BHP Billiton Iron Ore - Growth and Outlook

Ian Ashby
President Iron Ore
20 March 2012
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Mineral Resources and Ore Reserves
This presentation includes information on Mineral Resources (inclusive of Ore Reserves) and Ore Reserves. These have been compiled by: P Whitehouse (MAusIMM) – Western Australia Iron Ore (WAIO) who is employed by BHP Billiton at the time of reporting. This is based on information in the BHP Billiton Annual Reports from 2007 to 2011 and other investor presentations which can be found at www.bhpbilliton.com. All information is reported under the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004’ (the JORC Code).

The compiler verifies that this report is based on and fairly reflects the Mineral Resources and Ore Reserve information in the supporting documentation and agrees with the form and context of information presented.

Ore Reserve and Mineral Resource classification are contained in Table 1.

Table 1

<table>
<thead>
<tr>
<th></th>
<th>Proved Reserve (Bt)</th>
<th>Probable Reserve (Bt)</th>
<th>Measured Resource (Bt)</th>
<th>Indicated Resource (Bt)</th>
<th>Inferred Resource (Bt)</th>
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<tbody>
<tr>
<td>FY2011</td>
<td>1.4</td>
<td>2.1</td>
<td>2.2</td>
<td>3.9</td>
<td>13.2</td>
</tr>
<tr>
<td>FY2010</td>
<td>1.3</td>
<td>2.0</td>
<td>1.9</td>
<td>3.5</td>
<td>10.7</td>
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<tr>
<td>FY2009</td>
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<td>1.8</td>
<td>3.2</td>
<td>7.5</td>
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<tr>
<td>FY2008</td>
<td>1.5</td>
<td>1.5</td>
<td>2.0</td>
<td>2.9</td>
<td>6.8</td>
</tr>
<tr>
<td>FY2007</td>
<td>1.3</td>
<td>1.1</td>
<td>1.7</td>
<td>2.1</td>
<td>4.2</td>
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</tbody>
</table>
Structural drivers of demand remain intact

Chinese GDP growth by province
(% year on year, 2010)

- ≥ 10%
- 8 - 9%
- < 8%

Short term: Some caution

Long term: Structural drivers of industrialisation and urbanisation in the developing world remain intact

Source: EIU, BHP Billiton analysis.

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Urbanisation and industrialisation drive long term commodity demand

Projected urbanisation of India, China and Rest of World (billion people)

<table>
<thead>
<tr>
<th>Year</th>
<th>India</th>
<th>China</th>
<th>Rest of World</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>0.9</td>
<td>1.1</td>
<td>3.3</td>
</tr>
<tr>
<td>2010</td>
<td>1.2</td>
<td>1.4</td>
<td>4.3</td>
</tr>
<tr>
<td>2030F</td>
<td>1.5</td>
<td>1.5</td>
<td>5.4</td>
</tr>
<tr>
<td>2050F</td>
<td>1.6</td>
<td>1.4</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Total population (billion people) 0.9 1.1 3.3 1.2 1.4 4.3 1.5 1.5 5.4 1.6 1.4 6.1
Urbanisation (%) 25% 27% 53% 30% 47% 57% 40% 62% 63% 54% 73% 71%

Despite strong growth, China’s 2025 projections still lag current US comparables

**China annual car production**
(million units)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2015F</th>
<th>2020F</th>
<th>2025F</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>11</td>
<td>15</td>
<td>21</td>
<td>28</td>
</tr>
</tbody>
</table>

**Car penetration density**
(number of cars per thousand persons)

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2025F</th>
</tr>
</thead>
<tbody>
<tr>
<td>China 2010</td>
<td>32</td>
<td>120</td>
</tr>
<tr>
<td>US 1916</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>US 1923</td>
<td>120</td>
<td></td>
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<tr>
<td>US 2010</td>
<td>423</td>
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</tbody>
</table>

**China urban residential floor space**
(year-end stock, billion square metres)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2015F</th>
<th>2020F</th>
<th>2025F</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>20</td>
<td>27</td>
<td>34</td>
<td>40</td>
</tr>
</tbody>
</table>

**Urban residential floor space per capita**
(square metres/capita)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2025F</th>
</tr>
</thead>
<tbody>
<tr>
<td>China 2010</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>China 2025F</td>
<td>43</td>
<td></td>
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<tr>
<td>US 2010</td>
<td>73</td>
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</tbody>
</table>


Ian Ashby, President Iron Ore, 20 March 2012
Global seaborne iron ore demand expected to grow strongly

China and ROW total iron ore consumption vs. seaborne iron ore demand
(Index, 2000 seaborne trade as 100)

