

BHP BILLITON LTD
Form 6-K
July 18, 2006

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

June 28, 2006

BHP Billiton

Limited

..... (Translation of registrant's name into English) 180 Lonsdale Street Melbourne VIC 3000
Australia.....

(Address of principal executive office)

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

28 June 2006
Number 22/06

BHP BILLITON APPROVES KOALA UNDERGROUND PROJECT

BHP Billiton today announced the approval of the Koala Underground Project at the EKATI Diamond Mine in Canada. The project will recover approximately 9.8 million carats of high value Koala diamonds over an eleven year production life at a capital cost of approximately US\$250 million (BHP Billiton share US\$200 million). Initial production is expected in the December 2007 quarter and full production is expected to be reached by mid calendar year 2009.

President Diamonds and Specialty Products, Alberto Calderon said: "Koala underground will supply around 25% of the mine feed (3,300 tonnes per day) to the plant while producing 40% of the diamond output by value. As well as delivering margins three times greater than the material it displaces, this development will also partially offset the natural decline in production grades and quality that occurs as the mine matures. The development of the Koala underground project follows the successful completion of the Panda underground mine at Ekati, earlier this year. Panda was completed on time and on budget, and is currently producing in excess of nameplate capacity."

BHP Billiton has an 80% interest in the EKATI Diamond Mine.

The information in this report that relates to Ore Reserves is based on compiled data which was overseen by Denis Gratton P. Eng., B. Eng (Mining), and is a full time employee of BHP Billiton Diamonds Inc. Mr. Gratton has sufficient experience, which is relevant to the style and type of deposit and to the activity that he is undertaking to qualify as a Competent Person as defined in the 1999 edition of the "Australasian Code for Reporting of Minerals Resources and Ore Reserves". The Competent Person consents to the inclusion in this report of the matters based on their information in the form and context in which they appear.

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

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BHP Billiton Limited ABN 49 004 028 077

Registered in Australia
Registered Office: Level 27, 180 Lonsdale Street Melbourne
Victoria 3000
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BHP Billiton Plc Registration number 3196209

Registered in England and Wales
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The BHP Billiton Group is headquartered in Australia

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BHP Billiton Limited

Date: 28 June 2006

By: Karen Wood

Name: Karen Wood

Title: Company Secretary