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SUPERIOR CASH RETURNS AND GROWTH THROUGH THE CYCLE

BHP Billiton today outlined how the Company is well positioned to create value through the cycle following the demerger of South32.

Ahead of the Bank of America Merrill Lynch 2015 Global Metals, Mining & Steel Conference in Barcelona, Chief Executive Officer, Andrew Mackenzie, provided new efficiency targets for BHP Billiton's major businesses and explained how the Company's financial strength and development projects would support its progressive dividend over both the short and long term.

"In recent years we have made great strides towards becoming the most efficient supplier of our chosen commodities and secured productivity gains of nearly US$10 billion. We believe we can go even further with a simpler portfolio and improve margins by reducing costs more deeply than the competition," he said.

"The potential benefits are substantial. We expect to cut unit costs at Western Australia Iron Ore by 21 per cent[1,2] to US$16 per tonne during the 2016 financial year. Unit costs at Escondida are expected to fall by 16 per cent on a grade adjusted basis. And we expect drilling costs per well in the Black Hawk to average US$2.9 million – a reduction of 20 per cent."

Mr Mackenzie said capital and exploration expenditure would fall to US$9 billion[2] in the 2016 financial year from US$12.6 billion in 2015. The reduction reflects ongoing improvements in capital productivity along with the deferral of some shale development and the Inner Harbour Debottlenecking project in Western Australia Iron Ore – decisions that will further improve the returns of the Company's growth portfolio. In its Onshore US business, BHP Billiton now anticipates capital expenditure to be US$1.5 billion in the 2016 financial year to support a development program with ten operated rigs.

"We will continue to invest in our high quality projects to create long term value and support dividend growth. The iron ore and metallurgical coal markets are currently well supplied and we do not expect to invest significantly more in these businesses at this time. Instead our capital will be focused on the commodities we believe will have attractive supply fundamentals," he said.

"We believe grade decline in copper and field decline in oil will constrain industry production and support a recovery in prices over the medium term. The potash industry has largely exhausted brownfield expansion options and new greenfield supply will be required.

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1 Percentage reductions relative to the level reported for the six months to 31 December 2014.

2 2016 financial year guidance is based on an exchange rate of AUD/USD 0.80 and USD/CLP 631.

"Our diverse portfolio of growth options will allow us to select the markets in which we can create the most value.

"Over the next decade, our attractive growth projects at Spence, Olympic Dam and Escondida will help us to embed BHP Billiton as one of the largest and lowest cost copper producers. In Petroleum, the development of our Onshore US acreage, conventional projects like Mad Dog 2, and exploration opportunities such as our program in Trinidad and Tobago will build on our foundation as one of the most competitive independent producers in shale and offshore. And following completion of the shafts, Jansen will be the potash industry's most advanced option to bring on new greenfield supply."

Mr Mackenzie added: "BHP Billiton's investments are expected to generate substantial value. Our pipeline of development projects has an expected average rate of return in excess of 20 per cent[3] and we will continue to test all investment decisions against challenging criteria that include buying back our own shares."

In conclusion, he said: "Our portfolio of low-cost assets is unrivalled in scale and quality and we have the sector's strongest balance sheet. Together these give us resilience and flexibility in volatile markets. As we improve our productivity and invest in high-return projects through commodity cycles, we expect to offer our shareholders superior returns."

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

3 Ungeared, post tax, nominal return for future investments; valuation date 1 July 2015.

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Creating value through the cycle

Andrew Mackenzie Chief Executive Officer
12 May 2015

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Presentation of data

Unless specified otherwise, all references to Underlying EBITDA margin and Underlying EBIT margin exclude third party trading activities. BHP Billiton core assets include Western Australia Iron Ore (WAIO); Samarco; Queensland Coal (comprising BHP Billiton Mitsubishi Alliance and BHP Billiton Mitsui Coal); NSW Energy Coal; Cerrejón; Escondida; Olympic Dam; Pampa Norte; Antamina; Onshore US; Shenzi; Mad Dog; Atlantis; Angostura; North West Shelf; Bass Strait; Pyrenees; Macedon; and the Jansen project.

