Australia's Bowen Basin – the future for Metallurgical Coal Supply

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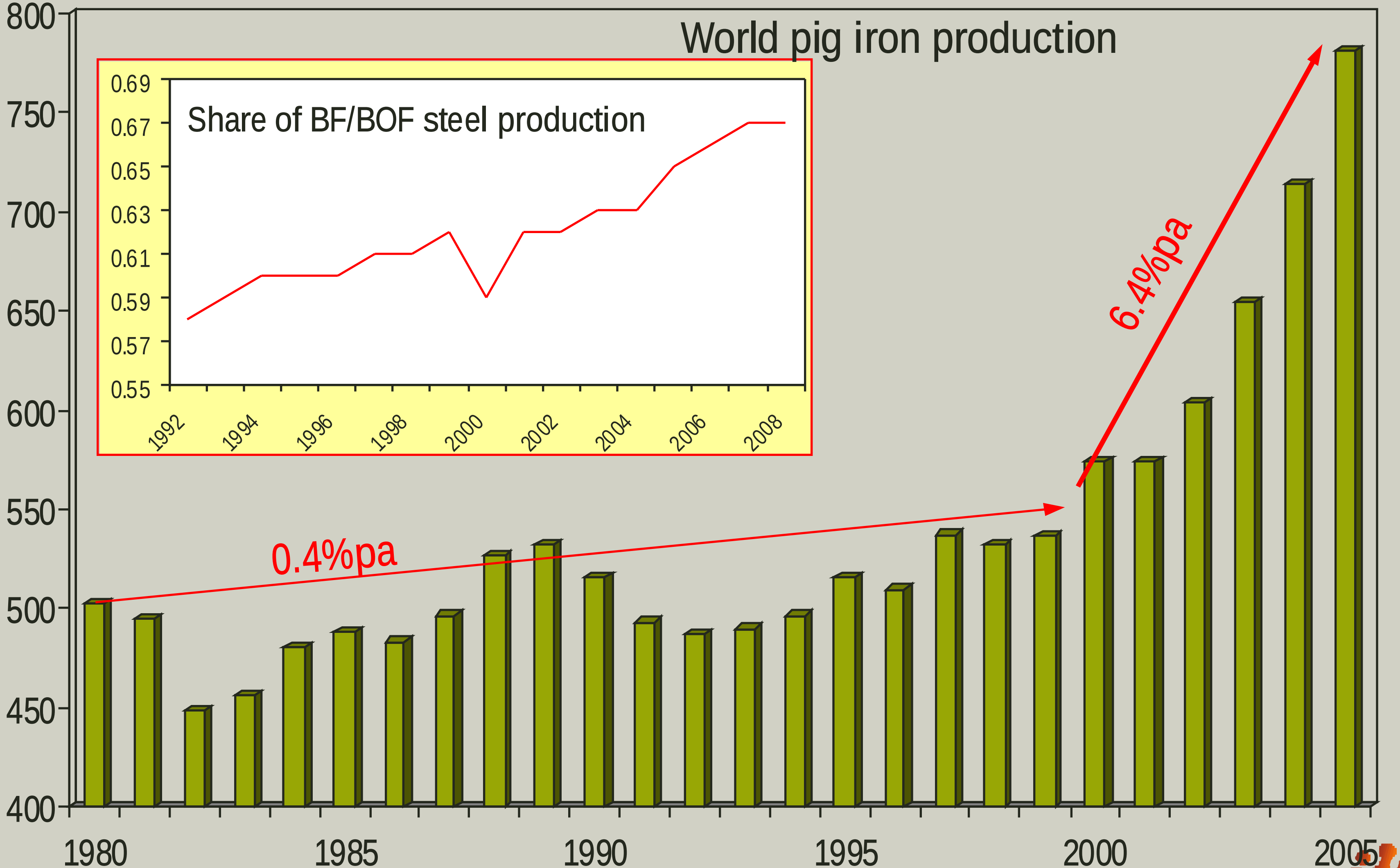
Metallurgical coal based steel production has entered a new growth phase



