



# Goldman Sachs JBWere Australasian Investment Forum

**Marcus Randolph** Chief Executive Officer – Ferrous and Coal  
11-12 March 2010



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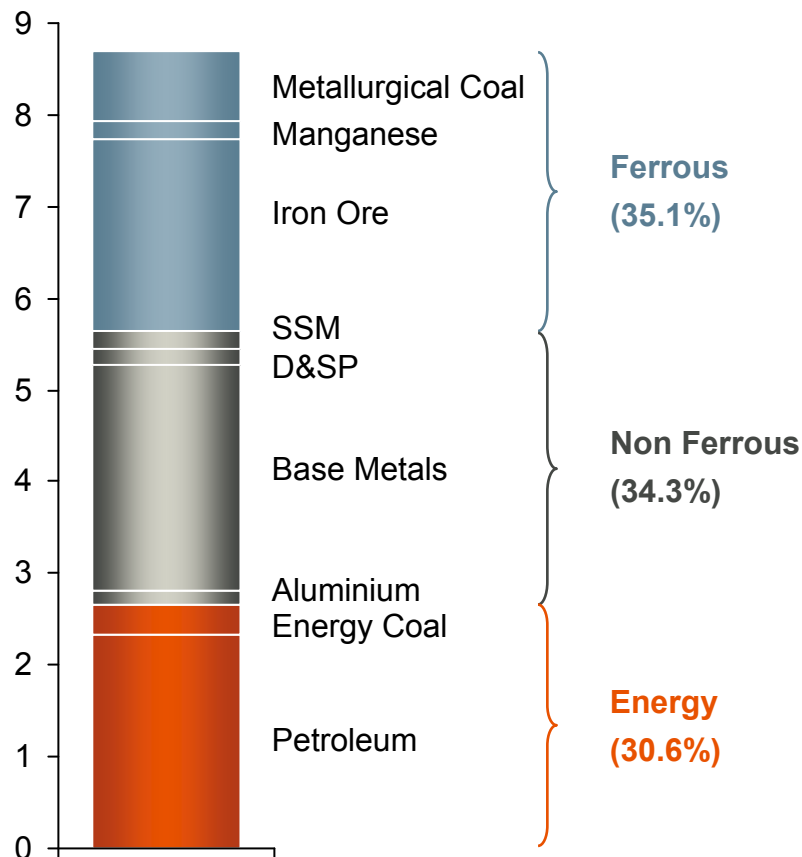
## Cautionary Note to US Investors

The SEC generally permits mining companies in their filings with the SEC to disclose only those mineral deposits that the company can economically and legally extract. Certain terms in this presentation, including "mineral resources", "measured resources", "indicated resources", "inferred resources", "resource life" and "potential mineralisation" would not generally be permitted in an SEC filing. The material denoted by such terms is not proven or probable reserves as such terms are used in the SEC's Industry Guide 7, and there can be no assurance that BHP Billiton will be able to convert such material to proven or probable reserves or extract such material economically. BHP Billiton urges investors to refer to its Annual Report or Form 20-F for the fiscal year ended 30 June 2009 for its most recent statement of mineral reserves calculated in accordance with Industry Guide 7.

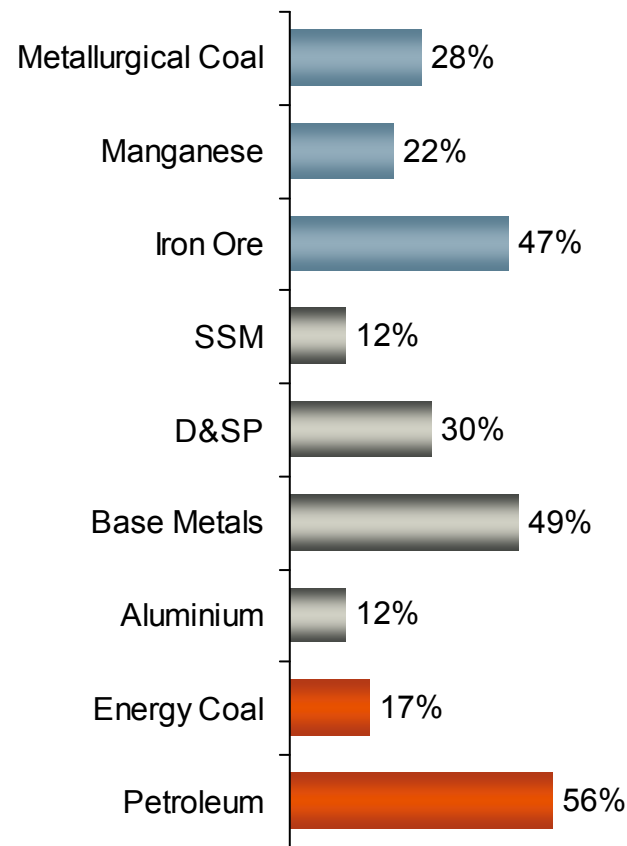
- **BHP Billiton Overview**
- Chinese Steel Industry
- Strong Basin Positions
- Our Focus on Market Clearing Prices

# Diversified and balanced across high margin commodities

**Underlying EBIT**  
(1H10, US\$bn)



**Underlying EBIT margin<sup>(a)</sup>**  
(1H10, %)

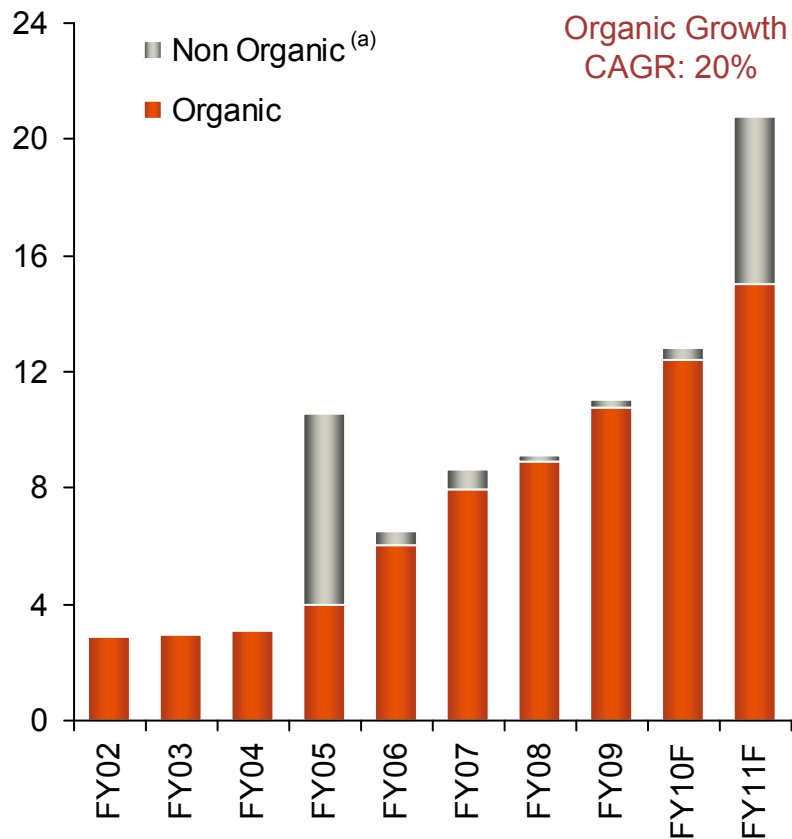


(a) EBIT margin excludes third party trading.

