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BHP Billiton Plc – Annual Financial Report 2018

UK Listing Authority Submissions

The following documents have today been submitted to the National Storage Mechanism and will shortly be available for inspection at: www.morningstar.co.uk/uk/NSM

- Annual Report 2018

- Sustainability Report 2018

- US Annual Report (Form 20-F)

- Economic Contribution Report 2018

- XML format of the Economic Contribution Report 2018

- BHP Billiton Plc Notice of Meeting 2018
- Proxy Form (UK Principal Register)
- Proxy Form (South Africa Branch Register)

The documents (with the exception of the Proxy Forms) may also be accessed via BHP’s website - bhp.com - or using the web links above.

Sponsor: UBS South Africa (Pty) Limited

Additional Information
The following information is extracted from the Annual Report 2018 (section references are to sections of the Annual Report) and should be read in conjunction with BHP’s Results announcement issued on 21 August 2018. Both documents can be found at bhp.com and together, constitute the material required by DTR 6.3.5 to be communicated to the media in unedited full text through a Regulatory Information Service. This material is not a substitute for reading the Annual Report 2018 in full.

1. Principal risks and uncertainties

1.1 Risk management
Identifying and managing risk and opportunity are central to achieving our strategy and creating long-term value.

We embed risk management in the critical business activities, functions, processes and systems of our assets through the following mechanisms:

- Risk assessments – we regularly identify and assess known, new and emerging risks.
- Risk controls – we put controls in place over material risks and periodically assess the effectiveness of those controls.
- Risk materiality and tolerability evaluation – we assess the materiality of a risk based on the degree of financial and non-financial impacts, including health, safety, environmental, community, reputational and legal impacts. We assess the tolerability of a risk based on a combination of residual risk and control effectiveness.

We apply established processes when entering or commencing new activities in high-risk countries. These include risk assessments and supporting risk management plans to ensure potential reputational, legal, business conduct and corruption-related exposures are managed and legislative compliance is maintained.

For information on our principal risks, refer to section 1.6.4. For information on our risk management governance, refer to sections 2.13.1 and 2.14.

1.2 Principal risks

Robust risk assessment and viability statement
The Board has carried out a robust assessment of BHP’s principal risks, including those that could threaten the business model, future performance, solvency or liquidity.
The Directors have assessed the prospects of BHP over the next three years, taking into account our current position and principal risks.

The Directors believe a three-year viability assessment period is appropriate for the following reasons. BHP has a two-year budget, a five-year plan and a longer-term life-of-asset outlook. We have publicly stated our view that while commodity prices remain volatile, our short-term outlook is optimistic. Price and exchange rate volatility results in variability in plans and budgets. A three-year period strikes an appropriate balance between long-term and short-term influences on performance.

The viability assessment took into account, among other things, BHP’s commodity price protocols, including low-case prices; the latest funding and liquidity update; the long-dated maturity profile of BHP’s debt and the maximum debt maturing in any one year; the Group-level risk profile and the mitigating actions available should particular risks materialise; the regular Board strategy and portfolio discussions which address the range of outcomes under the Capital Allocation Framework; the flexibility in BHP’s capital and exploration expenditure programs under the Capital Allocation Framework; and the reserve life of BHP’s minerals assets and the reserves-to-production life of our oil and gas assets.

The Directors’ assessment also took account of additional stress-testing of the balance sheet against two hypothetical significant risk events: a well blow out in the Gulf of Mexico and a low-price environment. A further level of robustness is added given no debt issuance is required in the three-year period and BHP would still have access to US$6.0 billion of credit through its revolving credit facility. The Directors were also mindful of the assessment of our portfolio against scenarios as part of BHP’s corporate planning process to help identify key uncertainties facing the global natural resources sector.

In making this statement, the Directors considered the divestment of Onshore US. The Directors have also made certain assumptions regarding the alignment of production, capital expenditure and operating expenditure with five-year plan forecasts and the alignment of prices with the cyclical low-price case used in the control stress case for balance sheet testing.

Taking account of these matters, and BHP’s current position and principal risks, the Directors have a reasonable expectation that BHP will be able to continue in operation and meet its liabilities as they fall due.

Risk factors

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<th>External risks</th>
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<td>Fluctuations in commodity prices (including sustained price shifts) and impacts of ongoing global economic volatility may negatively affect our results, including cash flows and asset values</td>
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The prices we obtain for our minerals, oil and gas are determined by, or linked to, prices in world markets, which have historically been subject to significant volatility. Our usual policy is to sell our products at the prevailing market prices. The diversity provided by our relatively broad portfolio of commodities does not necessarily insulate BHP from the effects of price changes. Fluctuations in commodity prices can occur due to price shifts reflecting underlying global economic and geopolitical factors, industry demand, increased supply due to the development of new productive resources or increased production from existing resources, technological change, product substitution and national tariffs. We are particularly exposed to price movements in minerals, oil and gas. For example, a US$1 per tonne decline
in the average iron ore price and US$1 per barrel decline in the average oil price would have an estimated impact on FY2018 profit after taxation from Continuing and Discontinued operations of US$163 million and US$46 million, respectively. For more information in relation to commodity price impacts, refer to section 1.6.2. Volatility in global economic growth, particularly in developing economies, has the potential to adversely affect future demand and prices for commodities. Geopolitical uncertainty and protectionism have the potential to inhibit international trade and weigh on business confidence, which creates the risk of constraints on our ability to trade in certain markets and has the potential to increase price volatility. The impact of sustained price shifts and short-term price volatility, including the effects of unwinding the sustained monetary stimulus in the United States and ongoing and protracted uncertainty surrounding the details of the United Kingdom’s exit from the European Union, creates the risk that our financial and operating results, including cash flows and asset values, will be materially and adversely affected by short-term or long-term volatility in the prevailing prices of our products.

