



Conveyors at the Newman Hub, June 2009

Western Australia Iron Ore

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President Iron Ore
5 August 2009



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BHP Billiton results are reported under International Financial Reporting Standards (IFRS). References to Underlying EBIT and EBITDA exclude net finance costs and taxation for jointly controlled entities, and exceptional items. A reconciliation to statutory EBIT is contained within the profit announcement, available at our website www.bhpbilliton.com.

Today's Discussion

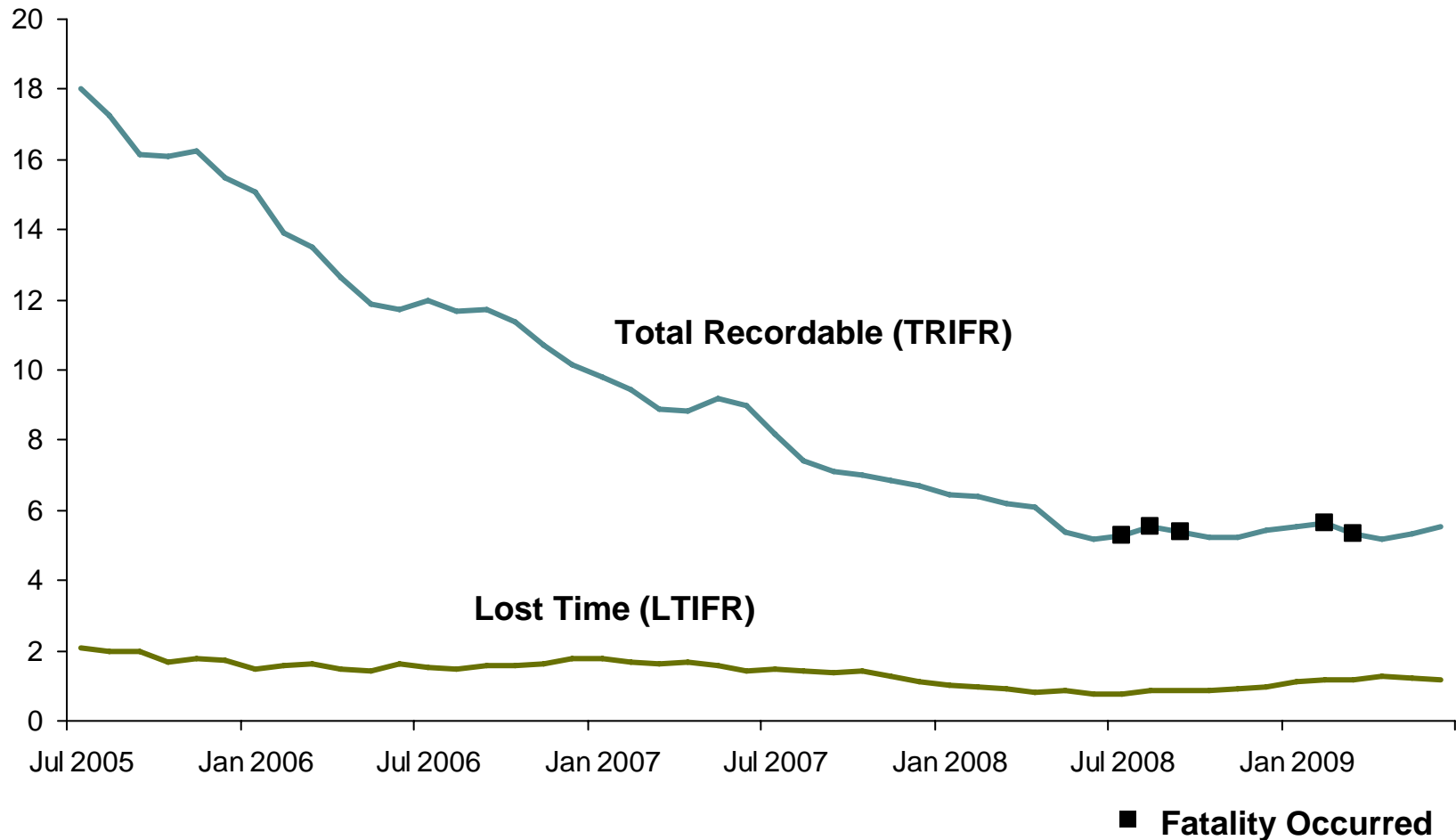
- Safety
- Production JV
- Market
- Performance
- Growth

