

Energy Coal Business Briefing

March 2005



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Agenda

- Energy Coal CSG overview Mahomed Seedat
- HSEC Mahomed Seedat
- Markets Mike Henry
- Financials Clayton Whipp
- Operation capturing market growth Mahomed Seedat/ Darryl Cuzzubbo/ Stephen David
- Wrap up Mahomed Seedat
- Questions All

Themes

- Significant global business
- Well defined strategy
- Focus upon HSEC and continuous improvement
- Market positioning
- Portfolio management
- Strong assets and growth options

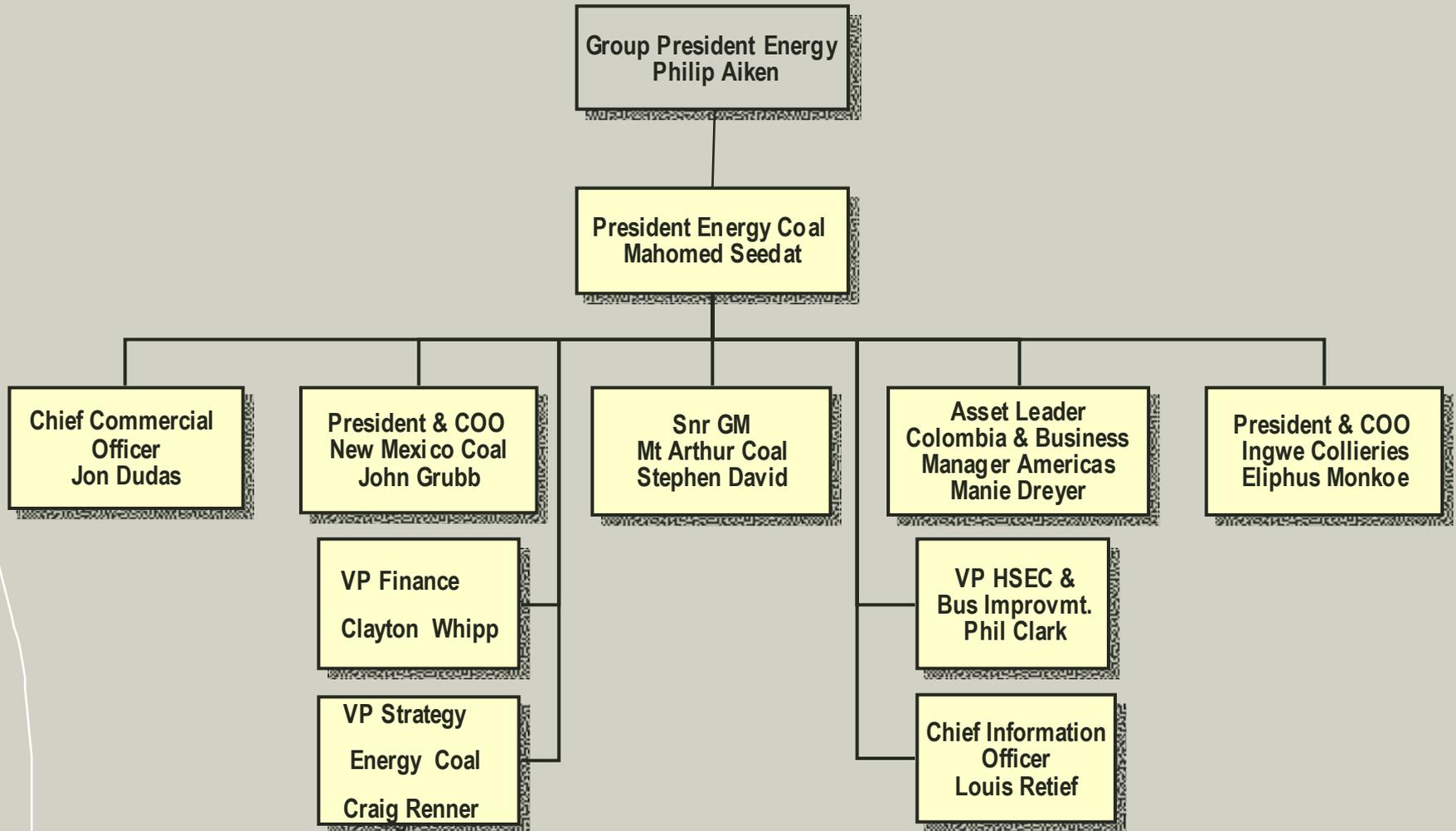


Energy Coal CSG overview



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Energy Coal organisation



Our Energy Coal business

14,000 +

People

10

Operating assets

4

Continents

84,000,000 tonnes

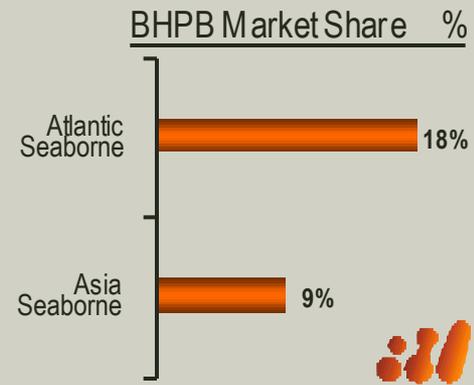
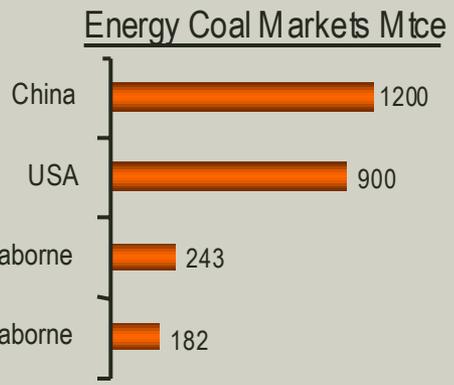
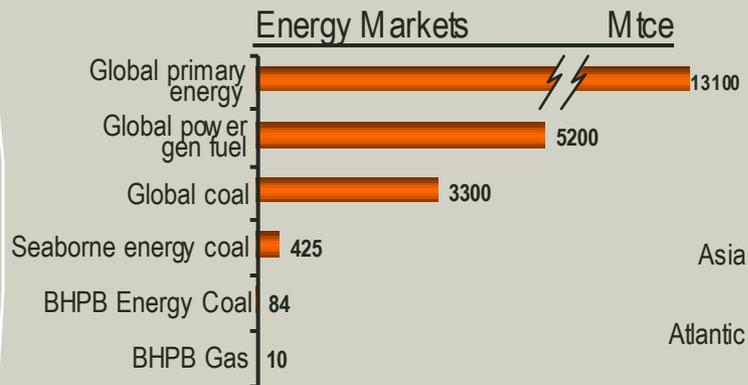
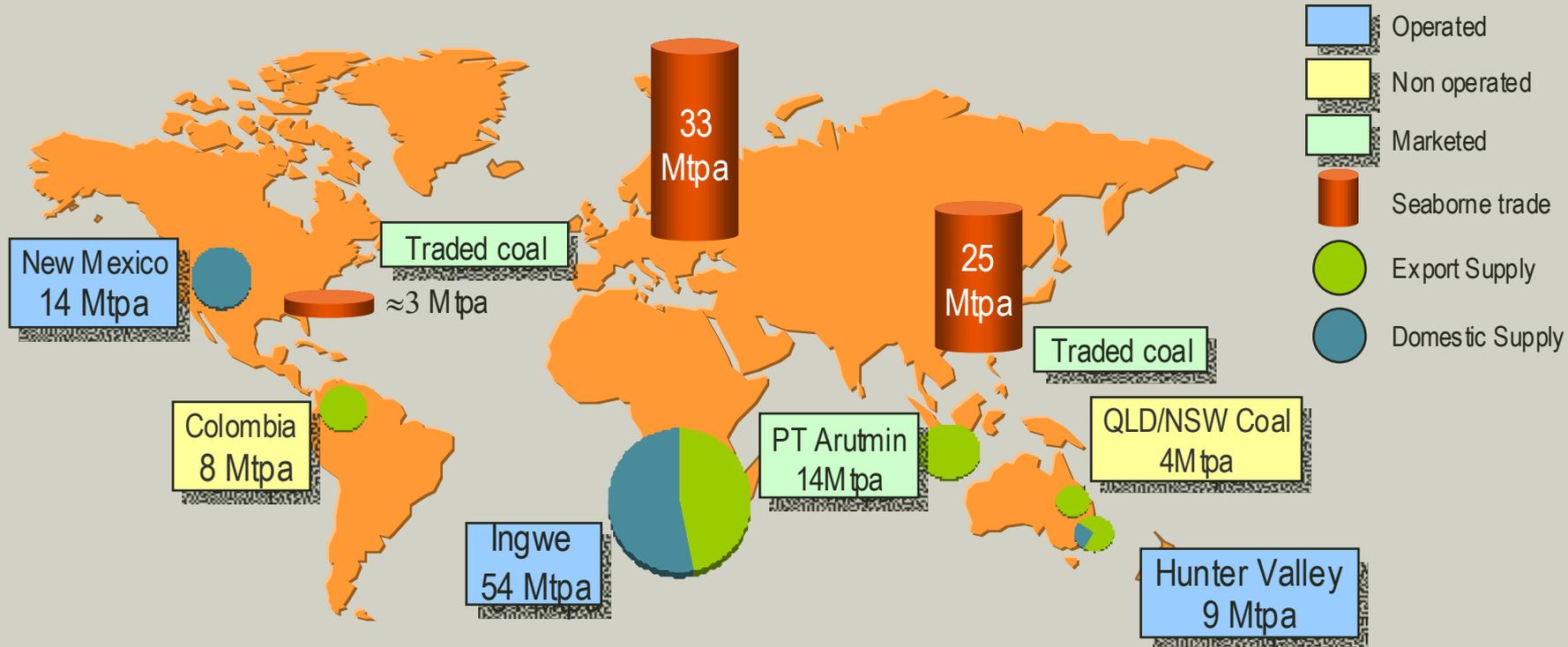
Coal produced, more than 2,000PJ