Our financial results may be negatively affected by exchange rate fluctuations

The geographic diversity of the countries in which our assets are located means that our assets, earnings and cash flows are influenced by a variety of currencies. Fluctuations in the exchange rates of those currencies may have a significant impact on our financial results. The US dollar is the currency in which the majority of our sales are denominated and the currency in which we present our financial performance. Operating costs are influenced by the currencies of those countries where our assets and facilities are located and also by those currencies in which the costs of imported equipment and services are determined.

Reduction in Chinese demand may negatively impact our results

The Chinese market has been driving global materials demand and pricing over the past decade. Sales into China generated US$22.9 billion (FY2017: US$18.9 billion) or 52.6 per cent (FY2017: 52.2 per cent) of our revenue in FY2018, on a continuing operations basis. FY2018 sales into China by commodity included 52 per cent Iron Ore, 31 per cent Copper, 15 per cent Coal and two per cent Nickel (reported in Group and Unallocated). A continued slowing in China’s economic growth and demand could result in lower prices for our products and materially and adversely impact our results, including cash flows.

Actions by governments or courts, regulatory change, political events or alleged compliance breaches in the countries in which we operate or assets in which we have an interest could have a negative impact on our business

There are varying degrees of political, judicial and commercial stability in the locations in which we have operated assets and non-operated joint ventures around the globe. At the same time, our exposure to emerging markets may involve additional risks that could have an adverse effect on the profitability of an operation. Risks in the locations in which we have operated assets and non-operated joint ventures could include terrorism, civil unrest, judicial activism, regulatory investigation or inquiry, nationalisation, protectionism, renegotiation or nullification of existing contracts, leases, permits or other agreements, imposts, controls or prohibitions on the production or use of certain products, restrictions on repatriation of earnings or capital and changes in laws and policy, as well as other unforeseeable risks. Risks relating to bribery and corruption, including possible delays or disruption resulting from a refusal to make so-called facilitation payments, may be prevalent in some of the countries where our assets are located. If any of
Our major operated assets or non-operated joint ventures are affected by one or more of these risks, it could have a material adverse effect on BHP’s overall operating results, financial condition and prospects.

Our operated assets and non-operated joint ventures are based on material long-term investments that are dependent on long-term fiscal stability, and could be adversely affected by changes in fiscal legislation, changes in interpretation of fiscal legislation, periodic challenges and disagreements with tax authorities and legal proceedings relating to fiscal matters. The natural resources industry continues to be regarded as a source of tax revenue and can also be adversely affected by broader fiscal measures applying to businesses generally. BHP is currently involved in a number of uncertain tax and royalty matters. For more information, refer to note 5 'Income tax expense' in section 5.

Our business is affected by new and evolving government regulations and international standards, such as controls on imports, exports, prices and greenhouse gas emissions. The nature of the industries in which we operate means many of our activities are highly regulated by laws relating to health, safety, environment and community impacts. Increasing requirements relating to regulatory, environmental, social or community approvals can potentially result in significant delays or interruptions and may adversely affect the economics of new mining, oil and gas projects, the expansion of existing assets and operations and the performance of our operated assets and non-operated joint ventures. As regulatory standards and expectations are constantly developing, we may be exposed to increased regulation and compliance costs to meet new operating and reporting standards, as well as unforeseen closure and site rehabilitation expenses.

Infrastructure, such as rail, ports, power and water, is critical to our business operations. We have assets or potential development projects in countries where government-provided infrastructure or regulatory regimes for access to infrastructure, including our own privately operated infrastructure, may be inadequate, uncertain or subject to legislative change. The impact of climate change may increase competition for, and the regulation of, limited resources, such as power and water. These factors could materially and adversely affect the expansion of our business and ability of our assets to operate efficiently.

We own assets or interests in countries where land tenure can be uncertain and disputes may arise in relation to ownership and use, including in respect of Indigenous rights. For example, in Australia, the Native Title Act 1993 provides for the establishment and recognition of native title under certain circumstances.

New or evolving regulations and international standards can be complex, difficult to predict and difficult to influence. Potential compliance costs, litigation expenses, regulatory delays, rehabilitation expenses and operational impacts and costs arising from government action, court decisions, regulatory change and evolving standards could materially and adversely affect BHP’s future results, prospects and our financial condition.

We conduct our business in a global environment that encompasses multiple jurisdictions and complex regulatory frameworks. Our governance and compliance processes (which include the review of internal controls over financial reporting and specific internal controls in relation to trade and financial sanctions, market manipulation, competition, data protection and privacy, offers of anything of value to government officials and representatives of state-owned enterprises and disclosure of state or commercial secrets) may not operate to identify financial misstatements or prevent potential breaches of law, or of accounting or governance practice. *Our Code of Conduct*, together with our mandatory policies such as the
anti-corruption, trade and financial sanctions and competition policies, may not prevent instances of fraudulent behaviour and dishonesty nor guarantee compliance with legal or regulatory requirements. This may lead to regulatory fines, disgorgement of profits, litigation, allegations or investigations by regulatory authorities, loss of operating licences and/or reputational damage.