# Progressive growth and income

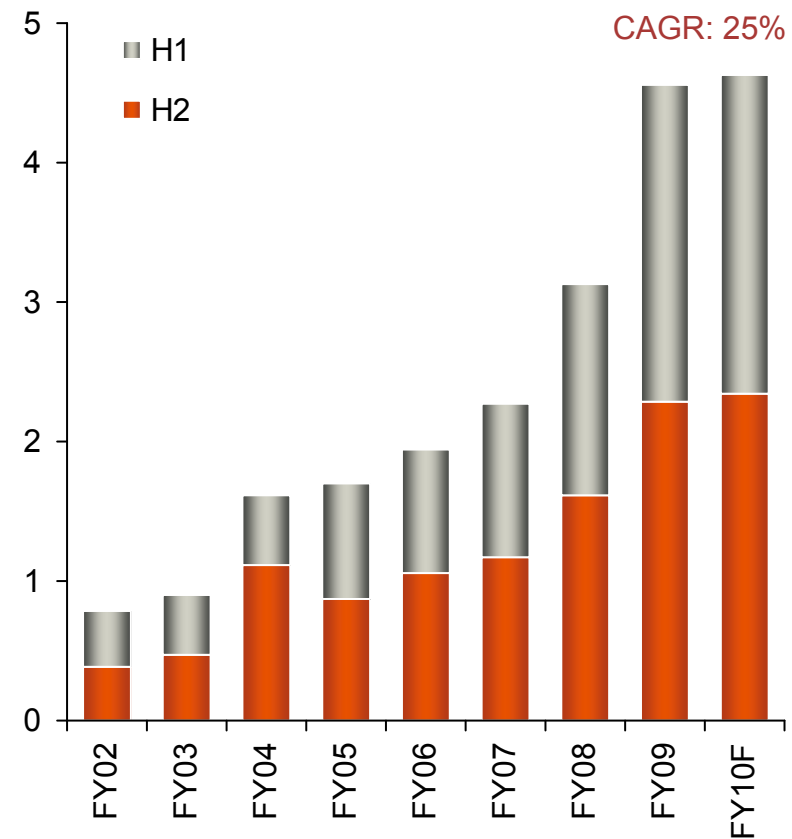
## Investments

(US\$bn)



## Cash Dividends<sup>(b)</sup>

(US\$bn)



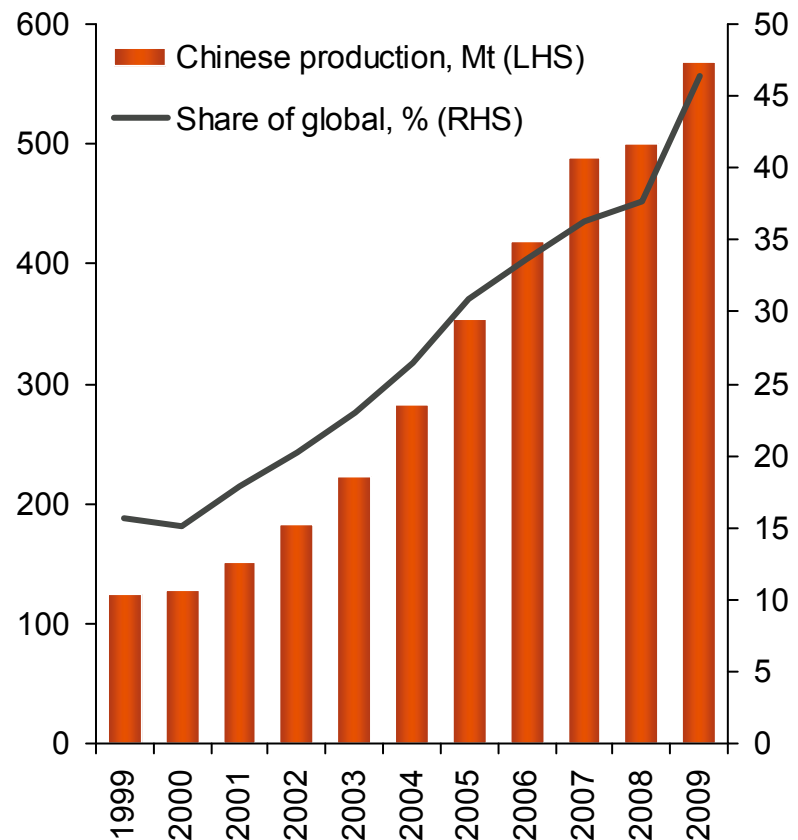
(a) Reflecting announced transactions only. FY11F relates to Western Australia Iron Ore Production Joint Venture equalisation payment to Rio Tinto which is subject to finalisation adjustments.

(b) H2 FY10 payment includes dividend declared on 10 February 2010. Calculated on the basis of UKGAAP for periods prior to FY05.

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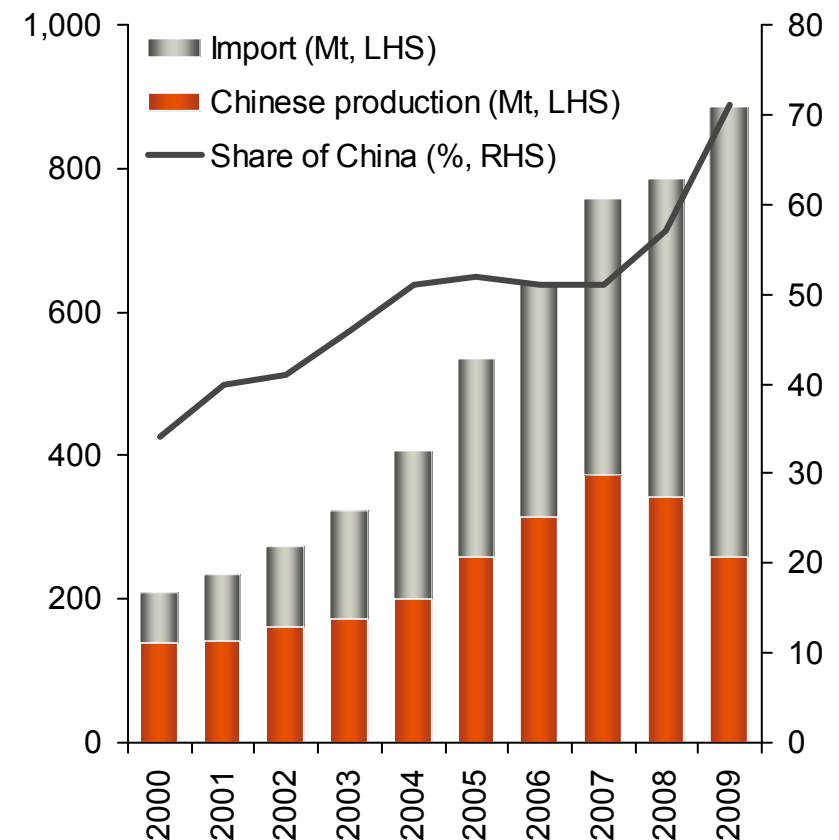
# China drives the Global Steel Industry

**Chinese crude steel production & global share**  
(Mt) (%)



Source: World Steel Association.