850,000,000 tonnes

Dirt moved

30 products to 100⁺ customers via 300⁺ marketing contracts

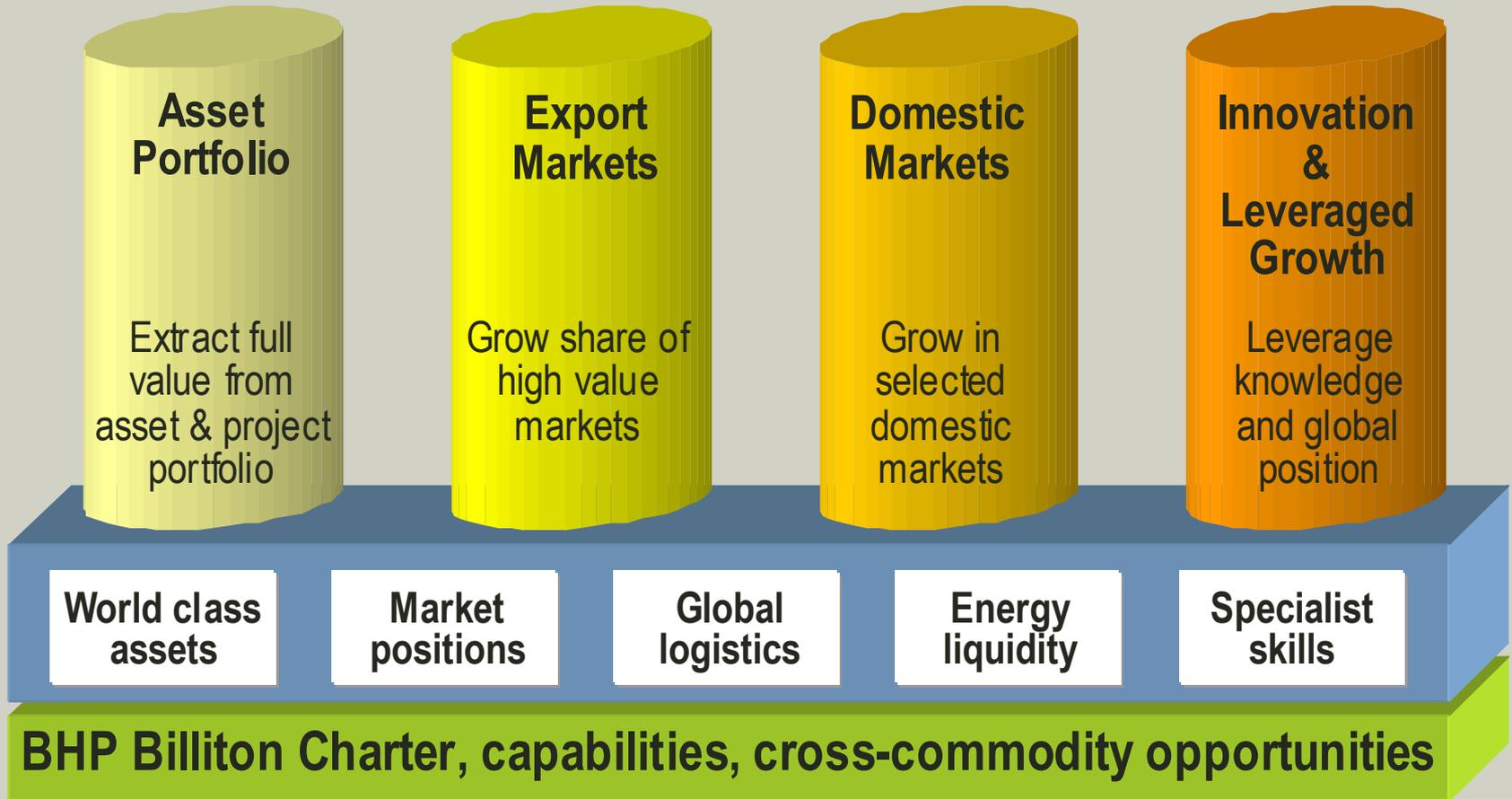
Energy Coal business overview



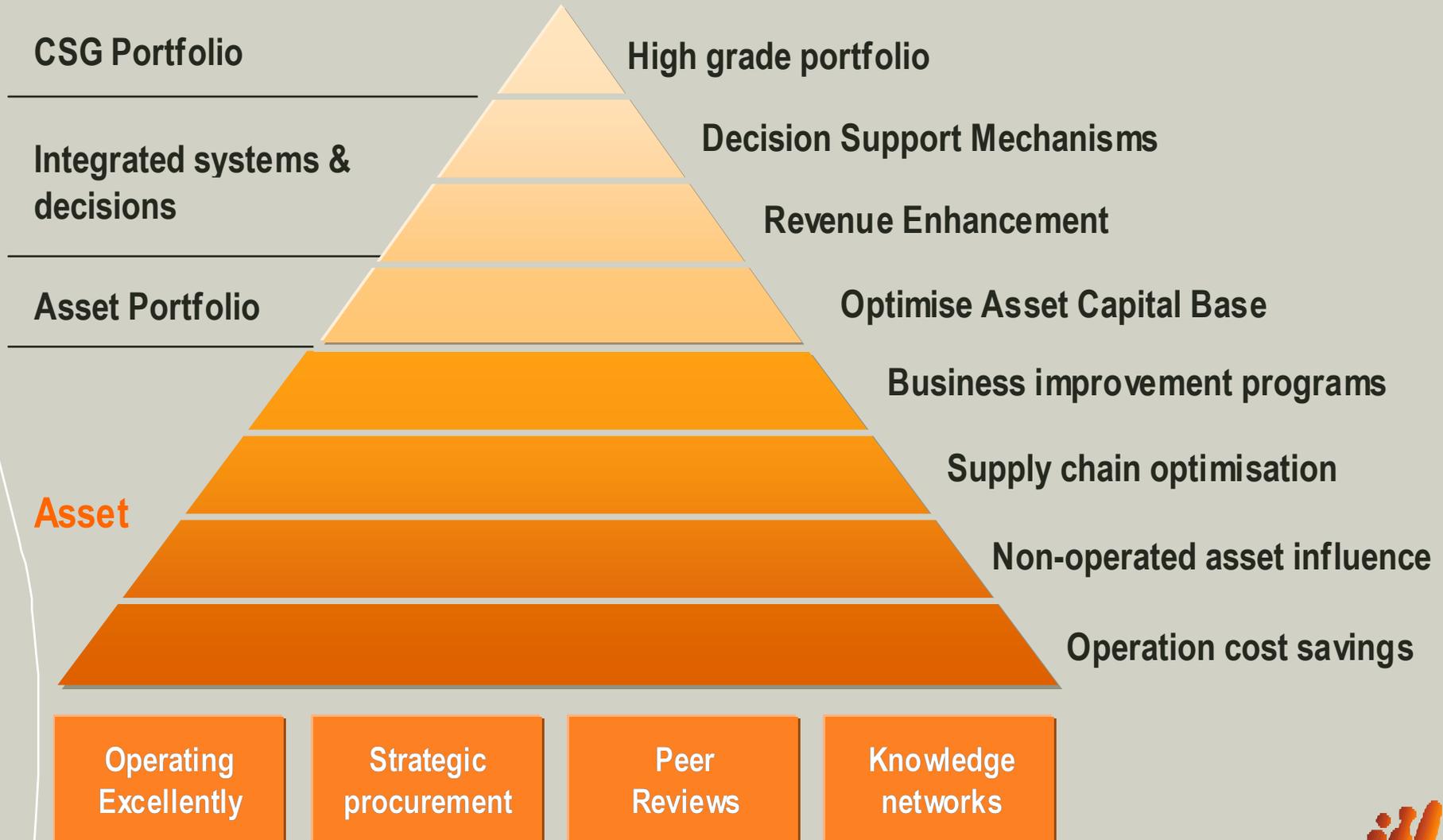
Source EIA: International Energy Outlook 2004



Energy coal strategy



Integrated process to drive value



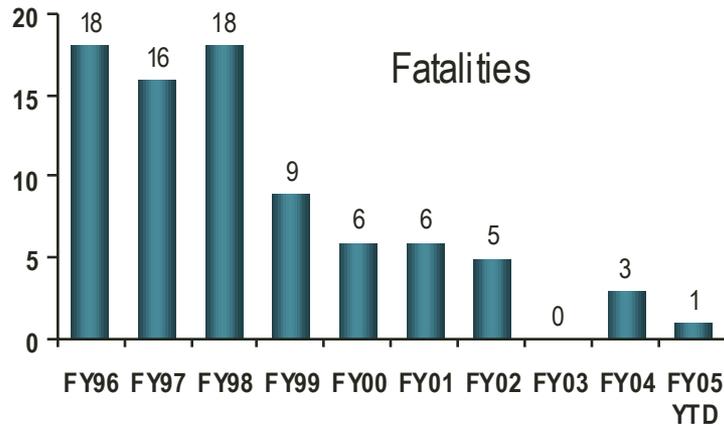
HSEC



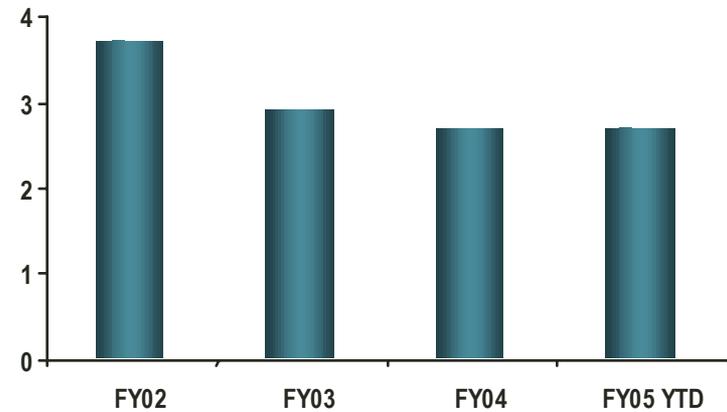
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The HSEC journey

Energy Coal – where we have come from



Classified Injury Frequency Rate



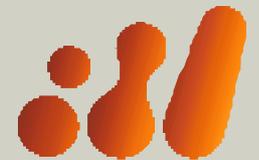
Energy Coal HSEC Scorecard - FY05 2nd Quarter result

KPI	Ingwe	MAC	NMC	EC Overall
CIFR Reduction	✘	✘	✓	✘
Workplace Safety Observations	✓	➔	➔	✓
PL4 Near Miss reporting	✓	-	✓	✓
Fatal Risk Peer Review – Action Plan Implementation	-	-	-	-
Health Targets and Plan	➔	-	➔	➔
Environment Targets and Plan	➔	➔	➔	➔
Community Targets and Plan	➔	➔	➔	➔
Corporate HSEC Audits and PIP Implementation	-	-	-	-

✓ Target exceeded or ahead of schedule
 ➔ Target achieved (≥95%) or on track
 ✘ Target behind schedule
 - Target not achieved (<95%)



Energy Coal Marketing



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Presentation to investors

- EC Marketing Objectives
- Strategic Context
- EC Marketing Initiatives and Outcomes

EC Marketing Objectives

The objectives of the EC marketing group are to:

- Sell our equity product;
- De-risk pricing on sales of equity product;
- Achieve optimal incremental margins over market at lowest cost;
- Support the organisation's strategic foresight and optionality.

We achieve this via:

- Provision of an integrated offering of products and services that meet customers' needs – equity coal, third party coal, emissions credits, logistics, risk management
- Use of the paper markets to unwind fixed price sales
- Active optimisation of the supply chain

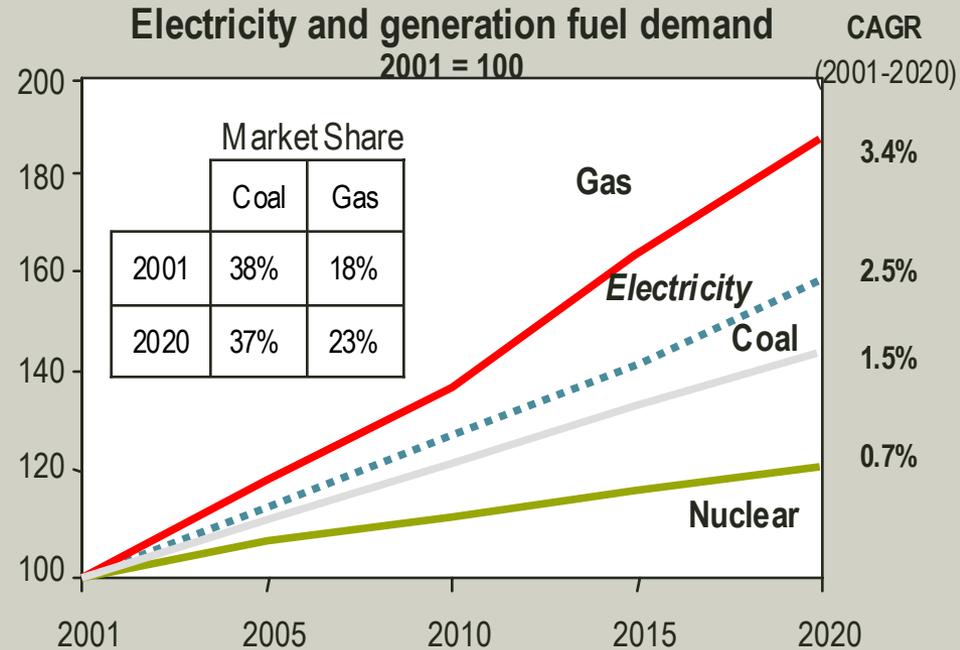
Coal has a future

Cons

- Climate change issues
- Gas perceived as being a 'clean' fuel

Pros

- Competitive
- Abundant
- Relatively low price volatility
- Easy to store and transport
- Largest share of global generation



Source: EIA – International Energy Outlook 2004

Conclusion

- Coal is relevant
- Substitution is not the answer
- Clean coal solutions being developed

Coal Macro-environment

Demand

Variability in growth by region

Threat of substitution from gas

China, India, US demand

Impact of environmental policies

Supply/competitiveness

Price volatility

Infrastructure constraints

Sub bituminous growth

High global freight

Behavioural issues

Spark spread buying

Customer trading

Japan power market deregulation

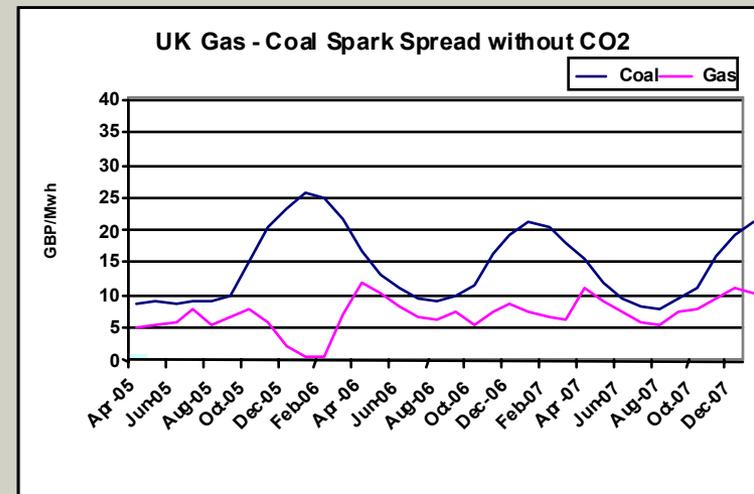
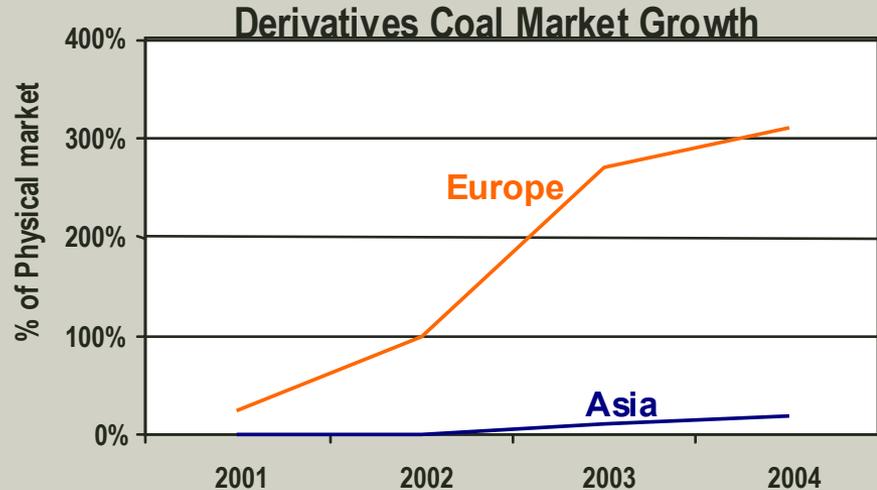
Green power incentives



The “new” coal environment has rapidly evolved

- Coal now a traded (physical & derivative) market
 - Suppliers
 - Traders
 - Gencos
- Convergence between coal, gas, power, emissions, bio-mass
- Greater complexity in customer needs and behavior

Coal increasingly directly impacted by all of the above...