### Business risks

<table>
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<th><strong>Failure to discover or acquire new resources, maintain reserves or develop new assets could negatively affect our future results and financial condition</strong></th>
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<td>The demand for our products and production from our assets results in existing reserves being depleted over time. As our revenues and profits are derived from our minerals, oil and gas assets, our future results and financial condition are directly related to the success of our exploration and acquisition efforts, and our ability to generate reserves to meet our future production requirements at a competitive cost. Exploration activity occurs adjacent to established assets and in new regions, in developed and less-developed countries. These activities may increase land tenure, infrastructure and related political risks. A failure in our ability to discover or acquire new resources, maintain reserves or develop new assets or operations in sufficient quantities to maintain or grow the current level of our reserves could negatively affect our future results, financial condition and prospects. Deterioration in commodities pricing may make some existing reserves uneconomic. Our actual exploration drilling activities and future drilling budget will depend on our inventory size and quality, drilling results, commodity prices, drilling and production costs, availability of drilling services and equipment, lease expirations, land access, transportation pipelines, railroads and other infrastructure constraints, regulatory approvals and other factors. There are numerous uncertainties inherent in estimating mineral, oil and gas reserves. Geological assumptions about our mineralisation that are valid at the time of estimation may change significantly when new information becomes available. Estimates of reserves that will be recovered, or the cost at which we anticipate reserves will be recovered, are based on uncertain assumptions. The uncertain global financial outlook may affect economic assumptions related to reserve recovery and may require reserve restatements. Changes to reserve estimates could affect our asset carrying values and may also negatively impact our future financial condition and results.</td>
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<th><strong>Potential changes to our portfolio of assets through merger, acquisition and divestment activity may have a material adverse effect on our future results and financial condition</strong></th>
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<td>We regularly review the composition of our asset portfolio and from time to time may add assets to, or divest assets from, the portfolio. There are a number of risks associated with acquisitions or divestments. These include:</td>
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<td>• loss of value from a poor investment decision;</td>
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<td>• loss of potential value from a missed investment opportunity;</td>
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<td>• adverse market reaction to such changes or the timing or terms on which changes are made;</td>
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<td>• the imposition of adverse regulatory conditions and obligations;</td>
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<td>• commercial objectives not being achieved as expected;</td>
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<td>• unforeseen liabilities arising from changes to the portfolio;</td>
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<td>• sales revenues and operational performance not meeting our expectations;</td>
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• anticipated synergies or cost savings being delayed or not being achieved;
• inability to retain key staff and transaction-related costs being more than anticipated.

These factors could materially and adversely affect our reputation, future results and financial condition.

**Increased costs and schedule delays may adversely affect our development projects**

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

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

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

**Financial risks**

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

We seek to maintain a strong balance sheet. However, fluctuations in commodity prices and ongoing global economic volatility could materially and adversely affect our future cash flows and ability to access capital from financial markets at acceptable pricing. If our key financial ratios and credit ratings are not maintained, our liquidity and cash reserves, interest rate costs on borrowed debt, future access to financial capital markets and the ability to fund current and future major capital projects could be adversely affected.

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

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

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

We contract with many commercial and financial counterparties, including end-customers, suppliers and financial institutions in the context of global financial markets that remain volatile. We maintain a ‘one book’ approach with commercial
counterparties to make sure all credit exposures are quantified and assessed consistently. However, our existing counterparty credit controls may not prevent a material loss due to credit exposure to a major customer segment or financial counterparty. In addition, customers, suppliers, contractors or joint venture partners may fail to perform against existing contracts and obligations. Non-supply of key inputs, such as explosives, tyres, mining and mobile equipment, diesel and other key consumables, may unfavourably impact costs and production at our assets. These factors could negatively affect our financial condition and results of assets.

**Operational risks**

**Unexpected natural and operational catastrophes may adversely impact our assets, functions or people**

We have onshore and offshore extractive, processing and logistical operations in many geographic locations. Our key port facilities are located at Coloso and Antofagasta in Chile and Port Hedland and Hay Point in Australia. We have four underground mines, including one underground coal mine. Our operational processes may be subject to operational accidents, such as fires, explosions or gas leaks, road and vehicle incidents, port and shipping incidents, aircraft incidents, underground mine and processing plant fire and explosion, rock fall incidents in underground mining operations, open-cut pit wall or tailings/waste storage facility failures, loss of power supply, railroad incidents, loss of well control, environmental pollution, mechanical critical equipment failures, personnel conveyance equipment failures in underground operations and cyber or conventional security attacks on BHP’s infrastructure. If an operational crisis occurs, the failure to provide adequate communications response to our external stakeholders could result in Group-wide reputational damage.

Our minerals, oil and gas assets may also be subject to unexpected natural catastrophes, such as earthquakes, floods, hurricanes and tsunamis. Our northwest Western Australia Iron Ore, Queensland Coal and Gulf of Mexico oil and gas assets are located in areas subject to cyclones or hurricanes. Our Chilean copper and Peruvian base metals assets are located in a known earthquake and tsunami zone.

We operate corporate offices and service centres globally. A serious natural, civil unrest, terror or criminal event in any of these locations could have an impact on the services provided to the Group and on our people and the community.