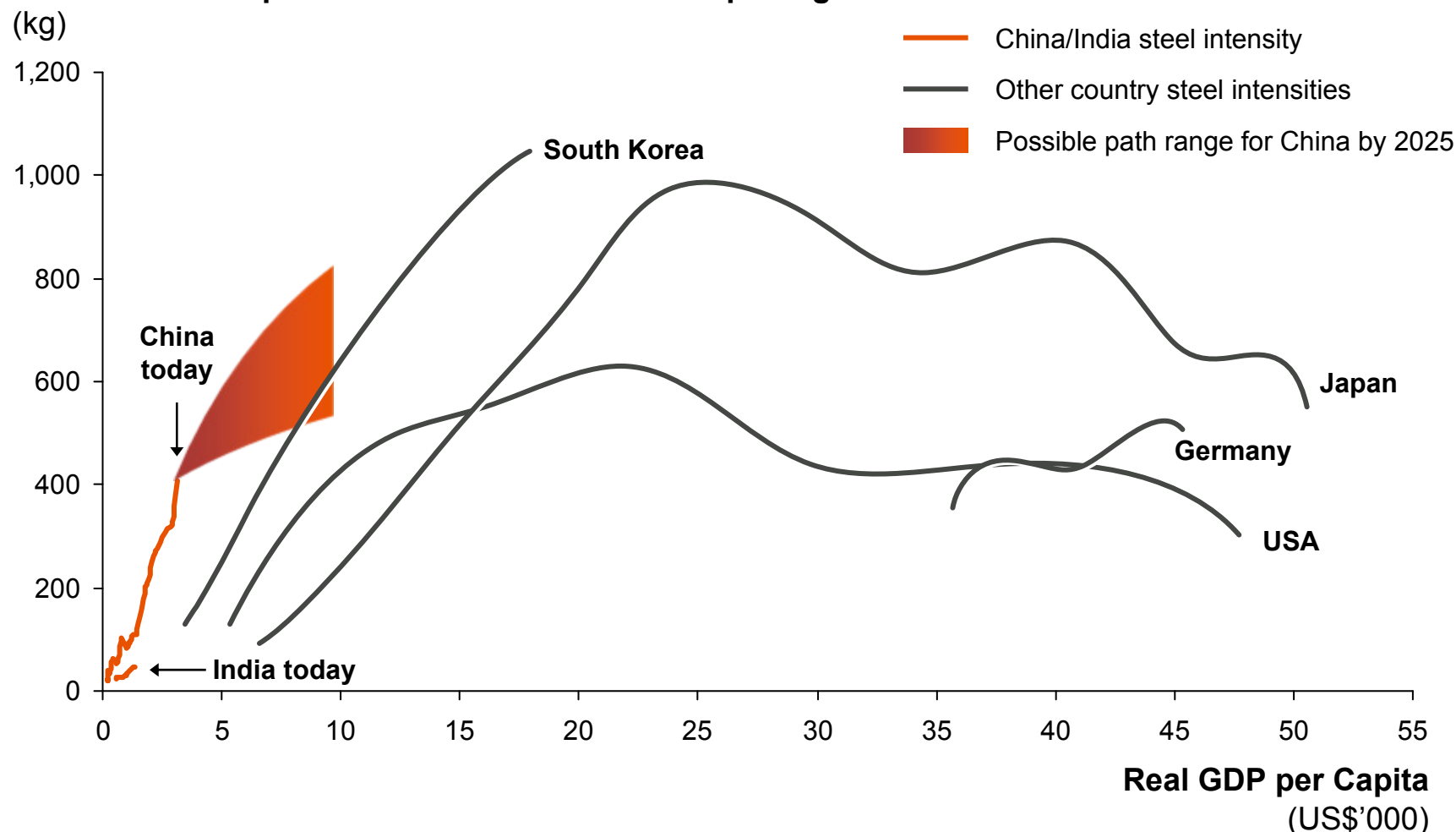
**Chinese iron ore import & domestic production**  
(Mt) (%)



Source: China Customs, CISA, BHP Billiton Analysis, China production basis 62% equivalent Fe.

# Steel intensity per capita grows strongly as a nation becomes wealthier

## Industrial development & finished steel consumption growth



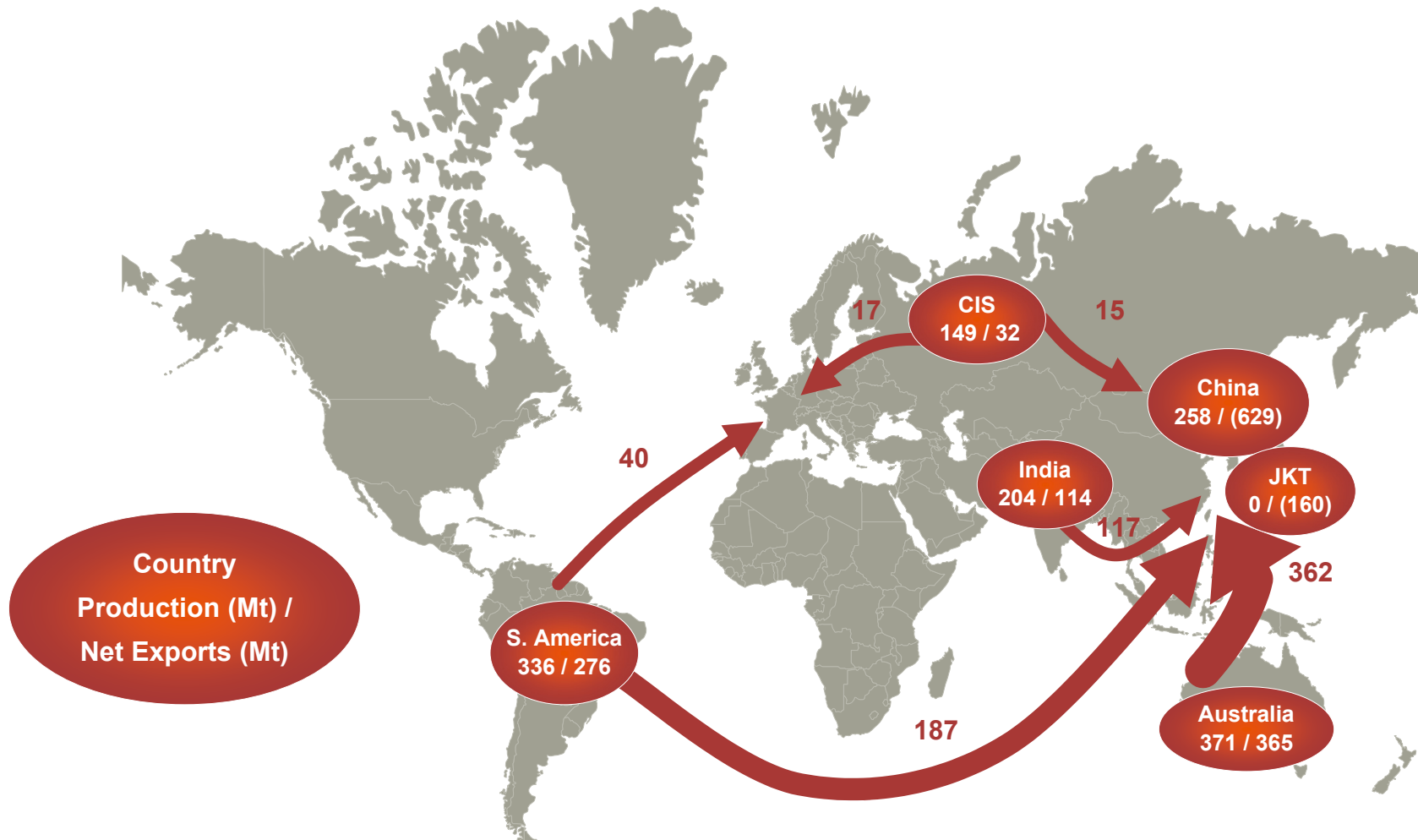
Source: CISA, WMM, Global Insight, BHP Billiton.