Our Safety Performance

- Poor safety performance in FY2009 with five separate and unrelated fatal accidents
- Challenging time for the business and our people
- Extensive internal reviews of our systems
- Separate independent expert review (Section 45)
- Working closely with the State Government on the findings and related actions
- Committed to improving our safety performance

Injury Frequency Rates FY2005-FY2009

Western Australia Iron Ore Injury Frequency Rates



Safety Actions

- BHP Billiton Catastrophic Risk Management process being implemented across Western Australia Iron Ore operations
- Redesigned Traffic Management System to physically separate heavy and light vehicles
- Strengthening Fatigue Management to prevent excess working hours
- Reducing site access and mine pit permits to reduce light vehicle interactions
- Contractor management
- In principle agreement to move rail operations from Mine Safety & Inspection Act to Rail Safety Act



Physical barriers are now in place to separate heavy and light vehicles

Unlocking Scale Benefits from a World Class Resource Basin

- Exciting new production joint venture with Rio Tinto announced on 5 June
- In principle agreement to form 50:50 production joint venture of Pilbara iron ore assets to leverage benefits of scale

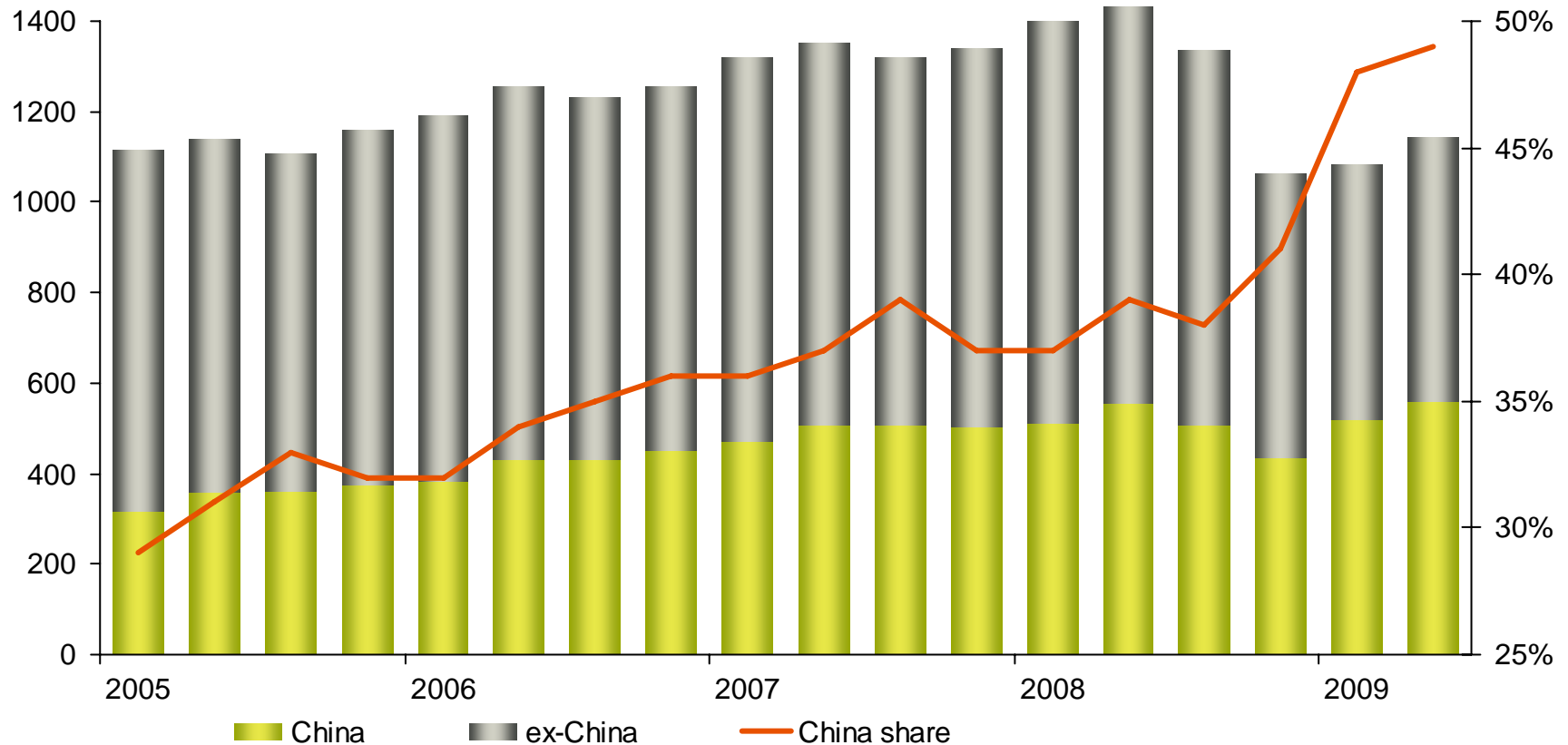
Expected benefits include:

