Cannington Overview

3 June 2005
Analyst and Investor Field Trip
Disclaimer

The views expressed here contain information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. Any forward looking information in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation should not be relied upon as a recommendation or forecast by BHP Billiton.

Nothing in this release should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.
Ownership, location and production history

- 100% BHP Billiton owned & operated
- Deposit discovered in 1990
- Feasibility study 1992 - 1995
- Approved by the Board in 1996
- Commenced concentrate production 1997
- Achieved 1.5Mtpa nameplate capacity
- June 2001 – Achieved 1.8Mtpa
- June 2002 – Achieved 2.1Mtpa
- June 2004 – Achieved 2.7Mtpa
- 2005 – Aiming for a safe 3 Mtpa

Our name comes from the pastoral station situated next to the deposit.
Challenges of a remote FIFO site

- Power supplied by EDL
  - Installed capacity 26MW – Gas fired combustion engines
- Water supply from borefields 25km from site
  - 9 boreholes
  - 5ML pumped daily
- Purpose built village
  - 270 short term accommodation rooms
  - 364 Village rooms
  - +- 67000 Meals per month
- Transportation
  - Airstrip
  - Incoming road haul for bulk supplies
Resources
Cannington Orebody

CANNINGTON OREBODY

NORTHERN ZONE

SOUTHERN ZONE

Hoist ing
Shaft
50g.49HL – QR5 Block – 105,000t @ 790g/t AG, 14.8% Pb, 3.3% Zn
Terratec Hole: 660mm Diameter
LHW 475mLv to 500mLv
Fire Undercut Slot to Mucking Level

375mLv
400mLv
425mLv
450mLv
475mLv
500mLv
LHW – 450mLv to 475mLv
COS 450mLv to 475mLv
LHW – 425mLv to 450mLv
COS – 425mLv to 450mLv
450mLv Rings
LHW – 400mLv to 425mLv
COS – 400mLv to 425mLv
LHW – 375mLv to 400mLv
COS – 375mLv to 400mLv
400mLv Rings
Fire Fill Winze

375mLv
400mLv
425mLv
450mLv
475mLv
500mLv
Our people

- Total # of employees: 450 (Post roster implementation in August)
- Total number of full time equivalent contracts (FTE): 250
- Percentage of workforce female: 11%
- Operational people – underpinning award AWU and individual contracts
- Professionals – Individual contracts
- Small office in Townsville (non minesite functions)
- Fly in fly out (FIFO)
  - Operation 14/7 moving to 7/7
  - Professionals 9/5 or 5/2 4/3
- Employment relationship
  - Direct and performance orientated
    - Common uniforms
    - Common amenities
    - Common accommodation
    - Common performance management
    - Common remuneration practices
- Minimalist Certified Agreement (3 pages)
Cannington Management Team (CMT)

PAUL DUNN
Finance

HERMAN KLEYNHANS
Human Resources

JAMES BROWNING
HSEC

PAUL DONALDSON
Business Improvement

NEIL JANSEN
Integrated planning / SSE

GRANT EGGINTON
Mining

GRANT FARROWS
Logistics and Processing

DEAN DALLA VALLE
President

TIM JEFFS
Maintenance and Engineering

JACK STANDA
Technical Services
To provide a workplace where it is possible to work without adverse impact on people, the environment or the community.

To develop our people to make the right decision.

Road to zero harm

Charter
HSEC Policy
Future State
Safety

- Site wide mini shuts regularly held
- SBO program
- Cardinal rules
- Take 5 Program

- Housekeeping 5S – 100% site 1s
- First Priority safety management
- New rosters being implemented

- BHP Billiton HSEC management standard assessment yearly
- ISO 14001 and AS4801 Certification

PROJECTS UNDERWAY

- Fatal Risk Control Protocol implementation
- Mobile equipment access
- Decline traffic management
- Ground Control
- Open hole management

Combined Classified Injury Frequency Rate
(Actual v. Target)

CIFR per Million Manhours
(12 month rolling average)

Count CI's  CIFR - Combined  Linear (CIFR - Target FY04/05)

