Industry Outlook for the Next Decade

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BHP Billiton: the world’s largest diversified resources company

**Petroleum:** a 500mbd oil and gas exploration and production business

**Iron Ore:** one of the world’s premier suppliers of iron ore

**Base Metals:** #3 global producer of copper, silver, and lead

**Metallurgical Coal:** largest global supplier of seaborne traded hard coking coal

**Other:** Aluminium, Diamonds & Specialty Products, Stainless Steel Materials, Manganese, Energy Coal

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Significant capital expenditure to underpin future BHP Billiton growth

Strong pipeline of investment
(US$ billion)

Future Options
Pre-Feasibility
Feasibility
Execution
Other Growth Capex
Total Spend FY11 to FY15
Commodity Split

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Maintaining BHP Billiton’s commitment to our core strategy

- Large, low-cost, long-life Tier 1 assets
- Export oriented
- Upstream focused
- Diversified by commodity, customer and geography
- Committed to a solid ‘A’ credit rating
- Deep inventory of growth options
- Ethics, safety, environmental practice and community engagement
- Employer of choice and a preferred partner
Western Africa Iron Ore

- Our Goal: large, long-life iron ore business with integrated rail and port infrastructure in place
- Currently underway:
  - Project in pre-feasibility
  - Exploration
  - Approvals
Steel production to continue to grow to 2025, driven by Asian production…..

Global crude steel production (Mt)

- 2000: 849
- Historical growth: 565
- 2010: 1,414
- Forecast growth: 1,033
- 2025: 2,446

CAGR 3.7%

Source: BHP Billiton analysis.

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…with new sources of Iron Ore supply required to meet the demand…

Total announced seaborne supply by region (%)

- Australia
- South America
- Africa
- Other

Note: Others includes India, Middle East, CIS, Europe-Other, Asia and New Zealand.
Source: BHP Billiton analysis.
... but numerous challenges will remain

**Industry challenges**

- Rising capital and operational costs
- Skilled labour availability
- Operational complexity for multiple tie-ins
- Civil Infrastructure strain
- Country political risks

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**Total announced seaborne supply (Mtpa)**

- Announced supply
- Analyst expectation

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Source: BHP Billiton analysis.
Iron Ore Outlook Summary

- Growth in China and India likely to sustain strong Iron Ore demand

- A significant ramp up of supply is required in next 5-10 years

- Industry challenges will continue to put pressure on supply delivery

- Delivered supply will eventually restore market balance

- Competition between producers will focus on conventional factors such as product quality, reliability and cost position