



Manganese Industry Outlook and Opportunities

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Forward-looking statements

This release contains forward looking statements, including statements regarding: trends in commodity prices and currency exchange rates; demand for commodities; plans, strategies and objectives of management; closure or divestment of certain operations or facilities (including associated costs); anticipated production or construction commencement dates; capital costs and scheduling; operating costs and shortages of materials and skilled employees; anticipated productive lives of projects, mines and facilities; provisions and contingent liabilities; tax and regulatory developments.

Forward looking statements can be identified by the use of terminology such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue', 'annualised' or similar words. These statements discuss future expectations concerning the results of operations or financial condition, or provide other forward looking statements.

These forward looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release. Readers are cautioned not to put undue reliance on forward looking statements.

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Other factors that may affect the actual construction or production commencement dates, costs or production output and anticipated lives of operations, mines or facilities include our ability to profitably produce and transport the minerals, petroleum and/or metals extracted to applicable markets; the impact of foreign currency exchange rates on the market prices of the minerals, petroleum or metals we produce; activities of government authorities in some of the countries where we are exploring or developing these projects, facilities or mines, including increases in taxes, changes in environmental and other regulations and political uncertainty; labour unrest; and other factors identified in the risk factors discussed in BHP Billiton's filings with the U.S. Securities and Exchange Commission (the "SEC") (including in Annual Reports on Form 20-F) which are available on the SEC's website at www.sec.gov.

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Reliance on third party information

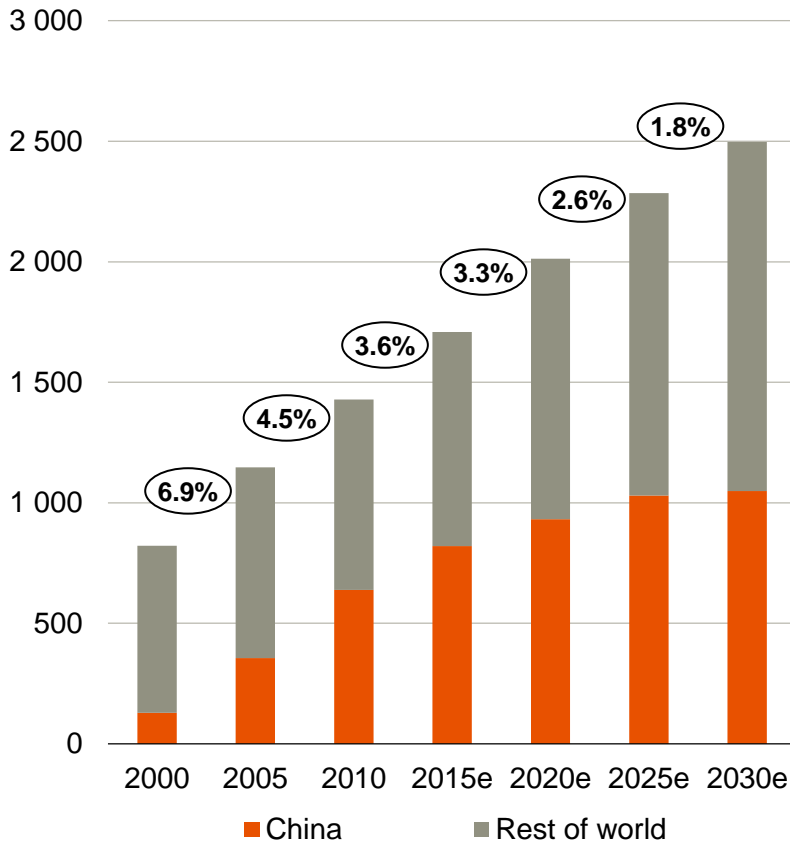
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Manganese market: review and outlook