Source IISI, CRU, BHP Billiton

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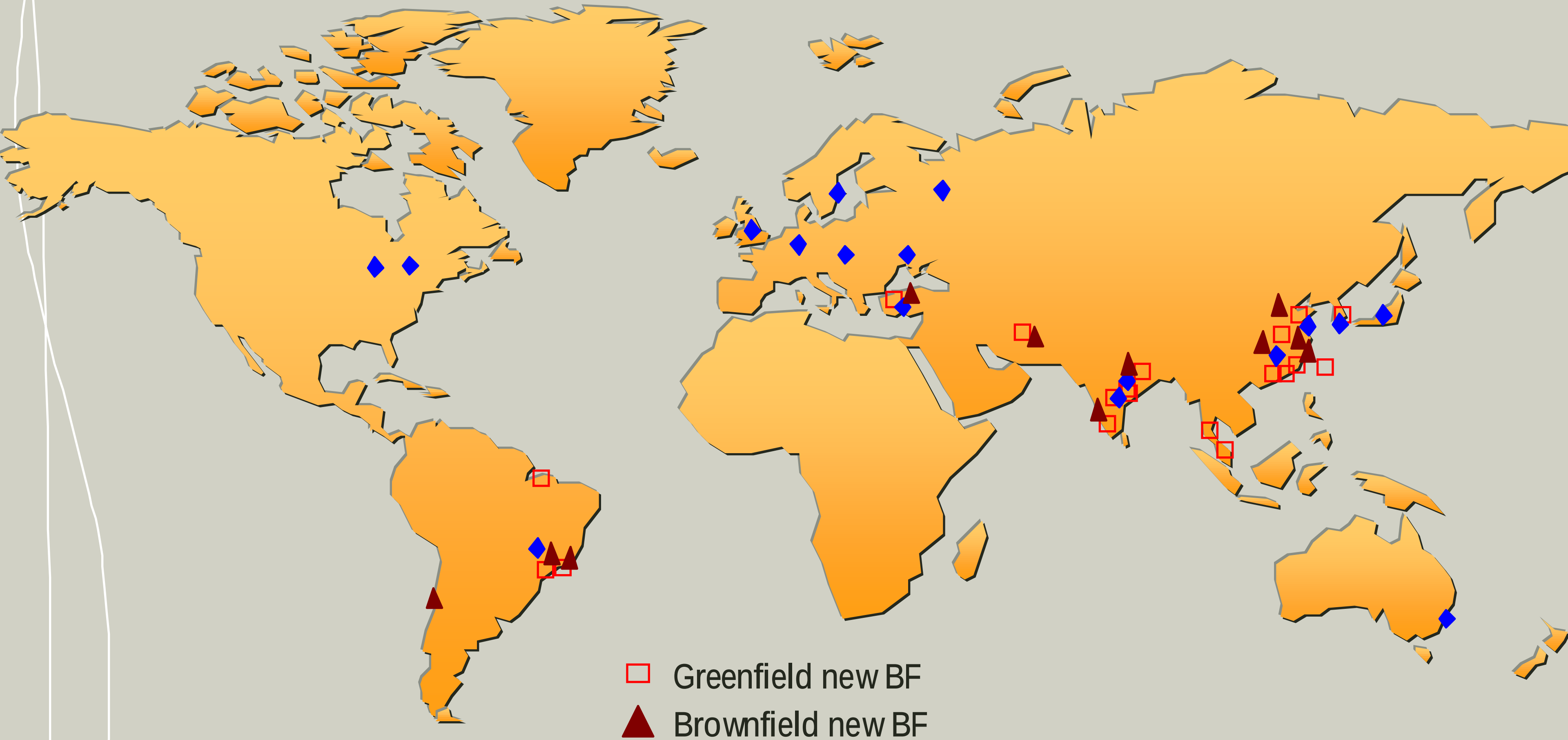
Significant new BF production under development/planned

The next 5 years will see major BF developments in many countries under pinning the increase in BF/BOF share of global steelmake



Source Public announcements

Met coal demand outlook for strong growth

- New BF capacity and associated coke capacity planned
  - Led by China, India, Brazil
  - Significant relined and enlarged BF capacity planned
- Changes to seaborne balance due to declines in domestic production
  - Europe, Germany
  - USA, esp. low volatile HCC
- Rise of China as an important met coal importer
  - New coastal capacity favouring seaborne imports
- Move away from SSCC to HCC
  - High BF productivity requiring increased levels of high quality HCC
  - Kyoto supporting moves to lower fuel rates = move away from SSCC to HCC

Major high quality global met coal producing regions

However, there are significant challenges in meeting this projected market demand.

