

WASHINGTON MUTUAL, INC
Form 8-K
June 02, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): May 27, 2008

WASHINGTON MUTUAL, INC.
(Exact name of Registrant as specified in its charter)

Washington
(State or other jurisdiction
of incorporation)

1-14667
(Commission File Number)

91-1653725
(I.R.S. Employer
Identification No.)

1301 SECOND AVENUE
SEATTLE, WASHINGTON 98101
(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: (206) 461-2000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

SECTION 5 – CORPORATE GOVERNANCE AND MANAGEMENT

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On May 27, 2008, the Board of Directors (the "Board") of Washington Mutual, Inc. (the "Company") approved amendments to the Company's Restated Bylaws (the "Bylaws") which: (i) adopt a majority voting standard for the election of directors in uncontested elections; (ii) revise sections of the Bylaws that address the responsibilities of the Board Chair as well as different officers of the Company, primarily in connection with the Board's determination to appoint an independent director as Board Chair effective July 1, 2008; and (iii) make other technical amendments to certain officer roles and titles and other provisions.

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The Bylaws previously contained a director resignation policy that was applicable whenever a director did not receive a majority of votes cast in an uncontested election. The amendments to the Bylaws adopting a majority voting standard provide that in any election of directors that is not a contested election, the nominees elected are those receiving a majority of votes cast. The term of any incumbent director nominee who does not receive a majority of votes cast in an election that is not contested terminates on the earliest to occur of: (i) 90 days after the date election results are certified; (ii) the date the Board fills the position; or (iii) the date the Board accepts the resignation of the affected director. An election of directors is considered "contested", and thus is subject to a plurality voting standard, if there are shareholder nominees for director pursuant to the Company's advance notice provision who are not withdrawn by the advance notice deadline set forth in Section 3.14 of the Bylaws, unless the Board has determined before notice of the shareholders' meeting is given that the shareholder nominee(s) do not create a *bona fide* election contest. The amendments also clarify which votes are considered cast, provide that nominees submitted by shareholders must comply with the Board's director resignation policy related to the majority voting procedures, and make other conforming changes to the Bylaws. In connection with the amendments to the Bylaws, the Board also approved conforming changes to the director resignation procedures contained in the Company's corporate governance guidelines, which are available on the Corporate Governance page of the Company's website at www.wamu.com/ir.

A copy of the Bylaws, marked to show changes, is attached to this Form 8-K as Exhibit 3.1. The foregoing summary is qualified in its entirety by reference to Exhibit 3.1.

SECTION 7 – REGULATION FD

Item 7.01 Regulation FD Disclosure

The Company announced on June 2, 2008: (i) the appointment of Stephen E. Frank as Board Chair effective July 1, 2008; (ii) the adoption of a majority voting standard for the election of directors in uncontested elections; (iii) the appointment of new chairs for certain Board committees; and (iv) other changes to Board committee membership. A copy of the Company's press release making these announcements is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

SECTION 9 - FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

3.1 Restated Bylaws of the Company, as amended

99.1 Press Release of the Company dated June 2, 2008

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 2, 2008

WASHINGTON MUTUAL, INC.

/s/ Stewart M. Landefeld

By: _____

EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended Sections of the Restated Bylaws of the Company, as amended
99.1	Press Release of the Company dated June 2, 2008

es New Roman" ALIGN="center">**Ownership**

Operator

**Title, leases or
options**

History

**Mine type &
mineralisation
style**

Power

source

**Facilities, use &
condition**

Wheellarra joint venture Pilbara region, Western Australia

Private road

Ore is transported via overland conveyor (12.4 km)

BHP 51%

ITOCHU Minerals and Energy of Australia 4.8% Mitsui Iron Ore Corporation 4.2% Maanshan Iron & Steel Australia 10% Shagang Australia 10% Hesteel Australia 10% Wugang Australia 10%

BHP Sublease over part of the Jimblebar mining lease that expires on the earlier of termination of the mining lease or end of the Wheelarra Joint Venture

Production began in 2004.

Wheelarra JV sells all ore to the Mt Newman JV at the Jimblebar hub

Open-cut

Bedded ore types classified as per host Archaean or Proterozoic banded iron formation, which is Brockman

Power for all mine operations both in the Central and Eastern Pilbara is supplied by BHP's natural gas fired Yarnima power station. Power consumed in port operations is supplied via a contract with Alinta All Wheelarra JV ore is processed at the Jimblebar hub

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Mine & location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities, use & condition
Mt Goldsworthy joint venture								
Pilbara region, Western Australia	Private road	BHP 85%	BHP	1 mineral lease and 1 mining lease both granted pursuant to the Iron Ore (Goldsworthy Nimingarra) Agreement Act 1972, expire 2035, with rights to successive renewals of 21 years	Operations commenced at Mt Goldsworthy in 1966 and at Shay Gap in 1973	Mining Area C, Yarrarie and Nimingarra all open-cut	Power for Yarrarie and Shay Gap is supplied by their own small diesel generating stations.	Ore processing plant, primary crusher and overland conveyor (nominal capacity 60 Mtpa)
Yarrarie Nimingarra	Yarrarie and Nimingarra iron ore transported by Mt	Mitsui Iron Ore Corporation 7%				Bedded ore types classified as per host		
Mining Area C	Goldsworthy JV owned rail to Port Hedland (218 km)	ITOCHU Minerals and Energy of Australia 8%			Original Goldsworthy mine closed in 1982	Archaean or Proterozoic iron formation, which are Brockman, Marra Mamba and Nimingarra	Power for all remaining mine operations both in the Central and Eastern Pilbara is supplied by BHP's natural gas fired Yarnima power station. Power consumed in port operations is supplied via a contract with Alinta	
	Mining Area C iron ore transported by Mt Newman JV-owned rail to Port Hedland (360 km)			3 mineral leases granted under the Iron Ore (Mount Goldsworthy) Agreement Act 1964, which expire 2028, with rights to successive renewals of 21 years each	Associated Shay Gap mine closed in 1993			
	Mt Goldsworthy JV railway spur links Mining Area C to Yandi railway spur				Mining at Nimingarra mine ceased in 2007, then continued from adjacent Yarrarie area			Production commenced at Mining Area C mine in 2003
					Yarrarie mine operations			

were
suspended in
February
2014

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Mine & location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities, use & condition
POSMAC joint venture								
Pilbara Region, Western Australia	Private road	BHP 65%	BHP	Sublease over part of Mt Goldsworthy Mining Area C mineral lease that expires on the earlier of termination of the mineral lease or the end of the POSMAC JV	Production commenced in October 2003 POSMAC JV sells all ore to Mt Goldsworthy JV at Mining Area C	Open-cut Bedded ore types classified as per host Archaean or Proterozoic iron formation, which is Marra Mamba	Power for all mine operations both in the Central and Eastern Pilbara is supplied by BHP's natural gas fired Yarnima power station. Power consumed in port operations is supplied via a contract with Alinta	POSMAC sells all ore to Mt Goldsworthy JV, which is then processed at Mining Area C
	POSMAC JV sells ore to Mt Goldsworthy JV at Mining Area C	ITOCHU Minerals and Energy of Australia 8%, Mitsui Iron Ore Corporation 7%						
		POS-Ore 20%						

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Coal mining operations

The following table contains additional details of our mining operations. The tables should be read in conjunction with the production table (refer to section 6.2.1) and reserves table (refer to section 6.3.2).

& location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities, condition
Queensland								
Queensland Coal Associates joint								
Basin, Queensland, Australia	Public road	BHP 50%	BMA	Mining leases, including undeveloped tenements, expire between 2020 and 2043, renewable for further periods as Queensland Government legislation allows	Goonyella mine commenced in 1971, merged with Riverside mine in 1989 Operates as Goonyella Riverside	All open-cut except Broadmeadow: longwall underground Bituminous coal is mined from the Permian Moranbah and Rangal Coal measures	Queensland electricity grid connection is under long-term contracts and power source is under 5-year contracts	On-site beneficiation processing facilities Combined nominal capacity: in excess of 65 Mtpa
Peak Downs	Distances between the mines and port are between 160 km and 315 km	Mitsubishi Development 50%		Mining is permitted to continue under the legislation during the renewal application period	Production commenced at: Peak Downs in 1972 Saraji in 1974 Norwich Park in 1979 Blackwater in 1967 Broadmeadow (longwall operations) in 2005	Products range from premium quality, low volatile, high vitrinite, hard coking coal to medium volatile hard coking coal, some pulverised coal injection (PCI) coal and medium ash thermal coal as a secondary product		

Daunia in
2013 and

Caval Ridge
in 2014

Production at
Norwich Park
ceased in May
2012

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& location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities, u condition
dry joint								
n Basin, sland, alia	Public road	BHP 50%	BMA	Mining leases, including undeveloped tenements, expire between 2018 and 2035, renewable for further periods as Queensland Government legislation allows	Production commenced at: Gregory in 1979 Crinum mine (longwall) commenced in 1997	Gregory: open-cut Crinum: longwall underground Bituminous coal is mined from the Permian German Creek Coal measures	Queensland electricity grid connection is under long-term contracts and power source is under 5-year contracts	On-site beneficiation processing facility Facilities under care and maintenance
ry and m mines	Coal transported by rail to Hay Point and Gladstone ports Distances between the mines and port are between 310 km and 370 km	Mitsubishi Development 50%		Mining is permitted to continue under the legislation during the renewal application period	Production at Gregory open-cut mine ceased in October 2012 Production at Crinum underground mine ceased in November 2015	Product is a high volatile, low ash hard coking coal		

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Name & location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities, us condition
Billiton Mitsui Coal								
Green Basin, Queensland, Australia	Public road	BHP 80%	BMC	Mining leases, including undeveloped tenements expire between 2020 and 2038, and are renewable for further periods as Queensland Government legislation allows	South Walker Creek commenced in 1996 Poitrel commenced in 2006	Open-cut Bituminous coal is mined from the Permian Rangal Coal measures Produces a range of coking coal and pulverised coal injection (PCI) coal	Queensland electricity grid	South Walker Creek coal benefited on-site Nominal capacity: in excess of 5 Mtpa Poitrel mine Red Mountain joint venture with adjacent Millennium Coal mine to share processing and rail loading facilities Nominal capacity: in excess of 3 Mtpa
Walker and Poitrel	Coal transported by rail to Hay Point and Dalrymple Bay ports	Mitsui and Co 20%						
	Distances between the mines and port are between 135 km and 165 km							

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Name & location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities, us condition
South Wales Energy Coal								
Arthur Coal								
Approximately 10 km northwest of Newcastle, South Wales, Australia	Public road Domestic coal transported by conveyor to Bayswater Power Station Export coal transported by third party rail to Newcastle port	BHP 100%	BHP	Various mining leases and licences expire between 2022 and 2037 Renewal is being sought for expired mining leases The original approvals permit mining and other activities to continue during renewal application	Production commenced in 2002 Government approval permits extraction of up to 36 Mtpa of run of mine coal from underground and open-cut operations, with open-cut extraction limited to 32 Mtpa	Open-cut Produces a medium rank bituminous thermal coal	Local energy providers	Beneficiation facilities: coal handling, preparation, washing plant Nominal capacity: in excess of 23 Mtpa
Mer operations								
Indomet Coal								
Indomet mine, Central Kalimantan, Indonesia	Public road Coal transported by truck to river port and then transported by barge to vessel anchorage (total distance approximately 615 km)	BHP 75% PT Alam Tri Abadi 25%	BHP	Mining leases expire in 2044 and are renewable for further periods as Indonesian Government approval allows	Production commenced in August 2015 Sale of our entire 75 per cent interest in Indomet Coal to Equity Partner PT Alam Tri Abadi was	Open-cut mine Produces semi soft coking coal and thermal coal	Power is sourced from on-site generators	Beneficiation facilities: crushing facilities located at the Muara Tuhup river port Nominal capacity: 1 Mtpa

completed in
October
2016

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Table of Contents**Nickel mining operations**

The following table contains additional details of our mining operations. This table should be read in conjunction with the production table (refer to section 6.2.1) and reserve and resources table (refer to section 6.3.2).

Line & location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities, use & condition
Nickel West								
St Keith mine and concentrator								
85 km north of Kalgoorlie, Western Australia	Private road	BHP 100%	BHP	Mining leases granted by Western Australia Government	Commissioned in 1995 by WMC	Open-cut	On-site third party gas-fired turbines	Concentration plant with a nominal capacity:
	Nickel concentrate transported by road to Leinster nickel operations for drying and on- shipping			Key leases expire between 2029 and 2036	Acquired in 2005 as part of WMC acquisition	Disseminated textured magmatic nickel-sulphide mineralisation associated with a metamorphosed ultramafic intrusion	Contracts expire in December 2023	11 Mtpa of ore
				Renewals at government discretion			Natural gas sourced and transported under separate long-term contracts	
Leinster mine complex and concentrator								
75 km north of Kalgoorlie, Western Australia	Public road	BHP 100%	BHP	Mining leases granted by Western Australia Government	Production commenced in 1979	Open-cut and underground	On-site third party gas-fired turbines	Concentration plant with a nominal capacity: 3 Mtpa of ore
	Nickel concentrate shipped by road and rail to Kalgoorlie nickel smelter			Key leases expire between 2019 and	Acquired in 2005 as part of WMC acquisition	Steeply dipping disseminated and massive textured nickel-sulphide mineralisation associated with metamorphosed	Contracts expire in December 2023	

2034	Perseverance underground mine ceased operations during 2013	ultramafic lava flows and intrusions	Natural gas sourced and transported under separate long-term contracts
Renewals at government discretion			

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Mine & location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities, use & condition
Cliffs mine								
481 km north of Kalgoorlie, Western Australia	Private road	BHP 100%	BHP	Mining leases granted by Western Australia Government	Production commenced in 2008	Underground	Supplied from Mt Keith	Mine site
	Nickel ore transported by road to Leinster nickel operations for further processing			Key leases expire between 2025 and 2028	Acquired in 2005 as part of WMC acquisition	Steeply dipping massive textured nickel-sulphide mineralisation associated with metamorphosed ultramafic lava flows		
				Renewals at government discretion				

Nickel smelters, refineries and processing plants

Smelter, refinery or processing plant	Location	Ownership	Operator	Title, leases or options	Product	Nominal production capacity	Power source
Nickel West							
Kambalda							
Nickel concentrator	56 km south of Kalgoorlie, Western Australia	BHP 100%	BHP	Mining leases granted by Western Australia Government	Concentrate containing approximately 13% nickel	1.6 Mtpa ore	On-site third party gas-fired turbines supplemented by access to grid power
				Key leases expire in 2028		Ore sourced through tolling and concentrate purchase arrangements with third parties in	Contracts expire in December

Kambalda
region 2023

Renewals at
government
discretion

Natural gas
sourced and
transported
under separate
long-term
contracts

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Smelter, refinery or processing plant	Location	Ownership	Operator	Title, leases or options	Product	Nominal production capacity	Power source
Kalgoorlie Nickel smelter	Kalgoorlie, Western Australia	BHP 100%	BHP	Freehold title over the property	Matte containing approximately 65% nickel	110 ktpa matte	On-site third party gas-fired turbines supplemented by access to grid power Contracts expire in December 2023 Natural gas sourced and transported under separate long-term contracts
Kwinana Nickel refinery	30 km south of Perth, Western Australia	BHP 100%	BHP	Freehold title over the property	LME grade nickel briquettes, nickel powder Also intermediate products, including copper sulphide, cobalt-nickel-sulphide, ammonium-sulphate	71 ktpa nickel matte	Power is sourced from the local grid, which is supplied under a retail contract

Table of Contents**Minerals Americas****Copper mining operations**

The following table contains additional details of our mining operations. This table should be read in conjunction with the production table (refer to section 6.2.1) and reserve table (refer to section 6.3.2).

Location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities condition
Escondida Desert southeast Antofagasta,	Private road available for public use Copper cathode transported by privately owned rail to ports at Antofagasta and Mejillones Copper concentrate transported by Escondida-owned pipelines to its Coloso port facilities	BHP 57.5% Rio Tinto 30%JECO Corporation consortium comprising Mitsubishi, JX Nippon Mining and Metals 10% JECO2 Ltd 2.5%	BHP	Mining concession from Chilean Government valid indefinitely (subject to payment of annual fees)	Original construction completed in 1990 Sulphide leach copper production commenced in 2006	2 open-cut pits: Escondida and Norte Escondida and Norte mineral deposits are adjacent but distinct supergene enriched porphyry copper deposits	Escondida-owned transmission lines connect to Chile's northern power grid Electricity sourced from a combination of contracts with external vendors expiring in 2029 and Tamakaya SpA (100% owned by BHP), which generates power from the recently commissioned Kelar gas-fired power plant	3 concentrator plants extracting copper concentrate sulphide flotation extraction process 2 solvent extraction circuits to produce cathode Nominal capacity: 1.2 Mtpa (nominal milling capacity and 350 ktpa cathode (nominal capacity of house) Two 168 km concentrator pipelines

167 km w
pipeline F
facilities
Coloso,
Antofaga

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Name & location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities, us condition
Spence Cama Desert	Public road	BHP 100%	BHP	Mining concession from Chilean Government valid indefinitely (subject to payment of annual fees)	Development cost of US\$1.1 billion approved in 2004 First copper produced in 2006	Open-cut Enriched and oxidised porphyry copper deposit containing in situ copper oxide mineralisation that overlies a near-horizontal sequence of supergene sulphides, transitional sulphides, and finally primary (hypogene) sulphide mineralisation	Spence-owned transmission lines connect to Chile's northern power grid Electricity purchased under contract	Processing and crushing facilities, separate dynamic (on-off) leaching pads, solvent extraction plant, electrowinning plant Nominal capacity of treatment house: 200 k copper cathodes

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Name & location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities, us condition
Antamina Norte Cerro Colorado Antamina Desert 10 km east of Iquique, Chile	Public road Copper cathode trucked to port at Iquique	BHP 100%	BHP	Mining concession from Chilean Government valid indefinitely (subject to payment of annual fees)	Commercial production commenced in 1994 Expansions in 1996 and 1998	Open-cut Enriched and oxidised porphyry copper deposit containing in situ copper oxide mineralisation that overlies a near-horizontal sequence of supergene sulphides, transitional sulphides, and finally primary (hypogene) sulphide mineralisation	Long-term contracts with northern Chile power grid	2 primary, secondary and tertiary crushing dynamic leaching pad solvent extraction plant electrowinning plant Nominal capacity of treatment house: 102 kt copper cathode
Antamina Antamina mountain 10 km north of Antamina, north of Lima, Peru	Public road Copper and zinc concentrates transported by pipeline to port of Huarney Molybdenum and lead/bismuth concentrates transported by truck	BHP 33.75% Glencore 33.75% Teck 22.5% Mitsubishi 10%	Compañía Minera Antamina S.A.	Mining rights from Peruvian Government held indefinitely, subject to payment of annual fees and supply of information on investment and production	Commercial production commenced in 2001 Capital cost US\$2.3 billion (100%)	Open-cut Zoned porphyry and skarn deposit with central copper dominated ores and an outer band of copper-zinc dominated ores	Long-term contracts with individual power producers	Primary crushing concentrator copper and zinc flotation circuit bismuth/molybdenum cleaning circuit Nominal mill capacity 53 Mtpa 300 km concentrate pipeline Port facilities at Huarney

Table of Contents**Iron ore mining operations**

The following table contains additional details of our mining operations. This table should be read in conjunction with the production table (refer to section 6.2.1) and reserve table (refer to section 6.3.2).

Mine & location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities, use & condition
Samarco Southeast Brazil	Public road	BHP Billiton Brasil Limitada	Samarco	The mining facilities are currently under administrative embargoes and judicial injunction given the Fundão dam failure	Production began at Germano mine in 1977 and at Alegria complex in 1992	Open-cut	Samarco holds interests in 2 hydroelectric power plants, which supply part of its electricity	Samarco mining activities are currently suspended after the failure of Fundão dam
	Conveyor belts were used to transport iron ore to beneficiation plant	50% of Samarco Mineração S.A.			Second pellet plant built in 1997	Itabirites (metamorphic quartz-hematite rock) and friable hematite ores	Power supply contract with Cemig Geração e Transmissão expires in 2022	The beneficiation plants, pipelines, pellet plants and port facilities are intact
	3 slurry pipelines used to transport concentrate to pellet plants on coast	Vale S.A. 50%			Third pellet plant, second concentrator and second pipeline built in 2008			
	Iron pellets were exported via port facilities				Fourth pellet plant, third concentrator and third pipeline built in 2014			

Table of Contents**Coal mining operations**

The following table contains additional details of our mining operations. The tables should be read in conjunction with the production table (refer to section 6.2.1) and reserves table (refer to section 6.3.2).

Mine & location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities, use condition
Cerrejón La Guajira Province, Colombia	Public road Coal exported by company-owned rail to Puerto Bolívar (150 km)	BHP 33.33% Anglo American 33.33% Glencore 33.33%	Cerrejón	Mining leases expire progressively from 2028 to early 2034. Production not scheduled after 2033	Original mine began producing in 1976 BHP interest acquired in 2000	Open-cut Produces a medium rank bituminous thermal coal (non-coking, suitable for the export market)	Local Colombian power system	Beneficiation facilities: crushing plant with capacity in excess of 40 Mtpa and washing plant Nominal capacity in excess of 3 Mtpa

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Mine & location	Means of access	Ownership	Operator	Title, leases or options	History	Mine type & mineralisation style	Power source	Facilities, use & condition
Navajo 40 km southwest of Farmington, New Mexico, United States	Public road	BHP 0%	BHP	Lease held by Navajo Transitional Energy Company	Production commenced in 1963	Open-cut	Four Corners Power Plant	Stackers and reclaimers used to size and blend coal to meet contract quantities and specification
	Coal transported by rail to Four Corners Power Plant	Navajo Transitional Energy Company 100%			Divested in FY2014 BHP continued to manage and operate the mine until the Mine Management Agreement with Navajo Transitional Energy Company (NTEC) ended on 31 December 2016	Produces a medium rank bituminous thermal coal (non-coking suitable for the domestic market only)		Nominal capacity in excess of 4 Mtpa

Table of Contents**Petroleum****Petroleum operations**

The following table contains additional details of our production operations. This table should be read in conjunction with the production table (refer to section 6.2.2) and reserve table (refer to section 6.3.1).

Operation & location	Product	Ownership	Operator	Title, leases or options	Nominal production capacity	Facilities, use & condition
United States						
Offshore Gulf of Mexico						
Neptune (Green Canyon 613)						
Offshore deepwater Gulf of Mexico (1,300m)	Oil and gas	BHP 35%	BHP	Lease from US Government as long as oil and gas produced in paying quantities	50 Mbb/d oil 50 MMcf/d gas	Stand-alone tension leg platform (TLP)
		EnVen Energy 30% W&T Offshore 20%				
		Maxus US Exploration 15%				
Shenzi (Green Canyon 653)						
Offshore deepwater Gulf of Mexico (1,310m)	Oil and gas	BHP 44%	BHP	Lease from US Government as long as oil and gas produced in paying quantities	100 Mbb/d oil 50 MMcf/d gas	Stand-alone TLP
		Hess Shenzi LLC 28%				Genghis Khan field (part of same geological structure) tied back to Marco Polo TLP
		Repsol 28%				
Atlantis (Green Canyon 743)						
Offshore deepwater Gulf of Mexico	Oil and gas	BHP 44%	BP	Lease from US Government as long as oil and gas produced in paying quantities	200 Mbb/d oil 180 MMcf/d gas	Moored semi-submersible platform
		BP 56%				

(2,155m)

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Operation & location	Product	Ownership	Operator	Title, leases or options	Nominal production capacity	Facilities, use & condition
Mad Dog (Green Canyon 782)						
Offshore deepwater	Oil and gas	BHP 23.9%	BP	Lease from US Government as long as oil and gas produced in paying quantities	100 Mbbbl/d oil 60 MMcf/d gas	Moored integrated truss spar, facilities for simultaneous production and drilling operations
Gulf of Mexico (1,310m)		BP 60.5% Chevron 15.6%				
Genesis (Green Canyon 205)						
Offshore deepwater	Oil and gas	BHP 4.95%	Chevron	Lease from US Government as long as oil and gas produced in paying quantities	55 Mbbbl/d oil 72 MMcf/d gas	Floating cylindrical hull (spar) moored to seabed with integrated drilling facilities
Gulf of Mexico (approximately 790m)		Chevron 56.67% ExxonMobil 38.38%				Working interest withdrawal to be executed 1 August 2017, with 1 January 2017 effective date
Onshore US						
Eagle Ford						
Black Hawk/Hawkville southern Texas	Condensate, gas and NGL	BHP working interest in wells ranges from less than 1% to 100%	BHP operated approximately 37% of approximately 1,519 gross wells	We currently own leasehold interests in approximately 246,000 net acres	Average daily production during FY2017	Producing condensate and gas wells and associated pipeline and compression facilities
		BHP average net working interest is approximately 63%		Leases associated with producing wells remain in place as long as oil and gas is produced in paying quantities	175 MMcf/d gas 48 Mbbbl/d condensate	
		Largest partners include Devon Energy and EF Non			25 Mbbbl/d NGL	

OP LLC

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Operation & location	Product	Ownership	Operator	Title, leases or options	Nominal production capacity	Facilities, use & condition
Permian Permian western Texas	Oil, condensate, gas and NGL	BHP working interest in wells ranges from less than 1% to 100%	BHP operated approximately 91% of approximately 138 gross wells	We currently own leasehold interests in approximately 83,000 net acres Leases associated with producing wells remain in place as long as oil and gas is produced in paying quantities	Average daily production during FY2017 52 MMcf/d gas 15 Mbbbl/d oil 7 Mbbbl/d NGL	Producing oil and gas wells with associated gathering systems to third party processing plant and compression facilities
		Residual ownership held by multiple partners				
Haynesville Haynesville northern Louisiana and eastern Texas	Gas	BHP working interest in wells ranges from less than 1% to 100%	BHP operated approximately 35% of approximately 1,084 gross wells	We currently own leasehold interests in approximately 197,000 net acres Leases associated with producing wells remain in place as long as gas is produced in paying quantities	Average daily production during FY2017 262 MMcf/d gas	Producing gas wells with an associated pipeline owned by a third party and compression infrastructure
		BHP average net working interest is approximately 36%				
		Largest partners include				

		Chesapeake Energy and QEP Energy				
Fayetteville Fayetteville	Gas	BHP working interest in wells ranges from less than 1% to 100%	BHP operated approximately 19% of approximately 4,870 gross wells	We currently own leasehold interests in approximately 268,000 net acres	Average daily production during FY2017	Producing gas wells with associated pipeline and compression infrastructure
northern central Arkansas		BHP average net working interest is approximately 21%		Leases associated with producing wells remain in place as long as gas is produced in paying quantities	265 MMcf/d gas	
		Largest partners include				
		Southwestern Energy and Exxon Mobil				

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Operation & location	Product	Ownership	Operator	Title, leases or options	Nominal production capacity	Facilities, use & condition
Australia						
Bass Strait						
Offshore and onshore Victoria	Oil and gas	Gippsland Basin joint venture (GBJV): BHP 50%	Esso Australia	20 production licences and 2 retention leases issued by Australian Government Expire between 2018 and end of life of field	200 Mbbbl/d oil 1,075 MMcf/d gas 5,150 tpd LPG	21 producing fields with 23 offshore developments (15 steel jacket platforms, 4 subsea developments, 2 steel gravity based mono towers, 2 concrete gravity based platforms)
		Esso Australia (Exxon Mobil subsidiary) 50%		1 production licence held with MEPAU A Pty Ltd	850 tpd ethane	
		Oil Basins Ltd 2.5% royalty interest in 19 production licences				Onshore infrastructure: Longford facility (4 gas plants, liquid processing facilities)
		Kipper Unit joint venture (KUJV): BHP 32.5%				Interconnecting pipelines Long Island Point LPG and oil storage facilities
		Esso Australia 32.5%				Ethane pipeline
		MEPAU A Pty Ltd 35%				

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Operation & location	Product	Ownership	Operator	Title, leases or options	Nominal production capacity	Facilities, use & condition
North West Shelf						
Offshore and onshore Western Australia	Domestic gas, LPG, condensate,	North West Shelf Project is an unincorporated JV	Woodside Petroleum Ltd	9 production licences issued by Australian Government	North Rankin Complex: 2,500 MMcf/d gas 60 Mbbbl/d condensate	Production from North Rankin and Perseus processed through the interconnected North Rankin A and North Rankin B platforms
North Rankin	LNG	BHP:		6 expire in 2022 and 3 expire 5 years from end of production		
Goodwyn Perseus		16.67% of Incremental Pipeline Gas (IPG) domestic gas JV 16.67% of original LNG JV 12.5% of China LNG JV 16.67% of LPG JV			Goodwyn A platform: 1,450 MMcf/d gas 110 Mbbbl/d condensate	Production from Goodwyn and Searipple processed through Goodwyn A platform
Angel and Searipple fields		Other participants: subsidiaries of Woodside, Chevron, BP, Shell, Mitsubishi/Mitsui and China National Offshore Oil Corporation			Angel platform: 960 MMcf/d gas 50 Mbbbl/d condensate	4 subsea wells in Perseus field, 3 subsea wells in Tidepole field and 2 subsea wells in Goodwyn field tied into Goodwyn A platform
					Withnell Bay gas plant: 600 MMcf/d gas	
					5-train LNG plant:	Production from Angel field processed through Angel platform
					52,000 tpd LNG	

Onshore gas
treatment plant
at Withnell Bay
processes gas for
domestic market

5-train LNG
plant

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Operation & location	Product	Ownership	Operator	Title, leases or options	Nominal production capacity	Facilities, use & condition
North West Shelf						
Offshore Western Australia	Oil	BHP 16.67%	Woodside Petroleum Ltd	3 production licences issued by Australian Government in September 2014 expire in 2018, 2033 and 2035 respectively	Production: 60 Mbbbl/d Storage: 1 MMbbbl	FPSO unit
Wanaea		Woodside 33.34%,				
Cossack						
Lambert and Hermes fields		BP, Chevron, Japan Australia LNG (MIMI) 16.67% each				
Pyrenees						
Offshore Western Australia	Oil	WA-42-L permit: BHP 71.43%	BHP	Production licence issued by Australian Government expires 5 years after production ceases	Production: 96 Mbbbl/d oil Storage: 920 Mbbbl	26 subsea well completions (21 producers, 4 water injectors, 1 gas injector), FPSO
Crosby						
Moondyne		Quadrant PVG P/L 28.57%				
Wild Bull						
Tanglehead						
Stickle and Ravensworth fields		WA-43-L permit: BHP 39.999%				
		Quadrant PVG P/L 31.501% Inpex Alpha Ltd				

28.5%

Macedon

<p>Offshore and onshore Western Australia</p>	<p>Gas and condensate</p>	<p>WA-42-L permit BHP 71.43% Quadrant PVG P/L 28.57%</p>	<p>BHP</p>	<p>Production licence issued by Australian Government expires 5 years after production ceases</p>	<p>Production: 220 MMcf/d gas 20 bbl/d condensate</p>	<p>4 well completions Single flow line transports gas to onshore gas processing facility Gas plant located approximately 17 km southwest of Onslow</p>
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3 gas producers
completed in
FY2016 with
production
commenced in
September 2017
quarter

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Operation & location	Product	Ownership	Operator	Title, leases or options	Nominal production capacity	Facilities, use & condition
Algeria						
ROD Integrated Development						
Onshore	Oil	BHP 45% interest in 401a/402a production sharing contract	Joint Sonatrach/ENI entity	Production sharing contract with Sonatrach (title holder)	Approximately 80 Mbbl/d oil	Development and production of 6 oil fields
Berkine Basin		ENI 55%				2 largest fields (ROD and SFNE) extend into neighbouring blocks 403a, 403d
900 km southeast of Algiers, Algeria		BHP effective 29.5% interest in ROD unitised integrated development ENI 70.5%				Production through dedicated processing train on block 403
United Kingdom						
Bruce/Keith						
Offshore North Sea, UK	Oil and gas	Bruce: BHP 16% BP 37% Total SA 43.25% Marubeni 3.75%	Bruce BP	3 production licences issued by UK Government expire in 2018, 2046 and end of life of field	920 MMcf/d gas	Integrated oil and gas platform Keith developed as tie-back to Bruce facilities
			Keith BP			
		Keith: BHP 31.83%				

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BP 34.84%

Total SA

25%

Marubeni

8.33%

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Table of Contents**6.2 Production****6.2.1 Minerals**

The table below details our mineral and derivative product production for all operations (except Petroleum) for the three years ended 30 June 2017, 2016 and 2015. Unless otherwise stated, the production numbers represent our share of production and include BHP's share of production from which profit is derived from our equity accounted investments. Production information for equity accounted investments is included to provide insight into the operational performance of these entities. For discussion of minerals pricing during the past three years, refer to 1.6.3.

	BHP Group interest %	BHP share of production ⁽¹⁾ Year ended 30 June		
		2017	2016	2015
Copper ⁽²⁾				
<i>Payable metal in concentrate (000 tonnes)</i>				
Escondida, Chile ⁽³⁾	57.5	539.6	648.9	916.1
Antamina, Peru ⁽⁴⁾	33.75	133.8	146.4	107.7
Total copper concentrate		673.4	795.3	1,023.8
Copper cathode (000 tonnes)				
Escondida, Chile ⁽³⁾	57.5	232.0	330.3	310.4
Pampa Norte, Chile ⁽⁵⁾	100	254.3	251.4	249.6
Olympic Dam, Australia	100	166.3	202.8	124.5
Total copper cathode		652.6	784.5	684.5
Total copper concentrate and cathode		1,326.0	1,579.8	1,708.3
Lead				
<i>Payable metal in concentrate (000 tonnes)</i>				
Antamina, Peru ⁽⁴⁾	33.75	5.5	3.7	2.1
Total lead		5.5	3.7	2.1
Zinc				
<i>Payable metal in concentrate (000 tonnes)</i>				
Antamina, Peru ⁽⁴⁾	33.75	87.5	55.4	66.4
Total zinc		87.5	55.4	66.4
Gold				
<i>Payable metal in concentrate (000 ounces)</i>				
Escondida, Chile ⁽³⁾	57.5	111	109	81.5
Olympic Dam, Australia (refined gold)	100	104	117.7	104.8

Total gold		215	226.7	186.3
Silver				
<i>Payable metal in concentrate (000 ounces)</i>				
Escondida, Chile ⁽³⁾	57.5	4,326	5,561	4,786
Antamina, Peru ⁽⁴⁾	33.75	5,783	6,711	3,826
Olympic Dam, Australia (refined silver)	100	768	917	724
Total silver		10,877	13,189	9,336
Uranium				
<i>Payable metal in concentrate (tonnes)</i>				
Olympic Dam, Australia	100	3,661	4,363	3,144
Total uranium		3,661	4,363	3,144
Molybdenum				
<i>Payable metal in concentrate (tonnes)</i>				
Antamina, Peru ⁽⁴⁾	33.75	1,144	1,113	472
Total molybdenum		1,144	1,113	472

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	BHP Group interest %	BHP Group share of production ⁽¹⁾ Year ended 30 June		
		2017	2016	2015
Iron ore				
Western Australia Iron Ore				
<i>Production (000 tonnes)⁽⁵⁾</i>				
Newman, Australia	85	68,283	65,941	63,697
Area C Joint Venture, Australia	85	48,744	46,799	49,994
Yandi Joint Venture, Australia	85	65,355	67,375	68,551
Jimblebar, Australia ⁽⁷⁾	85	21,950	18,890	16,759
Wheelarra, Australia ⁽⁸⁾	85	27,020	22,549	18,994
Total Western Australia Iron Ore		231,352	221,554	217,995
Samarco, Brazil ⁽⁴⁾	50		5,404	14,513
Total iron ore		231,352	226,958	232,508
Coal				
Metallurgical coal				
<i>Production (000 tonnes)⁽⁹⁾</i>				
Blackwater, Australia	50	7,296	7,626	6,994
Goonyella Riverside, Australia	50	7,355	8,996	8,510
Peak Downs, Australia	50	6,055	5,031	5,111
Saraji, Australia	50	4,734	4,206	4,506
Gregory Joint Venture, Australia	50		1,329	3,294
Daunia, Australia	50	2,560	2,624	2,383
Caval Ridge, Australia	50	3,458	3,601	3,064
Total BHP Billiton Mitsubishi Alliance		31,458	33,413	33,862
South Walker Creek, Australia ⁽¹⁰⁾	80	5,123	5,436	5,293
Poitrel, Australia ⁽¹⁰⁾	80	3,189	3,462	3,466
Total BHP Billiton Mitsui Coal		8,312	8,898	8,759
Total Queensland Coal		39,770	42,311	42,621
IndoMet, Haju, Indonesia ⁽¹¹⁾	75	129	529	
Total metallurgical coal		39,899	42,840	42,621
Energy coal				
<i>Production (000 tonnes)</i>				
Navajo, United States ⁽¹²⁾	100	451	3,999	4,858
San Juan, United States	100		3,053	5,165
Total New Mexico Coal		451	7,052	10,023

New South Wales Energy Coal, Australia	100	18,176	17,101	19,698
Cerrejón, Colombia ⁽⁴⁾	33.3	10,959	10,094	11,291
Total energy coal		29,586	34,247	41,012
Other assets				
Nickel				
<i>Saleable production (000 tonnes)</i>				
Nickel West, Australia	100	85.1	80.7	89.9
Total nickel		85.1	80.7	89.9

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	BHP Group interest %	BHP Group share of production ⁽¹⁾ Year ended 30 June		
		2017	2016	2015
Discontinued operations ⁽¹³⁾				
Lead				
<i>Payable metal in concentrate (000 tonnes)</i>				
Cannington, Australia	100			151.6
Total lead				151.6
Zinc				
<i>Payable metal in concentrate (000 tonnes)</i>				
Cannington, Australia	100			60.0
Total zinc				60.0
Silver				
<i>Payable metal in concentrate (000 ounces)</i>				
Cannington, Australia	100			18,718
Total silver				18,718
Metallurgical coal				
<i>Production (000 tonnes)</i>				
Illawarra Coal, Australia	100			7,216
Total metallurgical coal				7,216
Energy coal				
<i>Production (000 tonnes)</i>				
Energy Coal South Africa, South Africa ⁽¹⁴⁾	90			28,677
Total energy coal				28,677
Nickel				
<i>Saleable production (000 tonnes)</i>				
Cerro Matoso, Columbia	99.9			33.7
Total nickel				33.7
Alumina				
<i>Saleable production (000 tonnes)</i>				
Worsley, Australia	86			3,181
Alumar, Brazil	36			1,103
Total alumina				4,284
Aluminium				

Production (000 tonnes)

Hillside, South Africa	100	581
Alumar, Brazil	40	40
Mozal, Mozambique	47	222
Total aluminium		843

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	BHP Group interest %	BHP Group share of production ⁽¹⁾ Year ended 30 June		
		2017	2016	2015
Discontinued operations ⁽¹³⁾ continued				
Manganese ores				
<i>Saleable production (000 tonnes)</i>				
Hotazel Manganese Mines, South Africa ⁽¹⁵⁾	44.4			3,138
GEMCO, Australia ⁽¹⁵⁾	60			4,086
Total manganese ores				7,224
Manganese alloys				
<i>Saleable production (000 tonnes)</i>				
Metalloys, South Africa ⁽¹⁵⁾⁽¹⁶⁾	60			379
TEMCO, Australia ⁽¹⁵⁾	60			233
Total manganese alloys				612

- (1) BHP share of production includes the Group's share of production for which profit is derived from our equity accounted investments, unless otherwise stated.
- (2) Metal production is reported on the basis of payable metal.
- (3) Shown on 100 per cent basis following the application of IFRS 10. BHP interest in saleable production is 57.5 per cent.
- (4) For statutory financial reporting purposes, this is an equity accounted investment. We have included production numbers from our equity accounted investments as the level of production and operating performance from these operations impacts Underlying EBITDA of the Group. Our use of Underlying EBITDA is explained in 1.12. Samarco operations are currently suspended following the Samarco dam failure as explained in section 1.7.
- (5) Includes Cerro Colorado and Spence.
- (6) Iron ore production is reported on a wet tonnes basis
- (7) Shown on 100 per cent basis. BHP interest in saleable production is 85 per cent.
- (8) All production from Wheelarra is now processed via the Jimblebar processing hub.

- (9) Metallurgical coal production is reported on the basis of saleable product. Production figures include some energy coal.
- (10) Shown on 100 per cent basis. BHP interest in saleable production is 80 per cent.
- (11) Shown on 100 per cent basis. BHP interest in saleable production is 75 per cent.
- (12) BHP completed the sale of Navajo Mine on 30 December 2013. As BHP retained control of the mine until 29 July 2016, production has been reported through such date.
- (13) Production shown from 1 July 2014 to 30 April 2015. Refer to note 27 Discontinued operations in section 5 for more information on the demerger of assets to form South32.
- (14) Shown on 100 per cent basis. BHP interest in saleable production is 90 per cent.
- (15) Shown on 100 per cent basis. BHP interest in saleable production is 60 per cent, except Hotazel Manganese Mines which is 44.4 per cent.
- (16) Production includes medium-carbon ferromanganese.

Table of Contents**6.2.2 Petroleum**

The table below details Petroleum's historical net crude oil and condensate, natural gas and natural gas liquids production, primarily by geographic segment, for each of the three years ended 30 June 2017, 2016 and 2015. We have shown volumes of marketable production after deduction of applicable royalties, fuel and flare. We have included in the table average production costs per unit of production and average sales prices for oil and condensate and natural gas for each of those periods.

	BHP Group share of production		
	Year ended 30 June		
	2017	2016	2015
Production volumes			
Crude oil and condensate (000 of barrels)			
Australia	18,658	20,307	21,397
United States	52,877	65,558	71,626
Other ⁽⁵⁾	4,850	4,714	5,559
Total crude oil and condensate	76,385	90,579	98,582
Natural gas (billion cubic feet)			
Australia	345.7	325.6	294.8
United States	285.3	375.9	431.7
Other ⁽⁵⁾	36.8	43.2	60.1
Total natural gas	667.8	744.7	786.6
Natural gas liquids ⁽¹⁾ (000 of barrels)			
Australia	7,423	7,646	7,214
United States	13,152	17,771	18,681
Other ⁽⁵⁾	119	43	101
Total NGL ⁽¹⁾	20,694	25,460	25,996
Total production of petroleum products (million barrels of oil equivalent) ⁽²⁾			
Australia	83.5	82.2	77.8
United States	113.7	146.0	162.2
Other ⁽⁵⁾	11.2	12.0	15.7
Total production of petroleum products	208.4	240.2	255.7
Average sales price			
Crude oil and condensate (US\$ per barrel)			
Australia	50.59	43.55	76.30
United States	46.52	38.11	64.77
Other ⁽⁵⁾	47.96	41.00	72.90

Total crude oil and condensate	47.61	39.48	67.68
Natural gas (US\$ per thousand cubic feet)			
Australia	5.06	5.22	7.59
United States	2.88	2.16	3.27
Other ⁽⁵⁾	2.72	3.20	4.00
Total natural gas	4.00	3.57	4.95
Natural gas liquids (US\$ per barrel)			
Australia	27.76	24.86	44.93
United States	15.98	11.23	18.35
Other ⁽⁵⁾	21.10	20.90	29.55
Total NGL	20.37	15.31	25.69
Total average production cost (US\$ per barrel of oil equivalent) ⁽³⁾⁽⁴⁾			
Australia	5.78	6.12	7.08
United States	7.50	6.08	7.73
Other ⁽⁵⁾	16.86	13.29	13.32
Total average production cost	7.31	6.46	7.88

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- (1) LPG and ethane are reported as natural gas liquids (NGL).
- (2) Total barrels of oil equivalent (boe) conversion is based on the following: 6,000 standard cubic feet (scf) of natural gas equals one boe.
- (3) Average production costs include direct and indirect costs relating to the production of hydrocarbons and the foreign exchange effect of translating local currency denominated costs into US dollars, but excludes ad valorem and severance taxes.
- (4) Total average production costs reported here do not include the costs to transport our produced hydrocarbons to the point of sale. Total production costs, including transportation costs, but excluding ad valorem and severance taxes, were US\$10.23 per boe, US\$9.73 per boe, and US\$11.09 per boe for the years ended 30 June 2017, 2016 and 2015, respectively.
- (5) Other comprises Algeria, Pakistan (divested 31 December 2015), Trinidad and Tobago, and the United Kingdom.

6.3 Reserves

6.3.1 Petroleum reserves

Estimates of oil and gas reserves involve some degree of uncertainty, are inherently imprecise, require the application of judgement and are subject to future revision. Accordingly, financial and accounting measures (such as the standardised measure of discounted cash flows, depreciation, depletion and amortisation charges, the assessment of impairments and the assessment of valuation allowances against deferred tax assets) that are based on reserve estimates are also subject to change.

How we estimate and report reserves

Petroleum reserves are estimated as of 30 June 2017.

Our proved reserves are estimated and reported according to US Securities and Exchange Commission (SEC) regulations and have been determined in accordance with SEC Rule 4-10(a) of Regulation S-X.

Proved oil and gas reserves

Proved oil and gas reserves are those quantities of crude oil, natural gas and natural gas liquids (NGL) that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward from known reservoirs and under existing economic conditions, operating methods, operating contracts and government regulations. Unless evidence indicates that renewal of existing operating contracts is reasonably certain, estimates of economically producible reserves reflect only the period before the contracts expire. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence within a reasonable time. As specified in SEC Rule 4-10(a) of Regulation S-X, oil and gas prices are taken as the unweighted average of the corresponding first day of the month prices for the 12 months prior to the ending

date of the period covered.

Proved reserves were estimated by reference to available well and reservoir information, including but not limited to well logs, well test data, core data, production and pressure data, geologic data, seismic data and in

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some cases, to similar data from analogous, producing reservoirs. A wide range of engineering and geoscience methods, including performance analysis, well analogues and geologic studies were used to estimate high confidence proved developed and undeveloped reserves in accordance with SEC regulations.

Proved reserve estimates were attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable government and regulatory approvals have been secured or are reasonably certain to be secured. Furthermore, estimates of proved reserves include only volumes for which access to market is assured with reasonable certainty. All proved reserve estimates are subject to revision (either upward or downward) based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Developed oil and gas reserves

Proved developed oil and gas reserves are reserves that can be expected to be recovered through:

existing wells with existing equipment and operating methods;

installed extraction equipment and infrastructure operational at the time of the reserve estimate if the extraction is by means not involving a well.

Performance-derived reserve assessments for producing wells were primarily based in the following manner:

for our conventional operations, reserves were estimated using rate and pressure decline methods, including material balance, supplemented by reservoir simulation models where appropriate;

for our Onshore US operations, rate-transient analysis and decline curve analysis methods;

for wells that lacked sufficient production history, reserves were estimated using performance-based type curves and offset location analogues with similar geologic and reservoir characteristics.

Proved undeveloped reserves

Proved undeveloped oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage where commitment has been made to commence development within five years from first reporting or from existing wells where a relatively major expenditure is required for recompletion.

A combination of geologic and engineering data and where appropriate, statistical analysis was used to support the assignment of proved undeveloped reserves when assessing planned drilling locations. Performance data along with log and core data was used to delineate consistent, continuous reservoir characteristics in core areas of the development. Proved undeveloped locations were included in core areas between known data and adjacent to productive wells using performance-based type curves and offset location analogues with similar geologic and reservoir characteristics. Locations where a high degree of certainty could not be demonstrated using the above technologies and techniques were not categorised as proved.

Methodology used to estimate reserves

Reserve estimates have been estimated with deterministic methodology, with the exception of the North West Shelf gas operation in Australia, where probabilistic methodology has been used to estimate and aggregate reserves for the reservoirs dedicated to the gas project only. The probabilistic based portion of these reserves totals 39 million barrels of oil equivalent (MMboe) (total boe conversion is based on the following: 6,000 standard cubic feet (scf) of natural gas equals 1 boe) and represents approximately three per cent of our total reported proved reserves. Aggregation of proved reserves beyond the field/project level has been performed by arithmetic summation. Due to portfolio effects, aggregates of proved reserves may be conservative. The custody

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transfer point(s) or point(s) of sale applicable for each field or project are the reference point for reserves. The reserves replacement ratio is the reserves change during the year before production, divided by the production during the year stated as a percentage.

Governance

The Petroleum Reserves Group (PRG) is a dedicated group that provides oversight of the reserves assessment and reporting processes. It is independent of the various operation teams directly responsible for development and production activities. The PRG is staffed by individuals averaging more than 20 years experience in the oil and gas industry. The manager of the PRG, Abhijit Gadgil, is a full-time employee of BHP and is responsible for overseeing the preparation of the reserve estimates and compiling the information for inclusion in this Annual Report. He has an advanced degree in engineering and more than 35 years of diversified industry experience in reservoir engineering, reserves assessment, field development and technical management. He is a 35-year member of the Society of Petroleum Engineers (SPE). He has also served on the Society of Petroleum Engineers Oil and Gas Reserves Committee. Mr Gadgil has the qualifications and experience required to act as a qualified petroleum reserves evaluator under the Australian Securities Exchange (ASX) Listing Rules. The estimates of petroleum reserves are based on and fairly represent information and supporting documentation prepared under the supervision of Mr Gadgil. He has reviewed and agrees with the information included in section 6.3.1 and has given his prior written consent for its publication. No part of the individual compensation for members of the PRG is dependent on reported reserves.

Reserve assessments for all Petroleum operations were conducted by technical staff within the operating organisation. These individuals meet the professional qualifications outlined by the SPE, are trained in the fundamentals of SEC reserves reporting and the reserves processes and are endorsed by the PRG. Each reserve assessment is reviewed annually by the PRG to ensure technical quality, adherence to internally published Petroleum guidelines and compliance with SEC reporting requirements. Once endorsed by the PRG, all reserves receive final endorsement by senior management and the Risk and Audit Committee prior to public reporting. Our internal Group Risk Assessment and Assurance function provides secondary assurance of the oil and gas reserve reporting processes through audits of the key controls that have been implemented, as required by the U.S. Sarbanes-Oxley Act of 2002. For more information on our risk management governance, refer to section 2.13.1.

FY2017 reserves

Production for FY2017 totalled 208 MMboe in sales, which is a decrease of 32 MMboe from FY2016. There was an additional 5 MMboe in non-sales production, primarily for fuel consumed in our Petroleum operations. The combined sales and non-sales production totalled 213 MMboe. The natural decline of production, primarily in our Onshore US fields and mature fields in other locations was the reason for the lower amount produced.

As of 30 June 2017, our proved reserves totalled 1535 MMboe and reflect a net increase of 445 MMboe (after total production) from the 1303 MMboe reported at FY2016. This increase was primarily the result of higher product prices experienced during the reporting period, reductions in unconventional well operating costs and an increase in planned drilling activity which enabled the addition of new proved undeveloped reserves for our Onshore US fields. As of 30 June 2017, approximately 65 per cent of our proved reserves were in conventional fields, while about 35 per cent of our proved reserves were in unconventional fields.

Discoveries and extensions

Discoveries and extensions added 172 MMboe to proved reserves during FY2017. This comprised 105 MMboe of extensions related to the decision to proceed and funding of the Phase 2 development of the Mad Dog field and 3

MMboe related to drilling in the Atlantis field in the US Gulf of Mexico along with 65 MMboe related to planned drilling in new locations in our Onshore US operations within the next five years.

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Revisions

Overall, net revisions increased proved reserves by 274 MMboe during FY2017. Of this, the impact of commodity prices using the required SEC price-basis represented an increase of 271 MMboe. Well performance, interest changes and other revisions resulted in a net increase of 3 MMboe. Virtually all of the price-related increase occurred in our Onshore US fields.

In our US operations, the overall increase in proved reserves through revisions totalled 258 MMboe. This included price related additions of 269 MMboe and a net reduction of 19 MMboe related to performance and other revisions in our Onshore US operations. There were also additions of 9 MMboe for better than expected performance and increased prices in the Shenzi, Atlantis and Mad Dog fields in our Gulf of Mexico operations.

In our Australian operations, continued strong performance of the North West Shelf and Minerva fields added a total of 7 MMboe through revisions. This was partially offset by performance and other related reductions of 3 MMboe in Bass Strait fields. Overall, revisions for Australian fields totalled about 4 MMboe.

Operations outside of Australia and the United States also added approximately 12 MMboe in revisions. In the Angostura area fields in Trinidad and Tobago, 6 MMboe was added for better than expected performance. The ROD field in Algeria also added 4 MMboe primarily for better than expected performance. Our fields in the United Kingdom also added 1 MMboe for production during the year.

Sales

The sale of acreage in our Eagle Ford and Permian fields accounted for our reported sales of approximately 1 MMboe. There were no purchases during FY2017.

These results are summarised in the following tables, which detail estimated oil, condensate, NGL and natural gas reserves at 30 June 2017, 30 June 2016 and 30 June 2015, with a reconciliation of the changes in each year. Reserves have been calculated using the economic interest method and represent net interest volumes after deduction of applicable royalty. Reserves of 79 MMboe are in two production and risk-sharing arrangements that involve BHP in upstream risks and rewards without transfer of ownership of the products. At 30 June 2017, approximately five per cent of the proved reserves were attributable to such arrangements.

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Millions of barrels	Australia	United States	Other ^(b)	Total
Proved developed and undeveloped oil and condensate reserves ^(a)				
Reserves at 30 June 2014	136.2	454.2	20.1	610.5
Improved recovery		3.4	0.1	3.5
Revisions of previous estimates	3.2	(53.7)	2.4	(48.1)
Extensions and discoveries	5.9	52.0		58.0
Purchase/sales of reserves		(1.0)		(1.0)
Production	(21.4)	(71.6)	(5.6)	(98.5)
Total changes	(12.2)	(70.9)	(3.1)	(86.2)
Reserves at 30 June 2015	124.0	383.3	17.1	524.3
Improved recovery				
Revisions of previous estimates	9.1	(67.0)	14.4	(43.5)
Extensions and discoveries	0.4	2.9		3.4
Purchase/sales of reserves			(0.3)	(0.3)
Production	(20.3)	(65.6)	(4.7)	(90.6)
Total changes	(10.8)	(129.6)	9.4	(130.9)
Reserves at 30 June 2016	113.2	253.7	26.5	393.4
Improved recovery				
Revisions of previous estimates	(5.9)	17.0	4.4	15.4
Extensions and discoveries		123.3		123.3
Purchase/sales of reserves		(0.4)		(0.4)
Production	(18.7)	(52.9)	(4.8)	(76.4)
Total changes	(24.6)	87.0	(0.5)	61.9
Reserves at 30 June 2017	88.6	340.7	26.0	455.3
Developed				
Proved developed oil and condensate reserves				
as of 30 June 2014	96.5	237.8	14.7	349.0
as of 30 June 2015	81.2	225.4	11.7	318.3
as of 30 June 2016	82.2	187.3	20.0	289.5
Developed reserves as of 30 June 2017	76.2	162.3	21.9	260.5
Undeveloped				
Proved undeveloped oil and condensate reserves				
as of 30 June 2014	39.7	216.4	5.4	261.5
as of 30 June 2015	42.7	157.9	5.4	206.0
as of 30 June 2016	31.0	66.4	6.5	103.9

Undeveloped reserves as of 30 June 2017	12.4	178.4	4.0	194.8
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- (a) Small differences are due to rounding to first decimal place.
- (b) Other comprises Algeria, Pakistan (divested in FY2015), Trinidad and Tobago and the United Kingdom.

