

*More than luck....*

# BHP Billiton's Exploration Strategy

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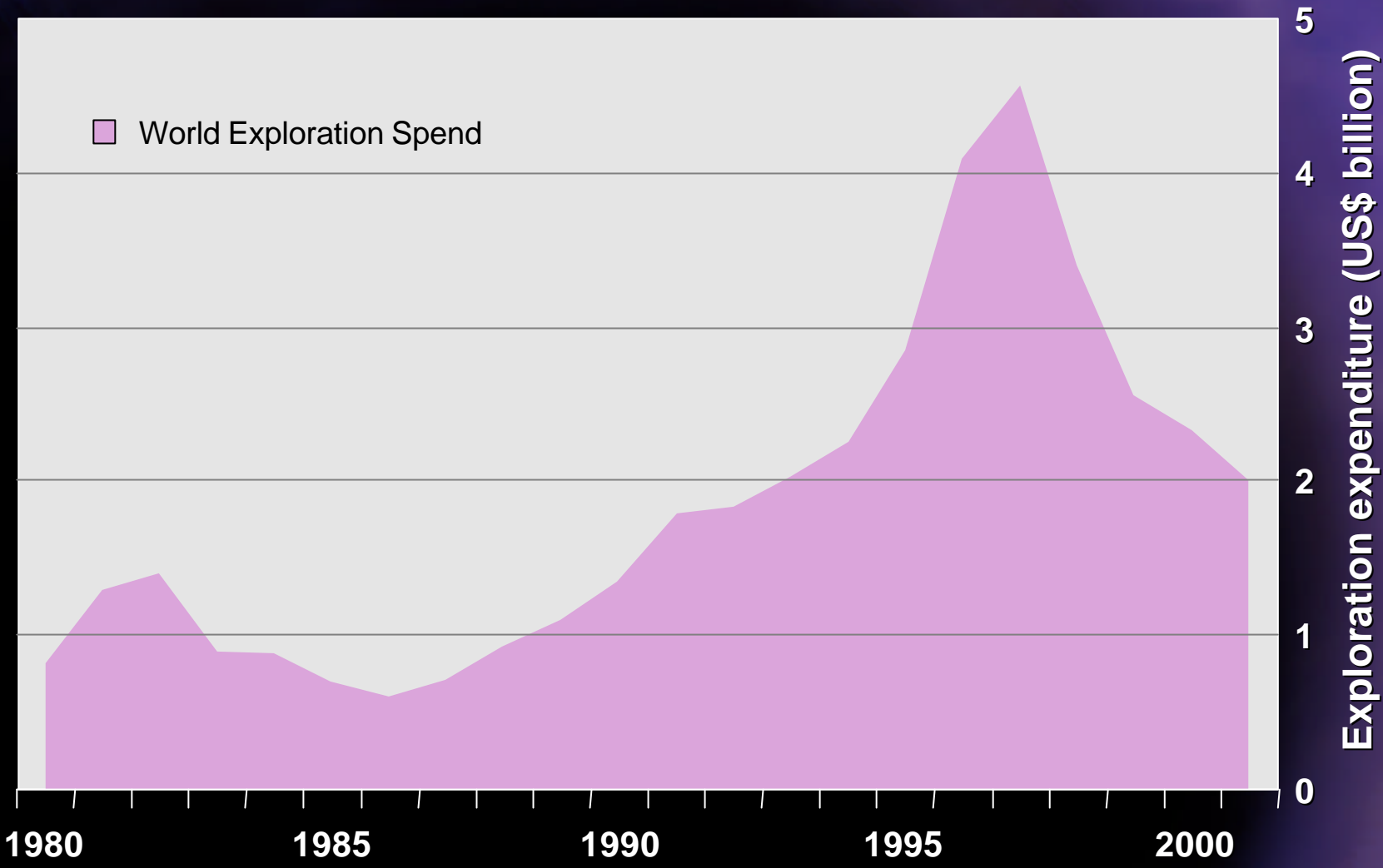
PROSPECTORS AND DEVELOPERS  
ASSOCIATION OF CANADA