USA - Appalachia

LV, MV, HV producer ~300km to coast

Reserve depletion, rising costs and logistics challenges

China – Shanxi Province

LV, MV, HV producer, 800km to coast

Strong domestic demand, resource depletion, environmental, safety issues, skilled labour shortages, rising costs

Canada - Elk Valley

LV, MV producer,1200km to coast

Logistics complex and partially constrained, rising costs

Russia - Kuzbass

LV, MV, HV producer ~4000km to coast

Limitations on infrastructure, dependent on subsidised rail transportation

Strong domestic demand

Australia – Bowen Basin

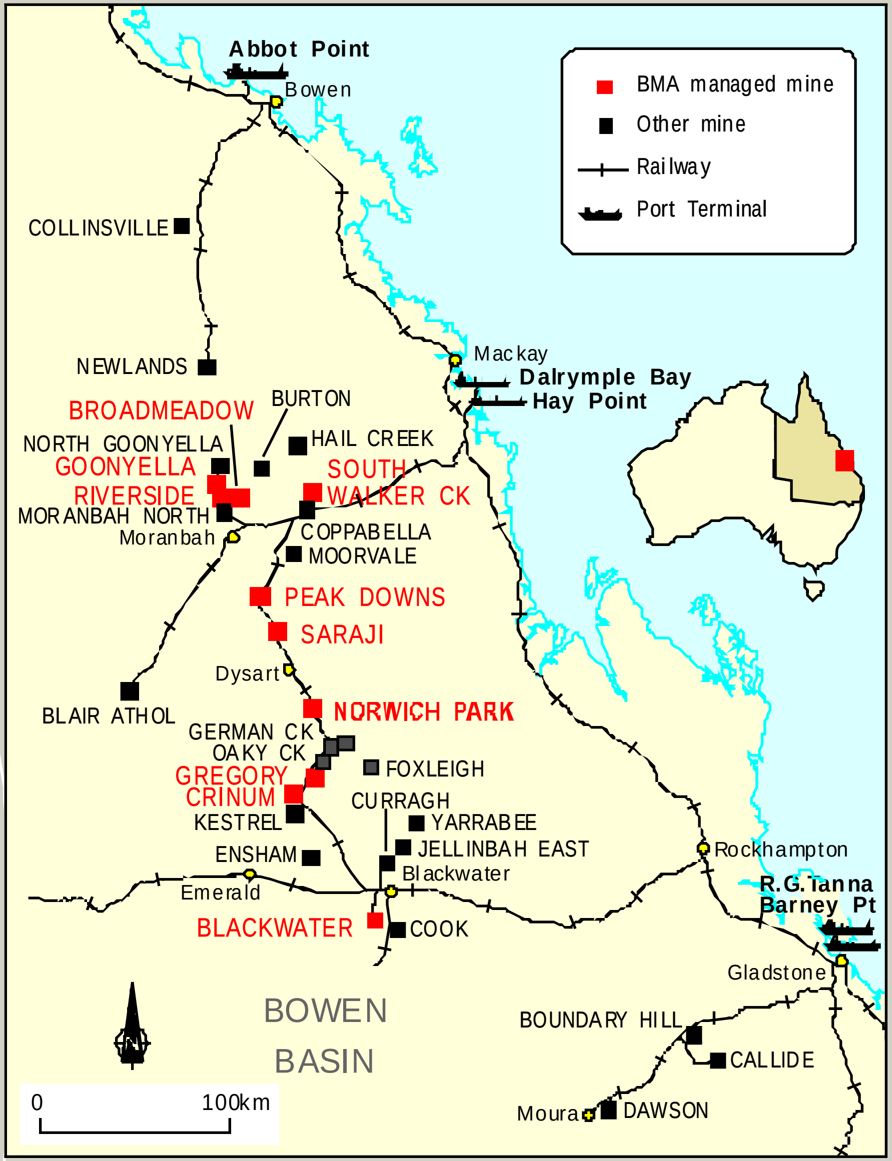
LV, MV, HV producer ~300km to coast

Shortages of skilled labour, input costs rising, commissioning delays, port capacity

