

Registered number: 03298904

BHP BILLITON GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020



BHP BILLITON GROUP LIMITED

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BHP BILLITON GROUP LIMITED

COMPANY INFORMATION

DIRECTORS

G P Stapledon
S F Cox
T I Tchordadjieva (Resigned 4th October 2019)

REGISTERED NUMBER

03298904

REGISTERED OFFICE

Nova South
160 Victoria Street
London
England
SW1E 5LB
United Kingdom

BHP BILLITON GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the Company is the holding of investments, which includes responsibility for the subsidiary companies of BHP Group Plc. The Company carries out these activities through an intra-group service contract with a number of BHP Group companies.

PRINCIPAL RISKS AND UNCERTAINTIES

The following are the material risks and uncertainties that could affect the Company:

- The principal risk for the Company relates to value of its investments from changes in operations and also foreign exchange risk.
- The Company's immediate and ultimate holding company is BHP Group Plc and the principal risks and uncertainties of the BHP Group are given in the BHP Group 2020 Annual Report and Accounts.

SECTION 172 STATEMENT

The UK Companies Act 2006 (CA2006) sets out a number of general duties, which Directors owe to the Company. This statement describes how the Directors have discharged their duty to promote the success of the Company, while having regard to the matters set out in Section 172(1)(a) to (f) of the CA2006 (S172).

As an intermediate holding company in the BHP Group, the Company has no employees, third party suppliers or customers and so the Directors consider the Company's main stakeholders to be internal stakeholders within the BHP Group. The Company's activities include passing through the dividends from subsidiaries to the Company's parent company, writing down investments in subsidiaries and disposing investment in subsidiaries either to the Group or externally. Dividends are declared depending on the profits available for distribution in accordance to the legislation contained in Part 23 of CA2006 and also considering the solvency of the Company. When considering these activities, the Directors give due regard to relevant stakeholder interests, in particular the Company's internal stakeholders, benefiting from the BHP Group's stakeholder engagement activities. In addition, the board considers the likely consequences of decisions in the long term and the importance of maintaining a reputation for high standards of business conduct.

The Company is a member of the BHP Group, and as a result the Directors have due regard to certain policies, frameworks and internal controls of the BHP Group in relation to governance and other matters. This includes acting in accordance with BHP's Charter Values and BHP's Code of Conduct, which are designed to ensure that the Company and other members of the BHP Group maintain high standards of business conduct and have due regard to stakeholder interests. The board and senior management of the BHP Group also consider the matters set out in S172 as part of their functions, and further details on this is set out on page 10 to 12 of the BHP Group's annual report, which does not form part of this report.

BHP BILLITON GROUP LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2020 (Continued)**

SUBSEQUENT EVENTS

BHP Aluminum Limited was subsequently written down and dissolved on 27 October 2020.

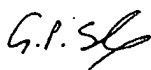
On 31 December 2020, the Company incurred intercompany investment impairment amounting to US\$ 376,111,000 in BHP Billiton UK Investments Limited, US\$ 376,111,000 in BHP Billiton UK Holdings Limited and US\$ 1,392,517,000 in BHP Billiton (UK) Limited subsequent to year end as non-adjusting subsequent events.

These subsequent events are similarly disclosed in Note 20.

KEY PERFORMANCE INDICATORS

Due to the nature of the Company, in our opinion there are no key performance indicators whose disclosure is necessary for an understanding of the performance or position of the business.

This report was approved by the board on 25 June 2021 and signed on its behalf.



.....
G P Stapledon
Director

BHP BILLITON GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The Directors present their report and the financial statements for the year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the holding of investments, which includes responsibility for the subsidiary companies of BHP Group Plc. The Company carries out these activities through an intra-group service contract with a number of BHP Group companies.

RESULTS AND DIVIDENDS

The profit for the financial year, after taxation, amounted to US\$2,565,332,000 (2019: US\$901,432,000). The Company declared and paid dividends to the holders of ordinary shares of US\$1,000,000,000 (2019: US\$1,245,500,000).