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Creating value through the cycle

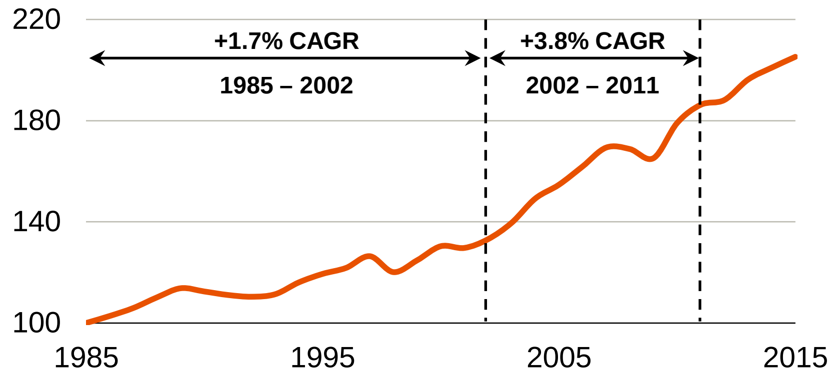
- **Our diversified portfolio of low-cost assets is unrivalled in scale and quality**
  - provides flexibility and resilience through volatile market conditions
- **Superior operating performance supports margins and cash flow**
  - simplification will drive the next phase of productivity improvement
- **We have the strongest balance sheet and best suite of development options**
  - underpins our progressive dividend commitment in both the short and long term

Price cycles will remain an enduring feature of commodity markets

- Unprecedented demand growth supported high prices and high levels of capital investment
- Recent capacity additions are now weighing on margins
  - prepared for the possibility of an extended period of lower prices for some commodities
  - a reminder that we operate in competitive and cyclical markets
  - sustainable earnings require being a competitive supplier, not supply restraint
- Our ongoing success rests on solid foundations
  - high-quality assets
  - operational excellence
  - balance sheet strength
  - capital discipline

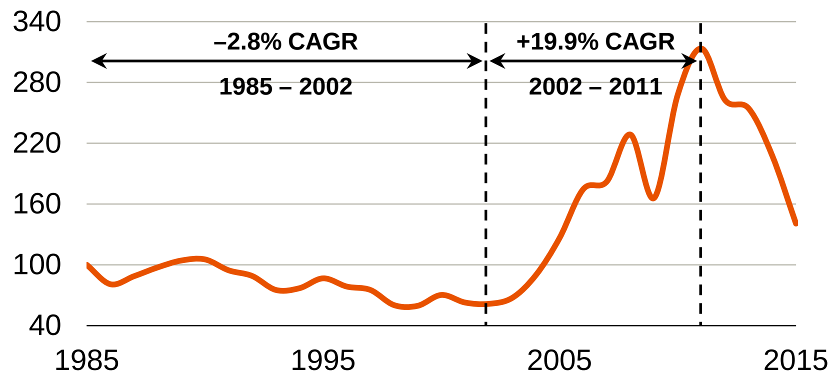
Unprecedented demand growth…

(copper, iron ore and oil consumption index, 1985 = 100)



…led to unsustainable margins

(copper, iron ore and oil price index, real, 1985 = 100)