Improving industry productivity

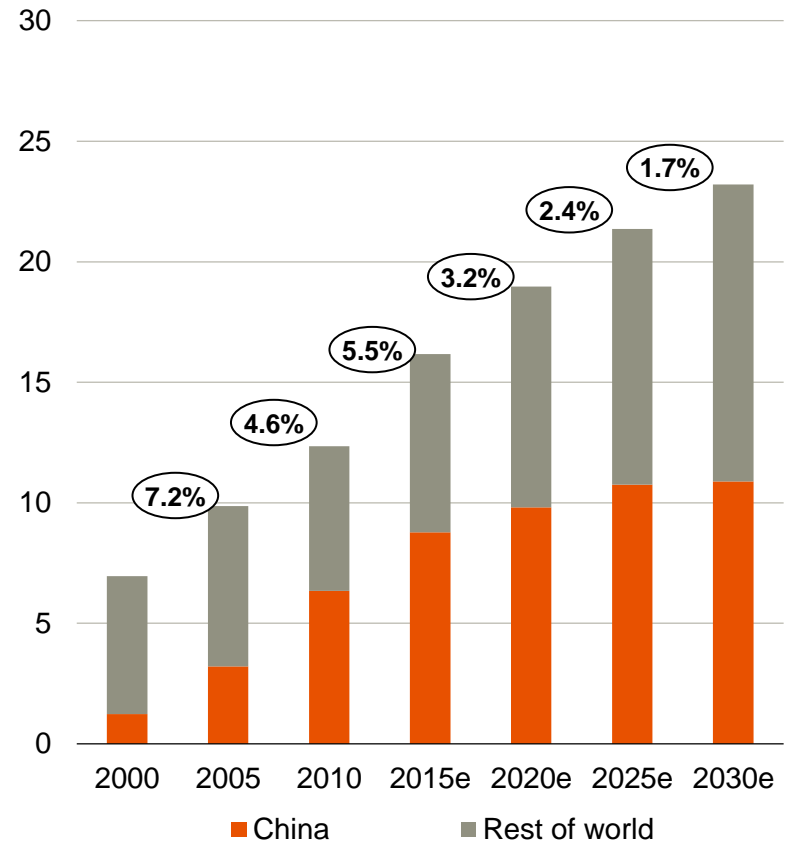
Ongoing demand growth for the next 10 years

Global crude steel production
(million tonnes)



x% CAGR over the 5 year period

Global manganese ore demand in alloys
(million tonnes, contained Mn)

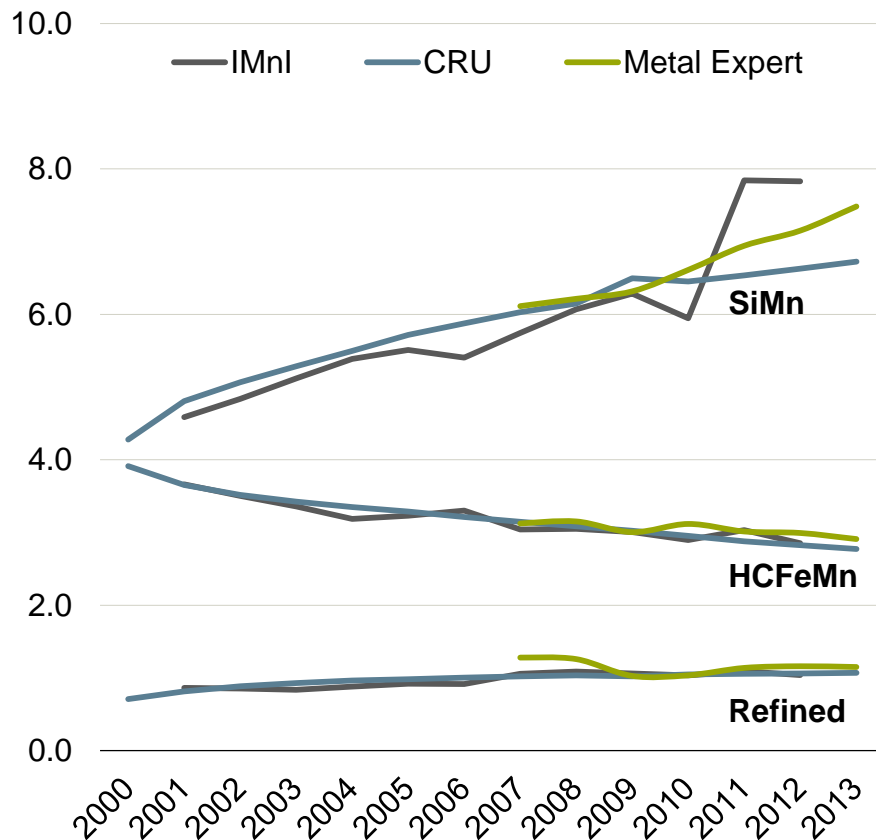


Source: BHP Billiton, World Steel Association

Source: BHP Billiton, IMnI, CRU

Manganese intensity use to stabilise

Global Alloy Unit Consumption (gross kg alloy/t steel)