MARCH 12, 2002



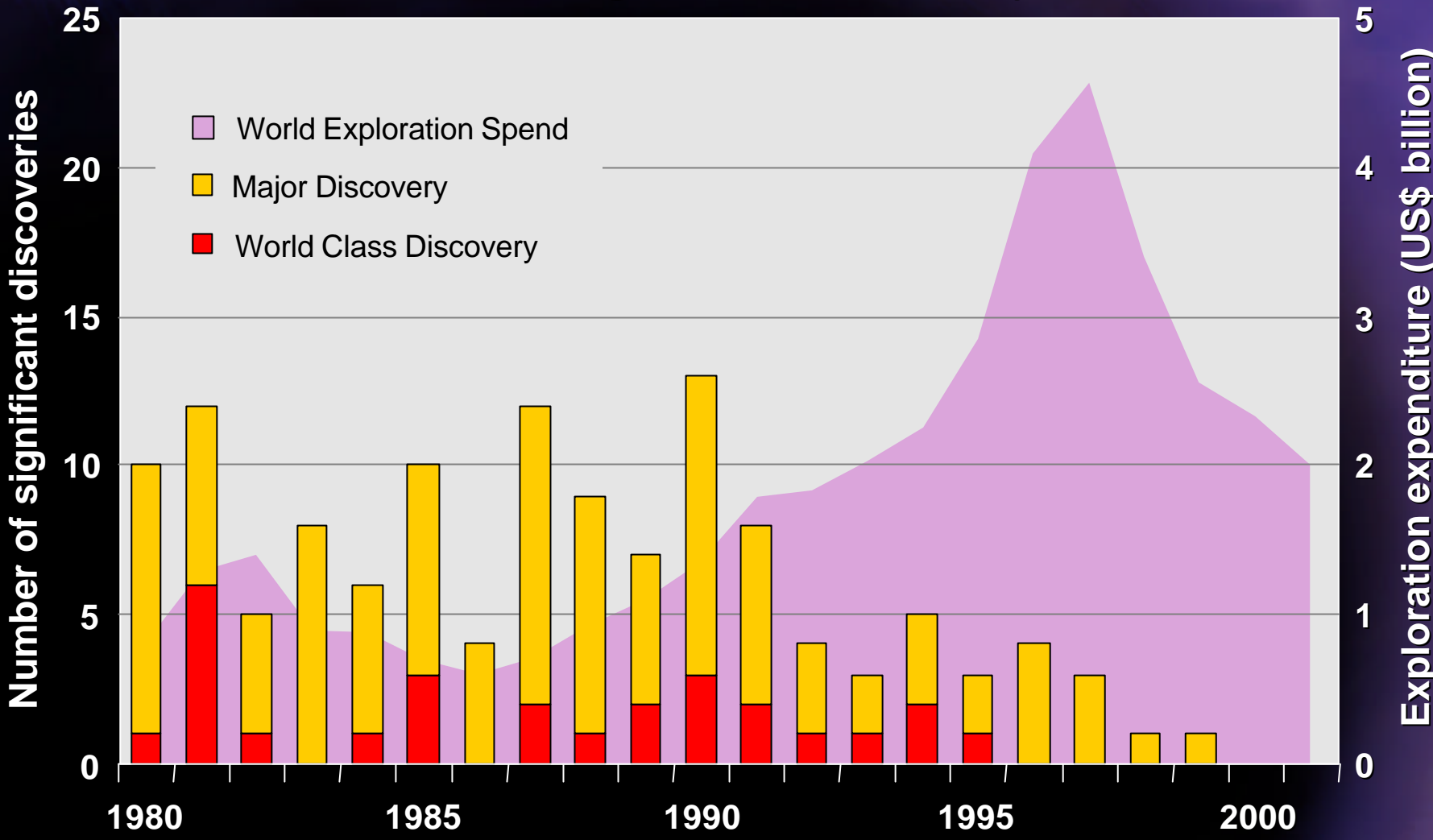
bhpbilliton

# Changes in exploration expenditure



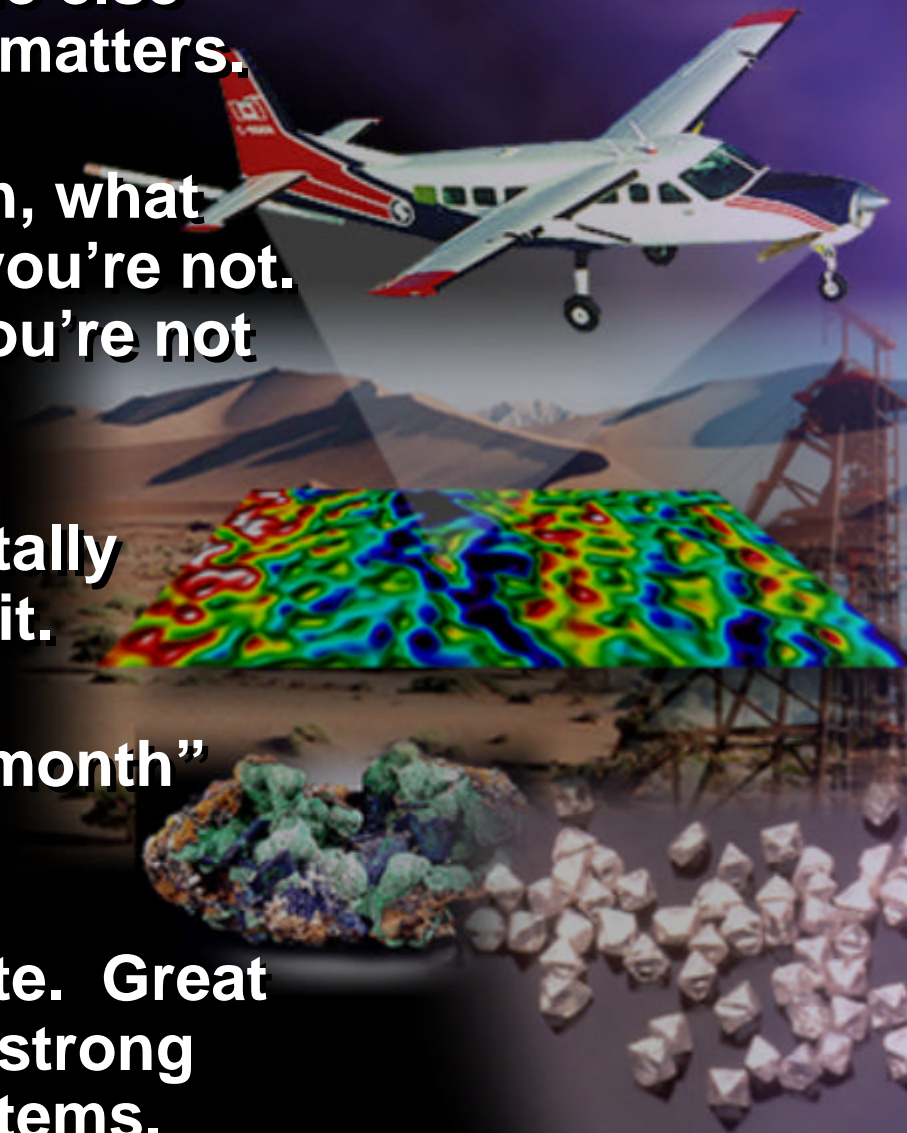
# Changes in exploration expenditure

...but declining world discovery rates



# *To keep winning, you need more than luck...*

- You need something no one else has. Something that really matters.
- Understand the value chain, what you are good at and what you're not. Find partners to do what you're not good at!
- Technology has fundamentally changed exploration. Use it.
- Chasing the “flavor of the month” rarely works.
- You must be able to execute. Great people, challenging goals, strong incentives and reliable systems.