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Millions of barrels	Australia	United States	Other ^(c)	Total
Proved developed and undeveloped NGL reserves ^(a)				
Reserves at 30 June 2014	82.1	156.6 ^(d)		238.7 ^(d)
Improved recovery		0.3		0.3
Revisions of previous estimates	0.6	(62.4)	0.1	(61.7)
Extensions and discoveries	1.1	33.1		34.2
Purchase/sales of reserves		(0.2)		(0.2)
Production ^(b)	(7.2)	(18.7)	(0.1)	(26.0)
Total changes	(5.5)	(48.0)		(53.5)
Reserves at 30 June 2015	76.6	108.6 ^(d)		185.2 ^(d)
Improved recovery				
Revisions of previous estimates	1.8	(57.0)		(55.2)
Extensions and discoveries	0.6	1.8		2.4
Purchase/sales of reserves				
Production ^(b)	(7.6)	(17.8)		(25.5)
Total changes	(5.3)	(73.0)		(78.2)
Reserves at 30 June 2016	71.3	35.6 ^(d)		107.0 ^(d)
Improved recovery				
Revisions of previous estimates	1.2	23.4	0.1	24.8
Extensions and discoveries		13.1		13.1
Purchase/sales of reserves		(0.1)		(0.1)
Production ^(b)	(7.4)	(13.2)	(0.1)	(20.7)
Total changes	(6.2)	23.2		17.0
Reserves at 30 June 2017	65.2	58.9 ^(d)		124.0 ^(d)
Developed				
Proved developed NGL reserves				
as of 30 June 2014	46.0	75.0		121.0
as of 30 June 2015	40.1	59.7		99.8
as of 30 June 2016	38.0	30.7		68.7
Developed reserves as of 30 June 2017	56.6	31.4		88.0
Undeveloped				
Proved undeveloped NGL reserves				
as of 30 June 2014	36.1	81.5		117.7
as of 30 June 2015	36.5	48.9		85.4
as of 30 June 2016	33.3	4.9		38.2
Undeveloped reserves as of 30 June 2017	8.6	27.5		36.1

- (a) Small differences are due to rounding to first decimal place.
- (b) Production includes volumes consumed by operations.
- (c) Other comprises Algeria, Pakistan (divested in FY2015), Trinidad and Tobago and the United Kingdom.
- (d) For FY2014, FY2015, FY2016 and FY2017 amounts include 3.9, 4.2, 0.2 and 2.1 million barrels respectively, which are anticipated to be consumed as fuel in operations in the United States.

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Billions of cubic feet	Australia ^(c)	United States	Other ^(d)	Total
Proved developed and undeveloped natural gas reserves ^(a)				
Reserves at 30 June 2014	3,495.4 ^(e)	5,623.5 ^(f)	442.6 ^(g)	9,561.5 ^(h)
Improved recovery		0.8		0.8
Revisions of previous estimates	124.3	(2,207.6)	32.8	(2,050.5)
Extensions and discoveries	185.4	509.7		695.1
Purchase/sales of reserves		(195.6)		(195.6)
Production ^(b)	(321.8)	(434.6)	(64.8)	(821.1)
Total changes	(12.0)	(2,327.3)	(32.0)	(2,371.3)
Reserves at 30 June 2015	3,483.4 ^(e)	3,296.1 ^(f)	410.6 ^(g)	7,190.2 ^(h)
Improved recovery				
Revisions of previous estimates	48.9	(1,643.9)	17.4	(1,577.6)
Extensions and discoveries	9.7	37.3		47.0
Purchase/sales of reserves			(71.3)	(71.3)
Production ^(b)	(350.0)	(378.5)	(45.9)	(774.4)
Total changes	(291.4)	(1,985.0)	(99.8)	(2,376.4)
Reserves at 30 June 2016	3,192.0 ^(e)	1,311.1 ^(f)	310.8 ^(g)	4,813.8 ^(h)
Improved recovery				
Revisions of previous estimates	49.9	1,307.4	43.5	1,400.7
Extensions and discoveries		216.5		216.5
Purchase/sales of reserves		(0.7)		(0.7)
Production ^(b)	(372.1)	(287.9)	(38.3)	(698.4)
Total changes	(322.3)	1,235.3	5.1	918.1
Reserves at 30 June 2017	2,869.7 ^(e)	2,546.3 ^(f)	315.9 ^(g)	5,731.9 ^(h)
Developed				
Proved developed natural gas reserves				
as of 30 June 2014	2,553.7	3,208.3	315.5	6,077.5
as of 30 June 2015	2,400.7	2,499.0	281.1	5,180.7
as of 30 June 2016	2,204.6	1,268.1	182.9	3,655.6
Developed reserves as of 30 June 2017	2,346.3	1,556.4	315.9	4,218.5
Undeveloped				
Proved undeveloped natural gas reserves				
as of 30 June 2014	941.7	2,415.2	127.1	3,484.0
as of 30 June 2015	1,082.7	797.1	129.6	2,009.4
as of 30 June 2016	987.4	43.0	127.8	1,158.2

Undeveloped reserves as of 30 June 2017	523.4	989.9	1,513.3
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- (a) Small differences are due to rounding to first decimal place.
- (b) Production includes volumes consumed by operations.
- (c) Production for Australia includes gas sold as LNG.
- (d) Other comprises Algeria, Pakistan (divested in FY2015), Trinidad and Tobago and the United Kingdom.
- (e) For FY2014, FY2015, FY2016 and FY2017 amounts include 360, 343, 321 and 295 billion cubic feet respectively, which are anticipated to be consumed as fuel in operations in Australia.
- (f) For FY2014, FY2015, FY2016 and FY2017 amounts include 185, 154, 75 and 155 billion cubic feet respectively, which are anticipated to be consumed as fuel in operations in the United States.
- (g) For FY2014, FY2015, FY2016 and FY2017 amounts include 30, 27, 17 and 17 billion cubic feet respectively, which are anticipated to be consumed as fuel in operations in Other areas.
- (h) For FY2014, FY2015, FY2016 and 2017 amounts include 575, 524, 413 and 467 billion cubic feet respectively, which are anticipated to be consumed as fuel in operations.

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Millions of barrels of oil equivalent ^(a)	Australia	United States	Other ^(d)	Total
Proved developed and undeveloped oil, condensate, natural gas and NGL reserves ^(b)				
Reserves at 30 June 2014	800.9 ^(e)	1,548.0 ^(f)	93.9 ^(g)	2,442.8 ^(h)
Improved recovery		3.8	0.1	3.9
Revisions of previous estimates	24.6	(484.0)	7.9	(451.5)
Extensions and discoveries	37.9	170.0		208.0
Purchase/sales of reserves		(33.8)		(33.8)
Production ^(c)	(82.2)	(162.7)	(16.5)	(261.4)
Total changes	(19.8)	(506.7)	(8.4)	(534.9)
Reserves at 30 June 2015	781.1 ^(e)	1,041.3 ^(f)	85.5 ^(g)	1,907.9 ^(h)
Improved recovery				
Revisions of previous estimates	19.0	(397.9)	17.3	(361.6)
Extensions and discoveries	2.7	10.9		13.6
Purchase/sales of reserves			(12.2)	(12.2)
Production ^(c)	(86.3)	(146.4)	(12.4)	(245.1)
Total changes	(64.6)	(533.4)	(7.3)	(605.2)
Reserves at 30 June 2016	716.5 ^(e)	507.9 ^(f)	78.2 ^(g)	1,302.7 ^(h)
Improved recovery				
Revisions of previous estimates	3.6	258.3	11.7	273.6
Extensions and discoveries		172.4		172.4
Purchase/sales of reserves		(0.6)		(0.6)
Production ^(c)	(88.1)	(114.0)	(11.4)	(213.5)
Total changes	(84.5)	316.1	0.4	232.0
Reserves at 30 June 2017	632.1 ^(e)	824.0 ^(f)	78.6 ^(g)	1,534.6 ^(h)
Developed				
Proved developed oil, condensate, natural gas and NGL reserves				
as of 30 June 2014	568.1	847.6	67.3	1,483.0
as of 30 June 2015	521.5	701.6	58.5	1,281.6
as of 30 June 2016	487.6	429.4	50.5	967.5
Developed reserves as of 30 June 2017	523.8	453.1	74.6	1,051.6
Undeveloped				
Proved undeveloped oil, condensate, natural gas and NGL reserves				
as of 30 June 2014	232.8	700.4	26.6	959.8

as of 30 June 2015	259.6	339.7	27.0	626.3
as of 30 June 2016	228.9	78.5	27.8	335.2
Undeveloped reserves as of 30 June 2017	108.2	370.8	4.0	483.1

- (a) Barrel oil equivalent conversion based on 6,000 scf of natural gas equals 1 boe.
- (b) Small differences are due to rounding to first decimal place.
- (c) Production includes volumes consumed by operations.
- (d) Other comprises Algeria, Pakistan (divested in FY2015), Trinidad and Tobago and the United Kingdom.
- (e) For FY2014, FY2015, FY2016 and FY2017 amounts include 60, 57, 53 and 49 million barrels equivalent respectively, which are anticipated to be consumed as fuel in operations in Australia.
- (f) For FY2014, FY2015, FY2016 and FY2017 amounts include 35, 30, 13 and 28 million barrels equivalent respectively, which are anticipated to be consumed as fuel in operations in the United States.
- (g) For FY2014, FY2015, FY2016 and FY2017 amounts include 5, 4, 3 and 3 million barrels equivalent respectively, which are anticipated to be consumed as fuel in operations in Other areas.
- (h) For FY2014, FY2015, FY2016 and FY2017 amounts include 100, 91, 69 and 80 million barrels equivalent respectively, which are anticipated to be consumed as fuel in operations.

Table of Contents**Proved undeveloped reserves**

At 30 June 2017, Petroleum had 483 MMboe of proved undeveloped reserves, which represented 31 per cent of year-end 2017 proved reserves of 1535 MMboe. Approximately 263 MMboe or 54 per cent of the proved undeveloped reserves reside in our conventional offshore fields in Australia, the Gulf of Mexico and Trinidad and Tobago, while 220 MMboe or 46 per cent resides in our Onshore US fields. The current proved undeveloped reserves reflect a net increase of 148 MMboe from the 335 MMboe reported at 30 June 2016. This increase was primarily the result of adding 202 MMboe of new proved undeveloped reserves for drilling planned over the next five years in our Onshore US fields and in the Gulf of Mexico where 105 MMboe was added for the Mad Dog Phase 2 project sanction and 3 MMboe was added in the Atlantis field as a result of drilling and reservoir assessments.

These additions were offset by development activities that converted 177 MMboe of proved undeveloped reserves to proved developed reserves. The largest of these conversions occurred in Australia where 111 MMboe were converted to proved developed in the Kipper, Tuna and Turrum fields in the Bass Strait with the start-up of the Longford gas conditioning plant. The start-up and first gas from the Tidepole field in the Greater Western Flank 1 project in the North West Shelf also converted 10 MMboe to proved developed reserves. In Trinidad and Tobago, 23 MMboe was converted to proved developed reserves for the completion of Angostura Phase 3 development. In the United States, drilling and completion activities resulted in the conversion of 15 MMboe to proved developed reserves in the Eagle Ford field, 9 MMboe in the Atlantis and 8 MMboe in the Mad Dog (Spar A) fields in the Gulf of Mexico.

Of the 483 MMboe currently classified as proved undeveloped at 30 June 2017, 76 MMboe has been reported for five or more years. All of these reserves are in our offshore conventional fields that are currently producing, have significant development in place and are scheduled to start producing within the next five years. The largest component of this is in the Atlantis field in the Gulf of Mexico, which contains 17 MMboe, while the Mad Dog field contains 6 MMboe, both of which are actively being drilled. The remainder resides in other Australian offshore fields that have active development plans. Our Onshore US fields do not contain any undrilled proved undeveloped reserves that have been reported for more than five years or that will not be drilled within five years. During FY2017, Petroleum continued active development of our inventory of proved undeveloped projects by converting 177 MMboe to proved developed reserves. Over the past three years, the conversion of proved undeveloped reserves to developed has totalled 392 MMboe, averaging 131 MMboe per year. In currently producing conventional fields, the remaining proved undeveloped reserves will be developed and brought on stream in a phased manner to best optimise the use of production facilities and to meet sales commitments. During FY2017, Petroleum spent US\$1.4 billion on development activities worldwide.

Table of Contents**6.3.2 Ore Reserves**

Ore Reserves are estimates of the amount of ore that can be economically and legally extracted and processed from our mining properties. In order to estimate reserves, assumptions are required about a range of technical and economic factors, including quantities, qualities, production techniques, recovery efficiency, production and transport costs, commodity supply and demand, commodity prices and exchange rates. Estimating the quantity and/or quality of Ore Reserves requires the size, shape and depth of ore bodies to be determined by analysing geological data such as drilling samples and geophysical survey interpretations. Economic assumptions used to estimate reserves may change from period to period as additional technical, financial and operational data is generated. All of the Ore Reserves presented are reported in 100 per cent terms and represent estimates at 30 June 2017 (unless otherwise stated). All tonnes and grade information has been rounded, hence small differences may be present in the totals. Tonnes are reported as dry metric tonnes (unless otherwise stated).

Our mineral leases are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all Ore Reserves on the leased properties to be mined in accordance with current production schedules. Our Ore Reserves may include areas where some additional approvals remain outstanding but where, based on the technical investigations we carry out as part of our mine planning process, and our knowledge and experience of the approvals process, we expect that such approvals will be obtained as part of the normal course of business and within the timeframe required by the current life of mine schedule.

The reported Ore Reserves contained in this document do not exceed the quantities that we estimate and could be extracted economically if future prices for each commodity were equal to the average historical prices for the three years to 31 December 2016, using current operating costs. In some cases where commodities are produced as by-products (or co-products) with other metals, we use the three-year average historical prices for the combination of commodities produced at the relevant mine in order to verify that each Ore Reserve is economic. The three-year historical average prices used for each traded commodity to test for impairment of the Ore Reserves contained in this Annual Report are as follows:

Commodity Price	US\$
Copper	2.60/lb
Gold	1,225/ozt
Nickel	5.79/lb
Silver	17.29/ozt
Lead	0.87/lb
Zinc	0.94/lb
Uranium ⁽¹⁾	31.93/lb
Iron Ore Fines	63.93/dmt
Iron Ore Lump	74.76/dmt
Metallurgical Hard Coking Coal	114.88/t
Metallurgical Weak Coking Coal	78.30/t
Thermal Coal Newcastle ⁽¹⁾	65.12/t
Thermal Coal Colombia ⁽¹⁾	58.36/t

⁽¹⁾ Some commodities are traded on a contractual basis for which we are unable to disclose prices due to commercial sensitivity. The Uranium price reported is sourced from NEUXCO spot U₃O₈. Thermal coal prices reported are

sourced from the McCloskey Report FOB by region, Newcastle and Colombia 6,000 kcal/tonne Net As Received. These are comparable to realised prices used to test for impairment.

The reported Ore Reserves may differ in some respects from the Ore Reserves we report in our home jurisdictions of Australia and the UK. Those jurisdictions require the use of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2012 (the JORC Code), which provides guidance on the use of reasonable investment assumptions in calculating Ore Reserves estimates. All tonnes and grade / quality information has been rounded, hence small differences may be present in the totals.

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Copper

Ore Reserves in accordance with Industry Guide 7

Proven Reserves			As at 30 June 2017					Total Reserves			Reserve BHP						
			Probable Reserves						Life Interest								
Mt	%TCu	%SCu	Mt	%TCu	%SCu	Mt	%TCu	%SCu	(years)	%	Mt	%					
95	0.69		203	0.60		298	0.63		53	57.5	300	0					
3,480	0.73		1,780	0.65		5,260	0.70				5,670	0					
1,600	0.41		538	0.39		2,140	0.40				2,500	0					
36	0.57	0.40	40	0.60	0.40	76	0.59	0.40	6.0	100	90	0					
16	0.63	0.11	23	0.70	0.12	39	0.67	0.12			47	0					
34	0.64	0.44	1.4	0.84	0.66	35	0.65	0.45	7.8	100	35	0					
16	0.85	0.37	8.7	0.63	0.26	25	0.77	0.33			24	0					
94	0.82	0.11	18	0.64	0.12	112	0.79	0.11			125	0					
			9.4	0.37	0.14	9.4	0.37	0.14			13	0					
Mt	%Cu	kg/t U ₃ O ₈	g/tAu	g/tAg	Mt	%Cu	kg/t U ₃ O ₈	g/tAu	g/tAg	Mt	%Cu	kg/t U ₃ O ₈	g/tAu	g/tAg	Mt	%	
161	2.07	0.63	0.68	5	347	1.95	0.56	0.74	4	508	1.99	0.58	0.72	4	52	100	505
9.2	1.18	0.38	0.50	3	28	1.11	0.35	0.51	3	37	1.13	0.36	0.51	3			35
Mt	%Cu	%Zn	g/tAg	ppmMo	Mt	%Cu	%Zn	g/tAg	ppmMo	Mt	%Cu	%Zn	g/tAg	ppmMo	Mt	%	
110	1.04	0.15	8	390	187	1.02	0.19	8	320	297	1.03	0.17	8	350	10	33.75	317
56	0.96	2.11	17	80	184	0.82	2.01	13	80	240	0.85	2.03	14	80			256

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(1) Cut-off criteria:

Deposit	Ore Type	Ore Reserves
Escondida	Oxide	³ 0.20%SCu
	Sulphide	³ 0.30%TCu and greater than variable cut-off (V_COG). Sulphide ore is processed in the concentrator plants as a result of optimised mine plans with consideration of technical and economical parameters in order to maximise Net Present Value.
	Sulphide Leach	³ 0.30%TCu and lower than V_COG. Sulphide Leach ore is processed in the dump leaching plant as an alternative to the concentrator process.
Cerro Colorado Spence	Oxide & Supergene Sulphide	³ 0.30%TCu
	Oxide, Oxide Low Solubility & Supergene Sulphide ROM	³ 0.30%TCu
Olympic Dam	Sulphide	³ 0.10%TCu Variable between 1.00%Cu and 1.20%Cu
Antamina	Low-grade Sulphide Cu only	³ 0.18%Cu Net value per concentrator hour incorporating all material revenue and cost factors and includes metallurgical recovery (see footnote 4 for averages). Mineralisation at the US\$6,000/hr limit averages 0.16%Cu, 2.3g/tAg, 138ppmMo and 6,700t/hr mill throughput.
	Sulphide Cu-Zn	Net value per concentrator hour incorporating all material revenue and cost factors and includes metallurgical recovery (see footnote 4 for averages). Mineralisation at the US\$6,000/hr limit averages 0.08%Cu, 0.72%Zn, 12.1g/tAg and 6,500t/hr mill throughput.

Antamina All metals used in net value calculations for the Antamina reserves were recovered into concentrate (see footnote 4 for averages) and sold.

(2) Approximate drill hole spacings used to classify the reserves were:

Deposit	Proven Reserves	Probable Reserves
Escondida	Oxide: 30m x 30m Sulphide: 50m x 50m Sulphide Leach: 60m x 60m	Oxide: 45m x 45m Sulphide: 90m x 90m Sulphide Leach: 115m x 115m
Cerro Colorado	45m to 55m	120m
Spence	Oxide & Oxide Low Solubility: maximum 50m x 50m Supergene Sulphide: maximum 70m x 70m	Maximum 100m x 100m for all Ore Types
Olympic Dam	20m to 30m	30m to 70m
Antamina	25m to 40m	40m to 75m

(3) Ore delivered to process plant.

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(4) Metallurgical recoveries for the operations were:

Deposit	Metallurgical Recovery
Escondida	Oxide: 62% Sulphide: 82% Sulphide Leach: 32%
Cerro Colorado	Oxide & Supergene Sulphide: 72%
Spence	Oxide: 80% Oxide Low Solubility: 80% Supergene Sulphide: 82% ROM: 30%
Olympic Dam	Cu 94%, U ₃ O ₈ 69%, Au 69%, Ag 64%
Antamina	Sulphide Cu only: Cu 93%, Zn 0%, Ag 80%, Mo 65% Sulphide Cu-Zn: Cu 78%, Zn 81%, Ag 63%, Mo 0%

(5) Escondida Sulphide and Sulphide Leach Ore Reserves have decreased in response to a decrease in the copper price reducing the Life of Asset mine plan. Inherent within the Reserve Life calculation were Oxide and Sulphide Leach, which have a Reserve Life of 13 years and 32 years respectively.

Table of Contents**Iron Ore ⁽¹⁾****Ore Reserves in accordance with Industry Guide 7**

As at 30 June 2017																			
Proven Reserves						Probable Reserves						Total Reserves					Reserve Life		
%Fe	%P	%SiO ₂	%Al ₂ O ₃	%LOI	Mt	%Fe	%P	%SiO ₂	%Al ₂ O ₃	%LOI	Mt	%Fe	%P	%SiO ₂	%Al ₂ O ₃	%LOI	(years)	BHP Interest	Mt
62.7	0.12	3.2	2.2	4.2	1,770	61.2	0.13	4.3	2.4	5.1	2,890	61.8	0.12	3.9	2.3	4.7	14	88	2,600
58.3	0.11	9.3	3.4	2.1	30	57.9	0.10	10.3	3.2	2.0	50	58.0	0.11	9.9	3.3	2.0			50
56.8	0.04	6.1	1.5	10.6	70	57.2	0.04	6.1	1.5	10.3	460	56.9	0.04	6.1	1.5	10.6			670
62.5	0.07	2.8	1.6	5.7	410	60.4	0.07	4.1	2.1	6.6	720	61.3	0.07	3.6	1.9	6.2			660

(1) Samarco JV Following the failure of the Fundão tailings dam in November 2015 and the continued shutdown of its operations, Samarco is reviewing the operation's reserves. Under these circumstances, BHP is currently not in a position to report reserves for Samarco as of 30 June 2017. However, developments in the future may provide additional information and operating approvals for which a different conclusion might be reached.

(2) Approximate drill hole spacings used to classify the reserves were:

Deposit	Proven Reserves	Probable Reserves
WAIO	50m x 50m	150m x 50m

(3) WAIO recovery was 100%, except for BKM Bene, where Whaleback beneficiation plant recovery was 72% (tonnage basis).

(4) The reserve grades listed refer to in situ mass percentage on a dry weight basis. Wet tonnes are reported for WAIO deposits based on the following moisture contents: BKM Brockman 3%, BKM Bene Brockman Beneficiation 3%, CID Channel Iron Deposits 8%, MM Marra Mamba 4%. Iron ore is marketed for WAIO as Lump (direct blast furnace feed) and Fines (sinter plant feed).

(5) Cut-off grades: WAIO 50 58%Fe for all material types. Ore delivered to process plant.

(6) Reserves are reported on a Pilbara basis by ore type to align with our production of the Newman Blend lump product which comprises BKM, BKM Bene and MM ore types, in addition to other lump and fines products including CID. This also reflects our single logistics chain and associated management system.

- (7) BHP interest is reported as Pilbara reserve tonnes weighted average across all joint ventures which can vary from year to year. BHP ownership varies between 85% and 100%.

- (8) Reserves are all located on State Agreement mining leases that guarantee the right to mine. Across WAIO, State Government approvals (including environmental and heritage clearances) are required before commencing mining operations in a particular area. Included in the reserves are selected areas where one or more approvals remain outstanding, but where, based on the technical investigations carried out as part of the mine planning process and company knowledge and experience of the approvals process, it is expected that such approvals will be obtained as part of the normal course of business and within the time frame required by the current mine schedule.

- (9) BKM Ore Reserves have increased due to classification upgrades at Newman JV and Mining Area C. CID Ore Reserves have decreased after a processing capability re-evaluation of lower CID. Reserve life remains the same due to an increase in nominated production rate from 275Mtpa to 293Mtpa.

Table of Contents**Metallurgical Coal***Coal Reserves in accordance with Industry Guide 7*

Mining Method	Coal Type	As at 30 June 2017																Reserve Life (years)	BHP Interest %	Total Mt	%
		Proven Reserves Mt	Probable Reserves Mt	Total Reserves Mt	Proven Marketable Reserves			Probable Marketable Reserves			Total Marketable Reserves										
					Mt	%Ash	%VM	%S	Mt	%Ash	%VM	%S	Mt	%Ash	%VM	%S					
Met		563	19	582	443	9.1	22.8	0.53	14	10.9	23.1	0.57	457	9.2	22.8	0.53	41	50	469		
Met		73	119	192	53	8.0	23.6	0.53	76	9.9	23.5	0.55	129	9.1	23.5	0.54			129		
Met		423	339	762	261	10.6	22.3	0.60	208	10.6	22.7	0.65	469	10.6	22.5	0.62	27	50	483		
Met		281	95	376	168	11.0	22.4	0.57	52	11.0	22.0	0.58	220	11.0	22.3	0.58	30	50	228		
Met		397	44	441	235	10.2	17.9	0.64	22	11.2	19.0	0.78	257	10.3	18.0	0.66	24	50	234		
Met		111	37	148	82	10.3	16.8	0.68	25	10.3	16.4	0.69	107	10.3	16.7	0.68	42	50	73		
Met/Th		152	143	295	143	8.1	26.6	0.43	135	8.8	26.9	0.44	278	8.4	26.7	0.43	15	50	325		
Met		76	50	126	62	8.0	20.8	0.35	42	9.1	19.9	0.34	104	8.4	20.4	0.35	23	50	111		
Met		3.1		3.1	2.6	7.4	36.3	0.59					2.6	7.4	36.3	0.59	1.0	50	2.6		
Met		109	42	151	87	9.2	13.5	0.30	33	9.2	13.4	0.29	120	9.2	13.4	0.30	19	80	108		
Met		36	19.0	55	28	8.8	23.8	0.34	15.0	8.8	23.8	0.34	43	8.8	23.8	0.34	11	80	30		
Met																				4	
Th																				0.4	

(1) Cut-off criteria applied were: Goonyella Riverside, Peak Downs, Caval Ridge, Norwich Park, Gregory, South Walker Creek, Poitrel ³ 0.5m seam thickness; Saraji ³ 0.4m seam thickness; Blackwater, Daunia ³ 0.3m seam thickness; Broadmeadow ³ 2.5m seam thickness.

(2) Only geophysically logged, fully analysed cored holes with greater than 95% recovery (or <±10% expected error at 95% confidence for Goonyella Riverside Broadmeadow) were used to classify the reserves. Drill hole spacings vary between seams and geological domains and were determined in conjunction with geostatistical analyses where applicable. The range of maximum spacings was:

Deposit	Proven Reserves	Probable Reserves
Goonyella Riverside	900m to 1,300m plus 3D seismic coverage	
Broadmeadow	for UG	1,750m to 2,400m
Peak Downs, Caval Ridge	500m to 1,050m	500m to 2,100m
Saraji	450m to 1,800m	800m to 3,600m
Norwich Park	500m to 1,400m	1,000m to 2,800m
Blackwater	750m	750m to 1,400m
Daunia	650m	1,200m
Gregory	850m	
South Walker Creek	500m to 800m	1,000m to 1,500m
Poitrel	300m to 950m	550m to 1,850m

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- (3) Product recoveries for the operations were:

Deposit	Product Recovery
Goonyella Riverside	
Broadmeadow	72%
Peak Downs	61%
Caval Ridge	58%
Saraji	58%
Norwich Park	71%
Blackwater	95%
Daunia	83%
Gregory	81%
South Walker Creek	79%
Poitrel	75%

- (4) Total Coal Reserves were at the moisture content when mined (4% CQCA JV, Gregory JV, BHP Mitsui Coal). Total Marketable Coal Reserves were at a product specific moisture content (9.5-10% Goonyella Riverside Broadmeadow; 9.5% Peak Downs; 10% Caval Ridge; 10% Saraji; 7.5-11.5% Blackwater; 9.5-10% Daunia; 10-11% Norwich Park; 7.5% Gregory; 9% South Walker Creek; 10-12% Poitrel) and at an air-dried quality basis, for sale after beneficiation of the Total Coal Reserves.
- (5) Coal delivered to handling plant.
- (6) Caval Ridge The decrease in Reserve Life was due to a change in the nominated production rate from 11Mtpa to 12.4Mtpa.
- (7) Saraji The increase in Coal Reserves was due to a reserves re-estimation and updated economic assumptions (changes in prices, costs and foreign exchange rates).
- (8) Norwich Park The increase in Coal Reserves was due to revised Modifying Factors and economic assumptions (changes in prices, costs and foreign exchange rates), which also affected the Reserve Life.
- (9) Norwich Park and Gregory Remain on care and maintenance.
- (10) Blackwater The Total Marketable Coal Reserves decreased due to being uneconomic after testing with the 3-year average historical coal price. The decrease in Reserve Life was due to an increase in nominated production rate from 16.6Mtpa to 20Mtpa.
- (11) South Walker Creek The Coal Reserves increased due to inclusion of new areas in the mine plan.

- (12) Poitrel The Coal Reserves and Reserve Life increased due to revised economic assumptions (changes in prices, costs and foreign exchange rates) and inclusion of material in R40/50 Levee area.
- (13) Haju Divestment of IndoMet Coal completed on 14 October 2016.

Table of Contents**Energy Coal****Coal Reserves in accordance with Industry Guide 7**

As at 30 June 2017

Total Reserves	Proven Reserves						Probable Reserves					Total Marketable Reserves					Reserve Life (years)	BHP Interest %
	Mt	Mt	%Ash	%VM	%S	KCal/kg CV	Mt	%Ash	%VM	%S	KCal/kg CV	Mt	%Ash	%VM	%S	KCal/kg CV		
91	614	334	17.7	31.2	0.58	6,210	146	17.5	30.8	0.52	6,170	480	17.6	31.1	0.56	6,200	22	100
71	544	459	9.3	32.7	0.58	6,070	69	9.0	32.7	0.55	6,090	528	9.2	32.7	0.57	6,072	16	33.33

(1) Cut-off criteria:

Deposit

Mt Arthur Coal

Cerrejón

Coal Reserves³ 0.3m seam thickness and £ 26.5% ash, ³ 40% coal washery yield³ 0.65m seam thickness

(2) Approximate drill hole spacings used to classify the reserves were:

Deposit

Mt Arthur Coal

Cerrejón

Proven Reserves

200m to 800m

> 6 drill holes per 100ha

Probable Reserves

400m to 1,550m

2 to 6 drill holes per 100ha

(3) Product recoveries for the operations were:

Deposit

Mt Arthur Coal

Cerrejón

Product Recovery

77%

98%

(4) Total Coal Reserves were at the moisture content when mined (8.7% Mt Arthur Coal; 13.0% Cerrejón). Total Marketable Coal Reserves were at a product specific moisture content (9.9% Mt Arthur Coal; 13.1% Cerrejón)

and at an air-dried quality basis for Mt Arthur Coal and at a total moisture quality basis for Cerrejón, for sale after the beneficiation of the Total Coal Reserves.

- (5) Mt Arthur Coal Coal delivered to handling plant.
- (6) Mt Arthur Coal The Total Marketable Coal Reserves decreased due to reserve re-estimation based on a new geological model, which redefined some Probable Reserves, and a revised reserve footprint. The Coal Reserves were uneconomic after testing with the 3-year average historical coal price.
- (7) Cerrejón Marketable Coal Reserves decreased due to geotechnical adjustment of pit slopes and lower product sales price.
- (8) Cerrejón While there was no suspension of any Cerrejón permit as of 30 June 2017 in response to ongoing local community legal challenges, BHP continues to monitor the situation for potential impact on mining.
- (9) Navajo Divestment completed in December 2013. BHP remained the mine manager and operator until 31 December 2016.

Table of Contents**Other assets****Ore Reserves in accordance with Industry Guide 7**

Commodity Deposit ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Ore Type	As at 30 June 2017								As at 30 June 2016		
		Proven Reserves		Probable Reserves		Total Reserves		Reserve Life (years)	BHP Interest %	Total Reserves Mt	Reserve Life (years)	
		Mt	%Ni	Mt	%Ni	Mt	%Ni					%Ni
Nickel West Operations												
Leinster ⁽⁵⁾	OC	1.7	1.2	0.25	0.92	1.9	1.2	2.0	100	2.7	1.2	2.2
	SP	0.16	1.2			0.16	1.2			0.15	1.1	
Mt Keith	OC	21	0.65	0.28	0.49	21	0.65	3.0	100	38	0.61	4.2
	SP	6.4	0.49	3.8	0.45	10	0.48			7.2	0.47	

(1) Cut-off criteria Leinster: ³ 0.60%Ni and Mt Keith: variable ranging from 0.35-0.40% Ni and ³ 0.18% recoverable Ni.

(2) Approximate drill hole spacings used to classify the reserves were:

Deposit	Proven Reserves	Probable Reserves
Leinster	25m x 25m	25m x 50m
Mt Keith	60m x 40m	80m x 80m

(3) Ore delivered to process plant.

(4) Metallurgical recoveries for the operations were:

Deposit	Metallurgical Recovery
Leinster	83%
Mt Keith	64%

(5) Leinster The increase in Ore Reserves after depletion for Leinster OC was due to deepening of the ultimate pit, enabled by reduced mining cost.

Table of Contents**6.4 Major projects**

At the end of FY2017, BHP had three major projects under development with a combined budget of US\$5.1 billion over the life of the projects.

During FY2017, we approved an investment of US\$2,154 million for the Mad Dog Phase 2 petroleum project.

Capital and exploration expenditure declined by 32 per cent during FY2017 to US\$5.2 billion and is expected to increase to US\$6.9 billion in FY2018.

Projects which delivered first production during FY2017

Business	Project and ownership	Capacity ⁽¹⁾	Date of initial production		Capital expenditure (US\$M) ⁽¹⁾
			Actual	Target	Budget
Petroleum	Bass Strait Longford Gas Conditioning Plant (Australia) 50% (non-operator)	Designed to process approximately 400 million cubic feet per day of high CO ₂ gas	Q4 CY2016	CY2016	520
Copper	Escondida Water Supply (Chile) 57.5%	New desalination facility to ensure continued water supply to Escondida	Q1 CY2017	CY2017	3,430
					3,950

Projects in execution at the end of FY2017

Business	Project and ownership	Capacity ⁽¹⁾	Date of initial production		Capital expenditure (US\$M) ⁽¹⁾
			Target	Budget	
Projects under development					
Petroleum	North West Shelf Greater Western Flank-B (Australia) 16.67% (non-operator)	To maintain LNG plant throughput from the North West Shelf operations. On schedule and on budget, overall project is 47% complete		CY2019	314
Petroleum				CY2022	2,154

Mag Dog Phase 2 (US Gulf of Mexico) 23.9% (non-operator)	New floating production facility with the capacity to produce up to 140,000 gross barrels of crude oil per day. On schedule and on budget, overall project is 3% complete
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2,468

Table of Contents**Other projects in progress at the end of FY2017**

Business	Project and ownership	Scope	Capital expenditure (US\$M) ⁽¹⁾
Projects under development			Budget
Potash	Jansen Potash (Canada) 100%	Investment to finish the excavation and lining of the production and service shafts, and to continue the installation of essential surface infrastructure and utilities	2,600
			2,600

(1) Unless noted otherwise, references to capacity are on a 100 per cent basis, references to capital expenditure from subsidiaries are reported on a 100 per cent basis and references to capital expenditure from joint operations reflect BHP's share.

6.5 Legal proceedings

We are involved from time-to-time in legal proceedings and governmental investigations of a character normally incidental to our business, including claims and pending actions against us seeking damages or clarification of legal rights and regulatory inquiries regarding business practices. Insurance or other indemnification protection may offset the financial impact on the Group of a successful claim.

This section summarises the significant legal proceedings and investigations and associated matters in which we are currently involved or have finalised since the last Annual Report.

Legal proceedings relating to the failure of the Fundão tailings dam at the iron ore operations of Samarco in Minas Gerais and Espírito Santo (Samarco dam failure)

BHP Billiton Brasil is engaged in numerous legal proceedings relating to the Samarco dam failure. Given all of these proceedings are in early stages, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for BHP Billiton Brasil. The most significant of these proceedings are summarised below. As described below, many of these proceedings involve claims for compensation for the similar or possibly the same damages. There are numerous additional lawsuits against Samarco relating to the Samarco dam failure to which BHP Billiton Brasil is not a party.

R\$20 billion public civil claim commenced by the Federal Government of Brazil, states of Espírito Santo and Minas Gerais and other authorities

On 30 November 2015, the Federal Government of Brazil, states of Espírito Santo and Minas Gerais and other public authorities collectively filed a public civil claim before the 12th Federal Court of Belo Horizonte against Samarco and its shareholders, BHP Billiton Brasil and Vale, seeking the establishment of a fund of up to R\$20 billion (approximately US\$6.1 billion) in aggregate for clean-up costs and damages.

The plaintiffs also requested certain interim injunctions in connection with the public civil claim. On 18 December 2015, the Federal Court granted the injunctions and, among other things, ordered Samarco to deposit R\$2 billion (approximately US\$605 million) in to a court-managed bank account for use towards community and environmental rehabilitation. BHP Billiton Brasil, Vale and Samarco immediately appealed against the injunction.

On 2 March 2016, BHP Billiton Brasil, together with Vale and Samarco, entered into an agreement with the plaintiffs (Federal Government of Brazil, states of Espírito Santo and Minas Gerais and certain other authorities) to establish a foundation (Fundação Renova) that will develop and execute environmental and socio-economic programs to remediate and provide compensation for damage caused by the Samarco dam failure (Framework Agreement).

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The Framework Agreement outlines a comprehensive set of actions, measures and programs, including 17 environmental and 22 socio-economic programs to restore and compensate the communities and environment affected by the dam failure. A private foundation named Fundação Renova, maintained by BHP Billiton Brasil, Vale and Samarco manages and implements all projects and measures within the scope of programs.

The Framework Agreement has a term of 15 years, renewable for periods of one year successively until all the obligations under the Framework Agreement have been performed.

Under the Framework Agreement, Samarco is responsible for funding Fundação Renova with calendar year contributions as follows:

R\$2 billion (US\$599 million) in 2016;

R\$1.2 billion (approximately US\$365 million) in 2017;

R\$1.2 billion (approximately US\$365 million) in 2018;

R\$500 million (approximately US\$150 million) for a special project to be spent on sewage treatment and landfill works from 2016 to 2018.

Annual contributions for each of the years 2019, 2020 and 2021 will be in the range of R\$800 million (approximately US\$245 million) and R\$1.6 billion (approximately US\$485 million), depending on the remediation and compensation projects which are to be undertaken in the particular year. Annual contributions may be reviewed under the Framework Agreement. To the extent that Samarco does not meet its funding obligations under the Framework Agreement, each of BHP Billiton Brasil and Vale has funding obligations under the Framework Agreement in proportion to its 50 per cent shareholding in Samarco.

As a formal suspension of the public civil claim, the Framework Agreement is subject to Court ratification. On 5 May 2016, the Framework Agreement was ratified by the Conciliation Chamber of the Federal Court of Appeals in Brasilia suspending this public civil claim. The Federal Prosecutor's Office appealed the ratification of the Framework Agreement and on 30 June 2016, the Superior Court of Justice in Brazil issued a preliminary order (Interim Order) suspending the 5 May 2016 ratification decision of the Conciliation Chamber of the Federal Court of Appeals, and reinstating this public civil claim before the first instance court, including the R\$2 billion (approximately US\$605 million) injunction. BHP Billiton Brasil, Vale and Samarco and the Federal Government appealed the Interim Order. On 4 November 2016, the 12th Federal Court of Belo Horizonte reduced the R\$2 billion injunction to R\$1.2 billion (approximately US\$365 million).

While a final decision by the Court on the issue of ratification of the Framework Agreement is pending, the Preliminary Agreement (referred to below) suspends the R\$1.2 billion (approximately US\$365 million) injunction order under this public civil claim.

The Preliminary Agreement also requests suspension of this public civil claim with a decision from the Court pending. The R\$1.2 billion (approximately US\$365 million) injunction order may be reinstated if a final settlement arrangement is not agreed by 30 October 2017.

While a final decision on ratification of the Framework Agreement is pending and negotiation of a settlement of this public civil claim and the R\$155 billion (approximately US\$47 billion) Federal Public Prosecution Office claim (referred to below) under the Preliminary Agreement are ongoing, the Framework Agreement remains binding between the parties and the Foundation will continue to implement the programs under the Framework Agreement.

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Preliminary Agreement

On 18 January 2017, BHP Billiton Brasil, together with Vale and Samarco, entered into a Preliminary Agreement with the Federal Prosecutors' Office in Brazil, which outlines the process and timeline for further negotiations towards a final settlement regarding the R\$20 billion (approximately US\$6.1 billion) public civil claim and the R\$155 billion (approximately US\$47 billion) Federal Public Prosecution Office claim relating to the dam failure.

The Preliminary Agreement provides for the appointment of experts to advise the Federal Prosecutors in relation to social and environmental remediation and the assessment and monitoring of programs under the Framework Agreement. The expert advisors' conclusions are not binding on BHP Billiton Brasil, Vale or Samarco, but will be considered in the negotiation of a final settlement arrangement with the Federal Prosecutors.

Under the Preliminary Agreement, BHP Billiton Brasil, Vale and Samarco agreed interim security (Interim Security) comprising:

R\$1.3 billion (approximately US\$395 million) in insurance bonds;

R\$100 million (approximately US\$30 million) in liquid assets;

a charge of R\$800 million (approximately US\$245 million) over Samarco's assets;

R\$200 million (approximately US\$60 million) to be allocated within the next four years through existing Framework Agreement programs in the Municipalities of Barra Longa, Rio Doce, Santa Cruz do Escalvado and Ponte Nova.

On 24 January 2017, BHP Billiton Brasil, Vale and Samarco provided the Interim Security to the 12th Federal Court of Belo Horizonte, which was to remain in place until the earlier of 30 June 2017 and the date that a final settlement arrangement was agreed between the Federal Prosecutors, and BHP Billiton Brasil, Vale and Samarco.

On 29 June 2017, the Court extended the final date for negotiation of a settlement until 30 October 2017, allowing for the continuation of the Interim Security arrangements and the provision of ongoing expert advice to the Federal Prosecutors in respect of the programs under the Framework Agreement. The parties will use best efforts to achieve a final settlement arrangement by 30 October 2017 under the timeframe established in the Preliminary Agreement. On 16 March 2017, the Court partially ratified the Preliminary Agreement and suspended 11 public civil actions.

R\$155 billion public civil claim commenced by the Federal Public Prosecution Service

On 3 May 2016, the Federal Public Prosecution Office Service filed a public civil claim before the 12th Federal Court of Belo Horizonte against BHP Billiton Brasil, Vale and Samarco as well as 18 other public entities (which has since been reduced to five defendants⁽¹⁾ by the Court) seeking R\$155 billion (approximately US\$47 billion) for reparation, compensation and collective moral damages in relation to the Samarco dam failure.

In addition, the claim includes a number of preliminary injunction requests, seeking orders that BHP Billiton Brasil, Vale and Samarco deposit R\$7.7 billion (approximately US\$2.3 billion) in a special company account and provide

guarantees equivalent to R\$155 billion (approximately US\$47 billion). The injunctions also seek to prohibit BHP Billiton Brasil, Vale and Samarco from distributing dividends and selling certain assets (among other things).

BHP Billiton Brasil has filed two petitions to the 12th Federal Court of Belo Horizonte requesting the dismissal of the injunction requests made by the Federal Public Prosecution Service. On 7 July 2016, a first decision was made by the Court that, among other issues, postponed the analysis of the injunction requests, ordered Samarco to present, within 30 days, its plan and measures regarding tailings containment, and scheduled a hearing for conciliation for 13 September 2016. The Court has not made any decisions in relation to these injunction applications.

⁽¹⁾ Currently, solely the companies, the Federal Government and the State of Minas Gerais are defendants.

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On 26 January 2016, with regard to the Preliminary Agreement, the Court suspended this public civil claim, including the R\$7.7 billion (approximately US\$2.3 billion) injunction request.

However, proceedings may be resumed if a final settlement arrangement is not agreed by 30 October 2017.

Public civil claims commenced by the State Prosecutors Office in the state of Minas Gerais

On 10 December 2015, the State Prosecutors Office in the state of Minas Gerais filed a public civil claim against BHP Billiton Brasil, Vale and Samarco before the State Court in Mariana claiming indemnification (amount not specified) for moral and material damages to an unspecified group of individuals affected by the Samarco dam failure, including the payment of costs for housing and social and economic assistance.

The State Prosecutors Office also requested certain interim injunctions in connection with this claim, including orders for BHP Billiton Brasil, Vale and Samarco to provide housing, health care, financial assistance and education facilities to the people affected by the Samarco dam failure. The plaintiff also sought an order to freeze R\$300 million (approximately US\$90 million) in Samarco's bank accounts. The Court granted the injunction freezing R\$300 million (approximately US\$90 million) in Samarco's bank accounts for use towards the compensation and remediation measures requested under this public civil claim. At a Court hearing on 20 January 2016, the parties agreed that Samarco should unilaterally provide:

flexible housing solutions for 271 displaced families;

monthly salaries to the displaced families for at least 12 months;

a R\$20,000 (approximately US\$6,000) payment to each displaced family;

a R\$100,000 (approximately US\$30,000) payment to each of the families of those deceased, as advance compensation.

There have been multiple hearings and injunctions requested in this public civil claim. Samarco has requested the Court to release part of the frozen amount to pay for (i) the technical entity hired to assist the impacted community; and (ii) payments related to the Preliminary Agreement. This public civil claim is ongoing and no final decision has been issued.

On 2 February 2016, the State Prosecutors Office in the state of Minas Gerais filed another public civil claim against BHP Billiton Brasil, Vale and Samarco before the State Court in Ponte Nova claiming compensation of R\$7.5 billion (approximately US\$2.3 billion) for moral and material damages suffered by 1,350 individuals in Ponte Nova and collective moral damages allegedly suffered by the community in Ponte Nova. The claim also sought a number of preliminary injunctions, including orders to:

freeze R\$1 billion (approximately US\$305 million) of cash in the defendants' bank accounts in order to secure the compensation requested under the public civil claim;

require the defendants to pay minimum wages and basic food supplies to the families in Ponte Nova affected by the Samarco dam failure;

require the defendants to pay R\$30,000 (approximately US\$9,000) per affected family and compensation to provide dignified and adequate housing for the affected families.

On 5 February 2016, the Court granted an injunction to freeze R\$475 million (approximately US\$145 million) from bank accounts of BHP Billiton Brasil, Vale and Samarco and ordered them to pay preliminary amounts to families in Ponte Nova affected by the Samarco dam failure. Samarco and BHP Billiton Brasil have filed their defences, respectively on 6 December 2016 and 9 March 2017. This case has been remitted to the 12th Federal Court in Belo Horizonte and is currently suspended.

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Public civil claim commenced by the Public Defender Department in Minas Gerais

On 25 April 2016, the Public Defender Department filed a public civil claim against BHP Billiton Brasil, Vale and Samarco in the State Court in Belo Horizonte, Minas Gerais, Brazil claiming R\$10 billion (approximately US\$3 billion) for collective moral damages to be deposited in the State Human Rights Defense Fund. The Public Defender Department is also seeking a number of social and environmental remediation measures in relation to the Samarco dam failure, including orders requiring the reparation of the environmental damage and the reconstruction of properties and populations, including historical, religious, cultural, social, environmental and immaterial heritages affected by the dam failure. On 16 March 2016, the Court denied the remediation measures requested as an injunction by the Public Defender Department. The public civil claim was remitted to the 12th Federal Court in Belo Horizonte.

Public civil claim commenced by the State Prosecutors Office in the state of Espírito Santo

On 15 January 2016, the State Prosecutors Office of Espírito Santo filed a public civil claim before the State Court in Espírito Santo against BHP Billiton Brasil, Vale and Samarco seeking compensation for collective moral damages in relation to the suspension of the water supply of the Municipality of Colatina as a result of the Samarco dam failure. As part of the public civil claim, the State Prosecutors Office sought a number of injunctions, including an order to freeze R\$2 billion (approximately US\$605 million) in the defendants bank accounts in order to secure the requested compensation. On 11 February 2016, the Court denied all of the injunction requests made by the State Prosecutors Office. The State Prosecutors Office appealed the decision and on 2 August 2016 the State Court of Appeal decided to remit the case to the 12th Federal Court in Belo Horizonte. This public civil claim is suspended.

Public civil claim commenced by the state of Espírito Santo

On 8 January 2016, the state of Espírito Santo filed a public civil claim against BHP Billiton Brasil, Vale and Samarco before the State Court in Colatina (later remitted to the 12th Federal Court in Belo Horizonte) seeking the remediation and restoration of the water supply of the residents of Baixo Guandu, Linhares, Colatina and Marilândia. In addition, the claim sought injunctions ordering, among other things, the execution of several works and improvements in public equipment in order to repair and upgrade the sewage system and water network in Colatina and Linhares, and an order to freeze R\$1 billion (approximately US\$305 million) of the defendants assets. On 4 February 2016, the Court ordered Samarco to deposit approximately R\$7 million (approximately US\$2 million) in a fund of the state of Espírito Santo to be created and granted certain injunctions relating to remediation measures. At the same time it denied the injunction request to freeze assets of R\$1 billion (approximately US\$305 million). On 6 April 2016 the Court of Appeals suspended the injunctions granted. BHP Billiton Brasil, Vale and Samarco filed their defences in March 2016 and also requested the suspension of this public civil claim.

Public civil claim commenced by the Association for the Defense of Collective Interests ADIC

On 17 November 2015, ADIC, a NGO in Brazil, filed a public civil claim solely against Samarco before the 12th Federal Court in Belo Horizonte claiming at least R\$10 billion (approximately US\$3 billion) for environmental and social damages in relation to the Samarco dam failure, in addition to collective moral damages and reparation measures. The NGO also requested preliminary injunctions ordering the deposit of R\$1 billion (approximately US\$305 million) and prohibiting Samarco from distributing dividends to its shareholders. Samarco presented its defence on 12 February 2016. The Court did not decide on the injunction request and on 27 March 2017, the Court suspended this public civil claim.

Other proceedings

As noted above, BHP Billiton Brasil has been named as a defendant in numerous other lawsuits that are at early stages of proceedings. The lawsuits seek various remedies, including rehabilitation costs, compensation to injured individuals and families of the deceased, recovery of personal and property losses and injunctive relief. In addition, government inquiries and investigations relating to the Samarco dam failure have been commenced by numerous agencies of the Brazilian Government and are ongoing, including criminal investigations by the federal and state police, and by federal prosecutors.

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Our potential liabilities, if any, resulting from other pending and future claims, lawsuits and enforcement actions relating to the Samarco dam failure, together with the potential cost of implementing remedies sought in the various proceedings, cannot be reliably estimated at this time and therefore a provision has not been recognised and nor has any contingent liability been quantified for these matters. Ultimately these could have a material adverse impact on BHP's business, competitive position, cash flows, prospects, liquidity and shareholder returns. For more information on the Samarco dam failure, refer to section 1.7.

Samarco has been named as a defendant in more than 16,000 small claims in which people had their water service interrupted for between five and 10 days, and courts have awarded damages, which generally range from R\$1,000 (approximately US\$300) to R\$10,000 (approximately US\$3,000). Given the number of people affected by the Samarco dam failure, the number of potential claimants may continue to increase. BHP Billiton Brasil is a defendant in more than 13,000 of these cases.

Criminal charges

On 20 October 2016, the Federal Prosecutors' Office filed criminal charges against BHP Billiton Brasil, Vale and Samarco and certain employees and former employees of BHP (Affected Individuals) in the Federal Court of Ponte Nova, Minas Gerais. On 3 March 2017, BHP Billiton Brasil and the Affected Individuals filed their preliminary defences. BHP Billiton Brasil rejects outright the charges against the company and the Affected Individuals and will defend the charges and fully support each of the Affected Individuals in their defence of the charges.

Under the criminal charges against BHP Billiton Brasil, Vale and Samarco and certain individuals, the Federal Prosecutors requested a range of provisional measures, including a R\$20 billion (approximately US\$6.1 billion) asset freezing order application. On 14 July 2017, the Federal Criminal Court of Ponte Nova denied all of the provisional measures requested by the Federal Prosecutors, including the application for an asset freezing order.

Class action complaint – shareholders

In February 2016, a putative class action complaint (Complaint) was filed in the U.S. District Court for the Southern District of New York on behalf of purchasers of American Depositary Receipts of BHP Billiton Limited and BHP Billiton Plc between 25 September 2014 and 30 November 2015 against BHP Billiton Limited and BHP Billiton Plc and certain of its current and former executive officers and directors. The Complaint asserts claims under US federal securities laws and indicates that the plaintiff will seek certification to proceed as a class action.

The amount of damages sought by the plaintiff on behalf of the putative class is unspecified. On 14 October 2016, the defendants moved to dismiss the Complaint. In a decision of the District Court dated 28 August 2017, the claims were dismissed in part, including the claims against the current and former executive officers and directors.

Given the preliminary status of this matter, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures to BHP Billiton Limited and BHP Billiton Plc.

Class action complaint – bond holders

On 14 November 2016, a putative class action complaint (Complaint) was filed in the U.S. District Court for the Southern District of New York on behalf of all purchasers of Samarco's ten-year bond notes due 2022-2024 between 31 October 2012 and 30 November 2015 against Samarco and the former chief executive officer of Samarco. The Complaint asserts claims under the US federal securities laws and indicates that the plaintiff will seek certification to proceed as a class action.

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On 6 March 2017, the Complaint was amended to include BHP Billiton Limited, BHP Billiton Plc, BHP Billiton Brasil Ltda and Vale S.A. and officers of Samarco, including four of Vale S.A. and BHP Billiton Brasil Ltda's current and former nominees to the Samarco Board. On 5 April 2017, the plaintiff dismissed the claims against the individuals. The remaining corporate defendants filed a joint motion to dismiss the plaintiff's complaint on 26 June 2017.

The amount of damages sought by the plaintiff on behalf of the putative class is unspecified. Given the preliminary status of this matter, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures to BHP Billiton Limited, BHP Billiton Plc and BHP Billiton Brasil Ltda.

Tax and royalty matters

The Group presently has unresolved tax and royalty matters for which the timing of resolution and potential economic outflow are uncertain. For details of those matters, refer to note 5 "Income tax expense" in section 5.

Anti-corruption investigations

In May 2015, the Group announced the resolution of the previously disclosed investigation by the SEC into potential breaches of the US Foreign Corrupt Practices Act. The US Department of Justice has also completed its investigation into BHP without taking any action.

The matter was resolved with the SEC pursuant to an administrative order, which imposed a US\$25 million civil penalty. Under the SEC order, BHP was also required to self-report on its compliance program to the SEC for a period of 12 months following the date of the SEC order (20 May 2015). This obligation has now been satisfied.

As previously disclosed, the Australian Federal Police (AFP) announced an investigation in 2013 relating to matters the subject of section 70.2 of the Commonwealth Criminal Code. The AFP has advised that it has finalised its investigation and does not intend to take any further action at this time.

6.6 Glossary

6.6.1 Mining, oil and gas-related terms

Term	Definition
2D	Two dimensional.
3D	Three dimensional.
Beneficiation	The process of physically separating ore from gangue (waste material) prior to subsequent processing of the beneficiated ore.
Brownfield	The development or exploration located inside the area of influence of existing mine operations which can share infrastructure/management.
Butane	A component of natural gas that occurs in two isomeric forms. Where sold separately, is largely butane gas that has been liquefied through pressurisation. One tonne of butane is approximately equivalent to 14 thousand cubic feet of gas.