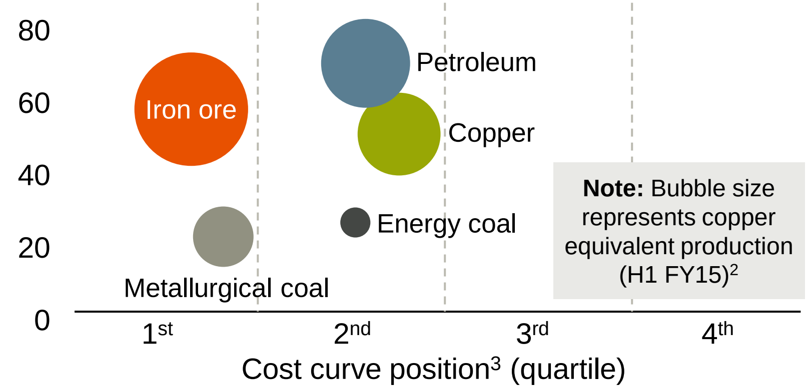


Source: BHP Billiton analysis; Wood Mackenzie; US Geological Survey; Macquarie Bank; BP Statistical Review of World Energy June 2014.

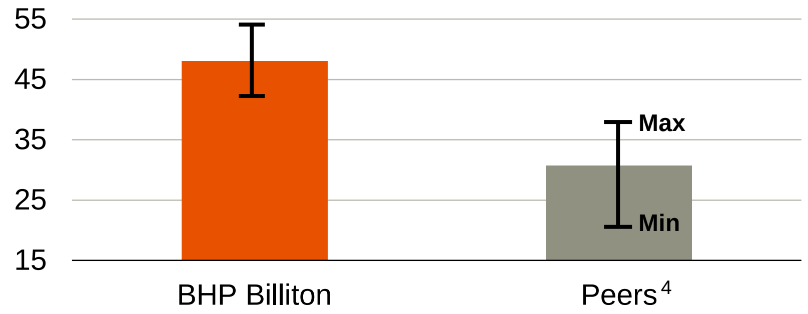
Lower prices place a premium on the right commodities and the best assets

- We have an unrivalled portfolio of upstream Tier 1 assets in our chosen commodity pillars
- Post-demerger we will focus on 12 operated assets offering scale, simplicity and diversification
  - each asset is absolutely on strategy and each has earned its place
- Our unique portfolio provides a sustainable competitive advantage through commodity price cycles
  - sector-leading margins
  - embedded expansion options

High-quality assets and the right commodities[1]…
(H1 FY15 Underlying EBITDA margin, %)



…support strong margins[1]
(average Underlying EBIT margin, 2005-2014, %)



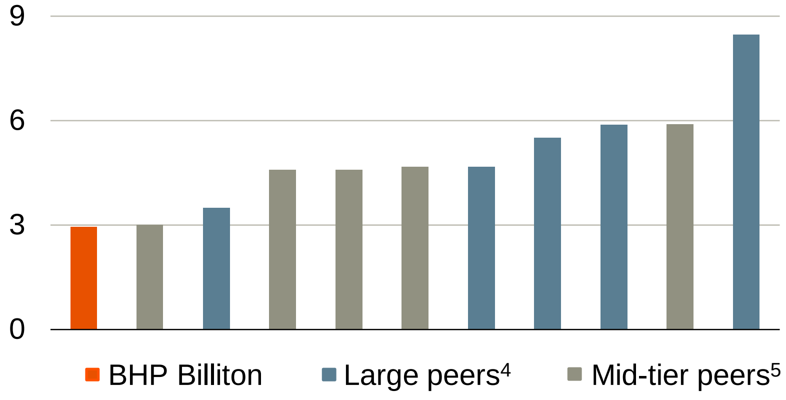
1. Core assets; Underlying EBIT margin is calculated on a financial year basis for BHP Billiton and calendar year basis for peers.
2. Copper equivalent production is calculated using FY13 average realised prices.
3. Weighted average equity share of production on a quality-adjusted operating cost basis in CY14 versus contestable demand in the markets in which our assets operate.
4. Peer group includes Rio Tinto, Anglo American and Vale.

Source: BHP Billiton analysis.