Source: IMnI, CRU, Metal Expert

Historical rise in manganese intensity use

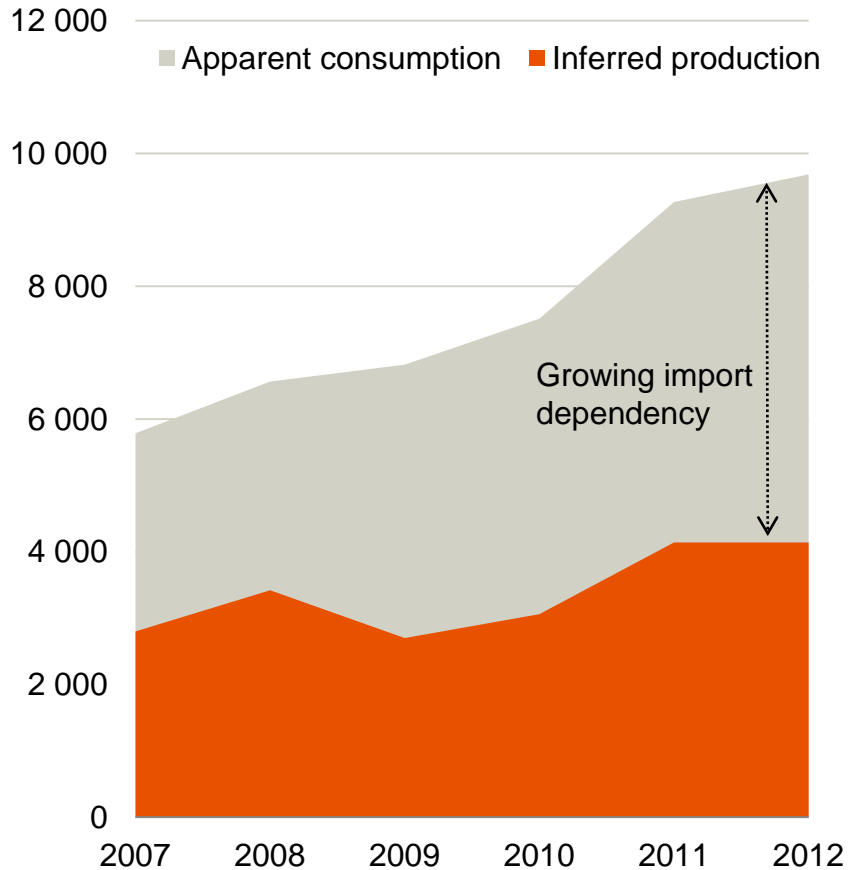
- Changing steel specifications and end-use patterns over past decade.
- A shift to long/construction steel products in developing countries.
- Intensity view largely aligned amongst industry analysts until recent years.

Outlook

- Global average intensity use continues to be driven by China and India.
- Intensity use has stabilised and is expected to decline gradually.
- Manganese demand growth expected to be more in proportion to steel production growth in the long term.

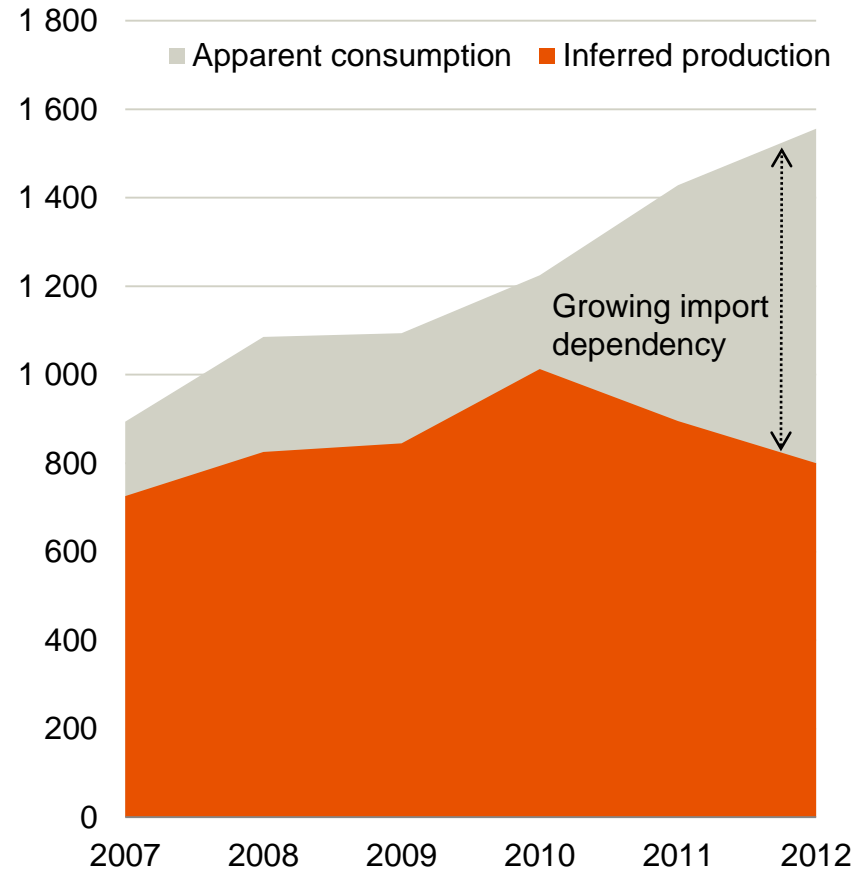
Manganese ore import dependency to grow

China ore supply and demand
(kt, contained Mn)