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Term	Definition
Coal Reserves	Equivalent to Ore Reserves, but specifically concerning coal.
Coking coal	Used in the manufacture of coke, which is used in the steelmaking process by virtue of its carbonisation properties. Coking coal may also be referred to as metallurgical coal.
Condensate	A mixture of hydrocarbons that exist in gaseous form in natural underground reservoirs, but which condense to form a liquid at atmospheric conditions.
Conventional Petroleum Resources	Hydrocarbon accumulations that can be produced by a well drilled into a geologic formation in which the reservoir and fluid characteristics permit the hydrocarbons to readily flow to the wellbore without the use of specialised extraction technologies.
Copper cathode	Electrolytically refined copper that has been deposited on the cathode of an electrolytic bath of acidified copper sulphate solution. The refined copper may also be produced through leaching and electrowinning.
Crude oil	A mixture of hydrocarbons that exist in liquid form in natural underground reservoirs, and remain liquid at atmospheric pressure after being produced at the well head and passing through surface separating facilities.
Cut-off grade	A nominated grade above which is defined an Ore Reserve. For example, the lowest grade of mineralised material that qualifies as economic for estimating an Ore Reserve.
Dated Brent	A benchmark price assessment of the spot market value of physical cargoes of North Sea light sweet crude oil.
Electrowinning/electrowon	An electrochemical process in which metal is recovered by dissolving a metal within an electrolyte and plating it onto an electrode.
Energy coal	Used as a fuel source in electrical power generation, cement manufacture and various industrial applications. Energy coal may also be referred to as steaming or thermal coal.
Ethane	A component of natural gas. Where sold separately, is largely ethane gas that has been liquefied through pressurisation. One tonne of ethane is approximately equivalent to 28 thousand cubic feet of gas.
Field	An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impervious strata, or laterally by local geologic barriers, or by both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field.

The geological terms structural feature and stratigraphic condition are intended to identify localised geological features as opposed to the

broader terms of basins, trends, provinces, plays, areas-of-interest, etc. (per SEC Regulation S-X, Rule 4-10).

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Term	Definition
Flotation	A method of selectively recovering minerals from finely ground ore using a froth created in water by specific reagents. In the flotation process, certain mineral particles are induced to float by becoming attached to bubbles of froth and the unwanted mineral particles sink.
FPSO (Floating, production, storage and off-take)	A floating vessel used by the offshore oil and gas industry for the processing of hydrocarbons and for storage of oil. An FPSO vessel is designed to receive hydrocarbons produced from nearby platforms or subsea templates, process them and store oil until it can be offloaded onto a tanker.
Grade or Quality	Any physical or chemical measurement of the characteristics of the material of interest in samples or product.
Greenfield	The development or exploration located outside the area of influence of existing mine operations/infrastructure.
Heap leach(ing)	A process used for the recovery of metals such as copper, nickel, uranium and gold from low-grade ores. The crushed material is laid on a slightly sloping, impermeable pad and leached by uniformly trickling (gravity fed) a chemical solution through the beds to ponds. The metals are recovered from the solution.
Hypogene sulphide	Hypogene mineralisation is formed by fluids at high temperature and pressure derived from magmatic activity. Hypogene sulphide consists predominantly of chalcopyrite.
International Centre for Settlement of Investment Disputes (ICSID)	ICSID is an autonomous international institution that provides facilities and services to support conciliation and arbitration of international investment disputes between investors and States. ICSID was established under the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the ICSID Convention), with over 140 member States.
Joint Ore Reserves Committee (JORC) Code	A set of minimum standards, recommendations and guidelines for public reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The guidelines are defined by the Australasian Joint Ore Reserves Committee (JORC), which is sponsored by the Australian mining industry and its professional organisations.
Leaching	The process by which a soluble metal can be economically recovered from minerals in ore by dissolution.
LNG (liquefied natural gas)	Consists largely of methane that has been liquefied through chilling and pressurisation. One tonne of LNG is approximately equivalent to 46 thousand cubic feet of natural gas.
LOI (loss on ignition)	A measure of the percentage of volatile matter (liquid or gas) contained within a mineral or rock. LOI is determined to calculate loss in mass during pyroprocessing.
LPG (liquefied petroleum gas)	Consists of propane and butane and a small amount (less than two per cent) of ethane that has been liquefied through pressurisation. One tonne of LPG is approximately equivalent to 12 barrels of oil.

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Term	Definition
Marketable Coal Reserves	Tonnes of coal available, at specified moisture content and air-dried qualities, for sale after beneficiation of Coal Reserves.
Metallurgical coal	A broader term than coking coal, which includes all coals used in steelmaking, such as coal used for the pulverised coal injection process.
Metocean	A term that is commonly used in the offshore oil and gas industry to describe the physical environment and surrounds (i.e. an environment near an offshore oil and gas working platform).
Mineralisation	Any single mineral or combination of minerals occurring in a mass or deposit of economic interest.
NGL (natural gas liquids)	Consists of propane, butane and ethane individually or as a mixture.
Nominated production rate	The approved average production rate for the remainder of the life-of-asset plan or five-year plan production rate if significantly different to life-of-asset production rate.
OC/OP (open-cut/open-pit)	Surface working in which the working area is kept open to the sky.
Ore Reserves	That part of a mineral deposit that can be economically and legally extracted or produced at the time of the reserves determination. To establish this, studies appropriate to this type of mineral deposit involved have been carried out to estimate the quantity, grade and value of the ore mineral(s) present. In addition, technical studies have been completed to determine realistic assumptions for the extraction of minerals including estimates of mining, processing, economic, marketing, legal, environmental, social and governmental factors. The degree of these studies is sufficient to demonstrate the technical and economic feasibility of the project and depends on whether or not the project is an extension of an existing project or operation. The estimates of minerals to be produced include allowances for ore losses and the treatment of unmineralised materials which may occur as part of the mining and processing activities. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proven Ore Reserves.
Probable Ore Reserves	Ore Reserves for which quantity and grade and/or quality are estimated for information similar to that used for Proven Ore Reserves, that the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for Proven Ore Reserves, is high enough to assume continuity between points of observation.
Propane	A component of natural gas. Where sold separately, is largely propane gas that has been liquefied through pressurisation. One tonne of propane is approximately equivalent to 19 thousand cubic feet of gas.

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Term	Definition
Proved oil and gas reserves	Those quantities of oil, gas and natural gas liquids, which by analysis of geoscience and engineering data can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation (from SEC Modernization of Oil and Gas Reporting, 2009, 17 CFR Parts 210, 211, 229 and 249).
Proven Ore Reserves	Ore Reserves for which (a) quantity is estimated from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are paced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established.
Qualified petroleum reserves and resources evaluator	A qualified petroleum reserves and resources evaluator, as defined in Chapter 19 of the ASX Listing Rules.
Reserve life	Current stated Ore Reserves estimate divided by the current approved nominated production rate as at the end of the financial year.
ROM (run of mine)	Run of mine product mined in the course of regular mining activities. Tonnes include allowances for diluting materials and for losses that occur when the material is mined.
Solvent extraction	A method of separating one or more metals from a leach solution by treating with a solvent that will extract the required metal, leaving the others. The metal is recovered from the solvent by further treatment.
SP (stockpile)	An accumulation of ore or mineral built up when demand slackens or when the treatment plant or beneficiation equipment is incomplete or temporarily unable to process the mine output; any heap of material formed to create a buffer for loading or other purposes or material dug and piled for future use.
Spud	Commence drilling of an oil or gas well.
Supergene sulphide	Supergene is a term used to describe near-surface processes and their products, formed at low temperature and pressure by the activity of descending water. Supergene sulphide is mainly formed of chalcocite and covellite and is amenable to heap leaching.
Tailings	Those portions of washed or milled ore that are too poor to be treated further or remain after the required metals and minerals have been extracted.
TLP (tension leg platform)	A vertically moored floating facility for production of oil and gas.
Total Ore Reserves	The sum of Proven Ore Reserves and Probable Ore Reserves.
UG (underground)	Below the surface mining activities.

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Term	Definition
Unconventional Petroleum Resources	Hydrocarbon accumulations that are generally pervasive in nature and may be continuous throughout a large area requiring specialised extraction technologies to produce or recover. Examples include, but are not limited to, coalbed methane, basin-centred gas, shale gas, gas hydrates, natural bitumen (tar sands) and oil shale deposits. Examples of specialised technologies include dewatering of coalbed methane, massive fracturing programs for shale gas, steam and/or solvents to mobilise bitumen for in situ recovery, and, in some cases, mining activities.
Wet tonnes	Production is usually quoted in terms of wet metric tonnes (wmt). To adjust from wmt to dry metric tonnes (dmt) a factor is applied based on moisture content.
WTI (West Texas Intermediate)	A mixture of hydrocarbons that exists in liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities. Crude oil is refined to produce a wide array of petroleum products, including heating oils; gasoline, diesel and jet fuels; lubricants; asphalt; ethane, propane, and butane; and many other products used for their energy or chemical content. West Texas Intermediate refers to a crude stream produced in Texas and southern Oklahoma that serves as a reference or marker for pricing a number of other crude streams and which is traded in the domestic spot market at Cushing, Oklahoma.

6.6.2 Other terms

Term	Definition
ADR (American Depositary Receipt)	An instrument evidencing American Depositary Shares or ADSs, which trades on a stock exchange in the United States.
ADS (American Depositary Share)	A share issued under a deposit agreement that has been created to permit US-resident investors to hold shares in non-US companies and trade them on the stock exchanges in the United States. ADSs are evidenced by American Depositary Receipts, or ADRs, which are the instruments that trade on a stock exchange in the United States.
ASIC (Australian Securities and Investments Commission)	The Australian Government agency that enforces laws relating to companies, securities, financial services and credit in order to protect consumers, investors and creditors.
Assets	

Asset groups

Assets are a set of one or more geographically proximate operations (including open-cut mines, underground mines, and onshore and offshore oil and gas production and production facilities). Assets include our operated assets and non-operated assets.

We group our assets into geographic regions in order to provide effective governance and accelerate performance improvement. Minerals assets are grouped under Minerals Australia or Minerals

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Term	Definition
	Americas based on their geographic location. Oil, gas and petroleum assets are grouped together as Petroleum.
ASX (Australian Securities Exchange)	ASX is a multi-asset class vertically integrated exchange group that functions as a market operator, clearing house and payments system facilitator. It oversees compliance with its operating rules, promotes standards of corporate governance among Australia's listed companies and helps educate retail investors.
Australian Tax Treaty	A tax convention between Australia and the United States relating to the avoidance of double taxation.
BHP	Being both companies in the DLC structure, BHP Billiton Limited, BHP Billiton Plc and their respective subsidiaries.
BHP Billiton Limited Group	Being BHP Billiton Limited and its subsidiaries.
BHP Billiton Limited share	A fully paid ordinary share in the capital of BHP Billiton Limited.
BHP Billiton Limited shareholders	The holders of BHP Billiton Limited shares.
BHP Billiton Limited Special Voting Share	A single voting share issued to facilitate joint voting by shareholders of BHP Billiton Limited on Joint Electorate Actions.
BHP Billiton Plc Group	Being BHP Billiton Plc and its subsidiaries.
BHP Billiton Plc share	A fully paid ordinary share in the capital of BHP Billiton Plc.
BHP Billiton Plc shareholders	The holders of BHP Billiton Plc shares.
BHP Billiton Plc Special Voting Share	A single voting share issued to facilitate joint voting by shareholders of BHP Billiton Plc on Joint Electorate Actions.
BHP shareholders	In the context of BHP's financial results, BHP shareholders refers to the holders of shares in BHP Billiton Limited and BHP Billiton Plc.
Board	The Board of Directors of BHP.
Company	BHP Billiton Limited, BHP Billiton Plc and their respective subsidiaries.
Continuing operations	Assets/operations/entities that are owned and/or operated by BHP and were not included in the demerger of South32.
Discontinued operations	Assets/operations/entities that were owned and/or operated by BHP during FY2015 and demerged into a new company (South32) on 25 May 2015.
Dividend record date	The date, determined by a company's board of directors, by when an investor must be recorded as an owner of shares in order to qualify for a forthcoming dividend.
DLC Dividend Share	A share to enable a dividend to be paid by BHP Billiton Plc to BHP Billiton Limited or by BHP Billiton Limited to BHP Billiton Plc (as applicable).
DLC (Dual Listed Company)	BHP's Dual Listed Company structure has two parent companies (BHP Billiton Limited and BHP Billiton Plc) operating as a single economic entity as a result of the DLC merger.
DLC merger	

The Dual Listed Company merger between BHP Billiton Limited and BHP Billiton Plc on 29 June 2001.

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Term	Definition
EBIT	Earnings before net finance costs and taxation.
EBITDA	Earnings before depreciation, amortisation and impairments, net finance costs and taxation.
ELT (Executive Leadership Team)	The Executive Leadership Team directly reports to the Chief Executive Officer and is responsible for the day-to-day management of BHP and leading the delivery of our strategic objectives.
EMTN (Euro Medium Term Note)	BHP's EUR 20,000,000,000 Euro Medium-Note Programme.
Equalisation DLC Dividend Share	A share that has been authorised to be issued to enable a distribution dividend to be made by the BHP Billiton Plc Group to the BHP Billiton Limited Group or by the BHP Billiton Limited Group to the BHP Billiton Plc Group (as applicable), should this be required under the terms of the DLC merger.
Functions	Functions operate along global reporting lines to provide support to all areas of the organisation. Functions have specific accountabilities and deep expertise in areas such as finance, legal, governance, technology, human resources, corporate affairs, health, safety and community.
Gearing ratio	The ratio of net debt to net debt plus net assets.
GHG (Greenhouse gas)	For BHP reporting purposes, these are the aggregate anthropogenic carbon dioxide equivalent emissions of carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF ₆).
Group	BHP Billiton Limited, BHP Billiton Plc and their respective subsidiaries.
Henry Hub	A natural gas pipeline located in Erath, Louisiana that serves as the official delivery location for futures contracts on the New York Mercantile Exchange.
IFRS (International Financial Reporting Standards)	Accounting standards as issued by the International Accounting Standards Board.
KMP (Key Management Personnel)	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. For BHP, KMP includes the Executive Director (our CEO), the Non-Executive Directors (our Board), as well as our senior executive team who are members of our OMC (Operations Management Committee).
KPI (Key performance indicator)	Used to measure the performance of the Group, individual businesses and executives in any one year.
LME (London Metal Exchange)	A major futures exchange for the trading of industrial metals.
Major capital projects	Projects where the investment commitment exceeds the Group approval threshold or complexity, or associated reputational risk or exposure necessitates review at a Group level (and within the Group investment process).

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Term	Definition
Marketing and Supply	BHP's commercial businesses that optimise our working capital and manage our inward and outward supply chains. Our Marketing business sells our products, gets our commodities to market and supports strategic decision-making through market insights. Supply sources the goods and services we need for our business, sustainably and cost effectively.
Minerals Americas	A group of assets located in Brazil, Canada, Chile, Colombia, Peru and the United States (see Asset groups) focusing on copper, zinc, iron ore, energy coal and potash.
Minerals Australia	A group of assets located in Australia (see Asset groups). Minerals Australia includes operations in Western Australia, Queensland, New South Wales and South Australia, focusing on iron ore, copper, metallurgical, and energy coal and nickel.
Non-operated assets	Non-operated assets include interests that are owned as a joint venture but not operated by BHP.
Occupational illness	An illness that occurs as a consequence of work-related activities or exposure. It includes acute or chronic illnesses or diseases, which may be caused by inhalation, absorption, ingestion or direct contact.
OMC (Operations Management Committee)	The Operations Management Committee has responsibility for planning, directing and controlling the activities of BHP under the authorities that have been delegated to it by the Board. This includes key strategic, investment and operational decisions, and recommendations to the Board. Members of the OMC are the Chief Executive Officer; the Chief Financial Officer; the Chief External Affairs Officer; the Chief People Officer; the President, Operations, Minerals Australia; the President, Operations, Minerals Americas; and the President Operations, Petroleum.
Onshore US	BHP's Petroleum asset in four prolific US shale areas (Eagle Ford, Permian, Haynesville and Fayetteville), where we produce oil, condensate, gas and natural gas liquids.
Operated assets	Operated assets include assets that are wholly owned and operated by BHP and assets that are owned as a joint venture operation and operated by BHP.
Operating Model	The Operating Model outlines how BHP is organised, works and measures performance and includes mandatory performance requirements and common systems, processes and planning. The Operating Model has been simplified and BHP is organised by assets, asset groups, Marketing and Supply, and functions.
Operations	Open-cut mines, underground mines, onshore and offshore oil and gas production and processing facilities.
Our Requirements	The standards that give effect to the mandatory requirements arising from the BHP Operating Model as approved by the Executive Leadership Team (ELT). They describe the mandatory minimum performance requirements and accountabilities for definitive business

obligations, processes, functions and activities

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Term	Definition
	across BHP. Previously called Group Level Documents (GLDs), Our Requirements reflect a simpler organisation with the purpose of being more user-friendly and easier to read.
Petroleum asset group	A group of conventional and unconventional oil and gas assets (see Asset groups). Petroleum's core production operations are located in the US Gulf of Mexico, Australia, Trinidad and Tobago and onshore United States. Petroleum produces crude oil and condensate, gas and natural gas liquids.
Platts	Platts is a global provider of energy, petrochemicals, metals and agricultural information and a premier source of benchmark price assessments for those commodity markets.
Quoted	In the context of American Depositary Shares (ADS) and listed investments, the term quoted means traded on the relevant exchange.
SEC (United States Securities and Exchange Commission)	The US regulatory commission that aims to protect investors, maintain fair, orderly and efficient markets and facilitate capital formation.
Senior manager	An employee who has responsibility for planning, directing or controlling the activities of the entity or a strategically significant part of it. In the Strategic Report, senior manager includes senior leaders and any persons who are directors of any subsidiary company even if they are not senior leaders.
Shareplus	All-employee share purchase plan.
Social investment	Voluntary contributions to support communities through cash donations to community programs and associated administrative costs. BHP's targeted level of contribution is one per cent of pre-tax profit calculated on the average of the previous three years' pre-tax profit as reported.
South32	During FY2015, BHP demerged a selection of our alumina, aluminium, coal, manganese, nickel, silver, lead and zinc assets into a new company South32 Limited.
Strate	South Africa's Central Securities Depository for the electronic settlement of financial instruments.
TRIF (Total recordable injury frequency)	The sum of (fatalities + lost-time cases + restricted work cases + medical treatment cases) x 1,000,000 ÷ actual hours worked. Stated in units of per million hours worked. BHP adopts the US Government Occupational Safety and Health Administration guidelines for the recording and reporting of occupational injury and illnesses. TRIF statistics exclude non-operated assets.
TSR (Total shareholder return)	TSR measures the return delivered to shareholders over a certain period through the change in share price and any dividends paid. It is the measure used to compare BHP's performance to that of other relevant companies under the Long-Term Incentive Plan.
UKLA (United Kingdom Listing Authority)	

The term used when the UK Financial Conduct Authority (FCA) acts as the competent authority under Part VI of the UK Financial Services and Markets Act (FSMA).

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Term	Definition
Underlying attributable profit	Profit/(Loss) after taxation attributable to owners of the BHP Group less exceptional items as described in note 2 Exceptional items in section 5 and excludes Discontinued operations. Refer to section 1.12 for further information.
Underlying EBIT	Calculated as Underlying EBITDA, including depreciation, amortisation and impairments. Refer to section 1.12 for further information.
Underlying EBITDA	Calculated as earnings before net finance costs, depreciation, amortisation and impairments, taxation expense, Discontinued operations and exceptional items. Refer to section 1.12 for further information.
Unit cash costs	One of the financial measures BHP uses to monitor the performance of individual assets. Unit cash costs are calculated as revenue less Underlying EBITDA. Conventional petroleum unit cash costs exclude inventory movements, freight, and third party and exploration expense; WAIO, Queensland Coal and New South Wales Energy Coal unit cash costs exclude freight and royalties; Escondida unit cash costs exclude freight and treatment and refining charges and are net of by-product credits. FY2017 unit cost guidance is based on exchange rates of AUD/USD 0.75 and USD/CLP 663. Other forward looking guidance is based on internal exchange rate assumptions.

6.6.3 Terms used in reserves

Term	Definition
Ag	silver
Al ₂ O ₃	alumina
Ash	inorganic material remaining after combustion
Au	gold
Cu	copper
CV	calorific value
Fe	iron
LOI	loss on ignition
Met	metallurgical coal
Mo	molybdenum
Ni	nickel
P	phosphorous
Pb	lead
S	sulphur
SCu	soluble copper
SiO ₂	silica
TCu	total copper
Th	thermal coal
U ₃ O ₈	uranium oxide
VM	volatile matter

Yield

the percentage of material of interest that is extracted during mining
and/or processing

Zn

zinc

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Term	Definition
%	percentage or per cent
bbl	barrel (containing 42 US gallons)
bbl/d	barrels per day
Bcf	billion cubic feet (measured at 60 F, 14.73 psia)
bcm	bank cubic metres
boe	barrels of oil equivalent 6,000 scf of natural gas equals 1 boe
dmt	dry metric tonne
dmtu	dry metric tonne unit
g/t	grams per tonne
ha	hectare
kcal/kg	kilocalories per kilogram
kg/tonne or kg/t	kilograms per tonne
km	kilometre
kt	kilotonnes
ktpa	kilotonnes per annum
ktpd	kilotonnes per day
kV	kilovolt
m	metre
Mbbl/d	thousand barrels per day
ML	megalitre
mm	millimetre
MMbbl/d	million barrels per day
MMboe	million barrels of oil equivalent
MMBtu	million British thermal units 1 scf of natural gas equals 1,010 Btu
MMcf/d	million cubic feet per day
MMcm/d	million cubic metres per day
Mscf	thousand standard cubic feet
Mt	million tonnes
Mtpa	million tonnes per annum
MW	megawatt
ozt	Ounce troy. One troy ounce is equivalent to 31.1034768 grams
ppm	parts per million
psi	pounds per square inch
scf	standard cubic feet
t	tonne
TJ	terajoule
TJ/d	terajoules per day
tpa	tonnes per annum
tpd	tonnes per day
t/h	tonnes per hour
wmt	wet metric tonnes

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7 Shareholder information

7.1 History and development

BHP Billiton Limited (formerly BHP Limited and, before that, The Broken Hill Proprietary Company Limited) was incorporated in 1885 and is registered in Australia with ABN 49 004 028 077. BHP Billiton Plc (formerly Billiton Plc) was incorporated in 1996 and is registered in England and Wales with registration number 3196209. Successive predecessor entities to BHP Billiton Plc have operated since 1860.

We have operated under a Dual Listed Company (DLC) structure since 29 June 2001. Under the DLC structure, the two parent companies, BHP Billiton Limited and BHP Billiton Plc, operate as a single economic entity, run by a unified Board and senior executive management team. For more information on the DLC structure, refer to section 7.3.

7.2 Markets

As at the date of this Annual Report, BHP Billiton Limited has a primary listing on the Australian Securities Exchange (ASX) in Australia and BHP Billiton Plc has a premium listing on the UK Listing Authority's Official List and its ordinary shares are admitted to trading on the London Stock Exchange (LSE). BHP Billiton Plc also has a secondary listing on the Johannesburg Stock Exchange (JSE) in South Africa.

In addition, BHP Billiton Limited and BHP Billiton Plc are listed on the New York Stock Exchange (NYSE) in the United States. Trading on the NYSE is via American Depositary Receipts (ADRs) evidencing American Depositary Shares (ADSs), with each ADS representing two ordinary shares of BHP Billiton Limited or BHP Billiton Plc. Citibank N.A. (Citibank) is the Depositary for both ADS programs. BHP Billiton Limited's ADSs have been listed for trading on the NYSE (ticker BHP) since 28 May 1987 and BHP Billiton Plc's since 25 June 2003 (ticker BBL).

7.3 Organisational structure

7.3.1 General

BHP consists of the BHP Billiton Limited Group and the BHP Billiton Plc Group, operating as a single unified economic entity, following the completion of the DLC merger in June 2001 (the DLC merger). For a full list of BHP Billiton Limited and BHP Billiton Plc subsidiaries, refer to Exhibit 8 List of Subsidiaries.

7.3.2 DLC Structure

BHP shareholders approved the DLC merger in 2001, which was designed to place ordinary shareholders of both companies in a position where they have economic and voting interests in a single group.

The principles of the BHP DLC structure are reflected in the DLC Structure Sharing Agreement and include the following:

The two companies must operate as if they are a single unified economic entity, through Boards of Directors that comprise the same individuals and a unified senior executive management team.

The Directors of both companies will, in addition to their duties to the company concerned, have regard to the interests of the ordinary shareholders in the two companies as if the two companies were a single unified economic entity and, for that purpose, the Directors of each company take into account in the exercise of their powers the interests of the shareholders of the other.

Certain DLC equalisation principles must be observed. These are designed to ensure that for so long as the Equalisation Ratio between a BHP Billiton Limited ordinary share and a BHP Billiton Plc ordinary share is 1:1, the economic and voting interests resulting from holding one BHP Billiton Limited ordinary share and one BHP Billiton Plc ordinary share are, so far as practicable, equivalent. For more information, refer to sub-section Equalisation of economic and voting rights that follows.

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Australian Foreign Investment Review Board conditions

The Treasurer of Australia approved the DLC merger subject to certain conditions, the effect of which was to require that, among other things, BHP Billiton Limited continues to:

be an Australian company, which is headquartered in Australia;

ultimately manage and control the companies that conducted the businesses that were conducted by its subsidiaries at the time of the DLC merger for as long as those businesses form part of BHP.

The conditions also require the global headquarters of BHP to be in Australia.

The conditions have effect indefinitely, subject to amendment of the Australian Foreign Acquisitions and Takeovers Act 1975 (FATA) or any revocation or amendment by the Treasurer of Australia. If BHP Billiton Limited no longer wishes to comply with these conditions, it must obtain the prior approval of the Treasurer. Failure to comply with the conditions results in substantial penalties under the FATA.

Equalisation of economic and voting rights

The economic and voting interests attached to each BHP Billiton Limited ordinary share relative to each BHP Billiton Plc ordinary share are determined by a ratio known as the Equalisation Ratio.

The Equalisation Ratio is currently 1:1, meaning one BHP Billiton Limited ordinary share currently has the same economic and voting interests as one BHP Billiton Plc ordinary share.

The Equalisation Ratio governs the proportions in which dividends and capital distributions are paid on the ordinary shares in each company relative to the other. Given the current Equalisation Ratio of 1:1, the amount of any cash dividend paid by BHP Billiton Limited on each BHP Billiton Limited ordinary share must be matched by an equivalent cash dividend by BHP Billiton Plc on each BHP Billiton Plc ordinary share, and vice versa. If one company is prohibited by applicable law or is otherwise unable to pay a matching dividend, the DLC Structure Sharing Agreement requires that BHP Billiton Limited and BHP Billiton Plc will, as far as practicable, enter into such transactions with each other as their Boards agree to be necessary or desirable to enable both companies to pay matching dividends at the same time. These transactions may include BHP Billiton Limited or BHP Billiton Plc making a payment to the other company or paying a dividend on the DLC Dividend Share held by the other company (or a subsidiary of it). The DLC Dividend Share may be used to ensure that the need to trigger the matching dividend mechanism does not arise. BHP Billiton Limited issued a DLC Dividend Share on 23 February 2016. No DLC Dividend Share has been issued by BHP Billiton Plc. For more information on the DLC Dividend Share, refer to section [DLC Dividend Share](#) below and section 7.5.

The Equalisation Ratio may be adjusted to maintain economic equivalence between an ordinary share in each of the two companies where, broadly speaking (and subject to certain exceptions):

a distribution or action affecting the amount or nature of issued share capital is proposed by one of BHP Billiton Limited and BHP Billiton Plc and that distribution or action would result in the ratio of economic returns on, or

voting rights in relation to Joint Electorate Actions (see below) of, a BHP Billiton Limited ordinary share to a BHP Billiton Plc ordinary share not being the same, or would benefit the holders of ordinary shares in one company relative to the holders of ordinary shares in the other company;

no matching action is taken by the other company. A matching action is a distribution or action affecting the amount or nature of issued share capital in relation to the holders of ordinary shares in the other company which ensures that the economic and voting rights of a BHP Billiton Limited ordinary share and BHP Billiton Plc ordinary share are maintained in proportion to the Equalisation Ratio.

For example, an adjustment would be required if there were to be a capital issue or distribution by one company to its ordinary shareholders that does not give equivalent value (before tax) on a per share basis to the ordinary shareholders of the other company and no matching action was undertaken. Since the establishment of the DLC structure in 2001, no adjustment to the Equalisation Ratio has ever been made.

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DLC Dividend Share

Each of BHP Billiton Limited and BHP Billiton Plc is authorised to issue a DLC Dividend Share to the other company or a wholly owned subsidiary of it. In effect, only that other company or a wholly owned subsidiary of it may be the holder of the share. The share is redeemable.

The holder of the share is entitled to be paid such dividends as the Board may decide to pay on that DLC Dividend Share provided that:

the amount of the dividend does not exceed the cap mentioned below;

the Board of the issuing company in good faith considers paying the dividend to be in furtherance of any of the DLC principles, including the principle of BHP Billiton Limited and BHP Billiton Plc operating as a single unified economic entity.

The amounts that may be paid as dividends on a DLC Dividend Share are capped. Broadly speaking, the cap is the total amount of the preceding ordinary cash dividend (whether interim or final) paid on BHP Billiton Limited ordinary shares or BHP Billiton Plc ordinary shares, whichever is greater. The cap will not apply to any dividend paid on a DLC Dividend Share if the proceeds of that dividend are to be used to pay a special cash dividend on ordinary shares.

A DLC Dividend Share otherwise has limited rights and does not carry a right to vote. DLC Dividend Shares cannot be used to transfer funds outside of BHP as the terms of issue contain structural safeguards to ensure that a DLC Dividend Share may only be used to pay dividends within the Group. For more information on the rights attaching to DLC Dividend Shares, refer to section 7.5. The detailed rights attaching to and terms of DLC Dividend Shares are set out in the Constitution of BHP Billiton Limited and the Articles of Association of BHP Billiton Plc.

Joint Electorate Actions

Under the terms of the DLC agreements, BHP Billiton Limited and BHP Billiton Plc have implemented special voting arrangements so that the ordinary shareholders of both companies vote together as a single decision-making body on matters that affect the ordinary shareholders of each company in similar ways. These are referred to as Joint Electorate Actions. For so long as the Equalisation Ratio remains 1:1, each BHP Billiton Limited ordinary share will effectively have the same voting rights as each BHP Billiton Plc ordinary share on Joint Electorate Actions.

A Joint Electorate Action requires approval by ordinary resolution (or special resolution if required by statute, regulation, applicable listing rules or other applicable requirements) of BHP Billiton Limited and BHP Billiton Plc. In the case of BHP Billiton Limited, both the BHP Billiton Limited ordinary shareholders and the holder of the BHP Billiton Limited Special Voting Share vote as a single class and, in the case of BHP Billiton Plc, the BHP Billiton Plc ordinary shareholders and the holder of the BHP Billiton Plc Special Voting Share vote as a single class.

Class Rights Actions

Matters on which ordinary shareholders of BHP Billiton Limited may have divergent interests from the ordinary shareholders of BHP Billiton Plc are referred to as Class Rights Actions. The company wishing to carry out the Class Rights Action requires the prior approval of the ordinary shareholders in the other company voting separately and, where appropriate, the approval of its own ordinary shareholders voting separately. Depending on the type of

Class Rights Action undertaken, the approval required is either an ordinary or special resolution of the relevant company.

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The Joint Electorate Action and Class Rights Action voting arrangements are secured through the constitutional documents of the two companies, the DLC Structure Sharing Agreement, the BHP Special Voting Shares Deed and rights attaching to a specially created Special Voting Share issued by each company and held in each case by a special voting company. The shares in the special voting companies are held legally and beneficially by Law Debenture Trust Corporation Plc.

Cross guarantees

BHP Billiton Limited and BHP Billiton Plc have each executed a Deed Poll Guarantee in favour of the creditors of the other company. Under the Deed Poll Guarantees, each company has guaranteed certain contractual obligations of the other company. This means that creditors entitled to the benefit of the BHP Billiton Limited Deed Poll Guarantee and the BHP Billiton Plc Deed Poll Guarantee will, to the extent possible, be placed in the same position as if the relevant debts were owed by both BHP Billiton Limited and BHP Billiton Plc on a combined basis.

Restrictions on takeovers of one company only

The BHP Billiton Limited Constitution and the BHP Billiton Plc Articles of Association have been drafted to ensure that, except with the consent of the Board, a person cannot gain control of one company without having made an equivalent offer to the ordinary shareholders of both companies on equivalent terms. Sanctions for breach of these provisions would include withholding of dividends, voting restrictions and the compulsory divestment of shares to the extent a shareholder and its associates exceed the relevant threshold.

7.4 Material contracts

BHP Billiton Limited (then known as BHP Limited) and BHP Billiton Plc (then known as Billiton Plc) merged by way of a DLC structure on 29 June 2001. To effect the DLC structure, BHP Limited and Billiton Plc (as they were then known) entered into the following contractual agreements:

BHP Billiton DLC Structure Sharing Agreement

BHP Billiton Special Voting Shares Deed

BHP Billiton Limited Deed Poll Guarantee

BHP Billiton Plc Deed Poll Guarantee.

For information on the effect of each of these agreements, refer to section 7.3.

Demerger Implementation Deed

BHP Billiton Limited, BHP Billiton Plc and South32 Limited entered into an Implementation Deed on 17 March 2015 to facilitate the demerger of South32 Limited from BHP.

The Implementation Deed sets out:

the conditions to the demerger;

certain steps required to be taken by each of BHP Billiton Limited, BHP Billiton Plc and South32 Limited to implement the demerger.

Implementation of the demerger was completed on 25 May 2015 and resulted in the formation of an independent listed company, South32 Limited, with a portfolio of assets producing alumina, aluminium, coal, manganese, nickel, silver, lead and zinc.

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In accordance with the Implementation Deed, the demerger was effected through a distribution of South32 shares to eligible shareholders of BHP Billiton Limited and BHP Billiton Plc by way of an in-specie dividend by each of BHP Billiton Limited and BHP Billiton Plc. Each eligible shareholder of BHP Billiton Limited and BHP Billiton Plc received one South32 share for each share in BHP Billiton Limited or BHP Billiton Plc (as applicable) that it held as at the applicable record date for the demerger.

Framework Agreement

On 2 March 2016, BHP Billiton Brasil together with Vale and Samarco, entered into a Framework Agreement with the Federal Government of Brazil, states of Espírito Santo and Minas Gerais and certain other authorities to establish a foundation (Fundação Renova) that will develop and execute environmental and socio-economic programs to remediate and provide compensation for damage caused by the Samarco dam failure. For a description of the terms of the Framework Agreement, refer to section 6.5.

7.5 Constitution

This section sets out a summary of the Constitution of BHP Billiton Limited and the Articles of Association of BHP Billiton Plc. Where the term **BHP** is used in this section, it can mean either BHP Billiton Limited or BHP Billiton Plc.

Provisions of the Constitution of BHP Billiton Limited and the Articles of Association of BHP Billiton Plc can be amended only where such amendment is approved by special resolution either:

by approval as a Class Rights Action, where the amendment results in a change to an **Entrenched Provision** ; or

otherwise, as a Joint Electorate Action.

In 2015, shareholders approved a number of amendments to our constitutional documents to amend the terms of the Equalisation Shares (which were renamed as DLC Dividend Shares) and to facilitate the more streamlined conduct of simultaneous general meetings.

For a description of Joint Electorate Actions and Class Rights Actions, refer to section 7.3.2.

7.5.1 Directors

The Board may exercise all powers of BHP, other than those that are reserved for BHP shareholders to exercise in a general meeting.

7.5.2 Power to issue securities

Under the Constitution and Articles of Association, the Board of Directors has the power to issue any BHP shares or other securities (including redeemable shares) with preferred, deferred or other special rights, obligations or restrictions. The Board may issue shares on any terms it considers appropriate, provided that:

the issue does not affect any special rights of shareholders;

if required, the issue is approved by shareholders; and

if the issue is of a class other than ordinary shares, the rights attaching to the class are expressed at the date of issue.

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7.5.3 Restrictions on voting by Directors

A Director may not vote in respect of any contract or arrangement or any other proposal in which they have a material personal interest except in certain prescribed circumstances, including (subject to applicable laws) where the material personal interest:

arises because the Director is a shareholder of BHP and is held in common with the other shareholders of BHP;

arises in relation to the Director's remuneration as a Director of BHP;

relates to a contract BHP is proposing to enter into that is subject to approval by the shareholders and will not impose any obligation on BHP if it is not approved by the shareholders;

arises merely because the Director is a guarantor or has given an indemnity or security for all or part of a loan, or proposed loan, to BHP;

arises merely because the Director has a right of subrogation in relation to a guarantee or indemnity referred to above;

relates to a contract that insures, or would insure, the Director against liabilities the Director incurs as an officer of BHP, but only if the contract does not make BHP or a related body corporate the insurer;

relates to any payment by BHP or a related body corporate in respect of an indemnity permitted by law, or any contract relating to such an indemnity; or

is in a contract, or proposed contract with, or for the benefit of, or on behalf of, a related body corporate and arises merely because the Director is a director of a related body corporate.

If a Director has a material personal interest and is not entitled to vote on a proposal, they will not be counted in the quorum for any vote on a resolution concerning the material personal interest.

In addition, under the UK Companies Act 2006, a Director has a duty to avoid conflicts of interest between their interests and the interests of the company. The duty is not breached if, among other things, the conflict of interest is authorised by non-interested Directors. The Articles of Association of BHP Billiton Plc enable the Board to authorise a matter that might otherwise involve a Director breaching their duty to avoid conflicts of interest. An interested Director may not vote or be counted towards a quorum for a resolution authorising a conflict of interest. Where the Board authorises a conflict of interest, the Board may prohibit the relevant Director from voting on any matter relating to the conflict. The Board has adopted procedures to manage these voting restrictions.

7.5.4 Loans by Directors

Any Director may lend money to BHP at interest with or without security or may, for a commission or profit, guarantee the repayment of any money borrowed by BHP and underwrite or guarantee the subscription of shares or securities of BHP or of any corporation in which BHP may be interested without being disqualified as a Director and without being liable to account to BHP for any commission or profit.

7.5.5 Appointment and retirement of Directors

Appointment of Directors

The Constitution and Articles of Association provide that a person may be appointed as a Director of BHP by the existing Directors of BHP or may be elected by the shareholders in a general meeting.

Any person appointed as a Director of BHP by the existing Directors will hold office only until the next general meeting that includes an election of Directors.

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A person may be nominated by shareholders as a Director of BHP if:

a shareholder provides a valid written notice of the nomination;

the person nominated by the shareholder satisfies candidature for the office and consents in writing to his or her nomination as a Director,

in each case, at least 40 business days before the earlier of the date of the general meeting of BHP Billiton Plc and the corresponding general meeting of BHP Billiton Limited. The person nominated as a Director may be elected to the Board by ordinary resolution passed in a general meeting.

Under the Articles of Association, if a person is validly nominated for election as a Director at a general meeting of BHP Billiton Limited, the Directors of BHP Billiton Plc must nominate that person as a Director at the corresponding general meeting of BHP Billiton Plc. An equivalent requirement is included in the Constitution, which requires any person validly nominated for election as a Director of BHP Billiton Plc to be nominated as a Director of BHP Billiton Limited.

Retirement of Directors

The Board has a policy consistent with the UK Corporate Governance Code under which all Directors must, if they wish to remain on the Board, seek re-election by shareholders annually. This policy took effect from the 2011 Annual General Meetings (AGMs) and replaced the previous system that required Directors to submit themselves to shareholders for re-election at least every three years.

A Director may be removed by BHP in accordance with applicable law and must vacate his or her office as a Director in certain circumstances set out in the Constitution and Articles of Association. There is no requirement for a Director to retire on reaching a certain age.

7.5.6 Rights attaching to shares

Dividend rights

Under English law, dividends on shares may only be paid out of profits available for distribution. Under Australian law, dividends on shares may be paid only if the company's assets exceed its liabilities immediately before the dividend is determined and the excess is sufficient for payment of the dividend, the payment of the dividend is fair and reasonable to the company's shareholders as a whole and the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The Constitution and Articles of Association provide that payment of any dividend may be made in any manner, by any means and in any currency determined by the Board.

All unclaimed dividends may be invested or otherwise used by the Board for the benefit of whichever of BHP Billiton Limited or BHP Billiton Plc determined that dividend, until claimed or, in the case of BHP Billiton Limited, otherwise disposed of according to law. BHP Billiton Limited is governed by the Victorian unclaimed monies legislation, which requires BHP Billiton Limited to pay to the State Revenue Office any unclaimed dividend payments of A\$20 or more that have remained unclaimed for over 12 months.

In the case of BHP Billiton Plc, any dividend unclaimed after a period of 12 years from the date the dividend was determined or became due for payment will be forfeited and returned to BHP Billiton Plc.

Voting rights

Voting at any general meeting of BHP shareholders can, in the first instance, be conducted by a show of hands unless a poll is demanded in accordance with the Constitution or Articles of Association (as applicable) or is otherwise required (as outlined further on).

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Generally, matters considered by shareholders at an AGM of BHP Billiton Limited or BHP Billiton Plc constitute Joint Electorate Actions or Class Rights Actions and must be decided on a poll and in the manner described under the headings *Joint Electorate Actions* and *Class Rights Actions* in section 7.3.2. This means that, in practice, most items of business at AGMs are decided by way of a poll.

In addition, at any general meeting a resolution, other than a procedural resolution, put to the vote of the meeting on which the holder of the relevant BHP Special Voting Share is entitled to vote must be decided on a poll.

For the purposes of determining which shareholders are entitled to attend or vote at a meeting of BHP Billiton Plc or BHP Billiton Limited, and how many votes such shareholder may cast, the Notice of Meeting will specify when a shareholder must be entered on the Register of Shareholders in order to have the right to attend or vote at the meeting. The specified time must be not more than 48 hours before the time of the meeting.

Shareholders who wish to appoint a proxy to attend, vote or speak at a meeting of BHP Billiton Plc or BHP Billiton Limited (as appropriate) on their behalf must deposit the relevant form appointing a proxy so that it is received by that company not less than 48 hours before the time of the meeting.

Rights to share in BHP Billiton Limited's profits

The rights attached to the ordinary shares of BHP Billiton Limited, as regards the participation in the profits available for distribution, are as follows:

The holders of any preference shares will be entitled, in priority to any payment of dividend to the holders of any other class of shares, to a preferred right to participate as regards dividends up to but not beyond a specified amount in distribution.

Subject to the special rights attaching to any preference shares, but in priority to any payment of dividends on all other classes of shares, the holder of the DLC Dividend Share (if any) will be entitled to be paid such non-cumulative dividends as the Board may, subject to the cap referred to in section 7.3 and the DLC Dividend Share being held by BHP Billiton Plc or a wholly owned member of its group, decide to pay on that DLC Dividend Share.

Any surplus remaining after payment of the distributions above will be payable to the holders of BHP Billiton Limited ordinary shares and the BHP Billiton Limited Special Voting Share in equal amounts per share.

Rights to share in BHP Billiton Plc's profits

The rights attached to the ordinary shares of BHP Billiton Plc, in relation to the participation in the profits available for distribution, are as follows:

The holders of the cumulative preference shares will be entitled, in priority to any payment of dividend to the holders of any other class of shares, to be paid a fixed cumulative preferential dividend (Preferential Dividend) at a rate of 5.5 per cent per annum, to be paid annually in arrears on 31 July in each year or, if any such date will be

a Saturday, Sunday or public holiday in England, on the first business day following such date in each year. Payments of Preferential Dividends will be made to holders on the register at any date selected by the Directors up to 42 days prior to the relevant fixed dividend date.

Subject to the rights attaching to the cumulative preference shares, but in priority to any payment of dividends on all other classes of shares, the holder of the BHP Billiton Plc Special Voting Share will be entitled to be paid a fixed dividend of US\$0.01 per annum, payable annually in arrears on 31 July.

Subject to the rights attaching to the cumulative preference shares and the BHP Billiton Plc Special Voting Share, but in priority to any payment of dividends on all other classes of shares, the holder of the DLC Dividend Share will be entitled to be paid such non-cumulative dividends as the Board may, subject to the cap referred to in section 7.3 of this Annual Report and the DLC Dividend Share being held by BHP Billiton Limited or a wholly owned member of its group, decide to pay on that DLC Dividend Share.

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Any surplus remaining after payment of the distributions above will be payable to the holders of the BHP Billiton Plc ordinary shares in equal amounts per BHP Billiton Plc ordinary share.

DLC Dividend Share

As set out in section 7.3.2, each of BHP Billiton Limited and BHP Billiton Plc is authorised to issue a DLC Dividend Share to the other company or a wholly owned subsidiary of it.

The dividend rights attaching to a DLC Dividend Share are described above and in section 7.3. The DLC Dividend Share issued by BHP Billiton Limited (BHP Billiton Limited DLC Dividend Share) and the DLC Dividend Share that may be issued by BHP Billiton Plc (BHP Billiton Plc DLC Dividend Share) have no voting rights and, as set out in section 7.5.7 below, very limited rights to a return of capital on a winding-up. A DLC Dividend Share may be redeemed at any time, and must be redeemed if a person other than:

in the case of the BHP Billiton Limited DLC Dividend Share, BHP Billiton Plc or a wholly owned member of its group;

in the case of the BHP Billiton Plc DLC Dividend Share, BHP Billiton Limited or a wholly owned member of its group,
becomes the beneficial owner of the DLC Dividend Share.

7.5.7 Rights on a return of assets on liquidation

Under the DLC structure, special provisions designed to ensure that, as far as practicable, the holders of ordinary shares in BHP Billiton Limited and holders of ordinary shares in BHP Billiton Plc are treated equitably having regard to the Equalisation Ratio, which would apply in the event of an insolvency of either or both companies.

On a return of assets on liquidation of BHP Billiton Limited, the assets of BHP Billiton Limited remaining available for distribution among shareholders after the payment of all prior ranking amounts owed to all creditors and holders of preference shares, and to all prior ranking statutory entitlements, are to be applied subject to the special provisions referred to above in paying to the holders of the BHP Billiton Limited Special Voting Share and the DLC Dividend Share of an amount of up to A\$2.00 on each such share, on an equal priority with any amount paid to the holders of BHP Billiton Limited ordinary shares, and any surplus remaining is to be applied in making payments solely to the holders of BHP Billiton Limited ordinary shares in accordance with their entitlements.

On a return of assets on liquidation of BHP Billiton Plc, subject to the payment of all amounts payable under the special provisions referred to above, prior ranking amounts owed to the creditors of BHP Billiton Plc and to all prior ranking statutory entitlements, the assets of BHP Billiton Plc to be distributed on a winding-up are to be distributed to the holders of shares in the following order of priority:

To the holders of the cumulative preference shares, the repayment of a sum equal to the nominal capital paid up or credited as paid up on the cumulative preference shares held by them and any accrued Preferential Dividend, whether or not such dividend has been earned or declared, calculated up to the date of commencement of the winding-up.

To the holders of the BHP Billiton Plc ordinary shares and to the holders of the BHP Billiton Plc Special Voting Share and the DLC Dividend Share, the payment out of surplus, if any, remaining after the distribution above of an equal amount for each BHP Billiton Plc ordinary share, the BHP Billiton Plc Special Voting Share and the DLC Dividend Share subject to a maximum in the case of the BHP Billiton Plc Special Voting Share and the DLC Dividend Share of the nominal capital paid up on such shares.

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7.5.8 Redemption of preference shares

If BHP Billiton Limited at any time proposes to create and issue any preference shares, the terms of the preference shares may give either or both BHP Billiton Limited and the holder the right to redeem the preference shares.

The preference shares terms may also give the holder the right to convert the preference shares into ordinary shares.

Under the Constitution, the preference shares must give the holders:

the right (on redemption and on a winding-up) to payment in cash in priority to any other class of shares of (i) the amount paid or agreed to be considered as paid on each of the preference shares; and (ii) the amount, if any, equal to the aggregate of any dividends accrued but unpaid and of any arrears of dividends;

the right, in priority to any payment of dividend on any other class of shares, to the preferential dividend. There is no equivalent provision in the Articles of Association of BHP Billiton Plc, although as noted above in section 7.5.2, BHP can issue preference shares that are subject to a right of redemption on terms the Board considers appropriate.

7.5.9 Capital calls

Subject to the terms on which any shares may have been issued, the Board may make calls on the shareholders in respect of all monies unpaid on their shares. BHP has a lien on every partly paid share for all amounts payable in respect of that share. Each shareholder is liable to pay the amount of each call in the manner, at the time and at the place specified by the Board (subject to receiving at least 14 days' notice specifying the time and place for payment). A call is considered to have been made at the time when the resolution of the Board authorising the call was passed.

7.5.10 Borrowing powers

Subject to relevant law, the Directors may exercise all powers of BHP to borrow money, and to mortgage or charge its undertaking, property, assets (both present and future) and all uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of BHP or of any third party.

7.5.11 Changes to rights of shareholders

Rights attached to any class of shares issued by either BHP Billiton Limited or BHP Billiton Plc can only be varied (whether as a Joint Electorate Action or a Class Rights Action) where such variation is approved by:

the company that issued the relevant shares, as a special resolution; and

the holders of the issued shares of the affected class, either by a special resolution passed at a separate meeting of the holders of the issued shares of the class affected, or with the written consent of members with at least 75 per

cent of the votes of that class.

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7.5.12 Conditions governing general meetings

The Board may, and must on requisition in accordance with applicable laws, call a general meeting of the shareholders at the time and place or places and in the manner determined by the Board. No shareholder may convene a general meeting of BHP except where entitled under law to do so. Any Director may convene a general meeting whenever the Director thinks fit. General meetings can also be cancelled, postponed or adjourned, where permitted by law or the Constitution or Articles of Association. Notice of a general meeting must be given to each shareholder entitled to vote at the meeting and such notice of meeting must be given in the form and manner in which the Board thinks fit. Five shareholders of the relevant company present in person or by proxy constitute a quorum for a meeting. A shareholder who is entitled to attend and cast a vote at a general meeting of BHP may appoint a person as a proxy to attend and vote for the shareholder in accordance with applicable law. All provisions relating to general meetings apply with any necessary modifications to any special meeting of any class of shareholders that may be held.

7.5.13 Limitations of rights to own securities

There are no limitations under the Constitution or the Articles of Association restricting the right to own BHP shares other than restrictions that reflect the takeovers codes under relevant Australian and English law. In addition, the Australian Foreign Acquisitions and Takeovers Act 1975 imposes a number of conditions that restrict foreign ownership of Australian-based companies.

For information on share control limits imposed by the Constitution and the Articles of Association, as well as relevant laws, refer to sections 7.11 and 7.3.2.

7.5.14 Documents on display

Documents filed by BHP Billiton Limited on the Australian Securities Exchange (ASX) are available at asx.com.au and documents filed on the London Stock Exchange (LSE) by BHP Billiton Plc are available at morningstar.co.uk/uk/NSM. Documents filed on the ASX, or on the LSE are not incorporated by reference into this Annual Report. The documents referred to in this Annual Report as being available on our website, bhp.com, are not incorporated by reference and do not form part of this Annual Report.

BHP Billiton Limited and BHP Billiton Plc both file Annual Reports and other reports and information with the US Securities and Exchange Commission (SEC). These filings are available on the SEC website at sec.gov. You may also read and copy any document that either BHP Billiton Limited or BHP Billiton Plc files at the SEC's public reference room located at 100 F Street, NE, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 or access the SEC website at sec.gov for further information on the public reference room.

7.6 Share ownership

Share capital

The details of the share capital for both BHP Billiton Limited and BHP Billiton Plc are presented in note 15 Share capital in section 5 and remain current as at 24 August 2017.

Major shareholders

The tables in section 3.3.18 and the information set out in section 4.18 present information pertaining to the shares in BHP Billiton Limited and BHP Billiton Plc held by Directors and members of the Operations Management

Committee (OMC).

Neither BHP Billiton Limited nor BHP Billiton Plc is directly or indirectly controlled by another corporation or by any government. Other than as described in section 7.3.2, no major shareholder possesses voting rights that differ from those attaching to all of BHP Billiton Limited and BHP Billiton Plc's voting securities.

Table of Contents**Substantial shareholders in BHP Billiton Limited**

The following table shows holdings of five per cent or more of voting rights in BHP Billiton Limited's shares as notified to BHP Billiton Limited under the Australian Corporations Act 2001, Section 671B as at 30 June 2017. ⁽¹⁾

Title of class	Identity of person or group	Date received	Date of last notice		Percentage of total voting rights ⁽²⁾		
			Date of change	Number owned	2017	2016	2015
Ordinary shares	BlackRock Group	19 December 2016	15 December 2016	160,784,672	5.00%	<5.0%	5.08

⁽¹⁾ No changes in the holdings of five per cent or more of the voting rights in BHP Billiton Limited's shares have been notified to BHP Billiton Limited between 1 July 2017 and 24 August 2017.

⁽²⁾ The percentages quoted are based on the total voting rights conferred by ordinary shares in BHP Billiton Limited as at 24 August 2017 of 3,211,691,105.

Substantial shareholders in BHP Billiton Plc

The following table shows holdings of three per cent or more of voting rights conferred by BHP Billiton Plc's ordinary shares as notified to BHP Billiton Plc under the UK Disclosure and Transparency Rule 5 as at 30 June 2017. ⁽¹⁾

Title of class	Identity of person or group	Date received	Date of last notice		Percentage of total voting rights ⁽²⁾		
			Date of change	Number owned	2017	2016	2015
Ordinary shares	Aberdeen Asset Managers Limited	8 October 2015	7 October 2015	103,108,283	4.88%	4.88%	6.06%
Ordinary shares	BlackRock, Inc.	3 December 2009	1 December 2009	213,014,043	10.08%	10.08%	10.08%
Ordinary shares	Public Investment Corporation Soc Limited	24 January 2017	23 January 2017	66,684,446	3.16%		

⁽¹⁾ There has been one change in the holdings of three per cent or more of the voting rights in BHP Billiton Plc's shares notified to BHP Billiton Plc between 1 July 2017 and 24 August 2017. On 16 August 2017, Elliott Capital Advisors, L.P. advised that following a change on 14 August 2017, the number of ordinary shares it owned was 106,448,721 or, 5.04 per cent of total voting rights.

⁽²⁾

The percentages quoted are based on the total voting rights conferred by ordinary shares in BHP Billiton Plc as at 24 August 2017 of 2,112,071,796.