Recent Developments in EC Marketing

- Move to floating model and 'One Book'
- New products
 - Coal agency
 - Multi source supply contracts
 - Delivery to plant contracts
 - Coal tolling contracts
 - Stapled credit contracts
- Improved logistics capability
- Enhanced systems
- Stronger global analytical capability
- Emissions credits management capability



EC Marketing's Competitive Advantage

- People and capabilities – beyond traditional 'sales'
- Global position – equity and agency
- Understanding of customer drivers – participation in emissions, power, gas
- Ability to structure broader offering – meets customer needs while providing opportunity for value creation
- Systems – best in class
- Governance

***Achieving above market returns throughout the cycle,
providing better strategic foresight and enhanced optionality***



Financial and production performance



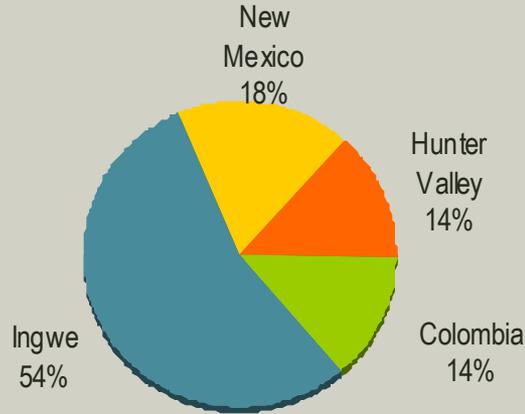
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Energy Coal EBIT by Business Unit Six Months ended 31 December

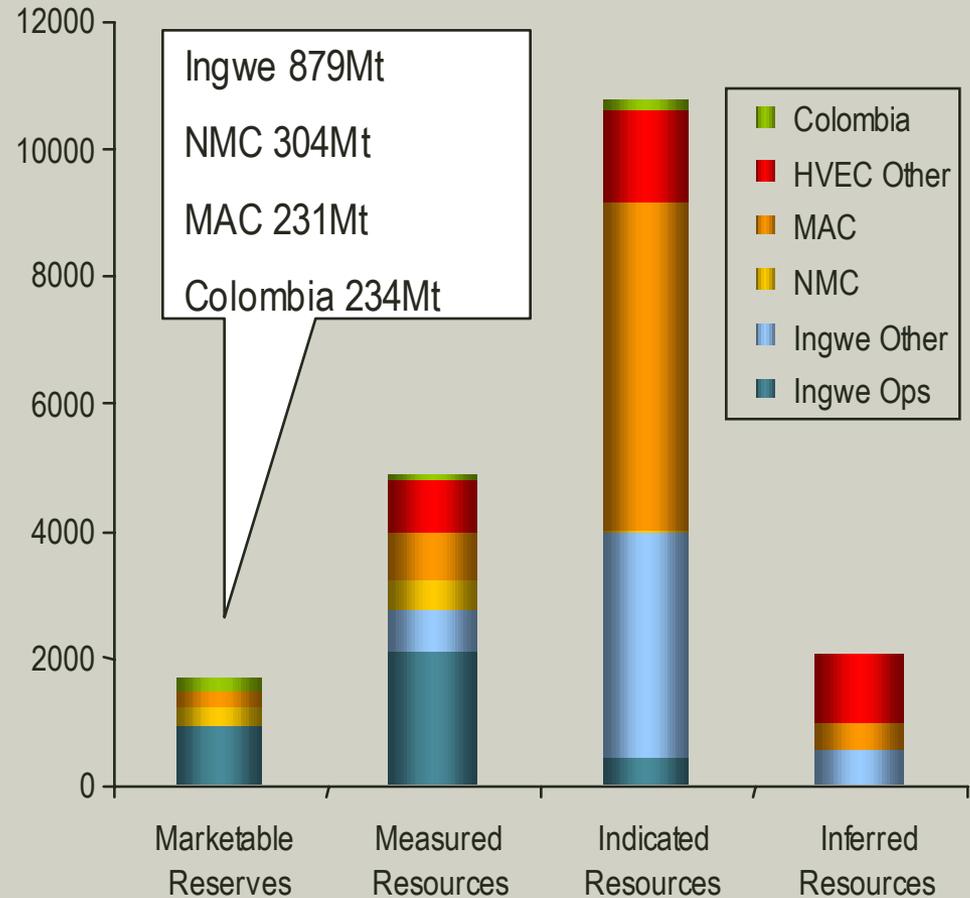
(US\$M)	Dec 2004	Dec 2003	% Change
Ingwe	133	15	+787
New Mexico	45	50	-10
Hunter Valley	37	(5)	+840
Colombia	97	35	+177
Divisional Activities	(6)	(10)	+40
Total from Operations	<u>306</u>	<u>85</u>	<u>+260</u>
Third party products	<u>2</u>	<u>-</u>	
Energy Coal (total)	<u>308</u>	<u>85</u>	<u>+262</u>

Energy Coal Reserves

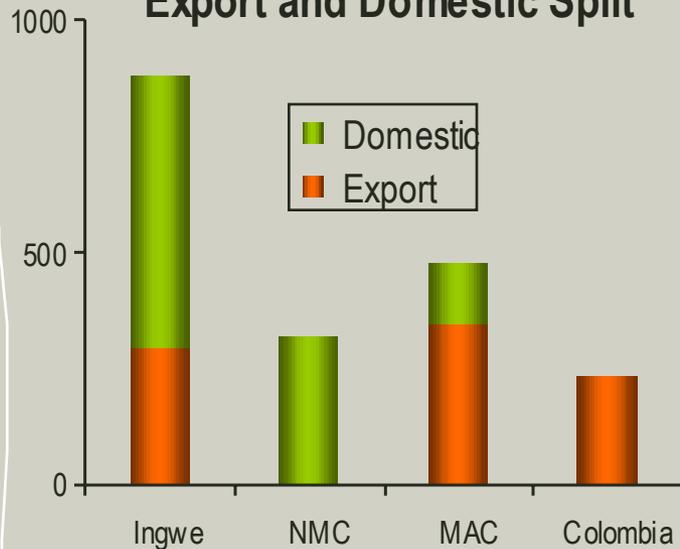
Distribution of Marketable Reserves by Asset



Total Reserves Mt

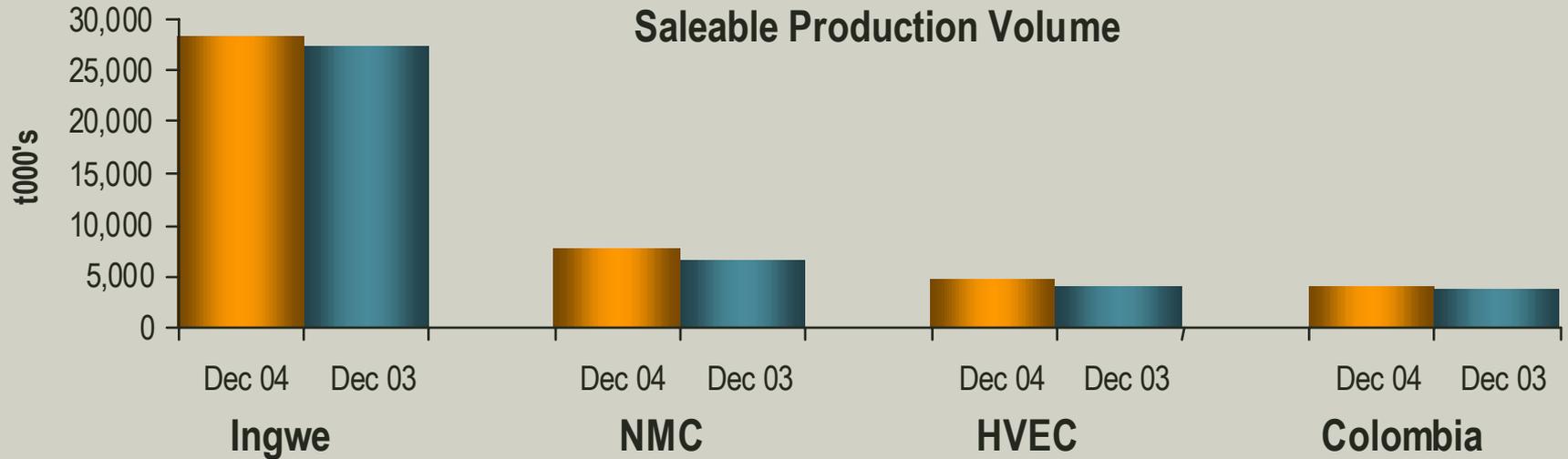


Export and Domestic Split

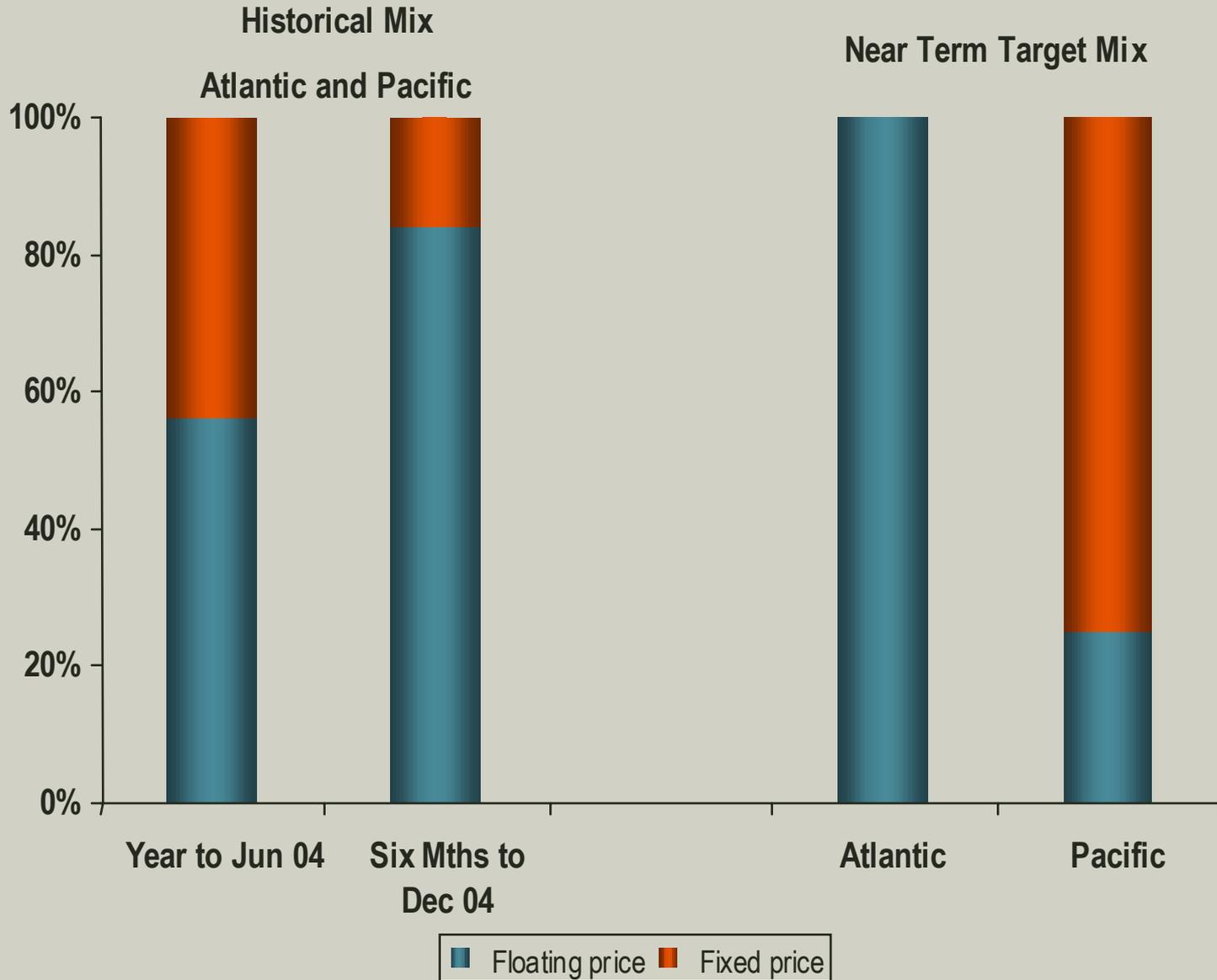


Note: Colombia data shown as BHPB share (33.3%)