DIRECTORS

The Directors who served during the year and up to the date of this report, unless otherwise stated, were:

G P Stapledon

S F Cox

T I Tchobadjieva (Resigned 4th October 2019)

These Directors are entitled to indemnities under the Directors and Officers Liability Insurance of BHP Group Plc that was in place during the year and at the date of this report.

None of the Directors, or their immediate family, had any beneficial interest in the shares of the Company during the year.

FUTURE DEVELOPMENTS

The nature of the Company's business will remain the same for the foreseeable future.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the year.

HOLDING COMPANY

The Company's immediate and ultimate holding company is BHP Group Plc, a company incorporated in the United Kingdom.

BHP BILLITON GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020 (Continued)

GOING CONCERN

These financial statements have been prepared on the going concern basis which the Directors believe to be appropriate despite the Company's net current liabilities position. The Directors of the Company have concluded that the Company remains a going concern as the ultimate holding company, BHP Group Plc (the Group), has confirmed that it will provide the Company with additional financial support to enable it to realise its assets and settle its liabilities in the ordinary course of business for 12 months from the date of approval of these Financial Statements being the going concern period.

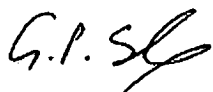
The directors have assessed the ability of the Group to provide financial support to the Company. In doing so, they noted that as of 31 December 2020, the Group had access to \$9.3 billion of cash and cash equivalent and to an available revolving credit facility of \$5.5 billion that expires in October 2025. In addition, the Group only had \$3.6 billion of short-term debt at 31 December 2020.

On this basis, the directors are satisfied that the Group is able to provide financial support to the Company, and the financial statements should be prepared on a going concern basis.

AUDITOR

KPMG LLP resigned and Ernst & Young LLP was appointed company auditor.

This report was approved by the board on 25 June 2021 and signed on its behalf.



.....
G P Stapledon
Director

Date: 25 June 2021

BHP BILLITON GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 '*Reduced Disclosure Framework*'.

Under company law the Directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also 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 Company and to prevent and detect fraud and other irregularities.

BHP BILLITON GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BHP BILLITON GROUP LIMITED

Opinion

We have audited the financial statements of BHP Billiton Group Limited for the year ended 30 June 2020 which comprise Statement of Profit and Loss and Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and the related notes 1 to 20 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The other information comprises the information included in the annual report set out on pages 1 to 5, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

BHP BILLITON GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BHP BILLITON GROUP LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic and the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Jacqueline Ann Geary (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, UK
Date 26 June 2021

BHP BILLITON GROUP LIMITED**STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

| | Note | 2020 \$000 | 2019 \$000 |
|--|----------|--------------------------------|------------------------------|
| Other operating expenses | | (1,634,689) | (45,890) |
| Income from shares in Group companies | | 4,440,257 | 1,280,282 |
| Operating profit | 3 | <u>2,805,568</u> | <u>1,234,392</u> |
| Interest receivable and other income | 6 | 38,521 | 45,717 |
| Interest payable and other charges | 7 | <u>(308,869)</u> | <u>(430,149)</u> |
| Profit before taxation | | <u>2,535,220</u> | <u>849,960</u> |
| Taxation | 8 | 30,112 | 51,472 |
| Profit for the financial year | | <u><u>2,565,332</u></u> | <u><u>901,432</u></u> |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | <u><u>2,565,332</u></u> | <u><u>901,432</u></u> |

All activity arose from continuing operations.

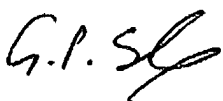
The notes on pages 12 to 24 form part of these financial statements.

