Steelmaking materials briefing

Marcus Randolph
Group Executive and Chief Executive Ferrous and Coal
30 September 2011
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A robust outlook for steelmaking materials

Industrial development and apparent steel consumption\(^1\) (kilogram per capita)

<table>
<thead>
<tr>
<th>GDP per capita (US$’000, real 2005 PPP)</th>
<th>China/India steel intensity</th>
<th>Other country steel intensities</th>
<th>Possible range for China to 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>India today</td>
<td>South Korea</td>
<td>Japan</td>
<td>Germany</td>
</tr>
</tbody>
</table>

Source: CISA; WSA; Global Insight; JBS; BHP Billiton.
1. Steel consumption on a crude steel equivalent basis.

Under delivery of production forecasts\(^1\) (%)

<table>
<thead>
<tr>
<th>Metallurgical coal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron ore</td>
</tr>
</tbody>
</table>

Source: Macquarie Commodities Research, August 2011.
1. Denotes shortfall in global 2011 production as forecast by Macquarie Commodities Research in August 2011 compared with June 2008. Production refers to seaborne iron ore and seaborne metallurgical coal (excluding USA) supply.
Demand for our metallurgical coal and manganese is set to accelerate

Coking coal consumption (index)

- China
- ROW

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Coking coal consumption</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Seaborne demand</td>
<td>3%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: China Customs; CISA; BHP Billiton.
Volume estimates for our metallurgical coal and manganese businesses fall short of demand forecasts

- Chinese crude steel production is expected to grow to ~1.1 billion tonnes by 2025
- Significant increases in seaborne iron ore production are anticipated by the market
- Our investment during the depths of the Global Financial Crisis underpinned our growth trajectory
- Our high quality development options in metallurgical coal and manganese should not be underestimated
- We are well positioned to meet anticipated demand growth across the steelmaking raw materials complex

Global seaborne coking coal demand forecast (index)

BHP Billiton metallurgical coal consensus production (index)

Source: BHP Billiton; China Customs; CISA; analyst estimates.
We are the leader in both markets

Seaborne metallurgical coal producer operating margin\(^1\)
(2016, US$ per tonne FOB)\(^2\)

Manganese ore value-in-use adjusted cost curve\(^3\)
(FY11, indexed)

BHP Billiton share of global seaborne coking coal market

BHP Billiton share of global manganese ore market

Tier 1 resource = low risk, high return avenue to growth

**Gabon**
- Feasibility: Samancor Gabon greenfield project

**South Africa Manganese**
- Execution: M14 smelter expansion
- Central block expansion at Wessels

**Indonesia**
- Pre-feasibility: IndoMet Coal project

**Queensland Coal**
- Execution:
  - Daunia
  - Hay Point Stage 3 Expansion
- Feasibility:
  - Caval Ridge
- Pre-feasibility:
  - BMC Wards Well
  - Goonyella Expansion
  - Saraji East
  - Port and Rail Expansion

**GEMCO**
- Execution:
  - GEMCO expansion phase II

Metallurgical Coal projects
Manganese projects
Execution of our tier 1, upstream strategy will create strong and predictable high value growth

Long term BHP Billiton production growth of iron ore, metallurgical coal and manganese (copper equivalent units¹)

1. Production from continuing operations converted to copper equivalent units based on long term consensus price estimates where available. Indexed to 100 from FY11. Source: BHP Billiton.
Our marketing strategy: run at full capacity and take the market price

- Annual negotiations create incentives to cancel contracted tonnes when the differential between spot and benchmark is large

- As a low cost producer, we want to run at full capacity all of the time. We can only do this if we know we can sell our product with the price defined by supply-demand at the time of sale

- We want long term relationships with our customers that are not excessively focused on price

- The market pricing mechanism is more transparent

- Development of forward markets provides customers with financial risk management tools
Transition to short term pricing is well embedded

Seaborne and Chinese iron ore demand (million tonnes)

- China short term price (including seaborne)
- ROW seaborne short term price
- China captive & SOE
- China imports annual price
- ROW seaborne annual price

Global short term priced iron ore > 1 billion tonnes in 2010

Seaborne and Chinese coking coal demand (million tonnes)

- China short term price (including seaborne)
- ROW seaborne short term price
- China annual price (including seaborne)
- ROW seaborne annual price

Global short term priced coking coal ~800 million tonnes in 2010

Source: BCG analysis; CRU; Trade data; BHP Billiton.