Based on our risk management and the limited value of external insurance in the natural resource sector, our risk financing (insurance) approach is to minimise or not purchase external insurance for certain risks, including property damage and business interruption, sabotage and terrorism, marine cargo, construction, primary public liability and employee benefits. Existing business continuity plans may not provide protection for all the costs that arise from such events, including clean-up costs, litigation and other claims. The impact of these events could lead to disruptions in production, increased costs and loss of facilities. Where external insurance is purchased, third party claims arising from these events may exceed the limit of liability of the insurance policies we have in place. Additionally, any uninsured or underinsured losses could have a material adverse effect on our financial position or results of assets.

**Information technology and operational technology services are subject to cybersecurity risks and threats that may materially affect our business and reputation**
Our strategy of owning and operating large, long-life and low-cost assets is underpinned by our ability to become fully integrated and highly automated, from resource to market. Many of our business and operational processes are heavily dependent on traditional and emerging technologies to improve safety, lower cost and unlock value.

Increases in the frequency and magnitude of global cyber events pose potential increased risk of sensitive information being compromised, as well as unplanned and/or extended outages to our operations or to the transportation of other infrastructure utilised by our operations. These events may include (but are not limited to) exploitation of system vulnerabilities, malware, phishing and other sophisticated cyberattacks, and other incidents (for example, due to human error). Such events may result in misappropriation of funds, an impact on asset productivity, adverse impacts to the health and safety of people, environmental damage, poor product quality, loss of intellectual property, disclosure of commercially or personally sensitive information, regulatory fines and/or other costs and reputational damage.

Despite reasonable attempts to protect us from cyber events, we are frequently subject to targeted and non-targeted cyberattacks and may be vulnerable to these in the future. In FY2018, there were no cyber events that led to a significant breach of our business-critical technology environment or a material disclosure of market-sensitive information.

Our potential liability from litigation and other actions resulting from the Samarco dam failure is subject to significant uncertainty and cannot be reliably estimated at this time, but could have a material adverse impact on our business

On 5 November 2015, the Samarco Mineração S.A. (Samarco) iron ore operations 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 and the Rio Doce. Samarco is a joint venture owned equally by BHP Billiton Brasil Limitada (BHP Billiton Brasil) and Vale S.A. (Vale). For information on the Samarco dam failure, refer to section 1.8.

The Samarco dam failure and subsequent suspension of Samarco’s mining and processing operations continue to impact our financial results and will be disclosed as an exceptional item for the year ended 30 June 2018, as described in section 1.8 and in note 3 ‘Significant events – Samarco dam failure’ in section 5.

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 any resumption of operations remain, including as a result of Samarco’s significant debt obligations. For financial information relating to Samarco, refer to note 28 ‘Investments accounted for using the equity method’ in section 5.

BHP Billiton Brasil is among the defendants named 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 Samarco, Vale and Fundação Renova. 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.
Among the claims brought against BHP Billiton Brasil was a public civil claim commenced by the Federal Government of Brazil, the states of Espírito Santo and Minas Gerais, and certain other public authorities (Brazilian Authorities) on 30 November 2015, seeking the establishment of a fund of up to R$20 billion (approximately US$5.2 billion) in aggregate for clean-up costs and damages (R$20bn Public Civil Claim). This claim has now been settled (see below). In addition, a R$155 billion (approximately US$40 billion) claim has been brought by the Federal Public Prosecution Service (on 3 May 2016) for reparation, compensation and moral damages in relation to the Samarco dam failure (R$155bn Federal Public Prosecution Office claim). For more information on some of the legal proceedings relating to the Samarco dam failure, refer to section 6.5.

On 2 March 2016, BHP Billiton Brasil, together with Vale and Samarco, entered into a Framework Agreement with the Brazilian 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. A committee (Interfederative Committee) comprising representatives from the Brazilian Federal and State Governments, local municipalities, environmental agencies, impacted communities and Public Defence Office oversees the activities of Fundação Renova in order to monitor, guide and assess the progress of actions agreed in the Framework Agreement.

In light of the significant uncertainties surrounding the nature and timing of ongoing future operations at Samarco and based on currently available information, at 30 June 2018, BHP Billiton Brasil's provision for its obligations under the Framework Agreement is US$1.3 billion, before tax and after discounting (30 June 2017, US$1.1 billion).

The measurement of the provision requires the use of significant judgments, estimates and assumptions and may be affected by, among other factors, potential changes in scope of work and funding amounts required under the Framework Agreement, including the impact of decisions of the Interfederative Committee along with further technical analysis and community participation required under the Preliminary Agreement (defined below) and Governance Agreement (defined below), the outcome of the ongoing negotiations with State and Federal Prosecutors, actual 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 and the renegotiation process provided in the Governance Agreement (defined below). 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 on the amount of the provision in future reporting periods.

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 settlement regarding the R$20 billion Public Civil Claim and the R$155 billion Federal Public Prosecution Office claim.

Under the Preliminary Agreement, BHP Billiton Brasil, Samarco and Vale agreed interim security (Interim Security) comprising R$1.3 billion (approximately US$335 million) in insurance bonds, R$100 million (approximately US$25 million) in liquid assets, a charge of R$800 million (approximately US$210 million) over Samarco’s assets, and R$200 million (approximately US$50 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, Samarco and Vale 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. Following a series of extensions, the parties reached an agreement in the form of the Governance Agreement (summarised below).

