



Interface between Mining and Manufacturing: BHP Billiton Manganese story

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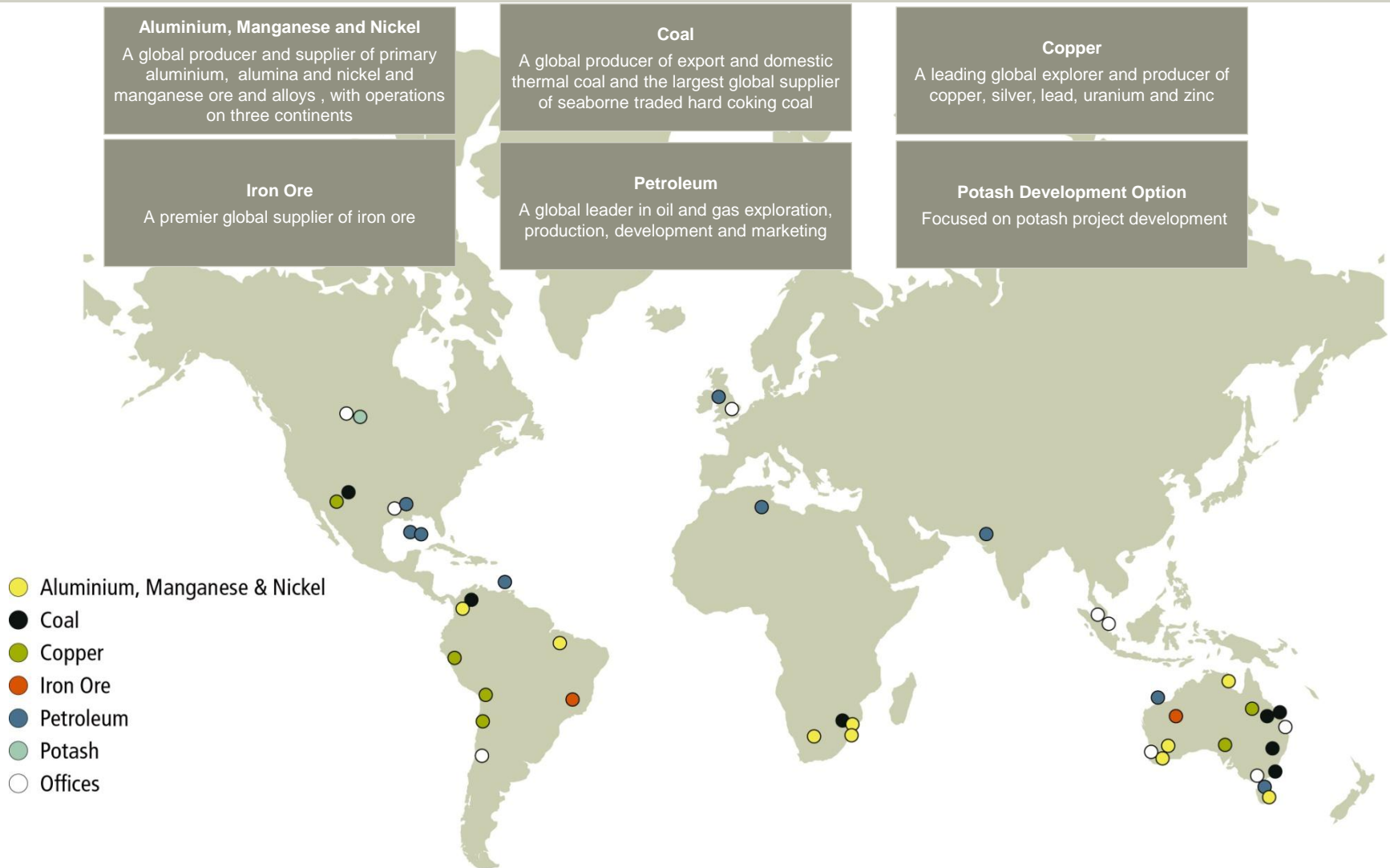
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A diversified global portfolio



About BHP Billiton



- We are a leading global resources company. Our purpose is to create long-term shareholder value through the discovery, acquisition, development and marketing of natural resources.
- We are located in over 100 locations throughout the world, our success is underpinned by the 100,000 employees and contractors that work at BHP Billiton

About BHP Billiton

- Wherever we are; we are unified in purpose, to be a responsible corporate citizen and to respond to the needs of many different stakeholders.
- We embrace the responsibility of being a global company by working towards making a contribution to the long-term sustainability of the countries and communities in which we operate
- We provide resources to ensure long term development and sustainability of our communities



Our Charter

- The BHP Billiton *Charter* describes our purpose, and values and how we measure our success.
- *Our Charter* is the single most important means by which we communicate who we are, what we do, and what we stand for as an organisation, and is the basis for our decision-making.



