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BHP

17 July 2018

Fabio Ortolani
Il Presidente
Eurofer
Via Bari, 20
00161 Roma
Italy

BHP
Nova South
160 Victoria Street
London SW1E 5LB
United Kingdom
T +44 20 7802 4176
Geof.Stapledon@bhpbilliton.com

Dear Mr Ortolani,

UPDATE ON THE COLLAPSE OF THE FUNDAO DAM IN BRAZIL

Thank you for your letter dated 11 May 2018 requesting a further update on matters related to the Fundao dam collapse in Brazil. I apologise for the delay in getting this response to you. Part of the delay was due to waiting until the most recent court hearing in Brazil had concluded in order to be able to update you on your final question ('Costs').

Below, I have followed the order of the items you raise in your letter.

- **Update on the meeting on Samarco held at the end of January in London**

This update was ultimately held on 21 March 2018 due to Brazil-based team members being busy with on-the-ground work during January. A detailed set of presentation slides from the update is available at this link on our website:

https://www.bhp.com/-/media/documents/media/reports-and-presentations/2018/180320_nonoperatedjointventuresandrenovafoundationupdate.pdf

- **Update on the process of registration and support to local communities**

Over 30,000 people are now registered. Renova is providing periodic updates on the progress of the registration campaigns. Please see this link:

<https://www.fundacaorenova.org/en/program/registration-of-the-impacted-parties/>

Your letter asked specifically about registrations related to people in the Mariana region. As noted in the Renova update, Caritas has provided an estimate of approximately 820 families from Mariana to be registered.

In relation to the resettlement of families from Bento Rodrigues, there were two positive developments in May 2018. First, work commenced on the New Bento Rodrigues construction site. Please see further details here:

<https://www.fundacaorenova.org/en/news/installation-of-construction-site-of-the-new-bento-rodrigues-district-has-begun/>

Secondly, Renova submitted the environmental licence application to the government authority. After obtaining the environmental licence, as well as the approval for the subdivision and the issuance of the permit by the Municipality of Mariana, it will be possible to start the infrastructure works for the new district such as paving, drainage, sewage networks, water and energy distribution. With the participation and involvement of the families of Bento Rodrigues, the town's urban project was approved on February 8 with 99.4% of the votes in favour. Please see further details here:

<https://www.fundacaorenova.org/en/news/renova-foundation-submits-application-for-environmental-license-for-the-resettlement-of-bento-rodrigues/>

In relation to the resettlement of families from Paracatu: This is following the same process as Bento Rodrigues but the urban plan has not yet been approved. Consultation continues. Before the licensing process can commence, the Municipality and regulators need to determine whether the areas will be zoned as rural or urban and basic environmental studies are underway.

- **Costs**

Your letter refers to the legal proceedings settlement deadline of 20 April 2018. On that date, the court granted a further extension to 25 June 2018 to allow negotiations to continue. On 25 June, there was a significant update:

<https://www.bhp.com/media-and-insights/news-releases/2018/06/samarco-update-governance-agreement>

In the stock exchange release linked above, we advised that BHP Brazil, Vale, Samarco and the other parties to the Framework Agreement, the Public Prosecutors Office and the Public Defense Office agreed a revised Framework Agreement (FA 1.1) which enhances community participation in decisions related to the remediation and compensation programs under the Framework Agreement.

Under FA1.1, the parties have agreed to file a petition with the 12th Federal Court to dismiss the BRL20 billion Civil Claim, and also agreed on a process to renegotiate the remediation and compensation programs over two years and to progress settlement of the BRL155 billion Civil Claim. FA 1.1 is conditional on the Federal Government of Brazil signing the agreement, and is subject to ratification by the 12th Federal Court of Minas Gerais

I trust that the information in this letter and in the linked updates is helpful.

Regards,



Geof Stapledon
Vice President Governance

Nicole Ferrante

Da: Stapledon, Geof <Geof.Stapledon@bhpbilliton.com>
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Dear Sir or Madam,

I have attached a letter addressed to Fabio Ortolani, Il Presidente, responding to his letter dated 11 May 2018.

Regards,

Geof Stapledon

BHP

Geof Stapledon

Vice President Governance

geof.stapledon@bhp.com

T +44 20 7802 4176

M +44 7824 451 415

Nova South, 160 Victoria Street

London SW1E 5LB United Kingdom

bhp.com

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