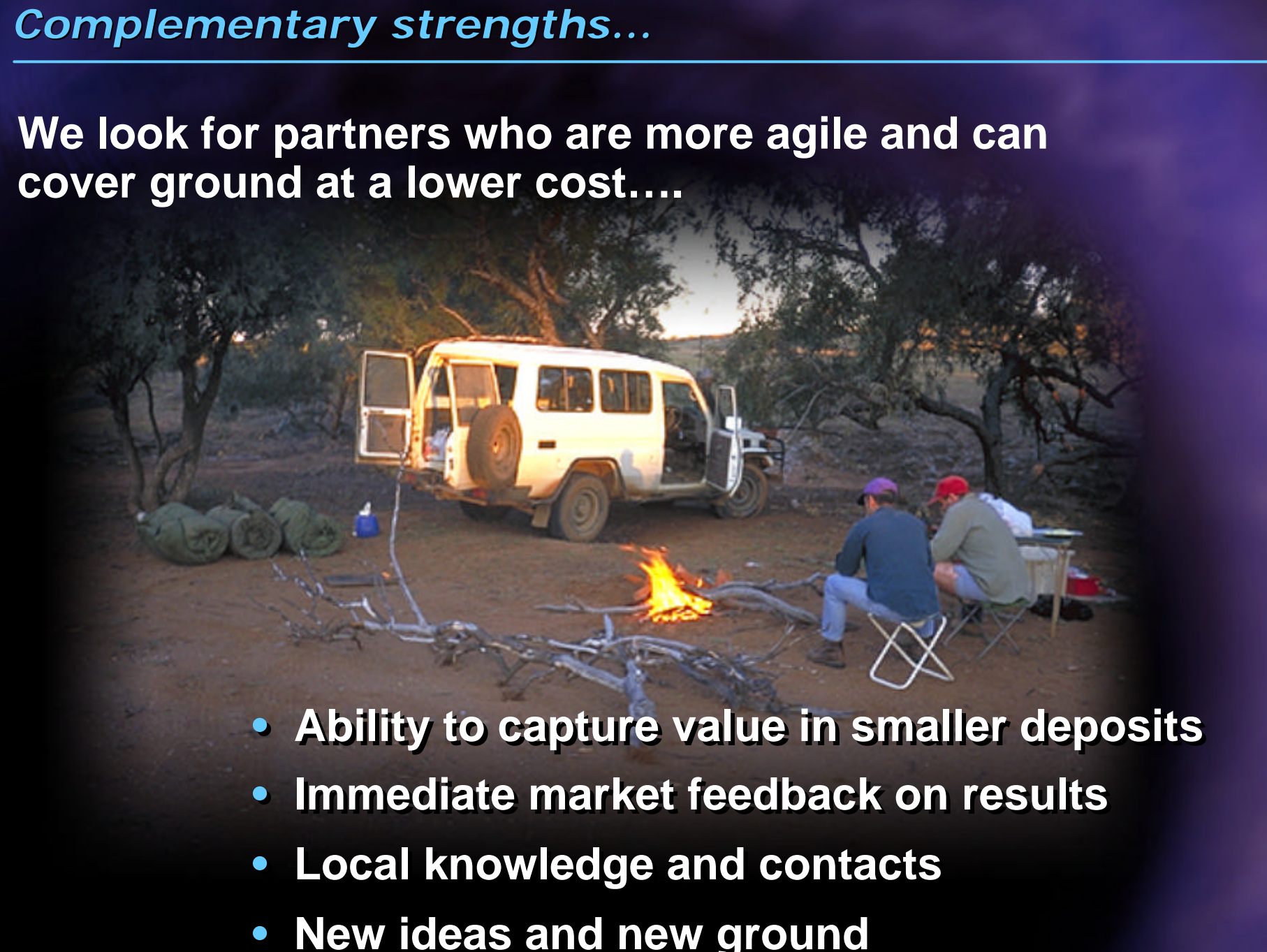
## **BHP Billiton's Strengths:**

- **Technology and databases**
- **Deep financial and technical resources**
- **Global target generation and prioritisation**
- **Continuity of effort / investment**
- **High credibility with Governments, Investors and Indigenous groups**

***We look for partners with complementary strengths***

## *Complementary strengths...*

**We look for partners who are more agile and can cover ground at a lower cost....**

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- A photograph of a white SUV parked in a wooded area at dusk. The rear hatch and driver-side door are open. Two people are sitting on folding chairs in front of a campfire made of sticks. The scene is dimly lit, with the fire providing the main light source. The background shows trees and a dark sky.
- **Ability to capture value in smaller deposits**
  - **Immediate market feedback on results**
  - **Local knowledge and contacts**
  - **New ideas and new ground**