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



ROW Steel Recovering Slower Than China

Annualised quarterly crude steel production and China's share of global output
(Mt, %)

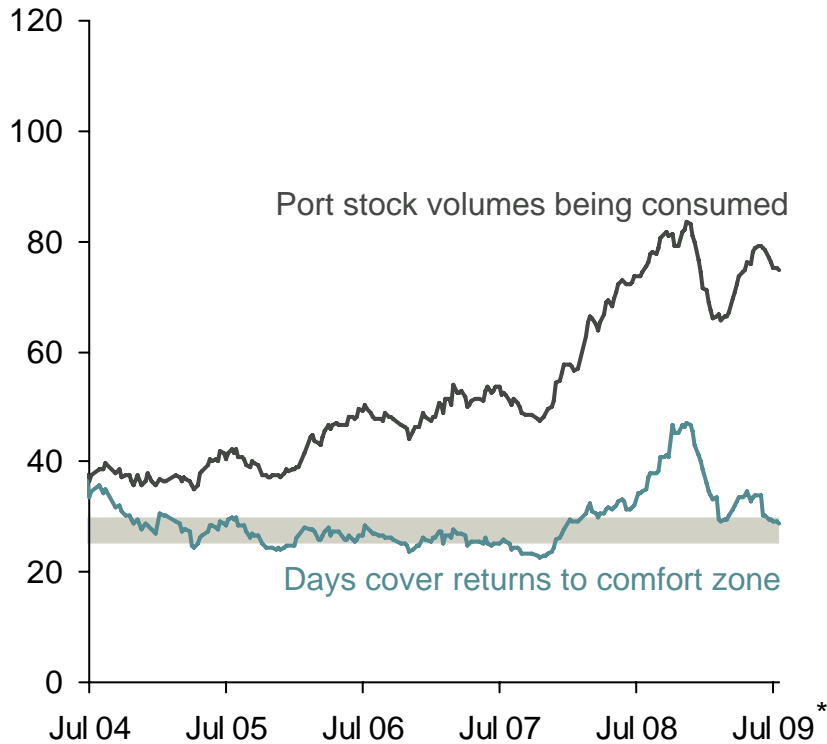


Source: World Steel Association

China Seaborne Iron Ore Imports Increasing

Port stockpiles being consumed

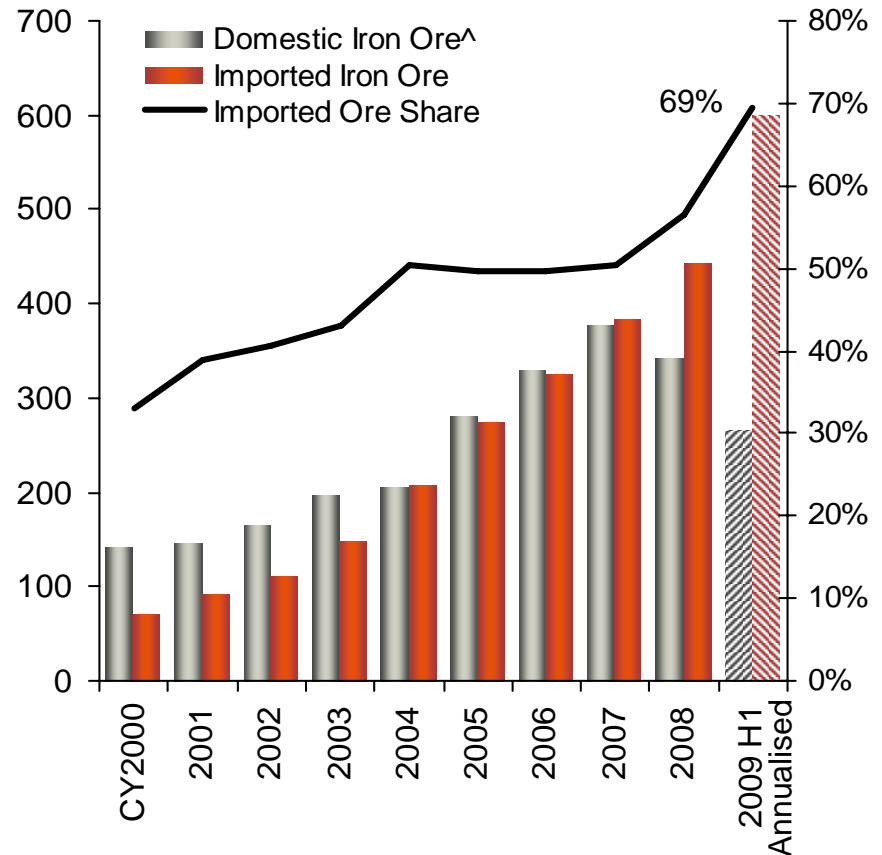
China Imported Iron Ore Port Stocks (Mt, days; 25 major ports)



Port stock to 17 July 2009; ^ Domestic Iron Ore at 62.0% Fe Equivalent
Data Sources: Independent data providers, BHP Billiton Analysis