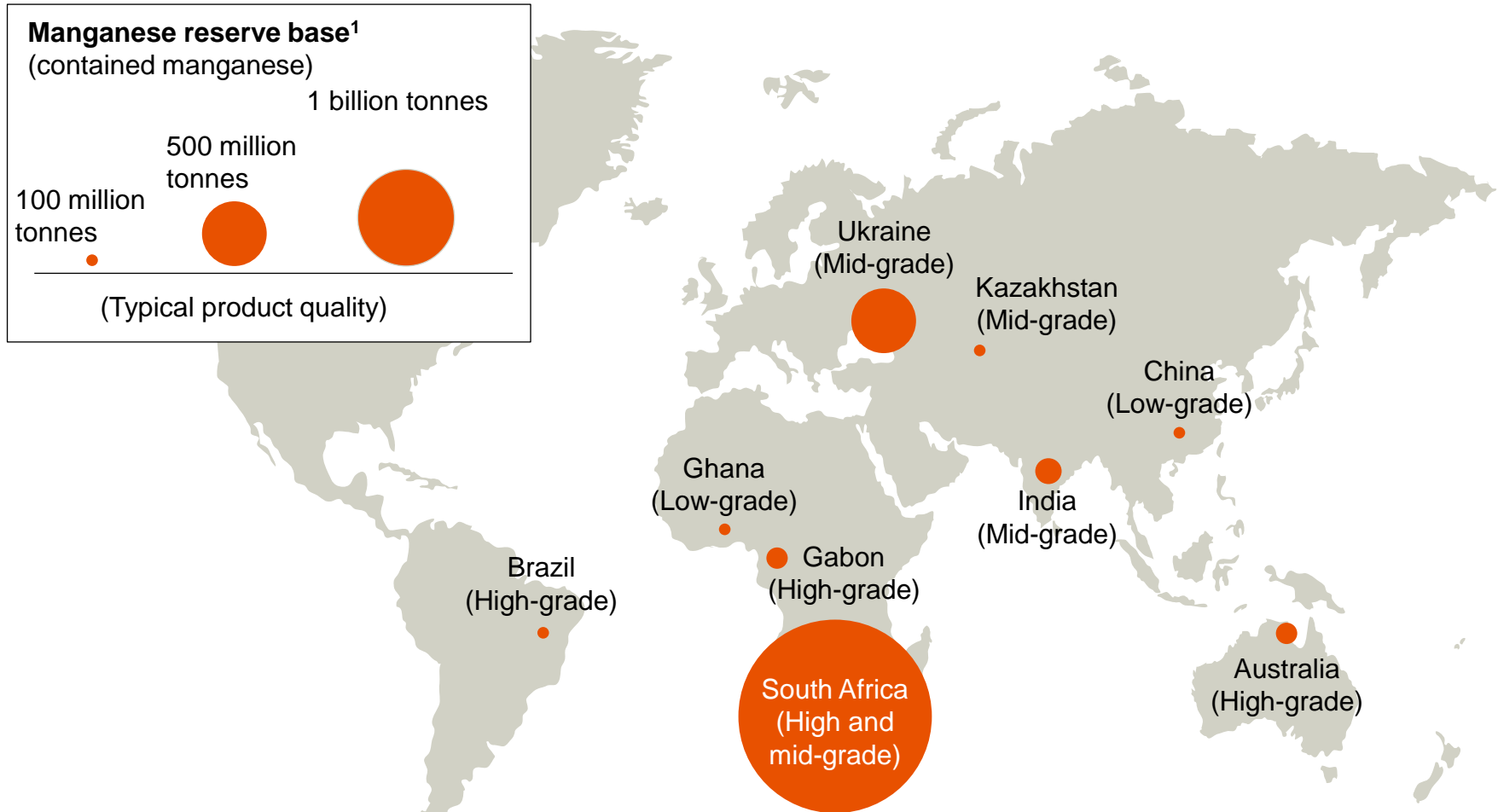
Source: IMnI Annual Report 2012

India ore supply and demand
(kt, contained Mn)