On 25 June 2018, Samarco, Vale and BHP Billiton Brasil, the other parties to the Framework Agreement, the Public Prosecutors Office and the Public Defense Office agreed an arrangement which settles the R$20 billion Public Civil Claim, enhances community participation in decisions related to the remediation and compensation programs (Programs) under the Framework Agreement, and establishes a process to renegotiate those Programs over two years and to progress settlement of the R$155 billion Federal Public Prosecution Office claim (Governance Agreement). The Governance Agreement was ratified by the 12th Federal Court of Minas Gerais on 8 August 2018, settling the R$20 billion Public Civil Claim and suspending the R$155 billion Federal Public Prosecution Office claim for a period of two years from the date of ratification.

During the two-year period, the parties will work together to design a single process for the renegotiation of the Programs and progress settlement of the R$155 billion Federal Public Prosecution Office claim.

The renegotiation of the Programs will be based on certain agreed principles, such as full reparation consistent with Brazilian law, the requirement for a technical basis for any proposed changes, consideration of findings from the socio-economic and socio-environmental experts appointed by Samarco, Vale and BHP Billiton Brasil, consideration of findings from experts appointed by the Prosecutors, and consideration of the feedback from impacted communities. During the renegotiation period and up until revisions to the Programs are agreed, the Fundação Renova will continue to implement the Programs in accordance with the terms of the Framework Agreement and the Governance Agreement.

The Interim Security provided under the Preliminary Agreement is maintained for a period of 30 months under the Governance Agreement, after which Samarco, Vale and BHP Billiton Brasil will be required to provide security of an amount equal to Fundação Renova's annual budget up to a limit of R$2.2 billion.

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.

Other lawsuits and investigations are at the early stages of proceedings, including two shareholder actions filed in Australia against BHP and a Samarco bondholder action filed in the United States against Samarco, Vale, BHP Billiton Brasil and BHP. For more information on the shareholder and bondholder actions and other lawsuits relating to the Samarco dam failure, refer to section 6.5. 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.

Given the status of the legal proceedings referred to above, it is not possible to provide a range of possible outcomes or a reliable estimate of potential future exposures for BHP, unless otherwise stated. Ultimately, all of these legal matters could have a material adverse impact on BHP’s business, competitive position, cash flows, prospects, liquidity and shareholder returns.

Our potential costs and liabilities in relation to the Samarco dam failure are subject to a high degree of uncertainty and cannot be reliably estimated at this time. The total amounts that we may be required to pay will be dependent on many factors, including the timing and nature of a potential restart of operations at Samarco, the number of claims that become payable, the quantum of any fines levied, the outcome of litigation and the amount and timing of payments under any judgements or settlements. Nevertheless, such potential costs and liabilities could have a material adverse effect on our business, competitive position, cash flows, prospects, liquidity and shareholder returns.

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

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

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

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

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

The industrial relations environment in Chile remains challenging and it is possible that we will see further disruptions. Recent changes to labour legislation in Chile have resulted in the right to have a single negotiating body across different operations owned by a single company. This change may lead to a higher risk of operational stoppages that can contribute to an increase in costs and a reduction in productivity.
More broadly, cost and productivity pressures on BHP and our contractors and sub-contractors may increase the risk of industrial action and employment litigation. These factors could lead to increased operating costs at existing assets, interruptions or delays and could negatively impact our operating margins and expansion plans.

Non-operated joint ventures have their own management and operating standards, joint venture partners or other companies managing those non-operated joint ventures may take action contrary to our standards or fail to adopt standards equivalent to BHP’s standards, and commercial counterparties may not comply with our standards.

We have interests in assets that are operated and managed by joint venture partners or by other companies. Those joint venture partners or other companies have their own management and operating standards, controls and procedures, including their own health, safety, environment and community (HSEC) standards and may take action contrary to BHP’s management and operating standards, controls and procedures. Failure by those joint venture partners or other companies to adopt equivalent standards, controls and procedures at these non-operated joint ventures could lead to operational incidents or accidents, materially higher costs and reduced production, litigation and regulatory action, delays or interruptions and adversely impact our results, prospects and reputation.

Commercial counterparties, such as our suppliers, contractors and customers, may not comply with our HSEC standards or other standards we apply causing adverse reputational and legal impacts.

Sustainability risks

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

Safety

Potential safety events that may have a material adverse impact on our people, assets, reputation or licence to operate include fire, explosion or rock fall incidents in underground mining operations, personnel conveyance equipment failures in underground operations, aircraft incidents, road incidents involving buses and light vehicles, incidents between light vehicles and mobile mining equipment, shipping or vessel incidents, ground control failures, uncontrolled tailings containment breaches, well blowouts, explosions or gas leaks and accidents involving inadequate isolation, working from heights or lifting operations.

Our employees, contractors and third parties may be subjected to safety risks when travelling to and from sites or while onsite at an asset or corporate office.

Health

Health risks faced include fatigue, musculoskeletal illnesses and occupational exposure to substances or agents, including noise, silica, coal mine dust, diesel exhaust particulate, nickel and sulphuric acid mist, radiation and mental illness. Longer-term health impacts may arise due to unanticipated workplace exposures or historical exposures of our workforce or communities to hazardous substances. These effects may create future financial compensation obligations, adversely
impact our people, reputation, regulatory approvals or licence to operate and affect the way we conduct our assets.

Given the global location of our assets, we could be affected by a public health emergency such as influenza or other infectious disease outbreaks in any of the regions in which our assets are located.

**Environment**

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

Environmental incidents have the potential to lead to material adverse impacts on our people, communities, assets, reputation or licence to operate. These include uncontrolled tailings containment breaches, subsidence from mining activities, escape of polluting substances and uncontrolled releases of hydrocarbons.

