

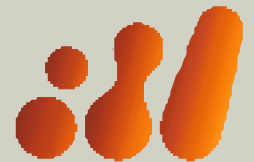
BHP Billiton

# Identifying future mining prospects in Africa

Cesare Morelli

Regional Exploration Manager, Africa

13 September 2006



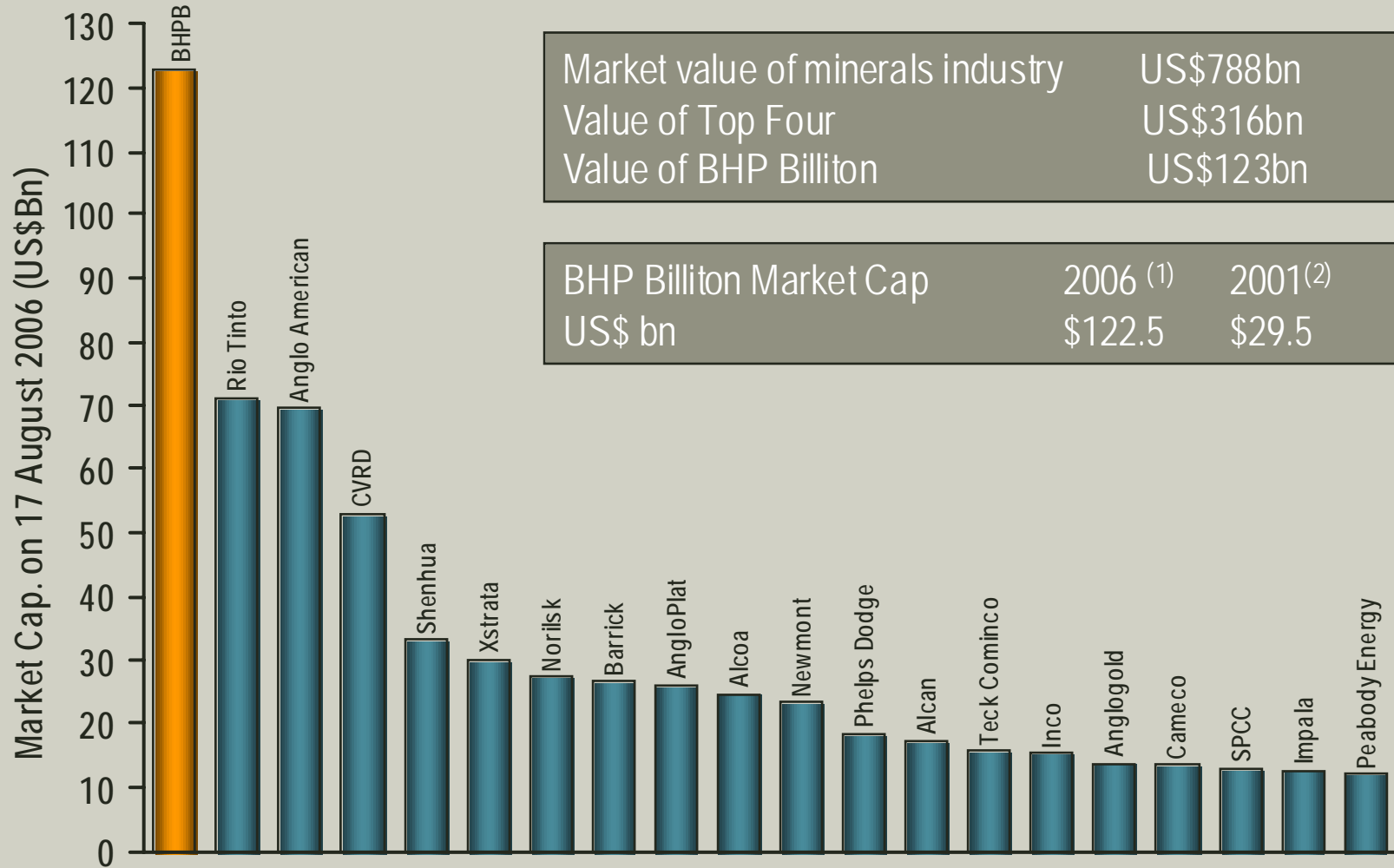
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# The largest company in a consolidating sector



Market value of minerals industry	US\$788bn
Value of Top Four	US\$316bn
Value of BHP Billiton	US\$123bn

BHP Billiton Market Cap	2006 <sup>(1)</sup>	2001 <sup>(2)</sup>
US\$ bn	\$122.5	\$29.5

Source: Datastream and Bloomberg (data as at 17 August 2006)