Table of Contents**Twenty largest shareholders as at 24 August 2017 (as named on the Register of Shareholders) ⁽¹⁾**

	Number of fully paid shares	% of issued capital
BHP Billiton Limited		
1. HSBC Custody Nominees (Australia) Limited	805,864,838	25.09
2. J P Morgan Nominees Australia Limited	446,216,755	13.89
3. Citicorp Nominees Pty Ltd	175,835,886	5.47
4. Citicorp Nominees Pty Limited <Citibank NY ADR DEP A/C>	150,184,200	4.68
5. National Nominees Limited	121,164,019	3.77
6. BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	74,702,073	2.33
7. BNP Paribas Noms Pty Ltd <DRP>	47,382,331	1.48
8. Citicorp Nominees Pty Limited <Colonial First State INV A/C>	32,775,934	1.02
9. HSBC Custody Nominees (Australia) Limited <NT-Commwlth Super Corp A/C>	17,587,159	0.55
10. Australian Foundation Investment Company Limited	13,990,941	0.44
11. Computershare Nominees Ci Ltd <ASX SHAREPLUS CONTROL A/C>	13,085,828	0.41
12. AMP Life Limited	12,664,277	0.39
13. Argo Investments Limited	8,428,904	0.26
14. HSBC Custody Nominees (Australia) Limited <Euroclear Bank SA NV A/C>	7,429,702	0.23
15. Navigator Australia Ltd <MLC Investment Sett A/C>	4,581,486	0.14
16. IOOF Investment Management Limited <IPS Super A/C>	3,852,038	0.12
17. Solium Nominees (Australia) Pty Ltd <VSA A/C>	3,666,615	0.11
18. Milton Corporation Limited	3,636,921	0.11
19. BNP Paribas Noms (NZ) Ltd <DRP>	3,226,602	0.10
20. Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	3,133,831	0.10
	1,949,410,340	60.70

	Number of fully paid shares	% of issued capital
BHP Billiton Plc		
1. PLC Nominees (Proprietary) Limited ⁽²⁾	329,738,394	15.61
2. National City Nominees Limited	117,394,189	5.56
3. State Street Nominees Limited <OM02>	110,954,713	5.25
4. The Bank of New York (Nominees) Limited	62,833,089	2.97
5. State Street Nominees Limited <OM04>	58,738,089	2.78
6. State Street Nominees Limited <OD64>	56,020,875	2.65
7. Chase Nominees Limited	52,662,211	2.49
8. BNY (OCS) Nominees Limited <259567>	48,384,344	2.29
9. Nortrust Nominees Limited	47,721,318	2.26
10. Lynchwood Nominees Limited <2006420>	45,108,376	2.14
11. Vidacos Nominees Limited <13559>	44,456,404	2.10

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12.	Government Employees Pension Fund PIC	43,625,998	2.07
13.	Vidacos Nominees Limited <CLRLUX2>	34,723,567	1.64
14.	Industrial Development Corporation of South Africa	33,804,582	1.60
15.	Nutraco Nominees Limited <781221>	31,583,180	1.50
16.	HSBC Global Custody Nominee (UK) Limited <357206>	29,421,328	1.39
17.	Chase Nominees Limited <BBHLEND>	26,402,316	1.25
18.	Hanover Nominees Limited <CITIG>	23,678,000	1.12
19.	Vidacos Nominees Limited <CLRLUX>	21,686,105	1.03
20.	Hanover Nominees Limited <UBS03>	20,801,121	0.98
		1,239,738,199	58.66

- (1) Many of the 20 largest shareholders shown for BHP Billiton Limited and BHP Billiton Plc hold shares as a nominee or custodian. In accordance with the reporting requirements, the tables reflect the legal ownership of shares and not the details of the underlying beneficial holders.
- (2) The largest holder on the South African register of BHP Billiton Plc is the Strate nominee in which the majority of shares in South Africa (including some of the shareholders included in this list) are held in dematerialised form.

Table of Contents**US share ownership as at 24 August 2017**

	BHP Billiton Limited				BHP Billiton Plc			
	Number of Shareholders	%	Number of shares	Number of Shareholders	%	Number of shares	%	
Classification of holder								
Registered holders of voting securities	1,688	0.30	4,257,185	0.13	83	0.49	255,753	0.01
ADR holders	1,550	0.28	150,184,200 ⁽¹⁾	4.68	216	1.27	117,394,188 ⁽²⁾	5.56

⁽¹⁾ These shares translate to 75,092,100 ADRs.

⁽²⁾ These shares translate to 58,697,094 ADRs.

Geographical distribution of shareholders and shareholdings as at 24 August 2017

	BHP Billiton Limited				BHP Billiton Plc			
	Number of Shareholders	%	Number of shares	Number of Shareholders	%	Number of shares	%	
Registered address								
Australia	539,831	96.50	3,148,188,580	98.02	1,608	9.49	2,245,928	0.11
New Zealand	10,814	1.93	27,678,459	0.86	31	0.18	48,306	0.01
United Kingdom	2,804	0.50	7,992,704	0.25	11,360	67.04	1,757,294,975	83.20
United States	1,688	0.30	4,257,185	0.13	83	0.49	255,753	0.01
South Africa	127	0.02	269,309	0.01	2,260	13.33	348,174,908	16.48
Other	4,120	0.75	23,304,868	0.73	1,604	9.47	4,051,926	0.19
Total	559,384	100.00	3,211,691,105	100.00	16,946	100.00	2,112,071,796	100.00

Distribution of shareholdings by size as at 24 August 2017

	BHP Billiton Limited				BHP Billiton Plc			
	Number of Shareholders	%	Number of shares ⁽¹⁾	Number of Shareholders	%	Number of shares ⁽¹⁾	%	
Size of holding								
1 - 500 ⁽²⁾	237,880	42.53	53,990,808	1.68	8,809	51.98	1,872,842	0.09
501 - 1,000	109,376	19.55	84,766,926	2.64	3,177	18.75	2,350,168	0.11
1,001 - 5,000	165,612	29.61	373,857,278	11.64	3,138	18.52	6,408,697	0.30

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5,001	10,000	27,380	4.90	193,645,009	6.03	370	2.18	2,654,799	0.13
10,001	25,000	14,391	2.57	216,823,028	6.75	320	1.89	5,058,090	0.24
25,001	50,000	3,101	0.55	106,064,680	3.30	216	1.27	7,874,474	0.37
50,001	100,000	1,081	0.19	74,257,556	2.31	218	1.29	15,772,309	0.75
100,001	250,000	411	0.07	58,856,482	1.83	246	1.45	38,912,578	1.84
250,001	500,000	71	0.01	23,591,225	0.73	141	0.83	50,688,509	2.40
500,001	1,000,000	33	0.01	24,423,557	0.76	88	0.52	62,558,677	2.96
1,000,001	and over	48	0.01	2,001,414,556	62.32	223	1.32	1,917,920,653	90.81
Total		559,384	100.00	3,211,691,105	100.00	16,946	100.00	2,112,071,796	100.00

- (1) One ordinary share entitles the holder to one vote.
- (2) The number of BHP Billiton Limited shareholders holding less than a marketable parcel (A\$500) based on the market price of A\$26.60 as at 24 August 2017 was 8,330.

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Classification of holder	BHP Billiton Limited			BHP Billiton Plc				
	Number of Shareholders	%	Number of shares	Number of Shareholders	%	Number of shares	%	
Corporate	157,784	28.21	2,275,443,312	70.85	6,624	39.09	2,102,244,060	99.53
Private	401,600	71.79	936,247,793	29.15	10,322	60.91	9,827,736	0.47
Total	559,384	100.00	3,211,691,105	100.00	16,946	100.00	2,112,071,796	100.00

7.7 Dividends**Policy**

The Group adopted a dividend policy in February 2016 that provides for a minimum 50 per cent payout of Underlying attributable profit at every reporting period. For information on Underlying attributable profit for FY2017, refer to section 1.12.1.

The Board will assess, at every reporting period, the ability to pay amounts additional to the minimum payment, in accordance with the Capital Allocation Framework, as described in section 1.5.2.

In FY2017, we determined our dividends and other distributions in US dollars as it is our main functional currency. BHP Billiton Limited paid its dividends in Australian dollars, UK pounds sterling, New Zealand dollars and US dollars. BHP Billiton Plc paid its dividends in UK pounds sterling (or US dollars, if elected) to shareholders registered on its principal register in the United Kingdom and in South African rand to shareholders registered on its branch register in South Africa.

Currency conversions are based on the foreign currency exchange rates on the record date, except for the conversion into South African rand, which takes place one week before the record date. Aligning the currency conversion date with the record date (for all currencies except the conversion into South African rand) enables a high level of certainty around the currency required to pay the dividend and helps to eliminate the Group's exposure to movements in exchange rates since the number of shares on which dividends are payable (and the elected currency) is final at close of business on the record date.

Aligning the final date to receive currency elections (currency election date) with the record date further simplifies the process.

Payments

BHP Billiton Limited shareholders may currently have their cash dividends paid directly into their bank account in Australian dollars, UK pounds sterling, New Zealand dollars or US dollars, provided they have submitted direct credit details and if required, a valid currency election nominating a financial institution to the BHP Share Registrar in Australia no later than close of business on the dividend record date. BHP Billiton Limited shareholders who do not provide their direct credit details will receive dividend payments by way of a cheque in Australian dollars.

BHP Billiton Plc shareholders on the UK register who wish to receive their dividends in US dollars must complete the appropriate election form and return it to the BHP Share Registrar in the United Kingdom no later than close of

business on the dividend record date. BHP Billiton Plc shareholders may have their cash dividends paid directly into a bank or building society by completing a dividend mandate form, which is available from the BHP Share Registrar in the United Kingdom or South Africa.

Table of Contents**7.8 Share price information**

The following tables show the share prices for the period indicated for ordinary shares and ADSs for each of BHP Billiton Limited and BHP Billiton Plc. The share prices are the highest and lowest closing market quotations for ordinary shares reported on the Daily Official List of the ASX and LSE respectively, and the highest and lowest closing prices for ADSs quoted on the NYSE, adjusted to reflect stock dividends.

BHP Billiton Limited

		Ordinary shares		American Depository Shares ⁽¹⁾	
		High A\$	Low A\$	High US\$	Low US\$
BHP Billiton Limited					
FY2013		39.00	30.18	80.46	57.38
FY2014		39.38	30.94	72.81	56.32
FY2015		39.68	26.90	73.50	40.71
FY2016	First quarter	27.10	21.61	41.29	30.48
	Second quarter	25.60	16.27	37.76	23.62
	Third quarter	18.55	14.20	29.17	19.38
	Fourth quarter	21.05	15.98	32.53	23.92
FY2017	First quarter	22.40	18.71	34.65	27.78
	Second quarter	26.50	22.27	39.57	33.88
	Third quarter	27.89	23.55	41.68	35.64
	Fourth quarter	25.73	24.07	38.39	33.67

		Ordinary shares		American Depository Shares ⁽¹⁾	
		High A\$	Low A\$	High US\$	Low US\$
BHP Billiton Limited					
Month of January 2017		27.89	25.06	41.68	35.78
Month of February 2017		27.08	24.99	41.41	37.82
Month of March 2017		25.75	23.55	39.06	35.64
Month of April 2017		25.73	23.65	38.39	35.01
Month of May 2017		24.63	22.62	36.89	33.82
Month of June 2017		24.07	22.10	35.61	33.67
Month of July 2017		25.85	23.23	41.66	36.18
Month of August 2017		27.38	25.39	43.50	40.07

⁽¹⁾ Each ADS represents the right to receive two BHP Billiton Limited ordinary shares. The total market capitalisation of BHP Billiton Limited at 24 August 2017 was A\$85.4 billion (US\$67.5 billion equivalent), which represented approximately 4.73 per cent of the total market capitalisation of the ASX All Ordinaries Index. The closing price for BHP Billiton Limited ordinary shares on the ASX on that date was A\$26.60.

Table of Contents**BHP Billiton Plc**

		Ordinary shares		American Depositary Shares ⁽¹⁾	
		High UK pence	Low UK pence	High US\$	Low US\$
BHP Billiton Plc					
FY2013		2,236.00	1,673.00	72.07	51.27
FY2014		1,995.00	1,666.50	66.73	62.35
FY2015		2,096.00	1,249.00	71.02	39.56
FY2016	First quarter	1,272.50	964.10	39.87	29.44
	Second quarter	1,194.50	669.30	36.44	20.72
	Third quarter	897.80	580.90	25.80	17.07
	Fourth quarter	997.00	727.50	29.13	20.68
FY2017	First quarter	1,168.00	921.10	30.38	24.18
	Second quarter	1,400.00	1,166.00	35.28	29.20
	Third quarter	1,480.50	1,197.00	37.20	30.63
	Fourth quarter	1,316.00	1,117.00	33.32	28.94

		Ordinary shares		American Depositary Shares ⁽¹⁾	
		High UK pence	Low UK pence	High US\$	Low US\$
BHP Billiton Plc					
Month of January 2017		1,480.50	1,306.50	37.20	31.46
Month of February 2017		1,442.50	1,297.50	36.85	32.49
Month of March 2017		1,362.50	1,197.00	33.84	30.63
Month of April 2017		1,316.00	1,153.50	33.32	30.22
Month of May 2017		1,215.50	1,117.00	31.88	29.12
Month of June 2017		1,207.50	1,140.00	30.91	28.94
Month of July 2017		1,378.00	1,214.50	36.41	31.34
Month of August 2017		1,476.50	1,336.00	38.13	34.79

⁽¹⁾ Each ADS represents the right to receive two BHP Billiton Plc ordinary shares.

The total market capitalisation of BHP Billiton Plc at 24 August 2017 was £29.92 billion (US\$38.30 billion equivalent), which represented approximately 1.24 per cent of the total market capitalisation of the FTSE All-Share Index. The closing price for BHP Billiton Plc ordinary shares on the LSE on that date was £14.17.

7.9 American Depositary Receipts fees and charges

We have American Depositary Receipts (ADR) programs for BHP Billiton Limited and BHP Billiton Plc.

Depositary fees

Citibank serves as the depositary bank for both of our ADR programs. ADR holders agree to the terms in the deposit agreement filed with the SEC for depositing ADSs or surrendering the ADSs for cancellation and for certain services as provided by Citibank. Holders are required to pay all fees for general depositary services provided by Citibank in

each of our ADR programs, as set forth in the tables below.

Table of Contents***Standard depositary fees:***

Depositary service	Fee payable by the ADR holders
Issuance of ADSs upon deposit of shares	Up to US\$5.00 per 100 ADSs (or fraction thereof) issued
Delivery of Deposited Securities against surrender of ADSs	Up to US\$5.00 per 100 ADSs (or fraction thereof) surrendered
Distribution of Cash Distributions	No fee

Corporate actions depositary fees:

Depositary service	Fee payable by the ADR holders
Cash Distributions (i.e. sale of rights, other entitlements, return of capital)	Up to US\$2.00 per 100 ADSs (or fraction thereof) held
Distribution of ADSs pursuant to exercise of rights to purchase additional ADSs. Excludes stock dividends and stock splits	Up to US\$5.00 per 100 ADSs (or fraction thereof) held
Distribution of securities other than ADSs or rights to purchase additional ADSs (i.e. spin-off shares)	Up to US\$5.00 per 100 ADSs (or fraction thereof) held
Distribution of ADSs pursuant to an ADR ratio change in which shares are not distributed	No fee

Fees payable by the Depositary to the Issuer

Citibank has provided BHP Billiton net reimbursement of US\$1.4 million in FY2017 for ADR program-related expenses for both of BHP Billiton's ADR programs (FY2016 US\$2.1 million). ADR program-related expenses include legal and accounting fees, listing fees, expenses related to investor relations in the United States, fees payable to service providers for the distribution of material to ADR holders, expenses of Citibank as administrator of the ADS Direct Plan and expenses to remain in compliance with applicable laws.

Citibank has further agreed to waive other ADR program-related expenses for FY2017, amounting to less than US\$0.03 million, which are associated with the administration of the ADR programs (FY2016 less than US\$0.03 million).

Our ADR programs trade on the NYSE under the stock tickers BHP and BBL for the BHP Billiton Limited and BHP Billiton Plc programs, respectively. As of 24 August 2017, there were 75,092,100 ADRs on issue and outstanding in the BHP Billiton Limited ADR program and 58,697,094 ADRs on issue and outstanding in the BHP Billiton Plc ADR program. Both of the ADR programs have a 2:1 ordinary shares to ADR ratio.

7.10 Taxation

The taxation discussion below describes the material Australian, UK and US federal income tax consequences to a US holder of owning BHP Billiton Limited ordinary shares or ADSs or BHP Billiton Plc ordinary shares or ADSs. The discussion below also outlines the potential South African tax issues for US holders of BHP Billiton Plc shares that

are listed on the JSE.

The following discussion is not relevant to non-US holders of BHP Billiton Limited ordinary shares or ADSs or BHP Billiton Plc ordinary shares or ADSs. By its nature, the commentary below is of a general nature and we recommend that holders of ordinary shares or ADSs consult their own tax advisers regarding the Australian, UK, South African and US federal, state and local tax and other tax consequences of owning and disposing of ordinary shares and ADSs in their particular circumstances.

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For purposes of this commentary, a US holder is a beneficial owner of ordinary shares or ADSs who is, for US federal income tax purposes:

a citizen or resident alien of the US;

a corporation (or other entity treated as a corporation for US federal income tax purposes) that is created or organised under the laws of the US or any political subdivision thereof;

an estate, the income of which is subject to US federal income taxation regardless of its source; or

a trust:

(a) if a court within the US is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of its substantial decisions; or

(b) that has made a valid election to be treated as a US person for tax purposes.

This discussion of material tax consequences for US holders is based on the Australian, UK, US and South African laws currently in effect, the published practice of tax authorities in those jurisdictions and the double taxation treaties and conventions currently in existence. These laws are subject to change, possibly on a retroactive basis.

US holders in BHP Billiton Limited

(a) Australian taxation

Dividends

Dividends (including other distributions treated as dividends for Australian tax purposes) paid by BHP Billiton Limited to a US holder that is not an Australian resident for Australian tax purposes will generally not be subject to Australian withholding tax if they are fully franked (broadly, where a dividend is franked, tax paid by BHP Billiton Limited is imputed to the shareholders).

Dividends paid to such US holders, which are not fully franked, will generally be subject to Australian withholding tax not exceeding 15 per cent only to the extent (if any) that the dividend is neither:

franked; nor

declared by BHP Billiton Limited to be conduit foreign income. (Broadly, this means that the relevant part of the dividend is declared to have been paid out of foreign source amounts received by BHP Billiton Limited that are not subject to tax in Australia, such as dividends remitted to Australia by foreign subsidiaries).

The Australian withholding tax outcome described above applies to US holders who are eligible for benefits under the Tax Convention between Australia and the US as to the Avoidance of Double Taxation (the Australian Tax Treaty). Otherwise, the rate of Australian withholding tax may be 30 per cent.

In contrast, dividends (including other distributions treated as dividends for Australian tax purposes) paid by BHP Billiton Limited to a US holder may instead be taxed by assessment in Australia if the US holder:

is an Australian resident for Australian tax purposes (although the tax will generally not exceed 15 per cent where the US holder is eligible for benefits under the Australian Tax Treaty as a treaty resident of the US and any franking credits may be creditable against their Australian income tax liability); or

carries on business in Australia through a permanent establishment as defined in the Australia-US Tax Convention, is not a trust or estate for Australian tax purposes, and the dividend is effectively connected with that permanent establishment (in which case any franking credits may be creditable against their Australian income tax liability).

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Sale of ordinary shares and ADSs

Gains made by US holders on the sale of ordinary shares or ADSs will generally not be taxed in Australia.

However, the precise Australian tax treatment of gains made by US holders on the sale of ordinary shares or ADSs generally depends on whether or not the gain is an Australian sourced gain of an income nature for Australian income tax purposes.

Where the gain is Australian sourced and of an income nature, a US holder will generally only be liable to Australian income tax on an assessment basis (whether or not they are also an Australian resident for Australian tax purposes) if:

they are not eligible for benefits under the Australian Tax Treaty; or

they are eligible for benefits under the Australian Tax Treaty but the gain constitutes any of the following:

business profits of an enterprise attributable to a permanent establishment situated in Australia through which the enterprise carries on business in Australia; or

income or gains from the alienation of property that form part of the business property of a permanent establishment of an enterprise that the US holder has in Australia, or pertain to a fixed base available to the US holder in Australia for the purpose of performing independent personal services; or

income derived from the disposition of shares in a company, the assets of which consist wholly or principally of real property (which includes rights to exploit or to explore for natural resources) situated in Australia, whether such assets are held directly or indirectly through one or more interposed entities.

Where the gain is either not Australian sourced or is not of an income nature, the US holder will generally only be liable to Australian capital gains tax on an assessment basis if they acquired (or are deemed to have acquired) their shares or ADSs after 19 September 1985 and one or more of the following applies:

the US holder is an Australian resident for Australian tax purposes; or

the ordinary shares or ADSs have been used by the US holder in carrying on a business through a permanent establishment in Australia; or

the US holder (either alone or together with associates) directly or indirectly owns or owned 10 per cent or more of the issued share capital of BHP Billiton Limited at the time of the disposal or throughout a 12-month period during the two years prior to the time of disposal and, at the time of the disposal, the sum of the market values of BHP Billiton Limited's assets that are taxable Australian real property (held directly or through interposed

entities) exceeds the sum of the market values of BHP Billiton Limited's assets (held directly or through interposed entities) that are not taxable Australian real property at that time (which, for these purposes currently includes mining, quarrying or prospecting rights in respect of minerals, petroleum or quarry materials situated in Australia and may be extended to associated information and goodwill); or

the US holder is an individual who is not eligible for benefits under the Australian Tax Treaty as a treaty resident of the US and elected on becoming a non-resident of Australia to continue to have the ordinary shares or ADSs subject to Australian capital gains tax.

In certain circumstances, the purchaser may be required to withhold under the non-resident CGT withholding regime an amount equal to 12.5 per cent of the purchase price if the acquisition is undertaken by way of an off-market transfer. Affected US holders should seek their own advice in relation to how this withholding regime may apply to them.

The comments above on the sale of ordinary shares and ADSs do not apply:

to temporary residents of Australia who should seek advice that is specific to their circumstances;

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if the Investment Management Regime (IMR) applies to the US holder, which exempts from Australian income tax and capital gains tax gains made on disposals by certain categories of non-resident funds called IMR entities of (relevantly) portfolio interests in Australian public companies (subject to a number of conditions). The IMR exemptions broadly apply to widely held IMR entities in relation to their direct investments and indirect investments made through an independent Australian fund manager. The exemptions apply to gains made by IMR entities that are treated as companies for Australian tax purposes as well as gains made by non-resident investors in IMR entities that are treated as trusts and partnerships for Australian tax purposes.

Stamp duty, gift, estate and inheritance tax

Australia does not impose any stamp duty, gift, estate or inheritance taxes in relation to transfers or gifts of shares or ADSs or upon the death of a shareholder.

(b) US taxation

This section describes the material US federal income tax consequences to a US holder of owning ordinary shares or ADSs. It applies only to ordinary shares or ADSs that are held as capital assets for tax purposes. This section does not apply to a holder of ordinary shares or ADSs that is a member of a special class of holders subject to special rules, including a dealer in securities, a trader in securities that elects to use a mark-to-market method of accounting for its securities holdings, a tax-exempt organisation, a life insurance company, a person liable for alternative minimum tax, a person who actually or constructively owns 10 per cent or more of the voting stock of BHP Billiton Limited, a person that holds ordinary shares or ADSs as part of a straddle or a hedging or conversion transaction, a person that purchases or sells ordinary shares or ADSs as part of a wash sale for tax purposes, or a person whose functional currency is not the US dollar.

If a partnership holds the ordinary shares or ADSs, the US federal income tax treatment of a partner generally will depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the ordinary shares or ADSs should consult its tax adviser with regard to the US federal income tax treatment of an investment in the ordinary shares or ADSs.

This section is in part based on the representations of the Depositary and the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

In general, for US federal income tax purposes, a holder of ADSs will be treated as the owner of the ordinary shares represented by those ADSs. Exchanges of ordinary shares for ADSs, and ADSs for ordinary shares, generally will not be subject to US federal income tax.

Dividends

Under US federal income tax laws and subject to the Passive Foreign Investment Company (PFIC) rules discussed below, a US holder must include in its gross income the amount of any dividend paid by BHP Billiton Limited out of its current or accumulated earnings and profits (as determined for US federal income tax purposes) plus any Australian tax withheld from the dividend payment even though the holder does not receive it. The dividend is taxable to the holder when the holder, in the case of ordinary shares, or the Depositary, in the case of ADSs, actually or constructively receives the dividend.

Dividends paid to a non-corporate US holder on shares or ADSs will be taxable at the preferential rates applicable to long-term capital gains provided the US holder holds the shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and does not enter into certain risk reduction transactions with

respect to the shares or ADSs during the abovementioned holding period. However, a non-corporate US holder that elects to treat the dividend income as investment income pursuant to Section 163(d)(4) of the US Internal Revenue Code will not be eligible for such preferential rates. In the case of a corporate US holder, dividends on shares and ADSs are taxed as ordinary income and will not be eligible for the dividends received deduction generally allowed to US corporations in respect of dividends received from other US corporations.

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Distributions in excess of current and accumulated earnings and profits, as determined for US federal income tax purposes, will be treated as a non-taxable return of capital to the extent of the holder's tax basis, determined in US dollars, in the ordinary shares or ADSs and thereafter as a capital gain.

The amount of any cash distribution paid in any foreign currency will be equal to the US dollar value of such currency, calculated by reference to the spot rate in effect on the date such distribution is received by the US holder or, in the case of ADSs, by the Depositary, regardless of whether and when the foreign currency is in fact converted into US dollars. If the foreign currency is converted into US dollars on the date received, the US holder generally should not recognise foreign currency gain or loss on such conversion. If the foreign currency is not converted into US dollars on the date received, the US holder will have a basis in the foreign currency equal to its US dollar value on the date received, and generally will recognise foreign currency gain or loss on a subsequent conversion or other disposal of such currency. Such foreign currency gain or loss generally will be treated as US source ordinary income or loss for foreign tax credit limitation purposes.

Subject to certain limitations, Australian tax withheld in accordance with the Australian Treaty and paid over to Australia will be creditable against an individual's US federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are taxed at the preferential rates applicable to long-term capital gains. To the extent a refund of the tax withheld is available to a US holder under Australian law or under the Australian Treaty, the amount of tax withheld that is refundable will not be eligible for credit against the holder's US federal income tax liability. A US holder that does not elect to claim a US foreign tax credit may instead claim a deduction for Australian income tax withheld, but only for a taxable year in which the US holder elects to do so with respect to all foreign income taxes paid or accrued in such taxable year.

Dividends will be income from sources outside the US, and generally will be passive category income or, for certain taxpayers, general category income, which are treated separately from each other for the purpose of computing the foreign tax credit allowable to a US holder. In general, a taxpayer's ability to use foreign tax credits may be limited and is dependent on the particular circumstances. US holders should consult their tax advisers with respect to these matters.

Sale of ordinary shares and ADSs

Subject to the PFIC rules discussed below, a US holder who sells or otherwise disposes of ordinary shares or ADSs will recognise a capital gain or loss for US federal income tax purposes equal to the difference between the US dollar value of the amount realised and the holder's tax basis, determined in US dollars, in those ordinary shares or ADSs. The gain or loss will generally be income or loss from sources within the US for foreign tax credit limitation purposes. The capital gain of a non-corporate US holder is generally taxed at preferential rates where the holder has a holding period greater than 12 months in the shares or ADSs sold. There are limitations on the deductibility of capital losses.

The US dollar value of any foreign currency received upon a sale or other disposition of ordinary shares or ADSs will be calculated by reference to the spot rate in effect on the date of sale or other disposal (or, in the case of a cash basis or electing accrual basis taxpayer, on the settlement date). A US holder will have a tax basis in the foreign currency received equal to that US dollar amount, and generally will recognise foreign currency gain or loss on a subsequent conversion or other disposal of the foreign currency. This foreign currency gain or loss generally will be treated as US source ordinary income or loss for foreign tax credit limitation purposes.

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Passive Foreign Investment Company rules

We do not believe that the BHP Billiton Limited ordinary shares or ADSs will be treated as stock of a PFIC for US federal income tax purposes, but this conclusion is a factual determination that is made annually at the end of the year and thus may be subject to change. If BHP Billiton Limited were treated as a PFIC, any gain realised on the sale or other disposition of ordinary shares or ADSs would in general not be treated as a capital gain. Instead, a US holder would be treated as if it had realised such gain and certain excess distributions ratably over its holding period for the ordinary shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. In addition, dividends received with respect to ordinary shares or ADSs would not be eligible for the special tax rates applicable to qualified dividend income if BHP Billiton Limited were a PFIC either in the taxable year of the distribution or the preceding taxable year, but instead would be taxable at rates applicable to ordinary income. Assuming the shares or ADSs are marketable stock, a US holder may mitigate the adverse tax consequences described above by electing to be taxed annually on a mark-to-market basis with respect to such shares or ADSs.

US holders in BHP Billiton Plc

(a) UK taxation

Dividends

Under UK law, no UK tax is required to be withheld at source from dividends paid on ordinary shares or ADSs.

Sale of ordinary shares and ADSs

US holders will not be liable for UK tax on capital gains realised on disposal of ordinary shares or ADSs unless:

they are resident in the UK; or

they carry on a trade, profession or vocation in the UK through a branch or agency for the year in which the disposal occurs and the shares or ADSs have been used, held or acquired for the purposes of such trade (or profession or vocation), branch or agency. In the case of a trade, the term branch includes a permanent establishment.

An individual who ceases to be a resident in the UK for tax purposes while owning shares or ADSs and then disposes of those shares or ADSs while not a UK resident may become subject to UK tax on capital gains if he/she:

had sole UK residence in the UK tax year preceding his/her departure from the UK;

had sole UK residence at any time during at least four of the seven UK tax years preceding his/her year of departure from the UK; and

subsequently becomes treated as having sole UK residence again before five complete UK tax years of non-UK residence have elapsed from the date he/she left the UK.

In this situation US holders will generally be entitled to claim US tax paid on such a disposition as a credit against any corresponding UK tax payable.

UK inheritance tax

Under the current UK US Inheritance and Gift Tax Treaty, ordinary shares or ADSs held by a US holder who is domiciled for the purposes of the UK US Inheritance and Gift Tax Treaty in the US, and is not for the purposes of the UK US Inheritance and Gift Tax Treaty a national of the UK, will generally not be subject to UK inheritance tax on the individual's death or on a chargeable gift of the ordinary shares or ADSs during the individual's lifetime, provided that any applicable US federal gift or estate tax liability is paid, unless the ordinary shares or ADSs are part of the business property of a permanent establishment of the individual in the UK or, in the case of a shareholder who performs independent personal services, pertain to a fixed base situated in the UK. Where the ordinary shares or ADSs have been placed in trust by a settlor who, at the time of settlement, was a US resident shareholder, the ordinary shares or ADSs will generally not be subject to UK inheritance tax unless the settlor, at the time of settlement, was not domiciled in the US and was a UK national. In the exceptional case where the ordinary shares or ADSs are subject to both UK inheritance tax and US federal gift or estate tax, the UK US Inheritance and Gift Tax Treaty generally provides for double taxation to be relieved by means of credit relief.

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UK stamp duty and stamp duty reserve tax

Under applicable legislation, UK stamp duty or stamp duty reserve tax (SDRT) is, subject to certain exemptions, payable on any issue or transfer of shares to the Depositary or their nominee where those shares are for inclusion in the ADR program at a rate of 1.5 per cent of their price (if issued), the amount of any consideration provided (if transferred on sale) or their value (if transferred for no consideration). However, from 1 October 2009, this 1.5 per cent charge has generally ceased to apply to issues of shares into European Union (EU) depositary receipt systems and into EU clearance systems. Further, the First-tier Tribunal has held that the 1.5 per cent SDRT charge on a transfer of shares to an issuer of ADRs (as an integral part of a fresh capital raising) was incompatible with EU law. Her Majesty's Revenue and Customs has confirmed that it will no longer seek to impose the 1.5 per cent SDRT charge on the issue of shares (or, where it is integral to the raising of new capital, the transfer of shares) to a depositary receipt issuer or a clearance service, wherever located. The law in this area may still be susceptible to change. We recommend advice should be sought in relation to paying the 1.5 per cent SDRT or stamp duty charge in any circumstances.

No SDRT would be payable on the transfer of an ADS. No UK stamp duty should be payable on the transfer of an ADS provided that the instrument of transfer is executed and remains at all times outside the UK. Transfers of ordinary shares to persons other than the Depositary or their nominee will give rise to stamp duty or SDRT at the time of transfer. The relevant rate is currently 0.5 per cent of the amount payable for the shares. The purchaser normally pays the stamp duty or SDRT.

Special rules apply to transactions involving intermediaries and stock lending.

(b) US taxation

This section describes the material US federal income tax consequences to a US holder of owning ordinary shares or ADSs. It applies only to ordinary shares or ADSs that are held as capital assets for tax purposes. This section does not apply to a holder of ordinary shares or ADSs that is a member of a special class of holders subject to special rules, including a dealer in securities, a trader in securities who elects to use a mark-to-market method of accounting for its securities holdings, a tax-exempt organisation, a life insurance company, a person liable for alternative minimum tax, a person who actually or constructively owns 10 per cent or more of the voting stock of BHP Billiton Plc, a person that holds ordinary shares or ADSs as part of a straddle or a hedging or conversion transaction, a person that purchases or sells ordinary shares or ADSs as part of a wash sale for tax purposes, or a person whose functional currency is not the US dollar.

If a partnership holds the ordinary shares or ADSs, the US federal income tax treatment of a partner generally will depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the ordinary shares or ADSs should consult its tax adviser with regard to the US federal income tax treatment of an investment in the ordinary shares or ADSs.

This section is in part based on the representations of the Depositary and the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

In general, for US federal income tax purposes, a holder of ADSs will be treated as the owner of the ordinary shares represented by those ADSs. Exchanges of ordinary shares for ADSs, and ADSs for ordinary shares, generally will not be subject to US federal income tax.

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Under US federal income tax laws and subject to the PFIC rules discussed below, a US holder must include in its gross income the gross amount of any dividend paid by BHP Billiton Plc out of its current or accumulated earnings and profits (as determined for US federal income tax purposes). The dividend is taxable to the holder when the holder, in the case of ordinary shares, or the Depositary, in the case of ADSs, actually or constructively receives the dividend.

Dividends paid to a non-corporate US holder on shares or ADSs will be taxable at the preferential rates applicable to long-term capital gains provided that the US holder holds the shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and does not enter into certain risk reduction transactions with respect to the shares or ADSs during the abovementioned holding period. However, a non-corporate US holder that elects to treat the dividend income as investment income pursuant to Section 163(d)(4) of the US Internal Revenue Code will not be eligible for such preferential rates. In the case of a corporate US holder, dividends on shares and ADSs are taxed as ordinary income and will not be eligible for the dividends received deduction generally allowed to US corporations in respect of dividends received from other US corporations.

Distributions in excess of current and accumulated earnings and profits, as determined for US federal income tax purposes, will be treated as a non-taxable return of capital to the extent of the holder's tax basis, determined in US dollars, in the ordinary shares or ADSs and thereafter as a capital gain.

The amount of any cash distribution paid in any foreign currency will be equal to the US dollar value of such currency, calculated by reference to the spot rate in effect on the date such distribution is received by the US holder or, in the case of ADSs, by the Depositary, regardless of whether and when the foreign currency is in fact converted into US dollars. If the foreign currency is converted into US dollars on the date received, the US holder generally should not recognise foreign currency gain or loss on such conversion. If the foreign currency is not converted into US dollars on the date received, the US holder will have a basis in the foreign currency equal to its US dollar value on the date received, and generally will recognise foreign currency gain or loss on a subsequent conversion or other disposal of such currency. Such foreign currency gain or loss generally will be treated as US source ordinary income or loss for foreign tax credit limitation purposes.

Dividends will be income from sources outside the US, and generally will be passive category income or, for certain taxpayers, general category income, which are treated separately from each other for the purpose of computing the foreign tax credit allowable to a US holder. In general, a taxpayer's ability to use foreign tax credits may be limited and is dependent on the particular circumstances. US holders should consult their tax advisers with respect to these matters.

Sale of ordinary shares and ADSs

Subject to the PFIC rules discussed below, a US holder who sells or otherwise disposes of ordinary shares or ADSs will recognise a capital gain or loss for US federal income tax purposes equal to the difference between the US dollar value of the amount realised and the holder's tax basis, determined in US dollars, in those ordinary shares or ADSs. The gain or loss will generally be income or loss from sources within the US for foreign tax credit limitation purposes. The capital gain of a non-corporate US holder is generally taxed at preferential rates where the holder has a holding period greater than 12 months in the shares or ADSs sold. There are limitations on the deductibility of capital losses.

The US dollar value of any foreign currency received upon a sale or other disposition of ordinary shares or ADSs will be calculated by reference to the spot rate in effect on the date of sale or other disposal (or, in the case of a cash basis or electing accrual basis taxpayer, on the settlement date). A US holder will have a tax basis in the foreign currency

received equal to that US dollar amount, and generally will recognise foreign currency gain or loss on a subsequent conversion or other disposal of the foreign currency. This foreign currency gain or loss generally will be treated as US source ordinary income or loss for foreign tax credit limitation purposes.

Table of Contents*Passive Foreign Investment Company rules*

We do not believe that the BHP Billiton Plc ordinary shares or ADSs will be treated as stock of a PFIC for US federal income tax purposes, but this conclusion is a factual determination that is made annually at the end of the year and thus may be subject to change. If BHP Billiton Plc were treated as a PFIC, any gain realized on the sale or other disposition of ordinary shares or ADSs would in general not be treated as a capital gain. Instead, a US holder would be treated as if it had realized such gain and certain excess distributions ratably over its holding period for the ordinary shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. In addition, dividends received with respect to ordinary shares or ADSs would not be eligible for the special tax rates applicable to qualified dividend income if BHP Billiton Plc were a PFIC either in the taxable year of the distribution or the preceding taxable year, but instead would be taxable at rates applicable to ordinary income. Assuming the shares or ADSs are marketable stock, a US holder may mitigate the adverse tax consequences described above by electing to be taxed annually on a mark-to-market basis with respect to such shares or ADSs.

*(c) South African taxation**Dividends*

During his Budget Speech presented on 22 February 2017, the Minister of Finance announced an increase in the withholding tax rate on dividends (South African Dividends Tax) from 15 per cent to 20 per cent. As a result, dividends paid or payable on or after 22 February 2017 in respect of shares in foreign companies that are listed on a South African exchange will attract South African Dividends Tax at the rate of 20 per cent.

Accordingly, it is possible that US holders of BHP Billiton Plc shares may be subject to South African Dividends Tax on any dividends received in respect of the BHP Billiton Plc shares listed on the JSE. Although the beneficial owner of the dividend is liable for the South African Dividends Tax on a cash dividend, the South African Dividends Tax would be withheld from the gross amount of the dividend paid to the shareholder.

No South African Dividends Tax is required to be withheld from cash dividends provided the dividends are paid to, inter alia, South African tax resident corporate shareholders (including South African companies, pension, provident, retirement annuity and benefit funds). However, these dividends will only be exempt from South African Dividends Tax if these types of shareholders provide the requisite exemption declarations and written undertakings to the regulated intermediaries (or the person who is obliged to withhold the dividends tax) making the cash dividend payments before they are paid.

South African tax resident shareholders who are natural persons (individuals) or trusts, other than closure rehabilitation trusts, do not qualify for an exemption from South African Dividends Tax. Shareholders that are not South African tax residents also do not qualify for an exemption from South African Dividends Tax. However, South Africa is a party to Double Taxation Agreements that may provide full or partial relief from South African Dividends Tax, if the requisite reduced rate declarations and written undertakings are provided to the regulated intermediaries making the cash dividend payments before they are paid.

Except for certain exclusions, generally speaking such dividends paid to South African tax resident natural persons or trusts are exempt from South African income tax and, as such, the South African Dividends Tax may be considered as a final and non-creditable levy.

Sale of ordinary shares and ADSs

A US holder who or which is tax resident in South Africa would be liable for either income tax on any profit on disposal of BHP Billiton Plc shares or ADSs, or capital gains tax on any gain on disposal of BHP Billiton Plc shares or ADSs, depending on whether the BHP Billiton Plc shares and ADSs are held on revenue or capital account.

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Income tax is payable on any profit on disposal of BHP Billiton Plc shares or ADSs held by a US holder who or which is tax resident in the US, where the profit is of a revenue nature and sourced in South Africa, unless relief is afforded under the Double Tax Agreement concluded between South Africa and the US. In such a case, the profit would only be taxed in South Africa if it is attributable to a permanent establishment of that US holder in South Africa.

Where the BHP Billiton Plc shares or ADSs are not held on revenue account, US holders will not be liable for South African tax on capital gains realised on the disposal of BHP Billiton Plc shares or ADSs unless:

such US holders are tax resident in South Africa;

80 per cent or more of the market value of the BHP Billiton Plc shares or ADSs is attributable (at the time of disposal of those BHP Billiton Plc shares or ADSs) directly or indirectly to immovable property situated in South Africa, held otherwise than as trading stock, and the US holder in question directly or indirectly holds 20 per cent of such BHP Billiton Plc shares or ADSs; or

the US holder's BHP Billiton Plc shares or ADSs form part of the business property of a permanent establishment which an enterprise of the US holder has in South Africa.

For a US holder who will recognise a capital gain or loss for South African income tax purposes on a disposal of BHP Billiton Plc shares or ADSs, such gain or loss will be equal to the difference between the Rand value of the amount realised and the holder's tax basis, determined in Rand, in those BHP Billiton Plc shares or ADSs. The holder's tax basis will generally be equal to the cost that was incurred to acquire the BHP Billiton Plc shares or ADSs, if such shares or ADSs were acquired after 1 October 2001. South African capital gains tax is levied at an effective rate of 22.4 per cent for companies, 18 per cent for individuals, and 36 per cent for trusts.

Securities Transfer Tax

South African Securities Transfer Tax is levied at 0.25 per cent in respect of the transfer of shares in a foreign company that are listed on the JSE. Accordingly, a transfer of those BHP Billiton Plc shares listed on the JSE will be subject to this tax. The tax is levied on the amount of consideration at which the BHP Billiton Plc share is transferred or, where no amount/value is declared or if the amount so declared is less than the lowest price of the BHP Billiton Plc share, the closing price of the BHP Billiton Plc share. The tax is ultimately borne by the person to whom that BHP Billiton Plc share is transferred.

7.11 Government regulations

Our assets are subject to a broad range of laws and regulations imposed by governments and regulatory bodies. These regulations touch all aspects of our assets, including how we extract, process and explore for minerals, oil and natural gas and how we conduct our business, including regulations governing matters such as environmental protection, land rehabilitation, occupational health and safety, the rights and interests of Indigenous peoples, competition, foreign investment, export and taxes.

The ability to extract minerals, oil and natural gas is fundamental to BHP. In most jurisdictions, the rights to extract mineral or petroleum deposits are owned by the government. We obtain the right to access the land and extract the product by entering into licenses or leases with the government that owns the mineral, oil or natural gas deposit. The

terms of the lease or licence, including the time period of the lease or licence, vary depending on the laws of the relevant government or terms negotiated with the relevant government. Generally, we own the product we extract and we are required to pay royalties or similar taxes to the government.

Related to our ability to extract is our ability to process the extracted minerals, oil or natural gas. Again, we rely on governments to grant the rights necessary to transport and treat the extracted material to prepare it for sale.

The rights to explore for minerals, oil and natural gas are granted to us by the government that owns the natural resources we wish to explore. Usually, the right to explore carries with it the obligation to spend a defined amount of money on the exploration, or to undertake particular exploration activities.

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In certain jurisdictions where we have assets, such as Trinidad and Tobago, a production sharing contract (PSC) governs the relationship between the government and companies concerning how much of the oil and gas extracted from the country each will receive. In PSCs, the government awards rights for the execution of exploration, development and production activities to the company. The company bears the financial risk of the initiative and explores, develops and ultimately produces the field as required. When successful, the company is permitted to use the money from a certain set percentage of produced oil and gas to recover its capital and operational expenditures, known as cost oil. The remaining production is known as profit oil and is split between the government and the company at a rate determined by the government and set out in the PSC.

Although onshore oil and gas rights in the United States can be owned by the government (state and federal), they are primarily owned by private property owners, which is the case for our onshore oil and gas rights. Oil and gas rights primarily take the form of a lease, but can also be owned outright in fee. If the rights are secured by lease, we are typically granted the right to access, explore, extract, produce and market the oil and gas for a specified period of time, which may be extended if we continue to produce oil or gas or operate on the leased land.

Environmental protection, land rehabilitation and occupational health and safety are principally regulated by governments and to a lesser degree, if applicable, by leases. These obligations often require us to make substantial expenditures to minimise or remediate the environmental impact of our assets and to ensure the safety of our employees and contractors. For more information on these types of obligations, refer to section 1.10.

From time-to-time, certain trade sanctions are adopted by the United Nations (UN) Security Council and/or various governments, including in the United Kingdom, the United States, the European Union (EU) and Australia against certain countries, entities or individuals, that may restrict our ability to sell extracted minerals, oil or natural gas and/or our ability to purchase goods or services.

Disclosure of Iran-related activities pursuant to section 13(r) of the U.S. Securities Exchange Act of 1934

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) to the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act). Section 13(r) requires an issuer to disclose in its annual reports, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran. Disclosure is required even where the activities, transactions or dealings are conducted outside the United States by non-US persons in compliance with applicable law, and whether or not the activities are sanctionable under US law. Provided in this section is certain information concerning activities of certain affiliates of BHP that took place in FY2017. BHP believes that these activities are not sanctionable and are within the scope of a specific licence issued by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC). BHP is making this disclosure in the interests of transparency.

BHP Billiton Petroleum Great Britain Ltd (BHP GB), a wholly owned affiliate of BHP, holds a non-operating 16 per cent interest in the Bruce oil and gas field located offshore United Kingdom, together with co-venturers BP Exploration Operating Company Limited (BP) (operator and 37 per cent interest holder), Marubeni Oil & Gas (North Sea) Limited (3.75 per cent interest holder) and Total E&P UK Limited (43.25 per cent interest holder).

The Bruce platform provides transportation and processing services to the nearby Rhum gas field pursuant to a contract between the Bruce owners and Rhum owners (the Bruce-Rhum Agreement). According to BP, the Rhum field is operated by BP and owned under a 50:50 unincorporated joint arrangement between BP and Iranian Oil Company (U.K.) Limited (IOC). IOC is an indirect subsidiary of the National Iranian Oil Company (NIOC), which is a corporation owned by the Government of Iran. As a Bruce owner, BHP GB is party to the Bruce-Rhum Agreement, and BHP believes the activities thereunder are authorised by the U.S. Department of the Treasury under OFAC licence

No. IA-2013-302799-4. This licence expires on 30 September 2017. In anticipation of the OFAC license expiring and/or being renewed, BHP commenced efforts in FY2017 to reduce reliance on US persons for Bruce-Rhum Agreement-related activities and maintain compliance with applicable sanctions laws and requirements.

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For FY2017, BHP GB received a total US\$4.6 million in cost recovery in accordance with the terms of the Bruce-Rhum Agreement, which we expect to book as a reduction in operating expenses in the Bruce field.

BHP intends to continue the activities in connection with the Bruce-Rhum Agreement, provided such activities remain subject to a continuing OFAC licence or are otherwise authorised or in compliance with applicable sanctions.

Uranium production in Australia

To mine, process, transport and sell uranium from within Australia, we are required to hold possession and export permissions, which are also subject to regulation by the Australian Government or bodies that report to the Australian Government.

To possess nuclear material, such as uranium, in Australia, a Permit to Possess Nuclear Materials (Possession Permit) must be held pursuant to the Australian Nuclear Non-Proliferation (Safeguards) Act 1987 (Non-Proliferation Act). A Possession Permit is issued by the Australian Safeguards and Non-Proliferation Office, an office established under the Non-Proliferation Act, which administers Australia's domestic nuclear safeguards requirements and reports to the Australian Government.

To export uranium from Australia, a Permit to Export Natural Uranium (Export Permit) must be held pursuant to the Australian Customs (Prohibited Exports) Regulations 1958. The Export Permit is issued by the Minister with responsibility for Resources and Energy.

A special permit to transport nuclear material is required under the Non-Proliferation Act by a party that transports nuclear material from one specified location to another specified location. As we engage service providers to transport uranium, each of those service providers is required to hold a permit to transport nuclear material issued by the Australian Safeguards and Non-Proliferation Office.

Hydraulic fracturing

Our Onshore US assets involve hydraulic fracturing, which uses water, sand and a small amount of chemicals to fracture hydrocarbon-bearing subsurface rock formations to allow flow of hydrocarbons into the wellbore. We depend on the use of hydraulic fracturing techniques in our Onshore US drilling and completion programs.

Several US federal agencies are reviewing or advancing regulatory proposals concerning hydraulic fracturing and related activities. On 13 December 2016, the US Environmental Protection Agency (EPA) issued its final report on the impacts of hydraulic fracturing activities on drinking water resources. The EPA concluded that hydraulic fracturing activities can impact drinking water resources under some circumstances, but noted it was not possible to fully assess the potential impacts on drinking water resources, including the frequency and severity of impacts.

On 16 July 2015, the EPA's Office of Inspector General issued a report indicating that the EPA should review oversight of permit issuance for hydraulic fracturing using diesel fuels and that the agency should develop a plan for responding to the public's concerns about chemicals used in hydraulic fracturing. In response to this report, the EPA has developed revised permitting guidance for hydraulic fracturing activities using diesel fuels. The EPA has also published a report analysing chemicals used in hydraulic fracturing fluids.

Exchange controls and shareholding limits

BHP Billiton Plc

There are no laws or regulations currently in force in the United Kingdom that restrict the export or import of capital or the payment of dividends to non-resident holders of BHP Billiton Plc's shares, although the Group does operate in some other jurisdictions where the payment of dividends could be affected by exchange control approvals.

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From time-to-time, certain sanctions are adopted by the UN Security Council and/or various governments, including in the United Kingdom, the United States, the EU and Australia against certain countries, entities or individuals that may restrict the export or import of capital or the remittance of dividends to certain non-resident holders of BHP Billiton Plc's shares.

There are no restrictions under BHP Billiton Plc's Articles of Association or (subject to the effect of any sanctions) under English law that limit the right of non-resident or foreign owners to hold or vote BHP Billiton Plc's shares.

There are certain restrictions on shareholding levels under BHP Billiton Plc's Articles of Association described under the heading "BHP Billiton Limited" below.

BHP Billiton Limited

Under current Australian legislation, the payment of any dividends, interest or other payments by BHP Billiton Limited to non-resident holders of BHP Billiton Limited's shares is not restricted by exchange controls or other limitations, except that, in certain circumstances, BHP Billiton Limited may be required to withhold Australian taxes.

From time-to-time, certain sanctions are adopted by the UN Security Council and/or various governments, including in the United Kingdom, the United States, the EU and Australia. Those sanctions prohibit or, in some cases, impose certain approval and reporting requirements on transactions involving sanctioned countries, entities and individuals and/or assets controlled or owned by them. Certain transfers into or out of Australia of amounts greater than A\$10,000 in any currency may also be subject to reporting requirements.

The Australian Foreign Acquisitions and Takeovers Act 1975 (the FATA) restricts certain acquisitions of interests in shares in Australian companies, including BHP Billiton Limited. Generally, under the FATA, the prior approval of the Australian Treasurer must be obtained for proposals by a foreign person (either alone or together with its associates) to acquire 20 per cent or more of the voting power or issued shares in an Australian company. A lower approval threshold (generally 10 per cent) applies where the foreign person is a foreign government investor for the purposes of the FATA.

The FATA also empowers the Treasurer to make certain orders prohibiting acquisitions by foreign persons in Australian companies, including BHP Billiton Limited (and requiring divestiture if the acquisition has occurred) where he considers the acquisition to be contrary to the national interest. Such orders may also be made in respect of acquisitions by foreign persons where two or more foreign persons (and their associates) in aggregate already control 40 per cent or more of the issued shares or voting power in an Australian company, including BHP Billiton Limited.

The restrictions in the FATA on share acquisitions in BHP Billiton Limited described above apply equally to share acquisitions in BHP Billiton Plc because BHP Billiton Limited and BHP Billiton Plc are dual listed entities.

There are certain other statutory restrictions and restrictions under BHP Billiton Limited's Constitution and BHP Billiton Plc's Articles of Association that apply generally to acquisitions of shares in BHP Billiton Limited and BHP Billiton Plc (i.e. the restrictions are not targeted at foreign persons only). These include restrictions on a person (and associates) breaching a voting power threshold of:

above 20 per cent in relation to BHP Billiton Limited on a "stand-alone" basis (i.e. calculated as if there were no Special Voting Share and only counting BHP Billiton Limited's ordinary shares);

30 per cent of BHP Billiton Plc. This is the threshold for a mandatory offer under Rule 9 of the UK takeover code and this threshold applies to all voting rights of BHP Billiton Plc (therefore including voting rights attached to the BHP Billiton Plc Special Voting Share);

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30 per cent in relation to BHP Billiton Plc on a stand-alone basis (i.e. calculated as if there were no Special Voting Share and only counting BHP Billiton Plc's ordinary shares);

above 20 per cent in relation to BHP Billiton Plc's ordinary shares, calculated having regard to all the voting power on a joint electorate basis (i.e. calculated on the aggregate of BHP Billiton Limited's and BHP Billiton Plc's ordinary shares).

Under BHP Billiton Limited's Constitution and BHP Billiton Plc's Articles of Association, sanctions for breach of any of these thresholds, other than by means of certain permitted acquisitions, include withholding of dividends, voting restrictions and compulsory divestment of shares to the extent a shareholder and its associates exceed the relevant threshold.

Except for the restrictions under the FATA, there are no limitations, either under Australian law or under the Constitution of BHP Billiton Limited, on the right of non-residents to hold or vote BHP Billiton Limited ordinary shares.

7.12 Ancillary information for our shareholders

This Annual Report provides the detailed financial data and information on BHP's performance required to comply with the reporting regimes in Australia, the United Kingdom and the United States.

Shareholders of BHP Billiton Limited and BHP Billiton Plc will receive a copy of the Annual Report if they have requested a copy. ADR holders may view all documents online at bhp.com or opt to receive a hard copy by accessing citibank.ar.wilink.com or calling Citibank Shareholder Services during normal business hours using the details listed on the inside back cover of this Annual Report.

Change of shareholder details and enquiries

Shareholders wishing to contact BHP on any matter relating to their shares or ADR holdings are invited to telephone the appropriate office of the BHP Share Registrar or Transfer Office listed on the inside back cover of this Annual Report.

Any change in shareholding details should be notified by the shareholder to the relevant Registrar in a timely manner.

Shareholders can also access their current shareholding details and change many of those details online at bhp.com. The website requires shareholders to quote their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) in order to access this information.

Alternative access to the Annual Report

We offer an alternative for all shareholders who wish to be advised of the availability of the Annual Report through our website via an email notification. By providing an email address through our website, shareholders will be notified by email when the Annual Report has been released. Shareholders will also receive notification of other major BHP announcements by email. Shareholders requiring further information or wishing to make use of this service should visit our website bhp.com.

ADR holders wishing to receive a hard copy of the Annual Report 2017 can do so by accessing citibank.ar.wilink.com or calling Citibank Shareholder Services during normal business hours. ADR holders may also contact the adviser that

administers their investments. Holders of BHP Billiton Plc shares dematerialised into Strate should liaise directly with their Central Securities Depository Participant (CSDP) or broker.

Table of Contents**Key dates for shareholders**

The following table sets out future dates in the next financial and calendar year of interest to our shareholders. If there are any changes to these dates, all relevant stock exchanges (see section 7.2) will be notified.

