The major exceptional items before taxation and equity minority interests included:

- A charge to profit of US\$520 million associated with the write-off of BHP Billiton's equity investment in HBI Venezuela and the establishment of provisions for related financial obligations to banks and other associated costs;
- A charge to profit of US\$430 million from the write-off of the Ok Tedi copper mine;
- US\$114 million reduction in the carrying value of the Columbus Stainless Steel Joint Venture following conditional agreement to sell down the BHP Billiton Group's interest;
- A charge to profit of US\$92 million related to merger transaction costs; and
- A charge to profit of US\$64 million related to organisational restructuring costs and provisions mainly related to the merger.

These items are partially offset by the following:

- US\$128 million profit from sale of interests in the Central Queensland Coal Associates (CQCA) and Gregory Joint Ventures to Mitsubishi; and
- US\$61 million profit from the sale of expansion rights at Mozal.

In the previous financial year a charge of US\$695 million before tax was recorded to write-down the fixed assets of the Western

Australian HBI plant following difficulties experienced with the plant process during production ramp-up, capital cost overruns and a significant deterioration in market conditions. The plant experienced substantial technical difficulties in the first half of the year. Following an extensive review and technical modifications production increased during the second half. The plant continues to operate subject to regular reviews by the Board based on strict technical and financial performance criteria relating to campaign length, productivity, maintenance turnaround and input costs. There are take or pay obligations relating to the supply of gas and utilities amounting to some US\$650 million at 30 June 2001.

Customer Sector Group Financial Results

The table below provides a summary of the Customer Sector Group financial results for the year ended 30 June 2001, compared with the corresponding period.

An explanation of the major factors influencing the performance of the Customer Sector Groups is included on page 26 to page 39. An explanation of the performance of Exploration, Technology and New Business, Other activities and Group & Unallocated items is provided below.

(US\$ million)	EBIT (excluding exceptionals)		EBIT (including exceptionals)	
	Year ended 30 June 2001	Year ended 30 June 2000	Year ended 30 June 2001	Year ended 30 June 2000
Aluminium	523	438	576	438
Base Metals	485	478	47	478
Carbon Steel Materials	894	538	836	(157)
Stainless Steel Materials	79	205	74	205
Energy Coal	382	137	348	137
Petroleum	1 407	1 061	1 407	1 142
Steel	270	402	248	249
Exploration, Technology & New Business	6	12	(7)	12
Other activities	120	125	6	163
Group & Unallocated Items	(539)	(369)	(996)	(400)
BHP Billiton Group	3 627	3 027	2 539	2 267

FINANCIAL REVIEW CONTINUED

Exploration, Technology And New Business							
US\$million	2001	2000	Change%	('000 carats)	2001	2000	Change%
Turnover	251	224	+12	EKATI™ diamonds production	1428	1301	+10
EBIT (incl. exceptionals)	(7)	12	Nm				
EBIT (excl. exceptionals)	6	12	(50)				
Net operating assets	869	416	+109				

The result for Exploration, Technology and New Business was an EBIT loss of US\$7 million compared with an EBIT of US\$12 million in the corresponding period.

EKATI™ diamond production was 10 per cent higher than the previous year due mainly to higher recoveries of lower quality diamonds.

Total exploration charged to profit across all Customer Sector Groups was US\$250 million, an increase of US\$34 million compared with the corresponding period of which US\$75 million (2000 US\$70 million) is included in this grouping.

Other Activities

The result for Other Activities was an EBIT of US\$6 million for the year compared with an EBIT of US\$163 million in the corresponding period.

The result for the year included an exceptional item of US\$114 million (before taxation and equity minority interests) representing the write-down of the carrying value of the Columbus Joint Venture.

At Richards Bay Minerals overall titanium slag sales volumes declined slightly on the previous year reflecting a reduction in pigment production as a consequence of

slowing economic activity in the United States and Europe. This, offset by marginally higher sales prices, resulted in a 2.5% decline in turnover compared to the previous year. This was more than offset by the benefits of a relatively strong zircon market as well as reduced costs principally arising from depreciation of the Rand.

Group and Unallocated Items

The result for Group and Unallocated Items was an EBIT loss of US\$996 million for the year compared with an EBIT loss of US\$400 million in the corresponding period.

The result for the year included exceptional items of US\$457 million (before taxation) mainly related to a loss of US\$340 million, representing provisions for financial obligations to banks and other provisions related to the decision to cease further investment in HBI Venezuela, and merger transaction and restructuring costs of US\$114 million.

The current year also included EBIT losses of approximately US\$360 million from external foreign currency hedging compared with EBIT losses of approximately US\$175 million in the corresponding period. This mainly reflects the lower value of the Australian dollar

relative to the US dollar for currency hedging contracts settled during the year.

Interest

Net interest and similar items payable decreased from US\$489 million to US\$476 million.

Taxation

The tax charge for the year was US\$811 million and includes US\$33 million following the decision of the High Court (Australia) on 10 August 2001 regarding non-deductibility of financing costs. This represents an effective taxation rate of 39.3%, compared to 14.1% for the previous year.

