

NEWS RELEASE

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BUILDING MOMENTUM IN COPPER

BHP Billiton President Copper, Daniel Malchuk, today announced plans to lower copper unit costs to US\$1.08 per pound in the 2017 financial year, supporting strong cash margins even at today's prices. Over this period, the release of latent capacity across the portfolio will also help annual Group copper production grow to approximately 1.7 Mt at very low cost. This strong recovery will be supported by our differentiated water and power solutions in Chile which will provide us with a significant competitive advantage.

Mr Malchuk reinforced BHP Billiton's commitment to sustainability saying, "We value safe, sustainable operations above all else. We are enhancing verification for critical controls across all our assets and have brought forward our regular review of our tailings facilities."

Referring to the copper market, he said while near-term oversupply is weighing on current prices, attractive long-term fundamentals continue to support our positive outlook. "We see a number of factors creating the conditions for a significant supply deficit by the end of the decade. Grade decline, falling investment across the sector, the lack of greenfield projects and challenges accessing sustainable power and water are all likely to constrain industry supply. Meanwhile we expect robust demand from China and non-OECD countries to add to the deficit."

Mr Malchuk said BHP Billiton's Copper portfolio is comprised of large, long life assets competitively positioned on the cost curve. "We have the industry's largest copper resource and our business will gain momentum over the next two years with lower costs and higher production across our major assets as we safely improve productivity.

"At Escondida, no major investment is required to sustain an average 1.2 million tonnes per annum of production capacity for the decade from the 2016 financial year, and the asset is expected to generate strong free cash flow through the cycle.

"Olympic Dam unit costs are expected to fall 48 per cent¹ by the end of the 2017 financial year to US\$1.00 per pound, repositioning the asset at the low end of the cost curve. Over the same period, Spence unit costs are expected to fall 10 per cent to 87 US cents per pound. Low cost debottlenecking projects will release latent capacity, supporting sustainable production of approximately 200 ktpa at both Olympic Dam and Spence from the 2016 financial year.

"We are also pursuing further growth opportunities which offer attractive returns. The Spence Growth Option has advanced to the feasibility stage with the potential for first production in the 2020 financial year. And we continue to create staged optionality for substantial long-term growth at Olympic Dam. These opportunities will enable us to bring on production at a time that coincides with an expected price recovery."

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

¹ Relative to FY15.

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