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FEDERAL COURT DECISION THREATENS AUSTRALIAN EXPORTS

Today's ruling by the Federal Court that BHP Billiton's Mt Newman and Goldsworthy iron ore rail lines are not part of the Company's production process will work against the national interest.

Chris Lynch, BHP Billiton Executive Director and Group President Carbon Steel Materials, said he was extremely disappointed with the decision, which threatened the further growth of one of Australia's critical export industries.

"It is important to remember that this decision has much broader implications beyond BHP Billiton. Open access to dedicated rail infrastructure would compromise the efficient production of iron ore and cause delays in future investment decisions, making Australian producers less reliable," he said.

BHP Billiton is reviewing the Federal Court judgment in detail and will consider its options with regards to an appeal.

"We will use all available legal avenues to protect the investments of our shareholders and joint venture partners and the integrity of our production process," Mr Lynch said.

The Federal Court ruling does not automatically enable a third party to run its trains on BHP Billiton's Pilbara iron ore rail lines. Separate proceedings underway in the Australian Competition Tribunal (ACT) will now determine the broader question of whether the rail lines should be 'declared' pursuant to Part IIIA of the Trade Practices Act.

Fortescue Metals Group initiated the ACT proceedings in June 2006 after the Federal Treasurer had earlier declined to follow a National Competition Council recommendation that the Mt Newman rail line be declared. It is expected that a full hearing of the facts, including expert opinion, will be conducted during the second half of 2007.

Mr Lynch also said there was a sensible alternative that would provide a workable approach to infrastructure access, without significantly impacting BHP Billiton's iron ore production process.

"We have been actively engaged in discussions with the WA State Government about developing a revised iron ore haulage regime based on BHP Billiton's current obligations under the Rail Transport Agreement. It is our understanding that the State plans to complete this process by the middle of 2007."

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A member of the BHP Billiton group which is headquartered in Australia

The Mt Newman and Goldsworthy rail lines are located in the Pilbara region of Western Australia and transport more than 100 million tonnes of iron ore each year to Port Hedland for blending, processing and shipping.

The Pilbara iron ore operations currently provide annual export income in excess of A$5.5 billion, directly employ more than 7000 people, and deliver around A$1 billion in royalties and taxes to Australia each year.

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