The effective rate was higher than the nominal underlying tax rates due to exceptional and one-off items in the year. Excluding exceptional items, the effective tax rate for the year was 29.9%.

Cash Flow

The following table summarises the major elements of the Group's cash flow:

Year ended 30 June	2001 US\$m	2000 US\$m
Adjusted EBITDA before provisions	4 537	4 808
Decrease/(increase) in working capital	240	(86)
Increase/(decrease) in provisions	28	(278)
Dividends received from joint ventures	154	127
Operating cash flow and dividends from Joint ventures	4 959	4 571
Taxation	(587)	(532)
Maintenance capital expenditure [◇]	(759)	(202)
Exploration	(341)	(261)
Disposals of fixed assets	339	482
Net interest payable and investment income	(485)	(628)
Dividends paid to ordinary shareholders and minorities	(801)	(395)
Available Cash Flow	2 325	3 035
Expansionary capital expenditure	(2 312)	(1 281)
Net acquisitions of businesses and investments	(2 655)	341
	(2 642)	2 095
Share issues/repurchase scheme	937	132
Foreign exchange adjustment	476	489
Other	–	7
Movement in debt	(1 229)	2 723
Net debt at start of year	(6 092)	(8 815)
Net debt at end of year	(7 321)	(6 092)

[◇] For 2000 BHP Billiton Plc Group only as analysis not available for BHP Billiton Limited Group

Operating cash flow (including dividends from joint ventures) improved by 9 per cent to US\$4959 million. After taxation, maintenance capital expenditure and exploration, fixed assets disposals, net interest and investment income, and dividends paid, the Group generated a positive available cash flow of US\$2325 million.

Continuing expansion including the acquisition of a further 56% interest in the Worsley bauxite mine and alumina refinery for US\$1490 million resulted in expansionary capital expenditure rising to US\$2312 million.

Net acquisitions of businesses and investments amounted to US\$2655 million comprising mainly of the acquisition of Rio

Algom for US\$1750 million (including debt), Dia Met for US\$380 million and interests in CVRD and the Colombian coal business for approximately US\$700 million offset by cash generated by the spin-out of OneSteel of US\$344 million. Exchange adjustments reduced debt by US\$476 million. Over the year, net debt increased by US\$1229 million to US\$7321 million at 30 June 2001.

FINANCIAL REVIEW CONTINUED

Investment Review Committee

All capital expenditures greater than US\$100 million are reviewed by the Investment Review Committee, chaired by the Chief Financial Officer. The review process includes:

- Risk identification and management
- Extent of value optimisation
- Project team composition
- Independent risk assessments
- Post-implementation reviews

Capital expenditure above US\$100 million also requires Board approval.

Divestitures

Divestitures generated proceeds of US\$962 million, including:

- The public listing of the OneSteel Limited to BHP Billiton Limited shareholders;
- The equalisation of ownership interests of the BHP Billiton Group and Mitsubishi in the CQCA and Gregory Joint Ventures.

BHP Billiton Group also announced its intention to publicly list its remaining Steel business. This transaction is expected to be completed by the end of financial year 2002.

Negotiations continue with relevant parties with a view to concluding the exit from the Ok Tedi copper mine.

Balance Sheet

Total assets less current liabilities for the Group were US\$22 793 million at 30 June 2001, an increase of US\$1 035 million from the 30 June 2000 position.

Equity shareholders' funds for the Group were US\$11,340 million at 30 June 2001 largely unchanged from the previous year

due to the impacts of exchange rates, write-downs and provisions. Net debt for the Group increased by 20.2% to US\$7 321 million due to financing of investing activities.

As a consequence of the above, the gearing ratio increased to 38.4% compared with 34.2% for the previous year. The debt to equity ratio increased from 55.2% to 64.6%.

US GAAP Results

To assist investors, a pro-forma summary of the results and a reconciliation of shareholders' funds under United States generally accepted accounting principles (US GAAP) is included in Note 37 to the financial statements.

Under US GAAP the DLC merger is accounted for using the purchase method of accounting and the BHP Billiton Limited Group is the deemed acquirer on 29 June 2001. Under this method of accounting the consolidated results of the BHP Billiton Group would not include any results relating to the BHP Billiton Plc Group for the period to 29 June 2001 or for the previous year. In order to better illustrate the impact of the DLC merger under US GAAP, the reconciliation of UK GAAP attributable profit to US GAAP net income has been presented on the basis that the DLC merger had occurred on 1 July 1999.

Australian GAAP Accounts

To comply with Australian regulatory requirements, BHP Billiton Limited's Annual Report is prepared under Australian generally accepted accounting principles ("Australian GAAP") and is presented in Australian dollars. In 2001 Australian regulatory requirements do not allow the

inclusion of the results, cash flows or assets and liabilities of the BHP Billiton Plc Group. Nonetheless, the accounts of the BHP Billiton Limited Group include a proforma Statement of Financial Position which comprises the assets and liabilities of both the BHP Billiton Limited Group and the BHP Billiton Plc Group, prepared in accordance with Australian GAAP, on an historical cost basis with no fair value adjustments and presented in Australian dollars. In summary, on this basis the shareholders' funds reflect:

A \$million	2001
Current assets	10 997
Non-current assets	45 106
Total assets	56 103
Current liabilities	(10 739)
Non-current liabilities	(21 150)
Total liabilities	(31 889)
Net assets	24,214
Minority interests	(762)
	23 452

The principal difference between Australian GAAP and UK GAAP, reflected above, relates to goodwill prior to July 1998 not capitalised for UK GAAP.