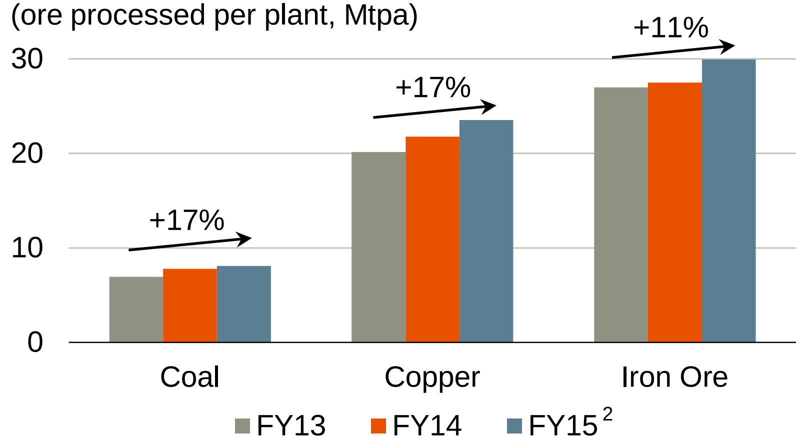
Operational excellence maximises margins and returns

- In conventional petroleum we are setting industry benchmarks
  - outstanding operational uptime performance
  - lowest cost driller in the Gulf of Mexico[1]
- Across our minerals assets, our productivity has improved substantially from FY13 to FY15[2]
  - Escondida truck utilisation +15%
  - Eastern Ridge ore handling plant +30%[3]
  - Goonyella truck utilisation +20%
- There is further room for improvement as we continue to target best-in-class performance

Industry leader in off-shore drilling[1]
(average drill time, days per 1,000 feet)



Increasing plant productivity[6]
(ore processed per plant, Mtpa)



1. Deepwater Gulf of Mexico, sub-salt, post-moratorium.
2. FY15 represents H1 FY15 annualised.
3. Tonnes per annum; Eastern Ridge forms part of the Newman mining hub.
4. Large peers include BP, Shell, Chevron, Statoil and Exxon.
5. Mid-tier peers include Noble, Hess, Anadarko, Apache and ConocoPhillips.
6. Represents utilisation rates for coal wash-plants, copper mills and iron ore handling plants.

Source: BHP Billiton analysis; Rushmore; Offshore Oil Scouts Association.

Simplification will further enhance productivity

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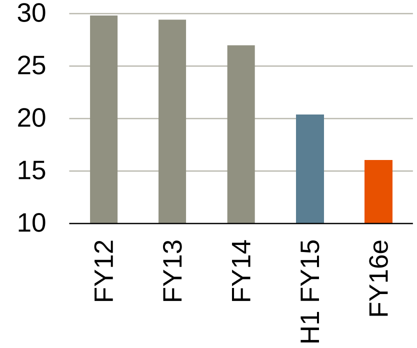
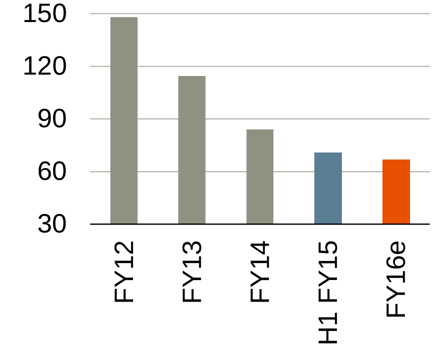
- Our focus on operational excellence has delivered nearly US$10 billion of annualised productivity-led gains[1]
- A simpler, more operationally-consistent portfolio will better leverage our systems and processes to deliver further gains
- We expect to cut costs more deeply than the competition in FY16
  - WAIO unit costs of US$16/t
  - Queensland Coal unit costs of US$67/t
  - Escondida unit costs of US$1.21/lb (US$1.10/lb on a grade-adjusted basis[2])
  - Black Hawk well costs of US$2.9 million
  - US$100 million per annum functional cost reduction following demerger[3]