Date	Event
26 September 2017	Final dividend payment date
19 October 2017	BHP Billiton Plc Annual General Meeting in London
	Venue:
	The QEII Centre
	Broad Sanctuary
	Westminster
	London SW1P 3EE
	United Kingdom
	Time: 12 noon (local time)
	Details of the business of the meeting are contained in the separate Notice of Meeting
16 November 2017	BHP Billiton Limited Annual General Meeting in Melbourne
	Venue:
	Margaret Court Arena
	Melbourne & Olympic Parks
	Olympic Boulevard
	Melbourne
	Australia
	Time: 11.00am (local time)
	Details of the business of the meeting are contained in the separate Notice of Meeting
20 February 2018	Interim results announced
9 March 2018	Interim dividend record date

27 March 2018

Interim dividend payment date

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Corporate Directory

BHP Registered Offices

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Group Company Secretary

Margaret Taylor

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Abbotsford VIC 3067

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Email enquiries:

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United Kingdom

BHP Billiton Plc Registrar

Computershare Investor Services PLC

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Bristol BS13 8AE

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South Africa

BHP Billiton Plc Branch Register and Transfer Secretary

Computershare Investor Services

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Holders of shares dematerialised

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Canton, MA 02021

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Telephone +1 888 404 6340

(toll-free within US)

Facsimile +1 312 601 4331

ADR Depository, Transfer Agent and Registrar

Citibank Shareholder Services

PO Box 43077

Providence, RI 02940-3077

Telephone +1 781 575 4555 (outside of US) +1 877 248 4237 (+1-877-CITIADR)

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Facsimile +1 201 324 3284

Email enquiries:

citibank@shareholders-online.com

Website: citi.com/dr

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8 Exhibits

Exhibits marked * have been filed as exhibits to this annual report on Form 20-F. Remaining exhibits have been incorporated by reference as indicated.

Exhibit 1 Constitution

1.1 Constitution of BHP Billiton Limited, incorporating the amendments approved by shareholders at the 2015 Annual General Meeting of BHP Billiton Limited on 19 November 2015 ⁽¹⁾

1.2 Memorandum and Articles of Association of BHP Billiton Plc, incorporating the amendments approved by shareholders at the 2015 Annual General Meeting of BHP Billiton Plc on 22 October 2015 ⁽¹⁾

Exhibit 4 Material Contracts

4.1 DLC Structure Sharing Agreement, dated 29 June 2001, between BHP Limited and Billiton Plc incorporating the amendments approved by shareholders at the 2015 Annual General Meeting of BHP Billiton Limited on 19 November 2015 and the Annual General Meeting of BHP Billiton Plc on 22 October 2015. ⁽¹⁾

4.2 SVC Special Voting Shares Deed, dated 29 June 2001, among BHP Limited, BHP SVC Pty Limited, Billiton Plc, Billiton SVC Limited and The Law Debenture Trust Corporation p.l.c. ^{(2)(P)}

4.3 SVC Special Voting Shares Amendment Deed, dated 13 August 2001, among BHP Limited, BHP SVC Pty Limited, Billiton Plc, Billiton SVC Limited and The Law Debenture Trust Corporation p.l.c. ^{(2)(P)}

4.4 Deed Poll Guarantee, dated 29 June 2001, of BHP Limited ^{(2)(P)}

4.5 Deed Poll Guarantee, dated 29 June 2001, of Billiton Plc ^{(2)(P)}

4.6 Form of Service Agreement for Specified Executive (referred to in this Annual Report as the Key Management Personnel) ⁽³⁾

4.7 BHP Billiton Ltd Group Incentive Scheme Rules 2004, dated August 2008 ⁽⁴⁾

4.8 BHP Billiton Ltd Long Term Incentive Plan Rules, dated November 2010 ^{(2)(P)}

- 4.9 BHP Billiton Plc Group Incentive Scheme Rules 2004, dated August 2008 ⁽⁴⁾
- 4.10 BHP Billiton Plc Long Term Incentive Plan Rules, dated November 2010 ^{(2)(P)}
- 4.11 Implementation Deed entered into on 17 March 2015 between BHP Billiton Ltd, BHP Billiton Plc and South32 Limited ⁽⁵⁾
- 4.12 Framework Agreement entered into on 2 March 2016 between Samarco Mineração S.A., Vale S.A. and BHP Billiton Brasil Ltda., the Federal Government of Brazil, the states of Espirito Santo and Minas Gerais and certain other public authorities in Brazil. ⁽¹⁾

Exhibit 8 List of Subsidiaries

- *8.1 List of subsidiaries of BHP Billiton Limited and BHP Billiton Plc

Exhibit 12 Certifications (section 302)

- *12.1 Certification by Chief Executive Officer, Mr Andrew Mackenzie, dated 28 September 2017
- *12.2 Certification by Chief Financial Officer, Mr Peter Beaven, dated 28 September 2017

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Exhibit 13 Certifications (section 906)

*13.1 Certification by Chief Executive Officer, Mr Andrew Mackenzie, dated 28 September 2017

*13.2 Certification by Chief Financial Officer, Mr Peter Beaven, dated 28 September 2017

Exhibit 15 Consent of Independent Registered Public Accounting Firm

*15.1 Consent of Independent Registered Public Accounting Firms KPMG and KPMG Audit Plc for incorporation by reference of audit reports in registration statements on Form F-3 and Form S-8

Exhibit 95 Mine Safety Health Administration

*95.1 Disclosure of Mine Safety and Health Administration (MSHA) Safety Data.

Footnotes

- (1) Previously filed as an exhibit to BHP s annual report on Form 20-F for the year ended 30 June 2016 on 21 September 2016.
- (2) Previously filed on paper form as an exhibit to BHP s annual report on Form 20-F for the year ended 30 June 2001 on 19 November 2001.
- (3) Previously filed as an exhibit to BHP s annual report on Form 20-F for the year ended 30 June 2013 on 25 September 2013.
- (4) Previously filed as an exhibit to BHP s annual report on Form 20-F for the year ended 30 June 2008 on 15 September 2008.
- (5) Previously filed as an exhibit to BHP s annual report on Form 20-F for the year ended 30 June 2015 on 21 September 2015.
- (P) Previously filed on paper form.

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SIGNATURE

The registrants hereby certify that they meet all of the requirements for filing on Form 20-F and that they have duly caused and authorised the undersigned to sign this annual report on their behalf.

BHP Billiton Limited

BHP Billiton Plc

/s/ Peter Beaven

Peter Beaven

Chief Financial Officer

Date: 28 September 2017

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About these Financial Statements

Reporting entity

In 2001, BHP Billiton Limited (previously known as BHP Limited), an Australian-listed company, and BHP Billiton Plc (previously known as Billiton Plc), a UK listed company, entered into a Dual Listed Company (DLC) merger. These entities and their subsidiaries operate together as a single for-profit economic entity (referred to as BHP or the Group) with a common Board of Directors, unified management structure and joint objectives. In effect, the DLC structure provides the same voting rights and dividend entitlements from BHP Billiton Limited and BHP Billiton Plc irrespective of whether investors hold shares in BHP Billiton Limited or BHP Billiton Plc.

Group and related party information is presented in note 31 Related party transactions in section 5.1. This details the Group s subsidiaries, associates, joint arrangements and the nature of transactions between these and other related parties. The nature of the operations and principal activities of the Group are described in the segment information (refer to note 1 Segment reporting in section 5.1).

Presentation of the Consolidated Financial Statements

BHP Billiton Limited and BHP Billiton Plc Directors have included information in this report they deem to be material and relevant to the understanding of the Consolidated Financial Statements (the Financial Statements). Disclosure may be considered material and relevant if the dollar amount is significant due to its size or nature, or the information is important to understand the:

Group s current year results;

impact of significant changes in the Group s business; or

aspects of the Group s operations that are important to future performance.

These Financial Statements were approved by the Board of Directors on 7 September 2017. The Directors have the authority to amend the Financial Statements after issuance.

Table of Contents**5.1 Consolidated Financial Statements****5.1.1 Consolidated Income Statement for the year ended 30 June 2017**

	Notes	2017 US\$M	2016 US\$M	2015 US\$M
Continuing operations				
Revenue	1	38,285	30,912	44,636
Other income	4	736	444	496
Expenses excluding net finance costs	4	(27,540)	(35,487)	(37,010)
Profit/(loss) from equity accounted investments, related impairments and expenses	29	272	(2,104)	548
Profit/(loss) from operations		11,753	(6,235)	8,670
Financial expenses		(1,574)	(1,161)	(702)
Financial income		143	137	88
Net finance costs	20	(1,431)	(1,024)	(614)
Profit/(loss) before taxation		10,322	(7,259)	8,056
Income tax (expense)/benefit		(3,933)	1,297	(2,762)
Royalty-related taxation (net of income tax benefit)		(167)	(245)	(904)
Total taxation (expense)/benefit	5	(4,100)	1,052	(3,666)
Profit/(loss) after taxation from Continuing operations		6,222	(6,207)	4,390
Discontinued operations				
Loss after taxation from Discontinued operations	27			(1,512)
Profit/(loss) after taxation from Continuing and Discontinued operations		6,222	(6,207)	2,878
Attributable to non-controlling interests		332	178	968
Attributable to BHP shareholders		5,890	(6,385)	1,910
Basic earnings/(loss) per ordinary share (cents)	6	110.7	(120.0)	35.9
Diluted earnings/(loss) per ordinary share (cents)	6	110.4	(120.0)	35.8
Basic earnings/(loss) from Continuing operations per ordinary share (cents)	6	110.7	(120.0)	65.5
Diluted earnings/(loss) from Continuing operations per ordinary share (cents)	6	110.4	(120.0)	65.3
Dividends per ordinary share paid during the period (cents)	17	54.0	78.0	124.0
Dividends per ordinary share determined in respect of the period (cents)	17	83.0	30.0	124.0

The accompanying notes form part of these Financial Statements.

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Table of Contents**5.1.2 Consolidated Statement of Comprehensive Income for the year ended 30 June 2017**

	Notes	2017 US\$M	2016 US\$M	2015 US\$M
Profit/(loss) after taxation from Continuing and Discontinued operations		6,222	(6,207)	2,878
Other comprehensive income				
<u>Items that may be reclassified subsequently to the income statement:</u>				
Available for sale investments:				
Net valuation (losses)/gains taken to equity		(1)	2	(21)
Net valuation losses/(gains) transferred to the income statement			1	(115)
Cash flow hedges:				
Gains/(losses) taken to equity		351	(566)	(1,797)
(Gains)/losses transferred to the income statement		(432)	664	1,815
Exchange fluctuations on translation of foreign operations taken to equity		(1)	(1)	(2)
Exchange fluctuations on translation of foreign operations transferred to income statement			(10)	
Tax recognised within other comprehensive income	5	24	(30)	29
Total items that may be reclassified subsequently to the income statement		(59)	60	(91)
<u>Items that will not be reclassified to the income statement:</u>				
Remeasurement gains/(losses) on pension and medical schemes		36	(20)	(28)
Tax recognised within other comprehensive income	5	(26)	(17)	(17)
Total items that will not be reclassified to the income statement		10	(37)	(45)
Total other comprehensive (loss)/income		(49)	23	(136)
Total comprehensive income/(loss)		6,173	(6,184)	2,742
Attributable to non-controlling interests		332	176	973
Attributable to BHP shareholders		5,841	(6,360)	1,769

The accompanying notes form part of these Financial Statements.

Table of Contents**5.1.3 Consolidated Balance Sheet as at 30 June 2017**

	Notes	2017 US\$M	2016 US\$M
ASSETS			
Current assets			
Cash and cash equivalents	19	14,153	10,319
Trade and other receivables	7	2,836	3,155
Other financial assets	21	72	121
Inventories	9	3,673	3,411
Current tax assets		195	567
Other		127	141
Total current assets		21,056	17,714
Non-current assets			
Trade and other receivables	7	803	867
Other financial assets	21	1,281	2,680
Inventories	9	1,095	764
Property, plant and equipment	10	80,497	83,975
Intangible assets	11	3,968	4,119
Investments accounted for using the equity method	29	2,448	2,575
Deferred tax assets	13	5,788	6,147
Other		70	112
Total non-current assets		95,950	101,239
Total assets		117,006	118,953
LIABILITIES			
Current liabilities			
Trade and other payables	8	5,551	5,389
Interest bearing liabilities	19	1,241	4,653
Other financial liabilities	21	394	5
Current tax payable		2,119	451
Provisions	3, 14, 18, 24	1,959	1,765
Deferred income		102	77
Total current liabilities		11,366	12,340
Non-current liabilities			
Trade and other payables	8	5	13
Interest bearing liabilities	19	29,233	31,768
Other financial liabilities	21	1,106	1,778
Deferred tax liabilities	13	3,765	4,324
Provisions	3, 14, 18, 24	8,445	8,381

Deferred income		360	278
Total non-current liabilities		42,914	46,542
Total liabilities		54,280	58,882
Net assets		62,726	60,071
EQUITY			
Share capital BHP Billiton Limited		1,186	1,186
Share capital BHP Billiton Plc		1,057	1,057
Treasury shares		(3)	(33)
Reserves	16	2,400	2,538
Retained earnings		52,618	49,542
Total equity attributable to BHP shareholders		57,258	54,290
Non-controlling interests	16	5,468	5,781
Total equity		62,726	60,071

The accompanying notes form part of these Financial Statements.

The Financial Statements were approved by the Board of Directors on 7 September 2017 and signed on its behalf by:

Ken MacKenzie
Chairman

Andrew Mackenzie
Chief Executive Officer

Table of Contents**5.1.4 Consolidated Cash Flow Statement for the year ended 30 June 2017**

	Notes	2017 US\$M	2016 US\$M	2015 US\$M
Operating activities				
Profit/(loss) before taxation from Continuing operations		10,322	(7,259)	8,056
Adjustments for:				
Non-cash or non-operating exceptional items		350	9,645	3,196
Depreciation and amortisation expense		7,719	8,661	9,158
Impairments of property, plant and equipment, financial assets and intangibles		188	210	828
Net finance costs		1,304	1,024	614
Share of operating profit of equity accounted investments		(444)	(276)	(548)
Other		290	459	503
Changes in assets and liabilities:				
Trade and other receivables		315	1,714	1,431
Inventories		(679)	527	151
Trade and other payables		337	(1,661)	(990)
Provisions and other assets and liabilities		(325)	(373)	(779)
Cash generated from operations		19,377	12,671	21,620
Dividends received		636	301	740
Interest received		164	128	86
Interest paid		(1,149)	(830)	(627)
Settlement of cash management related instruments		(140)		
Net income tax and royalty-related taxation refunded		501	641	348
Net income tax and royalty-related taxation paid		(2,585)	(2,286)	(4,373)
Net operating cash flows from Continuing operations		16,804	10,625	17,794
Net operating cash flows from Discontinued operations	27			1,502
Net operating cash flows		16,804	10,625	19,296
Investing activities				
Purchases of property, plant and equipment		(4,252)	(6,946)	(11,947)
Exploration expenditure		(968)	(765)	(816)
Exploration expenditure expensed and included in operating cash flows		612	430	670
Net investment and funding of equity accounted investments		(234)	40	117
Proceeds from sale of assets		648	107	74
Proceeds from divestment of subsidiaries, operations and joint operations, net of their cash	35	186	166	256
Other investing		(153)	(277)	144
Net investing cash flows from Continuing operations		(4,161)	(7,245)	(11,502)

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Net investing cash flows from Discontinued operations	27		(1,066)
Cash disposed on demerger of South32	27		(586)
Net investing cash flows		(4,161)	(7,245) (13,154)
Financing activities			
Proceeds from interest bearing liabilities		1,577	7,239 3,440
Proceeds/(settlements) from debt related instruments		36	156 (33)
Repayment of interest bearing liabilities		(7,120)	(2,788) (4,135)
Proceeds from ordinary shares			9
(Distributions)/contributions to/from non-controlling interests		(16)	53
Purchase of shares by Employee Share Ownership Plan (ESOP) Trusts		(108)	(106) (355)
Dividends paid		(2,921)	(4,130) (6,498)
Dividends paid to non-controlling interests		(581)	(87) (554)
Net financing cash flows from Continuing operations		(9,133)	284 (8,073)
Net financing cash flows from Discontinued operations	27		(203)
Net financing cash flows		(9,133)	284 (8,276)
Net increase/(decrease) in cash and cash equivalents from Continuing operations		3,510	3,664 (1,781)
Net increase in cash and cash equivalents from Discontinued operations	27		233
Cash and cash equivalents, net of overdrafts, at the beginning of the financial year		10,276	6,613 8,752
Cash disposed on demerger of South32	27		(586)
Foreign currency exchange rate changes on cash and cash equivalents		322	(1) (5)
Cash and cash equivalents, net of overdrafts, at the end of the financial year	19	14,108	10,276 6,613

The accompanying notes form part of these Financial Statements.

Table of Contents**5.1.5 Consolidated Statement of Changes in Equity for the year ended 30 June 2017**

US\$M	Attributable to BHP shareholders					Retained earnings	Total equity attributable to BHP shareholders	Non-controlling interests	Total equity
	Share capital		Treasury shares		Reserves				
	BHP Billiton Limited	BHP Billiton Plc	BHP Billiton Limited	BHP Billiton Plc					
Balance as at 1 July 2016	1,186	1,057	(7)	(26)	2,538	49,542	54,290	5,781	60,071
Total comprehensive income					(59)	5,900	5,841	332	6,173
Transactions with owners:									
Purchase of shares by ESOP Trusts			(105)	(3)			(108)		(108)
Employee share awards exercised net of employee contributions			110	28	(167)	29			
Employee share awards forfeited					(18)	18			
Accrued employee entitlement for unexercised awards					106		106		106
Distribution to non-controlling interests								(16)	(16)
Dividends						(2,871)	(2,871)	(601)	(3,472)
Divestment of subsidiaries, operations and joint operations								(28)	(28)
Balance as at 30 June 2017	1,186	1,057	(2)	(1)	2,400	52,618	57,258	5,468	62,726
Balance as at 1 July 2015	1,186	1,057	(19)	(57)	2,557	60,044	64,768	5,777	70,545
Total comprehensive loss					60	(6,420)	(6,360)	176	(6,184)
Transactions with owners:									
Purchase of shares by ESOP Trusts			(106)				(106)		(106)
Employee share awards exercised net of employee contributions			118	31	(193)	46	2		2
Employee share awards forfeited					(26)	26			
					140		140		140

Accrued employee entitlement for unexercised awards									
Dividends						(4,154)	(4,154)	(172)	(4,326)
Balance as at 30 June 2016	1,186	1,057	(7)	(26)	2,538	49,542	54,290	5,781	60,071
Balance as at 1 July 2014	1,186	1,069	(51)	(536)	2,927	74,548	79,143	6,239	85,382
Total comprehensive income					(96)	1,865	1,769	973	2,742
Transactions with owners:									
Shares cancelled		(12)		501	12	(501)			
Purchase of shares by ESOP Trusts			(232)	(123)			(355)		(355)
Employee share awards exercised net of employee contributions and other adjustments			264	99	(461)	101	3		3
Employee share awards forfeited					(13)	13			
Accrued employee entitlement for unexercised awards					247		247		247
Distribution to option holders					(1)		(1)	(1)	(2)
Dividends						(6,596)	(6,596)	(639)	(7,235)
In-specie dividend on demerger refer to note 27 Discontinued operations						(9,445)	(9,445)		(9,445)
Equity contributed					1		1	52	53
Transfers within equity on demerger					(59)	59			
Conversion of controlled entities to equity accounted investments				2			2	(847)	(845)
Balance as at 30 June 2015	1,186	1,057	(19)	(57)	2,557	60,044	64,768	5,777	70,545

The accompanying notes form part of these Financial Statements.

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Basis of preparation

The Group's Financial Statements as at and for the year ended 30 June 2017:

is a consolidated general purpose financial report;

has been prepared in accordance with the requirements of the:

- i Australian Corporations Act 2001;
- i UK Companies Act 2006;

has been prepared in accordance with accounting standards and interpretations collectively referred to as IFRS in this report, which encompass the:

- i International Financial Reporting Standards and interpretations as issued by the International Accounting Standards Board;
- i Australian Accounting Standards, being Australian equivalents to International Financial Reporting Standards and interpretations as issued by the Australian Accounting Standards Board (AASB);
- i International Financial Reporting Standards and interpretations adopted by the European Union (EU);

is prepared on a going concern basis;

measures items on the basis of historical cost principles, except for the following items:

- i derivative financial instruments and certain other financial assets, which are carried at fair value;
- i non-current assets or disposal groups that are classified as held-for-sale or held-for-distribution, which are measured at the lower of carrying amount and fair value less cost to dispose;

includes significant accounting policies in the notes to the Financial Statements that summarise the recognition and measurement basis used and are relevant to an understanding of the Financial Statements;

applies a presentation currency of US dollars, consistent with the predominant functional currency of the Group's operations. Amounts are rounded to the nearest million dollars, unless otherwise stated, in accordance with ASIC (Rounding in Financial/Directors' Reports) Instrument 2016/191;

presents reclassified comparative information where required for consistency with the current year's presentation;

adopts all new and amended standards and interpretations under IFRS issued by the relevant bodies (listed above), that are mandatory for application beginning on or after 1 July 2016. None had a significant impact on the Financial Statements;

has not early adopted any standards and interpretations that have been issued or amended but are not yet effective.

The accounting policies have been consistently applied by all entities included in the Financial Statements and are consistent with those applied in all prior years presented.

Principles of consolidation

In preparing the Financial Statements the effects of all intragroup balances and transactions have been eliminated.

A list of significant entities in the Group, including subsidiaries, joint arrangements and associates at year-end is contained in note 28 Subsidiaries, note 29 Investments accounted for using the equity method and note 30 Interests in joint operations.

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Subsidiaries: The Financial Statements of the Group include the consolidation of BHP Billiton Limited, BHP Billiton Plc and their respective subsidiaries being the entities controlled by the parent entities during the year. Control exists where the Group is:

exposed to, or has rights to, variable returns from its involvement with the entity;

has the ability to affect those returns through its power to direct the activities of the entity. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary. Where the Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interests. The Financial Statements of subsidiaries are prepared for the same reporting period as the Group, using consistent accounting policies. The acquisition method of accounting is used to account for the Group's business combinations.

Joint arrangements: The Group undertakes a number of business activities through joint arrangements, which exist when two or more parties have joint control. Joint arrangements are classified as either joint operations or joint ventures, based on the contractual rights and obligations between the parties to the arrangement.

The Group has two types of joint arrangements:

Joint operations: A joint operation is an arrangement in which the Group shares joint control, primarily via contractual arrangements with other parties. In a joint operation, the Group has rights to the assets and obligations for the liabilities relating to the arrangement. This includes situations where the parties benefit from the joint activity through a share of the output, rather than by receiving a share of the results of trading. In relation to the Group's interest in a joint operation, the Group recognises: its share of assets and liabilities; revenue from the sale of its share of the output and its share of any revenue generated from the sale of the output by the joint operation; and its share of expenses. All such amounts are measured in accordance with the terms of the arrangement, which is usually in proportion to the Group's interest in the joint operation.

Joint ventures: A joint venture is a joint arrangement in which the parties that share joint control have rights to the net assets of the arrangement. A separate vehicle, not the parties, will have the rights to the assets and obligations to the liabilities relating to the arrangement. More than an insignificant share of output from a joint venture is sold to third parties, which indicates the joint venture is not dependent on the parties to the arrangement for funding, nor do the parties have an obligation for the liabilities of the arrangement. Joint ventures are accounted for using the equity accounting method.

Associates: The Group accounts for investments in associates using the equity accounting method. An entity is considered an associate where the Group is deemed to have significant influence but not control or joint control. Significant influence is presumed to exist where the Group:

has over 20 per cent of the voting rights of an entity, unless it can be clearly demonstrated that this is not the case;
or

holds less than 20 per cent of the voting rights of an entity; however, has the power to participate in the financial and operating policy decisions affecting the entity.

The Group uses the term equity accounted investments to refer to joint ventures and associates collectively.

Foreign currencies

Transactions related to the Group's worldwide operations are conducted in a number of foreign currencies. The majority of operations have assessed US dollars as the functional currency, however, some subsidiaries, joint arrangements and associates have functional currencies other than US dollars.

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Monetary items denominated in foreign currencies are translated into US dollars as follows:

Foreign currency item

Transactions

Monetary assets and liabilities

Foreign exchange gains and losses resulting from translation are recognised in the income statement, except for qualifying cash flow hedges (which are deferred to equity) and foreign exchange gains or losses on foreign currency provisions for site closure and rehabilitation costs (which are capitalised in property, plant and equipment for operating sites).

Applicable exchange rate

Date of underlying transaction

Period-end rate

On consolidation, the assets, liabilities, income and expenses of non-US dollar denominated functional operations are translated into US dollars using the following applicable exchange rates:

Foreign currency amount

Income and expenses

Assets and liabilities

Equity

Reserves

Foreign exchange differences resulting from translation are initially recognised in the foreign currency translation reserve and subsequently transferred to the income statement on disposal of a foreign operation.

Applicable exchange rate

Date of underlying transaction

Period-end rate

Historical rate

Historical and period-end rate

Critical accounting policies, judgements and estimates

The Group has identified a number of critical accounting policies under which significant judgements, estimates and assumptions are made. Actual results may differ for these estimates under different assumptions and conditions. This may materially affect financial results and the carrying amount of assets and liabilities to be reported in the next and future periods.

Additional information relating to these critical accounting policies is embedded within the following notes:

Note

5	Taxation
9	Inventories
10 and 11	Exploration and evaluation
10	Development expenditure
10	Overburden removal costs
10	Depreciation of property, plant and equipment
10, 11 and 12	Property, plant and equipment, Intangible assets and Impairments of non-current assets recoverable amount
14	Closure and rehabilitation provisions

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Reserve estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to estimate reserves, estimates are required for a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements to interpret the data.

Additional information on the Group's mineral and oil and gas reserves can be viewed within section 6.3. Section 6.3 is unaudited and does not form part of these Financial Statements.

Reserve impact on financial reporting

Estimates of reserves may change from period-to-period as the economic assumptions used to estimate reserves change and additional geological data is generated during the course of operations. Changes in reserves may affect the Group's financial results and financial position in a number of ways, including:

asset carrying values may be affected due to changes in estimated future production levels;

depreciation, depletion and amortisation charged in the income statement may change where such charges are determined on the units of production basis, or where the useful economic lives of assets change;

overburden removal costs recorded on the balance sheet or charged to the income statement may change due to changes in stripping ratios or the units of production basis of depreciation;

decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities;

the carrying amount of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

Table of Contents**5.1.6 Notes to the Financial Statements****Performance****1 Segment reporting****Reportable segments**

The Group operated four reportable segments during FY2017, which are aligned with the commodities that are extracted and marketed and reflect the structure used by the Group's management to assess the performance of the Group.

Reportable segment**Principal activities**

Petroleum

Exploration, development and production of oil and gas

Copper

Mining of copper, silver, lead, zinc, molybdenum, uranium and gold

Iron Ore

Mining of iron ore

Coal

Mining of metallurgical coal and energy coal

The segment reporting information for FY2015 has been presented on a Continuing operations basis to exclude the contribution from assets that were demerged with South32.

Group and unallocated items includes functions and other unallocated operations, including Potash, Nickel West and consolidation adjustments. Revenue not attributable to reportable segments comprises the sale of freight and fuel to third parties, as well as revenues from unallocated operations. Exploration and technology activities are recognised within relevant segments.

Year ended 30 June 2017						Group and unallocated items/ eliminations	Group total
US\$M	Petroleum	Copper	Iron Ore	Coal			
Revenue	6,789	8,335	14,606	7,578	977		38,285
Inter-segment revenue	83		18		(101)		
Total revenue	6,872	8,335	14,624	7,578	876		38,285
Underlying EBITDA	4,063	3,545	9,077	3,784	(173)		20,296
Depreciation and amortisation	(3,395)	(1,525)	(1,828)	(719)	(252)		(7,719)
Impairment losses	(102)	(14)	(52)	(15)	(5)		(188)
Underlying EBIT	566	2,006	7,197	3,050	(430)		12,389

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Exceptional items ⁽¹⁾		(546)	(203)	164	(51)	(636)
Net finance costs						(1,431)
Profit before taxation						10,322
Capital expenditure (cash basis)	1,472	1,484	805	246	245	4,252
Profit/(loss) from equity accounted investments, related impairments and expenses	(3)	295	(172)	152		272
Investments accounted for using the equity method	264	1,306		873	5	2,448
Total assets	28,984	26,743	22,781	11,996	26,502	117,006
Total liabilities	5,803	2,643	3,606	1,860	40,368	54,280

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Year ended 30 June 2016						
US\$M	Petroleum	Copper	Iron Ore	Coal	Group and unallocated items/ eliminations	Group total
Revenue	6,776	8,249	10,516	4,518	853	30,912
Inter-segment revenue	118		22		(140)	
Total revenue	6,894	8,249	10,538	4,518	713	30,912
Underlying EBITDA	3,658	2,619	5,599	635	(171)	12,340
Depreciation and amortisation	(4,147)	(1,560)	(1,817)	(890)	(247)	(8,661)
Impairment losses	(48)	(17)	(42)	(94)	(9)	(210)
Underlying EBIT	(537)	1,042	3,740	(349)	(427)	3,469
Exceptional items ⁽¹⁾	(7,184)		(2,388)		(132)	(9,704)
Net finance costs						(1,024)
Loss before taxation						(7,259)
Capital expenditure (cash basis)	2,517	2,786	1,061	298	284	6,946
Profit/(loss) from equity accounted investments, related impairments and expenses	(7)	155	(2,244)	(9)	1	(2,104)
Investments accounted for using the equity method	280	1,388		901	6	2,575
Total assets	30,476	26,143	24,330	12,754	25,250	118,953
Total liabilities	5,308	2,299	3,789	2,103	45,383	58,882
Year ended 30 June 2015						
US\$M	Petroleum	Copper	Iron Ore	Coal	Group and unallocated items/ eliminations	Group total
Revenue	11,180	11,453	14,649	5,885	1,469	44,636
Inter-segment revenue	267		104		(371)	
Total revenue	11,447	11,453	14,753	5,885	1,098	44,636
Underlying EBITDA	7,201	5,205	8,648	1,242	(444)	21,852
Depreciation and amortisation	(4,738)	(1,545)	(1,698)	(875)	(302)	(9,158)
Impairment losses	(477)	(307)	(18)	(19)	(7)	(828)

Underlying EBIT	1,986	3,353	6,932	348	(753)	11,866
Exceptional items	(2,787)				(409)	(3,196)
Net finance costs						(614)
Profit before taxation						8,056
Capital expenditure (cash basis)	5,023	3,822	1,930	729	443	11,947
Profit/(loss) from equity accounted investments, related impairments and expenses		175	371	1	1	548
Investments accounted for using the equity method	287	1,422	1,044	956	3	3,712
Total assets	40,325	26,340	26,808	14,182	16,925	124,580
Total liabilities	6,722	2,639	2,854	2,413	39,407	54,035

(1) Exceptional items of US\$(51) million (FY2016: US\$(62) million) reported in Group and unallocated also related to the Samarco dam failure. Refer to note 2 Exceptional items for further information.

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	Revenue by location of customer		
	2017	2016	2015
	US\$M	US\$M	US\$M
Australia	2,037	1,846	2,205
Europe	1,641	1,161	2,465
China	18,875	13,177	16,337
Japan	3,086	2,941	4,863
India	1,938	1,478	1,680
South Korea	2,296	1,919	2,688
Rest of Asia	3,195	2,833	4,734
North America	4,345	4,470	7,990
South America	681	899	1,342
Rest of world	191	188	332
	38,285	30,912	44,636

	Non-current assets by location of assets		
	2017	2016	2015
	US\$M	US\$M	US\$M
Australia	46,949	49,465	52,109
North America	22,860	23,943	33,091
South America	16,363	15,965	15,831
Rest of world	2,709	3,038	3,160
Unallocated assets ⁽¹⁾	7,069	8,828	4,020
	95,950	101,239	108,211

⁽¹⁾ Unallocated assets comprise deferred tax assets and other financial assets.

Underlying EBITDA

Underlying EBITDA is earnings before net finance costs, depreciation, amortisation and impairments, taxation expense, Discontinued operations and any exceptional items. Underlying EBITDA includes BHP's share of profit/(loss) from investments accounted for using the equity method including net finance costs, depreciation, amortisation and impairments and taxation expense.

Underlying EBITDA is the key alternate performance measure that management uses internally to assess the performance of the Group's segments and make decisions on the allocation of resources and, in the Group's view, is more relevant to capital intensive industries with long-life assets.

Prior to FY2016, we reported Underlying EBIT as a key alternate performance measure of operating results. Management believes focusing on Underlying EBITDA more closely reflects the operating cash generative capacity

and hence the underlying performance of the Group's business. Management also uses this measure because financing structures and tax regimes differ across the Group's assets and substantial components of the Group's tax and interest charges are levied at a Group level rather than an operational level.

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We exclude exceptional items from Underlying EBITDA in order to enhance the comparability of such measures from period-to-period and provide our investors with further clarity in order to assess the underlying performance of our operations. Management monitors exceptional items separately. Refer to note 2 *Exceptional items* for additional detail.

Segment assets and liabilities

Total segment assets and liabilities of reportable segments represents operating assets net of operating liabilities, including the carrying amount of equity accounted investments and predominantly excludes cash balances, loans to associates, interest bearing liabilities and deferred tax balances. The carrying value of investments accounted for using the equity method represents the balance of the Group's investment in equity accounted investments, with no adjustment for any cash balances, interest bearing liabilities or deferred tax balances of the equity accounted investment.

Recognition and measurement***Revenue***

Revenue is measured at the fair value of the consideration received or receivable.

Sale of products

Revenue is recognised when the risk and rewards of ownership of the goods have passed to the buyer based on agreed delivery terms and it can be measured reliably. Depending on customer terms this can be based on issuance of a bill of lading or when delivery is completed as per the agreement with the customer.

Provisionally priced sales

Revenue on provisionally priced sales is initially recognised at the estimated fair value of consideration receivable with reference to the relevant forward and/or contractual price and the determined mineral or hydrocarbon specifications. Subsequently, provisionally priced sales are marked to market at each reporting period up until when final pricing and settlement is confirmed with the fair value adjustment recognised in revenue in the period identified. Refer to note 21 *Financial risk management* for details of provisionally priced sales open at reporting period-end. The period between provisional pricing and final invoicing is typically between 60 and 120 days.

2 Exceptional items

Exceptional items are those items where their nature, including the expected frequency of the events giving rise to them, and amount is considered material to the Financial Statements. Such items included within the Group's profit for the year are detailed below:

Year ended 30 June 2017	Gross US\$M	Tax US\$M	Net US\$M
Exceptional items by category			
Samarco dam failure	(381)		(381)

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Escondida industrial action	(546)	179	(367)
Cancellation of the Caroonia exploration licence	164	(49)	115
Withholding tax on Chilean dividends		(373)	(373)
Total	(763)	(243)	(1,006)
Attributable to non-controlling interests			
Escondida industrial action	(232)	68	(164)
Attributable to BHP shareholders	(531)	(311)	(842)

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Table of Contents***Samarco Mineração S.A. (Samarco) dam failure***

The FY2017 exceptional loss of US\$381 million related to the Samarco dam failure in November 2015 comprises the following:

Year ended 30 June 2017	US\$M
Expenses excluding net finance costs:	
Costs incurred directly by BHP Billiton Brasil Ltda and other BHP entities in relation to the Samarco dam failure	(82)
Loss from equity accounted investments, related impairments and expenses:	
Share of loss relating to the Samarco dam failure	(134)
Samarco dam failure provision	(38)
Net finance costs	(127)
Total ⁽¹⁾	(381)

⁽¹⁾ Refer to note 3 Significant events Samarco dam failure for further information.

Escondida industrial action

Our Escondida asset in Chile began negotiations with Union N°1 on a new collective agreement in December 2016, as the existing agreement was expiring on 31 January 2017. Negotiations, including government-led mediation, failed and the union commenced strike action on 9 February 2017 resulting in a total shutdown of operations, including work on the expansion of key projects. On 24 March 2017, following a 44-day strike and a revised offer being presented to union members, Union N°1 exercised its rights under Article 369 of the Chilean Labour Code to extend the existing collective agreement for 18 months.

Industrial action through this period resulted in a reduction to FY2017 copper production of 214 kt and gave rise to idle capacity charges of US\$546 million, including depreciation of US\$212 million.

Cancellation of the Carooona exploration licence

Following the Group's agreement with the New South Wales Government in August 2016 to cancel the exploration licence of the Carooona Coal project, a net gain of US\$115 million (after tax expense) has been recognised.

Withholding tax on Chilean dividends

BHP Billiton Chile Inversiones Limitada paid a one-off US\$2.3 billion dividend to its parent in April 2017 while a concessional tax rate was available, resulting in withholding tax of US\$373 million.

Year ended 30 June 2016	Gross US\$M	Tax US\$M	Net US\$M
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Exceptional items by category			
Samarco dam failure	(2,450)	253	(2,197)
Impairment of Onshore US assets	(7,184)	2,300	(4,884)
Global taxation matters	(70)	(500)	(570)
Total	(9,704)	2,053	(7,651)
Attributable to non-controlling interests			
Impairment of Onshore US assets	(80)	29	(51)
Attributable to BHP shareholders	(9,624)	2,024	(7,600)

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Table of Contents***Samarco Mineração S.A. (Samarco) dam failure***

The exceptional loss of US\$2,450 million (before tax) related to the Samarco dam failure in November 2015 comprises the following:

Year ended 30 June 2016	US\$M
Expenses excluding net finance costs:	
Costs incurred directly by BHP Billiton Brasil Ltda and other BHP entities in relation to the Samarco dam failure	(70)
Loss from equity accounted investments, related impairments and expenses:	
Share of loss relating to the Samarco dam failure	(655)
Impairment of the carrying value of the investment in Samarco	(525)
Samarco dam failure provision	(1,200)
Total ⁽¹⁾	(2,450)

- (1) BHP Billiton Brasil Ltda has adjusted its investment in Samarco to US\$ nil (resulting from US\$(655) million share of loss from Samarco and US\$(525) million impairment), recognised a provision of US\$(1,200) million for potential obligations under the Framework Agreement and together with other BHP entities incurred US\$(70) million of direct costs in relation to the Samarco dam failure. US\$(572) million of the US\$(1,200) million provision represents an additional share of loss from Samarco with the remaining US\$(628) million recognised as provision expense. Refer to note 3 Significant events Samarco dam failure for further information.

Impairment of Onshore US assets

The Group recognised an impairment charge of US\$4,884 million (after tax benefit) against the carrying value of its Onshore US assets in the year ended 30 June 2016. The impairment reflects changes to price assumptions, discount rates and development plans. This follows significant volatility and much weaker prices experienced in the oil and gas industry, which have more than offset the Group's substantial productivity improvements.

Global taxation matters

Global taxation matters include amounts provided for unresolved tax matters and other claims for which the timing of resolution and potential economic outflow are uncertain.

Year ended 30 June 2015	Gross US\$M	Tax US\$M	Net US\$M
Exceptional items by category			
Impairment of Onshore US assets	(2,787)	829	(1,958)
Impairment of Nickel West assets	(409)	119	(290)
Repeal of Minerals Resource Rent Tax legislation		(698)	(698)

Total	(3,196)	250	(2,946)
Attributable to non-controlling interests			
Repeal of Minerals Resource Rent Tax legislation		(12)	(12)
Attributable to BHP shareholders	(3,196)	262	(2,934)

Impairment of Onshore US assets

The Group recognised an impairment charge of US\$1,958 million (after tax benefit) in relation to its Onshore US assets. The gas-focused Hawkville field accounts for the substantial majority of this charge reflecting its geological complexity, product mix, acreage relinquishments and amended development plans. The remainder relates to the impairment of goodwill associated with the Petrohawk acquisition.

Table of Contents***Impairment of Nickel West assets***

The Group announced on 12 November 2014 that the review of its Nickel West business was complete and the preferred option, the sale of the business, was not achieved on an acceptable basis. As a result of operational decisions made subsequent to the conclusion of this process, an impairment charge of US\$290 million (after tax benefit) was recognised in the year ended 30 June 2015.

Repeal of Minerals Resource Rent Tax legislation

The legislation to repeal the Minerals Resource Rent Tax (MRRT) in Australia took effect on 30 September 2014. As a result, the Group derecognised a MRRT deferred tax asset of US\$809 million and corresponding taxation charges of US\$698 million related to Continuing operations and US\$111 million related to Discontinued operations were recognised in the year ended 30 June 2015.

3 Significant events Samarco dam failure

On 5 November 2015, the Samarco Mineração S.A. (Samarco) iron ore operation in Minas Gerais, Brazil, experienced a tailings dam failure that resulted in a release of mine tailings, flooding the communities of Bento Rodrigues, Gesteira and Paracatu and impacting other communities downstream (the Samarco dam failure). Refer to section 1.7 Samarco .

Samarco is jointly owned by BHP Billiton Brasil Ltda (BHP Billiton Brasil) and Vale S.A. (Vale). BHP Billiton Brasil's 50 per cent interest is accounted for as an equity accounted joint venture investment. BHP Billiton Brasil does not separately recognise its share of the underlying assets and liabilities of Samarco, but instead records the investment as one line on the balance sheet. Each period, BHP Billiton Brasil recognises its 50 per cent share of Samarco's profit or loss and adjusts the carrying value of the investment in Samarco accordingly. Such adjustment continues until the investment carrying value is reduced to US\$ nil, with any additional share of Samarco losses only recognised to the extent that BHP Billiton Brasil has an obligation to fund the losses, or when future investment funding is provided. After applying equity accounting, any remaining carrying value of the investment is tested for impairment.

Any charges relating to the Samarco dam failure incurred directly by BHP Billiton Brasil or other BHP entities are recognised 100 per cent in the Group's results.

The financial impacts of the Samarco dam failure on the Group's income statement, balance sheet and cash flow statement for the year ended 30 June 2017 are shown in the table below and have been treated as an exceptional item. The table below does not include BHP Billiton Brasil's share of the results of Samarco prior to the Samarco dam failure, which is disclosed in note 29 Investments accounted for using the equity method, along with the summary financial information related to Samarco as at 30 June 2017.

Financial impacts of Samarco dam failure

	2017	2016
	US\$M	US\$M
Income statement		
Expenses excluding net finance costs:		
Costs incurred directly by BHP Billiton Brasil and other BHP entities in relation to the Samarco dam failure ⁽¹⁾⁽²⁾	(82)	(70)

Loss from equity accounted investments, related impairments and expenses:		
Share of loss relating to the Samarco dam failure ⁽²⁾⁽³⁾	(134)	(655)
Impairment of the carrying value of the investment in Samarco ⁽³⁾		(525)
Samarco dam failure provision ⁽²⁾⁽³⁾	(38)	(1,200)
Loss from operations	(254)	(2,450)

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Financial impacts of Samarco dam failure	2017 US\$M	2016 US\$M
Net finance costs	(127)	
Loss before taxation	(381)	(2,450)
Income tax benefit		253
Loss after taxation	(381)	(2,197)
Balance sheet movement		
Trade and other payables	(3)	(11)
Investments accounted for using the equity method		(1,180)
Deferred tax assets		(158)
Provisions	143	(1,200)
Deferred tax liabilities		411
Net assets/(liabilities)	140	(2,138)
	2017 US\$M	2016 US\$M
Cash flow statement		
Loss before taxation	(381)	(2,450)
<i>Comprising:</i>		
Costs incurred directly by BHP Billiton Brasil and other BHP entities in relation to the Samarco dam failure ⁽¹⁾⁽²⁾	(82)	(70)
Share of loss relating to the Samarco dam failure ⁽²⁾⁽³⁾	(134)	(655)
Impairment of the carrying value of the investment in Samarco ⁽³⁾		(525)
Samarco dam failure provision ⁽²⁾⁽³⁾	(38)	(1,200)
Net finance costs	(127)	
Non-cash or non-operating exceptional items	302	2,391
Net operating cash flows	(79)	(59)
Net investment and funding of equity accounted investments ⁽⁴⁾	(442)	
Net investing cash flows	(442)	
Net decrease in cash and cash equivalents	(521)	(59)

(1) Includes legal and advisor costs incurred.

(2)

Financial impacts of US\$(381) million from the Samarco dam failure relates to US\$(134) million share of loss from US\$(134) million funding provided during the period, US\$(82) million direct costs incurred by BHP Billiton Brasil Ltda and other BHP entities, US\$(127) million amortisation of discounting impacting net finance costs and US\$(38) million other movements in the Samarco dam failure provision including foreign exchange.

- (3) At 30 June 2016, BHP Billiton Brasil Ltda adjusted its investment in Samarco to US\$ nil (resulting from US\$(655) million share of loss from Samarco and US\$(525) million impairment) and recognised a provision of US\$(1,200) million for obligations under the Framework Agreement. US\$(572) million of the US\$(1,200) million provision represents an additional share of loss from Samarco with the remaining US\$(628) million recognised as provision expense.
- (4) Includes US\$(134) million funding provided during the period and US\$(308) million utilisation of the Samarco dam failure provision, of which US\$(278) million allowed for the continuation of reparatory and compensatory programs in relation to the Framework Agreement and a further US\$(30) million for dam stabilisation.

Table of Contents**Equity accounted investment in Samarco**

BHP Billiton Brasil's investment in Samarco remains at US\$ nil. BHP Billiton Brasil provided US\$134 million funding under a working capital facility during the period and recognised additional share of losses of US\$134 million. No dividends have been received by BHP Billiton Brasil from Samarco during the period. Samarco currently does not have profits available for distribution and is legally prevented from paying previously declared and unpaid dividends.

Provision for Samarco dam failure

	2017 US\$M	2016 US\$M
At the beginning of the financial year	1,200	
<i>Provision recognition, comprising:</i>		
Share of loss relating to the Samarco dam failure		572
Samarco dam failure provision expense		628
Movement in provision	(143)	
Comprising:		
Utilised	(308)	
Adjustments charged to the income statement:		
Amortisation of discounting impacting net finance costs	127	
Other ⁽¹⁾	38	
At the end of the financial year	1,057	1,200
Comprising:		
Current	310	300
Non-current	747	900
At the end of the financial year	1,057	1,200

⁽¹⁾ US\$38 million relates to other movements in the Samarco dam failure provision including foreign exchange.

Dam failure provisions and contingencies

As at 30 June 2017, BHP Billiton Brasil has identified provisions and contingent liabilities arising as a consequence of the Samarco dam failure as follows:

Environment and socio-economic remediation***Framework Agreement***

On 2 March 2016, BHP Billiton Brasil, together with Samarco and Vale, entered into a Framework Agreement with the Federal Government of Brazil, the states of Espírito Santo and Minas Gerais and certain other public authorities to establish a foundation (Fundação Renova) that will develop and execute environmental and socio-economic programs

to remediate and provide compensation for damage caused by the Samarco dam failure. On 5 May 2016, the Framework Agreement was ratified by the Federal Court of Appeal.

The Federal Prosecutor's Office appealed the ratification of the Framework Agreement and on 30 June 2016, the Superior Court of Justice in Brazil issued a preliminary order (Interim Order) suspending the 5 May 2016 ratification of the Framework Agreement.

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BHP Billiton Brasil, Vale and Samarco have appealed the Interim Order before the Superior Court of Justice. While a final decision on ratification is pending, and negotiations, under the Preliminary Agreement (defined below), towards a settlement of the R\$20 billion (approximately US\$6.1 billion) public civil claim and R\$155 billion (approximately US\$47 billion) Federal Public Prosecution Office claim are ongoing, the Framework Agreement remains binding between the parties and Fundação Renova will continue to implement the programs under the Framework Agreement.

The term of the Framework Agreement is 15 years, renewable for periods of one year successively until all obligations under the Framework Agreement have been performed. Under the Framework Agreement, Samarco is responsible for funding Fundação Renova with calendar year contributions as follows:

R\$2 billion (US\$599 million) in 2016;

R\$1.2 billion (approximately US\$365 million) in 2017;

R\$1.2 billion (approximately US\$365 million) in 2018;

R\$500 million (approximately US\$150 million) for a special project to be spent on sewage treatment and landfill works from 2016 to 2018.

Annual contributions for each of the years 2019, 2020 and 2021 will be in the range of R\$800 million (approximately US\$245 million) and R\$1.6 billion (approximately US\$485 million), depending on the remediation and compensation projects which are to be undertaken in the particular year. Annual contributions may be reviewed under the Framework Agreement. To the extent that Samarco does not meet its funding obligations under the Framework Agreement, each of Vale and BHP Billiton Brasil has funding obligations under the Framework Agreement in proportion to its 50 per cent shareholding in Samarco.

Mining and processing operations remain suspended following the dam failure. Samarco is currently progressing plans to resume operations, however significant uncertainties surrounding the nature and timing of ongoing future operations remain. In light of these uncertainties and based on currently available information, at 30 June 2017, BHP Billiton Brasil has recognised a provision of US\$1.1 billion before tax and after discounting (30 June 2016: US\$1.2 billion), in respect of its obligations under the Framework Agreement.

The measurement of the provision requires the use of estimates and assumptions and may be affected by, amongst other factors, potential changes in scope of work and funding amounts required under the Framework Agreement including further technical analysis required under the Preliminary Agreement, the outcome of the ongoing negotiations with Federal Prosecutors, costs incurred in respect of programs delivered, resolution of uncertainty in respect of operational restart, updates to discount and foreign exchange rates, resolution of existing and potential legal claims and the status of the Framework Agreement. As a result, future actual expenditures may differ from the amounts currently provided and changes to key assumptions and estimates could result in a material impact to the amount of the provision in future reporting periods.

As at 30 June 2017, BHP Billiton Brasil has paid US\$278 million to allow for the continuation of reparatory and compensatory programs in relation to the Framework Agreement and a further US\$30 million for dam stabilisation, with the total US\$308 million offset against the provision for the Samarco dam failure.

On 30 June 2017, BHP Billiton Brasil approved a further US\$174 million to support Fundação Renova, in the event Samarco does not meet its funding obligations under the Framework Agreement. Any support to Fundação Renova provided by BHP Billiton Brasil will be offset against the provision for the Samarco dam failure.

Preliminary Agreement

On 18 January 2017, BHP Billiton Brasil, together with Samarco and Vale, entered into a Preliminary Agreement with the Federal Prosecutors Office in Brazil, which outlines the process and timeline for further negotiation towards a settlement regarding the R\$20 billion (approximately US\$6.1 billion) public civil claim and R\$155 billion (approximately US\$47 billion) Federal Public Prosecution Office claim relating to the dam failure.

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The Preliminary Agreement provides for the appointment of experts to advise the Federal Prosecutors in relation to social and environmental remediation and the assessment and monitoring of programs under the Framework Agreement. The expert advisors' conclusions are not binding on BHP Billiton Brasil, Vale or Samarco but will be considered in the negotiation of a final settlement arrangement with the Federal Prosecutors.

Under the Preliminary Agreement, BHP Billiton Brasil, Vale and Samarco agreed interim security (Interim Security) comprising R\$1.3 billion (approximately US\$395 million) in insurance bonds, R\$100 million (approximately US\$30 million) in liquid assets, a charge of R\$800 million (approximately US\$245 million) over Samarco's assets, and R\$200 million (approximately US\$60 million) to be allocated within the next four years through existing Framework Agreement programs in the Municipalities of Barra Longa, Rio Doce, Santa Cruz do Escalvado and Ponte Nova.

On 24 January 2017, BHP Billiton Brasil, Vale and Samarco provided the Interim Security to the Court which was to remain in place until the earlier of 30 June 2017 and the date that a final settlement arrangement was agreed between the Federal Prosecutors, and BHP Billiton Brasil, Vale and Samarco. On 29 June 2017, the Court extended the final date for negotiation of a settlement until 30 October 2017, allowing for the continuation of the Interim Security arrangements and the provision of ongoing expert advice to the Federal Prosecutors in respect of the programs. The parties will use best efforts to achieve a final settlement arrangement by 30 October 2017 under the timeframe established in the Preliminary Agreement.

Legal

The following matters are disclosed as contingent liabilities:

BHP Billiton Brasil is among the companies named as defendants in a number of legal proceedings initiated by individuals, non-governmental organisations (NGOs), corporations and governmental entities in Brazilian federal and state courts following the Samarco dam failure. The other defendants include Vale, Samarco and Fundação Renova. The lawsuits include claims for compensation, environmental rehabilitation and violations of Brazilian environmental and other laws, among other matters. The lawsuits seek various remedies, including rehabilitation costs, compensation to injured individuals and families of the deceased, recovery of personal and property losses, moral damages and injunctive relief. It is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for BHP Billiton Brasil.

In addition, government inquiries and investigations relating to the Samarco dam failure have been commenced by numerous agencies of the Brazilian government and are ongoing.

Ultimately, all the legal matters disclosed as contingent liabilities could have a material adverse impact on BHP's business, competitive position, cash flows, prospects, liquidity and shareholder returns.

Public civil claim

Among the claims brought against BHP Billiton Brasil, is a public civil claim commenced by the Federal Government of Brazil, states of Espírito Santo, Minas Gerais and other public authorities on 30 November 2015, seeking the establishment of a fund of up to R\$20 billion (approximately US\$6.1 billion) in aggregate for clean-up costs and damages.

On 2 March 2016, BHP Billiton Brasil, together with Samarco and Vale, entered into the Framework Agreement. Ratification of the Framework Agreement by the Federal Court of Appeal on 5 May 2016 suspended this public civil claim. However, it was reinstated on 30 June 2016 upon issue of the Interim Order by the Superior Court of Justice in

Brazil.

While a final decision by the Court on the issue of ratification of the Framework Agreement is pending, the Preliminary Agreement suspends a R\$1.2 billion (approximately US\$365 million) injunction order under the public civil claim.

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The Preliminary Agreement also requests suspension of the public civil claim with a decision from the Court pending. The R\$1.2 billion (approximately US\$365 million) injunction order may be reinstated if a final settlement arrangement is not agreed by 30 October 2017.

As noted above, BHP Billiton Brasil has recognised a provision as of 30 June 2017 of US\$1.1 billion before tax and after discounting (30 June 2016: US\$1.2 billion) in respect of its obligations under the Framework Agreement. While a final decision on ratification of the Framework Agreement is pending, and negotiation of a settlement of the R\$20 billion (approximately US\$6.1 billion) public civil claim and R\$155 billion (approximately US\$47 billion) Federal Public Prosecution Office claim (noted below) under the Preliminary Agreement are ongoing, the Framework Agreement remains binding between the parties and Fundação Renova will continue to implement the programs under the Framework Agreement.

Given the status of these proceedings, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for BHP Billiton Brasil.

Federal Public Prosecution Office claim

BHP Billiton Brasil is among the defendants named in a claim brought by the Federal Public Prosecution Office on 3 May 2016, seeking R\$155 billion (approximately US\$47 billion) for reparation, compensation and moral damages in relation to the Samarco dam failure.

With regard to the Preliminary Agreement the 12th Federal Court suspended the Federal Public Prosecution Office claim, including a R\$7.7 billion (approximately US\$2.3 billion) injunction request.

However, proceedings may be resumed if a final settlement arrangement is not agreed by 30 October 2017.

Given the status of these proceedings, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for BHP Billiton Brasil.

Class action complaint – shareholders

In February 2016, a putative class action complaint (Complaint) was filed in the U.S. District Court for the Southern District of New York on behalf of purchasers of American Depositary Receipts of BHP Billiton Limited and BHP Billiton Plc between 25 September 2014 and 30 November 2015 against BHP Billiton Limited and BHP Billiton Plc and certain of its current and former executive officers and directors. The Complaint asserts claims under U.S. federal securities laws and indicates that the plaintiff will seek certification to proceed as a class action.

The amount of damages sought by the plaintiff on behalf of the putative class is unspecified. On 14 October 2016, the defendants moved to dismiss the Complaint. In a decision of the District Court dated 28 August 2017, the claims were dismissed in part, including the claims against the current and former executive officers and directors.