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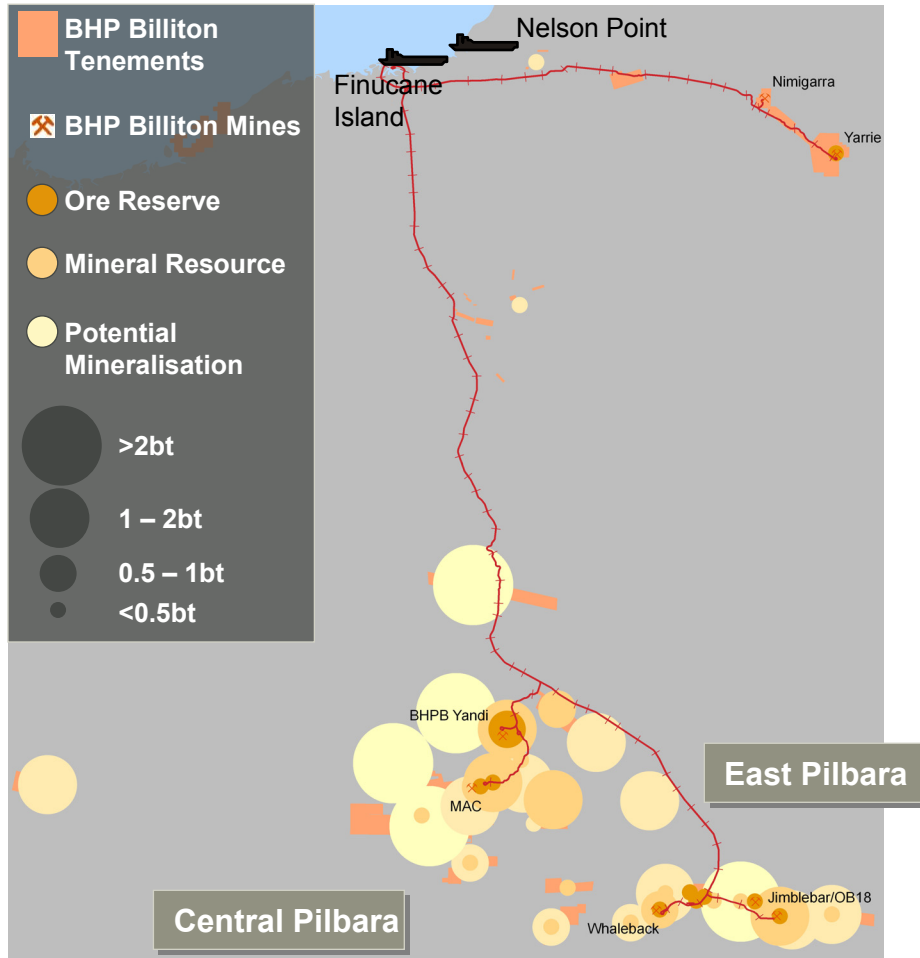
# Australia is the natural supplier to Asia: Iron Ore

## 2009 Major Trade Flows (Mt) – Iron Ore



Source: Trade statistics, AME, BHPB Billiton Analysis. All data is for the year ended 2009. Location of the arrows are indicative.

# Basin strength - Iron ore, Pilbara



- 12.5bt of high quality Mineral Resource (100% basis)
- Significant additional Potential Mineralisation
- Large tonnages of Marra Mamba and Brockman ores, available for blending, at both Central and East Pilbara hubs
  - Infrastructure scale efficiencies
  - More resource unlocked by local blending
  - Smaller environmental footprint

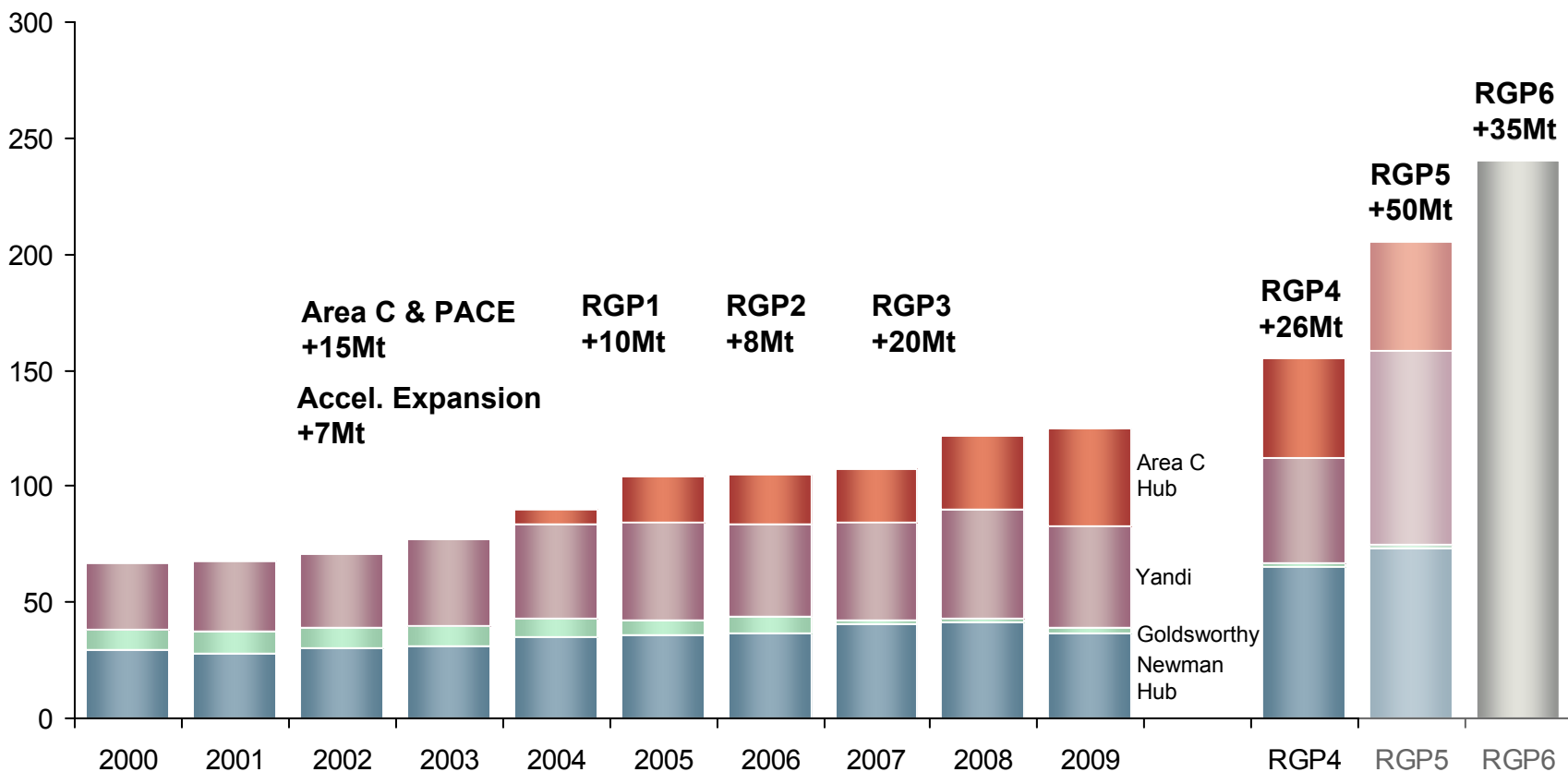
Source: Resource base: BHP Billiton 2009 Annual Report.

