



Audit
147 Collins Street
Melbourne Vic 3000

GPO Box 2291
Melbourne Vic 3001
Australia

ABN: 51 194 660 183
Telephone: +61 3 9288 5555
Facsimile: +61 3 9288 6666
www.kpmg.com.au

Mr Jac Nasser
Chairman
BHP Billiton Limited
171 Collins Street
Melbourne Victoria 3000

19 November 2013

Dear Chairman

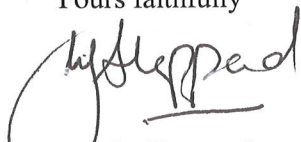
Questions received in advance of the Annual General Meeting

We have been notified that BHP Billiton Limited (the "Company") has received a number of questions from shareholders directed to the auditor in advance of the BHP Billiton Limited Annual General Meeting ("AGM") to be held on 21 November 2013.

We set out the questions and our formal responses in Appendix One and seek permission to table the written answers at the AGM. This document constitutes the "question list" prepared in accordance with section 250PA of the Corporations Act 2001 (the Act). If permission is granted, section 250T of the Act requires these responses to be made available to shareholders as soon as practicable after the AGM. Please note that we have reproduced the questions exactly as they were received by Company Secretariat.

Please contact me should you wish to discuss any of the questions or answers in more detail.

Yours faithfully



Martin Sheppard
Partner

Appendix One – Shareholders' questions directed to the auditor and KPMG's formal responses

Introduction

The Corporations Act 2001 offers members an opportunity to submit written questions to the auditor prior to the AGM on:

- a) the content of the auditors' report to be considered at the AGM; or
- b) the conduct of the audit of the annual financial report to be considered at the AGM.

In our view, the following two questions relate to the conduct of the audit and we have responded accordingly.

Question 1

Are you able to give us assurance that the value of all significant assets previously written off has been fairly and objectively evaluated? And that the financial reporting arrangements in respect of these write downs is materially free of error? The transaction was not a "big bath" taken when previous CEO left? I am thinking in terms of most recent (since GFC) write downs and more specifically the shale gas write down of \$2.8b in 2012 analysed in relation to the performance of the same investment currently.

Question 2

What is the current audited value of those assets previously owned by Billiton and contributed by Billiton to the merger of BHP and BHP Limited and have those assets been devalued since the merger.

KPMG Observation

We provide the following observations in response to questions 1 and 2

An audit of a financial report is performed in accordance with auditing standards and is designed to enable the auditor to conclude whether or not the financial statements have been prepared, in all material respects, in accordance with a specified basis of accounting, which in this case is Australian Accounting Standards. Audit procedures are designed to obtain reasonable, but not absolute, assurance regarding the financial statements taken as a whole. An audit does not enable the auditor to express an opinion on individual elements of financial statements including assets, liabilities, disclosures or transactions contained within those

financial statements. As such, we do not provide assurance regarding the value of individual assets included in BHP Billiton's balance sheet.

In conducting our audit, we did not identify material misstatements in the 30 June 2013 financial report and accordingly issued an unmodified audit opinion. Further detail regarding the nature and scope of our audit is included in our independent auditor's report on pages 281 and 282 of the BHP Billiton 2013 Annual Report.

Question 3

Does the Audit of BHP adhere to the application of ISO 31000 Risk Management Principles and Australian Standard 8001 – 2008 Fraud and Corruption Control? Does the Board believe it effectively applies such policies?

KPMG Observation

We conducted our audit in accordance with Australian Auditing Standards as required by the Australian Corporations Act 2001.

Australian Auditing Standards require us to exercise reasonable care and skill when planning and carrying out the audit, so that there is a reasonable expectation of detecting material misstatements in the financial statements that are attributable to fraud. They do not require that we identify all instances of fraud, nor are we required to provide assurance over BHP Billiton's policies and systems to prevent fraud and corruption. We have not been engaged by BHP Billiton to provide assurance regarding the Group's compliance with the frameworks mentioned in the question, nor are we able to comment on the Board's views regarding their application at BHP Billiton.

Further detail regarding the nature and scope of our audit our responsibilities is included in our independent auditor's report to the members of BHP Billiton Limited on pages 281 and 282 of the BHP Billiton 2013 Annual Report.