Given the preliminary status of this matter, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures to BHP Billiton Limited and BHP Billiton Plc.

Class action complaint – bond holders

On 14 November 2016, a putative class action complaint (Complaint) was filed in the U.S. District Court for the Southern District of New York on behalf of all purchasers of Samarco's ten-year bond notes due 2022–2024 between

31 October 2012 and 30 November 2015 against Samarco and the former chief executive officer of Samarco. The Complaint asserts claims under the U.S. federal securities laws and indicates that the plaintiff will seek certification to proceed as a class action.

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On 6 March 2017, the Complaint was amended to include BHP Billiton Limited, BHP Billiton Plc, BHP Billiton Brasil Ltda and Vale S.A. and officers of Samarco, including four of Vale S.A. and BHP Billiton Brasil Ltda's nominees to the Samarco Board. On 5 April 2017, the plaintiff dismissed the claims against the individuals. The remaining corporate defendants filed a joint motion to dismiss the plaintiff's Complaint on 26 June 2017.

The amount of damages sought by the plaintiff on behalf of the putative class is unspecified. Given the preliminary status of this matter, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures to BHP Billiton Limited, BHP Billiton Plc and BHP Billiton Brasil Ltda.

Criminal charges

The Federal Prosecutors' Office has filed criminal charges against BHP Billiton Brasil, Samarco and Vale and certain employees and former employees of BHP Billiton Brasil (Affected Individuals) in the Federal Court of Ponte Nova, Minas Gerais. On 3 March 2017, BHP Billiton Brasil filed its preliminary defences. BHP Billiton Brasil rejects outright the charges against the company and the Affected Individuals and will defend the charges and fully support each of the Affected Individuals in their defence of the charges.

Under the criminal charges against BHP Billiton Brasil, Vale and Samarco and certain individuals, a R\$20 billion (approximately US\$6.1 billion) asset freezing order application was made by the Federal Prosecutors. In July 2017, the Federal Court of Ponte Nova denied the Federal Prosecutors' application for an asset freezing order.

Given the status of this matter, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for BHP Billiton Brasil.

Other claims

The civil public actions filed by State Prosecutors in Minas Gerais (claiming damages of approximately R\$7.5 billion, US\$2.3 billion), State Prosecutors in Espírito Santo (claiming damages of approximately R\$2 billion, US\$605 million), and public defenders in Minas Gerais (claiming damages of approximately R\$10 billion, US\$3 billion), have been consolidated before the 12th Federal Court. All of those civil public actions except the latter have also been suspended by the 12th Federal Court. Given the preliminary status of these proceedings, and the duplicative nature of the damages sought in these proceedings and the R\$20 billion (approximately US\$6.1 billion) and R\$155 billion (approximately US\$47 billion) claims it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for BHP Billiton Brasil.

Additional lawsuits and government investigations relating to the Samarco dam failure may be brought against BHP Billiton Brasil and possibly other BHP entities in Brazil or other jurisdictions.

BHP's potential liabilities, if any, resulting from other pending and future claims, lawsuits and enforcement actions relating to the Samarco dam failure, together with the potential cost of implementing remedies sought in the various proceedings, cannot be reliably estimated at this time and therefore a provision has not been recognised and nor has any contingent liability been quantified for such matters.

BHP insurance

BHP has third party liability insurance for claims related to the Samarco dam failure made directly against BHP Billiton Brasil or other BHP entities. External insurers have been advised of the Samarco dam failure and a formal claim has been prepared and submitted. At 30 June 2017, an insurance receivable has not been recognised for any

potential recoveries under insurance arrangements.

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Commitments

Under the terms of the Samarco joint venture agreement, BHP Billiton Brasil does not have an existing obligation to fund Samarco. For the year ended 30 June 2017, BHP Billiton Brasil has provided US\$134 million funding to support Samarco's operations and a further US\$30 million for dam stabilisation, with undrawn amounts of US\$67 million expiring as at 30 June 2017. On 30 June 2017, BHP Billiton Brasil made available a new short-term facility of up to US\$76 million to carry out remediation and stabilisation work and support Samarco's operations. Funds will be released to Samarco only as required and subject to the achievement of key milestones with amounts undrawn expiring at 31 December 2017.

Any additional requests for funding or future investment provided would be subject to a future decision, accounted for at that time.

The following section includes disclosure required by IFRS of Samarco Mineração S.A.'s provisions, contingencies and other matters arising from the dam failure.

Samarco

Dam failure related provisions and contingencies

As at 30 June 2017, Samarco has identified provisions and contingent liabilities arising as a consequence of the Samarco dam failure as follows:

Environment and socio-economic remediation

Framework Agreement

On 2 March 2016, Samarco, together with Vale and BHP Billiton Brasil, entered into a Framework Agreement with the Federal Government of Brazil, the states of Espírito Santo and Minas Gerais and certain other public authorities to establish a foundation (Fundação Renova) that will develop and execute environmental and socio-economic programs to remediate and provide compensation for damage caused by the Samarco dam failure. On 5 May 2016, the Framework Agreement was ratified by the Federal Court of Appeal.

The Federal Prosecutor's Office appealed the ratification of the Framework Agreement and on 30 June 2016, the Superior Court of Justice in Brazil issued a preliminary order (Interim Order) suspending the 5 May 2016 ratification of the Framework Agreement.

Samarco, Vale and BHP Billiton Brasil have appealed the Interim Order before the Superior Court of Justice. While a final decision on ratification is pending, and negotiations, under the Preliminary Agreement, towards a settlement of the R\$20 billion (approximately US\$6.1 billion) public civil claim and R\$155 billion (approximately US\$47 billion) Federal Public Prosecution Office claim are ongoing, the Framework Agreement remains binding between the parties and Fundação Renova will continue to implement the programs under the Framework Agreement.

The term of the Framework Agreement is 15 years, renewable for periods of one year successively until all obligations under the Framework Agreement have been performed. Under the Framework Agreement, Samarco is responsible for funding Fundação Renova with calendar year contributions as follows:

R\$2 billion (approximately US\$599 million) in 2016;

R\$1.2 billion (approximately US\$365 million) in 2017;

R\$1.2 billion (approximately US\$365 million) in 2018;

R\$500 million (approximately US\$150 million) for a special project to be spent on sewage treatment and landfill works from 2016 2018.

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Annual contributions for each of the years 2019, 2020 and 2021 will be in the range of R\$800 million (approximately US\$245 million) and R\$1.6 billion (approximately US\$485 million), depending on the remediation and compensation projects which are to be undertaken in the particular year. Annual contributions may be reviewed under the Framework Agreement.

As at 30 June 2017, Samarco has a provision of US\$2.1 billion before tax and after discounting (30 June 2016: US\$2.4 billion), in relation to its obligations under the Framework Agreement based on currently available information.

The measurement of the provision requires the use of estimates and assumptions and may be affected by, amongst other factors, potential changes in scope of work and funding amounts required under the Framework Agreement including further technical analysis required under the Preliminary Agreement, the outcome of ongoing negotiations with Federal Prosecutors, costs incurred in respect of programs delivered, resolution of uncertainty in respect of operational restart, updates to discount and foreign exchange rates, resolution of existing and potential legal claims and the status of the Framework Agreement. As a result, future actual expenditures may differ from the amounts currently provided and changes to key assumptions and estimates could result in a material impact to the amount of the provision in future reporting periods.

Preliminary Agreement

On 18 January 2017, Samarco, together with Vale and BHP Billiton Brasil, entered into a Preliminary Agreement with the Federal Prosecutors Office in Brazil, which outlines the process and timeline for further negotiations towards a settlement regarding the R\$20 billion (approximately US\$6.1 billion) public civil claim and R\$155 billion (approximately US\$47 billion) Federal Public Prosecution Office claim relating to the dam failure.

The Preliminary Agreement provides for the appointment of experts to advise the Federal Prosecutors in relation to social and environmental remediation and the assessment and monitoring of programs under the Framework Agreement. The expert advisors conclusions are not binding on Samarco, Vale or BHP Billiton Brasil but will be considered in the negotiation of a final settlement arrangement with the Federal Prosecutors.

Under the Preliminary Agreement, Samarco, Vale and BHP Billiton Brasil agreed interim security (Interim Security) comprising R\$1.3 billion (approximately US\$395 million) in insurance bonds, R\$100 million (approximately US\$30 million) in liquid assets, a charge of R\$800 million (approximately US\$245 million) over Samarco's assets, and R\$200 million (approximately US\$60 million) to be allocated within the next four years through existing Framework Agreement programs in the Municipalities of Barra Longa, Rio Doce, Santa Cruz do Escalvado and Ponte Nova.

On 24 January 2017, Samarco, Vale and BHP Billiton Brasil provided the Interim Security to the Court which was to remain in place until the earlier of 30 June 2017 and the date that a final settlement arrangement was agreed between the Federal Prosecutors, and Samarco, Vale and BHP Billiton Brasil. On 29 June 2017, the Court extended the final date for negotiation of a settlement until 30 October 2017, allowing for the continuation of the Interim Security arrangements and the provision of ongoing expert advice to the Federal Prosecutors in respect of the programs. The parties will use best efforts to achieve a final settlement arrangement by 30 October 2017 under the timeframe established in the Preliminary Agreement.

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Other

As at 30 June 2017, Samarco has recognised provisions of US\$0.3 billion (30 June 2016: US\$0.2 billion), in addition to its obligations under the Framework Agreement, based on currently available information. The magnitude, scope and timing of these additional costs are subject to a high degree of uncertainty and Samarco has indicated that it anticipates that it will incur future costs beyond those provided. These uncertainties are likely to continue for a significant period and changes to key assumptions could result in a material change to the amount of the provision in future reporting periods. Any such unrecognised obligations are therefore contingent liabilities and, at present, it is not practicable to estimate their magnitude or possible timing of payment. Accordingly, it is also not possible to provide a range of possible outcomes or a reliable estimate of total potential future exposures at this time.

Legal

Samarco has been named as defendant in a number of legal proceedings initiated by individuals, NGOs, corporations and governmental entities in Brazilian federal and state courts following the Samarco dam failure. These lawsuits include claims for compensation, environmental rehabilitation and violations of Brazilian environmental and other laws, among other matters. The lawsuits seek various remedies, including rehabilitation costs, compensation to injured individuals and families of the deceased, recovery of personal and property losses, moral damages and injunctive relief. It is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for Samarco.

In addition, government investigations of the Samarco dam failure by numerous agencies of the Brazilian government have commenced and are ongoing.

Public civil claim

Among the claims brought against Samarco, is a public civil claim commenced by the Federal Government of Brazil, states of Espírito Santo, Minas Gerais and other public authorities on 30 November 2015, seeking the establishment of a fund of up to R\$20 billion (approximately US\$6.1 billion) in aggregate for clean-up costs and damages.

On 2 March 2016, Samarco, together with Vale and BHP Billiton Brasil, entered into the Framework Agreement. Ratification of the Framework Agreement by the Federal Court of Appeal on 5 May 2016 suspended this public civil claim. However, it was reinstated on 30 June 2016 upon issue of the Interim Order by the Superior Court of Justice in Brazil.

While a final decision by the Court on the issue of ratification of the Framework Agreement is pending, the Preliminary Agreement suspends a R\$1.2 billion (approximately US\$365 million) injunction order under the public civil claim.

The Preliminary Agreement also requests suspension of the public civil claim with a decision from the Court pending. The R\$1.2 billion (approximately US\$365 million) injunction order may be reinstated if a final settlement arrangement is not agreed by 30 October 2017.

As noted above, Samarco has recognised a provision as of 30 June 2017 of US\$2.1 billion before tax and after discounting (30 June 2016: US\$2.4 billion) in respect of its obligations under the Framework Agreement. While a final decision on ratification of the Framework Agreement is pending, and negotiation of a settlement of the R\$20 billion (approximately US\$6.1 billion) public civil claim and R\$155 billion (approximately US\$47 billion) Federal Public Prosecution Office claim (noted below) under the Preliminary Agreement are ongoing, the Framework

Agreement remains binding between the parties and Fundação Renova will continue to implement the programs under the Framework Agreement.

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Given the status of these proceedings, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for Samarco.

Federal Public Prosecution Office claim

Samarco is among the defendants named in a claim brought by the Federal Public Prosecution Office on 3 May 2016, seeking R\$155 billion (approximately US\$47 billion) for reparation, compensation and moral damages in relation to the Samarco dam failure.

With regard to the Preliminary Agreement, the 12th Federal Court suspended the Federal Public Prosecution Office claim, including a R\$7.7 billion (approximately US\$2.3 billion) injunction request.

However, proceedings may be resumed if a final settlement arrangement is not agreed by 30 October 2017.

Given the status of these proceedings, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for Samarco.

Class action complaint – bond holders

On 14 November 2016, a putative class action complaint (Complaint) was filed in the U.S. District Court for the Southern District of New York on behalf of all purchasers of Samarco's ten-year bond notes due 2022–2024 between 31 October 2012 and 30 November 2015 against Samarco and the former chief executive officer of Samarco. The Complaint asserts claims under the U.S. federal securities laws and indicates that the plaintiff will seek certification to proceed as a class action.

On 6 March 2017, the Complaint was amended to include BHP Billiton Limited, BHP Billiton Plc, BHP Billiton Brasil Ltda and Vale S.A. and officers of Samarco, including four of Vale S.A. and BHP Billiton Brasil Ltda's nominees to the Samarco Board. On 5 April 2017, the plaintiff dismissed the claims against the individuals. The remaining corporate defendants filed a joint motion to dismiss the plaintiff's Complaint on 26 June 2017.

The amount of damages sought by the plaintiffs on behalf of the putative class is unspecified. Given the preliminary status of this matter, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures to Samarco.

Criminal charges

The Federal Prosecutors' Office has filed criminal charges against Samarco, Vale and BHP Billiton Brasil and certain employees and former employees of Samarco (Affected Individuals) in the Federal Court of Ponte Nova, Minas Gerais. On 2 March 2017, Samarco filed its preliminary defences. Samarco rejects outright the charges against the company and the Affected Individuals and will defend the charges.

Under the criminal charges against Samarco, Vale and BHP Billiton Brasil and certain individuals, a R\$20 billion (approximately US\$6.1 billion) asset freezing order application was made by the Federal Prosecutors. In July 2017, the Federal Court of Ponte Nova denied the Federal Prosecutors' application for an asset freezing order.

Given the status of this matter, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for Samarco.

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Other claims

The civil public actions filed by State Prosecutors in Minas Gerais (claiming damages of approximately R\$7.5 billion, US\$2.3 billion), State Prosecutors in Espírito Santo (claiming damages of approximately R\$2 billion, US\$605 million), and public defenders in Minas Gerais (claiming damages of approximately R\$10 billion, US\$3 billion), have been consolidated before the 12th Federal Court. All of those civil public actions except the latter have also been suspended by the 12th Federal Court. Given the preliminary status of these proceedings, and the duplicative nature of the damages sought in these proceedings and the R\$20 billion (approximately US\$6.1 billion) and R\$155 billion (approximately US\$47 billion) claims it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for Samarco.

Other pending lawsuits and investigations are at the early stages of proceedings. Until further facts are developed; court rulings clarify the issues in dispute, liability and damages; trial activity nears, or other actions such as possible settlements occur, it is not possible to arrive at a range of outcomes, or a reliable estimate of Samarco's obligations arising from these matters and therefore Samarco has not recognised a provision or quantified a contingent liability.

Additional claims may be brought against Samarco. A provision has not been made by Samarco for claims yet to be filed. Given the significant uncertainties surrounding possible outcomes it is not possible for Samarco to arrive at a range of outcomes or a reliable estimate of the liability for any unfiled claims.

Samarco insurance

Samarco has standalone insurance policies in place with Brazilian and global insurers. Samarco has notified insurers, including those covering property, project and liability risks. Insurers loss adjusters or claims representatives continue to investigate and assist with the claims process. An insurance receivable has not been recognised by Samarco for any recoveries under insurance arrangements at 30 June 2017.

Samarco commitments

At 30 June 2017, Samarco has commitments of US\$1.5 billion (30 June 2016: US\$1.5 billion). Following the dam failure Samarco invoked force majeure clauses in a number of long-term contracts with suppliers and service providers to suspend contractual obligations.

Samarco non-dam failure related contingent liabilities

The following non-dam failure related contingent liabilities pre-date and are unrelated to the Samarco dam failure. Samarco is currently contesting both of these matters in the Brazilian courts. Given the status of the proceedings, the timing of resolution and potential economic outflow are uncertain. BHP has no legal obligation in relation to these matters as no BHP entity is a party to any claim.

Brazilian Social Contribution Levy

Samarco has received tax assessments for the alleged non-payment of Brazilian Social Contribution Levy for the calendar years 2007–2014 totalling approximately R\$4.9 billion (approximately US\$1.5 billion).

Brazilian corporate income tax rate

Samarco has received tax assessments for alleged incorrect calculation of Corporate Income Tax (IRPJ) in respect of the 2000 2003 and 2007 2014 income years totalling approximately R\$4.1 billion (approximately US\$1.2 billion).

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	2017	2016	2015
	US\$M	US\$M	US\$M
Employee benefits expense:			
Wages, salaries and redundancies	3,474	3,414	4,537
Employee share awards	106	140	203
Social security costs	3	2	2
Pension and other post-retirement obligations	284	232	358
Less employee benefits expense classified as exploration and evaluation expenditure	(80)	(86)	(129)
Changes in inventories of finished goods and work in progress	(745)	294	139
Raw materials and consumables used	3,908	4,063	4,667
Freight and transportation	2,284	2,226	2,644
External services	4,765	4,984	6,284
Third party commodity purchases	1,157	1,013	1,165
Net foreign exchange losses/(gains)	103	(153)	(469)
Government royalties paid and payable	1,986	1,349	1,708
Exploration and evaluation expenditure incurred and expensed in the current period	612	430	670
Depreciation and amortisation expense	7,931	8,661	9,158
Net impairments:			
Property, plant and equipment	160	7,377	3,445
Goodwill and other intangible assets	33	17	570
Available for sale financial assets			9
Operating lease rentals	469	528	636
All other operating expenses	1,090	996	1,413
Total expenses	27,540	35,487	37,010
(Gains)/losses on disposal of property, plant and equipment	(359)	13	7
Other income	(377)	(457)	(503)
Total other income	(736)	(444)	(496)

Other income is generally income earned from transactions outside the course of the Group's ordinary activities and may include certain management fees from non-controlling interests and joint venture arrangements, dividend income, royalties, commission income and gains or losses on divestment of subsidiaries or operations.

Recognition and measurement

Income is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and they can be reliably measured. Dividends are recognised upon declaration.

Table of Contents**5 Income tax expense**

	2017 US\$M	2016 US\$M	2015 US\$M
Total taxation expense/(benefit) comprises:			
Current tax expense	4,288	2,456	3,168
Deferred tax (benefit)/expense	(188)	(3,508)	498
	4,100	(1,052)	3,666
	2017 US\$M	2016 US\$M	2015 US\$M
Factors affecting income tax expense for the year			
Income tax expense differs to the standard rate of corporation tax as follows:			
Profit/(loss) before taxation	10,322	(7,259)	8,056
Tax on profit/(loss) at Australian prima facie tax rate of 30 per cent	3,097	(2,178)	2,417
Tax on remitted and unremitted foreign earnings	478	(376)	58
Non-tax effected operating losses and capital gains	259	671	143
Amounts under/(over) provided in prior years	199	(28)	138
Foreign exchange adjustments	88	125	339
Tax rate changes	25	14	137
Investment and development allowance	(53)	(36)	(190)
Tax effect of profit/(loss) from equity accounted investments, related impairments and expenses ⁽¹⁾	(82)	631	(164)
Recognition of previously unrecognised tax assets	(106)	(36)	(212)
Impact of tax rates applicable outside of Australia	(189)	(620)	(301)
Other	217	536	397
Income tax expense/(benefit)	3,933	(1,297)	2,762
Royalty-related taxation (net of income tax benefit)	167	245	904
Total taxation expense/(benefit)	4,100	(1,052)	3,666

⁽¹⁾ The profit/(loss) from equity accounted investments, related impairments and expenses is net of income tax. This item removes the prima facie tax effect on such profits, related impairments and expenses.

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Income tax recognised in other comprehensive income is as follows:

	2017	2016	2015
	US\$M	US\$M	US\$M
Income tax effect of:			
<u>Items that may be reclassified subsequently to the income statement:</u>			
Available for sale investments:			
Net valuation (losses)/gains taken to equity		(1)	1
Net valuation losses/(gains) transferred to the income statement			34
Cash flow hedges:			
Gains/(losses) taken to equity	(105)	170	539
(Gains)/losses transferred to the income statement	129	(199)	(545)
Income tax credit/(charge) relating to items that may be reclassified subsequently to the income statement			
	24	(30)	29
<u>Items that will not be reclassified to the income statement:</u>			
Remeasurement gains/(losses) on pension and medical schemes	(12)	5	14
Employee share awards transferred to retained earnings on exercise	(14)	(22)	(31)
Income tax (charge)/credit relating to items that will not be reclassified to the income statement			
	(26)	(17)	(17)
Total income tax (charge)/credit relating to components of other comprehensive income ⁽¹⁾			
	(2)	(47)	12

(1) Included within total income tax relating to components of other comprehensive income is US\$12 million relating to deferred taxes and US\$(14) million relating to current taxes (2016: US\$(25) million and US\$(22) million; 2015: US\$43 million and US\$(31) million).

Recognition and measurement

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

Current tax

Current tax is the expected tax on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred tax assets are recognised to

Royalty-related taxation

Royalties and resource rent taxes are treated as taxation arrangements (impacting income tax expense/(benefit)) when they are imposed under government authority and the amount

the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

payable is calculated by reference to revenue derived (net of any allowable deductions) after adjustment for temporary differences. Obligations arising from royalty arrangements that do not satisfy these criteria are recognised as current provisions and included in expenses.

Deferred tax is not recognised for temporary differences relating to:

initial recognition of goodwill;

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Current tax

Deferred tax

Royalty-related taxation

initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;

investment in subsidiaries, associates and jointly controlled entities where the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset and when the tax balances are related to taxes levied by the same tax authority and the Group intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

Uncertain tax and royalty matters

The Group operates across many tax jurisdictions. Application of tax law can be complex and requires judgement to assess risk and estimate outcomes, particularly in relation to the Group's cross-border operations and transactions. The evaluation of tax risks considers both amended assessments received and potential sources of challenge from tax authorities. The status of proceedings for these matters will impact the ability to determine the potential exposure and in some cases, it may not be possible to determine a range of possible outcomes or a reliable estimate of the potential exposure.

The Group has unresolved tax and royalty matters for which the timing of resolution and potential economic outflow are uncertain. Tax and royalty matters with uncertain outcomes arise in the normal course of business and occur due to changes in tax law, changes in interpretation of tax law, periodic challenges and disagreements with tax authorities and legal proceedings.

Tax and royalty obligations assessed as having probable future economic outflows capable of reliable measurement are adequately provided for at 30 June 2017. Matters without a probable economic outflow and / or presently incapable of being measured reliably are contingent liabilities and disclosed in note 33 Contingent liabilities . Irrespective of whether the potential economic outflow of the matter has been assessed as probable or possible, individually significant matters are included below, to the extent that disclosure does not prejudice the Group.

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**Transfer pricing
Sales of commodities
to BHP Billiton
Marketing AG in
Singapore**

The Group is currently in dispute with the Australian Taxation Office (ATO) regarding the price at which the Group's Australian entities sell commodities to the Group's principal marketing entity in Singapore, BHP Billiton Marketing AG.

In April 2014, the Group received amended assessments for 2003-2008 totalling US\$278 million (A\$362 million) (inclusive of interest and penalties). In May 2016, the Group received further amended assessments totalling US\$413 million (A\$537 million) (inclusive of interest and penalties) for 2009-2013. The ATO is currently auditing the 2014-2016 income years.

The Group has formally objected to the amended assessments. The ATO has yet to advise its decision on the objections to these amended assessments.

The Group has made payments of approximately US\$221 million (A\$276 million) to the ATO in relation to the assessments under dispute pending resolution of the matter.

As a consequence of the finalisation of the transfer pricing audit for 2009-2013, in June 2016, the Group also received an amended assessment in relation to its 2013 MRRT return totalling US\$90 million (A\$117 million).

The Group has formally objected to the amended assessment and has made a partial payment of US\$39 million (A\$52 million) in respect of the MRRT amended assessment.

**Controlled Foreign
Companies dispute**

The Group is currently in dispute with the ATO regarding whether profits earned globally by the Group's marketing organisation from the on-sale of commodities acquired from Australian subsidiaries of BHP Billiton Plc are subject to top-up tax in Australia under the Controlled Foreign Companies rules.

In June 2011 and December 2014, the Group received amended assessments relating to the 2006-2010 income years. The Group has objected to these amended assessments. On 30 June 2016, the Group received the ATO's decision relating to the Group's objection against these amended assessments. The objections were allowed in part by the ATO. The ATO also determined that the Group was not liable for any penalties. As a result of the objections being determined, it is estimated the primary tax subject to dispute for the 2006-2010 income years will total US\$33 million (A\$43 million). The Group has sought review of the disallowed objections.

Between May 2016 and May 2017, the Group received amended assessments for primary tax of US\$30 million (A\$39 million) relating to the 2012–2015 income years, and interest of US\$4 million (A\$5 million) (with nil penalties). The Group has formally objected to the amended assessments.

**Royalty
reassessments
dispute with
Queensland Office of
State Revenue**

The Group has commenced proceedings in the Supreme Court of Queensland pertaining to disputed royalty reassessments issued by the Queensland Office of State Revenue (OSR) in relation to its share of BHP Billiton Mitsubishi Alliance (BMA) coal.

The dispute relates primarily to the basis for calculating the value of coal for royalty purposes under Queensland law. The reassessments relate to the period from 1 July 2005–30 September 2015. The reassessments total US\$173 million (A\$225 million) in royalties and US\$80 million (A\$104 million) in interest (BHP share).

**Samarco tax
assessments**

Details of uncertain tax and royalty matters relating to Samarco are disclosed in note 3 Significant events Samarco dam failure .

Table of Contents**Key judgements and estimates*****Income tax classification***

The Group's accounting policy for taxation, including royalty-related taxation, requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost.

Deferred tax

Judgement is required to determine the amount of deferred tax assets that are recognised based on the likely timing and the level of future taxable profits. The Group assesses the recoverability of recognised and unrecognised deferred taxes, including losses in Australia, the United States and Canada and the recognition of deferred tax assets of capital allowances in Australia, on a consistent basis, using assumptions and projected cash flows as applied in the Group impairment reviews for associated operations.

Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Uncertain tax matters

Judgements are required about the application of income tax legislation and its interaction with income tax accounting principles. These judgements are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised.

Where the final tax outcomes are different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which the determination is made.

Measurement of uncertain tax and royalty matters considers a range of possible outcomes, including assessments received from tax authorities. Where management is of the view that potential liabilities have a low probability of crystallising, or it is not possible to quantify them reliably, they are disclosed as contingent liabilities (refer to note 33 Contingent liabilities).

6 Earnings per share

	2017	2016	2015
Earnings/(loss) attributable to BHP shareholders (US\$M)			
Continuing operations	5,890	(6,385)	3,483
Total	5,890	(6,385)	1,910
Weighted average number of shares (Million)			
Basic	5,323	5,322	5,318
Diluted	5,336	5,322	5,333
Basic earnings/(loss) per ordinary share (US cents)			
Continuing operations	110.7	(120.0)	65.5
Total	110.7	(120.0)	35.9

Diluted earnings/(loss) per ordinary share (US cents)

Continuing operations	110.4	(120.0)	65.3
Total	110.4	(120.0)	35.8

Refer to note 27 Discontinued operations for basic earnings per share and diluted earnings per share for Discontinued operations.

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Earnings on American Depositary Shares represent twice the earnings for BHP Billiton Limited or BHP Billiton Plc ordinary shares.

Recognition and measurement

Diluted earnings attributable to BHP shareholders are equal to the earnings attributable to BHP shareholders.

The calculation of the number of ordinary shares used in the computation of basic earnings per share is the aggregate of the weighted average number of ordinary shares of BHP Billiton Limited and BHP Billiton Plc outstanding during the period after deduction of the number of shares held by the Billiton Employee Share Ownership Plan Trust and the BHP Billiton Limited Employee Equity Trust.

For the purposes of calculating diluted earnings per share, the effect of 13 million dilutive shares has been taken into account for the year ended 30 June 2017 (2016: nil; 2015: 15 million shares). The Group's only potential dilutive ordinary shares are share awards granted under the employee share ownership plans for which terms and conditions are described in note 23 Employee share ownership plans. Diluted earnings per share calculation excludes instruments which are considered antidilutive.

The conversion of options and share rights would decrease the loss per share for the year ended 30 June 2016 and therefore its impact has been excluded from the diluted earnings per share calculation.

At 30 June 2017, there are no instruments which are considered antidilutive (2015: 160,116 antidilutive shares).

Working capital**7 Trade and other receivables**

	2017 US\$M	2016 US\$M
Trade receivables	1,855	1,730
Loans to equity accounted investments	644	897
Other receivables	1,140	1,395
Total	3,639	4,022
Comprising:		
Current	2,836	3,155
Non-current	803	867

Recognition and measurement

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less an allowance for impairment.

The collectability of trade receivables is assessed continuously. At the reporting date, specific allowances are made for any doubtful receivables based on a review of all outstanding amounts at reporting period-end. Individual receivables

are written off when management deems them unrecoverable. The net carrying amount of trade and other receivables approximates their fair values.

Credit risk

Trade receivables generally have terms of less than 30 days. The Group has no material concentration of credit risk with any single counterparty and is not dominantly exposed to any individual industry.

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Credit risk can arise from the non-performance by counterparties of their contractual financial obligations towards the Group. To manage credit risk, the Group maintains Group-wide procedures covering the application for credit approvals, granting and renewal of counterparty limits, proactive monitoring of exposures against these limits and requirements triggering secured payment terms. As part of these processes, the credit exposures with all counterparties are regularly monitored and assessed on a timely basis. The credit quality of the Group's customers is reviewed and assessed for impairment where indicators of such impairment exist. The solvency of each debtor and their ability to pay on the receivable is considered in assessing receivables for impairment.

Receivables are deemed to be past due or impaired in accordance with the Group's terms and conditions. These terms and conditions are determined on a case-by-case basis with reference to the customer's credit quality, payment performance and prevailing market conditions. At 30 June 2017, trade receivables are stated net of provisions for doubtful debts of US\$ nil (2016: US\$ nil). As of 30 June 2017, trade receivables of US\$19 million (2016: US\$12 million) were past due but not impaired. The majority of these receivables were less than 30 days overdue. As at the reporting date, there are no indications that the debtors will not meet their payment obligations.

8 Trade and other payables

	2017	2016
	US\$M	US\$M
Trade creditors	3,996	3,662
Other creditors	1,560	1,740
Total	5,556	5,402
Comprising:		
Current	5,551	5,389
Non-current	5	13

9 Inventories

	2017	2016	Definitions
	US\$M	US\$M	
Raw materials and consumables	1,241	1,394	Spares, consumables and other supplies yet to be utilised in the production process or in the rendering of services.
Work in progress	2,852	2,149	Commodities currently in the production process that require further processing by the Group to a saleable form.
Finished goods	675	632	Commodities held-for-sale and not requiring further processing by the Group.
Total ⁽¹⁾	4,768	4,175	
Comprising:			
Current	3,673	3,411	

Inventories classified as non-current are not expected to be utilised or sold within 12 months after the reporting date.

Non-current	1,095	764
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- (1) Inventory write-downs of US\$112 million were recognised during the year (2016: US\$118 million; 2015: US\$182 million). Inventory write-downs of US\$19 million made in previous periods were reversed during the year (2016: US\$118 million; 2015: US\$42 million).

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Recognition and measurement

Regardless of the type of inventory and its stage in the production process, inventories are valued at the lower of cost and net realisable value. Cost is determined primarily on the basis of average costs. For processed inventories, cost is derived on an absorption costing basis. Cost comprises costs of purchasing raw materials and costs of production, including attributable mining and manufacturing overheads taking into consideration normal operating capacity.

Minerals inventory quantities are assessed primarily through surveys and assays, while petroleum inventory quantities are derived through flow rate or tank volume measurement and the composition is derived via sample analysis.

Key judgements and estimates

Accounting for inventory involves the use of judgements and estimates, particularly related to the measurement and valuation of inventory on hand within the production process. Certain estimates, including expected metal recoveries and work in progress volumes, are calculated by engineers using available industry, engineering and scientific data. Estimates used are periodically reassessed by the Group taking into account technical analysis and historical performance. Changes in estimates are adjusted for on a prospective basis.

Table of Contents**Resource assets****10 Property, plant and equipment**

	Land and buildings US\$M	Plant and equipment US\$M	Other mineral assets US\$M	Assets under construction US\$M	Exploration and evaluation US\$M	Total US\$M
Net book value 30 June 2017						
At the beginning of the financial year	9,005	47,766	15,942	9,561	1,701	83,975
Additions ⁽¹⁾⁽²⁾		809	416	3,773	314	5,312
Depreciation for the year	(552)	(6,419)	(765)			(7,736)
Impairments, net of reversals	(8)	(83)			(69)	(160)
Disposals	(27)	(56)	(25)	(1)	(152)	(261)
Divestment and demerger of subsidiaries and operations	(47)	(105)		(42)		(194)
Exchange variations taken to reserve			(1)			(1)
Transfers and other movements	176	7,515	(10)	(7,755)	(364)	(438)
At the end of the financial year	8,547	49,427	15,557	5,536	1,430	80,497
Cost	12,387	106,332	31,196	5,538	2,213	157,666
Accumulated depreciation and impairments	(3,840)	(56,905)	(15,639)	(2)	(783)	(77,169)
Net book value 30 June 2016						
At the beginning of the financial year	8,762	48,361	21,069	14,502	1,378	94,072
Additions ⁽¹⁾⁽²⁾	4	(89)	750	5,337	344	6,346
Depreciation for the year	(574)	(6,780)	(1,090)		4	(8,440)
Impairments, net of reversals	(49)	(2,892)	(4,432)		(4)	(7,377)
Disposals	(15)	(64)	(8)	(13)	(10)	(110)
Divestment and demerger of subsidiaries and operations	(39)	(120)	(5)	(3)		(167)
Exchange variations taken to reserve		2				2
Transfers and other movements	916	9,348	(342)	(10,262)	(11)	(351)
At the end of the financial year	9,005	47,766	15,942	9,561	1,701	83,975
Cost	12,425	98,688	30,924	9,562	2,612	154,211
Accumulated depreciation and impairments	(3,420)	(50,922)	(14,982)	(1)	(911)	(70,236)

⁽¹⁾ Includes net foreign exchange gains/(losses) related to the closure and rehabilitation provisions. Refer to note 14 Closure and rehabilitation provisions .

- (2) Property, plant and equipment of US\$593 million (2016: US\$ nil; 2015: US\$10 million) was acquired under finance lease. This is a significant non-cash investing transaction that has been excluded from the Consolidated Cash Flow Statement.

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Recognition and measurement

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment charges. Cost is the fair value of consideration given to acquire the asset at the time of its acquisition or construction and includes the direct costs of bringing the asset to the location and the condition necessary for operation and the estimated future costs of closure and rehabilitation of the facility.

Equipment leases

Assets held under lease, which result in the Group receiving substantially all of the risk and rewards of ownership are capitalised as property, plant and equipment at the lower of the fair value of the leased assets or the estimated present value of the minimum lease payments. Leased assets are depreciated on the same basis as owned assets or, where shorter, the lease term. The corresponding finance lease obligation is included within interest bearing liabilities. The interest component is charged to the income statement over the lease term to reflect a constant rate of interest over the remaining balance of the obligation.

Operating leases are not capitalised and rental payments are included in the income statement on a straight-line basis over the lease term. Ongoing contracted commitments under finance and operating leases are disclosed within note 32 Commitments .

Exploration and evaluation

Exploration costs are incurred to discover mineral and petroleum resources. Evaluation costs are incurred to assess the technical feasibility and commercial viability of resources found.

Exploration and evaluation expenditure is charged to the income statement as incurred, except in the following circumstances in which case the expenditure may be capitalised:

In respect of minerals activities:

the exploration and evaluation activity is within an area of interest that was previously acquired as an asset acquisition or in a business combination and measured at fair value on acquisition; or

the existence of a commercially viable mineral deposit has been established.

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In respect of petroleum activities:

the exploration and evaluation activity is within an area of interest for which it is expected that the expenditure will be recouped by future exploitation or sale; or

exploration and evaluation activity has not reached a stage that permits a reasonable assessment of the existence of commercially recoverable reserves.

A regular review of each area of interest is undertaken to determine the appropriateness of continuing to carry forward costs in relation to that area. Capitalised costs are only carried forward to the extent that they are expected to be recovered through the successful exploitation of the area of interest or alternatively by its sale. To the extent that capitalised expenditure is no longer expected to be recovered, it is charged to the income statement.

Key judgements and estimates

Exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale, or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the income statement.

Development expenditure

When proven mineral reserves are determined and development is sanctioned, capitalised exploration and evaluation expenditure is reclassified as assets under construction within property, plant and equipment. All subsequent development expenditure is capitalised and classified as assets under construction, provided commercial viability conditions continue to be satisfied.

The Group may use funds sourced from external parties to finance the acquisition and development of assets and operations. Finance costs are expensed as incurred, except where they relate to the financing of construction or development of qualifying assets. Borrowing costs directly attributable to acquiring or constructing a qualifying asset are capitalised during the development phase. Development expenditure is net of proceeds from the saleable material extracted during the development phase. On completion of development, all assets included in assets under construction are reclassified as either plant and equipment or other mineral assets and depreciation commences.

Key judgements and estimates

Development activities commence after project sanctioning by the appropriate level of management. Judgement is applied by management in determining when a project is economically viable. In exercising this judgement, management is required to make certain estimates and assumptions as to future events and circumstances, including

reserve estimates, existence of an accessible market and forecast prices and cash flows. Estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the income statement.

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Other mineral assets

Other mineral assets comprise:

capitalised exploration, evaluation and development expenditure for assets in production;

mineral rights and petroleum interests acquired;

capitalised development and production stripping costs.

Overburden removal costs

The process of removing overburden and other waste materials to access mineral deposits is referred to as stripping. Stripping is necessary to obtain access to mineral deposits and occurs throughout the life of an open-pit mine. Development and production stripping costs are classified as other mineral assets in property, plant and equipment.

Stripping costs are accounted for separately for individual components of an ore body. The determination of components is dependent on the mine plan and other factors, including the size, shape and geotechnical aspects of an ore body. The Group accounts for stripping activities as follows:

Development stripping costs

These are initial overburden removal costs incurred to obtain access to mineral deposits that will be commercially produced. These costs are capitalised when it is probable that future economic benefits (access to mineral ores) will flow to the Group and costs can be measured reliably.

Once the production phase begins, capitalised development stripping costs are depreciated using the units of production method based on the proven and probable reserves of the relevant identified component of the ore body to which the initial stripping activity benefits.

Production stripping costs

These are interburden removal costs incurred during the normal course of production activity, which commences after the first saleable minerals have been extracted from the component. Production stripping costs can give rise to two benefits, the accounting for which is outlined below:

	Production stripping activity	
Benefits of stripping activity	Extraction of ore (inventory) in current period.	Improved access to future ore extraction.
Period benefited	Current period	Future period(s)
Recognition and measurement criteria	When the benefits of stripping activities are realised in the form of inventory produced;	When the benefits of stripping activities are improved access to future ore;

the associated costs are recorded in accordance with the Group's inventory accounting policy.

production costs are capitalised when all the following criteria are met:

the production stripping activity improves access to a specific component of the ore body and it is probable that economic benefit arising from the improved access to future ore production will be realised;

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Table of Contents**Production stripping activity**

the component of the ore body for which access has been improved can be identified;

costs associated with that component can be measured reliably.

Allocation of costs	Production stripping costs are allocated between the inventory produced and the production stripping asset using a life-of-component waste-to-ore (or mineral contained) strip ratio. When the current strip ratio is greater than the estimated life-of-component ratio a portion of the stripping costs is capitalised to the production stripping asset.	
Asset recognised from stripping activity	Inventory	Other mineral assets within property, plant and equipment.
Depreciation basis	Not applicable	On a component-by-component basis using the units of production method based on proven and probable reserves.

Key judgements and estimates

The identification of components of an ore body, as well as estimation of stripping ratios and mineral reserves by component require critical accounting judgements and estimates to be made by management. Changes to estimates related to life-of-component waste-to-ore (or mineral contained) strip ratios and the expected ore production from identified components are accounted for prospectively and may affect depreciation rates and asset carrying values.

Where assets are dedicated to a mine or petroleum lease, the below useful lives are subject to the lesser of the asset category's useful life and the life of the mine or petroleum lease, unless those assets are readily transferable to another productive mine or lease.

Depreciation

The estimation of useful lives, residual values and depreciation methods require significant management judgement and are reviewed annually. Any changes to useful lives may affect prospective depreciation rates and asset carrying values.

Depreciation of assets, other than land, assets under construction and capitalised exploration and evaluation that are not depreciated, is calculated using either the straight-line (SL) method or units of production (UoP) method, net of residual values, over the estimated useful lives of specific assets. The depreciation method and rates applied to specific assets reflect the pattern in which the asset's benefits are expected to be used by the Group. The Group's reported reserves are used to determine UoP depreciation unless doing so results in depreciation charges that do not reflect the asset's useful life. Where this occurs, alternative approaches to determining reserves are applied, such as using management's expectations of future oil and gas prices rather than yearly average prices, to provide a phasing of

periodic depreciation charges that better reflects the asset's expected useful life.

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The table below summarises the principal depreciation methods and rates applied to major asset categories by the Group.

Category	Buildings	Plant and equipment	Mineral rights and petroleum interests	Capitalised exploration, evaluation and development expenditure
Typical depreciation methodology	SL	SL	UoP	UoP
Depreciation rate	25-50 years	3-30 years	Based on the rate of depletion of reserves	Based on the rate of depletion of reserves

11 Intangible assets

	Goodwill	2017 Other intangibles	Total	Goodwill	2016 Other intangibles	Total
	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M
Net book value						
At the beginning of the financial year	3,273	846	4,119	3,274	1,018	4,292
Additions		81	81		78	78
Amortisation for the year		(195)	(195)		(221)	(221)
Impairments for the year		(33)	(33)	(1)	(16)	(17)
Disposals	(4)		(4)		(10)	(10)
Other					(3)	(3)
At the end of the financial year	3,269	699	3,968	3,273	846	4,119
Cost	3,269	1,722	4,991	3,273	1,813	5,086
Accumulated amortisation and impairments		(1,023)	(1,023)		(967)	(967)

Table of Contents**Recognition and measurement****Goodwill**

Where the fair value of the consideration paid for a business acquisition exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is treated as goodwill. Where consideration is less than the fair value of acquired net assets, the difference is recognised immediately in the income statement. Goodwill is not amortised and is measured at cost less any impairment losses.

Other intangibles

The Group capitalises amounts paid for the acquisition of identifiable intangible assets, such as software, licences and initial payments for the acquisition of mineral lease assets, where it is considered that they will contribute to future periods through revenue generation or reductions in cost. These assets, classified as finite life intangible assets, are carried in the balance sheet at the fair value of consideration paid less accumulated amortisation and impairment charges. Intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives. The estimated useful lives are generally no greater than eight years.

Initial payments for the acquisition of intangible mineral lease assets are capitalised and amortised over the term of the permit. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area. Capitalised costs are only carried forward to the extent that they are expected to be recovered through the successful exploitation of the area of interest or alternatively by its sale. To the extent that capitalised expenditure is no longer expected to be recovered, it is charged to the income statement.

12 Impairment of non-current assets

Cash generating unit	Year ended 30 June 2017				Cash generating unit	Year ended 30 June 2016			
	Segment	Property, Goodwill plant and and other		Total		Segment	Property, Goodwill plant and and other		Total
		equipment	intangibles				US\$M	US\$M	
					Fayetteville	Petroleum	1,913		1,913
					Haynesville	Petroleum	2,585		2,585
					Black Hawk	Petroleum	1,861		1,861
					Hawkville	Petroleum	825		825
							7,184		7,184

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Other	Various	160	33	193	Other	Various	193	17	210
Total impairment of non-current assets		160	33	193	Total impairment of non-current assets		7,377	17	7,394
Reversal of impairment					Reversal of impairment				
Net impairment of non-current assets		160	33	193	Net impairment of non-current assets		7,377	17	7,394

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Recognition and measurement

Impairment tests are carried out annually for goodwill. In addition, impairment tests for all assets are performed when there is an indication of impairment. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the income statement so as to reduce the carrying amount in the balance sheet to its recoverable amount.

Previously impaired assets (excluding goodwill) are reviewed for possible reversal of previous impairment at each reporting date. Impairment reversal cannot exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset or cash generating units (CGUs). There were no reversals of impairment in the current or prior year.

How recoverable amount is calculated

The recoverable amount is the higher of an asset's fair value less cost of disposal (FVLCD) and its value in use (VIU). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Valuation methods

Fair value less cost of disposal

FVLCD is an estimate of the amount that a market participant would pay for an asset or CGU, less the cost of disposal. Fair value for mineral and petroleum assets is generally determined using independent market assumptions to calculate the present value of the estimated future post-tax cash flows expected to arise from the continued use of the asset, including the anticipated cash flow effects of any capital expenditure to enhance production or reduce cost, and its eventual disposal where a market participant may take a consistent view. Cash flows are discounted using an appropriate post-tax market discount rate to arrive at a net present value of the asset, which is compared against the asset's carrying value.

Value in use

VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. VIU is determined by applying assumptions specific to the Group's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the VIU calculation is likely to give a different result (usually lower) to a fair value calculation.

Impairment of non-current assets (excluding goodwill)

Impairments of Petroleum CGUs of US\$ nil (2016: US\$7,184 million) have been recognised during the year. Property, plant and equipment including other intangible asset impairments of US\$193 million (2016: US\$210 million) were recognised during the year.

Petroleum year ended 30 June 2016

What has been recognised?

The Group recognised an impairment charge of US\$7,184 million (US\$4,884 million after tax benefit) against the carrying value of individual Onshore US CGUs.

What were the drivers of impairment?

As a result of significant volatility and weaker prices experienced in the oil and gas industry, management adjusted its medium-term and long-term price assumptions and discount rates, which had a significant flow through impact on asset valuations.

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Petroleum year ended 30 June 2016

How were the valuations calculated? Using these updated assumptions, valuations of the relevant Onshore US CGUs were calculated using FVLCD methodology, applying discounted cash flow techniques. The recoverable amount in each instance is equal to its estimated FVLCD. Calculations are based primarily on Level 3 inputs as defined in note 21 Financial risk management .

What were the significant assumptions and estimates used in the valuations? The valuations are most sensitive to changes in crude oil and natural gas prices, estimated future production volumes and discount rates. Key judgements and estimates used in determining FVLCD are disclosed below.

Impairment test for goodwill

The carrying amount of goodwill has been allocated to the CGUs, or groups of CGUs, as follows:

	2017 US\$M	2016 US\$M
Onshore US	3,022	3,026
Other	247	247
Total	3,269	3,273

For the purpose of impairment testing, goodwill has been allocated to CGUs or groups of CGUs, that are expected to benefit from the synergies of previous business combinations, which represent the level at which management will monitor and manage goodwill. Onshore US goodwill is the most significant goodwill balance and has been tested for impairment after an assessment of the individual CGUs that it comprises.

Onshore US goodwill

Carrying value US\$3,022 million (2016: US\$3,026 million).

Impairment test conclusion as at 30 June 2017 No impairment charge is required as at 30 June 2017 (30 June 2016: US\$ nil). The recoverable amount of Onshore US CGUs is estimated to exceed the carrying amount of the CGUs at 30 June 2017 by US\$4,305 million (30 June 2016: US\$1,141 million).

How did the goodwill arise? Goodwill arose on the Petrohawk acquisition in August 2011 and is attributable to synergies associated with the Group's US unconventional petroleum assets (Onshore US). This comprises the Permian, Haynesville, Fayetteville, Black Hawk and Hawkville group of CGUs, which includes the Group's natural gas and liquid reserves and resources, production wells and associated infrastructure, including gathering systems and processing facilities in Texas and Louisiana (US).

Segment Onshore US is part of the Petroleum reportable segment.

How were the valuations calculated? FVLCD methodology using discounted cash flow techniques has been applied in determining the recoverable value of the Onshore US business.

Level of fair value hierarchy Calculations are based primarily on Level 3 inputs as defined in note 21 Financial risk management .

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Onshore US goodwill

**Significant assumptions
and sensitivities**

The calculation of FVLCD for Onshore US is most sensitive to changes in a market participant's perspective of crude oil and natural gas prices, production volumes and discount rates. Key accounting judgements and estimates used in forming the valuations are disclosed below.

Reasonably possible changes in circumstances may affect significant assumptions and the estimated fair value. Isolated changes in these significant assumptions could result in an impairment charge being recognised against goodwill. The reasonably possible changes that would result in the estimated recoverable amount being equal to the carrying amount of Onshore US, including goodwill are:

A production volume decrease of 11.0 per cent from estimates contained in management's long-term plans;

A decrease in crude oil prices of 20.4 per cent from prices assumed in the valuations; or

A decrease in natural gas prices of 23.7 per cent from prices assumed in the valuations.

Crude oil and natural gas price assumptions used in FVLCD impairment testing are consistent with the range of prices published by market commentators, as set out within the following key judgements and estimates section.

The isolated increase in the discount rate that would result in the estimated recoverable amount being equal to the carrying amount of Onshore US, including goodwill, is not considered to be reasonably possible.

Typically changes in any one of the aforementioned assumptions (including operating performance) would be accompanied by a change in another assumption which may have an offsetting impact. Action is usually taken to respond to adverse changes in assumptions to mitigate the impact of any such change.

Other goodwill

Goodwill held by other CGUs is US\$247 million (2016: US\$247 million). This represents less than one per cent of net assets at 30 June 2017 (2016: less than one per cent). This goodwill has been allocated across a number of CGUs in different reportable segments. There was no impairment of other goodwill in the year to 30 June 2017 (2016: US\$1 million).

Key judgements and estimates

Recoverable amount testing

In determining the recoverable amount of assets, in the absence of quoted market prices, estimates are made regarding the present value of future post-tax cash flows. These estimates require significant management judgement and are subject to risk and uncertainty that may be beyond the control of the Group; hence, there is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of assets at each reporting date. The estimates are made from the perspective of a market participant and include prices, future production volumes, operating costs, tax attributes and discount rates.

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The most significant estimates impacting asset recoverable amount valuations for Onshore US assets, including goodwill are:

Crude oil and natural gas prices

Crude oil and natural gas prices used in valuations were consistent with the following range of prices published by market commentators:

	2017		2016	
West Texas Intermediate crude oil price (US\$/bbl)	51.48	89.31	49.00	81.00
Henry Hub natural gas price (US\$/MMBtu)	2.68	4.44	2.74	5.55

Oil and gas prices were derived from consensus and long-term views of global supply and demand, built upon past experience of the industry and consistent with external sources. Prices are adjusted based upon premiums or discounts applied to global price markers based on the location, nature and quality produced at a field, or to take into account contracted oil and gas prices.

Future production volumes

Estimated production volumes were based on detailed data for the fields and took into account development plans for the fields established by management as part of the long-term planning process. Production volumes are dependent on variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs and the contractual duration of the production leases. As each producing field has specific reservoir characteristics and economic circumstances, the cash flows of the fields were computed using appropriate individual economic models and key assumptions established by management. When estimating FVLCD, assumptions reflect all reserves and resources that a market participant would consider when valuing the Onshore US business, which in some cases are broader in scope than the reserves that would be used in a VIU test. In determining FVLCD, risk factors may be applied to reserves and resources which do not meet the criteria to be treated as proved.

Impact of oil and gas reserves and future anticipated production levels on testing for impairment

Production volumes and prices used in estimating FVLCD valuations may not be consistent with those disclosed as proved reserves under SEC Rule 4-10(a) of Regulation S-X in section 6.3.1 Petroleum reserves . Section 6.3.1

Petroleum reserves is unaudited and does not form part of these Financial Statements. FVLCD requires the use of assumptions and estimates that a typical market participant would assume, which include having regard to future forecast oil and gas prices and anticipated field production estimates. This contrasts with SEC requirements to use unweighted 12-month average historical prices for reserve definitions.

Under SEC requirements, certain previously reported proved reserves may temporarily not meet the definition of proved reserves due to decreases in price in the previous 12 months. This does not preclude these reserves from being reinstated as proved reserves in future periods when prices recover.

Short-term changes in SEC reported oil and gas reserves do not affect the Group's perspective on underlying project valuations due to the long lives of the assets and future forecast prices.

Discount rates

A real post-tax discount rate of 7.0 per cent (2016: 6.5 per cent) was applied to post-tax cash flows. The discount rate is derived using the weighted average cost of capital methodology and has increased from the prior year due to volatility in oil and gas markets.

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Table of Contents**13 Deferred tax balances**

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

	2017	2016	2015
	US\$M	US\$M	US\$M
Net deferred tax asset/(liability)			
At the beginning of the financial year	1,823	(1,681)	(670)
Income tax credit/(charge) recorded in the income statement	188	3,508	(864)
Income tax credit/(charge) recorded directly in equity	12	(25)	9
Other movement ⁽¹⁾		21	(156)
At the end of the financial year	2,023	1,823	(1,681)

⁽¹⁾ Includes deferred tax assets divested as part of the demerger of South32 for the year ended 30 June 2015. For recognition and measurement refer to note 5 Income tax expense.

The composition of the Group's net deferred tax assets and liabilities recognised in the balance sheet and the deferred tax expense (credited)/charged to the income statement is as follows:

	Deferred tax assets		Deferred tax liabilities		(Credited)/charged to the income statement		
	2017	2016	2017	2016	2017	2016	2015
	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M
Type of temporary difference							
Depreciation	(3,454)	(3,223)	1,411	1,259	391	(2,282)	204
Exploration expenditure	543	656			(22)	(3)	117
Employee benefits	379	342	3	(6)	(37)	56	58
Closure and rehabilitation	1,809	1,711	(230)	(177)	(151)	36	41
Resource rent tax	559	661	1,614	1,905	(189)	(8)	925
Other provisions	131	145	(1)	(1)	14	8	103
Deferred income	(2)		(10)	(11)	3	(49)	17
Deferred charges	(443)	(470)	322	372	(77)	62	66
Investments, including foreign tax credits	1,145	1,327	648	844	(17)	(284)	(58)
Foreign exchange gains and losses	(87)	(77)	69	156	(77)	(310)	210
Tax losses	5,352	5,006			(381)	(809)	(945)
Other	(144)	69	(61)	(17)	355	75	126
Total	5,788	6,147	3,765	4,324	(188)	(3,508)	864

The Group recognises the benefit of tax losses amounting to US\$5,352 million (2016: US\$5,006 million) only to the extent of anticipated future taxable income or gains in relevant jurisdictions. The amounts recognised in the Financial

Statements in respect of each matter are derived from the Group's best judgements and estimates as described in note 5
Income tax expense .