Steelmaking materials briefing, 30 September 2011
The trend towards terminal markets occurs even when product differentiation exists.

**Stages of pricing mechanism evolution**

- **Terminal markets**
  - Financial settlement against physical delivery
  - Financial markets participation
  - Index pricing
  - Journalistic pricing
  - Short term pricing
  - Benchmark pricing

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Established index</th>
<th>Financial risk management tools</th>
<th>Product differentiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude oil</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Energy coal</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Copper</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Aluminium</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Nickel</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Gold</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Soybeans</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Corn</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Coffee</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Manganese ore</td>
<td>Establishing</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Iron ore</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Metallurgical coal</td>
<td>Establishing</td>
<td>Establishing</td>
<td>Yes</td>
</tr>
</tbody>
</table>
A uniquely diversified and high value growth portfolio

- BHP Billiton is diversified across the steelmaking materials product suite
- Our resource base is large, low cost and well located and contains many high return growth options
- Successful delivery of our steelmaking materials expansion projects is expected to generate a CAGR of 9% for our Ferrous business
- Our market based pricing strategy helps us to run our assets flat out, all of the time and it reduces risk for all parties
Metallurgical Coal briefing

Hubie van Dalsen
President Metallurgical Coal

Phil Hynes
Vice President Project Development Metallurgical Coal
30 September 2011
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Exploration Results, Mineral Resources and Ore Reserves
This presentation includes information on Mineral Resources, which is based on information prepared by the relevant Competent Persons as named in the 2011 Annual Report, and reported under the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (The JORC Code).

All information is reported under the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004’ (the JORC Code) by the following Competent Persons who were employed by BHP Billiton at the time of reporting and have the required qualifications and experience to estimate and report Mineral Resources under the JORC Code.

J Centofanti (MAusIMM), A Paul (MAusIMM), P Handley (MAusIMM), S Martinez (MAusIMM), G Lawson (MAusIMM).

The Competent Persons verify that this report is based on and fairly reflects the Mineral Resources information in the supporting documentation and agree with the form and context of the information presented.

Mineral Resource classification for each deposit is presented in Table 1.

<table>
<thead>
<tr>
<th>Deposit</th>
<th>Measured (million tonnes)</th>
<th>Indicated (million tonnes)</th>
<th>Inferred (million tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goonyella Riverside – Broadmeadow</td>
<td>634</td>
<td>934</td>
<td>179</td>
</tr>
<tr>
<td>Wards Well</td>
<td>-</td>
<td>556</td>
<td>582</td>
</tr>
<tr>
<td>South Walker Creek</td>
<td>160</td>
<td>174</td>
<td>306</td>
</tr>
<tr>
<td>Poitrel</td>
<td>34</td>
<td>50</td>
<td>59</td>
</tr>
<tr>
<td>Daunia</td>
<td>105</td>
<td>52</td>
<td>19</td>
</tr>
<tr>
<td>Saraji East</td>
<td>23</td>
<td>186</td>
<td>1096</td>
</tr>
<tr>
<td>Saraji</td>
<td>684</td>
<td>221.6</td>
<td>111.1</td>
</tr>
<tr>
<td>Blackwater</td>
<td>236</td>
<td>683</td>
<td>1354</td>
</tr>
<tr>
<td>Gregory Crinum UG</td>
<td>10</td>
<td>140.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Norwich Park</td>
<td>223</td>
<td>146</td>
<td>147</td>
</tr>
<tr>
<td>Peak Downs – Cavall Ridge</td>
<td>697</td>
<td>875</td>
<td>572</td>
</tr>
</tbody>
</table>
Metallurgical Coal briefing

- Safety
- Metallurgical coal industry overview
- BHP Billiton Metallurgical Coal – the global leader
- Multiple high value options for growth
- Key messages
- Question time
Safety performance

Total Recordable Injury Frequency and significant incidents
(TRIF 12 month moving average)

(number of incidents)

- Significant incidents
- TRIF (Contractors)
- TRIF (Employees)
- TRIF (Combined)
- Fatality
Metallurgical coal industry overview