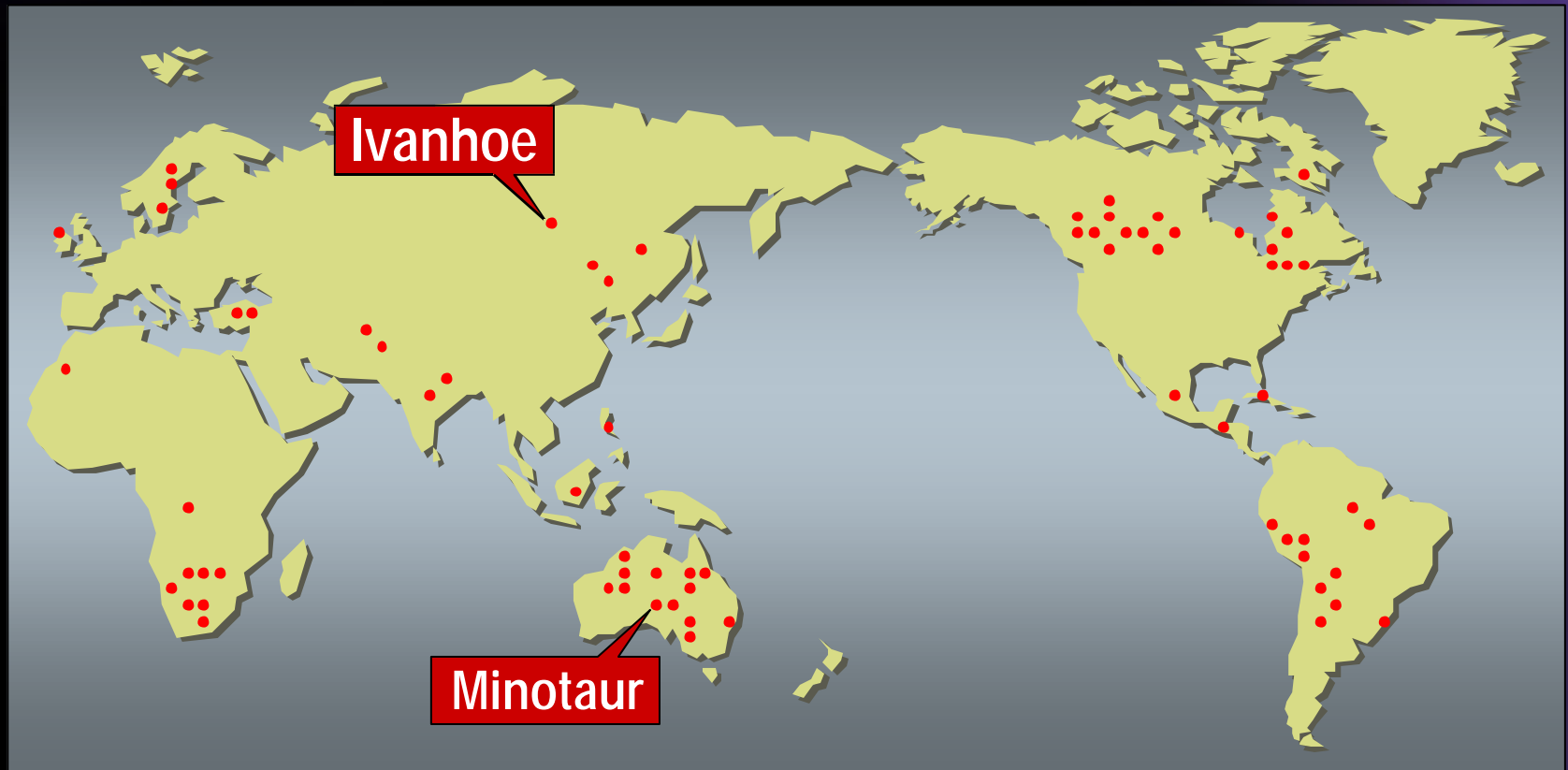
## **Leveraging strengths in win-win partnerships**



- **Support equity raising with promotion and cash**
- **Flexible deal structures**
- **Share all projects, not just the 'discards'**
- **Juniors 'value capture' in all discoveries**
- **BHPB 'value capture' in rare world class deposits**
- **Long term relationships with preferred partners**

