

The Second New Caledonian Nickel Conference

**Building effective resource development partnerships
for the next generation**

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President BHP Billiton Stainless Steel Materials

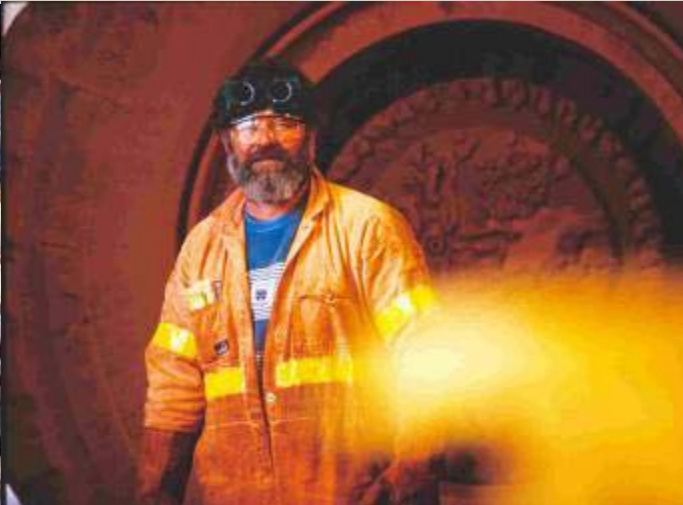


bhpbilliton

BHP Billiton's Charter states: 'Our purpose is to create value through the discovery, development and conversion of natural resources...'

We are successful in creating value when:

- Our shareholders are realising superior return on their investment
- Our customers and suppliers are benefiting from our business relationships
- The communities in which we operate value our citizenship



First fundamental: build and consolidate robust, enduring partnerships with local business

We have been working with New Caledonia since 1986

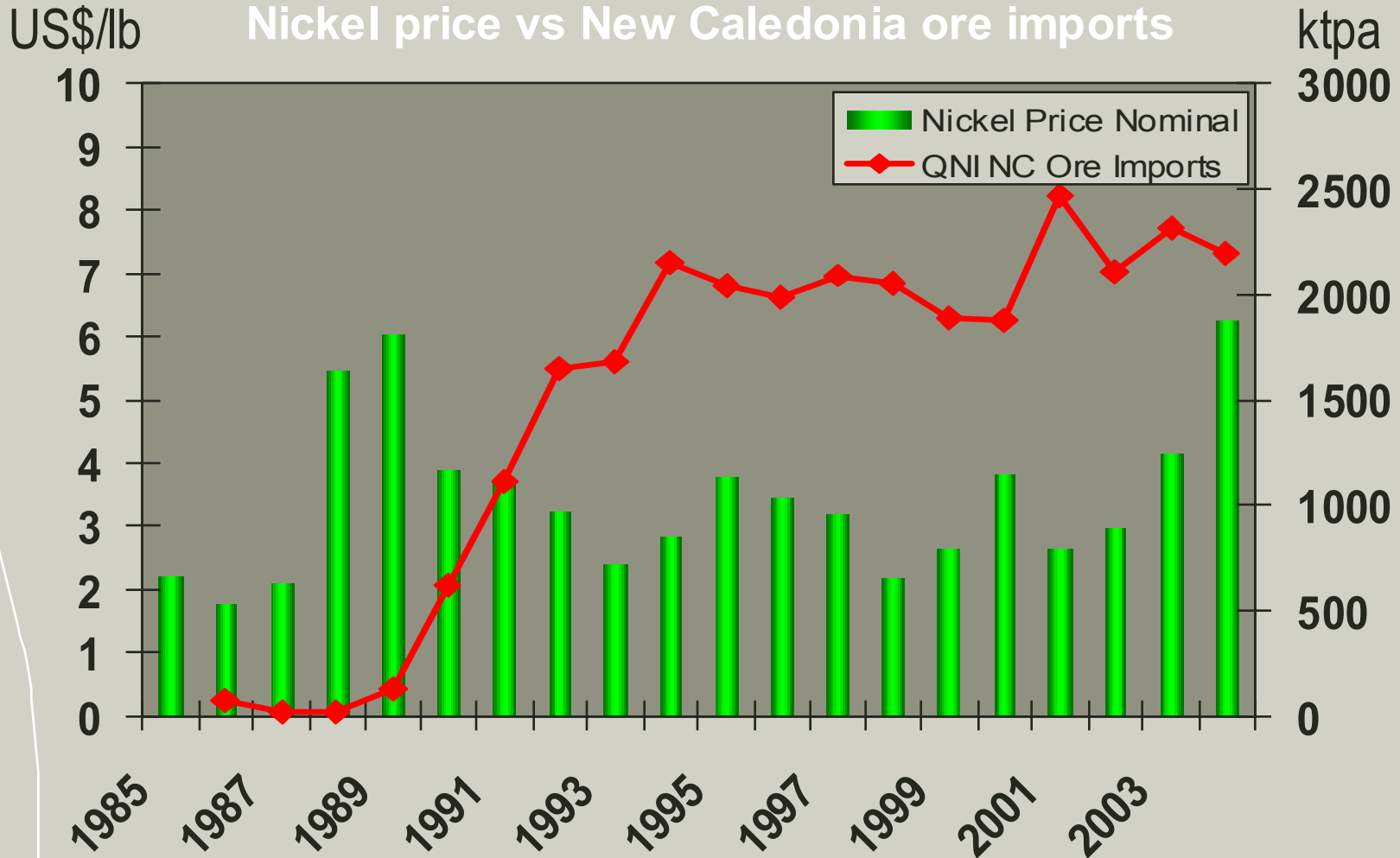
We purchased 2.3 million tons of lateritic ore in 2003 CY, earning New Caledonia nearly CFP5 billion (27 million tonnes to QNI since 1986)