BHP BILLITON GROUP LIMITED**BALANCE SHEET
AS AT 30 JUNE 2020**

Registered number: 03298904

| | Note | 2020 \$000 | 2019 \$000 |
|---|------|--------------------|---------------------|
| Fixed assets | | | |
| Investments | 10 | 16,540,256 | 18,311,230 |
| | | <u>16,540,256</u> | <u>18,311,230</u> |
| Current assets | | | |
| Debtors: Amounts falling due within one year | 11 | 557,875 | 719,867 |
| Current liabilities | | | |
| Creditors: Amounts falling due within one year | 12 | (10,090,062) | (13,752,123) |
| Net Current liabilities | | <u>(9,532,187)</u> | <u>(13,032,256)</u> |
| Total Assets less Current Liabilities | | <u>7,008,069</u> | <u>5,278,974</u> |
| Non-current liabilities | | | |
| Creditors: Amounts falling due after more than one year | 13 | (4,252,441) | (4,088,678) |
| Net Assets | | <u>2,755,628</u> | <u>1,190,296</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 107,002 | 107,002 |
| Share premium account | | 75 | 75 |
| Profit and loss account | | 2,648,551 | 1,083,219 |
| | | <u>2,755,628</u> | <u>1,190,296</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 June 2021.



.....
G P Stapledon
Director

Date: 25 June 2021

The notes on pages 12 to 24 form part of these financial statements.

BHP BILLITON GROUP LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

| | Share Capital \$000 | Share Premium \$000 | Retained Earnings \$000 | Total Equity \$000 |
|--|------------------------------------|------------------------------------|--|-----------------------------------|
| At 1 July 2019 | 107,002 | 75 | 1,083,219 | 1,190,296 |
| Comprehensive income for the year | | | | |
| Profit for the financial year | <u>-</u> | <u>-</u> | <u>2,565,332</u> | <u>2,565,332</u> |
| Other comprehensive income for the year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | - | - | 2,565,332 | 2,565,332 |
| Distributions to owners | | | | |
| Equity dividends paid | <u>-</u> | <u>-</u> | <u>(1,000,000)</u> | <u>(1,000,000)</u> |
| Total distributions to owners | - | - | (1,000,000) | (1,000,000) |
| At 30 June 2020 | <u><u>107,002</u></u> | <u><u>75</u></u> | <u><u>2,648,551</u></u> | <u><u>2,755,628</u></u> |

The notes on pages 12 to 24 form part of these financial statements.

BHP BILLITON GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

| | Share Capital \$000 | Share Premium \$000 | Retained Earnings \$000 | Total Equity \$000 |
|--|------------------------------------|------------------------------------|--|-----------------------------------|
| At 1 July 2018 | 107,002 | 75 | 1,427,287 | 1,534,364 |
| Comprehensive income for the year | | | | |
| Profit for the financial year | - | - | 901,432 | 901,432 |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | 901,432 | 901,432 |
| Distributions to owners | | | | |
| Equity dividends paid | - | - | (1,245,500) | (1,245,500) |
| Total distributions to owners | - | - | (1,245,500) | (1,245,500) |
| At 30 June 2019 | 107,002 | 75 | 1,083,219 | 1,190,296 |

The notes on pages 12 to 24 form part of these financial statements.

BHP BILLITON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

BHP Billiton Group Limited (the "Company") is a private company limited by shares incorporated, domiciled and registered in England in the UK. The registered number is 03298904 and the registered address is Nova South, 160 Victoria Street, London, England, SW1E 5LB, United Kingdom. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The Company's financial statements are presented in US Dollars and all values are rounded to the nearest thousand (\$000) except when otherwise indicated.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- IFRS 7 Financial Instruments: Disclosures.

The Company's ultimate parent undertaking, BHP Group Plc includes the Company in its consolidated financial statements. The consolidation financial statements of BHP Group Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from BHP website <https://www.bhp.com/investor-centre> and from Nova South, 160 Victoria Street, London, England, SW1E 5LB, United Kingdom.

BHP BILLITON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. ACCOUNTING POLICIES (continued)

1.3 GOING CONCERN BASIS

These financial statements have been prepared on the going concern basis which the Directors believe to be appropriate despite the Company's net current liabilities position. The Directors of the Company have concluded that the Company remains a going concern as the ultimate holding company, BHP Group Plc (the Group), has confirmed that it will provide the Company with additional financial support to enable it to realise its assets and settle its liabilities in the ordinary course of business for 12 months from the date of approval of these Financial Statements being the going concern period.