1. Market Capitalisation on 17 August 2006

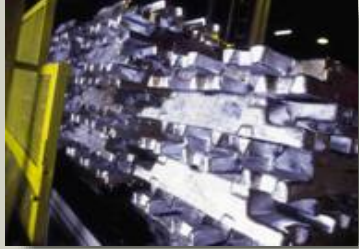
2. Market Capitalisation on 28 June 2001

# Structure driven by customer needs

**Petroleum**



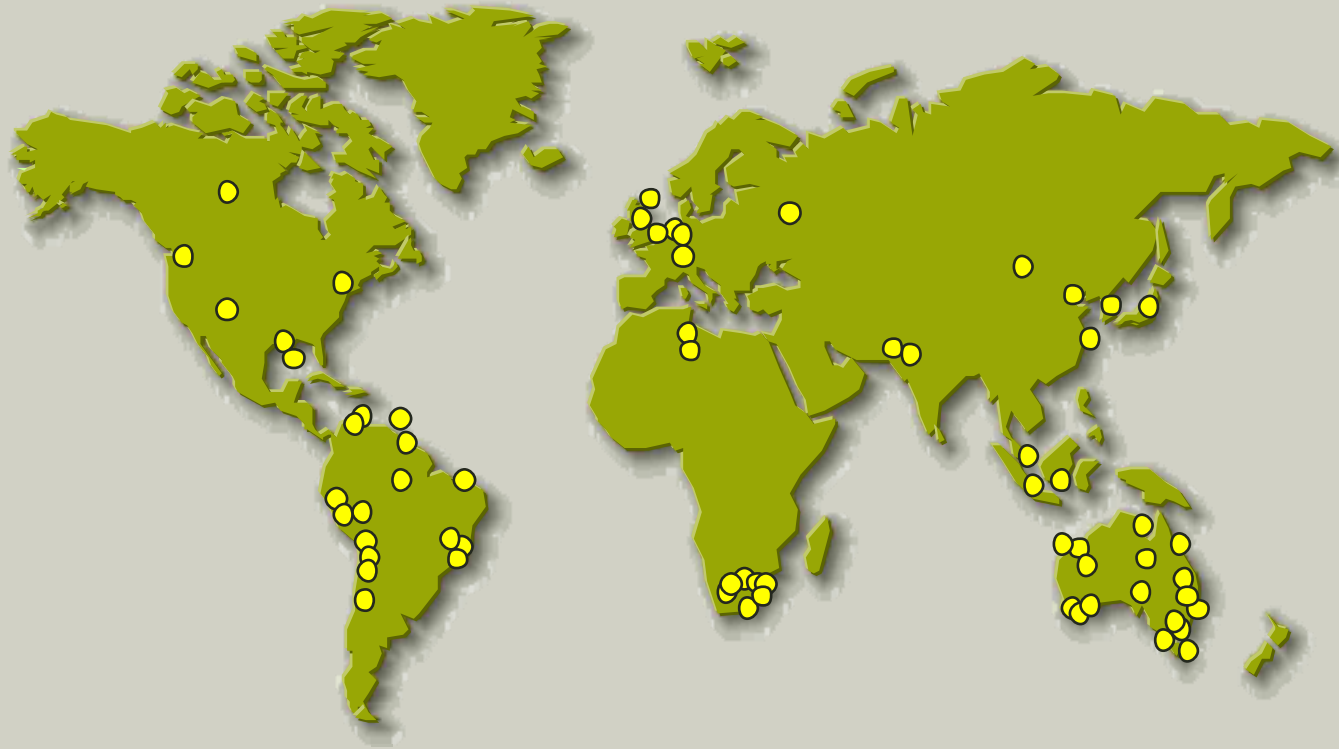
**Aluminium**



**Base Metals**



**Carbon Steel Materials**



**Diamonds & Spec Prod**



**Energy Coal**



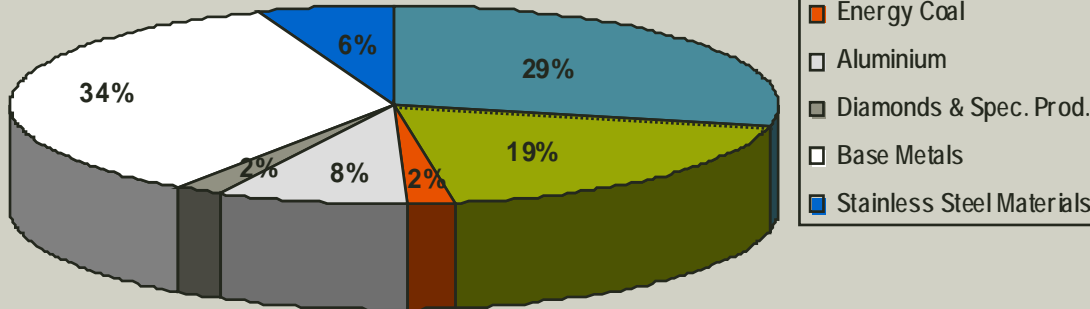
**Stainless Steel Materials**



# The portfolio effect: diversification remains a key focus

## By Commodity

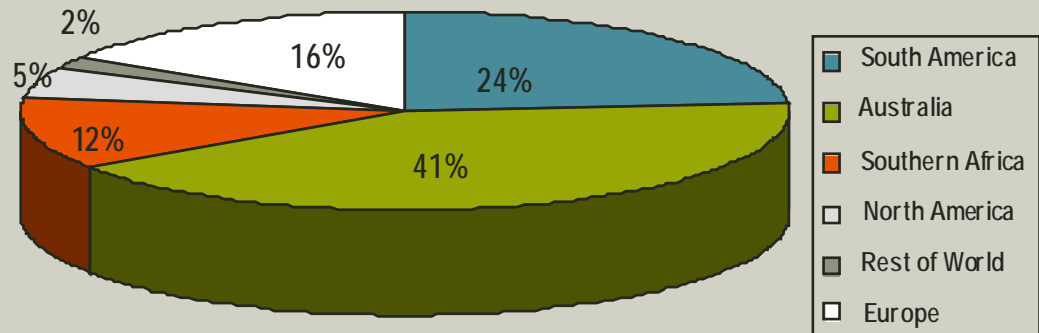
Customer Sector Group Underlying EBIT:



Data for the full year ended 30 June 2006

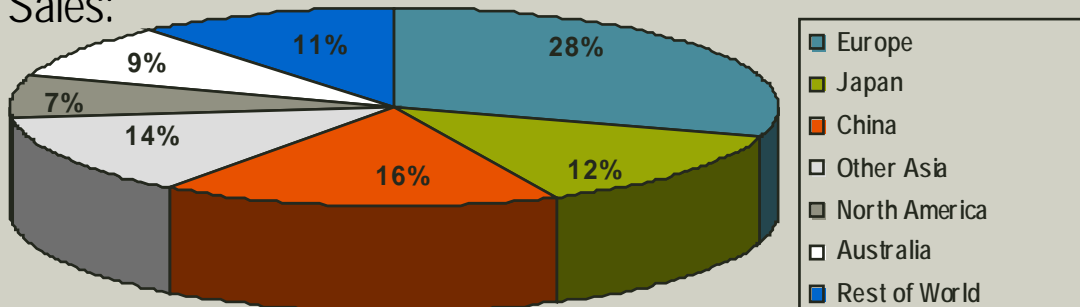
## By Geography

Turnover By Origin:



## By Market

Sales:



# BHP Billiton in summary

- World's largest diversified resources company
- Sustainable development is integral to our business
- Our people are our most significant asset and number one priority – Zero Harm and highest standards in HSEC management drive all our operations
- Our large base of low-cost, high quality assets provides stable cash flow and visibility to new opportunities across the world
- Our size and diversity means we can generate benefits through Operational Excellence
- Our growth pipeline distinguishes us from our competitors – our current project pipeline includes 25 projects with expenditure of US\$14.4 billion

# Why Africa? Continent of Mineral Opportunities

- Geologically well endowed and still well under-explored!
- Currently Africa hosts ~30% of the planet's mineral resources
- More and more political stability and sustained peace are witnessed
- Newer, modern and investment-friendly mining legislations
- Stability and liberalisation of economies
- Africa is seen as a strategic exporter of commodities for the foreseeable future