We have relationships with small and large New Caledonian companies and we are actively increasing our number of suppliers

We have developed the 'Environmental Manual for Mining' with our partners, to make work practices more efficient and improve environmental performance

Our business accounts for nearly 90% of activity of the East Coast Mining Centers

Maintaining strong partnerships despite the vagaries of the market



Source: Brook Hunt/BHP Billiton

Second fundamental: bring significant development experience and a proven track record of successful project delivery and technological innovation

- 17 growth projects delivered since July 2001
- On-time delivery providing savings for shareholders and certainty for regional stakeholders



BHP Billiton has a strong pipeline of new developments

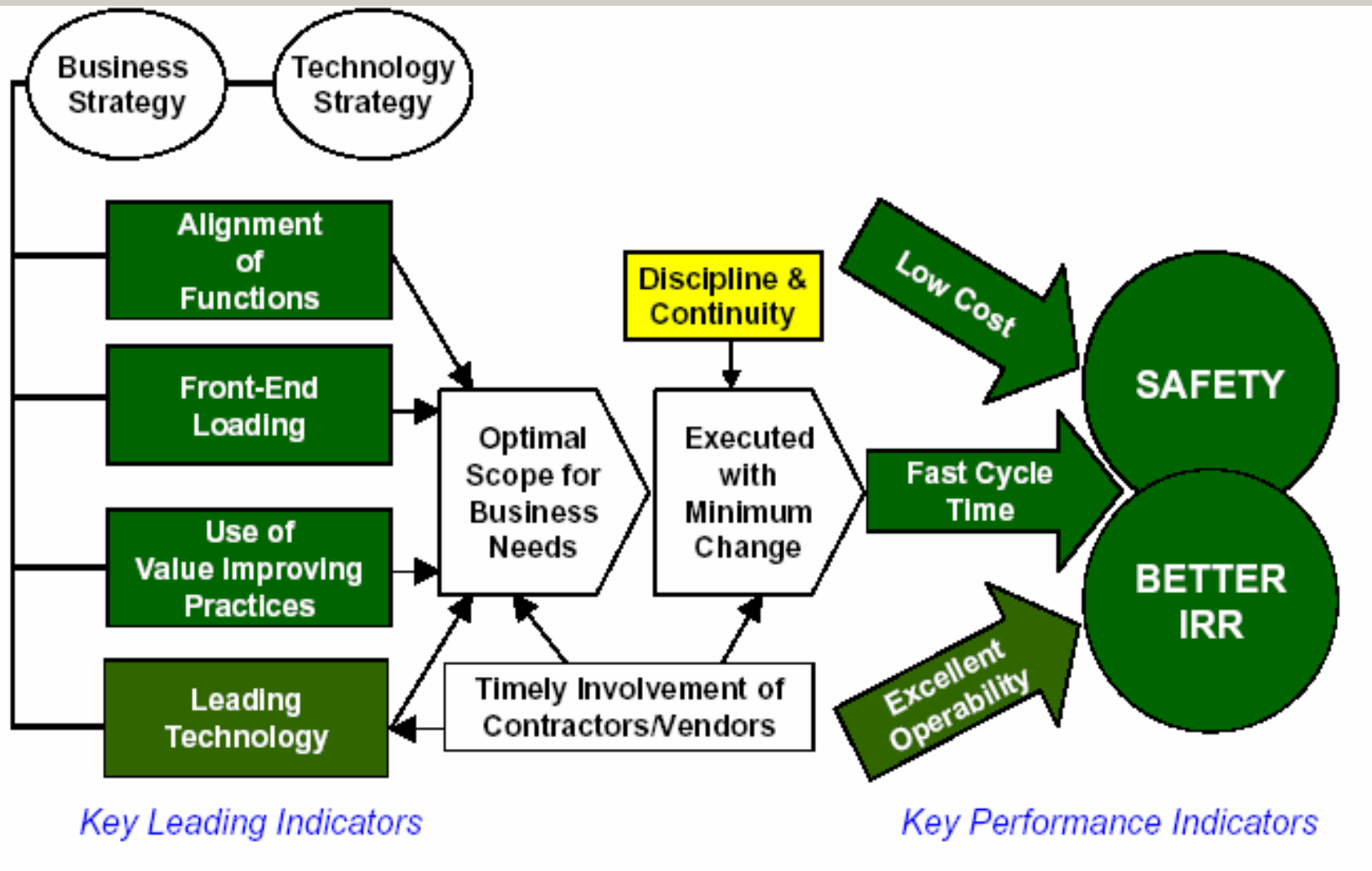
- In BHP Billiton “major” capital projects are those where BHP Billiton’s investment share is USD100M or greater.
- As at start July 04 the major project portfolio contained:
 - 5 projects in “Feasibility”
 - Total project amount = USD 3.2B
 - 14 major projects in “Execution”
 - Total project amount = USD 5.1B