<table>
<thead>
<tr>
<th>CAGR</th>
<th>2000-2010</th>
<th>2010-2020</th>
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<tbody>
<tr>
<td>World iron ore consumption</td>
<td>6.1%</td>
<td>3.5%</td>
</tr>
<tr>
<td>World seaborne iron ore demand</td>
<td>8.4%</td>
<td>4.4%</td>
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</tbody>
</table>

Source: BHP Billiton.
Ian Ashby, President Iron Ore, 20 March 2012
Traditional sources of supply expected to continue to dominate export market

Forecast major iron ore trade flows 2015 (million tonnes)

Source: CRU, BHP Billiton Analysis. Location of the trade flow arrows is indicative.
Outer Harbour development enables BHP Billiton to deliver growth to meet increased demand

BHP Billiton’s Western Australia Iron Ore (WAIO) production profile
(mtpa, 100%)

- Fully utilise allocated Inner Harbour capacity (approved 220mtpa + debottlenecking to 240mtpa)
- Growth mines (Jinidi, South Flank, Marillana) and launch Outer Harbour
- 155mtpa to +220mtpa investment
- Future growth options

Scale the Outer Harbour

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
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<tr>
<td>Growth</td>
<td>144</td>
<td>144</td>
<td>144</td>
<td>144</td>
<td>144</td>
<td>144</td>
<td>144</td>
<td>144</td>
<td>144</td>
<td>144</td>
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<tr>
<td>~350</td>
<td></td>
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1. Including expansion to 220mtpa (approved) and debottlenecking incremental investment to 240mtpa.
2. Subject to further studies and optimisation.

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Making significant progress with our Outer Harbour development with approval of pre-commitment funding

US$917 million (100% basis)¹ in pre-commitment funding approved for the construction of first 100mtpa of the Outer Harbour development

Pre-commitment funding

- Funding will cover:
  - Progression of feasibility studies
  - Procurement of long lead items including car dumper cells
  - Will also allow for dredging to begin (subject to regulatory approvals)

Full approval

- Expected to be reviewed for full approval in Q4 CY12

Start-up

- Scheduled for H1 CY16

Subsequent stages

- Embedded option to expand by a further 100mtpa

¹. BHP Billiton share US$779 million.
First 100 mtpa phase of the Outer Harbour development will underpin subsequent stages

Offshore infrastructure
- 4 kilometre jetty
- 4 berth wharf
- 32 kilometre of dredged departure channel
- 2 ship loaders

Landside infrastructure
- Stockyards
- Rail spur
- 2 car dumpers

Subsequent stages to expand by a further 100 mtpa will include:
- Construction of 4 additional berths
- Expansion of stockyards and supporting infrastructure
BHP Billiton’s scale, resource quality and proximity to Asia underpins our growth plans

19Bt of resources – high quality mineral inventory – low strip ratio – natural supplier to Asia

WAIO resources and reserves 2007-2011 (wet billion tonnes)

Note: Refer to disclaimer on slide 3.
Superior project delivery capability (on time and within budget)

- Reduce work
- Standardise
- Replicate
- Modularise
- Pre-assemble

- Yandi modules being transported to site
- Pre-assembled sample stations
- Village rooms sourced from supply partners
- Streamlined workforce deployment

- Secure capability
- Strategic procurement
- Strategic contracting
- Multiple EPCMs
- Workforce capability

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Supply shortages have resulted in high cost marginal producers filling the supply base.

- BHP Billiton retained a favourable position on the cost curve despite industry wide cost pressures.
- Competitive position is underscored by the quality of our resources.
Significant acceleration of outflow tonnes over the past 12 months

Annualised port outflow tonnage
(mtpa, 90 day moving average)

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<td>160</td>
<td>165</td>
<td>170</td>
<td>175</td>
<td>180</td>
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<td>~174Mtpa</td>
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Note: Data for 1 January 2011 to 31 December 2011.

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Jimblebar mine expansion progressing well

- Jimblebar mine project: mine facilities
- Jimblebar mine project: accommodation village

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New berths and shiploaders ensure allocated Inner Harbour capacity will be fully utilised
New berths and shiploaders at Nelson Point
BHP Billiton Iron Ore is well placed to deliver our growth plans

**Demand**
- We remain confident in the long term demand outlook
- Underpinned by China’s urbanisation and industrialisation

**Growth**
- Growth Master Plan in place and being executed
- Pre-commitment funding recently approved

**Delivery**
- Confidence in delivery of our growth plans underpinned by:
  - Scale and quality of resource base
  - Project delivery capability
  - Competitive, low cost position