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

**Climate change**

The physical and non-physical impacts of climate change may affect our assets, productivity and the markets in which we sell our products. This includes acute and chronic changes in weather patterns, policy and regulatory change, technological development and market and economic responses. Fossil fuel-related emissions are a significant source of greenhouse gases contributing to climate change. We produce fossil fuels such as coal, oil and gas for sale to customers. We use fossil fuels in our mining and processing operations either directly or through the purchase of fossil fuel based electricity.

A number of national governments have already introduced, or are contemplating the introduction of, regulatory responses to greenhouse gas emissions, including from the extraction and combustion of fossil fuels to address the impacts of climate change. This includes countries where we have assets such as Australia, the United States and Chile, as well as customer markets such as China, India and Europe. In addition, the international community completed a global climate agreement at the 21st Conference of the Parties (COP21) in Paris in December 2015. The absence of regulatory certainty, global policy inconsistencies and the challenges presented by managing our portfolio across a variety of regulatory frameworks have the potential to adversely affect our assets and supply chain. From a medium- to long-term perspective, we are likely to see some adverse changes in the cost position of our greenhouse gas-intensive assets as a result of regulatory impacts in the countries where we do business. These proposed regulatory mechanisms may adversely affect our assets directly, or indirectly through our suppliers and customers. Assessments of the potential impact of future climate change regulation are uncertain given the wide scope of potential regulatory change in the many countries in which we do business. Examples of this include China, which launched the world's largest emissions trading system in 2017, and Australia, where the
Federal Government repealed a carbon tax in 2014 and introduced new legislation to take its place.

There is a potential gap between the current valuation of fossil fuel reserves on the balance sheets of companies and in global equities markets and the reduced value that could result if a significant proportion of reserves were rendered incapable of extraction in an economically viable fashion due to technology, regulatory or market responses to climate change. The Group’s asset carrying values may be affected by any resulting adverse impacts to reserve estimates and our inability to make productive use of such reserves may also negatively impact our financial condition and results.

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

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

**Community**

Our assets and activities may directly impact communities and also risk the potential for adverse impacts on human rights or breaches of other international laws or conventions.

Local communities may become dissatisfied with our operations or oppose our new development projects, including through legal action, leading to potential schedule delay, increased costs and reduced production. Community-related risks may include community protests or civil unrest, adverse human rights impacts, community health and safety complaints and grievances, shareholder activism and civil society activism. In extreme cases the risks may affect viability, adversely impacting our reputation and licence to operate.

**Hydraulic fracturing**

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

In the United States, the hydraulic fracturing process is typically regulated by relevant US state regulatory bodies. Arkansas, Louisiana and Texas (the states in which we currently operate) have adopted various laws and regulations, or issued regulatory guidance, concerning hydraulic fracturing. Some states are considering changes to regulations in relation to permitting, public disclosure, and/or well construction requirements on hydraulic fracturing and related operations, including the possibility of outright bans on the process. For more information, refer to section 7.10.

On 27 July 2018, BHP announced that we had entered into agreements for the sale of our entire interest in the Eagle Ford, Haynesville, Permian and Fayetteville Onshore US oil and gas assets. Both sales are subject to the satisfaction of
customary regulatory approvals and conditions precedent. We expect completion of both transactions to occur by the end of October 2018.

While we have not experienced a material delay or substantially higher operating costs in our Onshore US assets as a result of current regulatory requirements, we cannot predict whether additional federal, state or local laws or regulations will be enacted prior to the completion of the two sale transactions and, if so, what such actions would require or prohibit. Additional legislation or regulation could subject those assets to delays and increased costs, or prohibit certain activities prior to completion of the transactions. Separately, additional legislation or regulation could impose liabilities on previous owners or operators of properties where hydraulic fracturing has taken place, which may be applicable to BHP notwithstanding the subsequent sale of those assets.

Governance and compliance

Our processes are mandated and governed by the global Our Requirements standards and supporting strategies and frameworks. A failure to maintain effective global frameworks and associated controls may lead to a major health, safety or environmental incident.

1.3 Management of principal risks

The scope of our operations and the number of industries in which we operate and engage mean that a range of factors may impact our results. Principal risks that could negatively affect our results and performance are described in section 1.6.4. Our approach to managing these risks is outlined below.