Major Project Delivery – the key is doing the “Front End Loading” before you start to build anything.

At BHP Billiton we have a rigorous approach to major projects, based on:

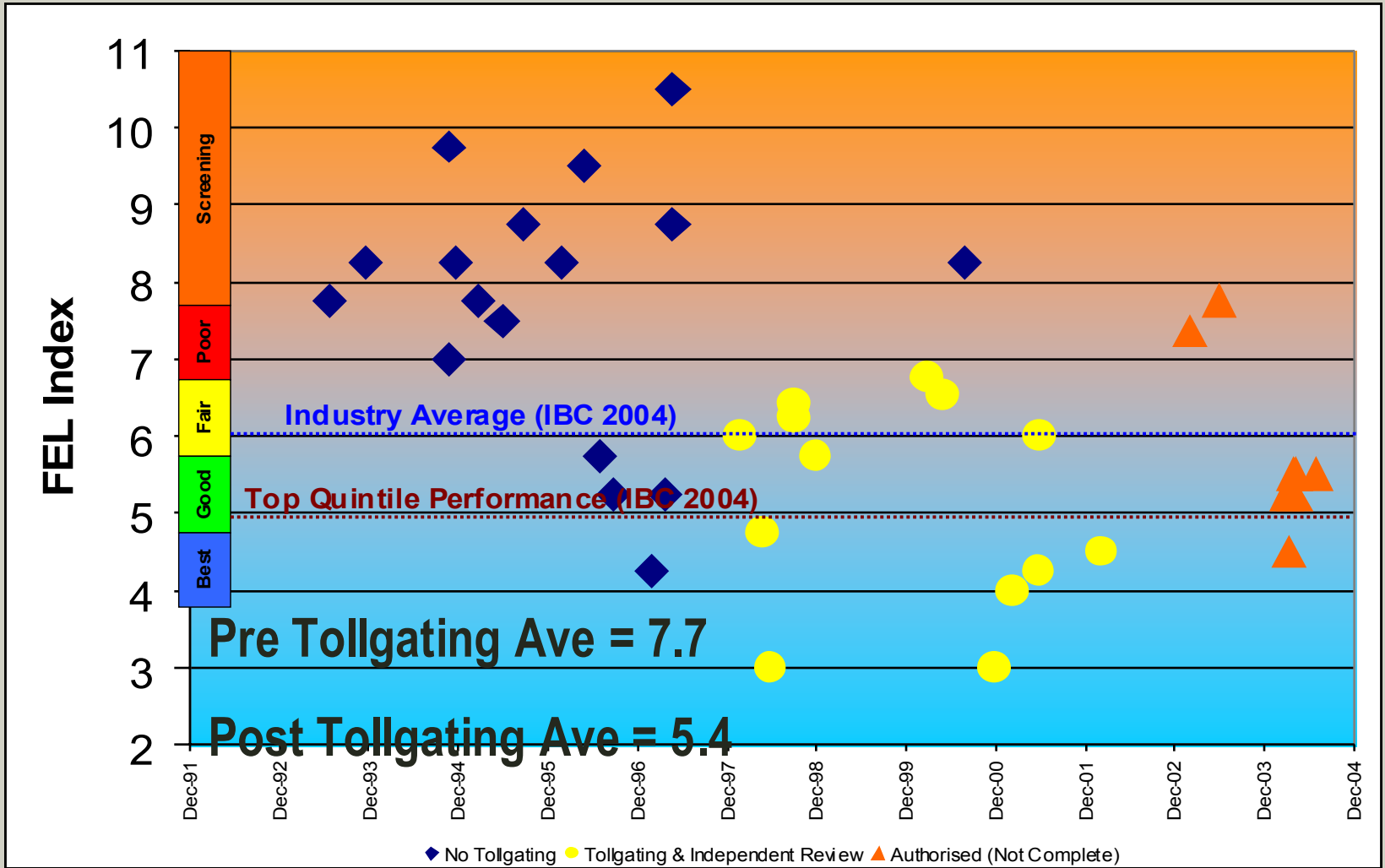
- A disciplined capital investment process, which specifies all steps required to ensure a project is ready for efficient delivery.
- A rigorous internal Independent Peer Review Process, with reviews at specified points (or “tollgates”)
- Independent external assessment at end Feasibility against best practice, using Independent Project Analysts Inc. (IPA)
- Focus on Front End Loading through Key Leading Indicators.