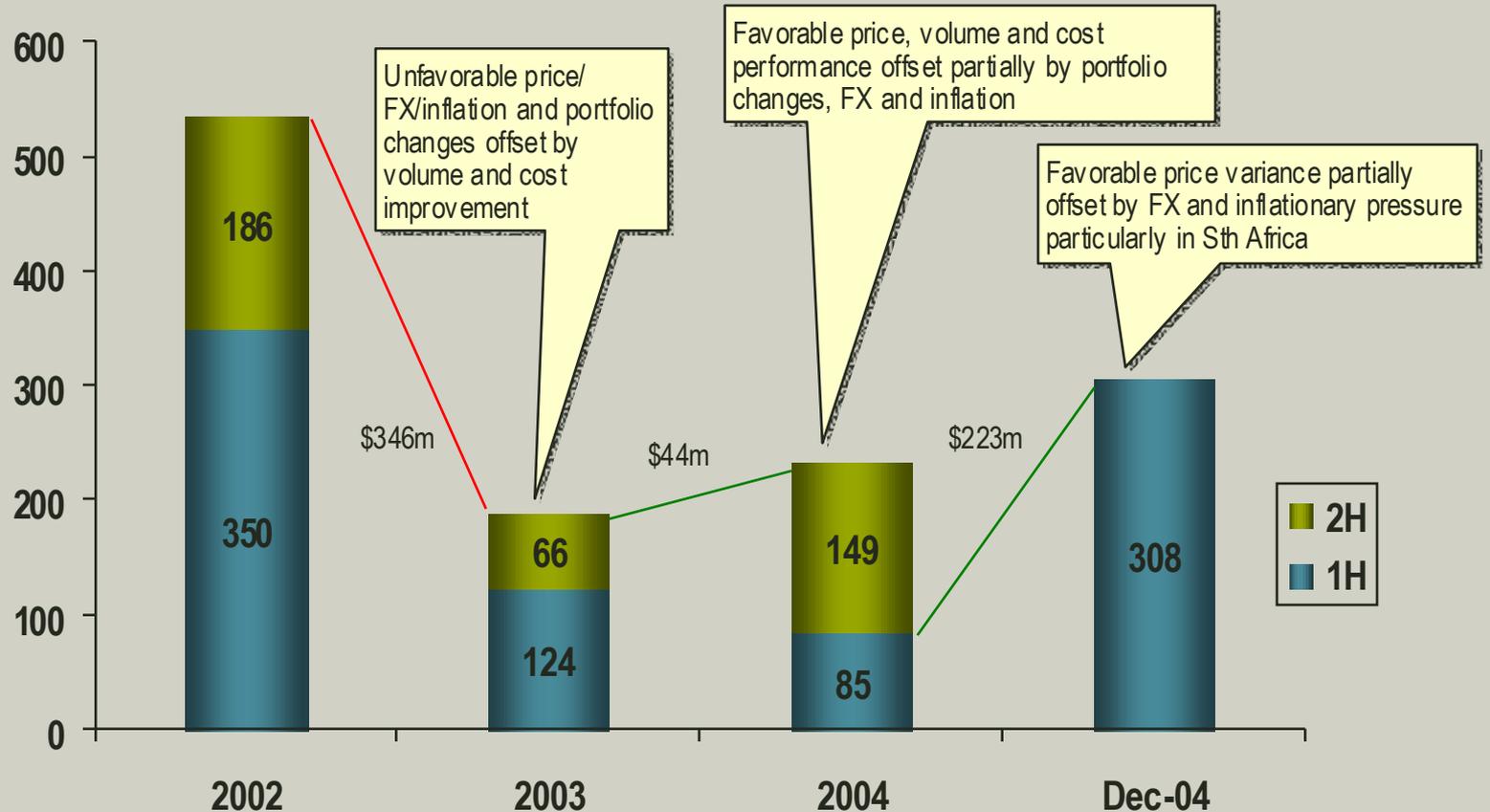
Volumes by Business Unit



Fixed and Floating Prices (Excluding Colombia)



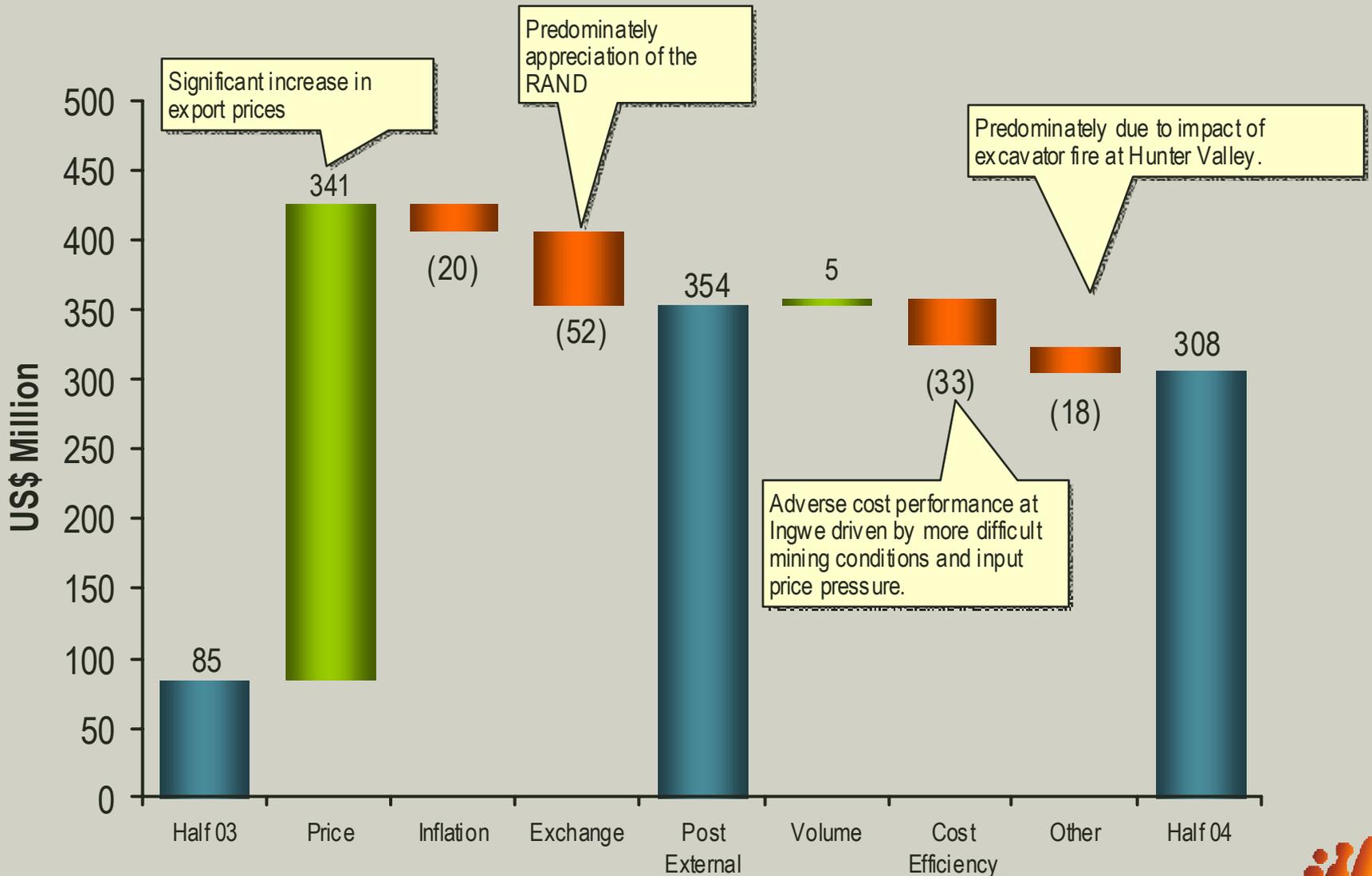
EBIT Trends



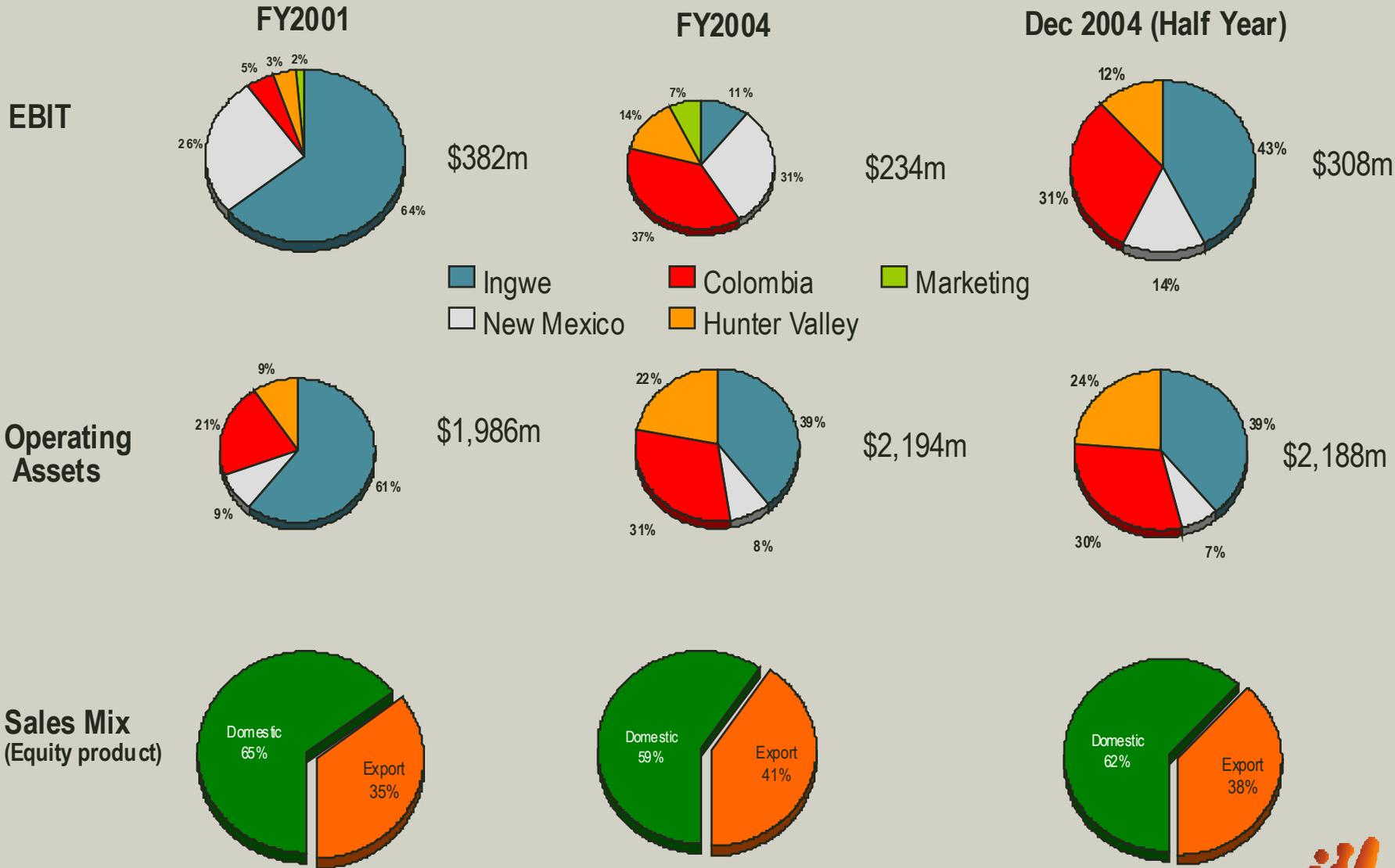
Realised export price (RBCT FOB)	\$30.51	\$25.14	\$31.96	>\$45.00
Rand	10.03	9.03	6.89	6.21
A\$	0.52	0.58	0.71	0.73



