

BHP

BMO Global Metals, Mining & Critical Minerals Conference

CEO speech

24 February 2025

Mike Henry, CEO

Slide 1: December 2024 half year results [image slide]

Good morning, all. Thank you once again to Alex and BMO for hosting us at this conference.

This is always a really interesting and engaging time of year for us at BHP, being able to get out and discuss our half year results, outlook for our business, and the external factors at play in the world – of which there are many.

I am looking forward to speaking with many of you over the next two days.

Slide 2: Disclaimer

Slide 3: A winning strategy

Last week, we announced our half year results, delivering another strong operational and financial performance.

Our focus on operational excellence, coupled with our distinctive approach to social value, is part of our simple, clear strategy.

We continue to demonstrate, year after year, how this strategy enables us to create enduring value for our shareholders and other stakeholders.

We have intentionally focused our portfolio on the most attractive commodities and the best assets. We hold large, long-life assets with growth potential, in commodities that the world will need as it seeks to develop, digitalise and decarbonise.

Our ability to continually reposition our business for success in response to the world around us, has set us up well for the future.

The strength of BHP's portfolio of assets provides certainty for investors – highest average margin, protecting against price volatility, and with our production in stable jurisdictions.

This was evident once again last week, and demonstrates our ongoing ability to consistently deliver on our strategy, and deliver value for all those around us.

Slide 4: A strong start to FY25

We have made an excellent start to the financial year.

We've grown copper production by 10% from this time last year – and we expect to deliver 24% growth¹ over the 3 years to June 2025.

We achieved Underlying EBITDA of \$12.4 billion, with a healthy margin of 51%. Our average margin over the past 15 years is more than 50% – that performance is industry-leading.

We have determined an interim dividend of 50 US cents per share, representing a 50% payout ratio.

¹ Reflects production growth from FY22 to FY25 (based on mid-point of FY25 guidance).

BHP

At the same time, we've continued to advance our attractive organic growth projects, most significantly in copper and potash.

And we've added to these through our recently formed Argentinian Joint Venture with Lundin Mining – Vicuña – to advance the development one of the most significant copper discoveries in decades.

In October, we signed a comprehensive agreement with the Public Authorities² in Brazil in relation to the 2015 Samarco dam failure³. This is a major milestone, reflecting BHP Brasil's commitment to supporting Samarco to do what's right by the communities and environments affected.

More broadly, through the ICMM we've also been involved in two initiatives that we believe will help to improve standards and transparency across the sector.

The Consolidated Mining Standard Initiative aims to merge four of the world's major sustainability performance standards into a comprehensive global standard – a single standard that applies to all commodities and in all jurisdictions.

This will be much more efficient and will hopefully mean wider industry adoption, allowing for easier and fairer comparability of sustainability performance across operators and operations.

We are also supporting the establishment of the Global Tailing Management Institute, which will standardise and promote better practices in tailings management.

Both of these initiatives will help to improve sustainability standards in our industry.

Slide 5: Delivering consistent cash flows

The strong cash generative capacity of our business was once again on display this half, as we delivered net operating cash flow of more than \$8 billion.

On a run-rate basis, we've generated more than \$15 billion per year in all but one of the past 15 years.

The resources industry is of course cyclical, so this stability in our cash flows is a significant differentiator for BHP. It highlights the enduring quality of our portfolio, and how our focus on operational excellence supports our ability to consistently deliver strong financial performance.

Our reliable cash flows enable us to both grow our business and deliver attractive shareholder returns through the disciplined application of our Capital Allocation Framework.

Slide 6: Premium assets in the most attractive commodities

For a mining company to deliver long-term value, it needs to have exposure to the right commodities.

We have intentionally selected a mix of assets and commodities that positions us well, not just for today, but into the future. And our people operate them excellently, enabled by our BHP Operating System.

This is particularly evident at WAIO, and has helped position us as the world's lowest cost major iron ore producer.

We have focused our coal portfolio and are a leading producer of higher-quality steelmaking coals, which we expect will increasingly be sought by our customers.

² Refers to the Federal Government of Brazil, State of Minas Gerais, State of Espírito Santo, public prosecutors and public defenders.

³ The Agreement delivers a full and final settlement of the Framework Agreement obligations, the Federal Public Prosecution Office claim and other claims by the Public Authorities in relation to the dam failure.

BHP

We are the world's largest copper producer, and have the world's largest copper resource⁴ from which we've created multiple growth options.

And the scale of our potash holding in Canada positions us to be a leading, low-cost, global producer by the end of the decade.

Let me explain in a bit more detail.

Slide 7: WAIO: the world's leading iron ore business

Western Australia Iron Ore is a great example of what BHP is about.

WAIO has 30 billion tonnes⁵ of Pilbara iron ore, and 95% of that is within 50 kilometres of existing infrastructure. That allows us to use fewer processing hubs than our competitors, which simplifies operations and lowers sustaining capital requirements.