Source: Department of Mines and Natural Resources
Historical production & financials
BHP Billiton’s ranking in silver & base metals mine production

Top Silver Miners – 2003

Data: CRU
Calendar Years

Cannington
Page 31
BHP Billiton’s ranking in silver & base metals mine production

Top Silver Miners – 2004

- Cannington
- Cominco Ltd
- Anglo American plc
- New Boliden
- Grupo Mexico
- Glencore

Data: GFMS (World Silver Survey May 2005)

Top Lead Miners- 2004

- Cannington
- Doe Run
- Xalasa
- Teck

Data: Brook Hunt

Top Zinc Miners – 2004

- Cannington

Data: Brook Hunt

All data: Calendar Year 2004
### 2004 Resources and Reserves Data – JORC Compliant

<table>
<thead>
<tr>
<th>Resource</th>
<th>Tonnes Mt</th>
<th>Silver ppm</th>
<th>Lead %</th>
<th>Zinc %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured</td>
<td>18</td>
<td>576</td>
<td>12.36</td>
<td>4.36</td>
</tr>
<tr>
<td>12.5 x 15m drill spacing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicated</td>
<td>8.82</td>
<td>460</td>
<td>10.74</td>
<td>4.22</td>
</tr>
<tr>
<td>25x25 m drill spacing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inferred</td>
<td>8.03</td>
<td>364</td>
<td>8.64</td>
<td>3.57</td>
</tr>
<tr>
<td>&gt; 25m drill spacing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>34.85</td>
<td>498</td>
<td>11.09</td>
<td>4.14</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reserves</th>
<th>Tonnes Mt</th>
<th>Silver ppm</th>
<th>Lead %</th>
<th>Zinc %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proven</td>
<td>15.32</td>
<td>507</td>
<td>11</td>
<td>3.82</td>
</tr>
<tr>
<td>Probable</td>
<td>6.33</td>
<td>408</td>
<td>9.62</td>
<td>4.01</td>
</tr>
<tr>
<td>Total</td>
<td>22.24</td>
<td>476</td>
<td>10.57</td>
<td>3.88</td>
</tr>
</tbody>
</table>

#### Cannington Production Trend (Grades)

- **Ag ppm**
- **Pb & Zn %**
- **Pb Grade**
- **Zn Grade**
- **Ag Grade**

Manageable grade reductions
Typical cost breakdown as a % of total cost

- Approximately 51% A$ - 49% US$
- March 05
Historical Profits (US$ EBIT)

Revenue Split 2005:
- Lead: 42%
- Silver: 48%
- Zinc: 10%

FY01: 85.0
FY02: 104.0
FY03: 92.0
FY04: 171.0
FY05 (Dec 04 Half Year): 155.0
Processes
Technical Services

- Resource drilling
- Core sample delivery at laboratory
- Geological interpretation and modelling
- 3 Dimensional model
- Development design

- Stope design
- Geotechnical control and ground support
- Survey control
- Design and Control delivery

OUTPUT TO PRODUCTION
- Resource and reserve model
- LOM Plan
- Stope notes
- Development design
- Survey control
- Geotechnical control
- Ground support
Mining

- **Method of extracting ore:**
  - LHD’s feed ore to ore passes
  - Crushed and hoisted or trucked direct to surface
  - 50 tonne haulage trucks

- **Paste Fill**
  - Stopes are up to 100m high and 20 m wide – post mining these stopes must be filled
  - Combination of tailings at 80% solids and cement between 3 – 8%
  - 60% tailings are recycled in this process

- **Development**
  - 7500 metres p.a. – Drill and blast jumbo operations
Processing plan schematic

1 Tonne of lead concentrate contains around 700kg of lead and 3-3.5 kg of silver

1 Tonne of zinc concentrate contains around 480kg of zinc and 300g of silver
Marketing
Product sales terms

- Terms with customer vary slightly, however generally terms are 3 MAMOSS (i.e. LME price, 3 months after month of scheduled shipping).

