

BHP BILLITON LTD
Form 6-K
April 20, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934
April 20, 2016

BHP BILLITON LIMITED
(ABN 49 004 028 077)
(Exact name of Registrant as specified in its charter)

BHP BILLITON PLC
(REG. NO. 3196209)
(Exact name of Registrant as specified in its charter)

VICTORIA, AUSTRALIA
(Jurisdiction of incorporation or organisation)

ENGLAND AND WALES
(Jurisdiction of incorporation or organisation)

171 COLLINS STREET, MELBOURNE,

NEATHOUSE PLACE, LONDON,

VICTORIA 3000 AUSTRALIA
(Address of principal executive offices)

UNITED KINGDOM
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F: Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934: Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): n/a

NEWS RELEASE

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BHP BILLITON OPERATIONAL REVIEW**FOR THE NINE MONTHS END D 31 MARCH 2016**

On track to deliver an average unit cost improvement of 14% across our major assets(1) as productivity gains continue to be realised.

Full year production guidance maintained for Petroleum, Copper and Coal.

Guidance at Western Australia Iron Ore (WAIO) reduced by 10 Mt to approximately 260 Mt (100% basis) as a result of adverse weather and the initiation of an accelerated rail network maintenance program.

In Petroleum, a US\$640 million exploration program is now planned for the 2 016 financial year to fund additional access and testing of our future growth opportunities.

Four major projects under development are tracking to plan. The Escondida Bioleach Pad Extension project was completed as planned during the March 2016 quarter.

Production	Mar 2016 YTD	vs Mar 2015 YTD	
Petroleum (MMboe)	184	(4%)	Strong Conventional performance offset by deferral of development activity in Onshore US for value.
Copper (Mt)	1.2	(8%)	Increased throughput at Escondida and strong operating performance across the business partially offset lower grades at Escondida.
Iron ore (Mt)	171	(1%)	Record WAIO volumes offset by the suspension of operations at Samarco.
Metallurgical coal (Mt)	31	(1%)	Record production at six Queensland Co al mines offset by the planned closure of Crinum.
Energy coal (Mt)	27	(10%)	Unfavourable weather conditions at NSW EC and Cerrejón and divestment of the San Juan Mine.

BHP Billiton Chief Executive Officer, Andrew Mackenzie, said: The productivity of our Company continues to improve notwithstanding the disruption largely caused by adverse weather this quarter. Over the last 12 months, we have taken a number of steps to strengthen BHP Billiton, including asset sales and the deferral of investment for long-term value. While these measures will reduce our output this year, they have increased our focus on our highest-quality operations and will support stronger margins and returns.

We have the potential to significantly grow the value of our Company. Our simpler organisational structure will promote greater efficiency, rapid sharing of best practice and adoption of new technology to deliver the next level of safe productivity. Debottlenecking our assets at very low cost will generate high returns and substantial value. We have a pipeline of projects in copper and oil that allow us to bring high-margin volumes to market when the time is right. And as others cut back on exploration, our investment will go further and help create new options for the future.

Summary***Operational performance***

Production for the nine months and quarter ended March 2016 and guidance for the 2016 financial year are summarised in the table below.

	Mar 2016	Mar 2016	Mar YTD16 vs Mar YTD15	Mar Q16 vs Mar Q15	Mar Q16 vs Dec Q15	Previous FY16	Current FY16
Production	YTD	Qtr				guidance	guidance
Petroleum (MMboe)	184.1	59.4	(4%)	(3%)	(1%)	237	237
Onshore US (MMboe)	85.8	27.4	(9%)	(16%)	(4%)	109	109
Conventional (MMboe)	98.4	32.0	0%	10%	1%	128	128
Copper (Mt)	1.2	0.4	(8%)	(12%)	5%	1.5	1.5
Escondida (kt)	711	260	(20%)	(23%)	18%	940	940
Other copper ⁽ⁱ⁾ (kt)	455	145	19%	19%	(11%)		
Iron ore (Mt)	171	53	(1%)	(10%)	(7%)	237	229
WAIO (100% basis) (Mt)	193	61	2%	(5%)	(4%)	270	260
Metallurgical coal (Mt)	31	10	(1%)	4%	(4%)	40	40
Energy coal (Mt)	27	8	(10%)	(24%)	(17%)	37	37

(i) Other copper comprises Pampa Norte, Olympic Dam and Antamina.