# *Our strategy in action*

- 90 active partnerships worldwide
- Two potential new world class discoveries





**Result: 120m @ 1.28% Cu & 3.44 g/t Au**

**Mongolian discovery valued at US\$115 Million**

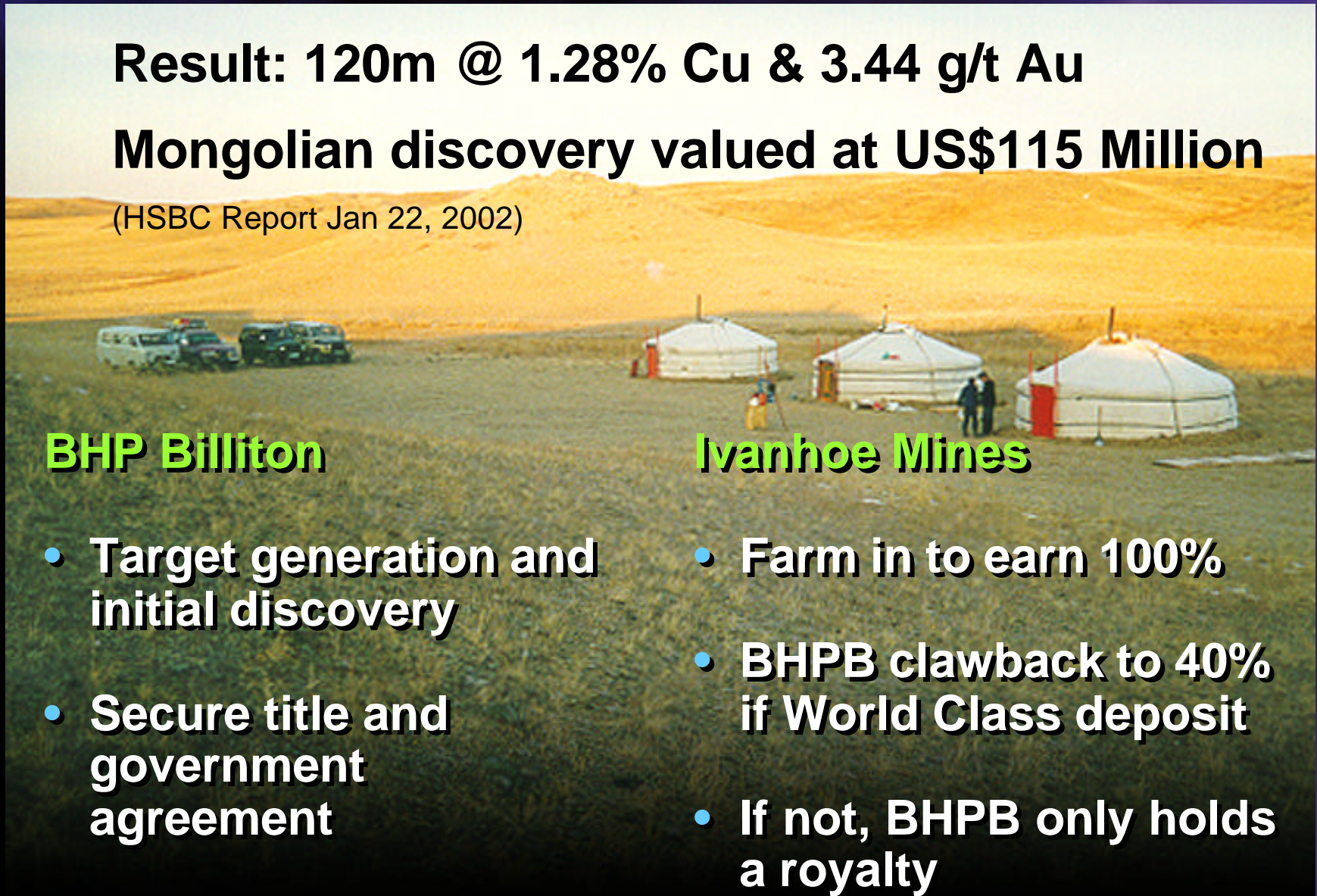
(HSBC Report Jan 22, 2002)

## **BHP Billiton**

- **Target generation and initial discovery**
- **Secure title and government agreement**