- Cannington targets a consistent price realisation of 3 MAMOSS for its sales. This is accomplished predominantly via commercial terms agreed with customers. Hedging transactions executed by our Hague Marketing group are used to align to the 3 MAMOSS objective when sales terms vary from this objective.

- Revaluation of unfinalised shipments (debtors) to month end spot price leads to a positive EBIT impact during periods of rising prices.

- Likewise this has a negative impact when prices decline.
Silver supply and demand – a decade’s perspective

Cumulative Supply in 1991-2004

Cumulative Demand in 1991-2004

Million oz

Source: GFMS – World Silver Surveys
Silver prices – in relatively new territory

- Silver market fundamentals will eventually drive the market, but uncertainty over US dollar is holding prices up

Key price drivers today?
- Managed funds
- Mine supply
- Commercial demand
• Successful entry into the Chinese market through sizeable direct sales, ie. lower reliance on Merchants. Direct sales to China expected to continue

• Lower sales to Europe. Trade-off for diversifying to China and reduces freight.
The growth of spot agreements relative to frame business is related to Cannington's direct entry into the Chinese market.

Current marketing efforts in China are focused towards entering into frame agreement with the largest and most reliable Chinese counter-parties.

Future Merchant business to be done on a spot basis rather than through frame agreements; some long-term agreements will expire at end 2006.
Refined Pb Demand by End-Use

- Recovery rates of Pb in the Western World are already very high due to strict environmental requirements eg end of life vehicle initiative in Europe
- Pb metal consumption driven by battery production, itself driven by world vehicle population, which is continuously growing.
- Most economical battery technology still relies on lead as prime raw-material
- Battery production expected to continue shift towards China, and Lead Smelting industry to follow:
  - Automotive industry’s growth in China
  - Battery production in China is and will remain the key engine of the primary Pb industry
Lead stocks on LME remain very low and prices high

- Lead prospects underpinned by sustainable growth in lead acid battery systems – shift in manufacturing (and processing) to China
Refined Zn Demand by End-Use & Concentrate sales

- Zn metal used in numerous, sustainable applications.
- Zn metal consumption expected to shift towards China, where the steel industry is growing at a fast pace.
- Most production sold through frame agreement, as regular Zn off-take key to facilitate production and smooth distribution of Cannington’s Pb concentrates.
- Increase sales to Japan for diversification purposes.
- Sales through Merchants planned to be curtailed from 2006 onwards and material to be sold directly to Smelters (where technology change will allow the use of high-Ag concentrates).
- Around 5 – 10% is sold on spot. The remainder on frame.
- Zinc outlook enhanced by persistent strong growth in use of zinc in coated steel, fuelled by China’s strong economic growth.

2005 - Zn Concentrates (dmt)

- Asia 123,124 81%
- Australasia 4,326 3%
- Merchants 25,036 16%

Source: CHR
Cost and Margin Curves: 2002 Composite Pb Mine Cost league Ranked on C1 - 2002$
Looking ahead
Sustainable development – Green Lead

- Aimed at defining a standard and audit system for 3rd party certification of companies in the lead acid battery lifecycle in order to provide high levels of assurance that production, use and recycle of lead in batteries can be achieved in conditions that ensure the highest levels of safety to people and the environment.

- Supports BHP Billiton’s vision of “zero harm” to people and environment.

- Membership includes: BHP Billiton, Basel Convention Secretariat, Noranda, Zinifex, Xstrata, ILZSG, UNEP, Ford Motor Company, WWF, ILZRO, LDAI, ILMC, PRI, CFC etc.

- [www.greenlead.com](http://www.greenlead.com)
Exploration FY06 budget $A4M

- Ongoing exploration: Brownfield and Greenfield
- Target “Cannington” type orebody or supplementary ore bodies.