Major development projects

At the end of the March 2016 quarter, BHP Billiton had four major projects under development in Petroleum, Copper and Potash, with a combined budget of US\$6.9 billion over the life of the projects.

Corporate update

On 2 March 2016, Samarco Mineração S.A and its two shareholders, Vale S.A and BHP Billiton Brasil LTDA, entered into an agreement with the Federal Attorney General of Brazil, the States of Espírito Santo and Minas Gerais and certain other public authorities for the restoration of the environment and communities affected by the Samarco dam failure on 5 November 2015. The Agreement provides a long-term remedial and compensation framework for responding to the impact of the Samarco tragedy.

Petroleum**Production**

	Mar 2016 YTD	Mar 2016 Qtr	Mar YTD16 vs Mar YTD15	Mar Q16 vs Mar Q15	Mar Q16 vs Dec Q15
Crude oil, condensate and natural gas liquids (MMboe)	89.7	29.2	(4%)	(7%)	(2%)
Natural gas (bcf)	567.0	181.4	(5%)	0%	(1%)
Total petroleum production (MMboe)	184.1	59.4	(4%)	(3%)	(1%)

Total petroleum production Total petroleum production for the nine months ended March 2016 decreased by four per cent to 184.1 MMboe. Guidance for the 2016 financial year remains unchanged at 237 MMboe as the strong performance by our Conventional business offset the reduction in Onshore US activity and the divestment of our gas business in Pakistan.

Crude oil, condensate and natural gas liquids Crude oil, condensate and natural gas liquids production for the nine months ended March 2016 decreased by four per cent to 89.7 MMboe.

Onshore US liquids volumes declined by four per cent to 38.7 MMboe as unchanged total liquids production from the Black Hawk and Permian was offset by the suspension of drilling activity in the Hawkville. Liquids production at Onshore US for the 2016 financial year is expected to decline 12 per cent as a result of reduced development activity in the Black Hawk and Hawkville.

In our Conventional business, a four per cent reduction in liquids production reflects natural field decline across the portfolio and industrial action at Bass Strait, which more than offset volumes from new production wells at Atlantis, Mad Dog and Pyrenees.

Natural gas Natural gas production for the nine months ended March 2016 declined by five per cent to 567 bcf.

The decline primarily reflects lower Onshore US gas volumes as a result of the decision to defer development activity for longer-term value and the successful divestment of our gas business in Pakistan. This was partially offset by higher seasonal demand at Bass Strait and Macedon.

Projects

Project and ownership	Capital expenditure (US\$m)	Initial production target date	Capacity	Progress
Bass Strait Longford Gas Conditioning Plant	520	CY16	Designed to process approximately 400 MMcf/d of high-CO ₂ gas.	On schedule and budget. The overall project is 89%

(Australia)				complete.
50% (non-operator)				
North West Shelf	314	CY19	To maintain LNG plant throughput from the North West Shelf operations.	On schedule and budget. The overall project is 10% complete.
Greater Western Flank-B				

(Australia)

16.67% (non-operator)

Petroleum capital expenditure of approximately US\$2.7 billion is planned for the 2016 financial year. This includes Conventional capital expenditure of US\$1.4 billion, which remains focused on high-return infill drilling opportunities in the Gulf of Mexico and life extension projects at Bass Strait and North West Shelf, and Onshore US capital expenditure of US\$1.3 billion, of which approximately US\$300 million relates to a reduction in capital creditors.