Equity basis: The Mineral Resource of 12.5bt in 100% terms translates to an attributable Mineral Resource of 11.1bt. This BHP Billiton Mineral Resource information was sourced from and should be read together with and subject to the notes set out in the BHP Billiton 2009 Annual Report. This document can be viewed at: <http://bhpbilliton.com>. The mineral resource information in this slide was compiled by Heath Arvidson, a Member of the AusIMM and full time employee of BHP Billiton who has sufficient experience to qualify as a Competent Person and who consents to publication of the estimates in the form and context in which they appear above.

# Continuing to increase production and develop new mines

## BHP Billiton WA Iron Ore Production History (Mt, Year ended June 2000 - 2009)

Long-term growth to  
350Mtpa under study



Notes: 100% share; Ramp up towards RGP4 installed capacity of 155Mtpa is currently underway.

All studies and estimated capacity remain under review until they are approved for execution. Forecast production in the first full year at capacity.

# Iron Ore: Unlocking scale benefits from a world class resource basin

- Exciting new joint venture with Rio Tinto announced on 5 June 2009
- Binding agreement to form 50:50 joint venture of Pilbara iron ore assets to leverage benefits of scale finalised early December 2009

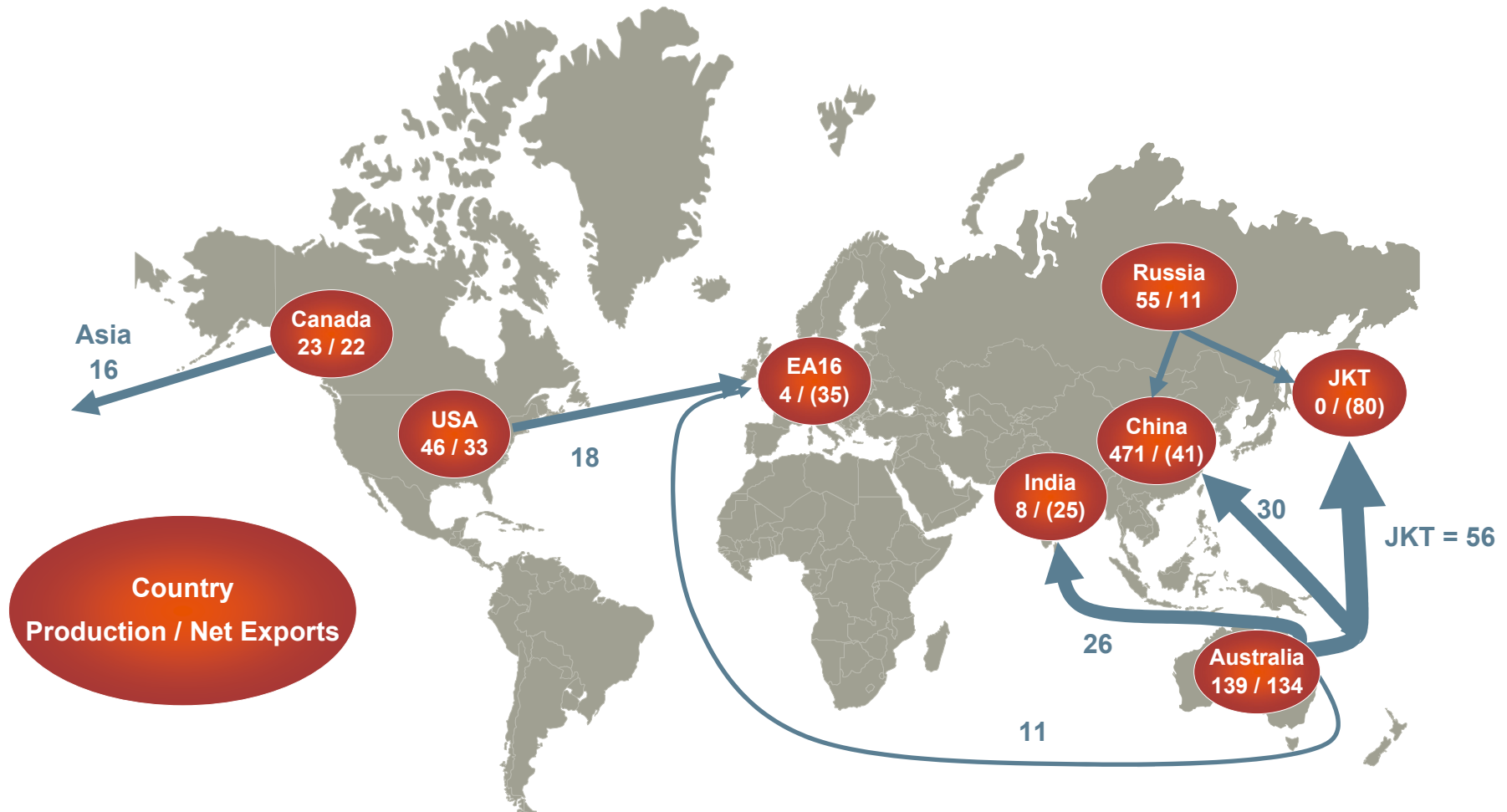
Expected benefits include:

- Substantial and unique production and development synergies of over \$10 billion NPV (100% basis)
  - Efficient use of infrastructure
  - Blending opportunities
  - Optimising future growth



# Australia is the natural supplier to Asia: Met Coal

## 2009 Major Trade flows (Mt) – Met Coal



Source: Trade statistics and BHP Billiton estimates.

Note: Production and trade flow figures are in million tonnes per year. All data is for the year ended 2009. Location of the arrows are indicative.

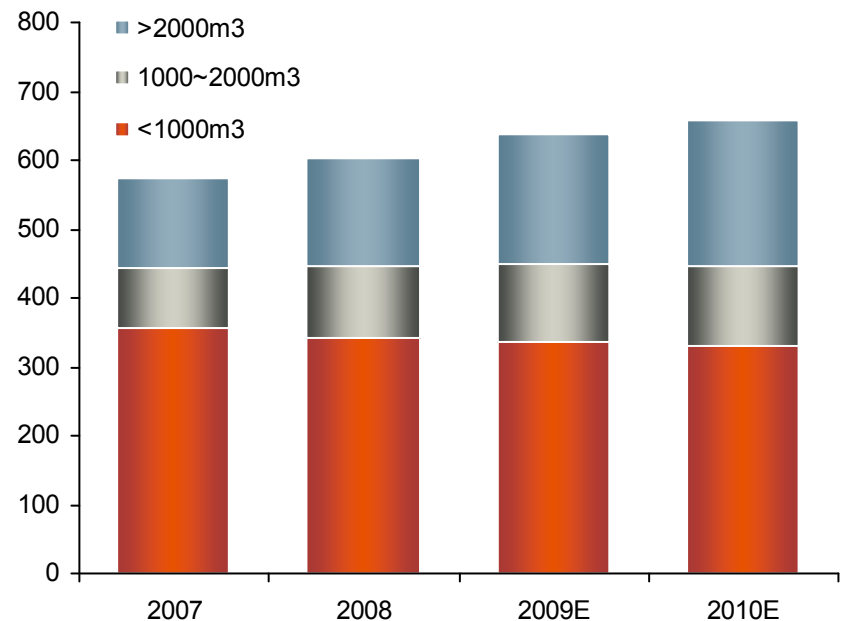
# Sustainability of Chinese coking coal demand