Source: IMnI Annual Report 2012

Manganese reserve base and product qualities

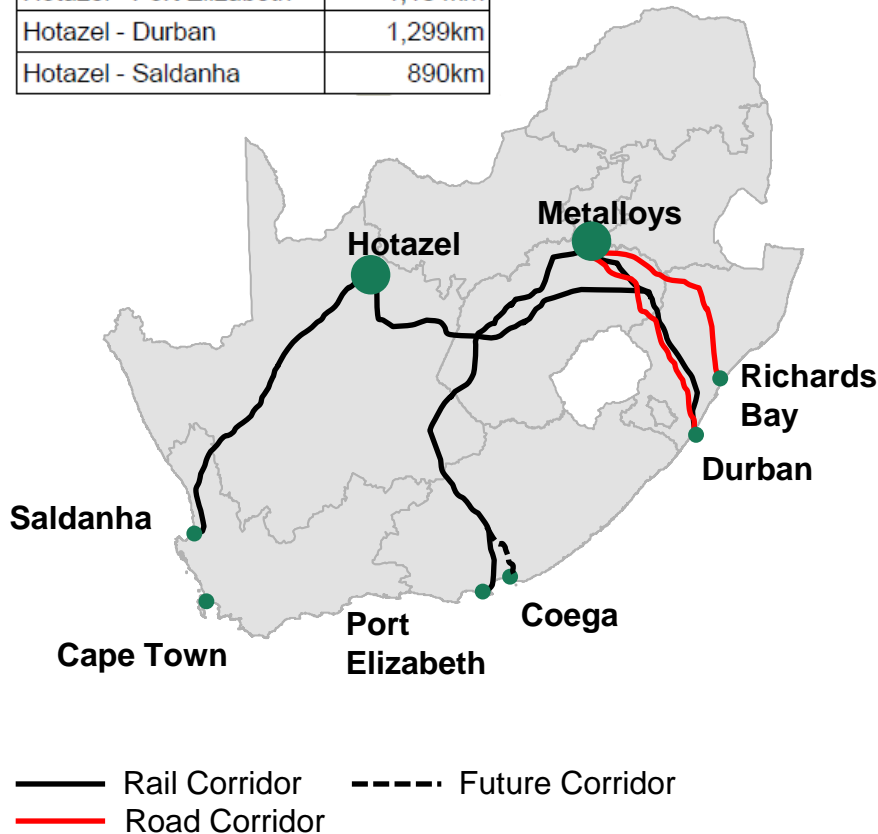


1. Defined by the US Geological Survey (USGS) as that part of an identified resource that meets specified minimum physical and chemical criteria related to current mining and production practices. The reserve base includes those resources that are currently economic (reserves), marginally economic (marginal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

Source: BHP Billiton analysis, Roskill 2012, USGS

South African export capacity is a key driver in the industry

Distances	
Hotazel - Metalloys	776km
Hotazel - Port Elizabeth	1,104km
Hotazel - Durban	1,299km
Hotazel - Saldanha	890km



Current export capacity

- Strong capacity growth in recent years driven by innovative export options including interim bridging capacity provided by Transnet.
- Challenges of long distances and increasing costs and complexity.
- Recent export growth has outpaced incremental demand growth.