Onshore US development activity

Onshore US drilling and development expenditure for the nine months ended March 2016 was approximately US\$1.1 billion, a 63 per cent decline relative to the nine months ended March 2015. Our operated rig count declined from seven to five in the March 2016 quarter as planned. In addition, completions activity in the Black Hawk has been temporarily halted as we continue to defer development activity to preserve value. The resulting inventory of drilled but uncompleted wells will effectively position us to quickly respond to improved market conditions.

We have continued confidence in the quality of our Onshore US acreage, and our track record in operating performance and capital productivity is among the best in the industry. While we are focused on value and cash flow preservation as we manage through this period of lower prices, we retain the option to develop our resources as prices recover to maximise the value of these quality assets.

March 2016 YTD (March 2015 YTD)		Liquids focused areas		Gas focused areas		Total
		Eagle Ford	Permian	Haynesville	Fayetteville	
Capital expenditure ⁽ⁱ⁾	US\$ billion	0.7 (1.9)	0.3 (0.6)	0.0 (0.3)	0.0 (0.2)	1.1 (3.0)
Rig allocation	At period end	3 (12)	2 (4)	0 (1)	0 (0)	5 (17)
Net wells drilled and completed ⁽ⁱⁱ⁾	Period total	88 (153)	25 (32)	5 (18)	10 (36)	128 (239)
Net productive wells	At period end	926 (796)	100 (63)	411 (388)	1,086 (1,028)	2,523 (2,275)

(i) Includes land acquisition, site preparation, drilling, completions, well site facilities, mid-stream infrastructure and pipelines.

(ii) Can vary between periods based on changes in rig activity and the inventory of wells drilled but not yet completed at period end.

Petroleum exploration

Exploration and appraisal wells drilled during the March 2016 quarter are summarised below.

Well	Location	Target	BHP Billiton equity	Spud date	Water depth	Total well depth	Status
Shenzi North-ST3	Gulf of Mexico GC609	Oil	72% (operator)	24 October 2015	1,309 m	9,577 m	Hydrocarbons encountered; Plugged and abandoned

Our Petroleum exploration program is focused in the deepwater Gulf of Mexico, the Caribbean and the Beagle sub-basin off the coast of Western Australia where we are pursuing Tier 1 oil plays. In March 2016, BHP Billiton was the apparent high bidder on four blocks in the Central Gulf of Mexico Lease Sale 241. The award of the blocks remain subject to regulatory approval.

Petroleum exploration expenditure for the nine months ended March 2016 was US\$390 million, of which US\$177 million was expensed. A US\$640 million exploration program is now planned for the 2016 financial year to fund additional access and testing of our future growth opportunities.

BHP Billiton Operational Review for the nine months ended 31 March 2016

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Copper**Production**

	Mar 2016 YTD	Mar 2016 Qtr	Mar YTD16 vs Mar YTD15	Mar Q16 vs Mar Q15	Mar Q16 vs Dec Q15
Copper (kt)	1,167	405	(8%)	(12%)	5%
Zinc (t)	48,964	11,913	(3%)	(12%)	(28%)
Silver (troy koz)	9,525	3,469	39%	45%	21%
Uranium oxide concentrate (t)	3,508	961	38%	58%	(31%)

Copper Total copper production for the nine months ended March 2016 decreased by eight per cent to 1.2 Mt as continued strong operating performance across the business was offset by grade decline at Escondida, as anticipated. Guidance for the 2016 financial year remains unchanged at 1.5 Mt.

Escondida copper production for the nine months ended March 2016 decreased by 20 per cent to 711 kt, despite an 18 per cent increase during the March 2016 quarter. Strong operating performance, including improvements in truck availability, utilisation and maintenance, and record material mined, was more than offset by a 28 per cent decline in grade. Production increased by 18 per cent from the December 2015 quarter as higher concentrator throughput was achieved as a result of improved water availability. The Escondida Bioleach Pad Extension project, which includes the expansion of the leach pad to four layers, was completed as planned during the March 2016 quarter.