EBIT Analysis - Six months Dec 04 vs Dec 03



Continued portfolio balancing



Annual EBIT Sensitivities

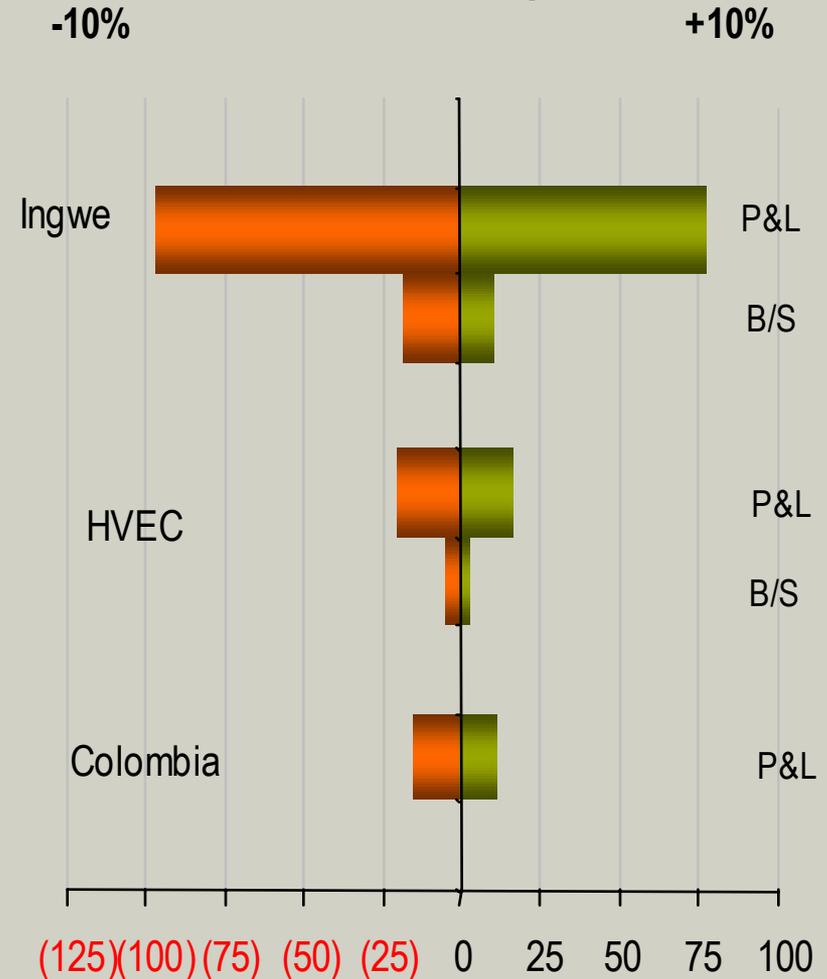
Price

- Floating price model
- Export Price Sensitivity - \$30m every \$1/t

Foreign Exchange

- Exposure to:
 - Rand
 - A\$
 - Colombian Peso
- Exposure on:
 - Net Local currency cost
 - Net local currency monetary assets and liabilities

Annual FX Impact



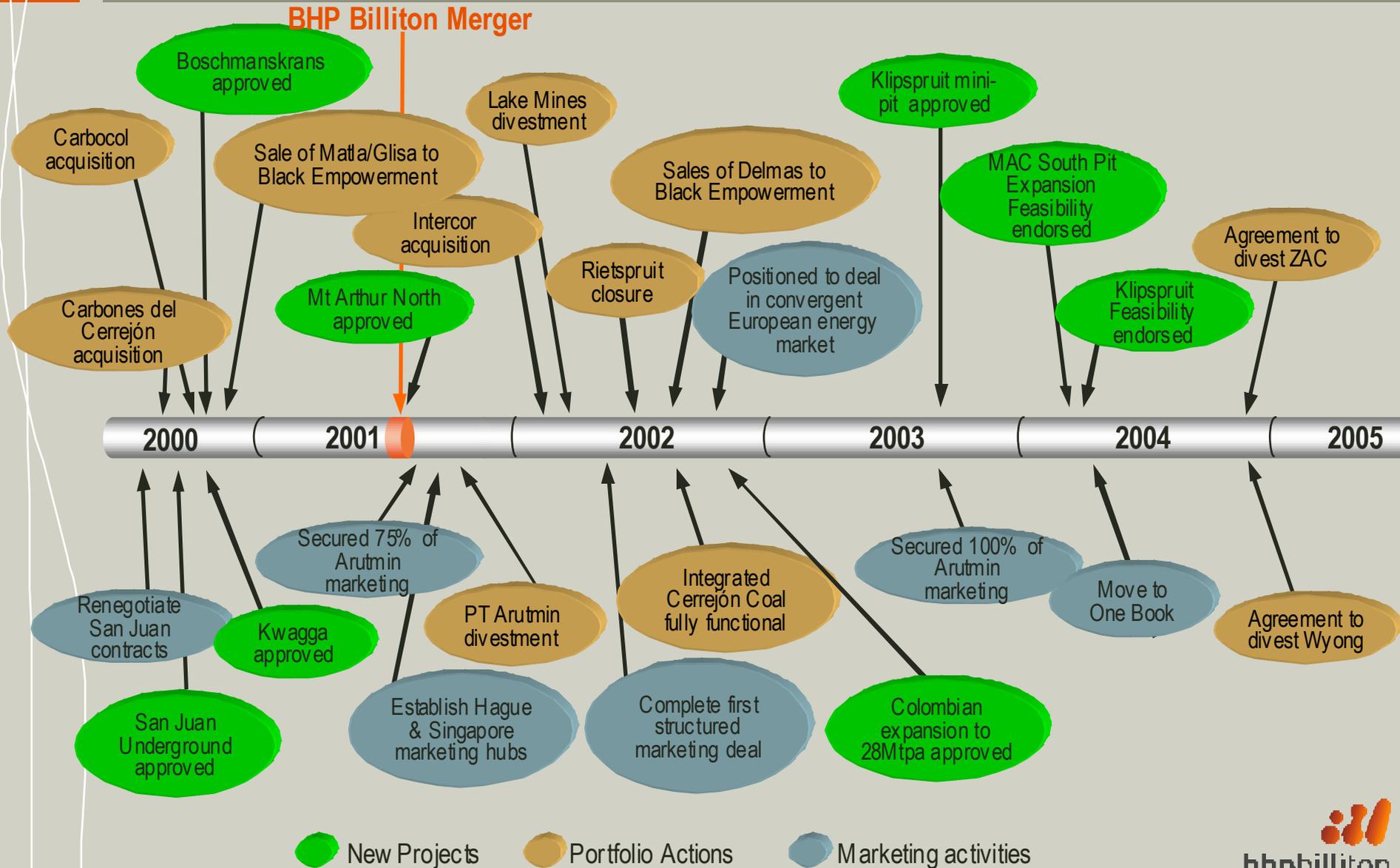
- Export volumes anticipated to be higher than the first half
- Domestic volumes anticipated to be lower based upon customer demand
- Further pressure from exchange rates after first half averaged R6.21 and A\$0.73
- Decline in export prices indices over the first half

Operations and Growth

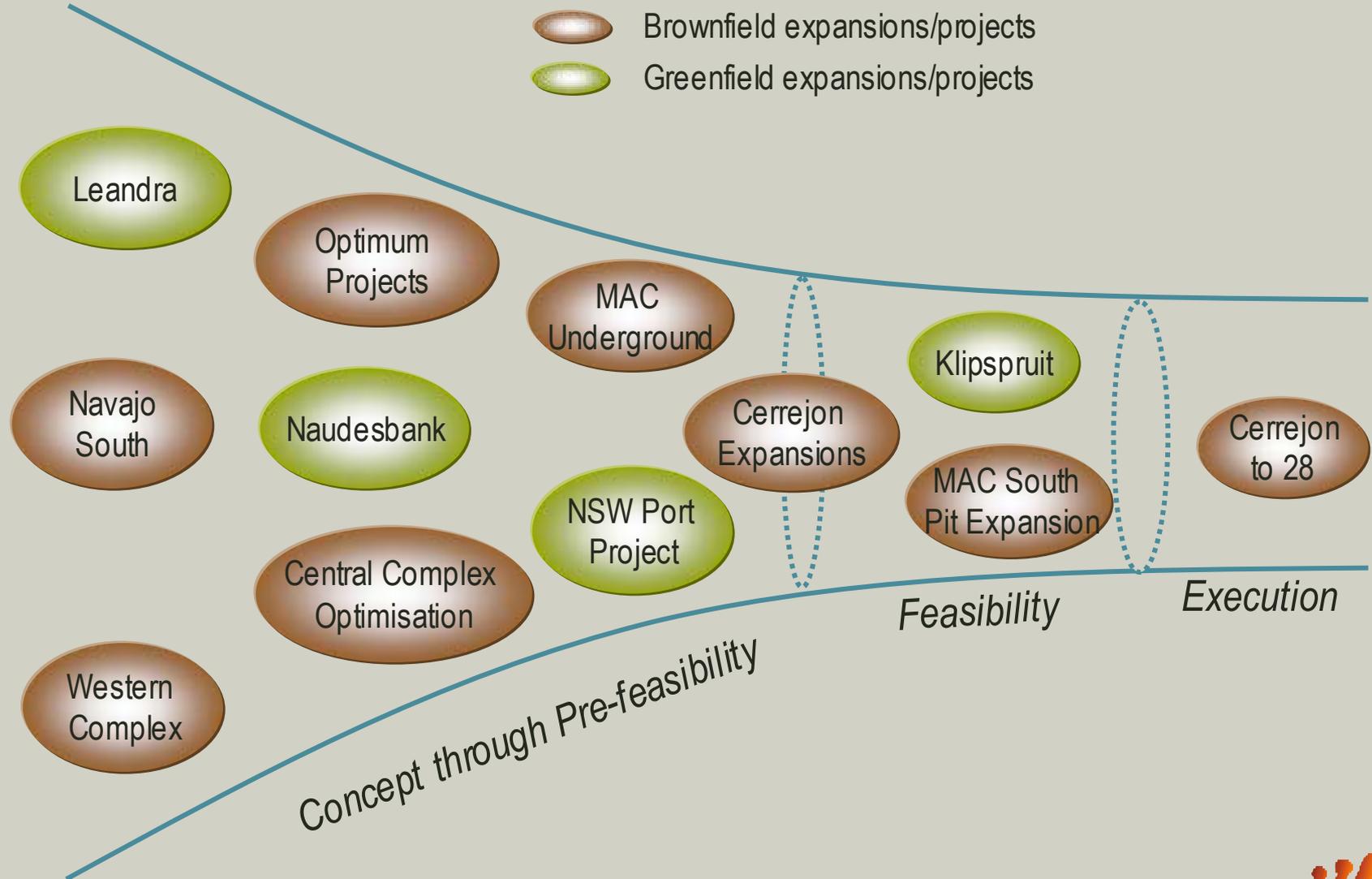


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Portfolio actions to build long term performance



Energy Coal project pipeline



Ingwe - Location



Ingwe Operations

Klipspruit	
Type	O/C mine
Capacity	1.5 Mtpa
Life	Refer project

Khutala	
Type	U/G mine
Capacity	14.2Mtpa
Life	29 yrs

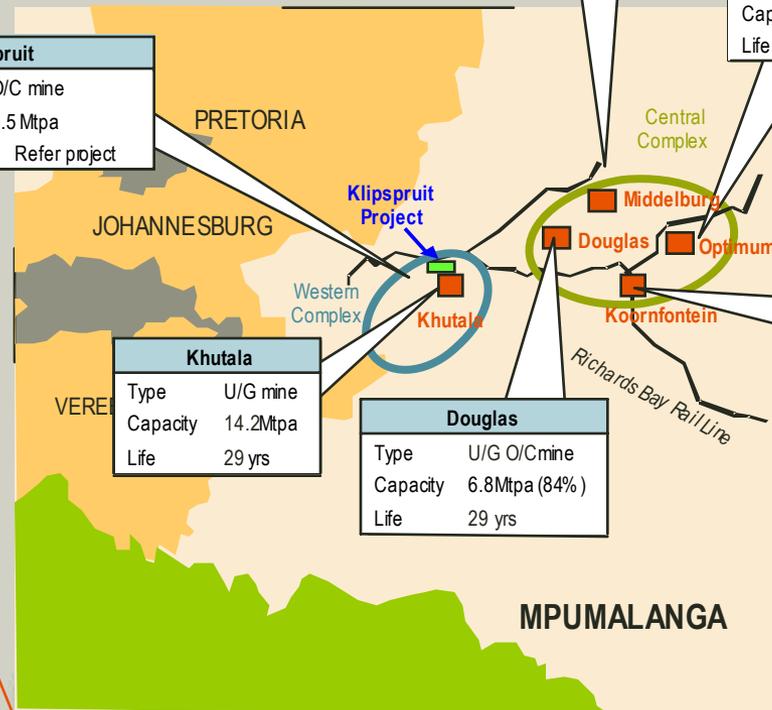
Douglas	
Type	U/G O/Cmine
Capacity	6.8Mtpa (84%)
Life	29 yrs