Our Charter

We are BHP Billiton, a leading global resources company.

Our purpose is to create long-term shareholder value through the discovery, acquisition, development and marketing of natural resources.

Our strategy is to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market.

Our Values

Sustainability

Putting health and safety first, being environmentally responsible and supporting our communities.

Integrity

Doing what is right and doing what we say we will do.

Respect

Embracing openness, trust, teamwork, diversity and relationships that are mutually beneficial.

Performance

Achieving superior business results by stretching our capabilities.

Simplicity

Focusing our efforts on the things that matter most.

Accountability

Defining and accepting responsibility and delivering on our commitments.

We are successful when:

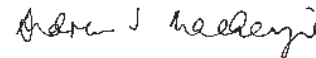
Our people start each day with a sense of purpose and end the day with a sense of accomplishment.

Our communities, customers and suppliers value their relationships with us.

Our asset portfolio is world-class and sustainably developed.

Our operational discipline and financial strength enables our future growth.

Our shareholders receive a superior return on their investment.



Andrew Mackenzie
Chief Executive Officer

May 2013

About Manganese South Africa

- Manganese ore is mined at our Hotazel Manganese Mines (HMM) in the Northern Cape Province
- Approximately 70 per cent of our ore production is sold directly to external customers
- Approximately 30 per cent of our production is used at our own alloy smelter at Metalloys Smelter at Meyerton
- Manganese supplies ore and ferroalloys to steelmakers and alloyers across the globe



About BHP Billiton Manganese South Africa

- BHP Billiton has a 60 per cent holding in Samancor Manganese Proprietary Limited, with the remaining 40 per cent held by Anglo American.
- Samancor Manganese is the world's largest integrated producer of manganese units and is operated by BHP Billiton
- We have 2000 permanent employees at our Hotazel Manganese Mines in the Northern Cape



The location of our operations

South African Asset



About Metalloys

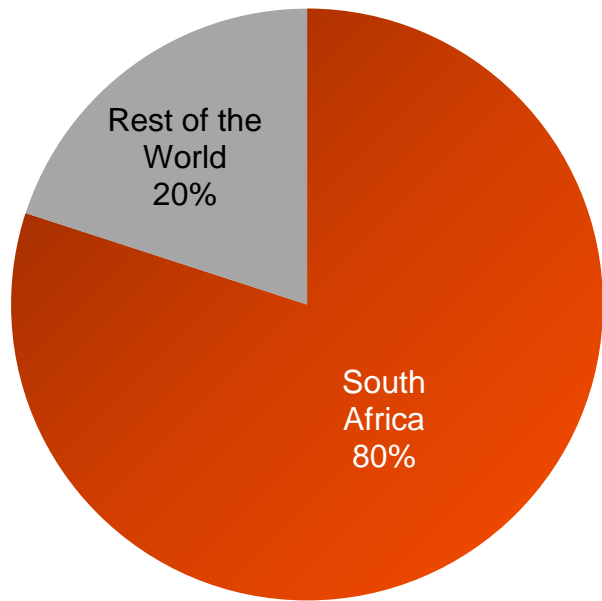
- The Metalloys alloy plant, is located in the Midvaal Municipality in Gauteng
- The operation has been situated in Meyerton since 1951 and enjoys the support of all our key stakeholders
- The Metalloys Smelter employs 534 permanent employees and over 200 contractors
- The operation has four similar furnaces, the M14 furnace being the latest addition