The directors have assessed the ability of the Group to provide financial support to the Company. In doing so, they noted that as of 31 December 2020, the Group had access to \$9.3 billion of cash and cash equivalent and to an available revolving credit facility of \$5.5 billion that expires in October 2025. In addition, the Group only had \$3.6 billion of short-term debt at 31 December 2020.

On this basis, the directors are satisfied that the Group is able to provide financial support to the Company, and the financial statements should be prepared on a going concern basis.

1.4 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

External and internal sources of information may indicate that an impairment loss recognised for an asset may no longer exist or may have decreased. The external indicators may include significant favourable changes in the asset's value and market conditions. The internal indicators may include significant favourable changes in the asset's use and performance. If, as a result, the estimates used to determine an asset's or a CGU's recoverable amount have improved since the last impairment loss was recognised, the impairment loss that was previously recognised for the asset is reversed. That is, an impairment reversal cannot be recognised merely from the passage of time or improvement in the general market condition. When an impairment reversal is recognised, the adjusted carrying amount of the asset may not exceed the carrying amount of the asset that would have been determined had no impairment loss been previously recognised. The asset's remaining useful life, the depreciation (amortisation) method or the residual value needs to be reviewed and adjusted if there is an indication that impairment may no longer exist, even if no impairment loss is reversed.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. ACCOUNTING POLICIES (continued)

1.5 FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets - Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The Company determines the classification of its financial assets at initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial assets - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include debtors.

Financial liabilities - Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. ACCOUNTING POLICIES (continued)

**1.5 FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT
(Continued)**

Financial liabilities - Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.6 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit and loss within 'Interest receivable and other income' and 'Interest payable and other charges'. All other foreign exchange gains and losses are presented in the statement of profit and loss within 'other operating expenses'.

1.7 INTEREST PAYABLE AND OTHER CHARGES

Finance costs are charged to the statement of profit and loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

BHP BILLITON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. ACCOUNTING POLICIES (continued)

1.8 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.9 INTEREST RECEIVABLE AND OTHER INCOME

Interest income is recognised in the statement of profit and loss using the effective interest method.

1.10 TAXATION

Tax is recognised in the statement of profit and loss, except to the extent that it is attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity in which case it is recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

1.11 DIVIDENDS RECEIVED/RECEIVABLE

Dividend income is recognized in the statement of profit and loss on the date the entity's right to receive payment is established.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosure. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimated which may be material to the financial statements.

The recognition and measurement of impairment of investments in subsidiaries requires the use of significant judgements and estimates in which investments in subsidiaries are reviewed for impairments where events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If the asset is determined to be impaired, an impairment loss will be recorded and the asset written down based on the amount by which the asset carrying amount exceeds the higher of fair value less cost of disposal and value in use. An impairment loss is recognized immediately in the statement of profit and loss.

BHP BILLITON GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****3. OPERATING PROFIT**

The operating profit is stated after charging:

| | 2020 | 2019 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Income from shares in Group companies | 4,440,257 | 1,280,282 |
| Impairment on investments | (1,770,974) | - |
| Release of provision for doubtful debt | 178,716 | - |
| Management fees | (42,420) | (45,875) |
| Exchange differences | <u>(6)</u> | <u>(5)</u> |

Management fees consist of Intra Group Service Charges related to global functional costs charged by BHP entities.

4. AUDITOR'S REMUNERATION

| | 2020 | 2019 |
|------------------------|--------------|--------------|
| | \$000 | \$000 |
| Auditor's remuneration | <u>10</u> | <u>15</u> |

The auditor's remuneration in respect of the Company's audit was borne by a fellow Group undertaking. There was no other remuneration paid to the auditors in respect of non-audit services rendered to the Company (2019: US\$ Nil) during the year.

The remuneration for statutory audit services relate solely to amounts paid to Ernst and Young LLP and KPMG LLP in 2020 and 2019 respectively.