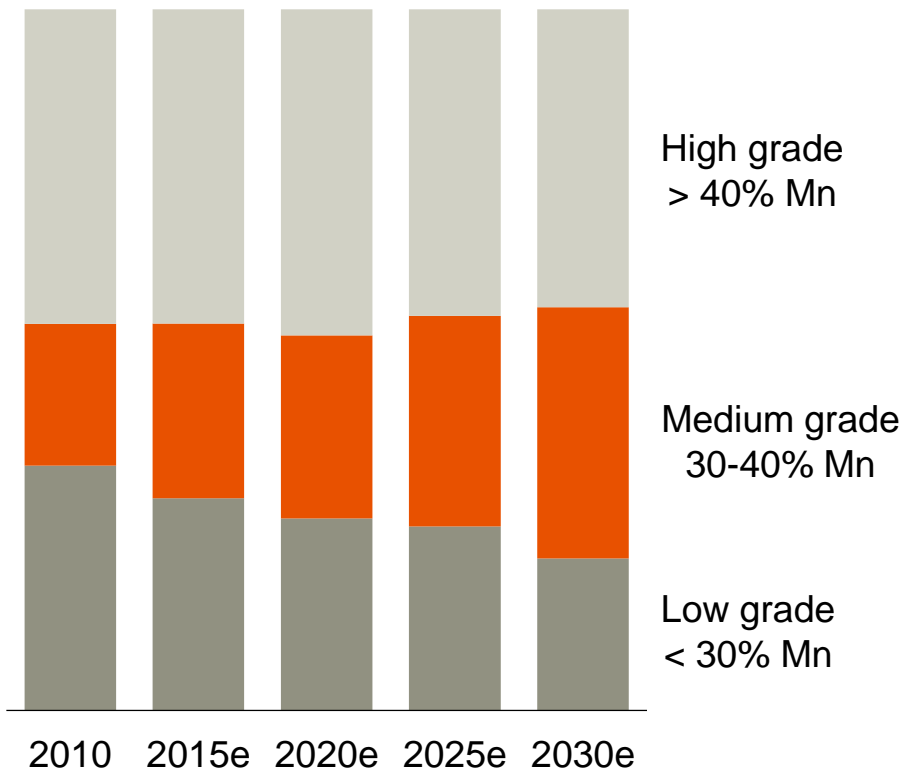
Outlook

- The industry welcomes progress on long-term, structural solutions.
- Growth opportunities for all participants.
- Evolving trends of global ore product mix with the introduction of growing South African ore supply.

Source: BHP Billiton, Transnet Company Reports

Growth of South African export capacity will increase the share of medium-grade ore supply

Proportion of supply by grade type
(% of economical supply, tons of ore)



Source: BHP Billiton, IMnl, CRU

South Africa rapidly expanding market share

- Recent growth has increased Mamatwan-type ore supply.
- Anticipated growth mostly from mines in the Kalahari producing Mamatwan-type ore.
- Recent export growth has outpaced incremental demand growth.