- Every tonne of crude steel requires approximately 600 kilograms of metallurgical coal
- Strong steel demand growth underpins metallurgical coal growth
- Demand is strongest in Asia. Growth in demand will be driven mainly by China and India, as these populous nations continue to develop and urbanise
- Domestic supply of high quality hard coking coal in China has failed to keep pace with demand
- India has a very limited supply of high quality hard coking coal, hence is highly reliant on imports
- Given shortages in metallurgical coal supply, previously undeveloped basins in Mongolia and Mozambique are now being developed
- High cost USA metallurgical coal exports remain well above historical levels given the supply shortage
China and India will account for the bulk of global demand growth

Global metallurgical coal demand
(million tonnes)

Source: BHP Billiton.
There are limited supply basins of metallurgical coal

The Bowen Basin supplies ~60% of seaborne hard coking coal for the global steel industry.

174 million tonnes
Seaborne hard coking coal trade (2010)

Coastal focus on growth coupled with push for larger blast furnaces

- 65% of existing and >70% of planned steel capacity growth is in the coastal provinces of China
- Steel mills are building larger blast furnaces to improve productivity and reduce costs
- Larger blast furnaces require better quality coke, hence more high quality hard coking coal

Chinese iron making capacity by blast furnace size (million tonnes)

Source: BHP Billiton.
Chinese imports have fundamentally changed the industry

Chinese metallurgical coal consumption (million tonnes)

- Imports
- Domestic
- Pig iron

Pig iron production (million tonnes)

Chinese metallurgical coal imports (million tonnes)

- Coking coal imports
- Coal in coke exports
- Coking coal exports
- Net imports

Source: BHP Billiton; CRU; China Customs.
Key value drivers:

- Sustainability
- Own and operate large, long life, low cost, expandable, upstream assets
- Large resource base with significant high value growth potential
- Strategy is consistent with BHP Billiton iron ore and manganese businesses
- Diversity by geography and customer
BHP Billiton Metallurgical Coal

Metallurgical Coal

- BHP Billiton Mitsubishi Alliance (BMA) 50%
  - Blackwater
  - Broadmeadow
  - Gregory Crinum
  - Goonyella Riverside
  - Hay Point Coal Terminal
  - Norwich Park
  - Peak Downs
  - Saraji

- BHP Mitsui Coal (BMC) 80%
  - Poitrel
  - South Walker Creek

- Illawarra Coal 100%
  - Appin
  - Dendrobium
  - West Cliff

- IndoMet Coal project 75%
  - Coal Contracts of Work:
    - Juloi
    - Lahai
    - Pari
    - Maruwai
    - Kalteng
    - Sumber Barito
    - Ratah
Strategically located operations

**IndoMet Coal project (75%)**
- Province boundary
- IndoMet project CCoWs (after relinquishment)
- Focus for initial development

**BMA (50%) & BMC (80%)**
- Existing BMA / BMC
- Future
- Mine
- Port
- Rail

**Illawarra Coal (100%)**
- Pittops
- Town
- Main centre
- Highways
- Railway lines
- Mined areas
- Lakes

Metallurgical Coal briefing, 30 September 2011
Queensland Coal – large, long life, low cost and expandable

- BHP Billiton Mitsubishi Alliance (BMA)
  - BHP Billiton (50%)
  - Mitsubishi Development (50%)
  - The world’s largest exporter of seaborne metallurgical coal

- BHP Billiton Mitsui Coal (BMC)
  - BHP Billiton (80%)
  - Mitsui (20%)

- Hay Point Coal Terminal
  - Wholly owned by BMA
  - Expansion from 44mtpa to 55mtpa

- Future development options at Abbot Point Terminal 2
Illawarra Coal – performing strongly

- Illawarra Coal
  - BHP Billiton (100%)

- Significant improvement in safety performance

- West Cliff coal processing plant upgrade to 7.5mtpa, commissioning in December 2011

- Appin Area 9 – domain replacement, pending NSW Government and internal approvals

- Upgrade of Port Kembla Coal Terminal in pre-feasibility
IndoMet Coal project – planned development

- IndoMet Coal project
  - BHP Billiton (75%)
  - Adaro (25%)