Middelburg	
Type	O/C mine
Capacity	15 Mtpa (84%)
Life	29 yrs

Optimum	
Type	O/C mine
Capacity	14.9Mtpa
Life	10 yrs

Koorfontein	
Type	U/G mine
Capacity	5.6 Mtpa
Life	3 yrs

RBCT	
Type	Export port
Capacity	26.2Mtpa



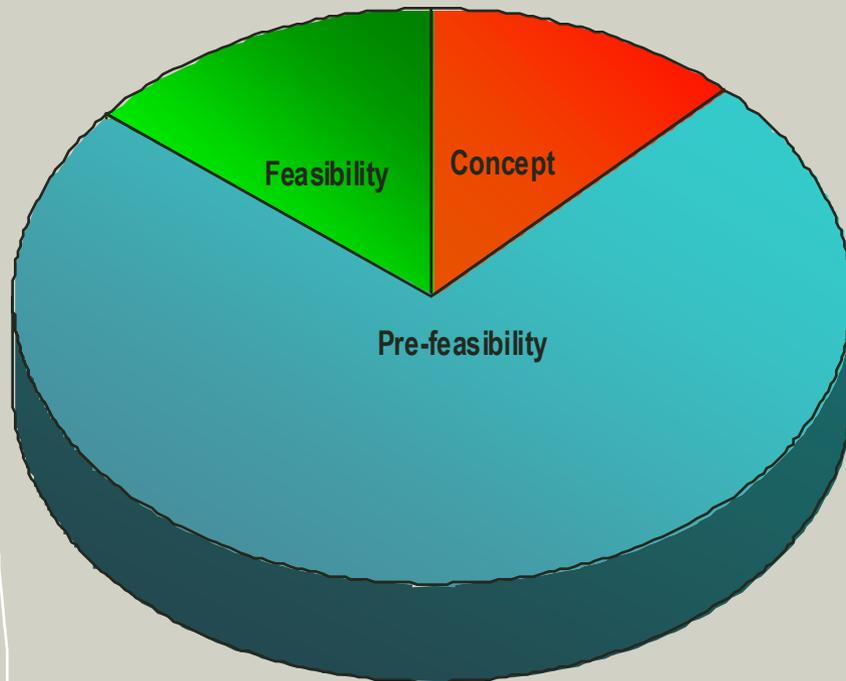
*multi-product

Operational Performance

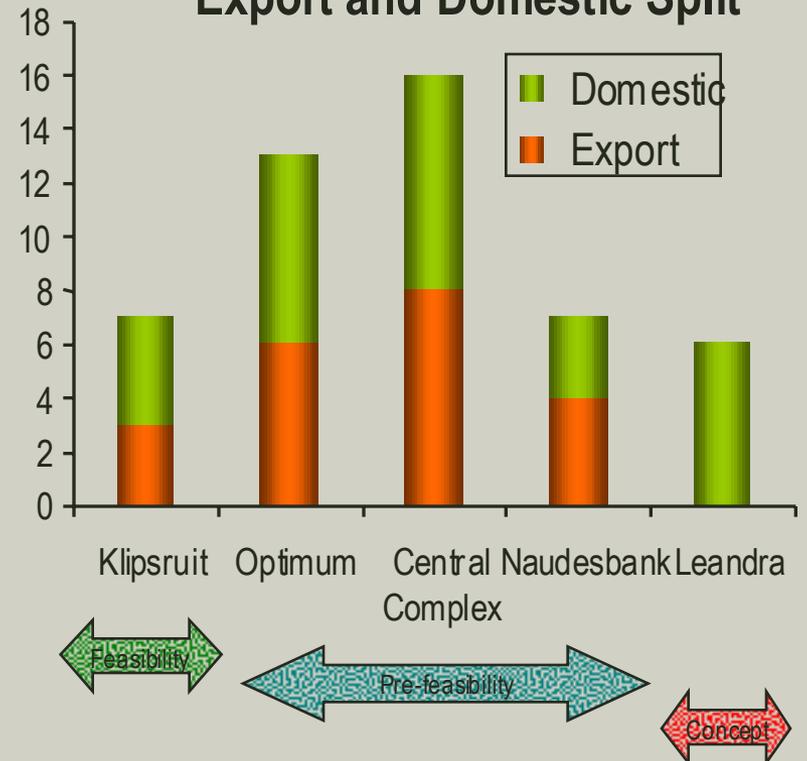
- H1 Production Performance
 - Strong and consistent performance from Khutala
 - Optimum's performance increasingly affected by increasing strip ratios
 - Geology affecting underground production at Douglas/Koornfontein
 - Middelburg has experienced short term operational problems
- Capturing “What is Possible” Operationally
 - Benchmarking key performance drivers against the World's best
 - Holistic approach being pursued to seize opportunity in timely and sustainable fashion
- Domestic Market Growth
- Export Sales Growth constrained by Rail Infrastructure

Ingwe Growth Projects

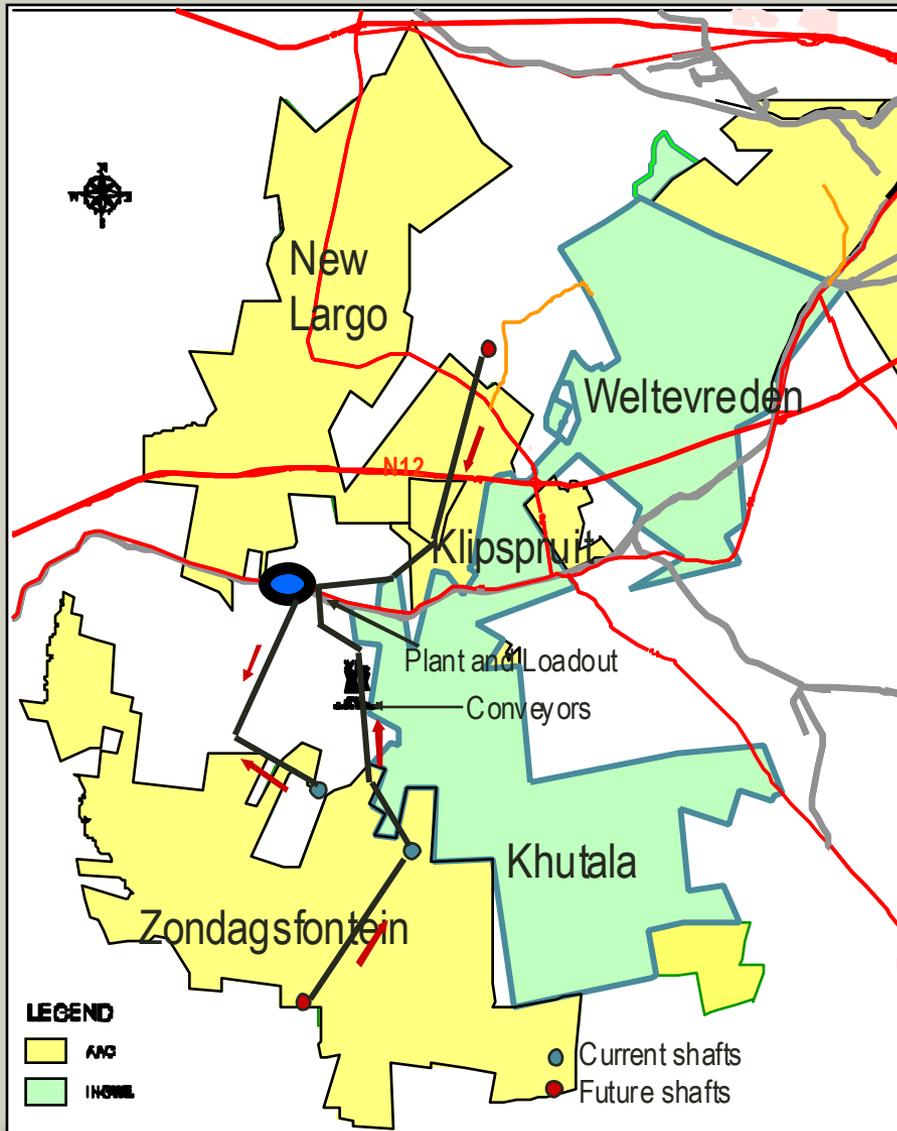
Ingwe Project Status
Total volume 49mtpa



Export and Domestic Split



Klipspruit



- Opencast operations
- Multi-product: 3Mtpa exports/2.5Mtpa Eskom
- Potential empowerment options
- Possible synergies with Anglo

