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Mr Don Argus
Chairman
BHP Billiton Limited
180 Lonsdale Street
Melbourne Victoria 3000

19 November 2009

Dear Don

We have been notified of a number of shareholders' questions directed to the auditor in advance of the Annual General Meeting ("AGM") to be held on 26 November 2009

In Appendix One we set out the questions and our formal responses.

Please don't hesitate to contact me should you wish to discuss any of the questions or answers in more detail.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M Sheppard'.

Martin Sheppard
Partner

Appendix One – Additional comments in relation to specific questions asked

Question 1

Is it intended that company audits extend beyond financial accounting to encompass cost benefit analysis of climate change initiatives?

Answer

Our audit of the BHP Billiton Limited (“BHP Billiton”) financial statements for the year ended 30 June 2009 has been conducted in accordance with the current legal and regulatory requirements and did not include a cost benefit analysis of climate change initiatives.

As a separate engagement KPMG expressed a conclusion to management and the directors on the preparation of historical Greenhouse Gas information included in BHP Billiton’s 30 June 2009 Sustainability Report. This scope of work did not include a cost benefit analysis of climate change initiatives.

KPMG will continue to monitor and respond as appropriate to future developments in regulatory and financial reporting requirements.

Question 2

Does the audit process verify/validate benchmarks and performance measures for board and executive remuneration?

Answer

We have formed an audit opinion on the compliance of the remuneration disclosures contained in BHP Billiton’s 30 June 2009 Directors’ Remuneration Report (with the exception of sections 6.2 and 6.5) with Section 300A of the Corporations Act 2001.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Directors’ Remuneration Report, sufficient to give reasonable assurance that the remuneration report is free from material misstatement, whether caused by fraud or error.

Accordingly, our audit procedures were designed to provide reasonable assurance that BHP Billiton’s performance against the benchmarks and performance measures disclosed are free from material misstatement. The Board, in consultation with the Remuneration Committee are responsible for assessing the adequacy of the benchmarks and performance measures for board and executive remuneration.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion at 30 June 2009.

Question 3

What percentage of fees received by the auditor is from a) auditing, or b) other services? Is there a conflict of interest?

Answer

The Auditor's remuneration disclosures contained in note 36 of BHP Billiton's Annual Report 2009 (page 240) sets out fees payable for both audit services and other services.

KPMG has established detailed policies and procedures that act as safeguards to preserve and protect our auditor independence. These policies and procedures comply with all relevant rules of professional conduct promulgated by the Australian, UK and US accounting bodies as well as other regulatory requirements and cover such matters as the provision of non-audit services.

We also confirm that we have complied with the provisions set out in BHP Billiton's *Provision of Other Services by the External Auditor* policy. This policy permits KPMG to perform other (non-audit) services that are not, and are not perceived to be in conflict with our role as external auditor.

Accordingly, we can confirm that no conflicts of interest have arisen from our provision of other services to BHP Billiton.

Question 4

How and why would the reappointment of KPMG as auditors have any bearing upon what remuneration the directors choose to grant themselves?

Answer

The remuneration of Directors is the responsibility of the Remuneration Committee of the Board.

As auditors we provide an opinion that the valuation, measurement and disclosure of remuneration is in accordance with the relevant legal and regulatory requirements and accounting standards. It is not appropriate for us as external auditors to provide a view on the amount or nature of directors' remuneration.

Accordingly, we do not consider that the reappointment of KPMG as auditors of BHP Billiton would have any bearing upon the remuneration of the directors.

Question 5

Does the full Board meet with the auditors on a regular basis and do they, the auditors - if they wish - have access to Don Argus (Chairman) and David Murray (Coal CSG President) without the CEO or the CFO being present?

Answer

KPMG have always had full access to meet with the Chairman (Don Argus), Chairman of the Audit Committee, CEO, CFO, CSG Presidents (including David Murray) and the CSG CFO's, individually, as required.

Question 6

In forming your audit opinion, how many of the databases within the BHP Billiton Group were read with Computer Assisted Audit Techniques?

Answer

In forming our opinion on the financial report as a whole we comply with International Auditing Standards and Australian Auditing Standards.

In developing our audit approach we identify the business risks, internal controls and critical audit objectives that could have a material impact on the financial report. Where appropriate Computer Assisted Audit Techniques have been applied in our audit approach.