- Seven Coal Contracts of Work (CCoW)

- Currently in pre-feasibility

- Exploration focussed on further delineating western CCoWs

- Initial development focussed on:
  - Haju (Lahai CCoW)
  - Lampunut (Maruwai CCoW)
  - Bumbun (Juloi CCoW)
FY11 impacted by the Queensland floods

Metallurgical coal production
(million tonnes, BHP Billiton share)

1. BMC shown on 100% basis. BHP Billiton interest in saleable production is 80%.
Recovering from the floods

- Queensland experienced extraordinary wet weather during the 2010/11 summer
  - Hay Point 727mm\(^1\) rainfall in December
  - Bowen Basin 350mm\(^1\) rainfall in December
- Force majeure lifted in June 2011
- Actions to reduce impact of future flood events
  - Increased pumping capacity
  - Increased discharge capacities
  - Amendments lodged to environmental authority conditions
- FY12 outlook
  - Significant further pit protection work done ahead of FY12 wet season
  - Execution of site water recovery plans continue

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Resourcing the Metallurgical Coal business

- Total employees: 6,700 plus 7,600 contractors\(^1\)

- Enterprise Agreement – BMA
  - Full and transparent offer of 5% per annum over 3 years
  - An Agreement that enables BMA to effectively manage the business and position for growth
  - Flexibility on accommodation and commute arrangements aligned with employee requirements

- Resourcing options for BMA and BMC
  - Fly-in, fly-out (FIFO) and residential: need to balance in order to ensure labour availability.
    FIFO opportunities in northern and southern Queensland regions

- Brisbane Project Hub established to support growth program
  - BHP Billiton / EPCM team: 1,350 people
  - Direct contractors: 800 people

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1. Excludes Brisbane Project Hub.
The premier metallurgical coal business

Seaborne metallurgical coal producer operating margin
(2016, US$ per tonne FOB)

Cost pressures remain with FY11 impacted by lower volumes given the floods

**Hard coking coal cost versus price**
(2002 index = 100)

**Cost breakdown**
(FY11)

- Contractors: 25%
- Labour incl. consultants: 22%
- Secondary taxes and royalties: 11%
- Freight, distribution and demurrage: 11%
- Raw materials and consumables: 5%
- Fuel and energy: 5%
- DD&A: 7%
- Exploration: 1%
- Other: 13%
- Other: 13%
- Other: 13%
- Other: 13%
- Other: 13%
- Other: 13%
Evolution of shorter term pricing mechanism

Coking coal book structure (indicative)

- FY07
- FY08
- FY09
- FY10
- FY11
- FY12F

Legend:
- Benchmark
- Quarterly
- Monthly / Index-linked / Spot
We are well positioned in the Bowen Basin

1. Bubble size depicts relative coal resource size on a 100% basis. On an equity basis, as at end June 2011, BMA/BMC’s Marketable coal reserves total 1,284mt, Measured plus Indicated plus Inferred coal resources total 7.143mt. FY11 production was 25.8mt on BHP Billiton share basis.
2. ‘Resource Life’ is indicative only and is calculated on the basis of \( \frac{\text{Total Resource} \times \text{Estimated Saleable Conversion Factor}}{\text{current mining rate}} \).
3. The resource information in this slide was compiled from the BHP Billiton 2011 Annual Report by Andrew Paul, a Member of the AusIMM and full time employee of BMA who has sufficient experience to qualify as a Competent Person and who consents to publication of the estimates in the form and context in which they appear above. A full listing of Competent Persons, Professional affiliation current employment status, and resource classification is provided in the Disclaimer Slide.
As at July 2009
Proposed capital expenditure (BHP Billiton share)

Placement of projects not indicative of project schedule.
Placement of projects not indicative of project schedule.
Metallurgical Coal briefing

Phil Hynes
Vice President Project Development Metallurgical Coal
30 September 2011
Hay Point Stage 3 expansion on track (HPX3)

- Reduces storm vulnerability
- Increases port capacity from 44mtpa to 55mtpa
- US$2.5 billion (100% terms)
- Timing 2014
- On schedule and budget
- The overall project is 28% complete\(^1\)