## Coastal focus on growth coupled with push for larger Blast Furnaces

- 70% steel capacity and >70% planned steel capacity growth is in coastal provinces of China
- Steel mills are building larger blast furnaces to improve productivity and reduce costs
- Larger blast furnaces require better quality coke, hence more high quality hard coking coal



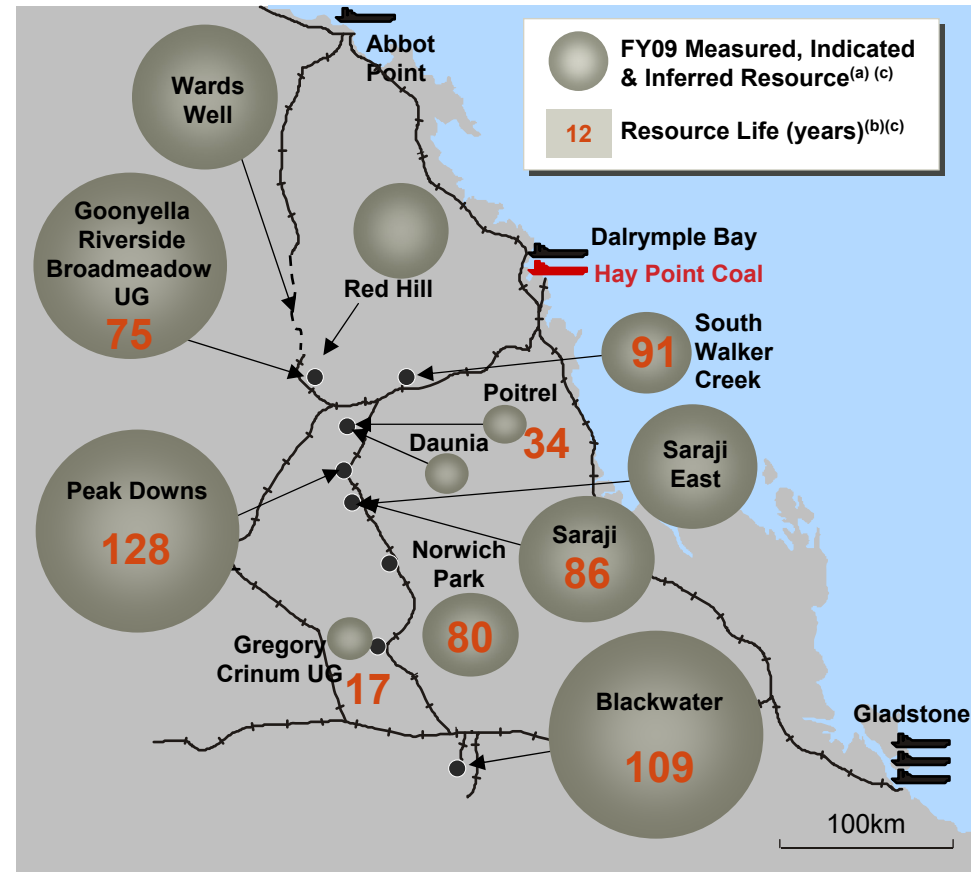
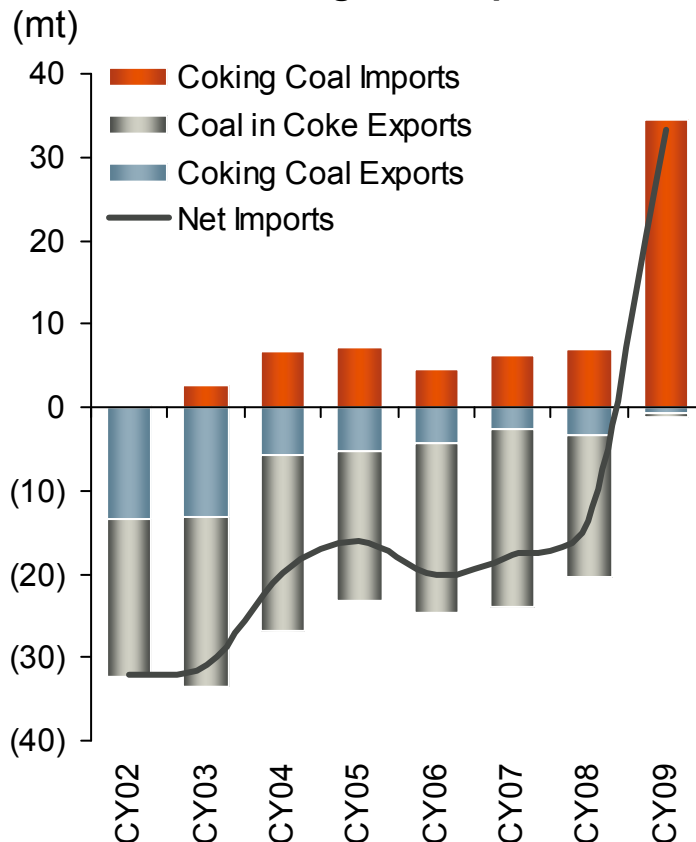
Chinese Pig Iron Output Capacity by Blast Furnace Size (Mt)



Source: BHP Billiton.

# We are well positioned

## Chinese net coking coal imports



(a) Bubble size depicts relative coal resource size on a 100% basis. On an equity basis, as at end June 2009, BMA/BMC's Marketable coal reserves total 1,145mt, Measured plus Indicated plus Inferred coal resources total 6,925mt. FY09 production was 30.1mt on BHP Billiton share basis.

(b) 'Resource Life' is indicative only and is calculated on the basis of  $[(\text{Total Resource} \times \text{Estimated Saleable Conversion Factor}) / \text{current mining rate}]$ .