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The composition of the Group's unrecognised deferred tax assets and liabilities is as follows:

	2017 US\$M	2016 US\$M
Unrecognised deferred tax assets		
Tax losses and tax credits ⁽¹⁾	2,687	2,549
Investments in subsidiaries ⁽²⁾	856	1,185
Deductible temporary differences relating to PRRT ⁽³⁾	2,293	2,048
Mineral rights ⁽⁴⁾	2,293	2,279
Other deductible temporary differences ⁽⁵⁾	478	460
Total unrecognised deferred tax assets	8,607	8,521
Unrecognised deferred tax liabilities		
Investments in subsidiaries ⁽²⁾	2,500	2,615
Taxable temporary differences relating to unrecognised deferred tax asset for PRRT ⁽³⁾	694	614
Total unrecognised deferred tax liabilities	3,194	3,229

(1) At 30 June 2017, the Group had income and capital tax losses with a tax benefit of US\$1,844 million (2016: US\$1,781 million) and tax credits of US\$843 million (2016: US\$768 million), which are not recognised as deferred tax assets.

The gross amount of tax losses carried forward that have not been recognised are as follows:

Year of expiry	Total US\$M
Income tax losses	
Not later than one year	1,199
Later than one year and not later than two years	747
Later than two years and not later than five years	1,288
Later than five years and not later than 10 years	365
Later than 10 years and not later than 20 years	1,358
Unlimited	848
	5,805
Capital tax losses	
Not later than one year	238
Later than two years and not later than five years	144
Unlimited	3,389
Gross amount of tax losses not recognised	9,576

Tax effect of total losses not recognised

1,844

Of the US\$843 million of tax credits, US\$775 million expires not later than 10 years and US\$68 million expires later than 10 years and not later than 20 years.

- (2) The Group had deferred tax assets of US\$856 million at 30 June 2017 (2016: US\$1,185 million) and deferred tax liabilities of US\$2,500 million (2016: US\$2,615 million) associated with undistributed earnings of subsidiaries that have not been recognised because the Group is able to control the timing of the reversal of the temporary differences and it is not probable that these differences will reverse in the foreseeable future.

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- (3) The Group had US\$2,293 million of unrecognised deferred tax assets relating to Australian Petroleum Resource Rent Tax (PRRT) at 30 June 2017 (2016: US\$2,048 million relating to Australian PRRT), with a corresponding unrecognised deferred tax liability for income tax purposes of US\$694 million (2016: US\$614 million). Recognition of a deferred tax asset for PRRT depends on benefits expected to be obtained from the deduction against PRRT liabilities.
- (4) The Group had deductible temporary differences relating to mineral rights for which deferred tax assets of US\$2,293 million at 30 June 2017 (2016: US\$2,279 million) had not been recognised because it is not probable that future capital gains will be available, against which the Group can utilise the benefits. The deductible temporary differences do not expire under current tax legislation.
- (5) The Group had deductible temporary differences for which deferred tax assets of US\$478 million at 30 June 2017 (2016: US\$460 million) had not been recognised because it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The deductible temporary differences do not expire under current tax legislation.

14 Closure and rehabilitation provisions

	2017 US\$M	2016 US\$M
At the beginning of the financial year	6,502	6,701
Capitalised amounts for operating sites:		
Change in estimate	71	(58)
Exchange translation	99	(112)
Adjustments charged/(credited) to the income statement:		
Increases to existing and new provisions	127	18
Exchange translation	9	(8)
Released during the year	(120)	(81)
Other adjustments to the provision:		
Amortisation of discounting impacting net finance costs	330	305
Expenditure on closure and rehabilitation activities	(132)	(111)
Exchange variations impacting foreign currency translation reserve	(1)	(1)
Divestment and demerger of subsidiaries and operations	(146)	(138)
Transfers and other movements	(1)	(13)
At the end of the financial year	6,738	6,502
Comprising:		
Current	255	171
Non-current	6,483	6,331
Operating sites	5,462	5,241
Closed sites	1,276	1,261

The Group is required to rehabilitate sites and associated facilities at the end of, or in some cases, during the course of production, to a condition acceptable to the relevant authorities, as specified in licence requirements and the Group's environmental performance requirements as set out within *Our Charter*.

The key components of closure and rehabilitation activities are:

the removal of all unwanted infrastructure associated with an operation;

the return of disturbed areas to a safe, stable, productive and self-sustaining condition, consistent with the agreed end land use.

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Recognition and measurement

Provisions for closure and rehabilitation are recognised by the Group when:

it has a present legal or constructive obligation as a result of past events;

it is more likely than not that an outflow of resources will be required to settle the obligation;

the amount can be reliably estimated.

Initial recognition

Closure and rehabilitation provisions are initially recognised when an environmental disturbance first occurs. The individual site provisions are an estimate of the expected value of future cash flows required to rehabilitate the relevant site using current restoration standards and techniques and taking into account risks and uncertainties. Individual site provisions are discounted to their present value using country specific discount rates aligned to the estimated timing of cash outflows.

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation.

Subsequent remeasurement

The closure and rehabilitation asset, recognised within property, plant and equipment, is depreciated over the life of the operations. The value of the provision is progressively increased over time as the effect of discounting unwinds, resulting in an expense recognised in net finance costs.

The closure and rehabilitation liability is reviewed at each reporting date to assess if the estimate continues to reflect the best estimate of the obligation. If necessary, the provision is remeasured to account for factors, including:

revisions to estimated reserves, resources and lives of operations;

developments in technology;

regulatory requirements and environmental management strategies;

changes in the estimated extent and costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates;

movements in interest rates affecting the discount rate applied.

Changes to the closure and rehabilitation estimate are added to, or deducted from, the related asset and amortised on a prospective basis accordingly over the remaining life of the operation, generally applying the units of production method.

Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation that is probable and capable of reliable estimation.

Closed sites

Where future economic benefits are no longer expected to be derived through operation, changes to the associated closure and remediation costs are charged to the income statement in the period identified. This amounted to US\$33 million in the year ended 30 June 2017 (2016: US\$18 million).

Table of Contents**Key judgements and estimates**

The recognition and measurement of closure and rehabilitation provisions requires the use of significant judgements and estimates, including, but not limited to:

the extent (due to legal or constructive obligations) of potential activities required for the removal of infrastructure and rehabilitation activities;

costs associated with future rehabilitation activities;

applicable real discount rates;

the timing of cash flows and ultimate closure of operations.

Rehabilitation activities are generally undertaken at the end of production life at the individual site. Remaining production lives range from 3-128 years with an average for all sites, weighted by current closure provision, of approximately 26 years. A 0.5 per cent decrease in the real discount rates applied at 30 June 2017 would result in an increase to the closure and rehabilitation provision of US\$632 million, an increase in property, plant and equipment of which US\$542 million relating to operating sites and an income statement charge of US\$90 million in respect of closed sites. In addition, the change would result in an increase of approximately US\$52 million to depreciation expense and an immaterial reduction in net finance costs for the year ending 30 June 2018.

Estimates can also be impacted by the emergence of new restoration techniques and experience at other operations. These uncertainties may result in future actual expenditure differing from the amounts currently provided for in the balance sheet.

Capital structure**15 Share capital**

	BHP Billiton Limited			BHP Billiton Plc		
	2017 shares	2016 shares	2015 shares	2017 shares	2016 shares	2015 shares
Share capital issued						
Opening number of shares	3,211,691,105	3,211,691,105	3,211,691,105	2,112,071,796	2,112,071,796	2,136,185,454
Purchase of shares by ESOP	(6,481,292)	(6,538,404)	(6,798,803)	(225,646)	(17,000)	(3,623,582)

Trusts						
Employee share awards exercised following vesting	6,945,570	6,846,091	7,443,935	940,070	966,473	2,945,980
Movement in treasury shares under Employee Share Plans	(464,278)	(307,687)	(645,132)	(714,424)	(949,473)	677,602
Treasury shares cancelled ⁽¹⁾						(24,113,658)
Closing number of shares ⁽²⁾	3,211,691,105	3,211,691,105	3,211,691,105	2,112,071,796	2,112,071,796	2,112,071,796
Comprising:						
Shares held by the public	3,211,623,973	3,211,159,695	3,210,852,008	2,111,997,680	2,111,283,256	2,110,333,783
Treasury shares	67,132	531,410	839,097	74,116	788,540	1,738,013
Other share classes						
Special Voting share of no par value	1	1	1			
Special Voting share of US\$0.50 par value				1	1	1
5.5% Preference shares of £1 each				50,000	50,000	50,000
DLC Dividend share	1	1				

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- (1) BHP Billiton Plc cancelled 24,113,658 ordinary shares of US\$0.50 each held as treasury shares on 28 August 2014.
- (2) No fully paid ordinary shares in BHP Billiton Limited or BHP Billiton Plc were issued on the exercise of Group Incentive Scheme awards during the period 1 July 2017 to 7 September 2017.

Recognition and measurement

Share capital of BHP Billiton Limited and BHP Billiton Plc is composed of the following classes of shares:

Ordinary shares fully paid

BHP Billiton Limited and BHP Billiton Plc ordinary shares fully paid of US\$0.50 par value represent 99.99 per cent of the total number of shares. Any profit remaining after payment of preferred distributions is available for distribution to the holders of BHP Billiton Limited and BHP Billiton Plc ordinary shares in equal amounts per share.

Special Voting shares

Each of BHP Billiton Limited and BHP Billiton Plc issued one Special Voting share to facilitate joint voting by shareholders of BHP Billiton Limited and BHP Billiton Plc on Joint Electorate Actions. There has been no movement in these shares.

Preference shares

Preference shares have the right to repayment of the amount paid up on the nominal value and any unpaid dividends in priority to the holders of any other class of shares in BHP Billiton Plc on a return of capital or winding up. The holders of preference shares have limited voting rights if payment of the preference dividends are six months or more in arrears or a resolution is passed changing the rights of the preference shareholders. There has been no movement in these shares, all of which are held by JP Morgan Limited.

Equalisation share

An Equalisation share (US\$0.50 par value) has been authorised to be issued to enable a distribution to be made by BHP Billiton Plc to BHP Billiton Limited should this be required under the terms of the DLC merger. The Directors have the ability to issue the Equalisation share if required under those terms. The Constitution of BHP Billiton Limited allows the Directors of that company to issue a similar Equalisation share. No shares have been issued.

DLC Dividend share

The DLC Dividend share supports the Dual Listed Company (DLC) equalisation principles in place since the merger in 2001, including the requirement that ordinary shareholders of BHP Billiton Plc and BHP Billiton Limited are paid equal cash dividends per share. This share enables efficient and flexible capital management across the DLC and was issued on 23 February 2016 at par value of US\$10. On 22 March 2017, BHP Billiton Limited paid a

Treasury shares

Treasury shares are shares of BHP Billiton Limited and BHP Billiton Plc and are held by the ESOP Trusts for the purpose of issuing shares to employees under the Group's Employee Share Plans. Treasury shares are recognised at cost and deducted from equity, net of any income tax effects. When the treasury shares are subsequently sold or reissued any consideration received, net of any directly attributable costs and

dividend of US\$440 million under the DLC dividend share arrangements. This dividend is eliminated on consolidation.

income tax effects, is recognised as an increase in equity. Any difference between the carrying amount and the consideration, if reissued, is recognised in retained earnings.

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	2017	2016	2015	Recognition and measurement
	US\$M	US\$M	US\$M	
Share premium account	518	518	518	The share premium account represents the premium paid on the issue of BHP Billiton Plc shares recognised in accordance with the UK Companies Act 2006.
Foreign currency translation reserve	40	41	52	The foreign currency translation reserve represents exchange differences arising from the translation of non-US dollar functional currency operations within the Group into US dollars.
Employee share awards reserve	214	293	372	The employee share awards reserve represents the accrued employee entitlements to share awards that have been charged to the income statement and have not yet been exercised. Once exercised, the difference between the accumulated fair value of the awards and their historical on-market purchase price is recognised in retained earnings.
Hedging reserve	153	210	141	The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the income statement when the hedged transaction impacts the income statement, or is recognised as an adjustment to the cost of non-financial hedged items. The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.
Financial assets reserve	10	11	9	The financial assets reserve represents the revaluation of available for sale financial assets. Where a revalued financial asset is sold or impaired, the relevant portion of the reserve is transferred to the income statement.
Share buy-back reserve	177	177	177	The share buy-back reserve represents the par value of BHP Billiton Plc shares that were purchased and subsequently cancelled. The cancellation of the shares creates a non-distributable reserve.
Non-controlling interest contribution reserve	1,288	1,288	1,288	The non-controlling interest contribution reserve represents the excess of consideration received over the book value of net assets attributable to equity instruments when acquired by non-controlling interests.
Total reserves	2,400	2,538	2,557	

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Summarised financial information relating to each of the Group's subsidiaries with non-controlling interests (NCI) that are material to the Group before any intra-group eliminations is shown below:

US\$M	Minera Escondida Limitada	2017 Other individually immaterial subsidiaries (incl. intra-group eliminations)	Total	Minera Escondida Limitada	2016 Other individually immaterial subsidiaries (incl. intra-group eliminations)	Total
Group share (per cent)	57.5			57.5		
Current assets	2,107			2,033		
Non-current assets	14,528			14,241		
Current liabilities	(1,339)			(2,240)		
Non-current liabilities	(4,300)			(2,316)		
Net assets	10,996			11,718		
Net assets attributable to NCI	4,673	795	5,468	4,980	801	5,781
Revenue	4,576			5,071		
Profit after taxation	516			505		
Other comprehensive income				(5)		
Total comprehensive income	516			500		
Profit after taxation attributable to NCI	219	113	332	214	(36)	178
Other comprehensive income attributable to NCI				(2)		(2)
Net operating cash flow	1,964			1,868		
Net investing cash flow	(999)			(2,268)		
Net financing cash flow	(968)			507		
Dividends paid to NCI	507	74	581		87	87

While the Group controls Minera Escondida Limitada, the non-controlling interests hold certain protective rights that restrict the Group's ability to sell assets held by Minera Escondida Limitada, or use the assets in other subsidiaries and operations owned by the Group. Minera Escondida Limitada is also restricted from paying dividends without the approval of the non-controlling interests.

17 Dividends

	Year ended 30 June 2017		Year ended 30 June 2016		Year ended 30 June 2015	
	Per share US cents	Total US\$M	Per share US cents	Total US\$M	Per share US cents	Total US\$M
Dividends paid during the period ⁽¹⁾						
Prior year final dividend	14.0	749	62.0	3,299	62.0	3,292
Interim dividend	40.0	2,130	16.0	855	62.0	3,304
	54.0	2,879	78.0	4,154	124.0	6,596

⁽¹⁾ 5.5 per cent dividend on 50,000 preference shares of £1 each determined and paid annually (2016: 5.5 per cent; 2015: 5.5 per cent).

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The Dual Listed Company merger terms require that ordinary shareholders of BHP Billiton Limited and BHP Billiton Plc are paid equal cash dividends on a per share basis. Each American Depositary Share (ADS) represents two ordinary shares of BHP Billiton Limited or BHP Billiton Plc. Dividends determined on each ADS represent twice the dividend determined on BHP Billiton Limited or BHP Billiton Plc ordinary shares.

Dividends are determined after period-end and announced with the results for the period. Interim dividends are determined in February and paid in March. Final dividends are determined in August and paid in September. Dividends determined are not recorded as a liability at the end of the period to which they relate. Subsequent to year-end, on 22 August 2017, BHP Billiton Limited and BHP Billiton Plc determined a final dividend of 43.0 US cents per share (US\$2,289 million), which will be paid on 26 September 2017 (30 June 2016: final dividend of 14.0 US cents per share US\$746 million; 30 June 2015: final dividend of 62.0 US cents per share US\$3,301 million).

BHP Billiton Limited dividends for all periods presented are, or will be, fully franked based on a tax rate of 30 per cent.

	2017	2016	2015
	US\$M	US\$M	US\$M
Franking credits as at 30 June	10,155	9,640	11,295
Franking credits/(debits) arising from the payment /(refund) of current tax	1,239	81	(428)
Total franking credits available ⁽¹⁾	11,394	9,721	10,867

⁽¹⁾ The payment of the final 2017 dividend determined after 30 June 2017 will reduce the franking account balance by US\$592 million.

Table of Contents**18 Provisions for dividends and other liabilities**

The disclosure below excludes closure and rehabilitation provisions (refer to note 14 Closure and rehabilitation provisions), employee benefits, restructuring and post-retirement employee benefits provisions (refer to note 24 Employee benefits, restructuring and post-retirement employee benefits provisions) and the Samarco dam failure provision (refer to note 3 Significant events Samarco dam failure).

	2017 US\$M	2016 US\$M
Movement in provision for dividends and other liabilities		
At the beginning of the financial year	930	364
Dividends determined	2,871	4,154
Charge/(credit) for the year:		
Underlying	316	709
Discounting	5	
Exchange variations	53	(28)
Released during the year	(122)	(82)
Utilisation	(223)	(141)
Dividends paid	(2,921)	(4,130)
Transfers and other movements	75	84
At the end of the financial year ⁽¹⁾	984	930
Comprising:		
Current	332	306
Non-current	652	624

⁽¹⁾ Includes unpaid dividend determined to non-controlling interest of US\$105 million (2016: US\$85 million).

Table of Contents**Financial management****19 Net debt**

The Group's corporate purpose is to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market. The Group will invest capital in assets where they fit its strategy.

The Group monitors capital using a gearing ratio, being the ratio of net debt to net debt plus net assets.

US\$M	2017		2016	
	Current	Non-current	Current	Non-current
Interest bearing liabilities				
Bank loans	192	2,089	1,240	796
Notes and debentures	771	26,270	3,280	30,515
Finance leases	82	815	40	306
Bank overdraft and short-term borrowings	45		43	
Other	151	59	50	151
Total interest bearing liabilities	1,241	29,233	4,653	31,768
Less cash and cash equivalents				
Cash	882		491	
Short-term deposits	13,271		9,828	
Total cash and cash equivalents	14,153		10,319	
Net debt		16,321		26,102
Net assets		62,726		60,071
Gearing		20.6%		30.3%

Cash and short-term deposits are disclosed in the cash flow statement net of bank overdrafts and interest bearing liabilities at call.

	2017 US\$M	2016 US\$M	2015 US\$M
Total cash and cash equivalents	14,153	10,319	6,753
Bank overdrafts and short-term borrowing	(45)	(43)	(140)
Total cash and cash equivalents, net of overdrafts	14,108	10,276	6,613

Recognition and measurement

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand and highly liquid cash deposits with short-term maturities and are readily convertible to known amounts of cash with insignificant risk of change in value. The Group considers that the carrying value of cash and cash equivalents approximate fair value due to their short term to maturity.

Cash and cash equivalents includes US\$180 million (2016: US\$248 million) restricted by legal or contractual arrangements.

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Interest bearing liabilities and cash and cash equivalents include balances denominated in the following currencies:

	Interest bearing liabilities		Cash and cash equivalents	
	2017	2016	2017	2016
	US\$M	US\$M	US\$M	US\$M
USD	14,035	19,600	7,980	10,083
EUR	10,324	10,419	4,663	
GBP	3,520	3,886	1,318	37
AUD	1,987	1,870	9	38
CAD	608	646	77	89
Other			106	72
Total	30,474	36,421	14,153	10,319

Liquidity risk

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

Recognising the cyclical volatility of operating cash flows, the Group has defined minimum target cash and liquidity buffers to be maintained to mitigate liquidity risk and support operations through the cycle.

The Group's strong credit profile, diversified funding sources, its minimum cash buffer and its committed credit facilities ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Group's policy on counterparty credit exposure ensures that only counterparties of an investment grade standing are used for the investment of any excess cash.

Standard & Poor's credit rating of the Group remained at the A level throughout FY2017. They affirmed this rating and changed their outlook on 20 January 2017 from negative to stable. Moody's maintained their credit rating for the Group of A3 throughout FY2017 and improved their outlook from stable to positive on 3 May 2017.

There were no defaults on loans payable during the period.

Counterparty risk

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

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

Investments and derivatives are transacted with approved counterparties who have been assigned specific limits based on a quantitative credit risk model. The policy is reviewed annually and limits are updated at least bi-annually. Derivatives must be transacted with approved counterparties and are subject to tenor limits.

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Table of Contents***Standby arrangements and unused credit facilities***

The Group's committed revolving credit facility operates as a back-stop to the Group's uncommitted commercial paper program. The combined amount drawn under the facility or as commercial paper will not exceed US\$6.0 billion. As at 30 June 2017, US\$ nil commercial paper was drawn (2016: US\$ nil). The revolving credit facility has a five-year maturity ending 7 May 2021. A commitment fee is payable on the undrawn balance and an interest rate comprising an interbank rate plus a margin applies to any drawn balance. The agreed margins are typical for a credit facility extended to a company with the Group's credit rating.

Maturity profile of financial liabilities

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

2017 US\$M	Bank loans, debentures and other loans	Expected future interest payments	Derivatives related to net debt	Other derivatives	Obligations under finance leases	Trade and other payables	Total
Due for payment:							
In one year or less or on demand	1,157	686	267	144	135	5,417	7,806
In more than one year but not more than two years	2,471	1,022	245	4	132	5	3,879
In more than two years but not more than five years	8,279	2,611	503	7	343		11,743
In more than five years	16,706	6,248	1,975		705		25,634
Total	28,613	10,567	2,990	155	1,315	5,422	49,062
Carrying amount	29,577		1,345	155	897	5,422	37,396

2016 US\$M	Bank loans, debentures and other loans	Expected future interest payments	Derivatives related to net debt	Other derivatives	Obligations under finance leases	Trade and other payables	Total
Due for payment:							
In one year or less or on demand	4,568	826	118	5	49	5,125	10,691
In more than one year but not more than two years	938	1,151	409	3	66	1	2,568
In more than two years but not more than five years	9,447	3,014	837	7	155	5	13,465

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years

In more than five years	18,847	7,250	1,997		115	7	28,216
Total	33,800	12,241	3,361	15	385	5,138	54,940
Carrying amount	36,075		1,768	15	346	5,138	43,342

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Table of Contents**20 Net finance costs**

	2017 US\$M	2016 US\$M	2015 US\$M
Financial expenses			
Interest on bank loans, overdrafts and all other borrowings	1,131	971	526
Interest capitalised at 3.25% (2016: 2.61%; 2015: 1.94%) ⁽¹⁾	(113)	(123)	(148)
Discounting on provisions and other liabilities	462	313	333
Fair value change on hedged loans	(1,185)	1,444	372
Fair value change on hedging derivatives	1,244	(1,448)	(358)
Exchange variations on net debt	(23)	(24)	(63)
Other financial expenses	58	28	40
	1,574	1,161	702
Financial income			
Interest income	(143)	(137)	(88)
Net finance costs	1,431	1,024	614

⁽¹⁾ Interest has been capitalised at the rate of interest applicable to the specific borrowings financing the assets under construction or, where financed through general borrowings, at a capitalisation rate representing the average interest rate on such borrowings. Tax relief for capitalised interest is approximately US\$34 million (2016: US\$37 million; 2015: US\$42 million).

Recognition and measurement

Interest income is accrued using the effective interest rate method. Finance costs are expensed as incurred, except where they relate to the financing of construction or development of qualifying assets.

21 Financial risk management**Financial and capital risk management strategy**

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

A Cash Flow at Risk (CFaR) framework is used to measure the aggregate and diversified impact of financial risks upon the Group's financial targets. The principal measurement of risk is CFaR measured on a portfolio basis, which is defined as the worst expected loss relative to projected business plan cash flows over a one-year horizon under normal market conditions at a confidence level of 90 per cent.

Market risk

The Group's activities expose it to market risks associated with movements in interest rates, foreign currencies and commodity prices. Under the strategy outlined above, the Group seeks to achieve financing costs, currency impacts, input costs and commodity prices on a floating or index basis. This strategy gives rise to a risk of variability in earnings, which is measured under the CFaR framework.

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

Activity	Key risk management processes
<p>1 Risk mitigation</p> <p>On an exception basis, hedging for the purposes of mitigating risk related to specific and significant expenditure on investments or capital projects will be executed if necessary to support the Group's strategic objectives.</p>	<p>Execution of transactions within approved mandates.</p>
<p>2 Economic hedging of commodity sales, operating costs and debt instruments</p> <p>Where Group commodity production is sold to customers on pricing terms that deviate from the relevant index target and where a relevant derivatives market exists, financial instruments may be executed as an economic hedge to align the revenue price exposure with the index target.</p> <p>Where debt is issued in a currency other than the US dollar and/or at a fixed interest rate, fair value and cash flow hedges may be executed to align the debt exposure with the Group's functional currency of US dollars and/or to swap to a floating interest rate.</p>	<p>Measuring and reporting the exposure in customer commodity contracts and issued debt instruments.</p> <p>Executing hedging derivatives to align the total group exposure to the index target.</p>
<p>3 Strategic financial transactions</p> <p>Opportunistic transactions may be executed with financial instruments to capture value from perceived market over/under valuations.</p> <p>Primary responsibility for the identification and control of financial risks, including authorising and monitoring the use of financial instruments for the above activities and stipulating policy thereon, rests with the Financial Risk Management Committee under authority delegated by the Chief Executive Officer.</p>	<p>Execution of transactions within approved mandates.</p>

Interest rate risk

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

The majority of the Group's debt is issued at fixed interest rates. The Group has entered into interest rate swaps and cross currency interest rate swaps to convert most of its fixed interest rate exposure to floating US dollar interest rate exposure. As at 30 June 2017, 90 per cent of the Group's borrowings were exposed to floating interest rates inclusive of the effect of swaps (2016: 91 per cent).

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

Based on the net debt position as at 30 June 2017, taking into account interest rate swaps and cross currency interest rate swaps, it is estimated that a one percentage point increase in the US LIBOR interest rate will decrease the Group's equity and profit after taxation by US\$92 million (2016: decrease of US\$156 million). This assumes the change in interest rates is effective from the beginning of the financial year and the fixed/floating mix and balances are constant over the year. However, interest rates and the net debt profile of the Group may not remain constant over the coming financial year and therefore such sensitivity analysis should be used with care.

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Currency risk

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

translational exposure in respect of non-functional currency monetary items;

transactional exposure in respect of non-functional currency expenditure and revenues.

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

Translational exposure in respect of non-functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of an operation are periodically restated to US dollar equivalents and the associated gain or loss is taken to the income statement. The exception is foreign exchange gains or losses on foreign currency denominated provisions for closure and rehabilitation at operating sites, which are capitalised in property, plant and equipment.

The principal non-functional currencies to which the Group is exposed are the Australian dollar and the Chilean peso; however, 86 per cent (2016: 91 per cent) of the Group's net financial liabilities are denominated in US dollars. Based on the Group's net financial assets and liabilities as at 30 June 2017, a weakening of the US dollar against these currencies (one cent strengthening in Australian dollar and 10 pesos strengthening in Chilean peso), with all other variables held constant, would decrease the Group's equity and profit after taxation by US\$16 million (2016: decrease of US\$15 million).

Transactional exposure in respect of non-functional currency expenditure and revenues

Certain operating and capital expenditure is incurred in currencies other than their functional currency. To a lesser extent, certain sales revenue is earned in currencies other than the functional currency of operations and certain exchange control restrictions may require that funds be maintained in currencies other than the functional currency of the operation. These currency risks are managed as part of the portfolio risk management strategy. The Group enters into forward exchange contracts when required under this strategy.

Commodity price risk

Contracts for the sale and physical delivery of commodities are executed whenever possible on a pricing basis intended to achieve a relevant index target. While the Group has succeeded in transitioning the majority of Group commodity production sales to market-based index pricing terms, derivative commodity contracts may from time to time be used to align realised prices with the relevant index. Due to the nature of the economic returns from our shale assets, from time to time the Group enters into natural gas futures contracts to manage price risk on gas production. Contracts for the physical delivery of commodities are not typically financial instruments and are carried in the balance sheet at cost (typically at US\$ nil); they are therefore excluded from the fair value and sensitivity analysis. Accordingly, the financial instrument exposures set out below do not represent all of the commodity price risks managed according to the Group's objectives. Movements in the fair value of contracts included are offset by movements in the fair value of the physical contracts; however, only the former movement is recognised in the Group's income statement prior to settlement. The risk associated with commodity prices is managed as part of the portfolio

risk management strategy.

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Financial instruments with commodity price risk are forward commodity and other derivative contracts with a net assets fair value of US\$358 million (2016: US\$229 million). Significant items are primarily derivatives embedded in physical commodity purchase and sales contracts of gas in Trinidad and Tobago with a net assets fair value of US\$370 million (2016:US\$220 million).

The potential effect of using reasonably possible alternative assumptions in these models, based on a change in the most significant input, such as commodity prices, by an increase/(decrease) of 10 per cent while holding all other variables constant will increase/(decrease) profit after taxation by US\$62 million (2016: US\$34 million).

Provisionally priced commodity sales and purchases contracts

Provisionally priced sales or purchases volumes are those for which price finalisation, referenced to the relevant index, is outstanding at the reporting date. Provisional pricing mechanisms embedded within these sales and purchases arrangements have the character of a commodity derivative and are carried at fair value through profit and loss as part of trade receivables or trade payables. The Group's exposure at 30 June 2017 to the impact of movements in commodity prices upon provisionally invoiced sales and purchases volumes was predominately around copper.

The Group had 213,000 tonnes of copper exposure at 30 June 2017 (2016: 277,000 tonnes) that was provisionally priced. The final price of these sales or purchases will be determined during the first half of FY2018. A 10 per cent change in the price of copper realised on the provisionally priced sales, with all other factors held constant, would increase or decrease profit after taxation by US\$90 million (2016: US\$98 million). The relationship between commodity prices and foreign currencies is complex and movements in foreign exchange rates can impact commodity prices. The sensitivities should therefore be used with care.

Liquidity risk

Refer to note 19 Net debt for details on the Group liquidity risk.

Credit risk

Refer to note 7 Trade and other receivables for details on the Group credit risk.

Financial assets and liabilities

The financial assets and liabilities are presented by class in the tables page F-69 at their carrying amounts, which generally approximate to fair value.

Recognition and measurement

All financial assets and liabilities, other than derivatives, are initially recognised at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortised cost. Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value.

The Group classifies its financial assets and liabilities into:

loans and receivables;

available for sale securities;

held at fair value through profit or loss;

cash flow hedges;

financial assets and liabilities at amortised cost.

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The classification depends on the purpose for which the financial assets and liabilities are held. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include cash and cash equivalents and trade receivables. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are initially measured at fair value of consideration paid and subsequently carried at either fair value or amortised cost less impairment. At the end of each reporting period, loans and receivables are assessed for objective evidence that they are impaired. The amount of loss is measured as the difference between its carrying amount and the present value of its estimated future cash flows. The loss is recognised in the income statement.

Other financial liabilities at amortised cost

Trade and other payables represents amounts that are non-interest bearing. The carrying value approximates their fair value, which represents liabilities for goods and services provided to the Group prior to the end of the reporting period that are unpaid.

Interest bearing liabilities are initially recognised at fair value of the consideration received, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement as other income or finance costs.

The Group has finance lease liabilities in relation to certain items of property, plant and equipment. Finance lease liabilities are initially recognised at the fair value of the underlying assets or, if lower, the estimated present value of the minimum lease payments. Each lease payment is allocated between the liability and finance cost, and the finance cost is charged to the income statement over the lease period to reflect a constant periodic rate of interest on the remaining balance of the liability for each period.

Derivatives and hedging

Derivatives, including embedded derivatives separated from the host contracts, are included within financial assets or liabilities at fair value through profit or loss unless they are designated as effective hedging instruments. Financial

instruments in this category are classified as current if they are expected to be settled within 12 months; otherwise they are classified as non-current.

The Group uses financial instruments to hedge its exposure to certain market risks arising from operational, financing and investing activities. At the start of the transaction, the Group documents:

the type of hedge;

the relationship between the hedging instrument and hedged items;

its risk management objective and strategy for undertaking various hedge transactions.

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The documentation also demonstrates, both at hedge inception and on an ongoing basis, that the hedge is expected to continue to be highly effective.

The Group has two types of hedges:

	Fair value hedges	Cash flow hedges
Exposure	As the majority of the Group's debt is issued at fixed interest rates, the Group has entered into interest rate swaps and cross currency interest rate swaps to mitigate its exposure to changes in the fair value of borrowings.	As a portion of the Group's debt is denominated in currencies other than US dollars, the Group has entered into cross currency interest rate swaps to mitigate currency exposures.
Recognition date	At the date the instrument is entered into.	
Measurement	Measured at fair value.	
Fair value approach	Based on internal valuations using standard valuation techniques with current market inputs, including interest and forward commodity; and exchange rates. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.	
How are changes in fair value accounted for?	<p>The following changes in the fair value are recognised immediately in the income statement:</p> <p style="padding-left: 40px;">the gains or losses on both the derivative or financial instrument and hedged asset or liability attributable to the hedged risk;</p> <p style="padding-left: 40px;">the gain or loss relating to the effective portion of interest rate swaps, hedging fixed rate borrowings, together with the gain or loss in the fair value of the hedged fixed rate borrowings attributable to interest rate risk;</p> <p style="padding-left: 40px;">the gain or loss relating to the ineffective portion of the hedge.</p> <p>If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which</p>	<p>Changes in the fair value of derivatives designated as cash flow hedges are recognised directly in other comprehensive income and accumulated in equity in the hedging reserve to the extent that the hedge is highly effective.</p> <p>To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the income statement.</p> <p>Amounts accumulated in equity are transferred to the income statement or the balance sheet for a non-financial asset at the same time as the hedged item is recognised.</p> <p>When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in</p>

the effective interest method is used is amortised to the income statement over the period to maturity using a recalculated effective interest rate.

equity and is recognised when the underlying forecast transaction occurs.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

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Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

Valuation hierarchy

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

The inputs used in fair value calculations are determined by the relevant segment or function. The functions support the assets and operate under a defined set of accountabilities authorised by the Executive Leadership Team.

Movements in the fair value of financial assets and liabilities may be recognised through the income statement or in other comprehensive income.

For financial assets and liabilities carried at fair value, the Group uses the following to categorise the method used:

Fair value hierarchy

Valuation method

Level 1

Based on quoted prices (unadjusted) in active markets for identical financial assets and liabilities.

Level 2

Based on inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly (i.e. as unquoted prices) or indirectly (i.e. derived from prices).

Level 3

Based on inputs not observable in the market using appropriate valuation models, including discounted cash flow modelling.

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The financial assets and liabilities are presented by class in the table on page F-69 at their carrying amounts, which generally approximate to fair value. In the case of US\$3,019 million (2016: US\$3,020 million) of fixed rate debt not swapped to floating rate, the fair value at 30 June 2017 was US\$3,523 million (2016: US\$3,539 million).

2017	Loans and receivables	Available for sale securities <i>Level 3</i>	Held at fair value through profit or loss <i>Levels 1,2 & 3</i>	Cash flow hedges <i>Level 2</i>	Other financial assets and liabilities at amortised cost	Total
US\$M						
<i>Fair value hierarchy</i> ⁽¹⁾						
Current other derivative contracts ⁽²⁾			41			41
Current available for sale shares and other investments ⁽³⁾			31			31
Non-current cross currency and interest rate swaps			578	27		605
Non-current other derivative contracts ⁽²⁾			332			332
Non-current available for sale shares and other investments ⁽³⁾⁽⁴⁾		70	274			344
Total other financial assets		70	1,256	27		1,353
Cash and cash equivalents	14,153					14,153
Trade and other receivables ⁽⁵⁾	1,813		920			2,733
Loans to equity accounted investments	644					644
Total financial assets	16,610	70	2,176	27		18,883
Non-financial assets						98,123
Total assets						117,006
Current cross currency and interest rate swaps			(4)	254		250
Current other derivative contracts ⁽²⁾⁽⁶⁾			144			144
Non-current cross currency and interest rate swaps			42	1,053		1,095
Non-current other derivative contracts ⁽²⁾⁽⁶⁾			4	7		11
Total other financial liabilities			186	1,314		1,500
Trade and other payables ⁽⁷⁾			502		4,920	5,422
Bank overdrafts and short-term borrowings ⁽⁸⁾					45	45

Bank loans ⁽⁸⁾			2,281	2,281
Notes and debentures ⁽⁸⁾			27,041	27,041
Finance leases ⁽⁸⁾			897	897
Other ⁽⁸⁾			210	210
Total financial liabilities	688	1,314	35,394	37,396
Non-financial liabilities				16,884
Total liabilities				54,280

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2016	Loans and receivables	Available for sale securities <i>Level 3</i>	Held at fair value through profit or loss <i>Levels 1,2 & 3</i>	Cash flow hedges <i>Level 2</i>	Other financial assets and liabilities at amortised cost	Total
US\$M						
<i>Fair value hierarchy</i> ⁽¹⁾						
Current cross currency and interest rate swaps			43			43
Current other derivative contracts ⁽²⁾			42			42
Current available for sale shares and other investments ⁽³⁾			36			36
Non-current cross currency and interest rate swaps			2,291	(54)		2,237
Non-current other derivative contracts ⁽²⁾			202			202
Non-current available for sale shares and other investments ⁽³⁾⁽⁴⁾		25	216			241
Total other financial assets		25	2,830	(54)		2,801
Cash and cash equivalents	10,319					10,319
Trade and other receivables ⁽⁵⁾	1,978		835			2,813
Loans to equity accounted investments	897					897
Total financial assets	13,194	25	3,665	(54)		16,830
Non-financial assets						102,123
Total assets						118,953
Current cross currency and interest rate swaps						
Current other derivative contracts ⁽²⁾⁽⁶⁾			5			5
Non-current cross currency and interest rate swaps			166	1,602		1,768
Non-current other derivative contracts ⁽²⁾⁽⁶⁾			10			10
Total other financial liabilities			181	1,602		1,783
Trade and other payables ⁽⁷⁾			256		4,882	5,138
Bank overdrafts and short-term borrowings ⁽⁸⁾					43	43
Bank loans ⁽⁸⁾					2,036	2,036
Notes and debentures ⁽⁸⁾					33,795	33,795
Finance leases ⁽⁸⁾					346	346
Other ⁽⁸⁾					201	201

Total financial liabilities	437	1,602	41,303	43,342
Non-financial liabilities				15,540
Total liabilities				58,882

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- (1) All of the Group's financial assets and financial liabilities recognised at fair value were valued using market observable inputs categorised as Level 2 with the exception of the specified items in the following footnotes.
- (2) Includes other derivative contracts of US\$365 million (2016: US\$236 million) categorised as Level 3.
- (3) Includes other investments held at fair value through profit or loss (US Treasury Notes) of US\$97 million categorised as Level 1 (2016: US\$54 million).
- (4) Includes shares and other investments available for sale of US\$70 million (2016: US\$25 million) categorised as Level 3.
- (5) Excludes input taxes of US\$262 million (2016: US\$312 million) included in other receivables. Refer to note 7 Trade and other receivables .
- (6) Includes US\$7 million (2016: US\$ nil) natural gas futures contracts used by the Group to mitigate price risk designated as cash flow hedges.
- (7) Excludes input taxes of US\$134 million (2016: US\$264 million) included in other payables. Refer to note 8 Trade and other payables .
- (8) All interest bearing liabilities, excluding finance leases, are unsecured.
For financial instruments that are carried at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between categories during the period.

For financial instruments not valued at fair value on a recurring basis, the Group uses a method that can be categorised as Level 2.

Offsetting financial assets and liabilities

The Group enters into money market deposits and derivative transactions under International Swaps and Derivatives Association Master Agreements that do not meet the criteria for offsetting, but allow for the related amounts to be set-off in certain circumstances. The amounts set out as cross currency and interest rate swaps in the table on page F-69 represent the derivative financial assets and liabilities of the Group that may be subject to the above arrangements and are presented on a gross basis.

Recognition and measurement

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Employee matters

22 Key management personnel

Key management personnel compensation comprises:

	2017	2016	2015
	US\$	US\$	US\$
Short-term employee benefits	16,439,948	14,979,983	26,663,069
Post-employment benefits	1,895,828	2,356,594	2,920,007
Share-based payments	13,747,355	16,837,179	20,783,959
Total	32,083,131	34,173,756	50,367,035

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Table of Contents***Transactions and outstanding loans/amounts with key management personnel***

There were no purchases by key management personnel from the Group during the financial year (2016: US\$ nil; 2015: US\$ nil).

There were no amounts payable by key management personnel at 30 June 2017 (2016: US\$ nil; 2015: US\$ nil).

There were no loans receivable from or payable to key management personnel at 30 June 2017 (2016: US\$ nil; 2015: US\$ nil).

Transactions with personally related entities

A number of Directors of the Group hold or have held positions in other companies (personally related entities) where it is considered they control or significantly influence the financial or operating policies of those entities. There were no transactions with those entities and no amounts were owed by the Group to personally related entities at 30 June 2017 (2016: US\$ nil; 2015: US\$ nil).

For more information on remuneration and transactions with key management personnel, refer to section 3.

23 Employee share ownership plans

Awards, in the form of the right to receive ordinary shares in either BHP Billiton Limited or BHP Billiton Plc, have been granted under the following employee share ownership plans: Long-Term Incentive Plan (LTIP), Short-Term Incentive Plan (STIP), Management Award Plan (MAP), Group Short-Term Incentive Plan (GSTIP), Transitional Operations Management Committee (OMC) awards and the all-employee share plan, Shareplus.

Some awards are eligible to receive a cash payment, or the equivalent value in shares, equal to the dividend amount that would have been earned on the underlying shares awarded to those participants (the Dividend Equivalent Payment, or DEP). The DEP is provided to the participants once the underlying shares are allocated or transferred to them. Awards under the plans do not confer any rights to participate in a share issue; however, there is discretion under each of the plans to adjust the awards in response to a variation in the share capital of BHP Billiton Limited or BHP Billiton Plc.

The table below provides a description of each of the plans.

Plan Type	STIP and GSTIP Short-term incentive	LTIP and MAP Long-term incentive	Transitional OMC awards Long-term incentive	Shareplus All-employee share purchase plan
Overview	The STIP is a plan for the OMC and the GSTIP is a plan for non-OMC management.	The LTIP is a plan for the OMC and awards are granted annually.	Awards are granted to new OMC members recruited from within the Group to bridge the gap created by the different timeframes of the	Employees may contribute up to US\$5,000 to acquire shares in any plan

Under both plans, half of the value of a participant's short-term incentive amount is awarded as rights to receive BHP Billiton Limited or BHP Billiton Plc shares at the end of the vesting period.	The MAP is a plan for non-OMC management. The number of share rights awarded is determined by a participant's role and organisational level.	vesting of MAP awards, granted in their non-OMC role, and LTIP awards, granted to OMC members.	year. On the third anniversary of the start of a plan year, the Group will match the number of acquired shares.
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Plan	STIP and GSTIP	LTIP and MAP	Transitional OMC awards	Shareplus
Vesting conditions	Service conditions only.	LTIP: Service conditions and performance conditions. For awards granted from December 2010 onwards, BHP's TSR ¹ performance relative to the Peer Group Total Shareholder Return (TSR) over a five-year performance period determines the vesting of 67 per cent of the awards, while performance relative to the Index TSR (being the index value where the comparator group is a market index) determines the vesting of 33 per cent of the awards. For the awards to vest in full, BHP's TSR ¹ must exceed the Peer Group TSR and Index TSR (if applicable) by a specified percentage per year, determined for each grant by the Remuneration Committee. Since the establishment of the LTIP in 2004, this percentage has been set at 5.5 per cent per year. MAP: Service conditions only.	Service conditions and performance conditions. The Remuneration Committee has absolute discretion to determine if the performance condition has been met and whether any, all or part of the award will vest (or otherwise lapse), having regard to (but not limited to) the BHP's TSR ¹ over the three- or four-year performance period (respectively), the participant's contribution to Group outcomes and the participant's personal performance (with guidance on this assessment from the CEO).	Service conditions only.
Vesting period	2 years	LTIP 5 years MAP 1 to 5 years	3 years or 4 years	3 years

Dividend Equivalent Payment	Yes, except GSTIP awards granted after 1 July 2011	Yes, except MAP granted after 1 July 2011	No	No
Exercise period	None	LTIP granted prior to 1 July 2013 5 years	None	None

MAP none

(1) BHP s TSR is the weighted average of the TSRs of BHP Billiton Limited and BHP Billiton Plc.

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Table of Contents**Employee share awards**

	Number of awards at the beginning of the financial year	Number of awards issued during the year	Number of awards vested and exercised	Number of awards lapsed	Number of awards at the end of the financial year	Number of awards vested and exercisable at the end of the financial year	Weighted average remaining contractual life (years)
2017							
BHP Billiton Limited							
STIP awards	849,090	61,538	412,994		497,634		0.3
GSTIP awards	2,787,420	775,991	1,487,147	74,681	2,001,583	30,164	0.5
LTIP awards	4,881,058	1,309,048	291,880	1,218,713	4,679,513	67,414	2.7
Transitional OMC awards	266,820		70,740	58,886	137,194		0.7
MAP awards	6,767,037	3,701,768	2,596,657	523,720	7,348,428	57,468	1.9
Shareplus	5,736,504	2,873,800	2,093,519	518,268	5,998,517		1.2
Employee Share Plan shares (legacy plan)	406,618		67,735		338,883	338,883	n/a
BHP Billiton Plc							
GSTIP awards	264,195	37,665	211,217	6,393	84,250	19,253	0.4
LTIP awards	660,183		56,069	217,202	386,912	78,655	0.1
Transitional OMC awards	21,533		15,719	5,814			n/a
MAP awards	1,069,828	132,435	552,142	53,678	596,443	54,502	0.6
Shareplus	320,719	171,317	123,385	32,543	336,108		1.2

Fair value and assumptions in the calculation of fair value for awards issued

	Weighted average fair value of awards granted during the year US\$	Risk-free interest rate	Estimated life of awards	Share price at grant date	Estimated volatility of share price	Dividend yield
2017						
BHP Billiton Limited						
STIP awards	18.85	n/a	3 years	A\$19.09	n/a	1.81%

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GSTIP awards	16.82	n/a	3 years	A\$19.09	n/a	1.81%
LTIP awards	8.08	1.65%	5 years	A\$19.09	33.0%	1.81%
MAP awards ⁽¹⁾	14.72	n/a	1-2-3 years	A\$19.09 /	n/a	1.81% /
				A\$24.04		3.80%
Shareplus	15.58	1.72%	3 years	A\$16.94	n/a	1.81%
BHP Billiton Plc						
GSTIP awards	14.96	n/a	3 years	£9.40	n/a	1.58%
MAP awards	12.00	n/a	1-2-3 years	£9.40	n/a	1.58%
Shareplus	11.93	0.35%	3 years	£7.72	n/a	1.58%

⁽¹⁾ Includes MAP awards granted on 31 March 2017.

Employee share awards expense is US\$106.214 million (2016: US\$140.445 million; 2015: US\$202.955 million).

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Recognition and measurement

The fair value at grant date of equity-settled share awards is charged to the income statement over the period for which the benefits of employee services are expected to be derived. The fair values of awards granted were estimated using a Monte Carlo simulation methodology and Black-Scholes option pricing technique and considers the following factors:

exercise price;

expected life of the award;

current market price of the underlying shares;

expected volatility using an analysis of historic volatility over different rolling periods. For the LTIP, it is calculated for all sector comparators and the published MSCI World index;

expected dividends;

risk-free interest rate, which is an applicable government bond rate;

market-based performance hurdles;

non-vesting conditions.

Where awards are forfeited because non-market-based vesting conditions are not satisfied, the expense previously recognised is proportionately reversed.

The tax effect of awards granted is recognised in income tax expense, except to the extent that the total tax deductions are expected to exceed the cumulative remuneration expense. In this situation, the excess of the associated current or deferred tax is recognised in other comprehensive income and forms part of the employee share awards reserve. The fair value of awards as presented in the tables on page F-74 represents the fair value at grant date.

In respect of employee share awards, the Group utilises the Billiton Employee Share Ownership Trust and the BHP Billiton Limited Employee Equity Trust. The trustees of these trusts are independent companies, resident in Jersey. The trusts use funds provided by the Group to acquire ordinary shares to enable awards to be made or satisfied. The ordinary shares may be acquired by purchase in the market or by subscription at not less than nominal value. The BHP Billiton Limited Employee Equity Trust has waived its rights to current and future dividends on shares held to meet future awards under the plans.

24 Employee benefits, restructuring and post-retirement employee benefits provisions

	2017	2016
	US\$M	US\$M
Employee benefits ⁽¹⁾	1,177	1,145
Restructuring ⁽²⁾	10	17
Post-retirement employee benefits	438	352
Total provisions	1,625	1,514
Comprising:		
Current	1,062	988
Non-current	563	526

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2017	Employee benefits US\$M	Restructuring US\$M	Post- retirement employee benefits US\$M	Total US\$M
At the beginning of the financial year	1,145	17	352	1,514
Charge/(credit) for the year:				
Underlying	973	13	57	1,043
Discounting			41	41
Net interest expense			(23)	(23)
Exchange variations	24			24
Released during the year	(13)	(7)		(20)
Remeasurement gains taken to retained earnings			(36)	(36)
Utilisation	(823)	(13)	(80)	(916)
Divestment and demerger of subsidiaries and operations	(2)			(2)
Transfers and other movements	(127)		127	
At the end of the financial year	1,177	10	438	1,625

(1) The expenditure associated with total employee benefits will occur in a pattern consistent with when employees choose to exercise their entitlement to benefits.

(2) Total restructuring provisions include provisions for terminations and office closures.

Recognition and measurement

Provisions are recognised by the Group when:

there is a present legal or constructive obligation as a result of past events;

it is more likely than not that a permanent outflow of resources will be required to settle the obligation;

the amount can be reliably estimated and measured at the present value of management's best estimate of the cash outflow required to settle the obligation at reporting date.

Provision	Description
Employee benefits	Liabilities for annual leave and any accumulating sick leave accrued up until the reporting date that are expected to be settled within 12 months are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for long service leave are measured as the present value of estimated future payments for the services provided by employees up to the reporting date and disclosed within employee benefits.

Liabilities that are not expected to be settled within 12 months are discounted at the reporting date using market yields of high-quality corporate bonds or government bonds for countries where there is no deep market for corporate bonds. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

In relation to industry-based long service leave funds, the Group's liability, including obligations for funding shortfalls, is determined after deducting the fair value of dedicated assets of such funds.

Liabilities for unpaid wages and salaries are recognised in other creditors.

Table of Contents**Provision
Restructuring****Description**

Restructuring provisions are recognised when:

the Group has a detailed formal plan identifying the business or part of the business concerned, the location and approximate number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline;

the restructuring has either commenced or been publicly announced and can no longer be withdrawn.

Payments falling due greater than 12 months after the reporting date are discounted to present value.

25 Pension and other post-retirement obligations

The Group operates or participates in a number of pension (including superannuation) schemes throughout the world. The funding of the schemes complies with local regulations. The assets of the schemes are generally held separately from those of the Group and are administered by trustees or management boards.

**Schemes/obligations
Defined contribution
pension schemes and
multi-employer pension
schemes****Description**

For defined contribution schemes or schemes operated on an industry-wide basis where it is not possible to identify assets attributable to the participation by the Group's employees, the pension charge is calculated on the basis of contributions payable. The Group contributed US\$247 million during the financial year (2016: US\$232 million; 2015: US\$462 million) to defined contribution plans and multi-employer defined contribution plans. These contributions are expensed as incurred.

**Defined benefit pension
schemes**

For defined benefit pension schemes, the cost of providing pensions is charged to the income statement so as to recognise current and past service costs, net interest cost on the net defined benefit obligations/plan assets and the effect of any curtailments or settlements. Remeasurement gains and losses are recognised directly in equity. An asset or liability is consequently recognised in the balance sheet based on the present value of defined benefit obligations less the fair value of plan assets, except that any such asset cannot exceed the present value of expected refunds from and reductions in future contributions to the plan. Defined benefit obligations are estimated by discounting expected future payments using market yields at the reporting date on high-quality corporate bonds in countries that have developed corporate bond markets. However, where developed corporate bond markets do not exist, the discount rates are selected by reference to national government bonds. In both instances, the bonds are selected with terms to maturity and currency that match, as

closely as possible, the estimated future cash flows.

The Group has closed all defined benefit pensions schemes to new entrants. Defined benefit pension schemes remain operating in Australia, the United States, Canada and Europe for existing members. Full actuarial valuations are prepared and updated annually to 30 June by local actuaries for all schemes. The Group operates final salary schemes (that provide final salary benefits only), non-salary related schemes (that provide flat dollar benefits) and mixed benefit schemes (that consist of a final salary defined benefit portion and a defined contribution portion).

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Table of Contents**Schemes/obligations****Defined benefit****post-retirement medical schemes****Description**

Certain Group companies provide post-retirement medical benefits to qualifying retirees. In some cases, the benefits are provided through medical care schemes to which the Group, the employees, the retirees and covered family members contribute. In some schemes there is no funding of the benefits before retirement. These schemes are recognised on the same basis as described for defined benefit pension schemes.

The Group operates a number of post-retirement medical schemes in the United States, Canada and Europe. Full actuarial valuations are prepared by local actuaries for all schemes. All of the post-retirement medical schemes in the Group are unfunded.

Defined benefit**post-employment obligations**

The Group has a legal obligation to provide post-employment benefits to employees in Chile. The benefit is a function of an employee's final salary and years of service. These obligations are recognised on the same basis as described for defined benefit pension schemes.

Full actuarial valuations are prepared by local actuaries. These post-employment obligations are unfunded.

Risk

The Group's defined benefit schemes/obligations expose the Group to a number of risks, including asset value volatility, interest rate variations, inflation, longevity and medical expense inflation risk.

Recognising this, the Group has adopted an approach of moving away from providing defined benefit pensions. The majority of Group-sponsored defined benefit pension schemes have been closed to new entrants for many years. Existing benefit schemes and the terms of employee participation in these schemes are reviewed on a regular basis.

Fund assets

The Group follows a coordinated strategy for the funding and investment of its defined benefit pension schemes (subject to meeting all local requirements). The Group's aim is for the value of defined benefit pension scheme assets to be maintained at close to the value of the corresponding benefit obligations, allowing for some short-term volatility.

Scheme assets are invested in a diversified range of asset classes, predominantly comprising bonds and equities.

The Group's aim is to progressively shift defined benefit pension scheme assets towards investments that match the anticipated profile of the benefit obligations, as funding levels improve and benefit obligations mature. Over time, this is expected to result in a further reduction in the total exposure of pension scheme assets to equity markets. For pension schemes that pay lifetime benefits, the Group may consider and support the purchase of annuities to back these benefit obligations if it is commercially sensible to do so.

Table of Contents**Net liability recognised in the Consolidated Balance Sheet**

The net liability recognised in the Consolidated Balance Sheet is as follows:

	Defined benefit pension schemes/post-employment obligations		Post-retirement medical schemes	
	2017	2016	2017	2016
	US\$M	US\$M	US\$M	US\$M
Present value of funded defined benefit obligation	665	733		
Present value of unfunded defined benefit obligation	256	115	204	214
Fair value of defined benefit scheme assets	(687)	(710)		
Scheme deficit	234	138	204	214
Unrecognised surplus				
Unrecognised past service credits				
Adjustment for employer contributions tax				
Net liability recognised in the Consolidated Balance Sheet	234	138	204	214

The Group has no legal obligation to settle these liabilities with any immediate contributions or additional one-off contributions. The Group intends to continue to contribute to each defined benefit pension and post-retirement medical scheme in accordance with the latest recommendations of each scheme actuary.

