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Update for BHP Billiton Petroleum:

- FY 2005 Performance
- Growth Projects
- Current Exploration Focus
  - Algeria
- Gulf of Mexico
  - Production and Project Update
- Summary
## Petroleum – Overview

<table>
<thead>
<tr>
<th></th>
<th>FY 2005</th>
<th>FY 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>$5.9 billion</td>
<td>$5.6 billion</td>
</tr>
<tr>
<td>EBIT</td>
<td>$1.83 billion</td>
<td>$1.4 billion</td>
</tr>
<tr>
<td>Operating capital employed</td>
<td>$4.4 billion</td>
<td>$4.1 billion</td>
</tr>
<tr>
<td>Total production</td>
<td>119.0 million boe</td>
<td>122.5 million boe</td>
</tr>
<tr>
<td>Average daily production</td>
<td>326,000 boe per day</td>
<td>335,000 boe per day</td>
</tr>
<tr>
<td>Total proved reserves</td>
<td>1.407 billion boe</td>
<td>1.421 billion boe</td>
</tr>
<tr>
<td>Staff and direct contractors</td>
<td>1,800</td>
<td>1,784</td>
</tr>
</tbody>
</table>

Production in Q1 FY06 (July- Sept05): 31.4 million boe
Projects commissioned in FY 2005 operating successfully
Growth Projects

• Australia
  – NWS Train 5
    – sanctioned June 2005
    – production late 2008
  – Stybarrow
    – sanctioned November 2005
    – 50% BHP Billiton, operated
    – first oil Q1 CY 2008
  – Pyrenees
    – in feasibility
    – BHP Billiton operated
    – FPSO preferred development option
  – Pilbara LNG:
    – 100% BHP Billiton
    – in pre-feasibility
    – site selected for 6mtpa train
    – initial supply Scarborough

• Pakistan
  – Zamzama Phase II
    – 38.5% BHP Billiton; operated
    – Gas Sales Agreement signed 22.11.05
Growth Projects: Cabrillo Port - Floating Storage & Regasification Unit

• Single Point Mooring
• Side by side LNG transfer
• Moss spherical LNG storage tanks
• LNG regasification

• Normal Throughput = 650 - 850 MMSCFD
• Design Throughput = 1,500 MMSCFD
• Permanently Turret Moored in 2,850’ wd.

• Storage Capacity = 273,000 m³
• Length = 928 ft
• Displacement ~ 210,000 DWT
Location of our current exploration screening, testing and executing activities

- GoM
- Trinidad
- Offshore Columbia
- Maritime Canada
- Namibia
- South Africa
- Algeria
- Exmouth Carnarvon
- Gippsland
- NWS
- Brunei
- Borneo
- Philippines
- Indonesia
- South Africa
- Nth Africa, M East / Russia / Subcontinent

- Existing Core Business
- Exploration Focus Area
- New Ventures Test Area
- New Ventures Screening Area
Algerian Acreage

Supported by 114 asset staff & contractors
Gulf of Mexico – Storm Paths of Hurricanes Katrina & Rita

Hurricane Katrina
- 10.00am - 23/09/05
- 208kph Category 3
- 10.00pm - 22/09/05
- 255kph Category 5
- 4.00pm - 28/08/05
- 265kph Category 5
- 10.00am - 29/08/05
- 208kph Category 3
- 4.00am - 29/08/05
- 240kph Category 4
- 10.00pm - 28/08/05
- 255kph Category 5
- 4.00pm - 28/08/05
- 265kph Category 5
- 10.00am - 29/09/05
- 120kph Category 3
- 10.00pm - 23/09/05
- 192kph Category 3
- 4.00am - 23/09/05
- 200kph Category 3
- 10.00pm - 22/09/05
- 225kph Category 4

Hurricane Rita
- 10.00am - 22/09/05
- 225kph Category 4
- 10.00am - 22/09/05
- 265kph Category 5
- 10.00am - 24/09/05
- 120kph Category 3
- 10.00pm - 23/09/05
- 192kph Category 3
- 4.00pm - 23/09/05
- 200kph Category 3
- 10.00am - 23/09/05
- 208kph Category 4
- 4.00am - 23/09/05
- 225kph Category 4
- 10.00pm - 22/09/05
- 225kph Category 4
- 10.00am - 22/09/05
- 265kph Category 5