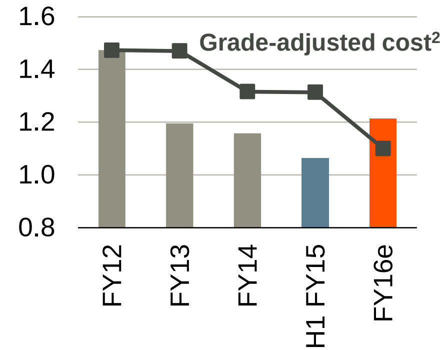
Western Australia Iron Ore
(unit cash costs, US$/t)



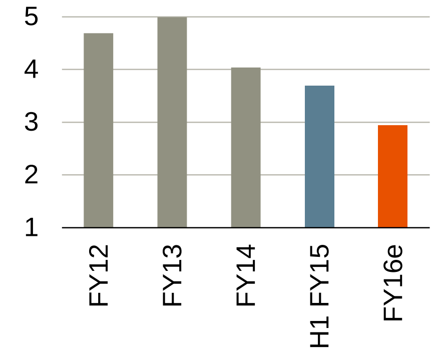
Queensland Coal
(unit cash costs, US$/t)



Escondida
(unit cash costs, US$/lb)



Black Hawk
(drilling cost per well, US$ millions)



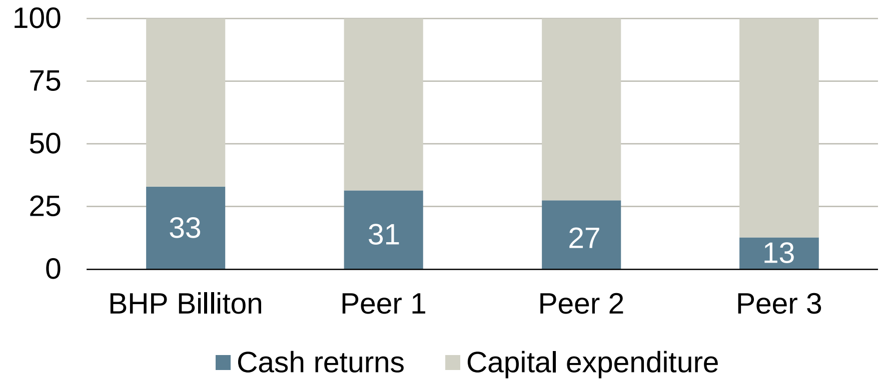
1. Represents annualised volume and cash cost productivity gains; H1 FY15 relative to FY12.
2. Unit cash costs on an FY12 grade-equivalent basis (average head grade; concentrate and cathode).
3. Pre-tax; expect to achieve 90% of functional cost reduction by the end of FY17.

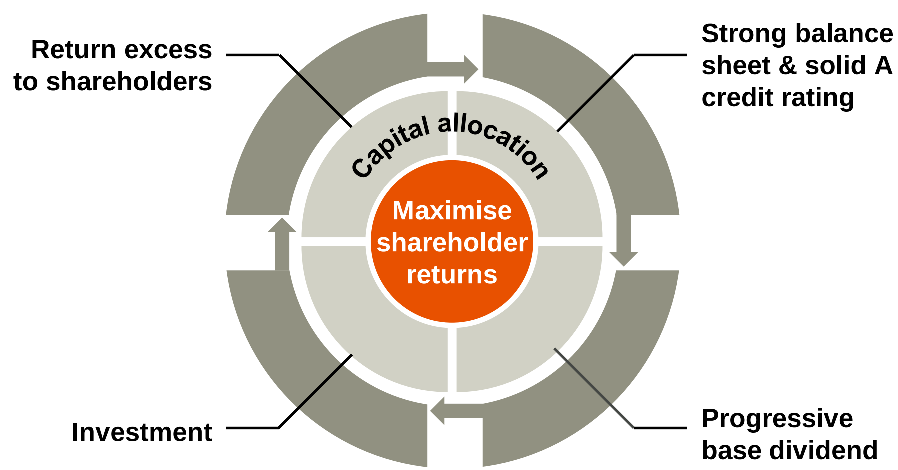
Note: Western Australia Iron Ore (WAIO) and Queensland Coal unit cash costs exclude freight and royalties; Escondida unit cash costs exclude freight and treatment and refining charges. FY16 guidance is based on an exchange rate of AUD/USD 0.80 and USD/CLP 631.