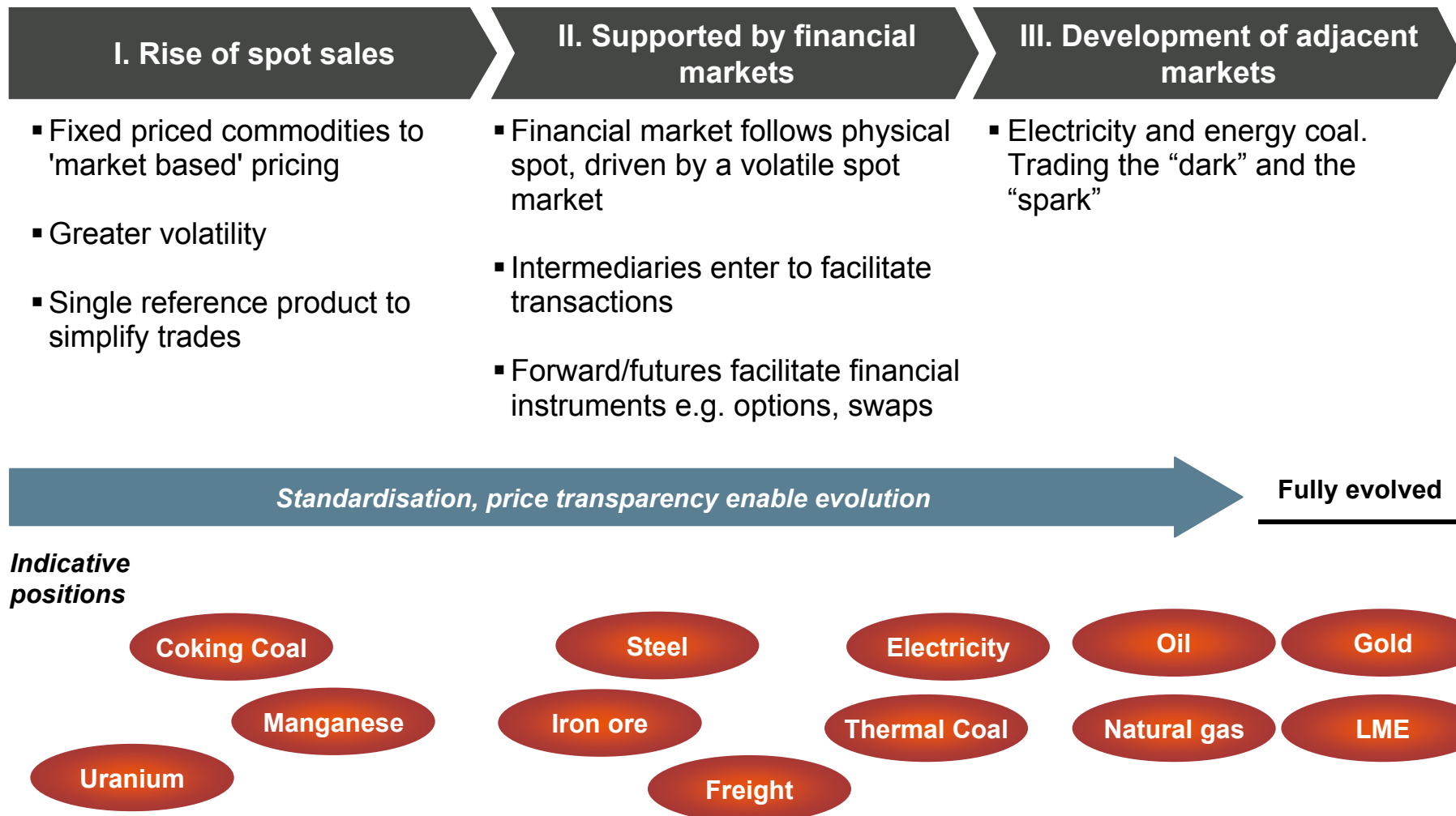
(c) The resource and reserve information in this slide was compiled from the BHP Billiton 2009 Annual Report by Douglas Dunn, a Member of the AusIMM and full time employee of BMA who has sufficient experience to qualify as a Competent Person and who consents to publication of the estimates in the form and context in which they appear above.

Source: Chinese coal imports - China Customs Statistics.



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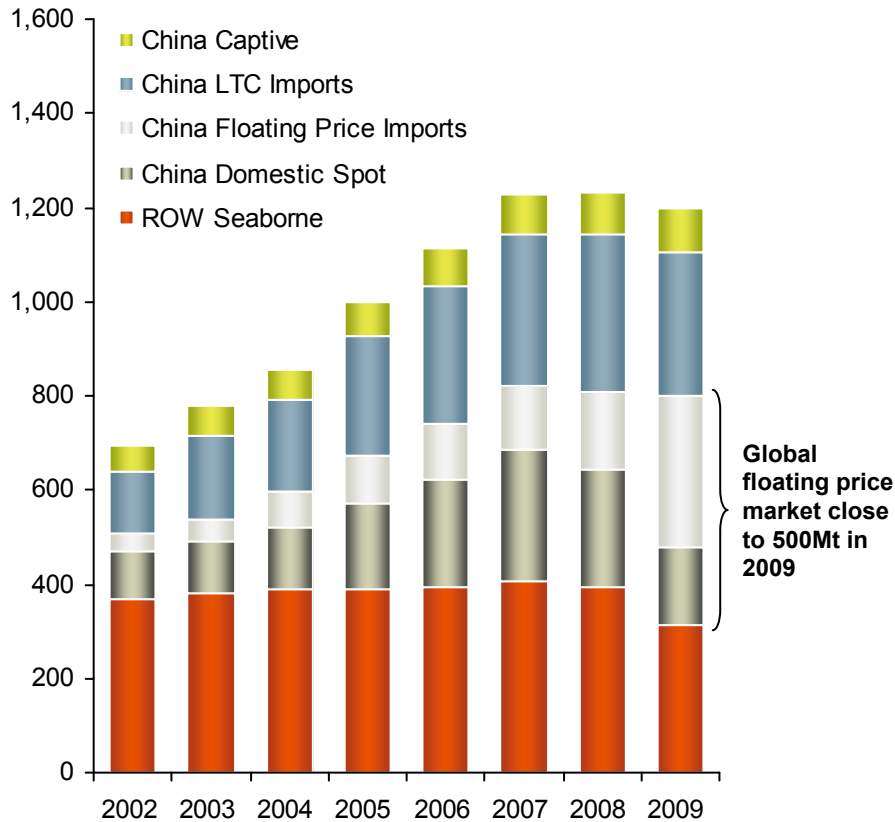
# Market evolution in volatile business environments



Source: Press searches, BCG experience.

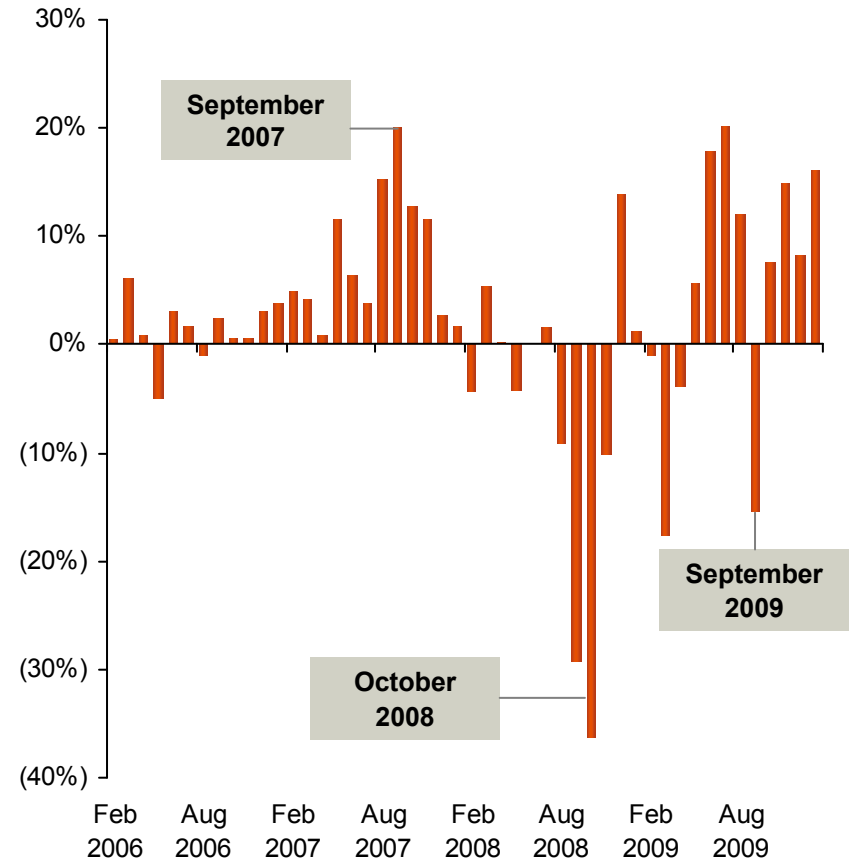
# Iron Ore: Evolution continues

**Seaborne + China iron ore demand (Mt)**



Source: BCG analysis, CRU, BHP Billiton.