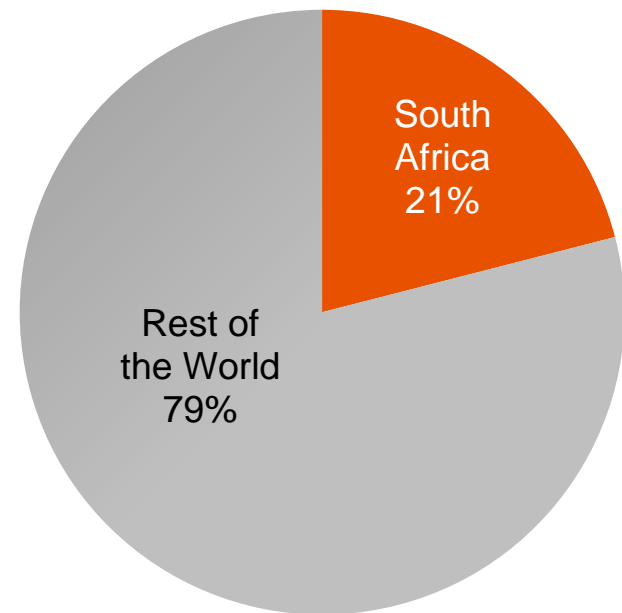
*Top: The Executive Mayor of Sedibeng Councillor Mofokeng
Above, Executive Mayor, Timothy Nast at the opening of the M14*

South Africa only produces ~21% of the world's manganese ore supply

Global Resource



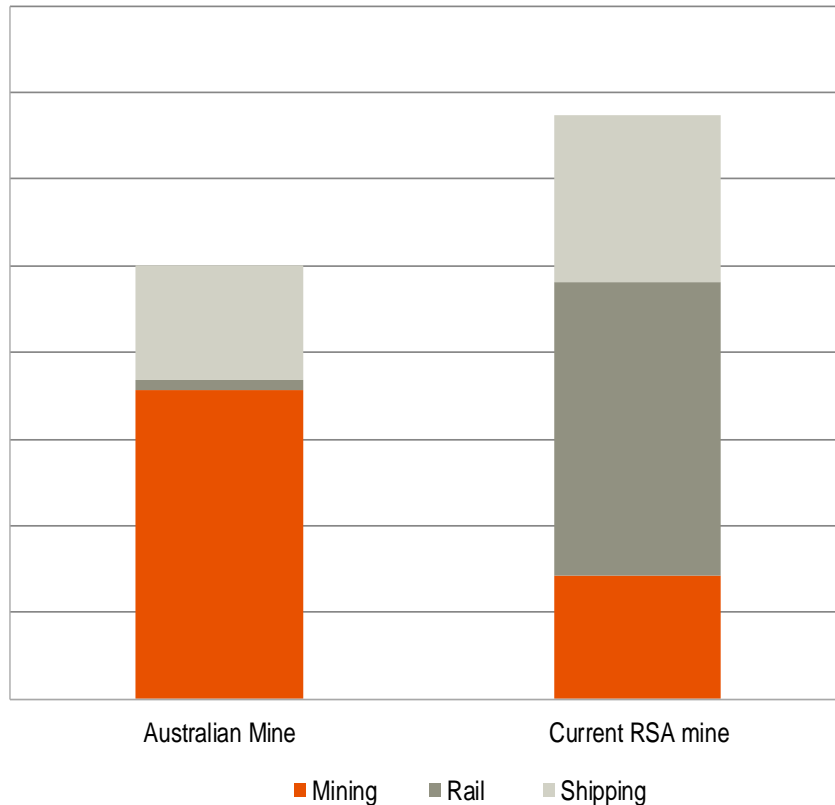
Global Production



Source: IMnI 2012 Annual report (RW)

Challenges South Africa faces in the Manganese Industry

Manganese Ore Delivered to China Costs



China is the main market for seaborne Manganese Ore – thus the landed costs to China must be considered from a competitive point of view

SA has the disadvantages of:

- Distance from main markets (relative to Australia)
- Resources are far inland

Impact of high cost to market:

- Reserves with lower cost to market will have competitive edge and grow at expense of SA