But most importantly, our people operate WAIO very well. This has resulted in us being the world's lowest cost major iron ore producer for a fifth year in a row.

Our combination of low capital intensity and superior cost performance results in better free cash flow generation for every tonne we produce.

Slide 8: Copper: a compelling pipeline of organic growth options

We're also growing our copper business. We expect global copper demand to be over 50 million tonnes a year by 2050, more than 70% higher than 2021 levels.

And there's just not enough production yet being developed to supply it.

We're already the world's largest copper producer, and we have the world's largest copper resource⁶.

And the pathways we have for further growth - both in South America and South Australia - are compelling.

In Chile, projects like an expansion of the Laguna Seca concentrator and a new concentrator at Escondida are expected to support annual copper production of 1.4 million tonnes, on average, through the 2030s. That's half a million tonnes per year more than if we did not invest.

And our Copper South Australia business has potential to double its production, growing from the early to mid-2030s. That's around an additional 300 thousand tonnes per year from where we stand today, 100% BHP.

Combined with our other assets and options, we have an aspirational pathway that could produce over 2 million tonnes per year of attributable copper production.

Slide 9: Attractive internal options to grow in copper for value

A number of you will have been on the tour we hosted in Chile back in November, and as we explained then, the options we've developed in the region are looking very attractive, with an average capital intensity of \$23,000/t and IRRs of 15 – 19%.

This compares favourably to brownfield and greenfield opportunities of others' and certainly favourable vs inorganic alternatives.

⁴ Largest copper mineral resources on a contained metal basis, equity share. Source BHP FY24 Results presentation.

⁵ Refer page 5 for Western Australia Iron Ore Mineral Resources.

⁶ Largest copper mineral resources on a contained metal basis, equity share. Source BHP FY24 Results presentation.

Slide 10: Vicuña: emerging copper district with world class potential

Last month we also completed our agreement with Lundin Mining to establish a new joint venture called Vicuña to develop the combined Filo del Sol and Josemaria projects in Argentina.

Vicuña could become a world class copper producer – among the top 10 globally.

Now that we've closed the transaction, the JV is prioritising...

- Delivering the initial sulphide resource estimate for Filo del Sol and updating the existing oxide resource estimates for both deposits...
- As well as defining the timing and scope of technical studies for the integrated development.

Both of those are expected by the end of our financial year.

Lundin Mining shares similar values to ours, and we are really pleased to be partnering with them. They have been operating in Argentina for over 30 years.

We also appreciate the collaborative approach taken by the government of Argentina, who are encouraging investments like ours with tax settings and other incentives.

Slide 11: Jansen: a top tier asset set for strong cash flow

Our investment into potash represents a new commodity pillar for BHP, and we couldn't be more positive about its future.

This business is strategically significant for BHP.

Potash is an essential nutrient for plant growth and is produced in two main supply basins – Canada and Russia/Belarus. As populations continue to grow and living standards increase, potash will be increasingly required to support more and better food production from constrained arable land.

Our Jansen project in Saskatchewan, Canada is on track for first production by the end of next calendar year, earlier than our initial estimate. Stage 1 is now over 60% complete and stage 2 is in execution.

This is a Tier 1, long life asset that is expected to sit in the first quartile of the global cost curve once ramped up – allowing it to generate strong free cash flow through the cycle, decade after decade.

It further diversifies our portfolio, provides access to new geographical end markets, and increases our resilience to market cycles. BHP will be the only major diversified miner with exposure to potash.

Slide 12: Investment proposition

In closing, BHP is well positioned to continue delivering value to our shareholders and those around us, for decades to come.

We have a resilient, diverse portfolio with substantial embedded optionality, that delivers many of the commodities the world needs now, and will need well into the future.

We have a strong balance sheet and robust capital allocation framework that positions us well to unlock even greater value from our assets and our people.

The powerful combination of strategy, portfolio, and operational excellence is a competitive advantage for BHP. It allows us to deliver great results for shareholders and to create social value for those around us.

BHP is in great shape now... and I am excited about our future.

Thank you.

Competent Person Statement: Iron ore Mineral Resources

Compiled iron ore Mineral Resources as at 30 June 2024

Deposit	Ore Type	Measured Resources		Indicated Resources		Inferred Resources		Total Resources		BHP Interest (%)
		Tonnes (Mt)	% Fe	Tonnes (Mt)	% Fe	Tonnes (Mt)	% Fe	Tonnes (Mt)	% Fe	
WAIO	BKM	3,180	60.6	4,950	59.5	11,700	58.9	19,830	59.3	85
	CID	330	55.7	340	56.2	870	54.7	1,540	55.2	
	DJD	-	-	190	61.8	80	60.0	280	61.2	
	MM	1,610	61.2	1,680	59.6	4,580	59.1	7,870	59.6	
	Total	5,120	60.5	7,160	59.4	17,230	58.7	29,520	59.2	