

NEWS RELEASE

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SAMARCO UPDATE

Financial Support

BHP has approved a total of US\$250 million (BHP Billiton Brasil Ltda (**BHP Billiton Brasil**) share) in financial support for the Renova Foundation and Samarco Mineração S.A. (**Samarco**) until 31 December 2017.

The amount of US\$174 million will be used to fund the Renova Foundation for remediation and compensation programs identified under the Framework Agreement (described in the Note below) (**Programs**). This amount will be offset against the Group's provision for the Samarco dam failure.

A short-term facility of up to US\$76 million (BHP Billiton Brasil's share) will be made available to Samarco to carry out remediation and stabilisation work and to support Samarco's operations. Funds will be released to Samarco only as required, and subject to achievement of key milestones.

Preliminary Agreement

On 18 January 2017, Samarco and its shareholders, Vale S.A. (**Vale**) and BHP Billiton Brasil entered into a preliminary agreement with the Federal Prosecutors' Office in Brazil (**Federal Prosecutors**) in relation to the Samarco dam failure (**Preliminary Agreement**).

The Preliminary Agreement outlines the process and timeline for negotiation of a settlement of the BRL 155 billion (approximately US\$47.5 billion) and BRL 20 billion (approximately US\$6.1 billion) Public Civil Claims relating to the dam failure. The Preliminary Agreement also provides for the appointment of experts to advise the Federal Prosecutors in relation to environmental and socioeconomic impact assessment and review of the Programs being implemented by the Renova Foundation under the terms of the Framework Agreement.

The Court has extended the final date for negotiation of a settlement until 30 October 2017, allowing for the continuation of the interim security arrangements provided to

the Court on 24 January 2017 and the provision of ongoing expert advice to the Federal Prosecutors in respect of the Programs.

Restart

A restart of operations at Samarco is subject to obtaining separate regulatory approvals and will occur only if safe, economically viable and has the support of the community. Resuming operations would also require government approvals, the granting of licenses by state authorities and the restructure of Samarco's debt. Accordingly, operations at Samarco are unlikely to restart in CY2017.

Further information on BHP can be found at: **bhp.com**

Note:

Samarco Mineração S.A. is jointly owned by BHP Billiton Brasil Ltda and Vale S.A. Our 50 per cent interest is accounted for as an equity accounted investment.

BRL 20 billion Civil Claim

On 30 November 2015, a public civil claim was commenced by the Federal Government of Brazil, the states of Espírito Santo and Minas Gerais and other public authorities (**Brazilian Authorities**) seeking the establishment of a fund of up to BRL 20 billion (approximately US\$6.1 billion) in aggregate for clean-up costs and damages related to the Samarco dam failure (**BRL 20 billion Civil Claim**). On 18 December 2015, an injunction was granted to, among other things, order Samarco to deposit BRL 2 billion (approximately US\$0.6 billion) for community and environmental rehabilitation.

On 2 March 2016, Samarco, Vale, BHP Billiton Brasil and the Brazilian Authorities entered into the **Framework Agreement** that provides for settlement of the BRL 20 billion Civil Claim by establishing a fund for clean-up costs and remediation and compensation of impacts relating to the Fundão tailings dam failure.

Ratification of the Framework Agreement on 5 May 2016 suspended the BRL 20 billion Civil Claim and the corresponding injunction. Subsequently, on 30 June 2016, both the BRL 20 billion Civil Claim and the injunction were reinstated by the Superior Court of Justice in Brazil. A final decision by the Court on the issue of ratification is pending.

The injunction remains the subject of litigation before Federal Courts. On 17 August 2016, the Federal Court of Appeals confirmed the BRL 2 billion injunction. This decision has been appealed. On 4 November 2016, the 12th Federal Court of Belo Horizonte reduced the BRL 2 billion injunction to BRL 1.2 billion (approximately US\$0.4 billion).

BRL 155 billion Civil Claim

On 3 May 2016, the Federal Prosecutors commenced proceedings against Samarco, Vale and BHP Billiton Brasil for BRL 155 billion (approximately US\$47.5 billion) for social, environmental and economic compensation relating to the Samarco dam failure (**BRL 155 billion Civil Claim**).

The claim includes the Federal Prosecutors seeking an injunction order that Samarco, Vale and BHP Billiton Brasil deposit BRL 7.7 billion (approximately US\$2.4 billion) into a special company account. The 12th Federal Court of Belo Horizonte has not yet decided on any injunction in the BRL 155 billion Civil Claim.

Effect of the BRL 2.2 billion Interim Security under the Preliminary Agreement

Under the Preliminary Agreement, the parties have agreed to suspend the Federal Prosecutor's BRL 7.7 billion injunction application in the BRL 155 billion Civil Claim and to request that the 12th Federal Court of Belo Horizonte replace the BRL 1.2 billion injunction in the BRL 20 billion Civil Claim with the Interim Security of BRL 2.2 billion (approximately US\$675 million). The parties have also agreed under the Preliminary Agreement to suspend the BRL 20 billion asset freezing order application made by the Federal Prosecutors in the criminal charges against Samarco, Vale and BHP Billiton Brasil, and certain individuals in relation to the dam failure.

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