Shareholder Questions - other

The following questions were also submitted in writing to the Company, marked for the auditor. We do not consider that these questions relate to the content of the auditors' report or the conduct of the audit, and therefore we have not responded to them. We have reproduced these questions exactly as they were received by Company Secretariat.

- 4 When are you going to introduce a dividend reinvestment plan?
- 5 Would BHP consider a dividend reinvestment plan: i.e. to buy shares (extra) with dividend received on shares.
- 6 There is no mention of the DRP for ordinary share holders. It's all about the board and people who work for BHP

- 7 When is it likely that BHP Billiton will re introduce the DRP, we prefer it better than cash.
Thank you (Please reply).
- 8 Would you work for \$10 an hour? (Same job)
- 9 Not impressed – very creative accounting. Would like to see a totally independent examination of the books! Why can't this be ordered?
- 10 We would like to know why the value of shares in BHP has decreased by up to 50% - from top value of \$70+ per share down to \$30+. Appears to be a very large decrease in BHPs overall value?
- 11 To the ordinary shareholder(s). The remuneration paid to top executives appears to be manifestly extreme.
- 12 Please explain (in simple terms and language) why it is senior executives working for BHP receive remuneration packages that are exorbitant (and therefore ethically wrong)
- 13 Why hasn't corporate governance properly addressed the BHP senior exec's pay/salary packages. No one (working for a listed company) should be paid the money these individuals are on! How can BHP justify ethically the senior exec pay packages and why doesn't corporate governance properly address, explain and rectify the situation?
- 14 With 75% of my share portfolio in BHP Billiton, I am very concerned with debt. Does the company have any plan of extinguishing debt?
- 15 When will be the general meeting be held in Melbourne?
- 16 In the proxy, "it has been recommended that grants be approved to Andrew Mackenzie as a director of BHP Billiton" – however, we are not told what these grants are!! Surely as shareholders, we cannot vote on a "blanket statement"
- 17 I do believe that "authority to issues shares"- is practical and sensible
- 18 Repurchasing shares, I believe is not in the interests of the company – long term on its shareholders – who need to reserve the right to the company progressive future.
- 19 Will the board consider a compulsory buy back of all unmarketable parcels. Thus saving a considerable amount of postage, etc.
- 20 Where are us shareholders going to be offered shares to buy or be given bonus shares, Ii think it's about time. BHP can always find thousands of shares to be given to their CEO, etc
- 21 Will BHP be better in the future. For all of us. Thank you
- 22 The Anglican church in NZ has disallowed investments in mining companies. Can BHP Billiton do something that will make it possible to invest. No doubt this will spread around others and would be very bad for both BHP and the church?
- 23 What is the future outlook for BHP (diversification?) in light of new government? How will this affect the price of shares, etc in the immediate future?

- 24 Is it true from independent analyst that minerals and mining over next decade will be more accessed overseas where costs are lower and become more efficient
- 25 Expected downturn in Australian economy as other countries out perform will have substantial effect on BHPB your view please
- 26 Building permits in Fraser Coast down by a further 24%. Medium to long term will your products become more unaffordable for Australia and world markets
- 27 Can the auditor supply a NTA for one BHP share?
- 28 Why are there so many members of the board?
- 29 BHP should DRP plan in place
- 30 What are the financial prospects of BHP looking for FY2013/14?
- 31 Is there chances for increased profits in FY2013/14?
- 32 I am concerned that underlying EBITDA interest coverage is significantly lower in last financial year (half of what it was in 2009!). meanwhile annual gearing is increasing – not good.
- 33 When can shareholders expect to get a better dividend return
- 34 Why is the board so against Ian Dunlop? You should open your ears to this man. Global warming is a real phenomena. BHP needs to consider renewable energy in its planning for the future.
- 35 Please do not change for the sake of change; in high regard Mr Nasser.
- 36 Why has this chairman of the Board not embraced the nomination of someone so eminently qualified as Ian Dunlop? The broadcast reasons do not add up in these challenging times for us all.
- 37 How many dividends a year?
- 38 How much money per share?
- 39 Has the auditor of BHP, as a precautionary measure raised the need for the Company to adopt policies & procedures to minimise its exposure to the economic threats of climate change.
- 40 Women on Board of Directors – a few more women on the board. There is 2 sexes in the world and it's about time women walked side by side with the men – we do have brains and experience you know – it's about time you men looked into the situations.