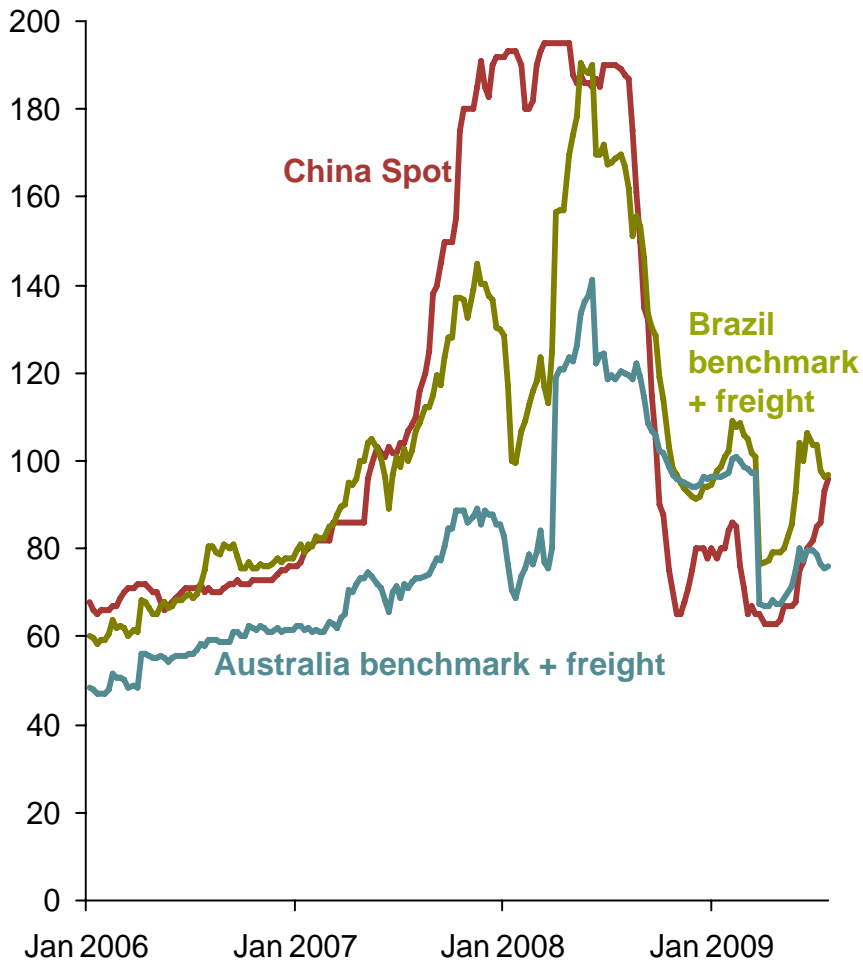
Imports gaining market share

China Iron Ore Imports and China Domestic Concentrate Production (Mt)