Production guidance for Escondida remains unchanged at approximately 940 kt for the 2016 financial year as the ramp up of Organic Growth Project 1 progresses ahead of plan and is expected to reach full capacity in the June 2016 quarter. The Los Colorados concentrator was placed on care and maintenance in the March 2016 quarter. In the medium term, completion of the Escondida Water Supply project and the potential life extension of Los Colorados will enable the utilisation of three concentrators⁽²⁾.

Pampa Norte copper production for the nine months ended March 2016 decreased by three per cent to 186 kt as record ore milled at Spence and Cerro Colorado, and higher grades at Spence, were offset by the impact of planned maintenance at Spence and industrial action at Cerro Colorado in the March 2016 quarter. Production at Pampa Norte for the 2016 financial year is expected to be ahead of the prior year. In the short to medium term, the Spence Recovery Optimisation project will enable the full utilisation of approximately 200 ktpa of tankhouse capacity. The Spence Growth Option remains in feasibility with the potential to extend mining operations by more than 50 years and increase copper capacity by approximately 200 ktpa.

Olympic Dam copper production for the nine months ended March 2016 increased by 46 per cent to a record 162 kt and reflects improved smelter and mill utilisation, and the Svedala mill outage in the prior period. Copper production decreased by 13 per cent from the December 2015 quarter following planned mill maintenance. Olympic Dam copper production remains on track to exceed 200 kt for the 2016 financial year with planned smelter maintenance scheduled for the June 2016 quarter.

Antamina copper production for the nine months ended March 2016 increased by 35 per cent to 108 kt as higher grades and recoveries, supported by record material mined and milled, more than offset the impact of planned maintenance in the March 2016 quarter. Antamina copper production of 136 kt is forecast for the 2016 financial year.

Project

Project and ownership	Capital expenditure (US\$m)	Initial production target date	Capacity	Progress
Escondida Water Supply (Chile)	3,430	CY17	New desalination facility to ensure continued water supply to Escondida.	On schedule and budget. The overall project is 86% complete.
	57.5%			

Iron Ore***Production***

	Mar 2016 YTD	Mar 2016 Qtr	Mar YTD16 vs Mar YTD15	Mar Q16 vs Mar Q15	Mar Q16 vs Dec Q15
Iron ore (kt)	171,332	53,057	(1%)	(10%)	(7%)

Iron ore Total iron ore production for the nine months ended March 2016 was broadly unchanged at 171 Mt. Production for the 2016 financial year is now expected to be approximately 229 Mt, three per cent below prior guidance, and reflects a reduction in guidance at WAIO.

WAIO production for the nine months ended March 2016 increased by two per cent to a record 193 Mt (100 per cent basis) and reflected the Jimblebar mining hub operating at full capacity and improved ore handling plant utilisation at Newman. This was partially offset by one-off operational issues in the December 2015 quarter, along with the impact of adverse weather conditions and the initiation of an accelerated rail network maintenance program in the March 2016 quarter. WAIO production of approximately 260 Mt is now anticipated for the 2016 financial year, four per cent below prior guidance, however unit cost guidance remains unchanged at US\$15 per tonne⁽³⁾.

Our WAIO business remains focused on productivity in our integrated supply chain and this is further supported by the 24 month rail renewal and maintenance program that has been initiated. These improvements in our supply chain along with the ramp-up of additional capacity at the Jimblebar mining hub, will deliver an increase in system capacity to 290 Mtpa over time.

Samarco production for the nine months ended March 2016 was 11 Mt (100 per cent basis). Mining and processing operations at Samarco remain suspended following the failure of the Fundão tailings dam and Santarém water dam on 5 November 2015. Sales from the final shipment of pellets from stockpiles will be settled in the June 2016 quarter.