5. EMPLOYEES

The Company has no employees. The present directors are employed by, and receive remuneration for their services from, other Group companies. No directors' remuneration was allocated to the Company for 2020 (2019: US\$ Nil).

6. INTEREST RECEIVABLE AND OTHER INCOME

| | 2020 | 2019 |
|---|---------------|---------------|
| | \$000 | \$000 |
| Interest receivable from Group undertakings | <u>38,521</u> | <u>45,717</u> |

7. INTEREST PAYABLE AND OTHER CHARGES

| | 2020 | 2019 |
|--|----------------|----------------|
| | \$000 | \$000 |
| Interest payable to other Group undertakings | <u>308,869</u> | <u>430,149</u> |

BHP BILLITON GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****8. TAXATION**

| | 2020 | 2019 |
|--|------------------------|------------------------|
| | \$000 | \$000 |
| Current tax credit | | |
| Current tax credit for the year | (15,952) | (51,500) |
| Adjustment in respect of prior periods | <u>(14,160)</u> | <u>28</u> |
| Total tax credit | <u>(30,112)</u> | <u>(51,472)</u> |

FACTORS AFFECTING TAX CREDIT FOR THE YEAR

The reconciliation between the expected tax charge, computed by applying the standard rate of corporation tax to the profit for the year, and the actual tax credit is as follows:

| | 2020 | 2019 |
|--|------------------------|------------------------|
| | \$000 | \$000 |
| Profit before tax | <u>2,535,220</u> | <u>849,960</u> |
| Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%) | 481,692 | 161,492 |
| Effects of: | | |
| Non-taxable dividend income | (843,650) | (243,253) |
| Impairment on I/C investments | 336,485 | - |
| Release of provision for doubtful debts | (33,956) | - |
| Adjustment in respect of prior periods | (14,160) | 28 |
| Unrecognised tax losses | 43,477 | 30,261 |
| Total tax credit for the year | <u>(30,112)</u> | <u>(51,472)</u> |

United Kingdom taxation

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted after the balance sheet date (on 24 May 2021).

The Company is a member of a Group for purposes of relief under Part 5 Corporation Tax Act 2010. The Company has provided Group relief to other Group companies at the tax cost of the relief provided (2019: Group relief was provided at the tax cost of the relief provided).

BHP BILLITON GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****9. UNRECOGNISED DEFERRED TAXATION**

The Company has unused income and capital losses of US\$ 494,123,966 and US\$ 15,705,438 respectively (US\$ 337,056,333 and US\$ 19,694,627 as at 30 June 2019). Deferred tax assets have not been recognised in respect of these unused losses as it is not probable that there will be future taxable profits against which these unused tax losses can be utilised.

10. INVESTMENTS

| | Investments \$000 |
|--|------------------------------|
| At 1 July 2019 | 18,311,230 |
| Impairment losses recognized in profit or loss | <u>(1,770,974)</u> |
| At 30 June 2020 | <u>16,540,256</u> |
| Net book value | |
| At 30 June 2020 | <u>16,540,256</u> |
| At 30 June 2019 | <u>18,311,230</u> |

SUBSIDIARY UNDERTAKINGS

The following were investments in direct undertakings of the Company:

| Name | Country of incorporation | Class of shares | Holding | Principal activity | 2020 \$000 | 2019 \$000 |
|---|-------------------------------------|----------------------------|----------------|-------------------------------|-----------------------|-----------------------|
| BHP Billiton UK Holdings Limited | British Virgin Islands | Ordinary | 100% | Holding company | 7,219,950 | 7,353,398 |
| BHP Billiton UK Investments Limited | British Virgin Islands | Ordinary | 100% | Holding company | 7,219,950 | 7,353,398 |
| BHP Billiton (UK) Limited | England and Wales | Ordinary | 100% | Holding company | 1,079,659 | 2,583,737 |
| BHP Billiton Finance Plc | England and Wales | Ordinary | 1% | Treasury company | 1 | 1 |
| BHP Billiton Holdings Limited | England and Wales | Ordinary | 0.2% | Holding company | 13,744 | 13,744 |
| Stein Insurance Company Limited | Guernsey | Ordinary | 100% | Insurance company | 1,004,452 | 1,004,452 |
| BHP Billiton Technology (Shanghai) Co. Ltd. | China | Ordinary | 100% | Technology company | 2,500 | 2,500 |
| | | | | | <u>16,540,256</u> | <u>18,311,230</u> |