<table>
<thead>
<tr>
<th>Principal risk area</th>
<th>Risk management approach</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External risks</strong></td>
<td>The diversification of our portfolio of commodities, markets, geographies and currencies is a key strategy for reducing the effects of volatility. Section 1.6.1 describes external factors and trends affecting our results and note 20 ‘Financial risk management’ in section 5 outlines BHP’s financial risk management strategy, including market, commodity and currency risk. The Financial Risk Management Committee oversees these risks as described in sections 2.14 and 2.15. We also engage with governments and other key stakeholders to make sure the potential adverse impacts of proposed fiscal, tax, resource investment, infrastructure access, regulatory changes and evolving international standards are understood and, where possible, mitigated. <em>Our Code of Conduct</em> sets out requirements related to working with integrity, including dealings with government officials and third parties as described in section 2.16. Processes and controls are in place for the internal control over financial reporting, including under Sarbanes-Oxley. We have established anti-corruption, competition and</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Business risks</td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td></td>
</tr>
<tr>
<td>Risks include the inherent uncertainty of identifying and proving reserves, adding and divesting assets and managing our capital development projects</td>
<td></td>
</tr>
<tr>
<td>Our Geoscience and Resource Engineering Centres of Excellence manage assurance and technical leadership for Mineral Resource development and Ore Reserves reporting as described in section 6.3.2. Our governance over reporting of Petroleum reserves is described in section 6.3.1. We have established investment approval processes that apply to all investment decisions, including mergers and acquisitions activity. An Investment Committee oversees these as described in sections 2.14 and 2.15. We have an ongoing strategy practice that assesses the competitive advantage of our business, enables identification of risks and opportunities for our portfolio that allows us to challenge bias when evaluating future growth options and attractive growth options under a range of divergent future states. Our Capital Allocation Framework provides the structure and governance for adding growth options to our portfolio. Our global Projects function (through its regional Project development and delivery teams and the Projects Centre of Excellence) aims to make sure projects are safe, predictable and competitive.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued volatility in global financial markets may adversely impact future cash flows, our ability to adequately access and source capital from financial markets and our credit rating. Volatility may impact planned expenditures, as well as the ability to recover investments in mining, oil and gas projects. In addition, the commercial counterparties (customers, suppliers, contractors and financial institutions) we transact with may, due to adverse market</td>
</tr>
<tr>
<td>We seek to maintain a strong balance sheet, supported by our portfolio risk management strategy. As part of this strategy, the diversification of our portfolio reduces overall cash flow volatility. Commodity prices and exchange rates are not generally hedged, and wherever possible, we take the prevailing market price. We use Cash Flow at Risk analysis to monitor volatilities and key financial ratios. Credit limits and review controls are established for all customers and financial counterparties. The Financial Risk Management Committee oversees these, as described in sections 2.14 and 2.15. Note 20 ‘Financial risk management’ in section 5 outlines our financial risk management strategy.</td>
</tr>
</tbody>
</table>
conditions, fail to meet their contractual obligations

| Operational risks | By applying our risk management processes, we seek to identify catastrophic operational risks and implement the critical controls and performance requirements to maintain control effectiveness. Business continuity plans and crisis and emergency management plans are established to mitigate consequences. Consistent with our portfolio risk management approach, we continue to be largely self-insured for losses arising from property damage, business interruption and construction.

Unexpected natural and operational catastrophes may adversely affect our assets. Information technology and operational technology services are subject to cybersecurity risks and threats that may materially affect our business and reputation. Our potential liabilities from litigation and other actions resulting from the Samarco dam failure are subject to significant uncertainty and cannot be reliably estimated at this time. Operating cost pressures and reduced productivity could negatively affect operating margins and expansion plans. Non-operated joint ventures may not comply with our standards.

By applying our risk management processes, we seek to identify catastrophic operational risks and implement the critical controls and performance requirements to maintain control effectiveness. Business continuity plans and crisis and emergency management plans are established to mitigate consequences. Consistent with our portfolio risk management approach, we continue to be largely self-insured for losses arising from property damage, business interruption and construction.

Given we rely heavily on information technology and operational technology to operate assets, we employ a number of measures to protect, detect and respond to cyber events. A cyber risk management strategy has been developed to address how we maintain the security of our technology assets that support our operations across the globe. This strategy includes activities to be undertaken, including employee cybersecurity awareness and training programs, monitoring of our enterprise and operational technology networks, vulnerability identification and remediation activities, secure-by-design architecture and processes for the management of third party technology risks. We have a dedicated in-house cybersecurity function that supports business groups, continuously improves our cyber defence capability and responds to cyber incidents where required. When incidents occur, they are investigated through root-cause analysis and, as required, follow-up actions are undertaken.

The Board receives periodic updates on cyber risk management activities, including relevant information on any significant cyber incidents that have occurred. In the event of a significant cyber incident, an incident notification plan is in place to facilitate timely communication of the incident to stakeholders, including the Board, Corporate Affairs, Government Relations and/or Investor Relations.

The Board continues to oversee the Group’s response to the tragedy at Samarco, with the work of the Samarco Sub-Committee having transitioned to the Risk and Audit Committee, the Sustainability Committee and the Board, as appropriate. The Board and its Committees
continue to examine and oversee the progress of actions in relation to the management of tailings dams (refer to section 1.8 and the BHP Sustainability Report 2018 for more information) and non-operated joint venture arrangements, the contribution to the Fundação Renova, the availability of funding to Samarco and continued negotiations in respect of the framework for the settlement of the public civil claims.

We aim to maintain adequate operating margins through our strategic objective to position BHP to match our values, capabilities and competitive resources to the evolving needs of markets, to create sustainable long-term value for shareholders and other stakeholders.

Our concentrated effort to reduce operating costs and drive productivity improvements has realised tangible results, with a reduction in controllable costs.

The capability to sustain productivity improvements is being further enhanced through continued refinements to our Operating Model. The Operating Model is designed to deliver a simple and scalable BHP, providing a competitive advantage through defining work, organisational and performance measurements. Defined global business processes, including 1SAP, provide a standardised way of working across BHP. Common processes generate useful data and improve operating discipline. Global sourcing arrangements have been established to ensure continuity of supply and competitive costs for key supply inputs. We seek to influence the application of our standards to non-operated joint ventures.

From an industrial relations perspective, detailed planning is undertaken to support the renegotiation of employment agreements and is supported by training and access to expertise in negotiation and agreement making.