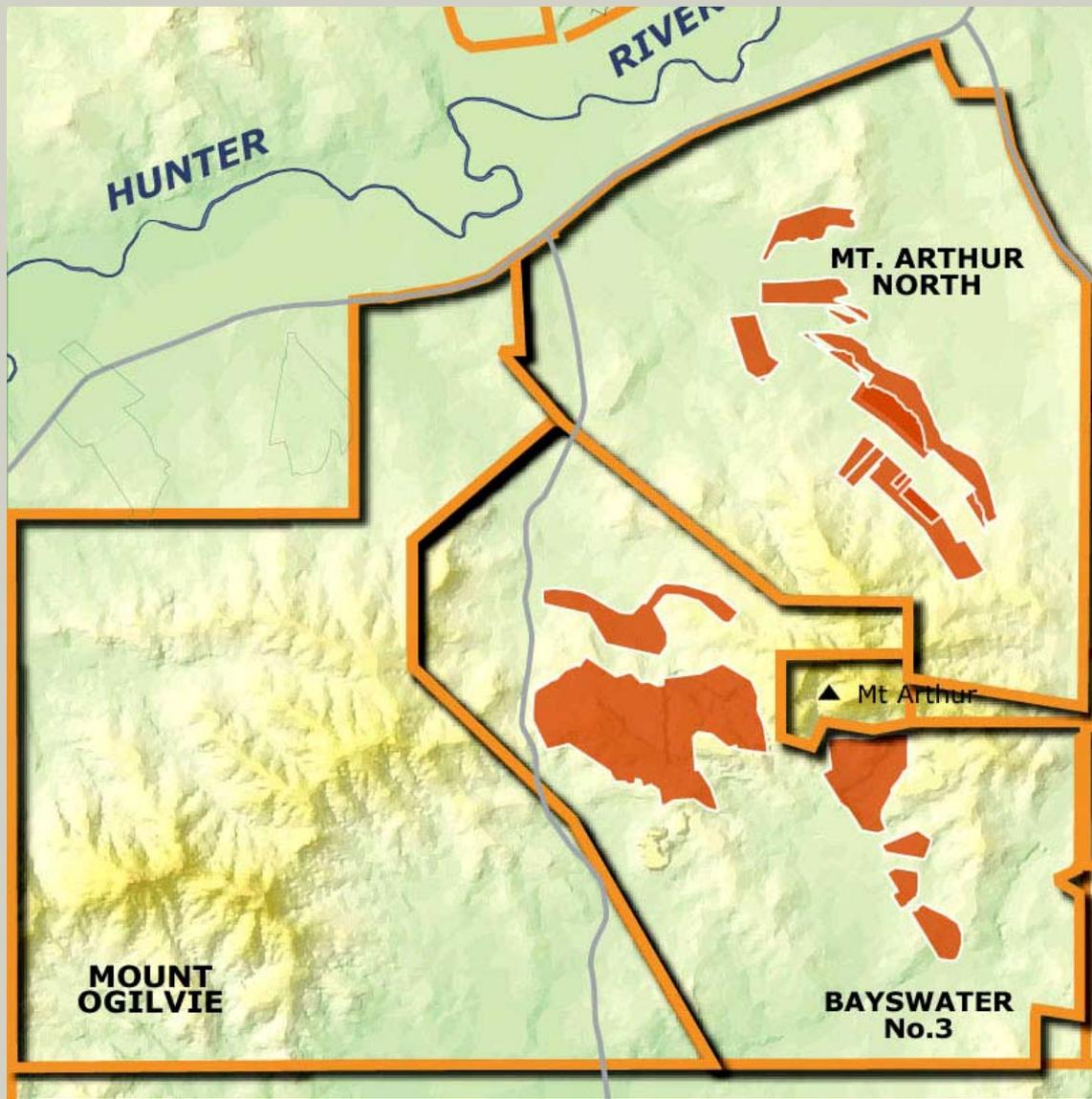
Hunter Valley Energy Coal



Operational Performance

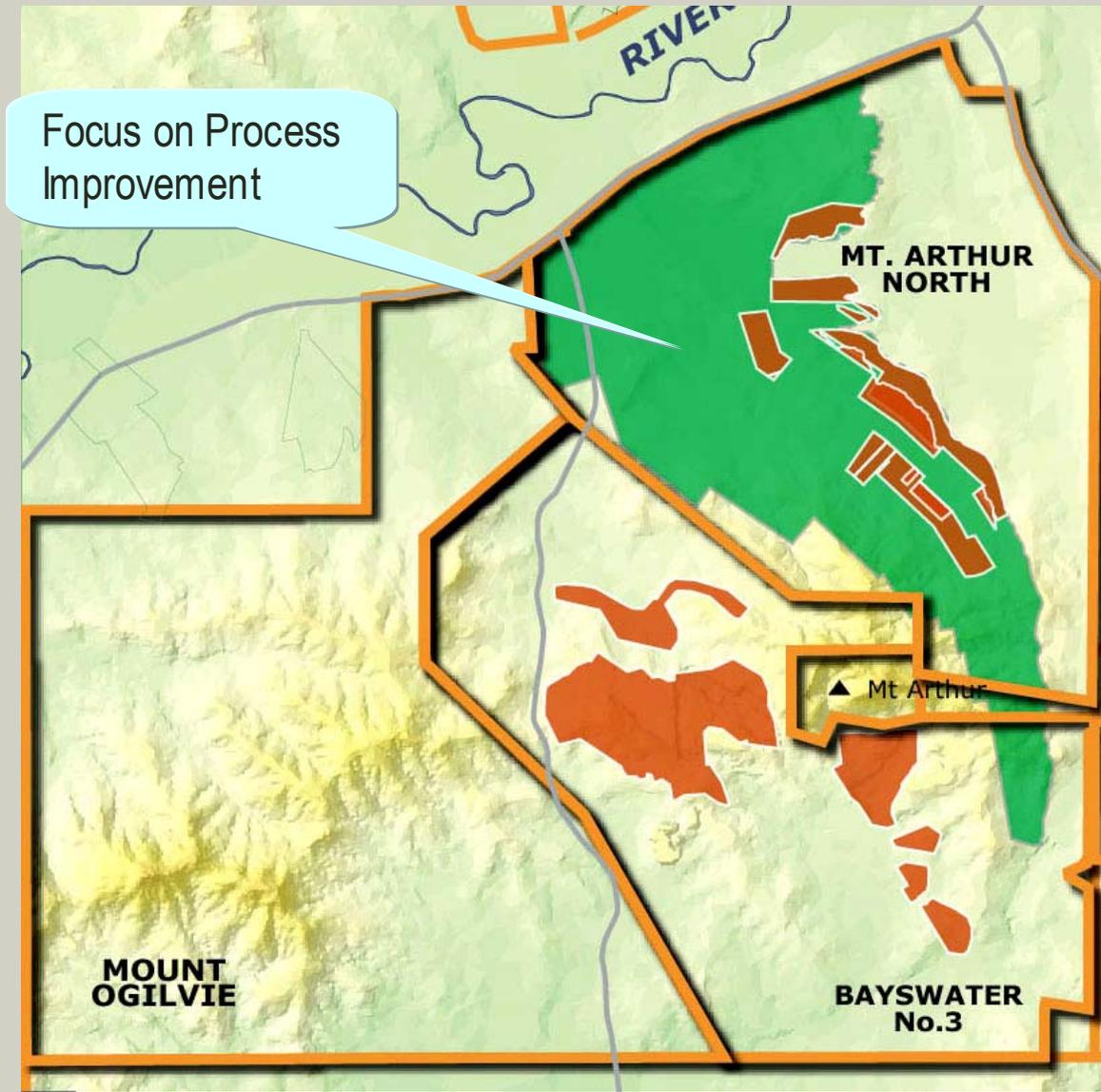
- H1 Production impacted by July Excavator fire
 - Excavator was rebuilt in 5 months which was 3 months ahead of initial schedule
 - Airfreighted 67 tonnes of equipment from France
 - The mine also reinstated an old electric shovel to assist with the production short fall
- Newcastle Port constraint
 - Need for increased capacity
- Mt Arthur is looking at options to expand production

Mt Arthur Coal Growth Opportunities



 Mined Out Open Cut Areas

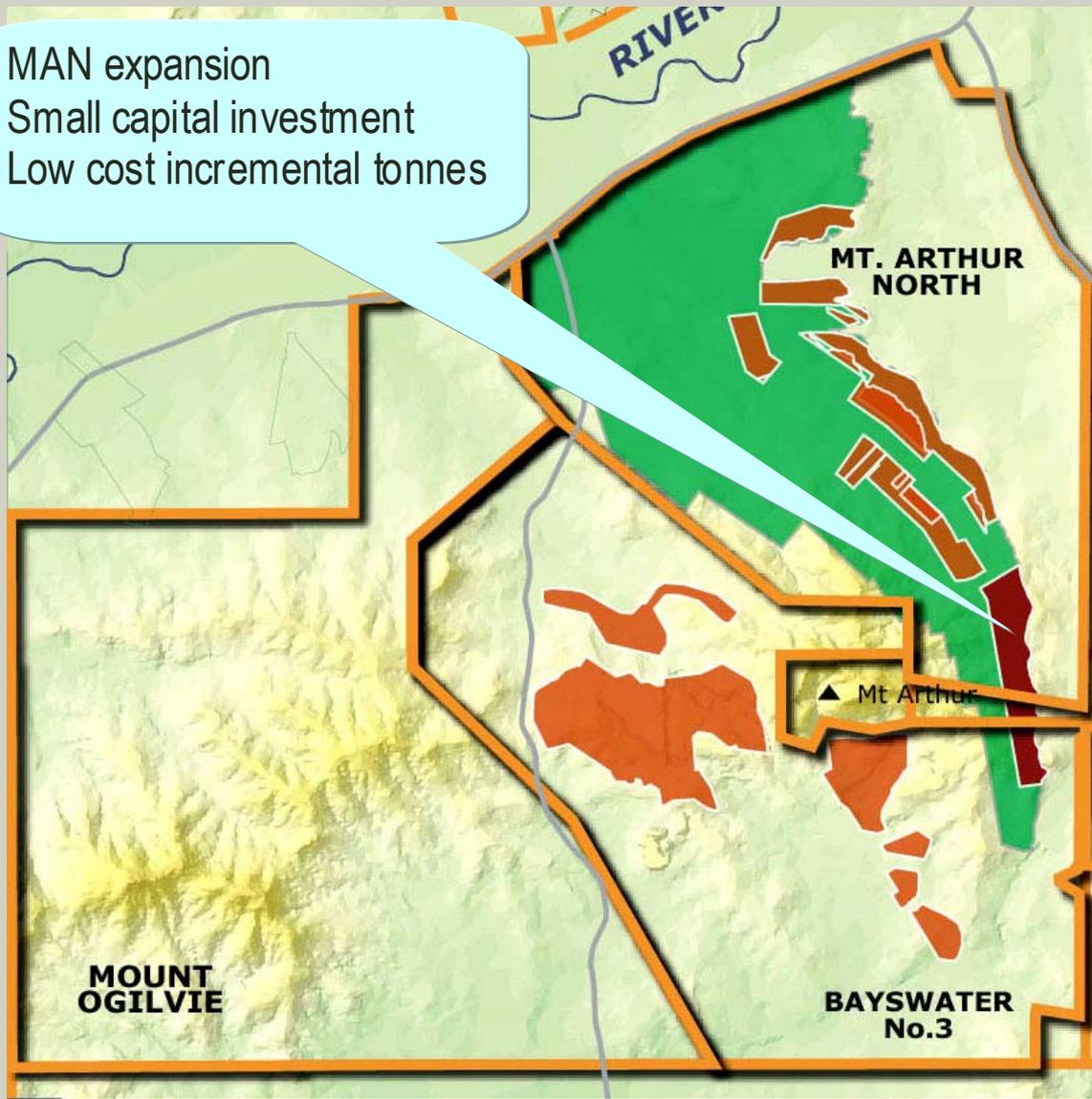
Mt Arthur Coal Growth Opportunities



-  Mined Out Open Cut Areas
-  Open Cut Reserve Area
- 33 Yr

Mt Arthur Coal Growth Opportunities

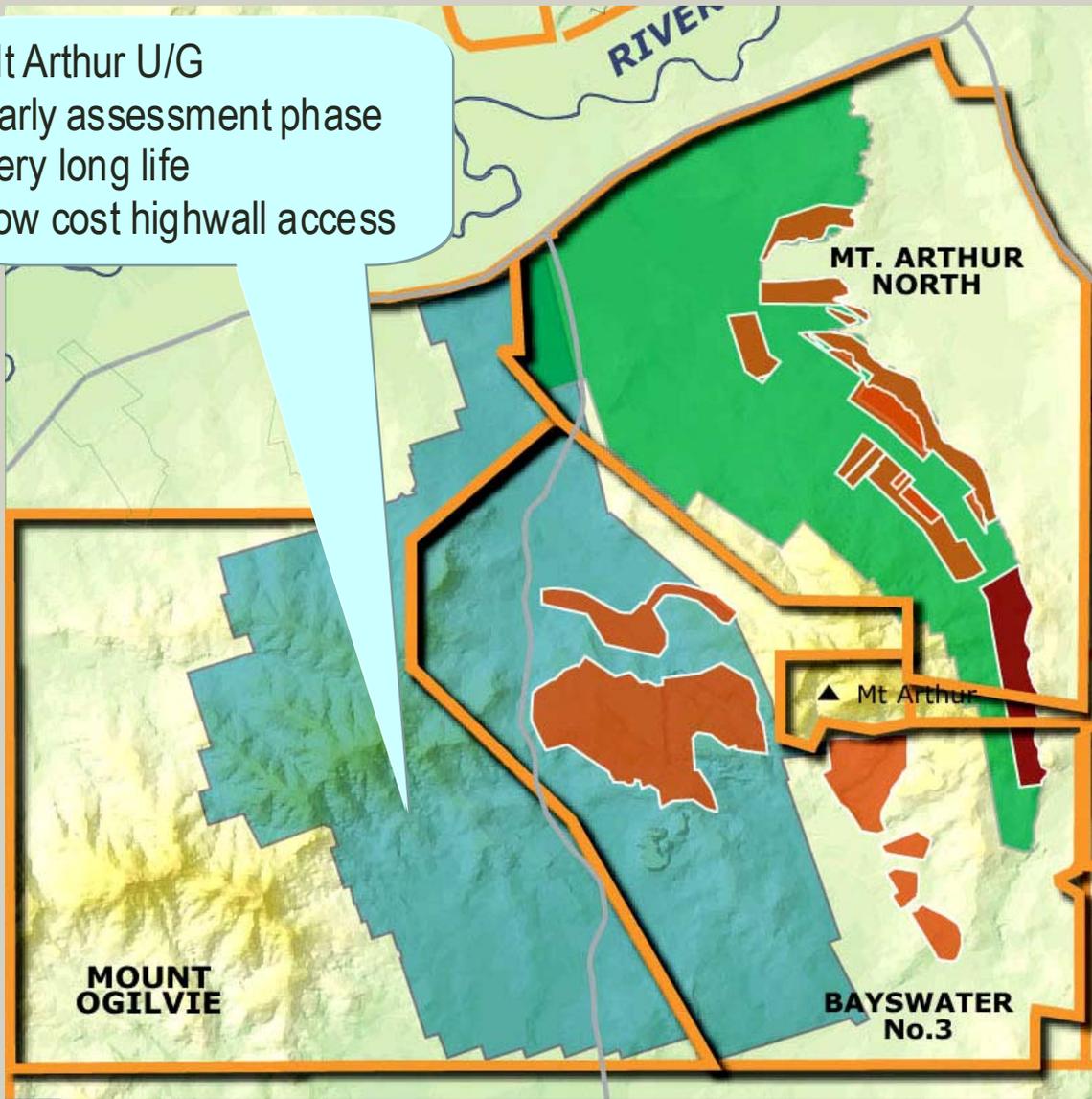
MAN expansion
Small capital investment
Low cost incremental tonnes



-  Mined Out Open Cut Areas
-  Open Cut Reserve Area
- 33 Yr
-  Incremental Growth
- Open Cut Area