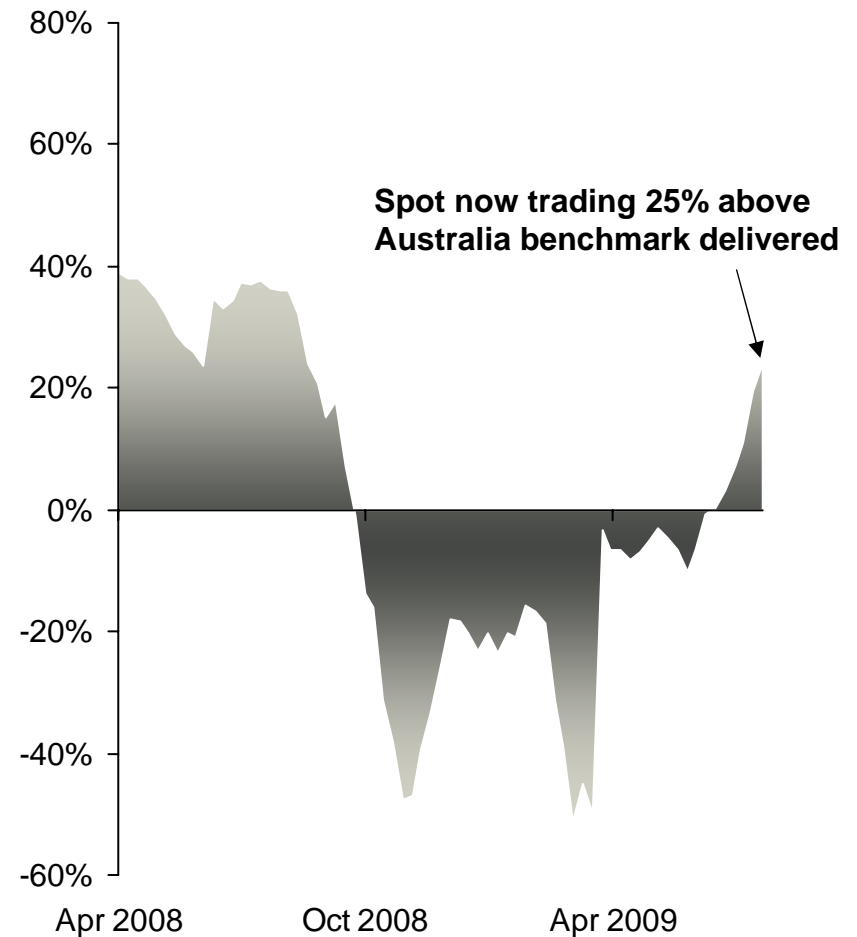
Market Imbalances Remain

**Historical iron ore prices delivered to