26 Employees

	2017	2016	2015
	Number	Number	Number
Average number of employees ⁽¹⁾			
Australia	15,906	15,834	16,839
South America	6,361	6,509	7,421
North America	2,786	3,601	4,188
Asia	1,019	822	1,022
Europe	74	61	83
Africa			117
Total average number of employees from Continuing operations	26,146	26,827	29,670
Total average number of employees from Discontinued operations			13,159
Total average number of employees	26,146	26,827	42,829

- (1) Average employee numbers include the Executive Director, 100 per cent of employees of subsidiary companies and our share of employees of joint operations. Employees of equity accounted investments are not included. Part-time employees are included on a full-time equivalent basis. Employees of businesses disposed of during the year are included for the period of ownership. Contractors are not included.

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Table of Contents**Group and related party information****27 Discontinued operations**

The Group announced on 25 May 2015 that it completed the demerger of a selection of its aluminium, coal, manganese, nickel and silver-lead-zinc assets to create an independent metals and mining company, South32. This included the Group's interests in its integrated Aluminium business, Energy Coal South Africa, Illawarra metallurgical coal, the Manganese business, the Cerro Matoso nickel operation and the Cannington silver-lead-zinc mine. The contribution of Discontinued operations included within the Group's profit until the loss of control is detailed below:

Income statement Discontinued operations

	2015 US\$M
Profit/(loss) after taxation from operating activities	642
Gain on loss of control of Manganese business	2,146
Impairment of South32 assets upon classification as held-for-distribution	(1,749)
Loss on demerger net of transaction costs ⁽¹⁾	(2,319)
Derecognition of deferred tax assets	(232)
Net loss on demerger of South32 after taxation	(2,154)
(Loss)/profit after taxation	(1,512)
Attributable to non-controlling interests	61
Attributable to BHP shareholders	(1,573)
Basic loss per ordinary share (cents)	(29.6)
Diluted loss per ordinary share (cents)	(29.5)

⁽¹⁾ The Group recognised the demerger in the Financial Statements as a dividend, reducing retained earnings by the fair value of South32's shares. The US\$1,795 million loss on demerger is the difference between the fair value of South32's shares and the book value of the assets distributed and the reclassification of reserves relating to South32 to the income statement. Transaction costs of US\$524 million (after tax benefit) comprised stamp duty, professional fees and separation and establishment costs.

The total comprehensive loss attributable to BHP shareholders from Discontinued operations was US\$1,685 million during the financial year ended 30 June 2015.

Cash flows from Discontinued operations

2015

	US\$M
Net operating cash flows	1,502
Net investing cash flows	(1,066)
Net financing cash flows	(203)
Net increase in cash and cash equivalents from Discontinued operations	233
Cash disposed on demerger of South32	(586)
Net decrease in cash and cash equivalents from Discontinued operations	(353)

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Table of Contents**28 Subsidiaries**

Significant subsidiaries of the Group are those with the most significant contribution to the Group's net profit or net assets. The Group's interest in the subsidiaries results are listed in the table below. For a complete list of the Group's subsidiaries, refer to Exhibit 8.1 List of Subsidiaries.

Significant subsidiaries	Country of incorporation	Principal activity	Group interest	
			2017 %	2016 %
Coal				
BHP Billiton Mitsui Coal Pty Ltd	Australia	Coal mining	80	80
Hunter Valley Energy Coal Pty Ltd	Australia	Coal mining	100	100
PT Lahai Coal ⁽¹⁾	Indonesia	Coal mining		75
Copper				
BHP Billiton Olympic Dam Corporation Pty Ltd	Australia	Copper and uranium mining	100	100
Compañía Minera Cerro Colorado Limitada	Chile	Copper mining	100	100
Minera Escondida Limitada ⁽²⁾	Chile	Copper mining	57.5	57.5
Minera Spence S.A.	Chile	Copper mining	100	100
Iron Ore				
BHP Billiton Iron Ore Pty Ltd	Australia	Service company	100	100
BHP Billiton Minerals Pty Ltd	Australia	Iron ore and coal mining	100	100
BHP Iron Ore (Jimblebar) Pty Ltd ⁽³⁾	Australia	Iron ore mining	85	85
BHP Billiton (Towage Service) Pty Ltd	Australia	Freight services	100	100
Marketing				
BHP Billiton Freight Singapore Pte Limited	Singapore	Freight services	100	100
BHP Billiton Marketing AG	Switzerland	Marketing and trading	100	100
BHP Billiton Marketing Asia Pte Ltd	Singapore	Marketing support and other services	100	100
Group and Unallocated				
BHP Billiton Canada Inc.	Canada	Potash development	100	100
BHP Billiton Finance BV	The Netherlands	Finance	100	100
BHP Billiton Finance Limited	Australia	Finance	100	100
BHP Billiton Finance (USA) Ltd	Australia	Finance	100	100
BHP Billiton Group Operations Pty Ltd	Australia	Administrative services	100	100
BHP Billiton International Services Ltd	UK	Service company	100	100
BHP Billiton Nickel West Pty Ltd	Australia	Nickel mining, smelting, refining and administrative services	100	100
BHP Billiton Shared Services Malaysia Sdn Bhd	Malaysia	Service company	100	100
WMC Finance (USA) Limited	Australia	Finance	100	100

⁽¹⁾ The Group divested its 75 per cent Group interest in IndoMet Coal in October 2016.

- (2) As the Group has the ability to direct the relevant activities at Minera Escondida Limitada, it has control over the entity. The assessment of the most relevant activity in this contractual arrangement is subject to judgement. The Group establishes the mine plan and the operating budget and has the ability to appoint the key management personnel, demonstrating that the Group has the existing rights to direct the relevant activities of Minera Escondida Limitada.
- (3) The Group has an effective interest of 92.5 per cent in BHP Iron Ore (Jimblebar) Pty Ltd; however, by virtue of the shareholder agreement with ITOCHU Minerals & Energy of Australia Pty Ltd and Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd, the Group's interest in the Jimblebar mining operation is 85 per cent, which is consistent with the other respective contractual arrangements at Western Australia Iron Ore.

Table of Contents**29 Investments accounted for using the equity method**

Significant interests in equity accounted investments of the Group are those with the most significant contribution to the Group's net profit or net assets. The Group's ownership interest in equity accounted investments results are listed in the table below. For a complete list of the Group's associates and joint ventures, refer to Exhibit 8.1 List of Subsidiaries.

Shareholdings in associates and joint ventures	Country of incorporation/ principal place of business	Associate or joint venture	Principal activity	Reporting date	Ownership interest	
					2017 %	2016 %
Carbones del Cerrejón LLC (Cerrejón)	Anguilla/ Colombia	Associate	Coal mining in Colombia	31 December	33.33	33.33
Compañía Minera Antamina S.A. (Antamina)	Peru	Associate	Copper and zinc mining	31 December	33.75	33.75
Samarco Mineração S.A. (Samarco)	Brazil	Joint venture	Iron ore mining	31 December	50.00	50.00

Voting in relation to relevant activities in Antamina and Cerrejón, determined to be the approval of the operating and capital budgets, does not require unanimous consent of all participants to the arrangement, therefore joint control does not exist. Instead, because the Group has the power to participate in the financial and operating policies of the investee, these investments are accounted for as associates.

Samarco is jointly owned by BHP Billiton Brasil and Vale. As the Samarco entity has the rights to the assets and obligations to the liabilities relating to the joint arrangement and not its owners, this investment is accounted for as a joint venture.

The Group is restricted in its ability to make dividend payments from its investments in associates and joint ventures as any such payments require the approval of all investors in the associates and joint ventures. The ownership interest at the Group's and the associates' or joint ventures' reporting dates are the same. When the annual financial reporting date is different to the Group's, financial information is obtained as at 30 June in order to report on an annual basis consistent with the Group's reporting date.

The movement for the year in the Group's investments accounted for using the equity method is as follows:

Year ended 30 June 2017	Investment in associates	Investment in joint ventures	Total equity accounted investments
US\$M			
At the beginning of the financial year	2,575		2,575
Profit/(loss) from equity accounted investments, related impairments and expenses ⁽¹⁾	444	(172)	272
Investment in equity accounted investments	47	134	181
Dividends received from equity accounted investments	(620)		(620)
Other	2	38	40

At the end of the financial year	2,448	2,448
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- (1) US\$(172) million represents US\$(134) million share of loss from US\$(134) million funding provided during the period and US\$(38) million other movements in the Samarco dam failure provision including foreign exchange.

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Refer to note 3 Significant events Samarco dam failure for further information.

The following table summarises the financial information relating to each of the Group's significant equity accounted investments. The unrecognised share of profit for the period was US\$21 million (2016: US\$33 million), which decreased the cumulative losses to US\$140 million (2016: decrease to US\$161 million). BHP Billiton Brasil's 50 per cent portion of Samarco's commitments, for which BHP Billiton Brasil has no funding obligation, is US\$750 million (2016: US\$741 million).

2017	US\$M	Associates		Joint ventures		Total
		Antamina	Cerrejón	Individually immaterial	Samarco ⁽¹⁾	
Current assets		995	782		174 ⁽²⁾	
Non-current assets		4,273	2,540		6,128	
Current liabilities		(530)	(364)		(5,236) ⁽³⁾	
Non-current liabilities		(993)	(621)		(3,482) ⁽⁴⁾	
Net assets/(liabilities)	100%	3,745	2,337		(2,416)	
Net assets/(liabilities)	Group share	1,264	779		(1,208)	
Adjustments to net assets related to accounting policy adjustments		1	80		401 ⁽⁵⁾	
Impairment of the carrying value of the investment in Samarco					(525) ⁽⁶⁾	
Additional share of Samarco losses					1,332 ⁽⁷⁾	
Carrying amount of investments accounted for using the equity method		1,265	859	324		2,448
Revenue	100%	3,317	2,247		28	
Profit/(loss) from Continuing operations	100%	1,010	388		(1,520) ⁽⁸⁾	
Share of operating profit/(loss) of equity accounted investments		341	129		(760)	
Additional share of Samarco losses					588 ⁽⁷⁾	
Profit/(loss) from equity accounted investments, related impairments and expenses		341	129	(26)	(172)⁽⁷⁾	272
Comprehensive income	100%	1,010	388		(1,520)	
Share of comprehensive income/(loss)	Group share in	341	129	(26)	(172)	272

equity accounted investments

Dividends received from equity accounted investments	425	163	32	620
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		Associates		Joint ventures			
		Antamina	Cerrejón	Individually immaterial	Samarco ⁽¹⁾	Individually immaterial	Total
2016							
US\$M							
Current assets		1,017	706		323 ⁽²⁾		
Non-current assets		4,279	2,717		6,460		
Current liabilities		(362)	(126)		(4,722) ⁽³⁾		
Non-current liabilities		(939)	(875)		(2,954) ⁽⁴⁾		
Net assets/(liabilities)	100%	3,995	2,422		(893)		
Net assets/(liabilities)	Group share	1,348	807		(447)		
Adjustments to net assets related to accounting policy adjustments		1	86		400 ⁽⁵⁾		
Impairment of the carrying value of the investment in Samarco					(525) ⁽⁶⁾		
Additional share of Samarco losses					572 ⁽⁶⁾		
Carrying amount of investments accounted for using the equity method		1,349	893	333			2,575
Revenue	100%	2,639	1,575		937		
Profit/(loss) from Continuing operations	100%	606	(73)		(2,182) ⁽⁸⁾		
Share of operating profit/(loss) of equity accounted investments		203	(24)	(39)	(1,091) ⁽⁹⁾		(951)
Samarco dam failure provision expense					(628) ⁽⁶⁾		(628)
Impairment of the carrying value of the investment in Samarco					(525) ⁽⁶⁾		(525)
Profit/(loss) from equity accounted investments, related impairments and expenses		203	(24)	(39)	(2,244)		(2,104)
Comprehensive income	100%	606	(73)		(2,182)		
Share of comprehensive income/(loss)	Group share in equity accounted investments	203	(24)	(39)	(2,244)		(2,104)
Dividends received from equity accounted investments		233	29	31			293

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		Associates		Joint ventures			
				Individually		Individually	Total
US\$M		Antamina	Cerrejón	immaterial	Samarco	immaterial	
Revenue	100%	2,530	2,156		2,810		
Profit from Continuing operations	100%	765	(62)		1,283 ⁽⁸⁾		
Profit/(loss) from equity accounted investments, related impairments and expenses ⁽¹⁰⁾		229	(20)	(30)	371	(26)	524
Comprehensive income	100%	765	(62)		1,283		
Share of comprehensive income/(loss) Group share in equity accounted investments		229	(20)	(30)	371	(26)	524
Dividends received from equity accounted investments ⁽¹¹⁾		191	99	37	396	342	1,065

(1) Refer to note 3 Significant events Samarco dam failure for further information regarding the financial impact of the Samarco dam failure in November 2015 on BHP Billiton Brasil's share of Samarco's losses.

(2) Includes cash and cash equivalents of US\$29 million (2016: US\$138 million).

(3) Includes current financial liabilities (excluding trade and other payables and provisions) of US\$4,581 million (2016: US\$3,870 million).

(4) Includes non-current financial liabilities (excluding trade and other payables and provisions) of US\$1 million (2016: US\$3 million).

(5) Relates mainly to dividends declared by Samarco that remain unpaid at balance date and which, in accordance with the Group's accounting policy, are recognised when received not receivable.

(6) BHP Billiton Brasil has adjusted its investment in Samarco to US\$ nil (resulting from US\$(655) million share of loss from Samarco and US\$(525) million impairment) and recognised a provision of US\$(1,200) million for obligations under the Framework Agreement. US\$(572) million of the US\$(1,200) million provision represents an additional share of loss from Samarco with the remaining US\$(628) million recognised as provision expense.

(7)

BHP Billiton Brasil has recognised accumulated additional share of Samarco losses of US(\$1,332) million resulting from US\$(172) million loss from equity accounted investments recognised for the year ended 30 June 2017 and US\$(1,160) million (including US\$(588) million of additional share of Samarco losses) relating to obligations under the Framework Agreement.

- (8) Includes depreciation and amortisation of US\$88 million (2016: US\$148 million; 2015: US\$236 million), interest income of US\$57 million (2016: US\$43 million; 2015: US\$86 million), interest expense of US\$473 million (2016: US\$209 million; 2015: US\$227 million) and income tax (expense)/benefit of US\$(851) million (2016: US\$564 million; 2015: US\$(275) million).
- (9) US\$(1,091) million represents US\$(1,227) million share of loss relating to the Samarco dam failure (exceptional item) and US\$136 million share of operating profit prior to the dam failure.
- (10) Includes share of operating losses of equity accounted investments from Discontinued operations for the year ended 30 June 2015 of US\$24 million.
- (11) Includes dividend received from equity accounted investments from Discontinued operations of US\$342 million for the year ended 30 June 2015.

Table of Contents**30 Interests in joint operations**

Significant joint operations of the Group are those with the most significant contributions to the Group's net profit or net assets. The Group's interest in the joint operations results are listed in the table below. For a complete list of the Group's investments in joint operations, refer to Exhibit 8.1 List of Subsidiaries.

Significant joint operations	Country of operation	Principal activity	Group interest ⁽¹⁾	
			2017 %	2016 %
Bass Strait	Australia	Hydrocarbons production	50	50
Greater Angostura	Trinidad and Tobago	Hydrocarbons production	45	45
Eagle Ford ⁽²⁾	US	Hydrocarbons exploration and production	<1 100	<1 100
Fayetteville ⁽²⁾	US	Hydrocarbons exploration and production	<1 100	<1 100
Gulf of Mexico	US	Hydrocarbons exploration and production	23.9 44	23.9 44
Haynesville ⁽²⁾	US	Hydrocarbons exploration and production	<1 100	<1 100
Macedon ⁽²⁾	Australia	Hydrocarbons exploration and production	71.43	71.43
North West Shelf	Australia	Hydrocarbons production	12.5 16.67	8.33 16.67
Permian ⁽²⁾	US	Hydrocarbons exploration and production	<1 100	<1 100
Pyrenees ⁽²⁾	Australia	Hydrocarbons exploration and production	40 71.43	40 71.43
ROD Integrated Development ⁽³⁾	Algeria	Hydrocarbons exploration and production	29.50	38
Mt Goldsworthy ⁽⁴⁾	Australia	Iron ore mining	85	85
Mt Newman ⁽⁴⁾	Australia	Iron ore mining	85	85
Yandi ⁽⁴⁾	Australia	Iron ore mining	85	85
Central Queensland Coal Associates	Australia	Coal mining	50	50

(1) Ranges reflect the Group's interest in multiple joint arrangements within the joint operation.

(2) While the Group holds a greater than 50 per cent interest in these joint operations, all the participants in these joint operations approve the operating and capital budgets and therefore the Group has joint control over the relevant activities of these arrangements.

(3) Group interest reflects the working interest and may vary year-on-year based on the Group's effective interest in producing wells.

- (4) These contractual arrangements are controlled by the Group and do not meet the definition of joint operations. However, as they are formed by contractual arrangement and are not entities, the Group recognises its share of assets, liabilities, revenue and expenses arising from these arrangements.

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Assets held in joint operations subject to significant restrictions are as follows:

	Group share	
	2017	2016
	US\$M	US\$M
Current assets	2,755	3,442
Non-current assets	51,446	56,491
Total assets ⁽¹⁾	54,201	59,933

- (1) While the Group is unrestricted in its ability to sell a share of its interest in these joint operations, it does not have the right to sell individual assets that are used in these joint operations without the unanimous consent of the other participants. The assets in these joint operations are also restricted to the extent that they are only available to be used by the joint operation itself and not by other operations of the Group.

31 Related party transactions

The Group's related parties are predominantly subsidiaries, joint operations, joint ventures and associates and key management personnel of the Group. Disclosures relating to key management personnel are set out in note 22 Key management personnel. Transactions between each parent company and its subsidiaries are eliminated on consolidation and are not disclosed in this note.

All transactions from/to related parties are made at arm's length, i.e. at normal market prices and rates and on normal commercial terms.

Outstanding balances at year-end are unsecured and settlement occurs in cash. Loan amounts owing from related parties represent secured loans made to joint operations, associates and joint ventures under co-funding arrangements. Such loans are made on an arm's length basis with interest charged at market rates and are due to be repaid between 16 August 2017 and 31 August 2031.

No guarantees are provided or received for any related party receivables or payables.

No provision for doubtful debts has been recognised in relation to any outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from related parties.

There were no other related party transactions in the year ended 30 June 2017 (2016: US\$ nil), other than those with post-employment benefit plans for the benefit of Group employees. These are shown in note 25 Pension and other post-retirement obligations.

Transactions with related parties

Further disclosures related to other related party transactions are as follows:

	Joint operations		Joint ventures		Associates	
	2017	2016	2017	2016	2017	2016
	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M
Sales of goods/services						
Purchases of goods/services					1,052.885	786.789
Interest income	1.850	1.673			34.911	56.777
Interest expense	0.010	0.011			0.006	
Dividends received					619.894	292.813
Net loans (repayments from)/made to related parties	(82.701)	74.043			(272.276)	(102.106)

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Table of Contents**Outstanding balances with related parties**

Disclosures in respect of amounts owing to/from joint operations represent the amount that does not eliminate on consolidation.

	Joint operations		Joint ventures		Associates	
	2017	2016	2017	2016	2017	2016
	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M
Trade amounts owing to related parties					217.803	117.700
Loan amounts owing to related parties	118.288	36.907			39.097	38.097
Trade amounts owing from related parties					3.083	0.749
Loan amounts owing from related parties	20.144	21.464			647.918	919.194

Unrecognised items and uncertain events**32 Commitments**

The Group's commitments for capital expenditure were US\$2,084 million as at 30 June 2017 (2016: US\$1,737 million). The Group's other commitments are as follows:

	Commitments under finance leases		Commitments under operating leases	
	2017	2016	2017	2016
	US\$M	US\$M	US\$M	US\$M
Due not later than one year	135	49	420	371
Due later than one year and not later than five years	475	221	672	888
Due later than five years	705	115	660	887
Total	1,315	385	1,752	2,146
Future financing liability	(418)	(39)		
Right to reimbursement from joint operations partner				
Finance lease liability	897	346		

Finance leases include leases of power generation and transmission assets. Certain lease payments may be subject to inflation escalation clauses on which contingent rentals are determined. The leases contain extension and renewal options.

Operating leases include leases of property, plant and equipment. Rental payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. Certain leases contain extension and renewal options.

Table of Contents**33 Contingent liabilities**

	2017 US\$M	2016 US\$M
Associates and joint ventures		
Tax and other matters ⁽¹⁾	1,784	1,508
Subsidiaries and joint operations		
Tax and other matters ⁽¹⁾	1,825	1,933
Bank guarantees	1	1
Total	3,610	3,442

⁽¹⁾ There are a number of matters, for which it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures, and for which no amounts have been included in the table above. A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.

When the Group has a present obligation, an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

The Group presently has tax matters, litigation and other claims, for which the timing of resolution and potential economic outflow are uncertain. Obligations assessed as having probable future economic outflows capable of reliable measurement are provided at reporting date and matters assessed as having possible future economic outflows capable of reliable measurement are included in the total amount of contingent liabilities above. Individually significant matters, including narrative on potential future exposures incapable of reliable measurement, are disclosed below, to the extent that disclosure does not prejudice the Group.

Uncertain tax and royalty matters

The Group is subject to a range of taxes and royalties across many jurisdictions, the application of which is uncertain in some regards. Changes in tax law, changes in interpretation of tax law, periodic challenges and disagreements with tax authorities, and legal proceedings result in uncertainty of the outcome of the application of taxes and royalties to our business. Areas of uncertainty at reporting date include the application of taxes and royalties (including transfer pricing) to the Group's cross-border operations and transactions.

Details of uncertain tax and royalty matters have been disclosed in note 5 Income tax expense . To the extent uncertain tax and royalty matters give rise to a contingent liability,

an estimate of the potential liability is included within the table above, where it is capable of reliable measurement.

Samarco contingent liabilities

The table above includes contingent liabilities related to the Group's equity accounting investment in Samarco to the extent they are capable of reliable measurement. Details of contingent liabilities related to Samarco are disclosed in note 3 Significant events Samarco dam failure .

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Demerger of South32	As part of the demerger of South32 Limited (South32) in May 2015, certain indemnities were agreed under the Separation Deed. Subject to certain exceptions, BHP Billiton Limited indemnifies South32 against claims and liabilities relating to the Group Businesses and former Group Businesses prior to the demerger and South32 indemnifies the Group against all claims and liabilities relating to the South32 Businesses and former South32 Businesses. No material claims have been made pursuant to the Separation Deed as at 30 June 2017.
Investigation by the Australian Federal Police	As previously disclosed, the Australian Federal Police (AFP) announced an investigation in 2013 relating to matters the subject of section 70.2 of the Commonwealth Criminal Code. The AFP has advised that it has finalised its investigation and does not intend to take any further action at this time.
Bank guarantees	The Group has entered into various counter-indemnities of bank and performance guarantees related to its own future performance, which are in the normal course of business.

34 Subsequent events

On 17 August 2017, we announced that the Board of Directors had approved an investment of US\$2.5 billion for the development of the Spence Growth Option, including construction of a copper concentrator that will extend the Spence mine life by more than 50 years.

On 22 August 2017, we announced that the Board of Directors had approved a multi-currency bond repurchase plan with a global aggregate cap of up to US\$2.5 billion. The plan will target 2021, 2022 and 2023 US dollar denominated notes and 2018, 2020, 2022 and 2024 Euro denominated notes and 2024 Sterling denominated notes. Subsequently, we announced that we have increased the value of the global aggregate cap to US\$2.9 billion.

On 22 August 2017, we announced that, as part of our ongoing review of our portfolio, the Board of Directors and management have determined that our Onshore US assets are non-core and options to exit these assets are being actively pursued. Execution of these options may take time and, as such, we are not able to estimate the financial effect of any future transaction.

These events have no impact on the Financial Statements for the year ended 30 June 2017. Other than the matters outlined above or elsewhere in the Financial Statements, no matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, results of operations or state of affairs of the Group in subsequent accounting periods.

Other items

35 Acquisitions and disposals of subsidiaries, operations, joint operations and equity accounted investments

Acquisitions

There were no acquisitions made during the years ended 30 June 2017, 2016 and 2015.

Divestments

Excluding Discontinued operations, the Group disposed of the following subsidiaries, operations, joint operations and equity accounted investments during the year ended:

30 June 2017

BHP Navajo Coal Company

IndoMet Coal

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30 June 2016

Pakistan gas business

San Juan Mine
30 June 2015

North Louisiana conventional onshore assets

Pecos field

	2017	2016	2015
	US\$M	US\$M	US\$M
Net assets disposed	189	153	241
Gross cash consideration	186	168	256
Less cash and cash equivalents disposed		(2)	
Total consideration	186	166	256
Other effects ⁽¹⁾		1	
Net (loss)/gain on disposal recognised in other income	(3)	14	15

⁽¹⁾ Other effects include deferred consideration of US\$ nil for 30 June 2017 (2016: US\$1 million; 2015: US\$ nil).

Sale of non-controlling interests in subsidiaries

There was no sale of interests in subsidiaries to non-controlling interests (NCI) for the years ending 30 June 2017, 30 June 2016 and 30 June 2015.

36 Auditor s remuneration

	2017	2016	2015
	US\$M	US\$M	US\$M
Fees payable to the Group s auditors for assurance services			
Audit of the Group s Annual Report	3.381	3.126	4.299

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Audit of subsidiaries, joint ventures and associates	7.040	7.715	11.185
Audit-related assurance services	3.597	3.493	5.377
Other assurance services	1.849	1.508	1.557
Total assurance services	15.867	15.842	22.418
Fees payable to the Group's auditors for other services			
Other services relating to corporate finance	0.042	0.276	6.871
All other services	0.589	0.815	1.093
Total other services	0.631	1.091	7.964
Total fees	16.498	16.933	30.382

All amounts were paid to KPMG or KPMG affiliated firms. Fees are determined in local currencies and are predominantly billed in US dollars based on the exchange rate at the beginning of the relevant financial year.

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Table of Contents**Fees payable to the Group's auditors for assurance services**

For all periods disclosed, no fees are payable in respect of the audit of pension funds.

Audit-related assurance services comprise review of half-year reports and audit work in relation to compliance with section 404 of the US Sarbanes-Oxley Act.

Other assurance services comprise assurance in respect of the Group's sustainability reporting.

Fees payable to the Group's auditors for other services

Other services relating to corporate finance comprise services in connection with acquisitions, divestments and debt raising transactions.

All other services comprise non-statutory assurance based procedures, advice on accounting matters, as well as tax compliance services of US\$0.027 million (2016: US\$0.089 million; 2015: US\$ nil).

37 Not required for US reporting**38 Deed of Cross Guarantee**

BHP Billiton Limited together with wholly owned subsidiaries identified in Exhibit 8.1 List of Subsidiaries entered into a Deed of Cross Guarantee (Deed) on 6 June 2016. The effect of the Deed is that BHP Billiton Limited has guaranteed to pay any outstanding liabilities upon the winding up of any wholly owned subsidiary that is party to the Deed. Wholly owned subsidiaries that are party to the Deed have also given a similar guarantee in the event that BHP Billiton Limited or another party to the Deed is wound up.

The wholly owned Australian subsidiaries identified in Exhibit 8.1 List of Subsidiaries are relieved from the requirements to prepare and lodge audited financial reports.

A Consolidated Statement of Comprehensive Income and Retained Earnings and Consolidated Balance Sheet, comprising BHP Billiton Limited and the wholly owned subsidiaries that are party to the Deed for the year ended 30 June 2017 and 30 June 2016 are as follows:

Consolidated Statement of Comprehensive Income and Retained Earnings	2017	2016
	US\$M	US\$M
Revenue	19,394	4,687
Other income	4,988	6,192
Expenses excluding net finance costs	(12,085)	(6,203)
Net finance costs	(591)	(320)
Income tax expense	(2,351)	(220)
Profit after taxation	9,355	4,136
Total other comprehensive income	18	20
Total comprehensive income	9,373	4,156

Retained earnings at the beginning of the financial year	40,462	40,768
Net effect on retained earnings of entities added to/removed from the Deed	(1,699)	
Profit after taxation for the year	9,355	4,136
Transfers to and from reserves	33	56
Dividends	(2,172)	(4,498)
Retained earnings at the end of the financial year	45,979	40,462

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Consolidated Balance Sheet	2017	2016
	US\$M	US\$M
ASSETS		
Current assets		
Cash and cash equivalents	1	
Trade and other receivables	3,541	1,163
Loans to related parties	14,081	10,049
Inventories	1,536	639
Current tax assets		790
Other	72	58
Total current assets	19,231	12,699
Non-current assets		
Trade and other receivables	76	63
Loans to related parties	335	
Inventories	278	161
Property, plant and equipment	30,579	15,324
Intangible assets	550	679
Investments in Group companies	27,816	29,261
Deferred tax assets	402	667
Other	59	17
Total non-current assets	60,095	46,172
Total assets	79,326	58,871
LIABILITIES		
Current liabilities		
Trade and other payables	2,762	1,270
Loans from related parties	15,978	4,922
Interest bearing liabilities	202	61
Current tax payable	1,318	112
Provisions	683	377
Deferred income	8	9
Total current liabilities	20,951	6,751
Non-current liabilities		
Trade and other payables	3	4
Loans from related parties	7,660	7,504
Interest bearing liabilities	251	293
Deferred tax liabilities	613	619
Provisions	2,479	1,785
Deferred income	21	23
Total non-current liabilities	11,027	10,228

Total liabilities		31,978	16,979
Net assets		47,348	41,892
EQUITY			
Share capital	BHP Billiton Limited	1,186	1,186
Treasury shares		(1)	(7)
Reserves		184	251
Retained earnings		45,979	40,462
Total equity		47,348	41,892

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Table of Contents**39 New and amended accounting standards and interpretations issued but not yet effective**

There are no new accounting standards or interpretations that have been adopted for the first time in these Financial Statements. The following new accounting standards and interpretations are not yet effective, but may have an impact on the Group in financial years commencing on or after 1 July 2017:

Title of standard / interpretation	Summary of impact on the Financial Statements	Application date of standard / interpretation	Application date for the financial year commencing
IFRS 15/AASB 15 Revenue from Contracts with Customers	<p>This standard modifies the determination of when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>Work to date has focused on understanding the standard contractual arrangements across the Group's principal revenue streams, particularly key terms and conditions which may impact revenue recognition. To date, no significant measurement differences have been identified.</p> <p>IFRS 15 requires separate disclosure of the impacts of provisional pricing. Where applicable, system and process changes are being made to appropriately measure and capture this data for disclosure.</p> <p>Revenue from freight and shipping services provided by the Group, currently recognised upon loading, may be required to be treated as a separate performance obligation and recognised over time. The impact of this is not expected to be material.</p> <p>Work in FY2018 will include a further review of individual contracts and development of the Group's accounting</p>	1 January 2018	1 July 2018

guidance.

The Group expects to apply the full retrospective transition approach. Application of this approach results in the restatement of comparative information where applicable.

**IFRS 9/AASB 9
Financial
Instruments**

This standard modifies the classification and measurement of financial assets. It includes:

1 January 2018 1 July 2018

a single, principles-based approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held;

a new expected credit loss impairment model requiring expected losses to be recognised when financial assets are first recognised;

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Title of standard / interpretation	Summary of impact on the Financial Statements	Application date of standard / interpretation	Application date for the financial year commencing
	<p>a modification of hedge accounting to align the accounting treatment with risk management practices of an entity. This may result in the increased application of hedge accounting.</p> <p>In order to gain an understanding of the likely impacts of IFRS 9, implementation activities to date have focused on the Group's Treasury operations, which hold the majority of the Group's financial instruments.</p> <p>Further detailed analysis in FY2018 will focus on changes to the calculation of impairment losses on financial assets and application of the revised hedge accounting model.</p> <p>The Group is considering available options for transition.</p> <p>Based on work performed to date, the Group does not currently expect the impact of these changes to be significant.</p>		
IFRIC 22 Foreign Currency Transactions and Advance Consideration	<p>This interpretation clarifies the exchange rate to be used upon recognition of an asset, liability, expense or income in circumstances when a related advance payment has been received or disbursed. The Group is currently assessing the impact of the interpretation on its Financial Statements.</p>	1 January 2018	1 July 2018
IFRS 16/AASB 16 Leases	<p>This standard requires lessees to account for leases under an on-balance sheet model, with the distinction between operating and finance leases being removed.</p> <p>The standard provides certain exemptions from recognising leases on the balance sheet, including where the underlying asset is of low value or the lease term is 12 months or less.</p>	1 January 2019	1 July 2019

Under the new standard, the Group will be required to;

recognise right of use lease assets and lease liabilities on the balance sheet. Liabilities are measured based on the present value of future lease payments over the lease term. The right of use lease asset generally reflects the lease liability;

recognise depreciation of right of use lease assets and interest on lease liabilities over the lease term;

separately present the principal amount of cash paid and interest in the cash flow statement as a financing activity.

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Title of standard / interpretation	Summary of impact on the Financial Statements	Application date of standard / interpretation	Application date for the financial year commencing
	<p>The Group has commenced work to understand the impact of the new standard. This has included preliminary diagnostics to identify key characteristics of existing contractual arrangements and scoping of impacts to financial reporting, systems and processes. Work in FY2018 will include detailed review of contracts to support the quantification of financial impacts and assessment of likely system requirements and processes.</p> <p>The Group is considering available options for transition.</p> <p>Information on the undiscounted amount of the Group's operating lease commitments under IAS 17/AASB 117 Leases, the current leasing standard, is disclosed in note 32 Commitments.</p>		
	<p>These standards have not been applied in the preparation of these Financial Statements. IFRS 16 and IFRIC 22 have not been endorsed by the EU and hence are not available for early adoption in the EU.</p>		

5.2 Not required for US reporting

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5.3 Directors declaration

In accordance with a resolution of the Directors of BHP Billiton Limited and BHP Billiton Plc, the Directors declare that:

- (a) in the Directors' opinion and to the best of their knowledge the Financial Statements and notes, set out in sections 5.1 and 5.2, are in accordance with the UK Companies Act 2006 and the Australian Corporations Act 2001, including:
 - (i) complying with the applicable Accounting Standards;
 - (ii) giving a true and fair view of the assets, liabilities, financial position and profit or loss of each of BHP Billiton Limited, BHP Billiton Plc, the Group and the undertakings included in the consolidation taken as a whole as at 30 June 2017 and of their performance for the year ended 30 June 2017;
- (b) the Financial Statements also complies with International Financial Reporting Standards, as disclosed in section 5.1;
- (c) to the best of the Directors' knowledge, the management report (comprising the Strategic Report and Directors Report) includes a fair review of the development and performance of the business and the financial position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Group faces;
- (d) in the Directors' opinion there are reasonable grounds to believe that each of BHP Billiton Limited, BHP Billiton Plc and the Group will be able to pay its debts as and when they become due and payable;
- (e) in the Directors' opinion, as at the date of this declaration, there are reasonable grounds to believe that BHP Billiton Limited and each of the Closed Group entities identified in Exhibit 8.1 List of Subsidiaries will be able to meet any liabilities to which they are or may become subject to, because of the Deed of Cross Guarantee between BHP Billiton Limited and those group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The Directors have been given the declarations required by Section 295A of the Australian Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the Board of Directors.

Ken MacKenzie

Chairman

Andrew Mackenzie

Chief Executive Officer

Dated this 7th day of September 2017

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5.4 Statement of Directors responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent company Financial Statements in accordance with applicable law and regulations. References to the Group and Parent company Financial Statements are made in relation to the Group and individual Parent company Financial Statements of BHP Billiton Plc.

UK company law requires the Directors to prepare Group and Parent company Financial Statements for each financial year. The Directors are required to prepare the Group Financial Statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the Parent company Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group Financial Statements must, in accordance with IFRS as adopted by the EU and applicable law, present fairly the financial position and performance of the Group; references in the UK Companies Act 2006 to such Financial Statements giving a true and fair view are references to their achieving a fair presentation.

The Parent company Financial Statements must, in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the state of affairs of the parent company at the end of the financial year and of the profit or loss of the parent company for the financial year.

In preparing each of the Group and Parent company Financial Statements, the Directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

for the Group Financial Statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;

for the Parent company Financial Statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent company Financial Statements;

assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, related matters; and

use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its Financial Statements comply with the UK Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and

have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors Report, Directors Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

5.5 Not required for US reporting

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5.6 Reports of Independent Registered Public Accounting Firms

Report of Independent Registered Public Accounting Firms

To the members of BHP Billiton Plc and BHP Billiton Limited:

We have audited the accompanying Consolidated Balance Sheets of the BHP Group (comprising BHP Billiton Plc, BHP Billiton Limited and their respective subsidiaries) as of 30 June 2017 and 30 June 2016, and the related Consolidated Income Statements, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and Consolidated Cash Flow Statements for each of the years in the three-year period ended 30 June 2017. These Consolidated Financial Statements are the responsibility of the BHP Group's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position of the BHP Group as of 30 June 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended 30 June 2017, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the BHP Group's internal control over financial reporting as of 30 June 2017, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated 28 September 2017 expressed an unqualified opinion on the effectiveness of the BHP Group's internal control over financial reporting.

/s/ KPMG LLP
KPMG LLP
London, United Kingdom
28 September 2017

/s/ KPMG
KPMG
Melbourne, Australia
28 September 2017

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Report of Independent Registered Public Accounting Firms

To the members of BHP Billiton Plc and BHP Billiton Limited:

We have audited the BHP Group's (comprising BHP Billiton Plc, BHP Billiton Limited and their respective subsidiaries) internal control over financial reporting as of 30 June 2017, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The BHP Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying section 2.13.1 Risk and Audit Committee Report. Our responsibility is to express an opinion on the BHP Group's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the BHP Group maintained, in all material respects, effective internal control over financial reporting as of 30 June 2017, based on criteria established in Internal Control – Integrated Framework (2013) issued by the COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Balance Sheets of the BHP Group as of 30 June 2017 and 30 June 2016, and the related Consolidated Income Statements, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and Consolidated Cash Flow Statements for each of the years in the three-year period ended 30 June 2017, and our report dated 28 September 2017 expressed an unqualified opinion on those Consolidated Financial Statements.

/s/ KPMG LLP
KPMG LLP
London, United Kingdom
28 September 2017

/s/ KPMG
KPMG
Melbourne, Australia
28 September 2017

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Table of Contents**5.7 Supplementary oil and gas information unaudited**

In accordance with the requirements of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Extractive Activities-Oil and Gas (Topic 932) and SEC requirements set out in Subpart 1200 of Regulation S-K, the Group is presenting certain disclosures about its oil and gas activities. These disclosures are presented below as supplementary oil and gas information, in addition to information disclosed in section 1.13.1 Petroleum and section 6.3.1 Petroleum reserves .

The information set out in this section is referred to as unaudited as it is not included in the scope of the audit opinion of the independent auditor on the Consolidated Financial Statements, refer to section 5.6 Independent Auditors reports .

Reserves and production

Proved oil and gas reserves and net crude oil and condensate, natural gas, LNG and NGL production information is included in section 6.2.2 Production Petroleum and section 6.3.1 Petroleum reserves .

Capitalised costs relating to oil and gas production activities

The following table shows the aggregate capitalised costs relating to oil and gas exploration and production activities and related accumulated depreciation, depletion, amortisation and valuation allowances.

	Australia US\$M	United States US\$M	Other ⁽¹⁾ US\$M	Total US\$M
Capitalised cost				
2017				
Unproved properties	94	5,284	165	5,543
Proved properties	16,190	41,837	2,404	60,431
Total costs	16,284	47,121	2,569	65,974
Less: Accumulated depreciation, depletion, amortisation and valuation allowances	(9,085)	(30,969)	(1,984)	(42,038)
Net capitalised costs	7,199	16,152	585	23,936
2016				
Unproved properties	338	5,074	119	5,531
Proved properties	15,523	40,929	2,372	58,824
Total costs	15,861	46,003	2,491	64,355
Less: Accumulated depreciation, depletion, amortisation and valuation allowances	(8,364)	(28,664)	(1,938)	(38,966)
Net capitalised costs	7,497	17,339	553	25,389
2015				

2015

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Unproved properties	385	8,117	99	8,601
Proved properties	15,125	37,341	2,443	54,909
Total costs	15,510	45,458	2,542	63,510
Less: Accumulated depreciation, depletion, amortisation and valuation allowances	(7,727)	(19,100)	(2,094)	(28,921)
Net capitalised costs	7,783	26,358	448	34,589

- (1) Other is primarily comprised of Algeria, Pakistan (divested 31 December 2015), Trinidad and Tobago and the United Kingdom.

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Table of Contents**Costs incurred relating to oil and gas property acquisition, exploration and development activities**

The following table shows costs incurred relating to oil and gas property acquisition, exploration and development activities (whether charged to expense or capitalised). Amounts shown include interest capitalised.

	Australia US\$M	United States US\$M	Other ⁽³⁾ US\$M	Total US\$M
2017				
Acquisitions of proved property				
Acquisitions of unproved property		12	62	74
Exploration ⁽¹⁾	32	471	235	738
Development	360	1,034	18	1,412
Total costs ⁽²⁾	392	1,517	315	2,224
2016				
Acquisitions of proved property				
Acquisitions of unproved property	22	42		64
Exploration ⁽¹⁾	42	385	194	621
Development	412	1,254	200	1,866
Total costs ⁽²⁾	476	1,681	394	2,551
2015				
Acquisitions of proved property				
Acquisitions of unproved property		37		37
Exploration ⁽¹⁾	127	281	248	656
Development	429	4,036	52	4,517
Total costs ⁽²⁾	556	4,354	300	5,210

(1) Represents gross exploration expenditure, including capitalised exploration expenditure, in addition to exploration and evaluation costs charged to income as incurred.

(2) Total costs include US\$1,744 million (2016: US\$2,256 million; 2015: US\$4,603 million) capitalised during the year.

(3) Other is primarily comprised of Algeria, Pakistan (divested 31 December 2015), Trinidad and Tobago and the United Kingdom.

Table of Contents**Results of operations from oil and gas producing activities**

The following information is similar to the disclosures in note 1 Segment reporting in section 5.1, but differs in several respects as to the level of detail and geographic information. Amounts shown in the following table exclude financial income, financial expenses, and general corporate overheads.

Income taxes were determined by applying the applicable statutory rates to pre-tax income with adjustments for permanent differences and tax credits.

	Australia US\$M	United States US\$M	Other ⁽⁷⁾ US\$M	Total US\$M
2017				
Oil and gas revenue ⁽¹⁾	2,876	3,479	356	6,711
Production costs	(533)	(1,515)	(200)	(2,248)
Exploration expenses	(32)	(242)	(206)	(480)
Depreciation, depletion, amortisation and valuation provision ⁽²⁾	(814)	(2,592)	(91)	(3,497)
Production taxes ⁽³⁾	(158)	(4)		(162)
	1,339	(874)	(141)	324
Accretion expense ⁽⁴⁾	(56)	(32)	(14)	(102)
Income taxes	(361)	386	(142)	(117)
Royalty-related taxes ⁽⁵⁾	(104)			(104)
Results of oil and gas producing activities ⁽⁶⁾	818	(520)	(297)	1
2016				
Oil and gas revenue ⁽¹⁾	2,777	3,487	321	6,585
Production costs	(605)	(1,705)	(162)	(2,472)
Exploration expenses	(44)	(128)	(124)	(296)
Depreciation, depletion, amortisation and valuation provision ⁽²⁾	(720)	(10,569)	(90)	(11,379)
Production taxes ⁽³⁾	(132)	(13)	(2)	(147)
	1,276	(8,928)	(57)	(7,709)
Accretion expense ⁽⁴⁾	(54)	(23)	(7)	(84)
Income taxes	(465)	3,047	(143)	2,439
Royalty-related taxes ⁽⁵⁾	(206)		(4)	(210)
Results of oil and gas producing activities ⁽⁶⁾	551	(5,904)	(211)	(5,564)
2015				
Oil and gas revenue ⁽¹⁾	4,184	6,334	661	11,179
Production costs	(662)	(2,220)	(168)	(3,050)
Exploration expenses	(124)	(242)	(241)	(607)
	(651)	(6,597)	(170)	(7,418)

Depreciation, depletion, amortisation and valuation provision ⁽²⁾				
Production taxes ⁽³⁾	(232)		(8)	(240)
	2,515	(2,725)	74	(136)
Accretion expense ⁽⁴⁾	(63)	(24)	(8)	(95)
Income taxes	(608)	1,080	(146)	326
Royalty-related taxes ⁽⁵⁾	(388)		4	(384)
Results of oil and gas producing activities ⁽⁶⁾	1,456	(1,669)	(76)	(289)

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- (1) Includes sales to affiliated companies of US\$83 million (2016: US\$118 million; 2015: US\$267 million).
- (2) Includes valuation provision of US\$102 million (2016: US\$7,232 million; 2015: US\$2,681 million).
- (3) Includes royalties and excise duty.
- (4) Represents the unwinding of the discount on the closure and rehabilitation provision. Comparative information has been restated to include the accretion expense in the results of operations from oil and gas producing activities.
- (5) Includes petroleum resource rent tax and petroleum revenue tax where applicable.
- (6) Amounts shown exclude financial income, financial expenses and general corporate overheads and, accordingly, do not represent all of the operations attributable to the Petroleum segment presented in note 1 Segment reporting in section 5.1.
- (7) Other is primarily comprised of Algeria, Pakistan (divested 31 December 2015), Trinidad and Tobago and the United Kingdom.

Standardised measure of discounted future net cash flows relating to proved oil and gas reserves (Standardised measure)

The purpose of this disclosure is to provide data with respect to the estimated future net cash flows from future production of proved developed and undeveloped reserves of crude oil, condensate, natural gas liquids and natural gas.

The Standardised measure is based on the Group's estimated proved reserves (as presented in section 6.3.1 Petroleum reserves) and this data should be read in conjunction with that disclosure, which is hereby incorporated by reference into this section. The Standardised measure is prepared on a basis which presumes that year-end economic and operating conditions will continue over the periods in which year-end proved reserves would be produced. The effects of future inflation, future changes in exchange rates, expected future changes in technology, taxes, operating practices and any regulatory changes have not been included.

The Standardised measure is prepared by projecting the estimated future annual production of proved reserves owned at period-end and pricing that future production to derive future cash inflows. Estimates of future cash flows for 2017, 2016 and 2015 are computed using the average first-day-of-the-month price during the 12-month period. Future price increases for all periods presented are considered only to the extent that they are provided by fixed and determinable contractual arrangements in effect at year-end and are not dependent upon future inflation or exchange rate changes.

Future cash inflows for all periods presented are then reduced by future costs of producing and developing the year-end proved reserves based on costs in effect at year-end without regard to future inflation or changes in

technology or operating practices. Future development costs include the costs of drilling and equipping development wells and construction of platforms and production facilities to gain access to proved reserves owned at year-end. They also include future costs, net of residual salvage value, associated with the abandonment of wells, dismantling of production platforms and rehabilitation of drilling sites. Future cash inflows are further reduced by future income taxes based on tax rates in effect at year-end and after considering the future deductions and credits applicable to proved properties owned at year-end. The resultant annual future net cash flows (after deductions of operating costs including resource rent taxes, development costs and income taxes) are discounted at 10 per cent per annum to derive the Standardised measure.

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There are many important variables, assumptions and imprecisions inherent in developing the Standardised measure, the most important of which are the level of proved reserves and the rate of production thereof. The Standardised measure is not an estimate of the fair market value of the Group's oil and gas reserves. An estimate of fair value would also take into account, among other things, the expected recovery of reserves in excess of proved reserves, anticipated future changes in prices, costs and exchange rates, anticipated future changes in secondary tax and income tax rates and alternative discount factors representing the time value of money and adjustments for risks inherent in producing oil and gas.

	Australia US\$M	United States US\$M	Other ⁽¹⁾ US\$M	Total US\$M
Standardised measure				
2017				
Future cash inflows	18,407	23,537	1,954	43,898
Future production costs	(6,663)	(11,176)	(534)	(18,373)
Future development costs	(3,714)	(6,451)	(208)	(10,373)
Future income taxes	(1,508)	(18)	(746)	(2,272)
Future net cash flows	6,522	5,892	466	12,880
Discount at 10 per cent per annum	(2,104)	(2,426)	(108)	(4,638)
Standardised measure	4,418	3,466	358	8,242
2016				
Future cash inflows	21,902	13,088	2,026	37,016
Future production costs	(7,306)	(6,514)	(567)	(14,387)
Future development costs	(3,431)	(3,063)	(282)	(6,776)
Future income taxes	(3,082)	800	(668)	(2,950)
Future net cash flows	8,083	4,311	509	12,903
Discount at 10 per cent per annum	(2,961)	(834)	(121)	(3,916)
Standardised measure	5,122	3,477	388	8,987
2015				
Future cash inflows	35,660	39,088	2,668	77,416
Future production costs	(9,617)	(15,303)	(526)	(25,446)
Future development costs	(5,952)	(7,694)	(413)	(14,059)
Future income taxes	(7,879)	(3,009)	(959)	(11,847)
Future net cash flows	12,212	13,082	770	26,064
Discount at 10 per cent per annum	(4,236)	(4,384)	(200)	(8,820)
Standardised measure	7,976	8,698	570	17,244

- (1) Other is primarily comprised of Algeria, Pakistan (divested 31 December 2015), Trinidad and Tobago and the United Kingdom.

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Changes in the Standardised measure are presented in the following table. The beginning of the year and end of the year totals are shown after reduction for income taxes and these, together with the changes in income tax amounts, are shown as discounted amounts (at 10 per cent per annum). All other items of change represent discounted amounts before consideration of income tax effects.

	2017 US\$M	2016 US\$M	2015 US\$M
Changes in the Standardised measure			
Standardised measure at the beginning of the year	8,987	17,244	29,164
Revisions:			
Prices, net of production costs	(96)	(14,146)	(15,186)
Changes in future development costs	275	1,342	3
Revisions of quantity estimates ⁽¹⁾	2,961	(2,870)	(5,996)
Accretion of discount	1,147	2,547	4,438
Changes in production timing and other	(1,611)	1,280	761
	11,663	5,397	13,184
Sales of oil and gas, net of production costs	(4,301)	(3,936)	(7,889)
Acquisitions of reserves-in-place			
Sales of reserves-in-place	(15)	(114)	(83)
Previously estimated development costs incurred	718	1,823	3,169
Extensions, discoveries, and improved recoveries, net of future costs	(401)	84	1,877
Changes in future income taxes	578	5,733	6,986
Standardised measure at the end of the year	8,242	8,987	17,244

⁽¹⁾ Changes in reserves quantities are shown in the Petroleum reserves tables in section 6.3.1.

Accounting for suspended exploratory well costs

Refer to note 10 Property, plant and equipment in section 5.1 for a discussion of the accounting policy applied to the cost of exploratory wells. Suspended wells are also reviewed in this context.

The following table provides the changes to capitalised exploratory well costs that were pending the determination of proved reserves for the three years ended 30 June 2017, 30 June 2016 and 30 June 2015.

	2017 US\$M	2016 US\$M	2015 US\$M
Movement in capitalised exploratory well costs			
At the beginning of the year	770	484	388
Additions to capitalised exploratory well costs pending the determination of proved reserves	258	304	121
Capitalised exploratory well costs charged to expense	(69)	(18)	(21)

Capitalised exploratory well costs reclassified to wells, equipment, and facilities based on the determination of proved reserves	(155)		(4)
Other	(136)		
At the end of the year	668	770	484

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The following table provides an ageing of capitalised exploratory well costs, based on the date the drilling was completed, and the number of projects for which exploratory well costs has been capitalised for a period greater than one year since the completion of drilling.

	2017 US\$M	2016 US\$M	2015 US\$M
Ageing of capitalised exploratory well costs			
Exploratory well costs capitalised for a period of one year or less	120	262	44
Exploratory well costs capitalised for a period greater than one year	548	508	440
At the end of the year	668	770	484
	2017	2016	2015
Number of projects that have been capitalised for a period greater than one year	14	23	14

Drilling and other exploratory and development activities

The number of crude oil and natural gas wells drilled and completed for each of the last three years was as follows:

	Net exploratory wells		Net development wells			Total
	Productive	Dry	Productive	Dry	Total	
Year ended 30 June 2017						
Australia						
United States			80		80	80
Other ⁽¹⁾	3	2	5	1	1	6
Total	3	2	5	81	81	86
Year ended 30 June 2016						
Australia				2	2	2
United States	1		1	137	2	140
Other ⁽¹⁾				1	1	1
Total	1		1	140	2	143
Year ended 30 June 2015						
Australia				3	3	3
United States			304	1	305	305
Other ⁽¹⁾						
Total			307	1	308	308

⁽¹⁾ Other is primarily comprised of Algeria and Trinidad and Tobago.

The number of wells drilled refers to the number of wells completed at any time during the respective year, regardless of when drilling was initiated. Completion refers to the installation of permanent equipment for production of oil or gas, or, in the case of a dry well, to reporting to the appropriate authority that the well has been abandoned.

An exploratory well is a well drilled to find oil or gas in a new field or to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir. A development well is a well drilled within the limits of a known oil or gas reservoir to the depth of a stratigraphic horizon known to be productive.

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A productive well is an exploratory, development or extension well that is not a dry well. Productive wells include wells in which hydrocarbons were encountered and the drilling or completion of which, in the case of exploratory wells, has been suspended pending further drilling or evaluation. A dry well (hole) is an exploratory, development, or extension well that proves to be incapable of producing either oil or gas in sufficient quantities to justify completion as an oil or gas well.

Oil and gas properties, wells, operations, and acreage

The following tables show the number of gross and net productive crude oil and natural gas wells and total gross and net developed and undeveloped oil and natural gas acreage as at 30 June 2017. A gross well or acre is one in which a working interest is owned, while a net well or acre exists when the sum of fractional working interests owned in gross wells or acres equals one. Productive wells are producing wells and wells mechanically capable of production. Developed acreage is comprised of leased acres that are within an area by or assignable to a productive well. Undeveloped acreage is comprised of leased acres on which wells have not been drilled or completed to a point that would permit the production of economic quantities of oil and gas, regardless of whether such acres contain proved reserves.

The number of productive crude oil and natural gas wells in which we held an interest at 30 June 2017 was as follows:

	Crude oil wells		Natural gas wells		Total	
	Gross	Net	Gross	Net	Gross	Net
Australia	352	177	135	49	487	226
United States	1,001	558	6,679	1,993	7,680	2,551
Other ⁽¹⁾	62	23	36	7	98	30
Total	1,415	758	6,850	2,049	8,265	2,807

⁽¹⁾ Other is primarily comprised of Algeria, Trinidad and Tobago and the United Kingdom. Of the productive crude oil and natural gas wells, 38 (net: 16) operated wells had multiple completions.

Developed and undeveloped acreage (including both leases and concessions) held at 30 June 2017 was as follows:

Thousands of acres	Developed acreage		Undeveloped acreage	
	Gross	Net	Gross	Net
Australia	2,151	823	8,059	4,659
United States	1,180	673	1,395	1,143
Other ⁽¹⁾⁽²⁾	175	64	4,166	3,132
Total	3,506	1,560	13,620	8,934

- (1) Developed acreage in Other primarily consists of Algeria and the United Kingdom.

- (2) Undeveloped acreage in Other primarily consists of acreage in Brazil and Trinidad and Tobago. It also includes the addition of Trion.

Approximately 220 thousand gross acres (75 thousand net acres), 7,023 thousand gross acres (4,023 thousand net acres) and 210 thousand gross acres (100 thousand net acres) of undeveloped acreage will expire in the years ending 30 June 2018, 2019 and 2020 respectively, if the Group does not establish production or take any other action to extend the terms of the licences and concessions.