Disciplined capital management

- Capital allocation is a significant driver of long-term value creation
  - we have led our peers on a ratio of cash returns to capital expenditure
  - on track to deliver 16% volume growth for the two years to the end of FY15[1]
- Our approach to capital management is unchanged and remains focused on value and returns
  - maintaining our strong balance sheet
  - committed to our progressive dividend
  - selective investment in our high-returning development options
  - all growth options tested against investing in our own shares

Appropriate balance of investment and returns[2,3]
(aggregate capital investment vs cash returns, CY10-CY14, %)



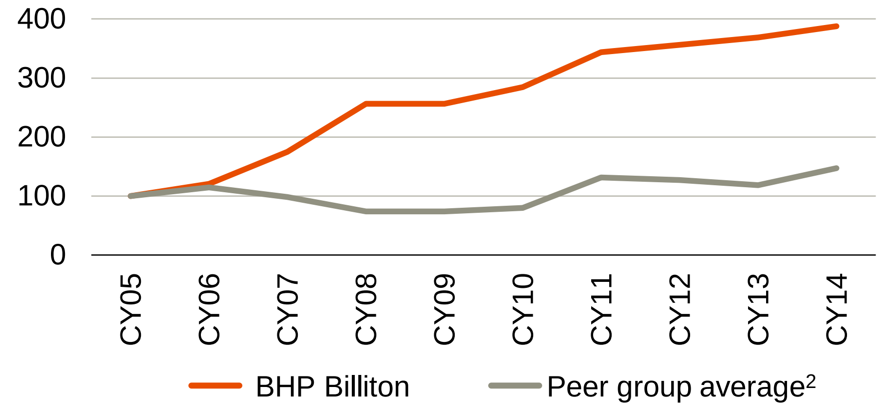


1. Refers to growth in copper equivalent production which is calculated using FY13 average realised prices.
2. Does not include acquisitions or proceeds from divestments.
3. Peer group includes Rio Tinto, Anglo American and Vale.

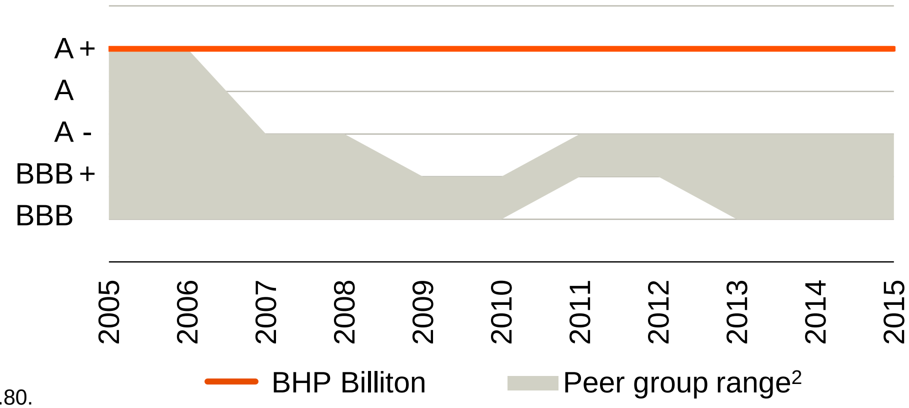
Commitment to our progressive dividend reflects our underlying strengths