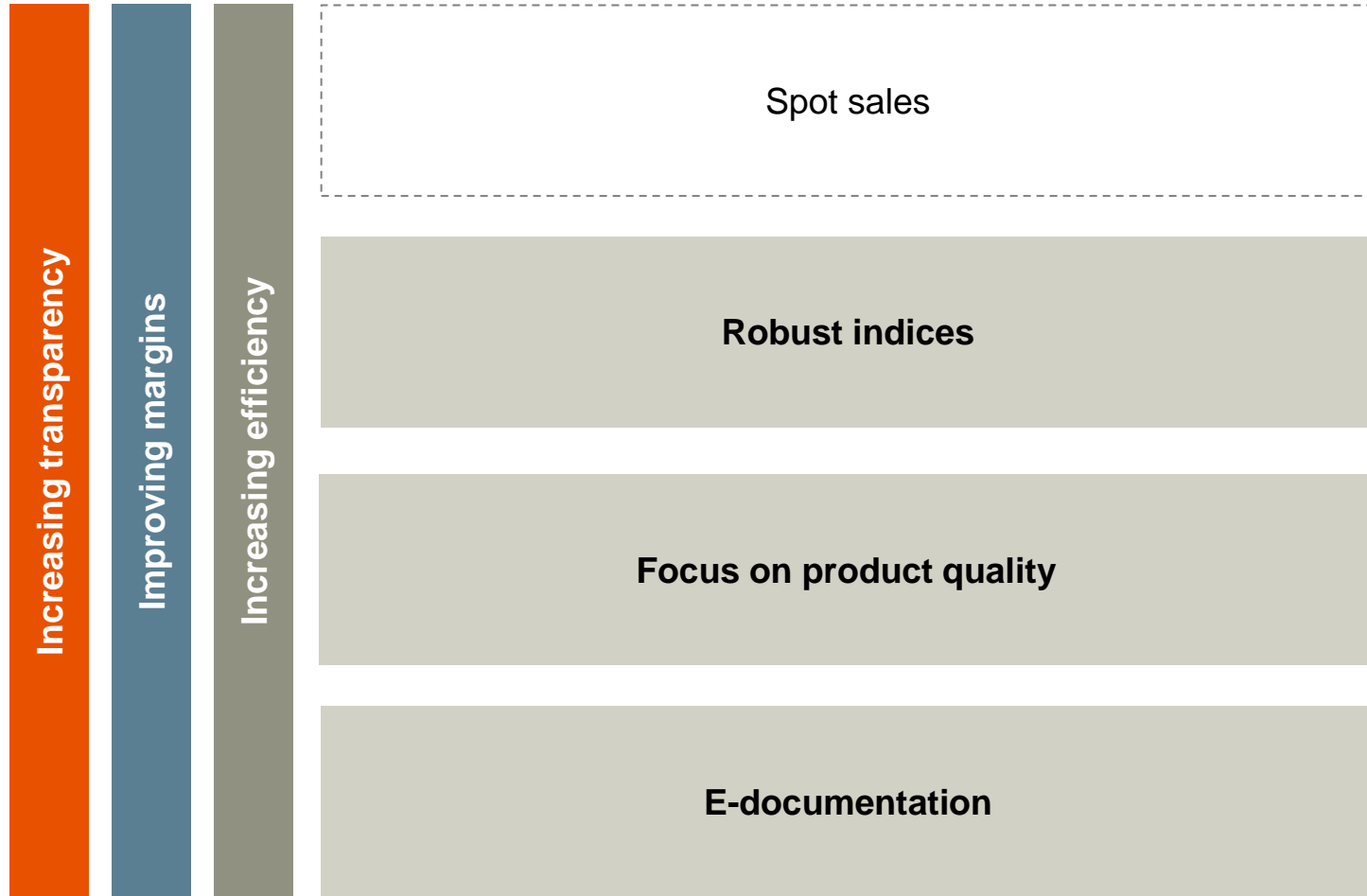
Price relativity

- Strong growth of a single ore type may put additional pressure on competitiveness as price relativities decline.
- Growth opportunities for all participants.
- Evolving trends of global ore product mix with the introduction of growing South African ore supply.

Manganese market: review and outlook

Improving industry productivity

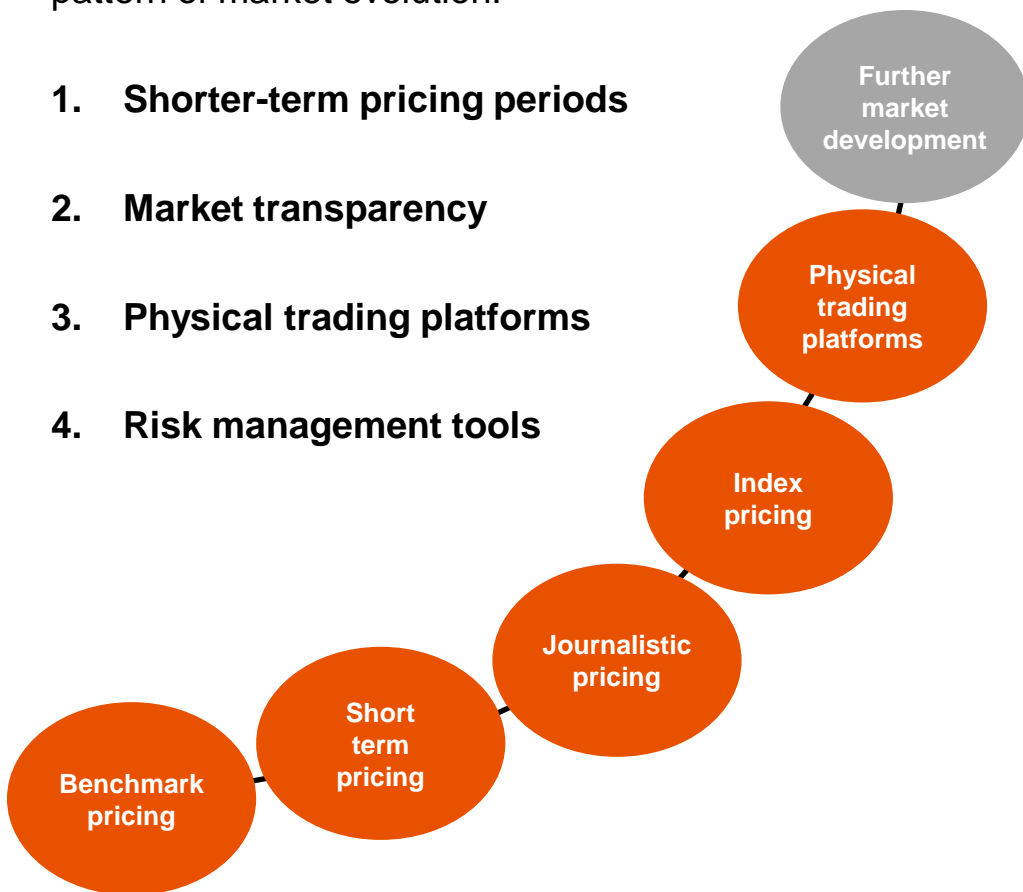
Working together to add value



Evolution of commodity markets

Commodity markets often follow a similar pattern of market evolution:

1. **Shorter-term pricing periods**
2. **Market transparency**
3. **Physical trading platforms**
4. **Risk management tools**