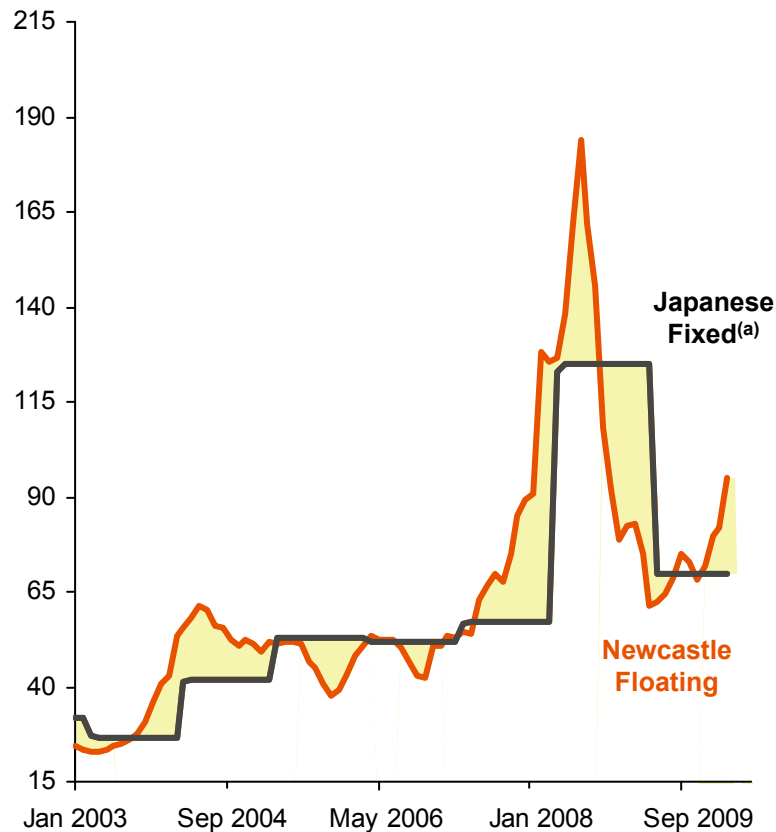
**Monthly variance iron ore price (\$/dmt)**



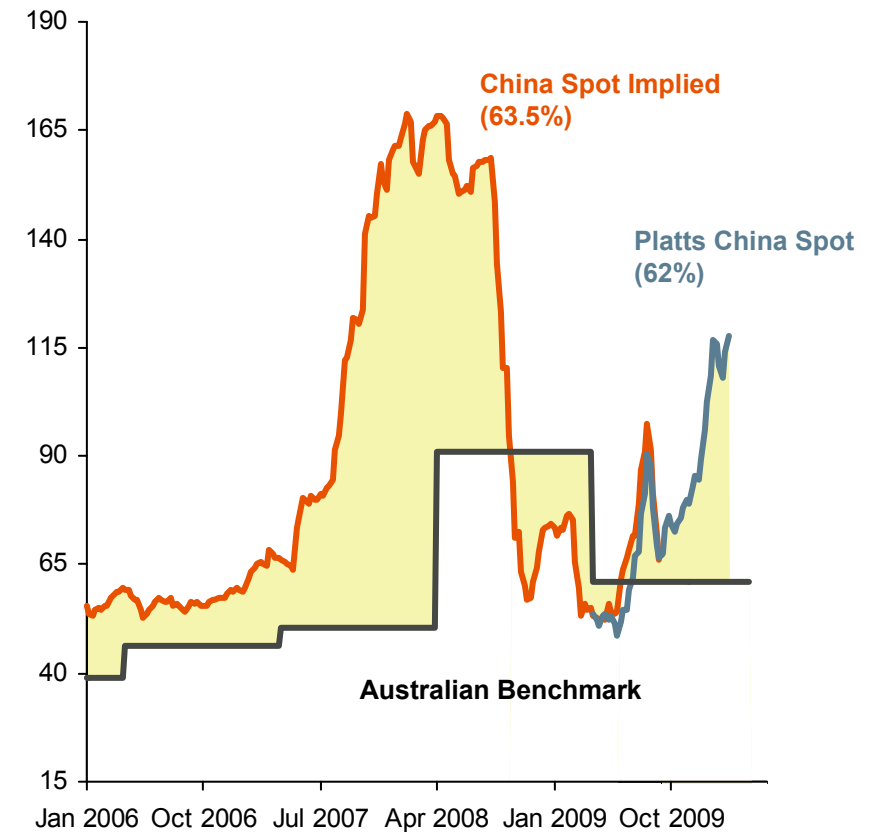
Sources: BHP Billiton.

# A one-way buyers option: why benchmark pricing doesn't work

**Thermal coal prices**  
(US\$/t FOB, 6700Kcal/kg)



**Iron ore prices**  
(US\$/t FOB, 63.5%/62% Fe)

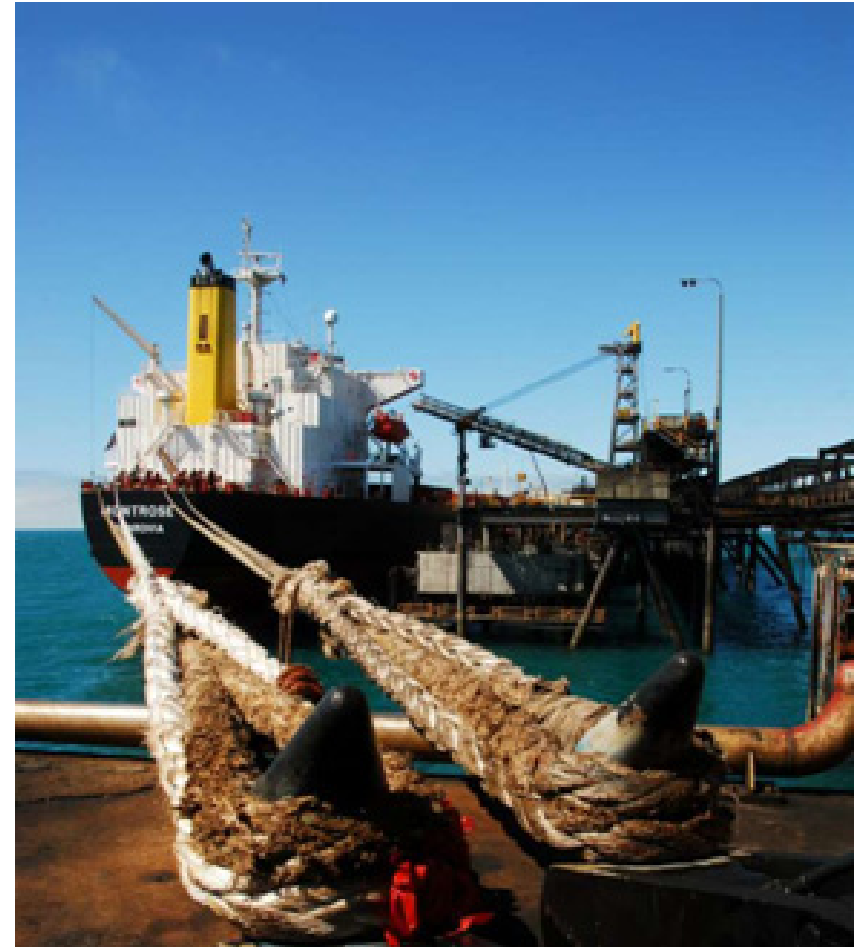


Source: Bloomberg and BHP Billiton Estimates.

(a) Japanese power utilities fixed contract price.

# Conclusions

- Well situated to major steel growth markets
- Basin strength in manganese, metallurgical coal and iron ore
- Pursuing market based pricing mechanisms
- Balance sheet and cash flow to invest through the cycle



Hay Point Coal Terminal



**bhpbilliton**

resourcing the future