Coal**Production**

	Mar 2016 YTD	Mar 2016 Qtr	Mar YTD16 vs Mar YTD15	Mar Q16 vs Mar Q15	Mar Q16 vs Dec Q15
Metallurgical coal (kt)	31,010	10,076	(1%)	4%	(4%)
Energy coal (kt)	27,295	7,911	(10%)	(24%)	(17%)

Metallurgical coal Metallurgical coal production for the nine months ended March 2016 remained broadly in line at 31 Mt. Guidance for the 2016 financial year remains unchanged at 40 Mt.

Queensland Coal production was flat as record production at six mines, underpinned by increased plant and equipment utilisation, offset the completion of longwall mining at Crinum which is now under care and maintenance, a convergence event at the Broadmeadow mine and unfavourable weather conditions.

First shipment from the Haju mine in Indonesia was achieved during the March 2016 quarter. BHP Billiton is conducting a strategic review of the long-term future options for its Indonesian coal interests, IndoMet Coal, which comprises seven coal contracts of work within the provinces of Central and East Kalimantan.

Energy coal Energy coal production for the nine months ended March 2016 decreased by 10 per cent to 27 Mt. Guidance for the 2016 financial year remains unchanged at 37 Mt.

New South Wales Energy Coal production for the nine months ended March 2016 declined by 10 per cent due to the impact of heavy rainfall, blasting constraints and the progression of the mine plan through a higher strip ratio zone. Cerrejón volumes declined by seven per cent as drought conditions continued to constrain production.

Navajo Coal production for the nine months ended March 2016 was broadly unchanged, despite a 51 per cent decline during the March 2016 quarter reflecting lower customer demand. The transfer of management and operatorship for Navajo Coal to Navajo Transitional Energy Company remains on track for 31 December 2016. The sale of the San Juan Mine to Westmoreland Coal Company was completed on 31 January 2016.

Other***Nickel production***

	Mar 2016 YTD	Mar 2016 Qtr	Mar YTD16 vs Mar YTD15	Mar Q16 vs Mar Q15	Mar Q16 vs Dec Q15
Nickel (kt)	57.3	20.0	(19%)	(9%)	32%

Nickel Nickel West production for the nine months ended March 2016 decreased by 19 per cent to 57 kt and reflected planned major maintenance outages at the Kalgoorlie smelter and Kwinana refinery during the December 2015 quarter, and a reduction in third party ore delivered to the Kambalda concentrator. Higher nickel metal production during the March 2016 quarter was underpinned by throughput improvements at the Kwinana refinery.

Potash project

Project and ownership	Investment (US\$m)	Scope	Progress
Jansen Potash (Canada)	2,600	Investment to finish the excavation and lining of the production and service shafts, and to continue the installation of essential surface infrastructure and utilities.	The project is 58% complete and within the approved budget. Shaft excavation is progressing.
	100%		

Minerals exploration

Minerals exploration expenditure for the nine months ended March 2016 was US\$126 million, of which US\$109 million was expensed. Greenfield minerals exploration is predominantly focused on advancing copper targets within Chile, Peru and the South-West United States.

Variance analysis relates to the relative performance of BHP Billiton and/or its operations during the nine months ended March 2016 compared with the nine months ended March 2015, unless otherwise noted. Production volumes, sales volumes and capital and exploration expenditure from subsidiaries are reported on a 100 per cent basis; production and sales volumes from equity accounted investments and other operations are reported on a proportionate consolidation basis.

The following footnotes apply to this Operational Review:

- (1) Represents the average reduction in 2016 financial year guidance for Escondida grade-adjusted, Western Australia Iron Ore and Queensland Coal unit costs relative to the 2015 financial year.
- (2) Subject to Escondida Owners Council approval.

(3) WAIO unit cash cost excludes freight and royalties. 2016 financial year guidance is based on an exchange rate of AUD/USD 0.72.