BHP BILLITON GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****10. INVESTMENTS (Continued)**

In the opinion of the Directors the investments in and amounts due from the Company's investments are worth at least the amounts at which they are stated in the balance sheet.

A review of the net asset value of the investments held by the Company has been performed. The Company has reported intercompany investment impairment amounting to US\$ 133,448,000 in BHP Billiton UK Investments Limited, US\$ 133,448,000 in BHP Billiton UK Holdings Limited and US\$ 1,504,078,000 in BHP Billiton (UK) Limited for the year.

11. DEBTORS: Amounts falling due within one year

| | 2020 \$000 | 2019 \$000 |
|------------------------------------|----------------|----------------|
| Amounts owed by Group undertakings | 458,679 | 829,522 |
| Provision for doubtful debts | - | (178,716) |
| Group relief receivables | 99,196 | 69,061 |
| | <u>557,875</u> | <u>719,867</u> |

12. CREDITORS: Amounts falling due within one year

| | 2020 \$000 | 2019 \$000 |
|------------------------------------|-------------------|-------------------|
| Amounts owed to Group undertakings | <u>10,090,062</u> | <u>13,752,123</u> |

13. CREDITORS: Amounts falling due after more than one year

| | Maturity Date | 2020 \$000 | 2019 \$000 |
|---------------------------|------------------|------------------|------------------|
| BHP Billiton Finance B.V. | 2023 | 4,217,698 | 4,088,678 |
| BHP Group Limited | | 34,743 | - |
| | | <u>4,252,441</u> | <u>4,088,678</u> |

The loan for BHP Billiton Finance B.V. is unsecured, in US Dollars, with repayment at maturity. Interest is compounded at 3 month LIBOR rate + 0.38% (unless otherwise stated).

14. DIVIDENDS

| | 2020 \$000 | 2019 \$000 |
|--|------------------|------------------|
| Ordinary shares | | |
| Dividend paid of US\$ 4.67 per share (2019: US\$ 5.82) | <u>1,000,000</u> | <u>1,245,500</u> |

BHP BILLITON GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****15. SHARE CAPITAL**

| | 2020 \$000 | 2019 \$000 |
|---|----------------|----------------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 214,003,529 Ordinary shares of \$0.50 each | <u>107,002</u> | <u>107,002</u> |
| Shares classified as debt | | |
| Allotted, called up and fully paid | | |
| 1 5.5% Cumulative non-redeemable preference share of £1 | <u>-</u> | <u>-</u> |

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at Annual General Meetings of the Company.

16. COMMITMENTS

There were no capital commitments as at 30 June 2020 (2019: US\$ Nil).

17. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2020 (2019: US\$ Nil).

18. ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The ultimate holding company of BHP Billiton Group Limited is BHP Group Plc, a company that is listed on the London Stock Exchange and incorporated in the United Kingdom. BHP Group Plc includes the Company within its consolidated financial statements, which are prepared in accordance with International Reporting Financial Standards. The registered office of the Company and BHP Group Plc is Nova South, 160 Victoria Street, London SW1E 5LB. The consolidated financial statements of this Group are available to the public from BHP website <https://www.bhp.com/investor-centre> and may be obtained from Nova South, 160 Victoria Street, London SW1E 5LB.