---

1. As at the end of August 2011.
Daunia – first of the new mines

- Greenfield mine development with capacity to produce 4.5mtpa of export metallurgical coal
- US$1.6 billion (100% terms)
- Timing 2013
- On schedule and budget
- The overall project is 15% complete\(^1\)

1. As at the end of August 2011.
Broadmeadow life extension – a further 21 years

- Increases productive capacity by 0.4mtpa and extends life of the mine by 21 years
- US$900 million (100% terms)
- Timing 2013
- On schedule and budget
- The overall project is 39% complete\(^1\)

1. As at the end of August 2011.
Caval Ridge – new greenfield mine

- Project in feasibility
- 8mtpa high quality hard coking coal mine
  - 5.5mtpa greenfield Caval Ridge mine
  - 2.5mtpa expansion of Peak Downs
  - Very low cost expansion to 10mtpa
- 60+ years mine life
- Margin in top quartile of seaborne metallurgical coal producers
- Targeting sanction Q4 2011
- Targeting project completion 2014
- Upside value opportunity through further expansion
- Port capacity via approved expansion of Hay Point (HPX3)
Appin Area 9 – sustaining Illawarra coal operations

- Project in feasibility

- Sustaining the existing West Cliff and Appin underground longwall mines for the next 20 years

- A new underground mining domain, producing 4mtpa high grade metallurgical coal

- An integrated operation with West Cliff

- Two longwall domains – using predominantly existing infrastructure, personnel and longwall equipment

- Targeting project completion 2016

- Pending NSW Government and internal approvals
We have multiple high value brownfield expansion opportunities

**Daunia expansion**
- Low cost open cut expansion from 4.5mtpa to approximately 5.7mtpa
- Additional mining fleet and plant modification
- Immediately post completion of initial Daunia project, subject to Government and internal approvals

**Peak Downs expansion**
- Assess incremental open cut expansion alternatives for the Peak Downs Complex
- Seeking Government approval for up to 10mtpa of additional mining and processing capacity
- Currently in concept study

**Caval Ridge**
- Low cost open cut expansion from 8mtpa to approximately 10mtpa
- Additional mining fleet
- Subject to Government and internal approvals
- Second open cut expansion from 10mtpa to approximately 15mtpa

**Debottlenecking projects**
- Potential for up to 9mtpa of additional production from Blackwater, Saraji, Norwich Park, Peak Downs and Goonyella
Multiple underground opportunities

**Red Hill (BMA)**
- Greenfield development adjacent to Goonyella complex
- Potential output from two longwall top-coal caving operations
- New coal processing facility

**Saraji East (BMA)**
- Assess underground alternatives for the Saraji East complex
- Potential output from two longwall undergrounds
- New coal processing facility

**Wards Well (BMC)**
- 1 billion tonne high quality hard coking coal resource
- Capable of supporting multiple large scale longwall operations for >50 years

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Resourcing future undergrounds

- Extensive existing underground capability
- A program approach using the Brisbane Project Hub
- External recruitment of the best leaders
- Combining the best underground delivery capability with best in class project management
- Establishing training capability
- Automation
- High recovery technology
- Modern culture
Infrastructure – the key to unlocking growth

- Only metallurgical coal producer in Queensland with the scale to justify investment in dedicated rail and port

- Awarded preferred developer status for a dedicated 60mtpa export coal terminal at Abbot Point (Terminal 2)

- Studies advancing on Abbot Point Terminal 2 development options. Stage 1 targeting initial capacity of ~25mtpa

- Pursuing dedicated railway linking Goonyella to Abbot Point. Engineering and environmental studies progressing

- Supportive of shared rail corridor and working with Queensland Government on preferred options
IndoMet Coal project – advancing development

- Greenfield project located in the province of Central and East Kalimantan in Indonesia
- Basin has potential to support large scale metallurgical and thermal coal production
- First development at Lahai (0.5mtpa of raw coal) will provide initial operating platform and development of transport infrastructure
- Larger development at Maruwai and Juloi will follow
- Infrastructure options:
  - Barging on the Barito River
  - Possible railroad required
Industry wide capital cost inflation
BHP Billiton is not immune to that trend

Capital intensity is very difficult to compare given:

- **Scope**
  - Physicals – strip ratio / yield
  - Owner operate vs contract
  - Design life
  - Accommodation
  - Power / Water / Services
  - Logistics
  - Greenfield vs brownfield