China
(US\$/dmt)**



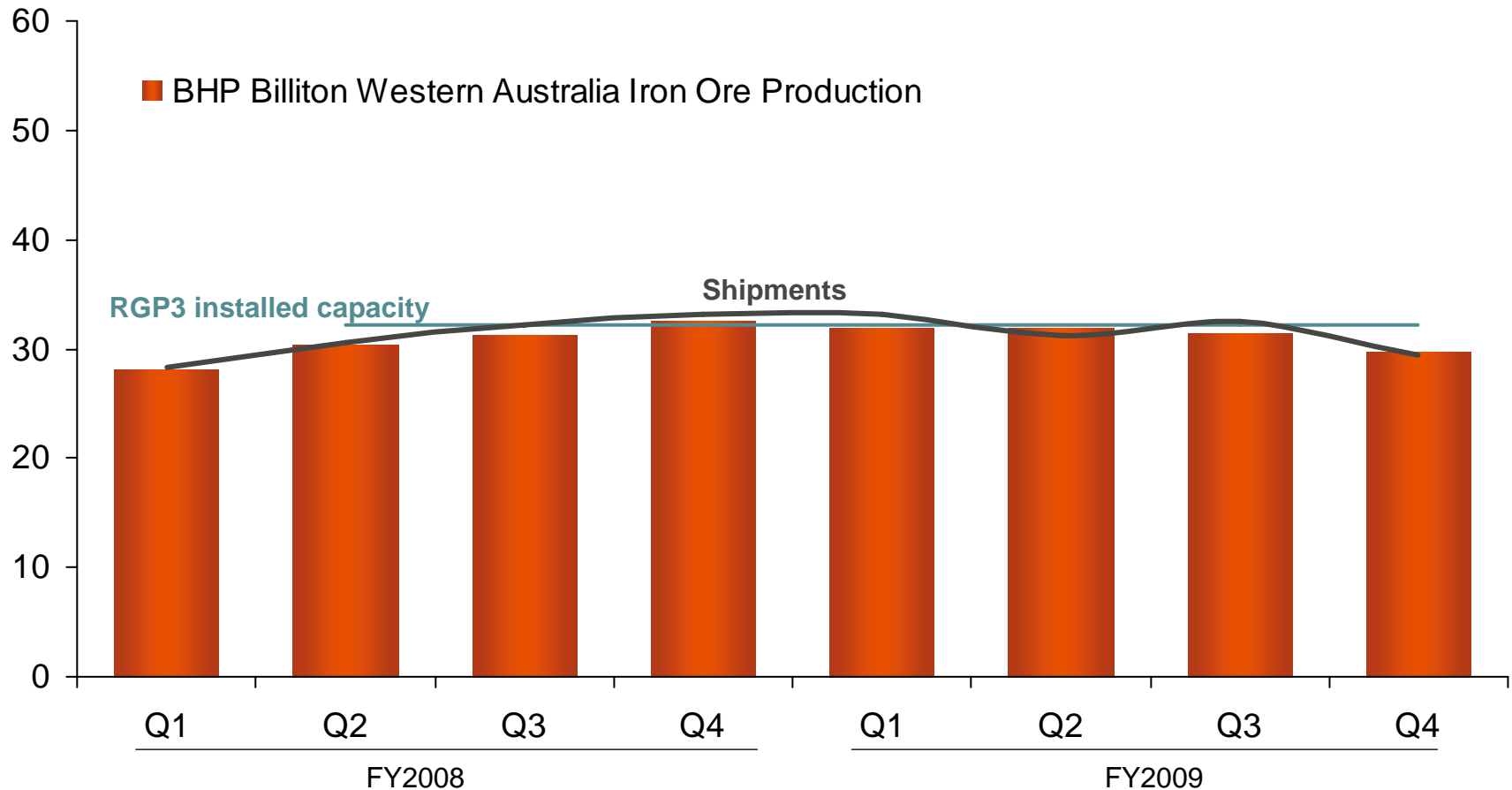
Sources: Public Sources, BHP Billiton Analysis