Amelia
- 10.00pm - 22/09/05
- 225kph Category 4

Genesis
- 10.00pm - 22/09/05
- 225kph Category 4

Mad Dog
- 10.00am - 22/09/05
- 265kph Category 5

Atlantis
- 10.00am - 22/09/05
- 265kph Category 5

Fourchon
- 10.00am - 22/09/05
- 265kph Category 5

Lafayette
- 10.00pm - 22/09/05
- 255kph Category 5

NEW ORLEANS
- 10.00pm - 22/09/05
- 255kph Category 5

Amelia
- 4.00pm - 28/08/05
- 265kph Category 5

HOUSTON
- 10.00pm - 23/09/05
- 192kph Category 3

Galveston
- 4.00pm - 23/09/05
- 200kph Category 3

Sabine Pass
- 10.00am - 23/09/05
- 208kph Category 4

Cameroon
- 4.00pm - 23/09/05
- 225kph Category 4

Typhoon
- 10.00pm - 22/09/05
- 225kph Category 4

Green Canyon
- 10.00am - 23/09/05
- 208kph Category 4

Genesis
- 10.00pm - 28/08/05
- 255kph Category 5

New Orleans
- 4.00pm - 28/08/05
- 265kph Category 5

Amelia
- 10.00am - 28/08/05
- 280kph Category 5
Gulf of Mexico

- Green Canyon 18/60
- West Cameron
- Starlifter
- Joseph
- Blackbeard
- Shenzi
- Neptune
- Guinness
- Knotty Head
- Puma
- Chinook
- Cascade
- Typhoon / Boris Impacted by H. Rita
- Atlantis
- Everest
- Mad Dog
- Mad Dog Deep
- Discovery Development

Licence Producing Discovery Development E - well
Gulf of Mexico – Project Update

• **Atlantis South** (44% BHP Billiton)
  – Tow out later this month
  – Capacity: 200,000 barrels of oil/day and 180 mmscf/day of gas
  – First production third quarter 2006

• **Neptune** (35% BHP Billiton, operated)
  – Board sanction June 2005
  – Capacity: 50,000 barrels of oil/day and 50 mmscf/day of gas
  – First production 2007

• **Shenzi** (44% BHP Billiton, operated)
  – Discovered in 2002
  – Concluding feasibility studies
Conclusion

• The Petroleum business is a value driver for BHP Billiton
• Petroleum is a differentiating factor for BHP Billiton
• We have core businesses in Bass Strait / Eastern Australia gas & Western Australia oil & gas
• The Gulf of Mexico is a core area for our business
• We have other opportunities to establish core businesses
Contractor pays for / bears risk of all exploration, development and production.

Contractor reimbursed for share of “agreed” costs from production over a fixed term (consisting of capital and operating cost contributions).

Remaining “profit oil” is divided between Contractor and local government at an agreed rate.

Income tax remains the liability of the Contractor under domestic law but under the PSC this liability is assumed by Local Government.

“Tax Barrel” concept:
  - Taxes paid on our behalf are grossed up through revenue with the offsetting entry recorded as tax expense.
  - “Tax barrels” are also reflected in production and booked reserves.
  - Effect of methodology makes results more comparable to non-PSC regimes.
**Generic PSC Entitlement Flow Chart**

**STEP 1. TOTAL INTEGRATED FIELD PRODUCTION**

- bbl / day

**STEP 2. FIELD ALLOCATION IF REQUIRED**

- Field 1
- Field 2

**STEP 3. CONTRACTOR VS GOVT ALLOCATION**

- Govt Profit Oil
- Contractor Profit Oil
- Contractor Cost Oil

**STEP 4. JV PARTNER ALLOCATIONS**

- Partner 1
- Partner 2
- Partner 3

**STEP 5. TAX BARREL IMPLICATIONS**

- Tax Barrels
  - Taxes paid in kind by Govt

Pre - Tax Cash Flow = Total Reported Production & Reserves

Post Tax Cash Flow

- Unitisation agreements relevant at this step
- % Caps / limits could be applied at this point to cost and /or profit oil
- Allocation rules may vary with production and /or price levels
- Cost recovery is allocated prior to distribution of profit oil
Production / Reserves:

1) Base Production entitlements = Contractors agreed recovery of costs + agreed share of profit (Economic Interest Method) Price

2) Tax Barrel Production entitlement = Contractors estimated tax liability Price

3) Total Reported Production (per quarterly production report) = 1) + 2)

Revenue:

The contractors reported revenue entitlement = physical product shipped to the customer at that point that the transfer of title.

Additionally, reported revenue will include the Contractors estimated tax liability (ie grossed up in revenue, consistent with production – the offset will be included in tax expense)

Depreciation:

Units of production (based on production entitlement) over remaining reserve entitlement
Basis of Treatment & Industry Practice

- Only the US SEC provides specific guidance on the treatment of hydrocarbons recoverable under PSC arrangements (FAS 69)
- Reserve volumes determined by various owners should add to 100%
- Application of the “Working Interest” (WI) method (where WI % is not equal to the profit entitlement) may lead to reporting of reserves “owned by others” which is prohibited
- Therefore the US SEC recommends use of the “Entitlements” (or Economic Interest) method, as it closer represents the reserve volume entitlement that can be monetized by the company
  
  (Adopted by peers such as Shell, BP, Exxon Mobil, Amerada Hess)
- Adoption of the “Tax Barrel” concept varies as there is no specific guidance
- US SEC specifies that price used to determine production entitlements should be the price for the period (versus Woodside Ltd not listed in the US – uses long term average US$/bbl price)