- **Location**
- **Timing**
- **Uncontrollable**
  - Foreign exchange
  - Market conditions

Source: Company announcements and BHP Billiton.
Note: Bubble size represents annual production capacity. Placement of unapproved projects not indicative of timing.
A substantial growth profile with multiple options

Metallurgical coal production
(million tonnes, BHP Billiton share)

CAGR 6%

1. BMC shown on 100% basis. BHP Billiton interest in saleable production is 80%.
Key messages

- Strong market outlook for metallurgical coal driven by China, India and other emerging economies

- Queensland coal operations recovering from the 2011 floods, whilst the Illawarra coal business continues to perform strongly

- Our strategy is to rapidly grow production from our large, long life, low cost, high quality resource base to maximise shareholder value
  - Continue to progress multiple Queensland coal opportunities
  - Expansion of the Illawarra coal business via the Appin Area 9 project
  - Development of the IndoMet Coal project

- BHP Billiton Brisbane Project Hub established to enable large scale growth with over US$5 billion in projects currently in execution

- Pursuing dedicated port at Abbot Point with rail from Goonyella to enable growth

- Industry wide cost pressures remain on both the operations and construction
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Exploration Results, Mineral Resources and Ore Reserves
This presentation includes information on Exploration Results, Mineral Resources and Ore Reserves, which is based on information prepared by the relevant Competent Persons as named in the 2011 Annual Report, and reported under the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (the JORC Code). The Competent Persons verify that this presentation is based on and fairly reflects the information in the supporting documentation and agree with the form and context of the Exploration Results, Mineral Resources and Ore Reserves presented. The Competent Persons are full time employees of BHP Billiton and have the required qualifications and experience to estimate and report Exploration Results, Mineral Resources and Ore Reserves under the JORC Code. The relevant details of the Competent Persons for Mineral Resources and Ore Reserves can be found at: www.bhpbilliton.com. The Competent Persons for Mineral Resources are EP Ferreira (SACNASP) (HMM) and EPW Swindell (SACNASP) (Gabon).

No Offer of Securities
Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell BHP Billiton securities in any jurisdiction.
Manganese briefing

- Safety
- Manganese industry overview
- BHP Billiton Manganese – the global leader
- Geographically diverse growth opportunities
- Key messages
- Question time
Safety performance

Total Recordable Injury Frequency and significant incidents (TRIF 12 month moving average) (number of incidents)

- Significant incidents
- TRIF
- Fatality

Manganese briefing, 30 September 2011
Manganese industry overview

- On average, every tonne of crude steel requires 10 kilograms of manganese alloy, which is the equivalent of 30 kilograms of manganese ore\(^1\)

- The link between manganese and steel ensures that the manganese ore and alloy markets are set to grow over the coming years on the back of steel demand growth

- Demand is strongest in Asia. Growth in demand will be driven mainly by China and eventually by India, as these populous nations continue to develop and urbanise

- Domestic ore supply challenges in China and India will result in even greater demand in these key markets for high-grade ore imports

- Logistics constraints in South Africa, host to the biggest resource base, and resource constraints in the rest of the world will present future challenges to ore supply growth

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1. Global average grade of 32% Mn.
Manganese demand is driven by steel production.

1. EMM is an intermediate product used mainly in stainless steel and other metal alloying. Source: Roskill, CRU.
Global manganese ore production and consumption by country

**Production 2010**
(100% = 15.2 million tonnes, manganese content)

- China: 20%
- South Africa: 20%
- Australia: 19%
- Gabon: 10%
- Brazil: 8%
- Other: 23%

**Apparent consumption\(^1\) 2010**
(100% = 13.7 million tonnes, manganese content)

- China: 55%
- Other: 22%
- Japan: 3%
- South Africa: 4%
- Ukraine: 7%
- India: 9%

China imports over half of its manganese requirements

\(^1\) Consumption of ore in alloy producing country.
Source: International Manganese Institute (IMnI).
Manganese reserve base and product qualities

1. Defined by the US Geological Survey (USGS) as that part of an identified resource that meets specified minimum physical and chemical criteria related to current mining and production practices. The reserve base includes those resources that are currently economic (reserves), marginally economic (marginal reserves), and some of those that are currently subeconomic (subeconomic resources).