19. RELATED UNDERTAKINGS

In accordance with Section 409 of the Companies Act 2006 a full list of related undertakings, the country of incorporation and the effective percentage of equity owned, as at 30 June 2020 is disclosed below. Unless otherwise stated, the share capital disclosed comprises ordinary or common shares which are held by subsidiaries of BHP Billiton Group Limited.

| <u>Company</u> | <u>Percentage (%)</u> |
|---|---------------------------|
| <u>Country of incorporation</u> | |
| Australia | |
| <u>Registered office address</u> | |
| Level 14, 480 Queen Street, Brisbane, QLD 4000, Australia | |
| <u>Company name</u> | |
| BHP Energy Coal Australia Pty Ltd | 100 |
| Coal Mines Australia Pty Ltd | 100 |
| Hunter Valley Energy Coal Pty Ltd | 100 |
| Mt Arthur Coal Pty Limited | 100 |
| Mt Arthur Underground Pty Ltd | 100 |

BHP BILLITON GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****19. RELATED UNDERTAKINGS (Continued)**

| <u>Company</u> | <u>Percentage</u> <u>(%)</u> |
|--|---------------------------------|
| <u>Country of incorporation</u> | |
| <u>Australia (Continued)</u> | |
| <u>Registered office address</u> | |
| Level 15, 171 Collins Street, Melbourne, VIC 3000, Australia | |
| <u>Company name</u> | |
| BHP Aluminium Australia Pty Ltd | 100 |
| BHP Billiton SSM Development Pty Ltd | 100 |
| BHP Pty Ltd | 100 |
| Billiton Australia Finance Pty Ltd | 100 |
| BHP Manganese Australia Pty Ltd | 100 |
| BHP Nickle Operations Pty Ltd | 100 |
| <u>Country of incorporation</u> | |
| <u>British Virgin Islands</u> | |
| <u>Registered office address</u> | |
| Trident Chambers, Wickhams Cay, Road Town, Tortola, British Virgin Islands | |
| <u>Company name</u> | |
| BHP Billiton UK Holdings Limited | 100 |
| BHP Billiton UK Investments Limited | 100 |
| <u>Country of incorporation</u> | |
| <u>Canada</u> | |
| <u>Registered office address</u> | |
| 333 Bay Street, Suite 2400, Bay Adelaide Centre, Box 20, Toronto ON M5H2T6, Canada | |
| <u>Company name</u> | |
| Rio Algom Exploration Inc. | 100 |
| Rio Algom Investments (Chile) Inc. | 100 |
| Rio Algom Limited ^{(c)(d)} | 72.33 |
| <u>Country of incorporation</u> | |
| <u>Cayman Islands</u> | |
| <u>Registered office address</u> | |
| 238 North Church Street, George Town, Grand Cayman, KY1-1102, Cayman Islands | |
| <u>Company name</u> | |
| RAL Cayman Inc. | 100 |
| Riocerro Inc. | 100 |
| Riochile Inc. | 100 |
| <u>Country of incorporation</u> | |
| <u>Chile</u> | |
| <u>Registered office address</u> | |
| Cerro El Plomo 6000, Piso 15, Las Condes, Santiago, Chile | |
| <u>Company name</u> | |
| Compañía Minera Cerro Colorado Limitada ^(a) | 100 |
| Minera Spence SA | 100 |
| BHP Explorations Chile SpA | 100 |
| <u>Country of incorporation</u> | |
| <u>China</u> | |
| <u>Registered office address</u> | |
| Suite 1209, Level 12, One Corporate Avenue, 222 Hubin Road, Shanghai, Huangpu, China | |
| <u>Company name</u> | |
| BHP Billiton Technology (Shanghai) Co. Ltd. | 100 |