Key Elements of capital effectiveness: managing the project inputs



Source: Independent Project Analysts Inc

Front End Loading Index for BHP Billiton project since 1991 – the benefits of a rigorous process



BHP Billiton operates an impressive inventory of technologies. We are able to match technology to the specific orebody.

We have developed, and operate, leading technologies:

- Atmospheric leaching of nickel
- BioCop[®] – tank bioleaching copper sulfide
- Bioheap Leaching – enhanced copper heap recovery
- Falcon[™] – gravity gradiometer for airborne minerals exploration
- MAC[™] dust
- Mine optimisation – open pit strategic planning



A proven technology suite for nickel

Cerro Matoso – rotary kiln + submerged arc electric furnace

Yabulu – reduction roast + ammonia leach

Ravensthorpe – EPAL, AL & PAL

South Africa/Chile – Bio-leaching and heap leaching



Third fundamental: bring the highest international standards in environment, community engagement and business practice

QNI operates a fully 'zero discharge' site. Its "world's best practice" water recycling project helped earn the approval of Government to expand its operations, even though it is located adjacent to the Great Barrier Reef Marine Park (WHA)



Fourth Fundamental: Partnership is a two-way process providing value creation opportunity for both host country and investor

The host country must provide clear guidelines, allowing investor to obtain fair return for risk and capital investment.



Cerro Matoso SA: a successful partnership with Government and Community

Cerro Matoso in Colombia

- 20 years of operation
- Remote agricultural host community
- Stable fiscal regime respected by both operator and Government
- Funded by equity and commercial project finance
- Sustainable development effort a joint venture between company, church and community



Cerro Matoso's sustainable development programme is designed to build a long term diversified local economy

The focus of Cerro Matoso's sustainable development programme is on the long term:

- Education – developing a skilled new generation
- Governance – embedding planning skills in the local municipalities
- Micro-economy – working capital and training for local businesses and entrepreneurs
- Health – family health and clean water programmes
- Service industries – recycling, transport, clothing, agribusiness and forestry
- Skills development – training and pre-qualifications

In conclusion: long term relationships between resource companies and host communities need stability and mutual responsibility

A fair and stable fiscal regime, matched by high operating and project delivery standards, and by a commitment to invest in sustainable development of the host community will:

- **Guarantee stability and security of operations, and attract sound investment**
- **Enable communities to ensure that they obtain sustainable benefits**
- **Give a better ability to strategically plan for the longer term**
- **Encourage improved operational performance and efficiency**



Current Ore Supply