Source: Roskill 2008, USGS.
Logistics constraints are restricting South Africa’s manganese export potential

<table>
<thead>
<tr>
<th>Distances</th>
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<tbody>
<tr>
<td>Hotazel - Metalloys</td>
<td>776km</td>
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<tr>
<td>Hotazel - Port Elizabeth</td>
<td>1,104km</td>
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<tr>
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<td>1,299km</td>
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<tr>
<td>Hotazel - Saldanha</td>
<td>890km</td>
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</tbody>
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- **Port Elizabeth**
  - Main corridor for manganese ore
  - Port capacity limited to 5.5mtpa

- **Durban corridor**
  - Road and rail options
  - High cost
  - Rail 1.0mtpa

- **Richards Bay**
  - Road transport

- **Iron ore line**
  - Current capacity 60mtpa

**Distances**:
- Hotazel - Metalloys: 776km
- Hotazel - Port Elizabeth: 1,104km
- Hotazel - Durban: 1,299km
- Hotazel - Saldanha: 890km
Pricing basics

Ore pricing
- Ore is priced in US$/dmtu (dmtu = dry metric tonne unit)
- A dmtu is 1% of manganese contained in a tonne of ore, excluding moisture
- 1 dmtu is therefore 10kg of manganese in ore
- Price per tonne of ore is determined by multiplying US$/dmtu by ore grade
- Benchmark price is the price of 44% lump ore delivered to China (CIF China)
- High-grade ores have US$/dmtu prices greater than lower-grade ores

Manganese ferroalloy pricing
- HCFeMn usually priced in US$/tonne (metric or otherwise) or in €/mt, etc.
- SiMn, refined alloys (e.g. MCFeMn, LCFeMn) usually US$/tonne (€/mt, etc.), but cents/lb in the US
- Reference grades exist for each alloy, eg. SiMn 65% Mn, 16% Si, 2% C, or HCFeMn 75% Mn
- Multiple terminal markets (China domestic, USA, Europe, etc.)
- Smelter costs are driven largely by ore, electricity and reductants (conversion industry)

Available reference prices
- CRU (Europe)
- Platts
- Ryan’s Notes (North America)
- Metal Bulletin for alloy only (Asia)
- Tex report (Asia)
Supply lags drive volatility in manganese pricing

- The supply lag, relative to strong demand in 2008 resulted in rapid price appreciation (1)
- A strong supply recovery following the financial crisis resulted in higher stocks and lower prices (2)

Source: CRU, China customs.
Key value drivers

- Sustainability

- Strategy is consistent with BHP Billiton steelmaking materials

- Own and operate large, low cost, long life, tier 1 assets

- Diversification by product, geography and customer

- Unique growth optionality
BHP Billiton Manganese operating facilities

- BHP Billiton (60%)
  - Anglo American (40%)
    - Samancor Manganese
      - Outside shareholders (26%)
        - Hotazel Manganese Mines (South Africa) (74%)
        - Metalloys (South Africa) (100%)
        - GEMCO (Australia) (100%)
        - TEMCO (Australia) (100%)

Manganese briefing, 30 September 2011
Largest producer of manganese ore globally

- 21% market share of global ore production
- Integrated manganese producer
  - ~80-85% of manganese units sold as ore (7.0mtpa in FY11)
  - ~15-20% of units as alloy (770ktpa in FY11)
- High quality ore with a high value-in-use (VIU)
- Large resource base
- ~80% of ore sold to third parties
- Significant growth plans in response to increasing manganese demand

Top 10 manganese ore producing mines¹
(2011, million tonnes at 40% Mn)

Top 10 manganese alloy producing plants²
(2011, thousand tonnes)

1. Ranked by expected production.
2. Ranked by capacity.
Source: CRU, International Manganese Institute, BHP Billiton estimates.
Manganese ore – large, low cost, tier 1 mines

**Mamatwan**
- 3.5mtpa ore capacity
- 1.0mtpa sinter plant upgrades ore to 46%
- Open-cut mine
- Average in situ grade ~37%

**Wessels**
- 1.0mtpa capacity
- Underground mine
- High in situ ore grades: 42-49%
- Central block development project underway to expand to 1.5mtpa