The following abbreviations may have been used throughout this report: barrels (bbl); billion cubic feet (bcf); cost and freight (CFR); cost, insurance and freight (CIF); dry metric tonne unit (dmtu); free on board (FOB); grams per tonne (g/t); kilograms per tonne (kg/t); kilometre (km); metre (m); million barrels of oil equivalent (MMboe); million cubic feet per day (MMcf/d); million tonnes (Mt); million tonnes per annum (Mtpa); ounces (oz); pounds (lb); thousand barrels of oil equivalent (Mboe); thousand ounces (koz); thousand standard cubic feet (Mscf); thousand tonnes (kt); thousand tonnes per annum (ktpa); thousand tonnes per day (ktpd); tonnes (t); and wet metric tonnes (wmt).

Further information on BHP Billiton can be found at: bhpbilliton.com

Media Relations

Australia and Asia

Eleanor Colonico

Tel: +61 3 9609 2360 Mobile +61 407 064 748

Email: Eleanor.Colonico@bhpbilliton.com

Paul Hitchins

Tel: +61 3 9609 2592 Mobile +61 419 315 001

Email: Paul.Hitchins@bhpbilliton.com

Fiona Hadley

Tel: +61 3 9609 2211 Mobile +61 427 777 908

Email: Fiona.Hadley@bhpbilliton.com

United Kingdom and South Africa

Ruban Yogarajah

Tel: +44 207 802 4033 Mobile +44 7827 082 022

Email: Ruban.Yogarajah@bhpbilliton.com

Jennifer White

Investor Relations

Australia and Asia

Tara Dines

Tel: +61 3 9609 2222 Mobile: +61 499 249 005

Email: Tara.Dines@bhpbilliton.com

Andrew Gunn

Tel: +61 3 9609 3575 Mobile: +61 402 087 354

Email: Andrew.Gunn@bhpbilliton.com

United Kingdom and South Africa

Jonathan Price

Tel: +44 20 7802 4131 Mobile: +44 7990 527 726

Email: Jonathan.H.Price@bhpbilliton.com

Rob Clifford

Tel: +44 20 7802 4131 Mobile: +44 7788 308 844

Email: Rob.Clifford@bhpbilliton.com

Americas

Edgar Filing: BHP BILLITON LTD - Form 6-K

Tel: +44 207 802 7462 Mobile +44 7827 253 764

Email: Jennifer.White@bhpbilliton.com

James Wear

Tel: +1 212 310 1421 Mobile: +1 347 882 3011

Email: James.Wear@bhpbilliton.com

North America

Jaryl Strong

Joseph Suarez

Tel: +1 713 499 5548 Mobile: +1 281 222 6627

Tel: +1 212 310 1422 Mobile: +1 646 400 3803

Email: Jaryl.Strong@bhpbilliton.com

Email: Joseph.Suarez@bhpbilliton.com

BHP Billiton Limited ABN 49 004 028 077

BHP Billiton Plc Registration number 3196209

Registered in Australia

Registered in England and Wales

Registered Office: Level 18, 171 Collins Street

Registered Office: Neathouse Place

Melbourne Victoria 3000 Australia

London SW1V 1LH United Kingdom

Tel +61 1300 55 4757 Fax +61 3 9609 3015

Tel +44 20 7802 4000 Fax +44 20 7802 4111

Members of the BHP Billiton Group which is

headquartered in Australia

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PRODUCTION SUMMARY

	BHP Billiton interest	QUARTER ENDED				YEAR TO DATE		
		MAR 2015	JUN 2015	SEP 2015	DEC 2015	MAR 2016	MAR 2016	MAR 2015
Petroleum (1)								
Petroleum								
Crude oil, condensate and NGL								
(Mboe)								
Onshore US	15,848	15,413	13,453	12,805	12,454	38,712	40,213	
Conventional	15,450	15,759	17,259	16,976	16,727	50,962	53,193	