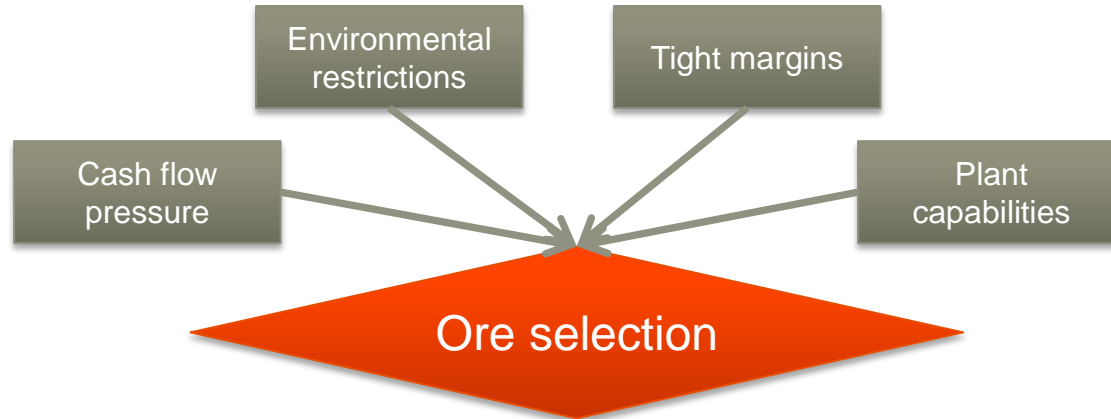


Commodity	Established index	BHP Billiton portfolio
Crude oil	Yes	✓
Energy coal	Yes	✓
Copper	Yes	✓
Aluminium	Yes	✓
Nickel	Yes	✓
Gold	Yes	✓
Soybeans	Yes	
Corn	Yes	
Coffee	Yes	
Freight	Yes	✓
Iron ore	Yes	✓
Steel (incl. scrap)	Yes	
Metallurgical coal	Evolving	✓
Manganese ore	Evolving	✓
Alumina	Evolving	✓

Source: BHP Billiton

Ore selection is critical to competitive alloy production

Factors feeding into ore selection



Key process impacts of ore selection

Low quality ore		High quality ore	
Ore price	↓	Ore price	↑
Productivity	↓	Productivity	↑
Electrical Power /Carbon source	↑	Electrical Power /Carbon source	↓
Process stability	↓	Process stability	↑
Alloy quality	↓	Alloy quality	↑
Environmental impact	↑	Environmental impact	↓
Asset life	↓	Asset life	↑
Blending Flexibility	↓	Blending Flexibility	↑

E-documentation platforms improve efficiency, security and working capital management

External
platforms

Carriers &
shipowners

Banks

Smelters/
Steel mills

Mn ore/alloy
suppliers

Benefits:

Improved productivity and efficiency:

- Transmit and track documents in real time
- Minimise human error
- Minimise administrative delays
- Reduce repetitive communications
- Decrease requirement for letters of indemnity

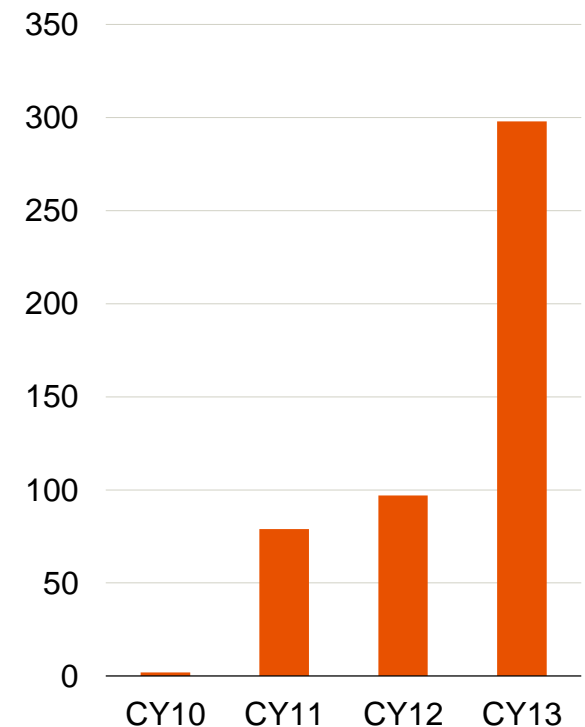
Enhanced security:

- Improve authentication: e-signatures
- Retain control of transaction documents

Optimised working capital management:

- Better management of credit facilities
- Improve predictability of cash flow

BHP Billiton E-doc transaction volume for manganese (number of transactions)



Source: BHP Billiton

Summary

- Long term drivers of steel demand remain intact with continued urbanisation in developing countries, although China production poised to peak and decline after 2025.
- Manganese demand growth remains robust, albeit at a slower pace, and will be increasingly satisfied by imports.
- Growth of South African export capacity key to meeting demand growth, and will increase the share of medium-grade ore supply in the long term.
- The manganese industry continues to face challenges that will drive us to find ways together to improve competitiveness.
- This will impact market-based pricing, raw material preferences and transaction channels and methods.
- BHP Billiton is well-placed to provide an optimal blend of medium- and high-grade ores.
- Through technical support, BHP Billiton can support our customers to improve their long-term competitiveness.



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