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BHP BILLITON APPROVES DOUGLAS-MIDDELBURG OPTIMISATION PROJECT

BHP Billiton today announced approval of the Douglas-Middelburg Optimisation (DMO) Project, with an expected capital investment of US$975 million.

The DMO project scope includes utilising reserves across the Douglas and Middelburg Mine Services (MMS) collieries and development of new mining areas with low strip ratio coal, with product being fed into a new 14 Mtpa coal processing plant. The new coal processing plant will replace the existing, less efficient washing plant at Douglas. The project will enable BHP Billiton to maintain energy coal exports from the combined Douglas Colliery and MMS at around current levels (approximately 9.5 Mtpa BHP Billiton share) whilst also fulfilling domestic contractual commitments.

First coal from the new mining areas is expected in mid-2008 and the new plant is expected to receive coal in mid-2010. The anticipated life of mining operations is to 2034.

The Douglas and MMS collieries are currently owned through the Douglas Tavistock Joint Venture (DTJV), in which BHP Billiton has an 84% share and Xstrata has a 16% share. To facilitate the DMO project, which is to be developed and owned solely by BHP Billiton, the DTJV will be restructured with each of the joint venture partners being allocated coal resources according to their ownership share.

A number of regulatory approvals are being sought to give effect to this restructure.

President BHP Billiton Coal, Dave Murray said: "Approval of the DMO project is a core component of BHP Billiton's coal strategy and is in keeping with BHP Billiton's focus on operating low-cost, long-life assets. This project allows us to realise maximum value from these assets by optimising the existing reserves at Douglas and MMS and enabling us to maintain exports through to 2034. With the recent approval of the US$450M investment in the Klipspruit Project, our South African coal operations will now comprise of three world class assets, namely Middelburg Mine Services (which now incorporates the resources of Douglas Colliery), Khutala Colliery and Klipspruit Colliery."

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Further information on BHP Billiton can be found on our Internet site: www.bhpbilliton.com

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