REGIONAL JOINT VENTURES AND PROSPECTS

- $0.7M
  - Target generation
  - Follow-up drilling and geophysics
  - 4000m drilling

MINE LEASE AND NEAR MINE AREA

- $3.3M
  - Deep penetrating geophysical surveys
  - Drilling known targets
  - Bedrock geochem drilling
  - Drilling geophysical anomalies
  - Deep drilling to 1000m
  - 16000m drilling
Improving throughput

- Identify, measure and focus on throughput constraints
- Constraint point shifts – more than one variable

Aim is to move bottleneck to highest capital cost point
Process plant throughout

- Increased Mine Production
- Pebble Crusher
- Pebble Ports
- Secondary Grinding
- Increased Pumping
- Flotation/Grinding Expansion
- Stretch
- Target
- Budget
- Growth Project
Integrated planning

- Established to minimise loss between: planning, operations and transport
- Measure lost opportunity against technical best
- Feeds business improvement

- **Business Improvement - Six Sigma**
  - Focussed on eliminating loss
  - Embedded black belts in the organisation

- **People**
  - Aligned and cascaded goals and E.R.A
  - New operational positions created (Maintenance Manager, Paste Superintendent)
  - Regular feedback on performance and results to entire site
  - Mining Department restructured to core functions (Development / Production / Ore Haulage)
Thank you!
Will today’s prices draw out more hidden stocks?

Summary of Total Supply, Irrecoverable Losses, and Unavailable and Available Silver Stocks (billion ounces)

- Mine Supply: 35.5 Boz
- Identified Losses: 15.5 Boz
- Total "Stock": 19.1 Boz
- Stocks Unavailable: 16.9 Boz
- Available Stocks: 2.2 Boz

Source: Charles Rivers Associates, BHP Billiton studies
Steady growth in demand met by modestly rising mine supply
Mine supply steadily growing

World Mine Production of Silver (Moz) and Prices (US$/oz)
Pb Concentrate Supply/Demand

- Over/Under-supply is highly uncertain, as Chinese data collection is difficult to track.
- Small surplus expected from increased production from existing mines and upcoming production from various expansions or projects, as well as a slow down in consumption growth.
- **High-Ag concs Benchmark set by Cannington**: continued and deliberate reduction of “scales” to cap current adverse impact of high Pb price on net treatment charge and more importantly to support BHP Billiton’s portfolio model.

![Graph showing Pb Concentrate Supply/Demand](image)
### Cost Breakdown as a percentage of Cost

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>TC/RC's</td>
<td>37.4%</td>
</tr>
<tr>
<td>Mining</td>
<td>21.9%</td>
</tr>
<tr>
<td>Mill</td>
<td>11.8%</td>
</tr>
<tr>
<td>Transport &amp; Shipping</td>
<td>12.5%</td>
</tr>
<tr>
<td>Royalty</td>
<td>5.7%</td>
</tr>
<tr>
<td>Services &amp; Overheads</td>
<td>8.0%</td>
</tr>
<tr>
<td>Technical Services</td>
<td>2.7%</td>
</tr>
</tbody>
</table>
Goal alignment through mission directed work teams

- **Engagement Recognition Alignment**
- Launched to employees at the 5 day program for new recruits – Cascaded to the workforce thereafter
- Represents a new phase that Cannington is moving into
- Supports our new vision statement

**Strengthening Our Future through Engagement and Recognition**

*ERA Task Team at planning workshop in Brisbane*
Integration

• Developing a pull strategy

• Business Improvement projects support workforce goals and underpin department and site
7/7 Roster

JANUARY: National Advertising

FEBRUARY: First Round Interviews

MARCH: First Round Interviews / 1st Site Visit

APRIL: 2nd & 3rd Site Visit

MAY: First Intake – WHERE WE ARE NOW

JUNE: Second Intake

JULY: Implementation month

PROJECT MILESTONES

- Strong Site support for the vote >97%
- 3335 Applications for the 70 roles
Ownership, Tax and Royalty

• Cannington is 100% owned by BHP Billiton Minerals Pty Ltd, which is turn is 100% subsidiary of BHP Billiton Ltd

• Being an Australian based and owned company the applicable tax rate is 30%

• Royalty – The Queensland Government imposes royalty on all Base Metals operations in Queensland. Flat rate of royalty of 2.7% of cash receipted, (this is subject to a small threshold and a discount for metal processed within Queensland).