Currency

Currency fluctuations affect the profit and loss account in two ways.

Sales are predominantly based on US dollar-pricing. However, a proportion of operating costs (particularly labour) arise

in the local currency of the operations, most significantly the South African rand and the Australian dollar. Accordingly, changes in the exchange rates between these currencies and the US dollar can have a significant impact on the BHP Billiton Group's reported margin.

Certain of the BHP Billiton Group's subsidiaries maintain their accounting records in local currency, which are then translated into their functional currency (US dollars) for reporting purposes. The temporal method is used to convert their accounts from local currency to their functional currency. Fixed assets and other non-monetary assets and liabilities are converted at historical rates, and monetary assets and liabilities at the closing rate. The resultant differences are accounted for in the consolidated profit and loss account in accordance with UK GAAP. The accounts of the BHP Billiton Ltd Group's subsidiaries are prepared in a similar way using functional currencies appropriate for those companies, which include US dollars, Australian dollars and UK sterling. From 1 July 2001 a number of these companies which have sales predominantly based on US dollar pricing will adopt the US dollar as their functional currency, to reflect the fact that these businesses are now managed as US dollar-earning businesses and so a US dollar functional currency better reflects their changed economic positions.

Capital Management

At the time of announcing the BHP Group's third quarter financial results, an on-market share buyback of up to 90 million shares (approximately 5% of the BHP Limited's issued capital) was announced.

Following implementation of the DLC merger, the buyback programme has been adjusted so that the number of shares to be re-purchased continues to represent approximately five per cent of issued capital. Commencement of re-purchase of shares had not occurred as at the end of the financial year.

Dividends

Total dividends for the year amounted to US\$754 million, of which US\$476 million related to BHP Billiton Limited and US\$278 million related to BHP Billiton Plc.

The Board of BHP Billiton Plc declared a second interim dividend (in lieu of a final dividend) of US\$0.08 per share that was paid to shareholders on 2 July 2001, making a total dividend for the year of US\$0.12 per share.

BHP Billiton Limited paid shareholders a fully franked dividend of A\$0.26 per fully paid share on 2 July 2001. This franked dividend together with the unfranked dividend of A\$0.25 per share in December 2000, takes the total dividend for 2001 to A\$0.51 per share on a pre-bonus share issue basis.

BHP Billiton Plc will continue to declare its dividends and other distributions in US dollars and to make payment in UK sterling to its shareholders registered in the United Kingdom and in South African rand to its shareholders registered in South Africa. The rates of exchange applicable two business days before the declaration date are used for conversion. BHP Billiton Limited will also declare its dividend and other distributions in US dollars but will continue to pay its dividends in Australian dollars or other currencies as its shareholders may elect in cases determined by the BHP Billiton Limited Board.

The level of dividend will be the same for shareholders in either company and will in future be paid at the same time.

Share price performance	BHP Billiton Plc UK pence	BHP Billiton Limited A dollars
Closing price at 30.6.01	354	10.39
Closing price at 30.6.00	269	9.22
High during period	391 (i)	11.37 (iii)
Low during period	222 (ii)	8.76 (iv)

(i) on 8 June 2001

(ii) on 18 October 2000

(iii) on 22 May 2001

(iv) on 2 August 2000

BHP BILLITON CHARTER

We are BHP Billiton, a leading global resources company.

Our purpose is to create value through the discovery, development and conversion of natural resources, and the provision of innovative customer and market-focused solutions.

To prosper and achieve real growth, we must:

- Actively manage and build our portfolio of high quality assets and services.
- Continue the drive towards a high performance organisation in which every individual accepts responsibility and is rewarded for results.
- Earn the trust of employees, customers, suppliers, communities and shareholders by being forthright in our communications and consistently delivering on commitments.

We value:

- Safety and the Environment – An overriding commitment to safety, environmental responsibility and sustainable development.
- Integrity – Doing what we say we will do.
- High Performance – The excitement and fulfilment of achieving superior business results and stretching our capabilities.
- Win-Win Relationships – Having relationships which focus on the creation of value for all parties.

- The Courage to Lead Change – Accepting the responsibility to inspire and deliver positive change in the face of adversity.
- Respect for Each Other – The embracing of diversity, enriched by openness, sharing, trust, teamwork and involvement.

We are successful in creating value when:

- Our shareholders are realising a superior return on their investment.
- Our customers and suppliers are benefiting from our business relationships.
- The communities in which we operate value our citizenship.
- Every employee starts each day with a sense of purpose and ends each day with a sense of accomplishment.



Paul Anderson
Chief Executive Officer and
Managing Director