**GEMCO**
- 4.2mtpa capacity
- Open-cut mine
- High-grade product 43-48%
- Largest, lowest cost mine globally
  - Situated on coast
  - Dedicated port
  - Favourable market proximity

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**Ore production (FY11)**
- **Mamatwan** 32%
- **Wessels** 10%
- **GEMCO** 58%

Shown on 100% basis.
Manganese alloy – large operations

**Metalloys**
- 290ktpa HCFeMn¹
- 80ktpa MCFeMn¹
- 120ktpa SiMn¹
- One of the largest alloy plants in the world

**TEMCO**
- 150ktpa HCFeMn¹
- 120ktpa SiMn¹
- 330ktpa sinter¹
- Dedicated port
- Benchmark operational efficiency

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1. Production mix is flexible. FY11 production shown rounded to the nearest 10kt. Shown on 100% basis.
Strong growth in BHP Billiton ore production

- Strong growth in ore production of ~7% per annum since 2001, particularly from Australia

- Lower production growth in alloys (~2% per annum) in line with BHP Billiton’s strategy of focusing on upstream production
Tier 1 resource = low risk, high return avenue to growth

Feasibility:
- Samancor Gabon greenfield project

Execution:
- M14 smelter expansion
- Central Block expansion at Wessels
- GEMCO expansion phase II

Gabon

South Africa Manganese

GEMCO
GEMCO capacity expansion phase 2 recently moved to execution

- Project approved: July 2011
- Expected completion: Late calendar year 2013
- Project cost: US$279 million (BHP Billiton share US$167 million)
- Increases GEMCO’s beneficiated product capacity from 4.2mtpa to 4.8mtpa
- The expansion will also address infrastructure constraints by increasing road and port capacity to 5.9mtpa, creating 1.1mtpa of latent capacity for future expansion
- Received regulatory and environmental approvals
Wessels expansion – Central Block

Expanding Wessels underground mine production to 1.5mtpa

- Wessels manganese ore grade is 42-49%, attracting a high VIU benefit
- More manganese units can be moved for a given export capacity compared to Mamatwan ore
- Wessels mine has an expected life in excess of 48 years at the increased production rate
Optimising Metalloysis – M14 furnace

HCFeMn Strategy: Redirect SiMn power to HCFeMn production

- The M14 smelter expansion will produce an extra 130ktpa of HCFeMn without increasing overall power consumption on site.
- Will replace smaller, less efficient furnaces with current capacity of 55ktpa.
- HCFeMn production is less energy intensive than SiMn.
- Increased utilization of spare capacity of on-site power generation (from 28MW to 40MW).
- Net equivalent increase of 150ktpa ore consumption.
Gabon – an exciting, high-grade development option

An attractive growth opportunity

- Drilling program ongoing
- Resource of 43 million tonnes\(^1\) reporting under the JORC code
- Existing rail infrastructure to Port of Owendo – 650km
- Feasibility study well advanced
- Two phase development

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1. This BHP Billiton Mineral Resource information was sourced from and should be read together with and subject to the notes set out in the BHP Billiton Annual Report 2011. This document can be viewed at [www.bhpbilliton.com](http://www.bhpbilliton.com). The Mineral Resource information is compiled by E P W Swindell (SACNASP) who is a full time employee of BHP Billiton and who has the required qualifications and experience to qualify as a Competent Person under the JORC Code and consents to the form and context in which it appears above. Mineral Resources are stated on a 100% basis. The detailed breakdown of Mineral Resources is 22.0mt Measured, 10.3mt Indicated, 10.5mt Inferred.
Growth projects will increase BHP Billiton production to over 9mtpa

Total annual ore production (million tonnes, 100%)

Diversified growth strategy from three countries

FY02
FY11
FY15F
FY20F

CAGR: 3%

Note: Production profile for future periods remains subject to approval of projects into execution.
Source: BHP Billiton.
Key messages

- Manganese demand is strongly linked to steel production

- BHP Billiton is strongly positioned in both the manganese ore and alloy industry

- High-return, geographically diverse growth options available

- Long term supply fundamentals pivot around South African rail uncertainties

- Non-South African growth options are highly valuable