- Our progressive dividend has withstood previous cycles and remains a commitment to shareholders
- We have numerous levers available to safeguard the dividend
  - simplification is expected to release further productivity gains driving improvement beyond the US$4 billion targeted by the end of FY17
  - revised FY16 capital expenditure of US$9.0 billion[1] reflects rising capital productivity and flexibility
  - sector's strongest credit rating

Consistent growth in our progressive base dividend
(dividends determined, US cents per share, index, CY05 = 100)



Our strategy is supported by a strong balance sheet
(credit rating, Standard & Poor's)

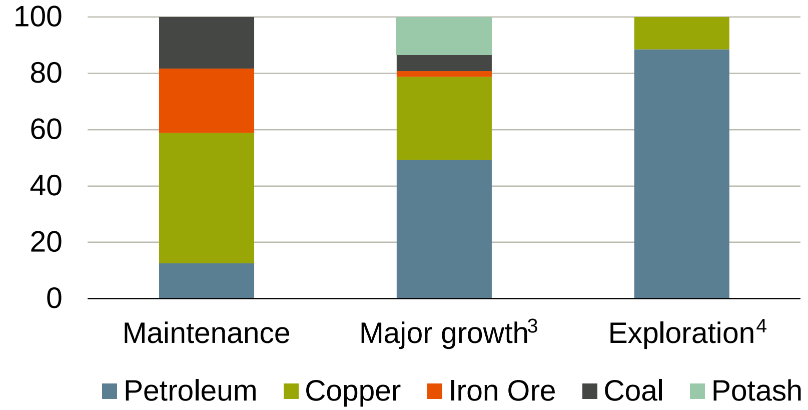


1. FY16 capital and exploration guidance is based on an exchange rate of AUD/USD 0.80.
2. Peer group includes Rio Tinto, Anglo American and Vale.

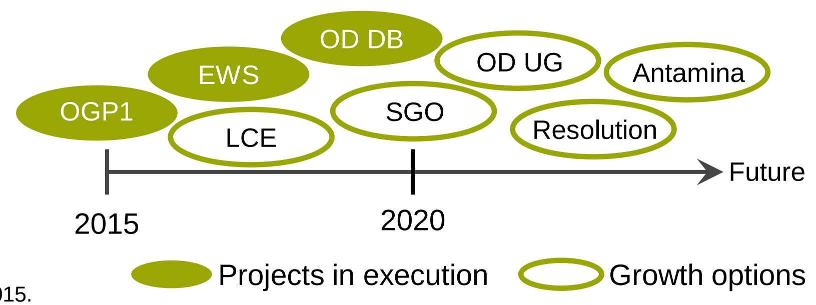
The quality, depth and flexibility of our growth portfolio is a key differentiator

- High-quality pipeline of growth projects and the financial strength to progress them at all points of the cycle
  – average rate of return in excess of 20%[1]
- With quality growth options across all our pillars, we can grow in the commodities we choose
  – **medium term:** Spence Growth Option, Los Colorados Extension, Onshore US liquids, Mad Dog 2
  – **longer term:** Olympic Dam underground expansion, Onshore US gas, Resolution, Jansen, exploration (oil and copper)

Investment focused on copper and petroleum
(forecast capital expenditure[2], FY16-FY20, %)



Strong pipeline of copper growth options[5]
(indicative project timeline)



1. Ungeared, post tax, nominal return for prioritised future investments; valuation date 1 July 2015.
2. Excludes deferred stripping and minor capital projects (below US$250 million).
3. Includes capital projects exceeding US$250 million.
4. Represents capitalised and expensed costs; does not include delineation drilling in iron ore and coal.
5. OGP1 refers to the Escondida Organic Growth Project 1; OD DB refers to the Olympic Dam debottlenecking project; EWS refers to the Escondida Water Supply project; LCE refers to the Los Colorados Extension project; SGO refers to the Spence Growth Option (hypogene resource); OD UG refers to the Olympic Dam 21 Mtpa underground expansion.

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