<table>
<thead>
<tr>
<th>Sustainability risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSEC incidents or accidents may adversely affect people or neighbouring communities, assets, reputation and our licence to operate. The potential physical impacts and related responses to climate change may impact the value of BHP, our assets and markets.</td>
</tr>
</tbody>
</table>

Our approach to sustainability risks is reflected in Our Charter and described in section 1.9. The Our Requirements standards set out Group-wide HSEC-related performance requirements designed to support effective management control of these risks. The global HSE planning process and the validation of the Our Requirements standards identify gaps in these standards, and inform global improvements to the HSE framework.

Our approach to corporate planning, investment decision-making and portfolio management provides a focus on the identification, assessment
and management of climate change risks. We have been applying an internal price on carbon in our investment decisions for more than a decade. Through a comprehensive and strategic approach to corporate planning, we use a divergent set of scenarios to assess our portfolio, including consideration of a broad range of potential policy responses to and impacts from climate change. We also track signals across the external environment to provide timely insights into the potential impacts on our portfolio.

For more information on the management of climate change, refer to section 1.9.8.

Our approach to engagement with community stakeholders is outlined in the Our Requirements for Communications, Community and External Engagement standard. We undertake stakeholder identification and analysis, social impact and opportunity assessments, community perception surveys and human rights impact assessments to identify, mitigate or manage key potential social and human rights risks, as described in section 1.9.

The Our Requirements for Risk Management standard provides the framework for risk management relating to climate change and material health, safety, environmental and community risks. We conduct internal audits to test compliance with the Our Requirements standards and develop action plans to address any gaps. Key findings are reported to senior management and reports are considered by relevant Board committees.

2. Related party transactions

There have been no related party transactions that have taken place during the year ended 30 June 2018 that have materially affected the financial position or the performance of the BHP Group during that period. Details of the related party transactions that have taken place during the year ended 30 June 2018 are set out in notes 21 ‘Key management personnel’ and 30 ‘Related party transactions’ to the Financial Statements set out below.

21 Key management personnel

Key management personnel compensation comprises:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term employee benefits</td>
<td>13,190,838</td>
<td>16,439,948</td>
<td>14,979,983</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>1,506,108</td>
<td>1,895,828</td>
<td>2,356,594</td>
</tr>
</tbody>
</table>
Following the dissolution of the Operations Management Committee (OMC) in FY2018, the Remuneration Committee re-examined the classification of Key Management Personnel (KMP) for FY2018 and determined that the roles which have the authority and responsibility for planning, directing and controlling the activities of BHP are Non-executive Directors, the CEO, the Chief Financial Officer, the President Operations, Minerals Australia, the President Operations, Minerals Americas, and the President Operations, Petroleum. The Remuneration Committee also determined that, effective 1 July 2017 the Chief External Affairs Officer and Chief People Officer roles are no longer considered KMP.

**Transactions and outstanding loans/amounts with key management personnel**

There were no purchases by key management personnel from the Group during the financial year (2017: US$ nil; 2016: US$ nil).

There were no amounts payable by key management personnel at 30 June 2018 (2017: US$ nil; 2016: US$ nil).

There were no loans receivable from or payable to key management personnel at 30 June 2018 (2017: US$ nil; 2016: 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 2018 (2017: US$ nil; 2016: US$ nil).

For more information on remuneration and transactions with key management personnel, refer to section 3.

30 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 21 'Key management personnel'. Transactions between each parent company and its subsidiaries are eliminated on consolidation and are not disclosed in this note.

- All transactions to/ from 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 by 16 August 2022.
- 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 2018 (2017: US$ nil), other than those with post-employment benefit plans for the benefit of Group employees. These are shown in note 24 'Pension and other post-retirement obligations'.

Transactions with related parties
Further disclosures related to other related party transactions are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Joint operations</th>
<th>Joint ventures</th>
<th>Associates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of goods/services</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Purchases of goods/services</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest income</td>
<td>1.764</td>
<td>1.850</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense</td>
<td>-</td>
<td>0.010</td>
<td>-</td>
</tr>
<tr>
<td>Dividends received</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net loans made to/(repayments from) related parties</td>
<td>60.566 (82.701)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Outstanding balances with related parties
Disclosures in respect of amounts owing to/from joint operations represent the amount that does not eliminate on consolidation.

<table>
<thead>
<tr>
<th></th>
<th>Joint operations</th>
<th>Joint ventures</th>
<th>Associates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade amounts owing to related parties</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loan amounts owing to related parties</td>
<td>55.667</td>
<td>118.288</td>
<td>-</td>
</tr>
<tr>
<td>Trade amounts owing from related parties</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loan amounts owing from related parties</td>
<td>18.089</td>
<td>20.144</td>
<td>-</td>
</tr>
</tbody>
</table>

3. Directors’ Responsibility Statement
The following statement which was prepared for the purposes of the Annual Report 2018 is repeated here for the purposes of complying with DTR 6.3.5. It relates to and is extracted from the Annual Report 2018 and is not connected to the extracted and summarised information presented in this announcement.

“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 2018 and of their performance for the year ended 30 June 2018;

(b) the Financial Statements also comply 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;

[Paragraphs related to Australian regulatory requirements have been omitted.]

Signed in accordance with a resolution of the Board of Directors.

Ken MacKenzie, Chairman

Andrew Mackenzie, Chief Executive Officer.

Dated this 6th day of September 2018.”

BHP Billiton Plc Registration number 3196209
LEI 549300C116EOWV835768
Registered in England and Wales
Registered Office: Nova South, 160 Victoria Street, London SW1E 5LB United Kingdom

A member of the BHP Group which is headquartered in Australia