Predominantly export

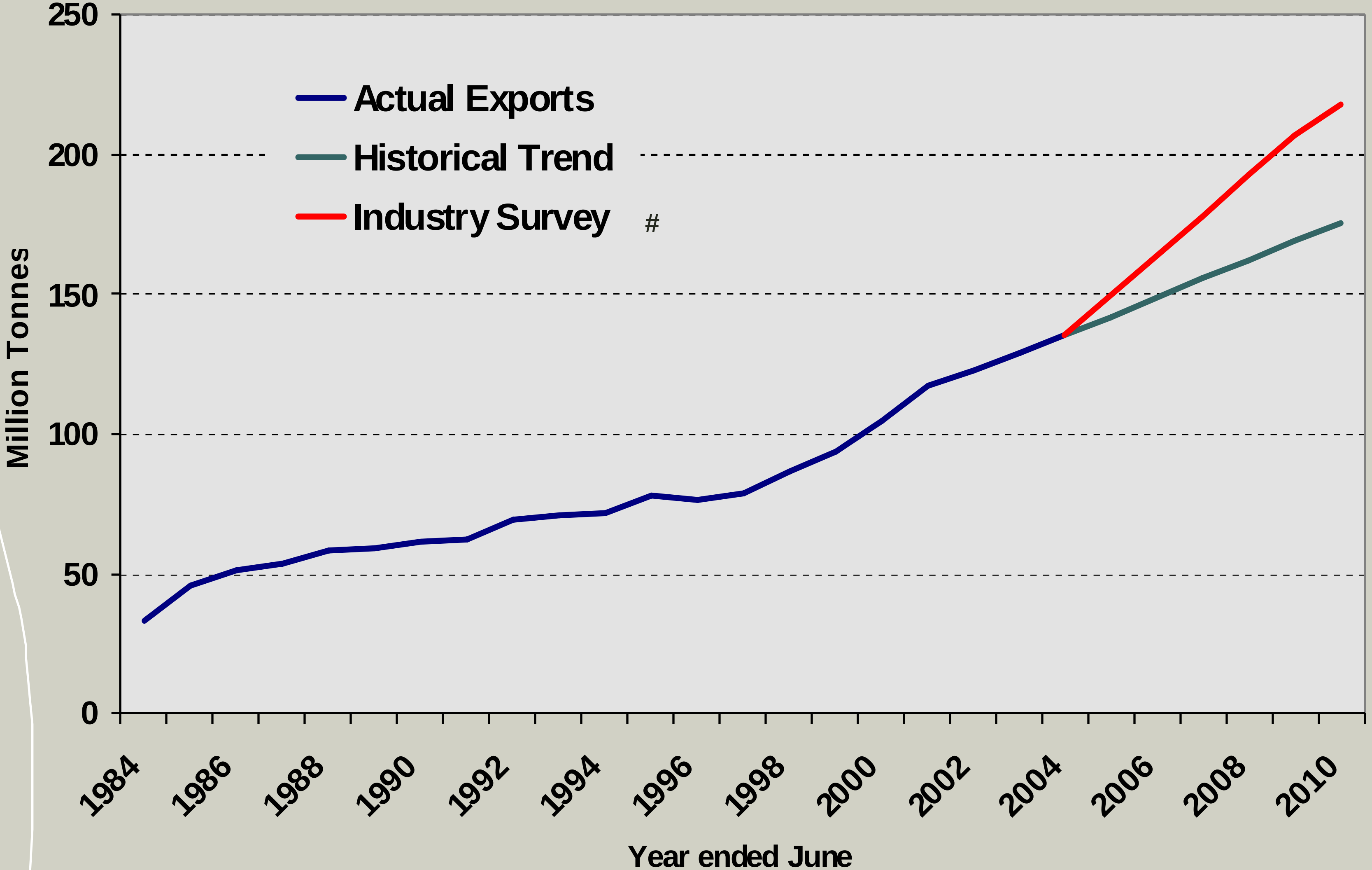
Predominantly domestic

Queensland's Bowen Basin export coal industry today – a large integrated network.



- 30+ mining operations
- Four heavy haul railways
- Five ship loading terminals
- Towns/service centres

Queensland coal exports are expected to increase at higher than their rate of growth over the last 20 years



Source:- # Qld Resources Council member survey

Port capacity is the key

• Gladstone	+ 27
• DBCT	+ 25 (over subscribed)
• HPCT	+ 21-23
• Abbot Point	
(Phase I)	+ 5 –10
Southern Bowen Basin	+ 30
Northern Bowen Basin	+ 50