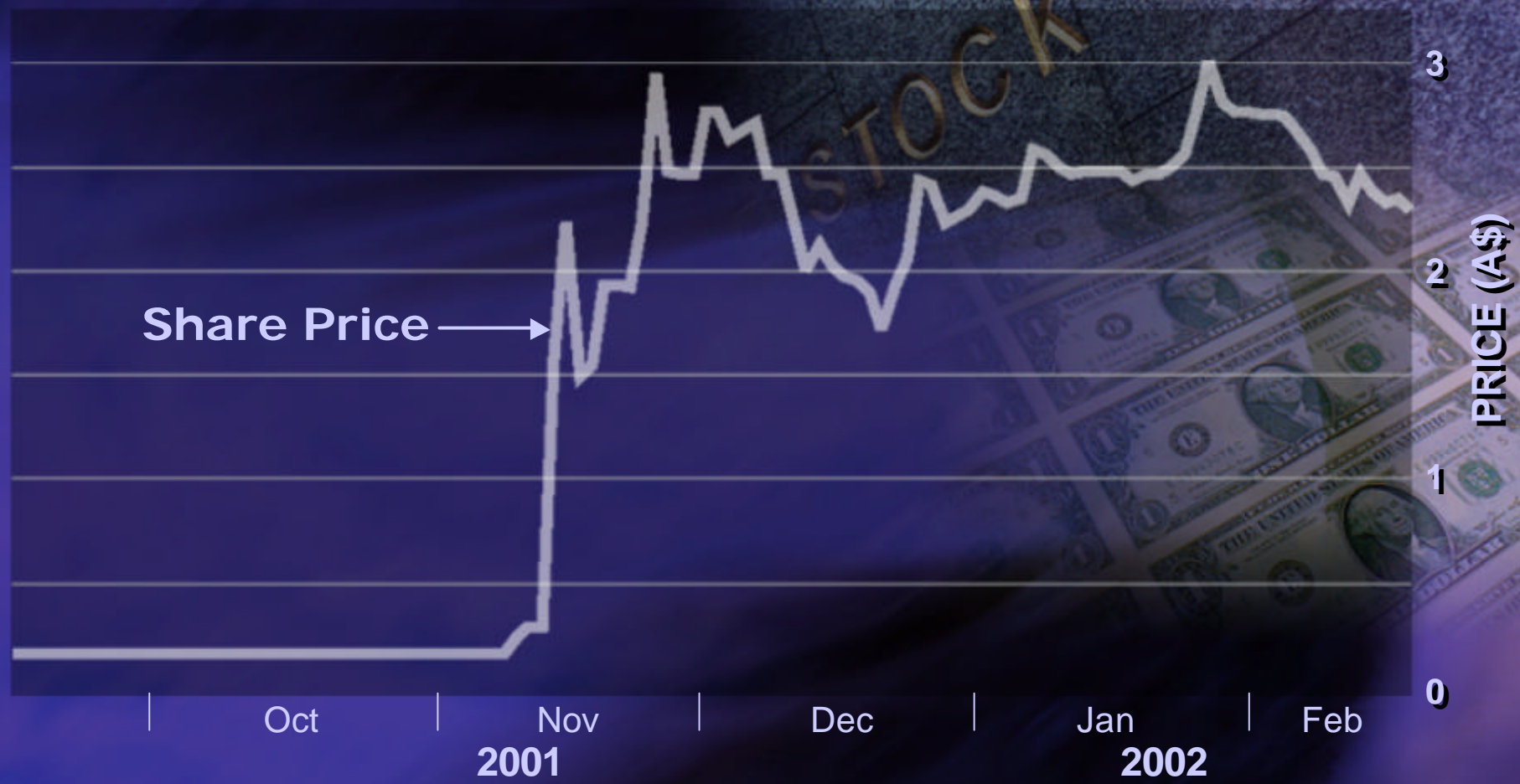
## **Ivanhoe Mines**

- **Farm in to earn 100%**
- **BHPB clawback to 40% if World Class deposit**
- **If not, BHPB only holds a royalty**



**Result: 107m @ 1.94% Cu & 0.65 g/t Au**

**Market capital up from US\$2M to US\$25M**





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## **BHP Billiton**

- **Support through IPO, staff and technology**
- **Sole funds to earn-in**

## **Minotaur Resources**

- **Manages and operates the project**
- **Earns interest while BHPB funds**
- **Continued alliance including other commodities**



# *Grenfell deal: Technology contribution*

**BHPB:** Contributed 3 years of *FALCON™*

**Grenfell Resources:** Combines *FALCON™* and a land position to raise US\$5 million



**Grenfell**

**BHP Billiton**

- Supply ideas, ground and tests the target
  - Keeps 100% of all Major Deposits or smaller
  - Royalty on world class discovery
- Supply technology and specialised capabilities
  - Right to purchase World Class discoveries

# *Where to next?*

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- **FALCON™ system for Canada in 2003:**  
**Grenfell-style deal for up to US\$50 million**
- **“Gravity Advantaged” JV’s: support with technology and equity participation**
- **Diamond JV’s: support with technology, equity, project debt and marketing**
- **Seeking more exposure to under-explored, high potential ground**