**Differential between China spot prices and
Australia benchmark + freight (US\$/dmt)**



Stable Sales Despite Market

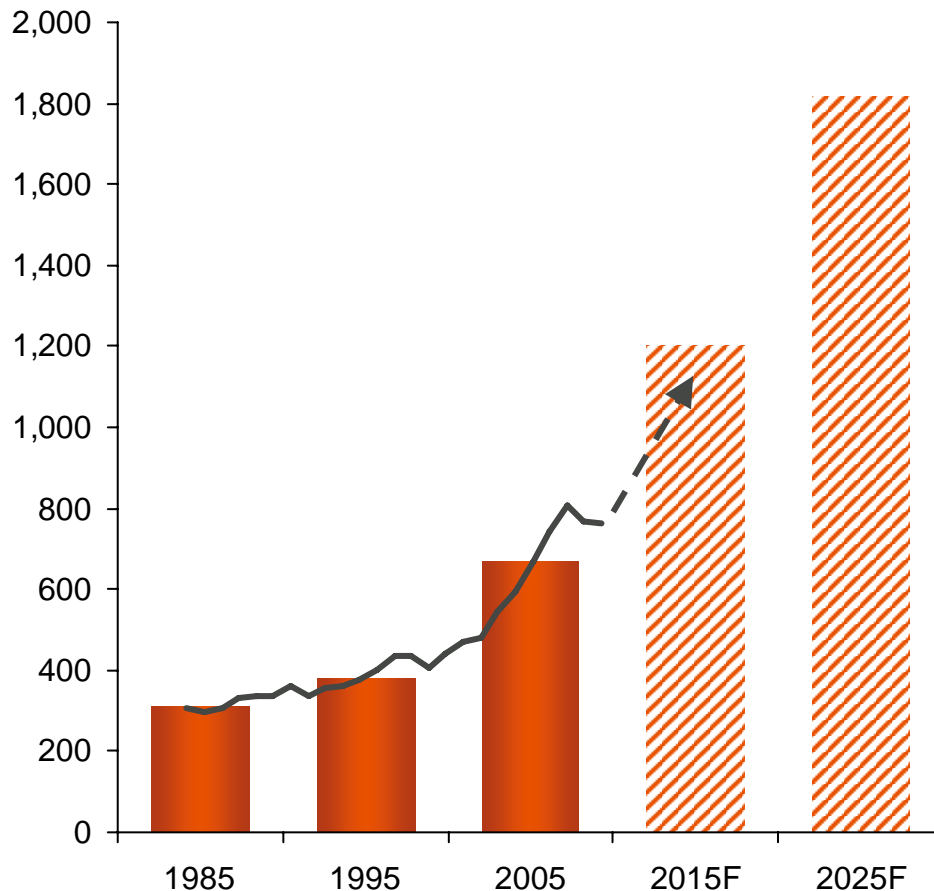
WA Iron Ore Production & Shipments (Mt, 100%)



Source: BHP Billiton

Long Term Fundamentals are Solid

Seaborne Iron Ore Demand (Mt)