Source:- # Qld Resources Council

All figure in million tonnes

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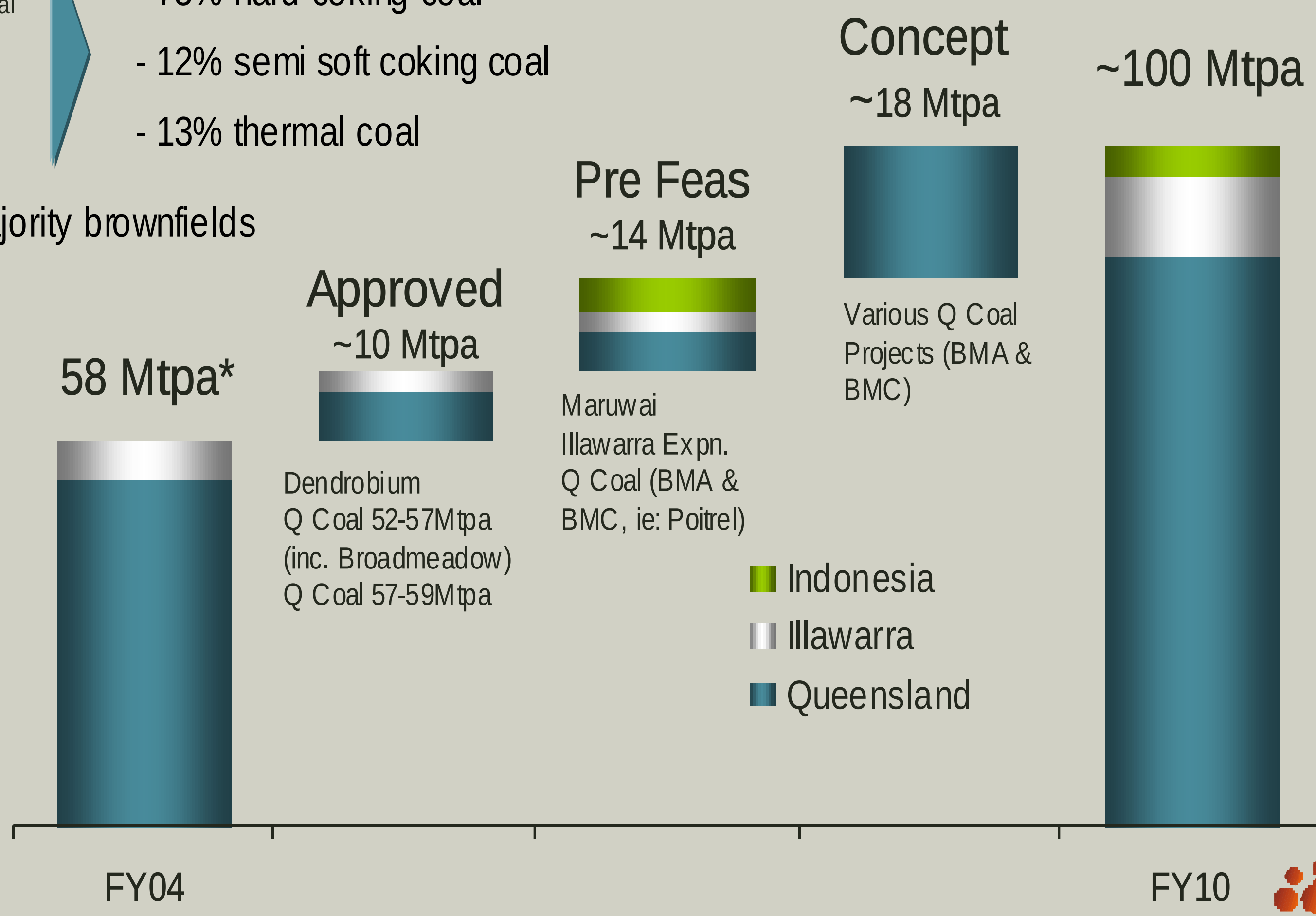
BHP Billiton growth plan to ~100 Mtpa by 2010

BHP Billiton Bowen Basin expansions contribute the majority of the growth, predominantly high quality hard coking coal announced Q3 2004

- 75% hard coking coal
- 12% semi soft coking coal
- 13% thermal coal

- Majority brownfields



All production figures are quoted on a 100% equity basis

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BHP Billiton's progress to 100 million tonnes

- Queensland Stage 1 expansion from 52 to 57 MTPA completed
- Queensland Stage 2 (to 59 MTPA) underway & due by 2nd half 2006
- Broadmeadow long wall commenced production August 2005
- Poitrel open cut approved
- Expansion of capacity at Hay Point Coal Terminal on track :
  - Phase 1 to 40 MTPA (+6) by 2nd half 2006 – underway
  - Phase 2 to 44 MTPA by 1st qtr 2007 – announced
  - Phases 3&4 to 55-57 MTPA – being assessed & environ approvals sought.
- Currently evaluating further options for expansion to beyond 80 MTPA capacity by 2010

BHP Billiton’s progress to 100 million tonnes

- Dendrobrium UG mine commenced production April 2005
- Further expansion options at Illawarra under feasibility study
- Ongoing development of Maruwai basin.

Concluding Remarks

- The outlook for met coal and especially hard coking coal is strong
- Challenges to meet this market demand are faced by all major producing regions
- Australia’s Bowen Basin is best placed to meet this market demand
- BHP Billiton have in place expansions and have been very actively delivering on the road to 100 million tonnes plan
- BHP Billion are fully committed to meeting the future market growth for coking coal, delivering the industry the confidence and assurance for their future growth

Thank You

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