BHP BILLITON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

19. RELATED UNDERTAKINGS (Continued)

| <u>Company</u> | <u>Percentage (%)</u> |
|---|---------------------------|
| <u>Country of incorporation</u> Ecuador | |
| <u>Registered office address</u> Av. Patria 640 intersección Av. Amazonas, Edificio Patria Piso 10, Pichincha, Quito, Ecuador | |
| <u>Company name</u> Cerro-Quebrado S.A. | 100 |
| <u>Registered office address</u> Av. Simon Bolivar SN, Intersección Vía A Nayon, Quito, Pichincha, Ecuador | |
| <u>Company name</u> Cerro-Yatsur S.A. | 51 |
| <u>Country of incorporation</u> Guernsey | |
| <u>Registered office address</u> Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY, Channel Islands | |
| <u>Company name</u> Stein Insurance Company Limited | 100 |
| <u>Country of incorporation</u> Ireland | |
| <u>Registered office address</u> 19-20 Seagrave House (1st Floor), Earlsfort Terrace, Dublin 2, Ireland | |
| <u>Company name</u> Billiton Investments Ireland Limited | 100 |
| <u>Country of incorporation</u> Jersey | |
| <u>Registered office address</u> 31 Esplanade, St Helier, Jersey, JE1 1FT, Jersey | |
| <u>Company name</u> BHP Billiton Services Jersey Limited | 100 |
| <u>Country of incorporation</u> Netherlands | |
| <u>Registered office address</u> Naritaweg 165, 1043 BW, Amsterdam, Netherlands | |
| <u>Company name</u> BHP Billiton Company B.V. | 100 |
| BHP Billiton International Metals B.V. | 100 |
| Billiton Development B.V. | 100 |
| <u>Registered office address</u> Nova South, 160 Victoria Street, London, England, SW1E 5LB, United Kingdom | |
| <u>Company name</u> BHP Billiton Finance B.V. | 100 |
| Billiton Guinea B.V. | 100 |
| Billiton Investment 3 B.V. | 100 |
| Billiton Investment 8 B.V. | 100 |
| Billiton Suriname Holdings B.V. | 100 |

BHP BILLITON GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****19. RELATED UNDERTAKINGS (Continued)**

| <u>Company</u> | <u>Percentage</u> <u>(%)</u> |
|---|---------------------------------|
| <u>Country of incorporation</u> | |
| <u>Philippines</u> | |
| <u>Registered office address</u> | |
| Pearlbank Centre, 20th Floor - 146 Valero Street, Salcedo Village, Makati City, 1227, Philippines | |
| <u>Company name</u> | |
| QNI Philippines Inc. | 100 |
| <u>Country of incorporation</u> | |
| <u>United Kingdom</u> | |
| <u>Registered office address</u> | |
| 36 East Stockwell Street, Colchester, CO1 1ST, England, United Kingdom | |
| <u>Company name</u> | |
| Billiton Executive Pension Scheme Trustee Limited | 100 |
| <u>Registered office address</u> | |
| Nova South, 160 Victoria Street, London, England, SW1E 5LB, United Kingdom | |
| <u>Company name</u> | |
| BHP Billiton (UK) Limited | 100 |
| BHP Aluminium Limited ^(b) | 100 |
| BHP Billiton Holdings Limited | 100 |
| BHP Billiton International Services Limited | 100 |
| BHP Billiton Sustainable Communities | 100 |
| BHP Finance Limited | 100 |
| BHP Group Holdings Limited | 100 |
| BHP Holdings Limited | 100 |
| BHP International Services Limited | 100 |
| BHP Marketing UK Limited | 100 |
| <u>Country of incorporation</u> | |
| <u>United States of America</u> | |
| <u>Registered office address</u> | |
| 1209 Orange Street, Wilmington, DE, 19801, United States of America | |
| <u>Company name</u> | |
| Rio Algom Mining LLC | 100 |

(a) Capital injection, no shares

(b) Liquidated on 27 October 2020.

(c) Ownership held in class A shares.

(d) Ownership held in class B shares.

20. SUBSEQUENT EVENTS

BHP Aluminum Limited was subsequently written down and dissolved on 27 October 2020.

On 31 December 2020, the Company incurred intercompany investment impairment amounting to US\$ 376,111,000 in BHP Billiton UK Investments Limited, US\$ 376,111,000 in BHP Billiton UK Holdings Limited and US\$ 1,392,517,000 in BHP Billiton (UK) Limited subsequent to year end as non-adjusting subsequent events.