Global Iron Ore & Steel Forecast
Our culture to drive value in the Pilbara

Edgar Basto
Asset President Western Australia Iron Ore
29 March 2017
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Key themes

• The health and safety of our people and the communities in which we operate always come first

• China and Emerging Asia expected to support steel demand growth

• Our tier 1 assets and focus on productivity support strong and sustainable returns

• South Flank is our preferred option to sustain volumes

• The new organisational structure facilitates continuous improvement at all levels

• Inclusion and diversity are core to our success

• Partnering with our local communities to create shared value

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China and Emerging Asia expected to support steel demand growth

Gap to close in emerging market steel stock

• China’s accumulated steel stock per capita still lags developed economies

• Chinese steel demand is expected to grow despite a moderation in the growth rate

• India and South East Asian economies have strong growth potential

• Geopolitical uncertainty and protectionism inhibit international trade and investment

Source: World Steel Association; BHP Billiton analysis.

1. Emerging Asia includes India and countries in South Asia and North Asia, excluding China, Japan and South Korea.

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Seaborn suppliers continue to add low cost, high quality tonnes

Differential to Platts 62 (USc/dmtu CFR)

Coking Coal Price (US$/t, FOB)

Major producers continue to add low cost, high quality tonnes to market, Brazilian competition growing strongly

Source: Wood Mackenzie and publicly reported information.
1. Results presented on a cumulative basis.

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Strong performance through the cycle

- Record H1 FY17 production of 136 Mt
- Reduced our unit cost\(^2\) to US$15.05/wmt FOB
- We have further opportunities to lower unit cost

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1. Based on WAIO H1 FY17 Underlying EBIT annualised, including third party products.
2. FOB unit cash cost excluding freight and royalties.

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Three years of continuous improvement has delivered strong results

- 11% improvement in TRIF
- >5,000 improvement initiatives
- 26% increase in production
- 48% reduction in cost\(^1\)

Note: H1 FY14 to H1 FY17 comparison.
1. FOB unit cash cost excluding freight and royalties.

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Further strengthening our position

**Improving operations to support further productivity**
- Renewal of rail infrastructure will decrease cycle times, six months ahead of schedule
- Real time schedule optimisation across the supply chain
- Debottlenecking and minor capital supports 290 Mtpa by the end of FY19

**South Flank sustaining volumes**
- Unlocking resources within reach of the existing Mining Area C hub, using installed capacity as much as possible
- High quality and low strip ratio
- Low capital intensity

Note: South Flank remains subject to Board approval

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New structure unlocks global sharing and learning

Example: Maintenance Centre of Excellence

- World leading performance
- Value through total equipment strategies

Caterpillar 793F improvement outcomes

- 20% engine life improvement
- 50% front suspension life improvement
- 20% final drive life improvement
- Servicing to improve reliability

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Inclusion and diversity are central to our success

Why?

Safety
- 19% to 68% less injuries
- More likely to follow safe work practices and raise unsafe conditions

Culture
- Confident to speak up
- Rate BHP Billiton, their job and leader more favourably

Productivity
- Production forecast accuracy is 7% to 15% higher
- 10% higher adherence to planned maintenance work
Western Australia Iron Ore contributing to the broader community and economy

<table>
<thead>
<tr>
<th>Payments to government</th>
<th>Goods and services sourced locally</th>
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<tr>
<td>$2.5 billion TOTAL</td>
<td>80%</td>
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$1.2 billion in wages paid to our workforce of around 16,000

600 WA businesses supplying to our operations

$255 million in contributions to our host communities

100,000 retail shareholders in Western Australia sharing in the success of our business

Note: FY16 results, all AUD unless otherwise stated.
1. **Include taxes and royalties.**
2. **WAIO operational expenditure with vendors based in Western Australia.**

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