Mt Arthur Coal Growth Opportunities

Mt Arthur U/G
Early assessment phase
Very long life
Low cost highwall access



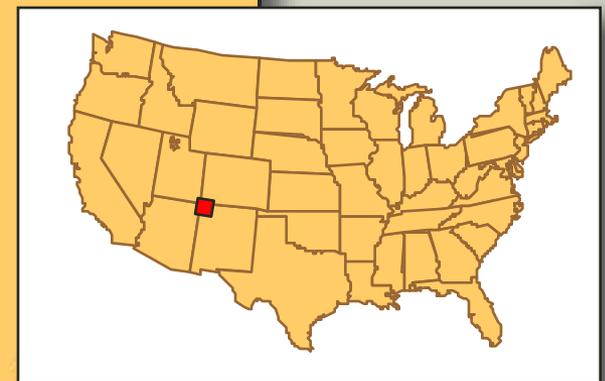
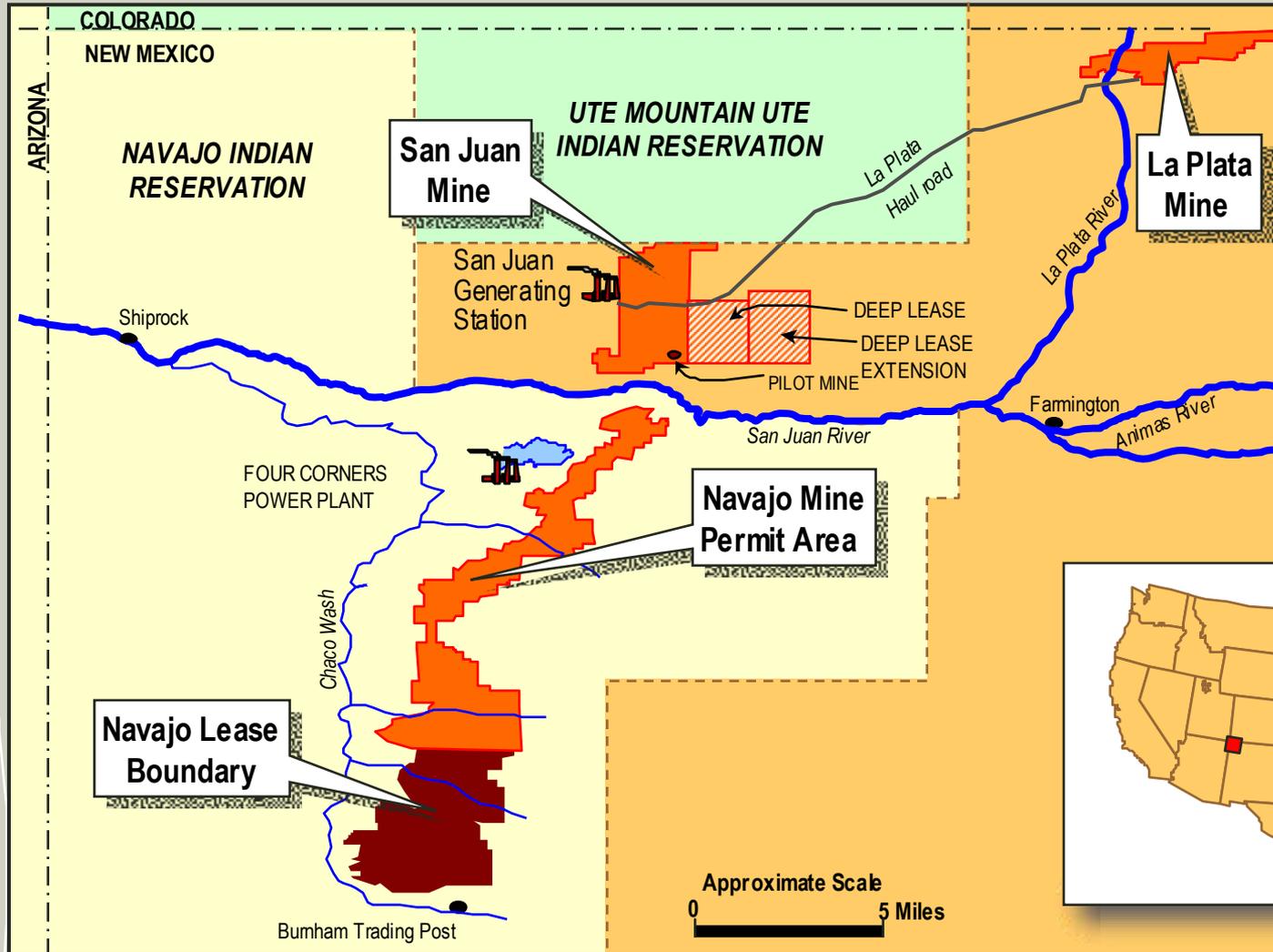
-  Mined Out Open Cut Areas
-  Open Cut Reserve Area
- 33 Yr
-  Incremental Growth
- Open Cut Area
-  Major Growth - Mt Arthur
Underground Reserve Area

NSW Infrastructure

- Infrastructure constraints in both the rail network and in coal loading capacity at the port
- In CY 2004, a quota system was introduced by the existing coal loading company, Port Waratah Coal Services (“PWCS”). This scheme has been extended into CY 2005
- Establishment of the Newcastle Coal Infrastructure Group (“NCIG”)
- NCIG proposal to lift coal loading capacity short listed
- Rail constraints are being addressed by the Australian Rail Track Corporation (ARTC)



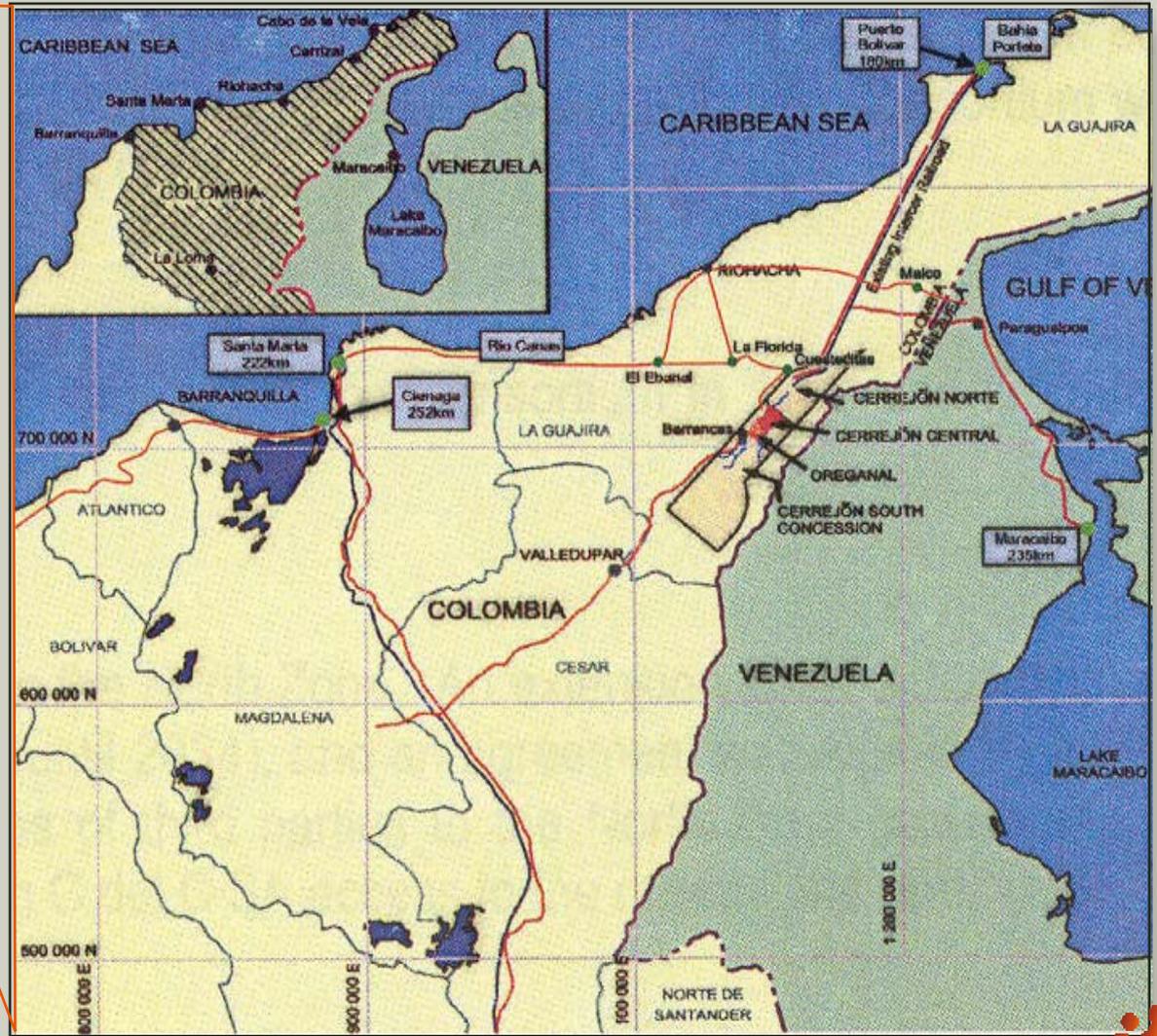
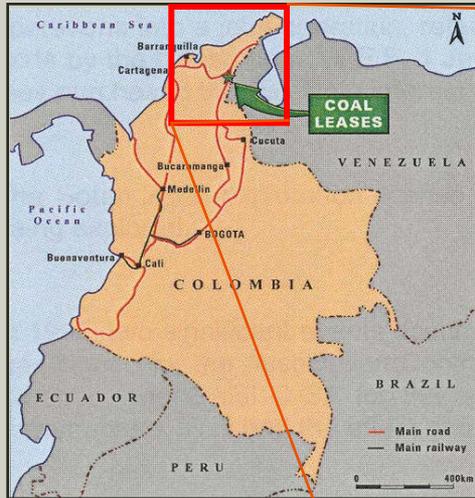
New Mexico Coal



Operational Performance

- Mines are producing coal at record levels in their 43-year history.
- Equipment re-commissioning to meet demand.
- San Juan Coal Company's longwall operation productivity is one of the highest in the U.S. for a longwall mine.
- Potential for growth linked to need for third power plant
- Long term contracts securing a steady source of EBIT, cash flow and high returns.

Cerrejón - Location



Operational Performance

Inclement weather impacted production from November through January

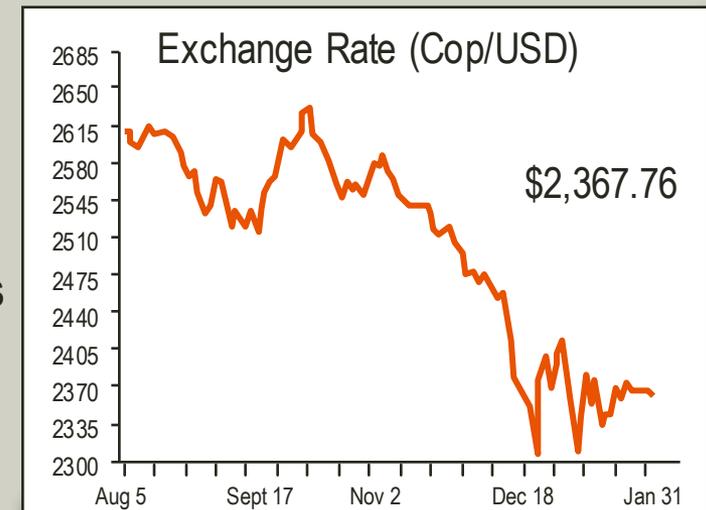
largely recovered through:

- Efficiencies generated through continuous improvement program
- Improved start-up after rain events
- Slight decrease in stockpile levels
- Improved operating availabilities through improved maintenance practices
- Finalisation of labour agreement

Operating Costs

Adversely affected by:

- Increased royalties due to higher realized prices
- Appreciation of the Colombian Peso versus the U.S. Dollar
- Higher diesel fuel prices



Cerrejón Expansion to 28 Mtpa (current expansion)

- Expansion Schedule
 - Project is one full year ahead of schedule
 - 29 Mtpa achievable by 2006
- Forecast Final Cost \$33m (approved \$50m)
 - Forecast to be significantly below budget
 - Project Crecer
 - Improved performance parameters
- Project Overview
 - Major Mining Equipment
 - 2 Komatsu PC8000 Hydraulic Excavators
 - 10 Euclid-Hitachi EH5000 Haul Trucks
 - 2 Caterpillar 793C Haul Trucks
 - Locomotive & Railcars
 - GE Locomotive to be delivered in December 2004
 - 40 Railcars to be delivered in December 2004
 - 40 Railcars to be delivered in January 2005
 - Coal Crusher Upgrade
 - Installation of new secondary crusher for Plant No. 2



Cerrejón future growth options

- Interim Expansion
 - 32 Mtpa by CY 2008
 - Low capital incremental expansion requiring:
 - Additional waste removal capacity
 - Locomotives and rolling stock
 - Upgrade port handling facilities
 - Joint Venture approval anticipated Q3 CY 2005
- Optimal Expansion
 - Volume to be determined
 - Pre-feasibility study progressing

Briefing Conclusion

- Significant global business operating in a competitive environment
- Well defined and internally communicated strategy with stability of key pillars
- Focus upon HSEC and continuous improvement
- Understanding of markets; Positioning to take advantage; Sustainable future in coal
- Portfolio rebuild completed, reinvestment to maintain and grow
- Strong operating assets and project pipeline to deliver growth

Energy Coal Business Briefing

QUESTIONS

March 2005



BHP Billiton

The world's largest diversified resources company

Petroleum



Aluminium



Base Metals



Carbon Steel Materials



Diamonds & Spec Prod



Energy Coal



Stainless Steel Materials