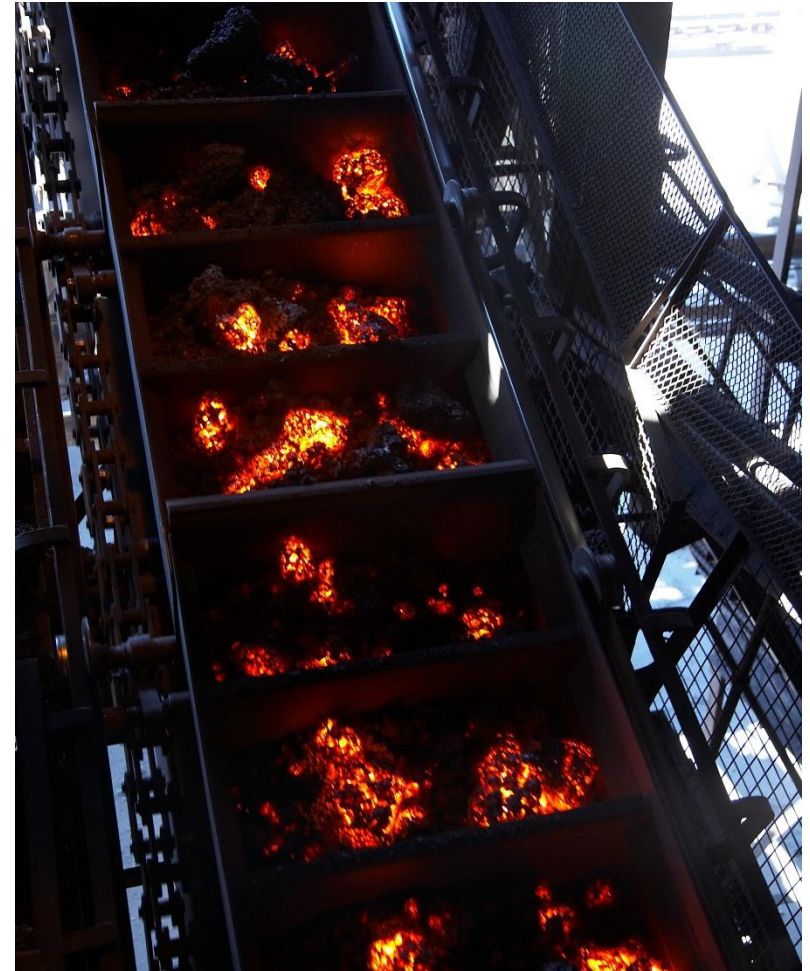
Alloy challenges

- High energy costs and distance to market has negative impact
- Alloy pricing dependent on steel demand and global economy
- Alloy Industry has relatively low barriers to entry and is highly competitive

- Graph refers to Australian Tier 1 Mine versus RSA medium-grade mine
- Source: BHP Billiton estimates

Why beneficiate at Metalloys?

- Ore locally available, no need to import
- Skills availability
- Export higher value and value add product relative to ore
- Cost effective mines
- Energy for smelter in Metalloys – cost of energy low & globally cost competitive
- Regulatory environment



Our approach



- Total business (mines + smelter)
- Benchmarking
- Electricity Generation (Elgen) Plant
- Market for HcFeMn
- Sinter plant – first level beneficiation
- Commissioning the M14

Key cost drivers

- Ore price
- Energy cost
- Rail cost
- Coke, coal, anthracites (reductants cost)
- Labour cost

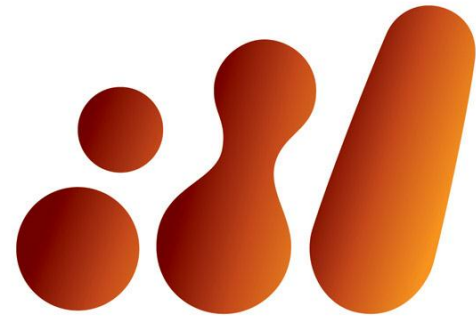


How to make Mn SA beneficiation sustainable

- South Africa Manganese strategy preserving our heritage and supporting sustainable development (infrastructure, mining & beneficiation)
- Policies supporting the unlocking of Manganese ore or alloys
 - Port regulator
 - NERSA
 - Rail ???
- Incentives to support beneficiation
 - Export capacity allocation to consider beneficiation
 - Cost of logistics – differential pricing for value adding projects
 - Tax rebates
 - Other
- Long term surety – energy, rail, water cost and availability
- Support export capacity for LoM to secure ore input costs for smelting
- Infrastructure Access closer to the mines to minimise smelter input costs

Other examples of government/industry partnerships

- TEMCO Solution
 - win-win solutions and contracts between TEMCO and the government
- Volkswagen
 - Right investment climate
 - Supportive Policies
 - Incentives for investment, e.g reduced investment hurdles, tax incentives, land provision



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resourcing the future