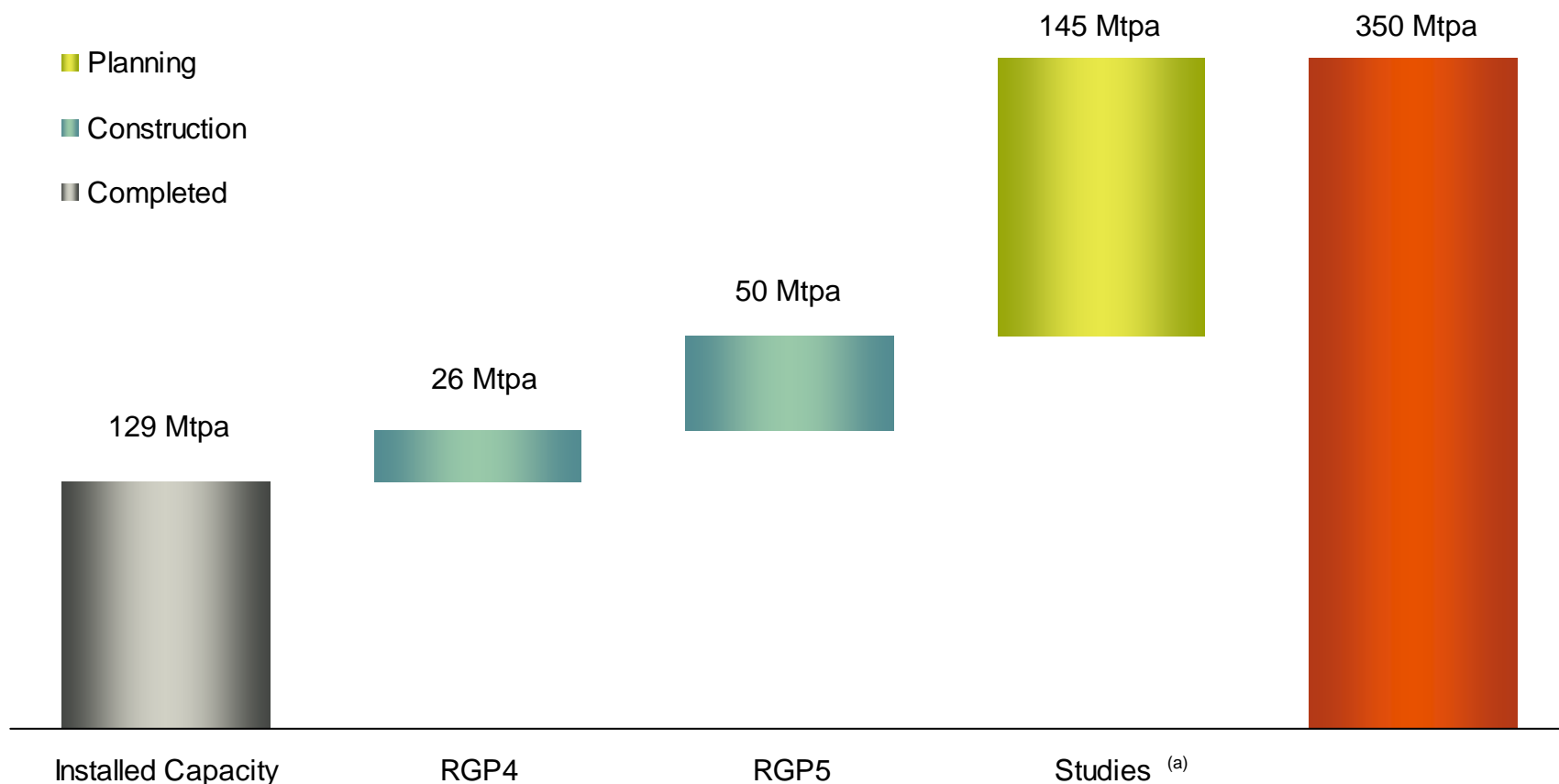
Source: BHP Billiton estimates

- Short to medium term uncertainty will always exist
- Steel is a critical input as nations industrialise and urbanise
- China and other emerging economies are expected to continue to drive long term demand growth

Iron Ore Growth Projects Well Underway

Western Australia Iron Ore Growth Path

(mtpa, 100% basis)



(a) All studies and estimated capacity remain under review until they are approved for execution.

RGP4 Hub Pre-Commissioning Underway



Newman Hub RGP4 Construction works - July 2009

RGP5 Works Underway

Yandi Tertiary Crushing Plant Foundations



Leonardo Da Vinci dredging in Berth Pocket 1



First RGP5 wharf pile being driven in



Turnout installation at Bing South



In Conclusion

Safety

- Iron Ore is working hard to improve its safety performance

Market

- Short term market impacted by destocking and restocking effects
- Long term fundamentals are solid
- Proactive participation in industry evolution towards a transparent and regular market clearing price

Performance

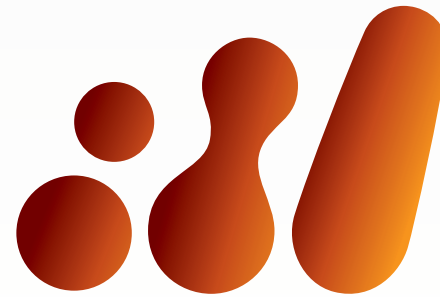
- Sales at RGP3 capacity despite market conditions

Growth

- An advantaged cost position, strong balance sheet and low financial leverage places BHP Billiton in a unique position to continue to invest in growth and deliver long term shareholder value
 - RGP4 is in pre-commissioning phase with RGP5 works well underway
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BHP Billiton recently celebrated the 40th Anniversary of Western Australia Iron Ore operations in the Pilbara
Above: First Ship Loading Ceremony, April 1969



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