## Why Africa?

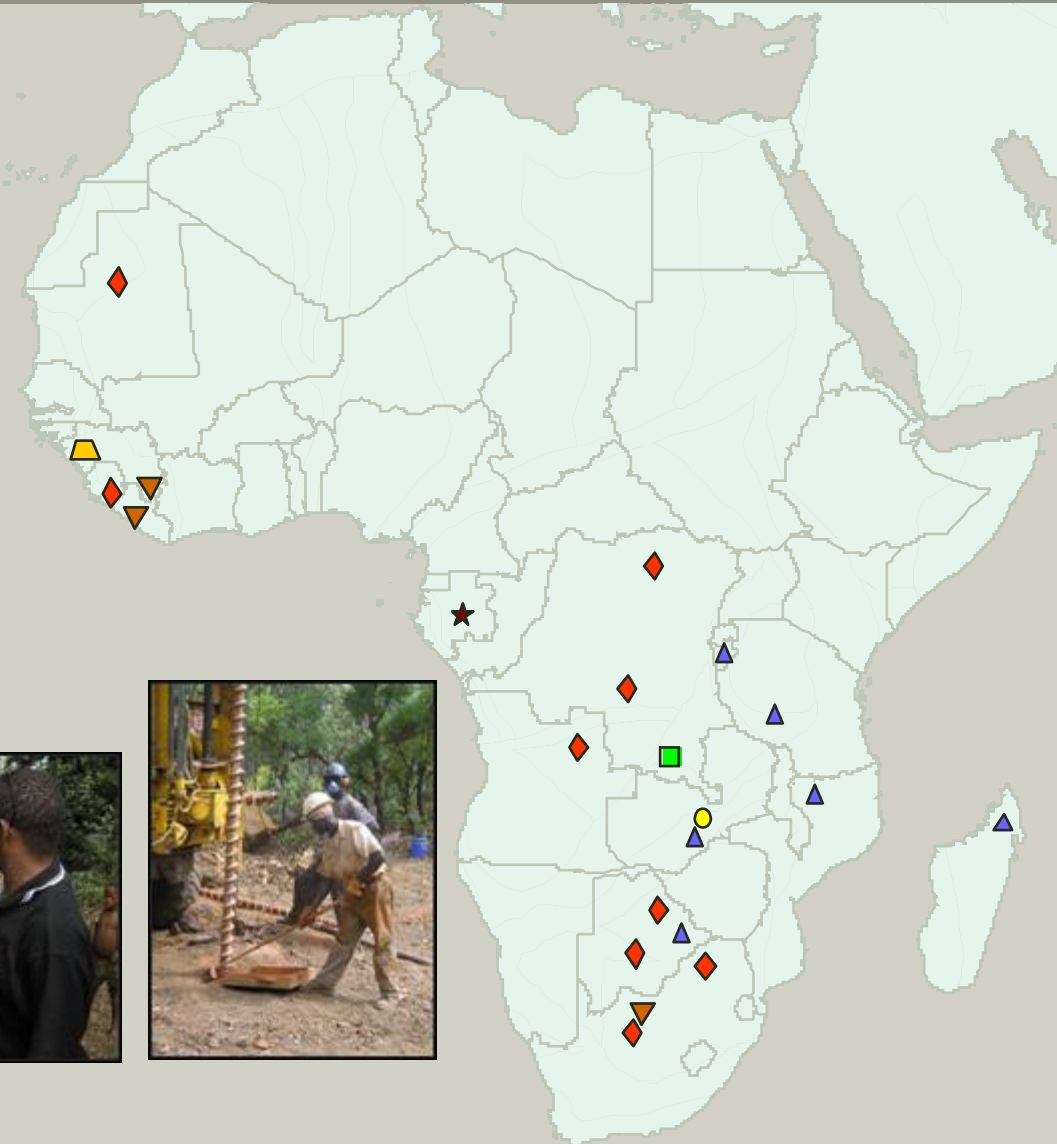
We believe Africa will become increasingly important as a major producer of commodities needed to fuel world growth

- The emerging economies of China, Taiwan and Korea require huge imports of raw materials for urbanisation and associated infrastructure.
- The growth of China has caused an upswing in demand for commodities.
- Consumption of Alumina, Iron ore, Copper and Nickel in China doubles each decade
- China's growth is not a short term phenomenon, since 1980 GDP growth has averaged 9.4% per annum
- Increasing world consumption + strong commodity prices will support the African mining industry




# Africa Minerals Exploration: main 2005-06 projects (active in 14 countries)

- ▲ Bauxite
- ◆ Diamonds
- Sed Copper
- ▼ Iron Ore
- IOCG
- ▲ Nickel
- ★ Manganese



# Southern African Assets and Exploration Projects

Minerals Exploration (exclusive Falcon AGG technology):

 Diamond JV Projects (Daniel, Phakalane, Sekaka)

 I.O. JV Projects (Sibelo)

**Manganese**  
Manganese Metals

**Coal**  
Khutala  
Delmas

**Coal**  
Douglas  
Middelburg  
Optimum

 Botswana

Mozambique

**Aluminium**  
Mozal

**Manganese**  
Hotazel

Johannesburg

Witbank

Maputo

**Richards Bay Minerals**

**Petroleum Exploration**  
Namibia  
North & South Blocks

Bloemfontein

Richards Bay

**Coal**  
Richards Bay Coal  
Terminal

**Petroleum Exploration**  
RSA Block 3B/4B, Blocks  
3316, 3417, 3317 A+C

South Africa

Durban

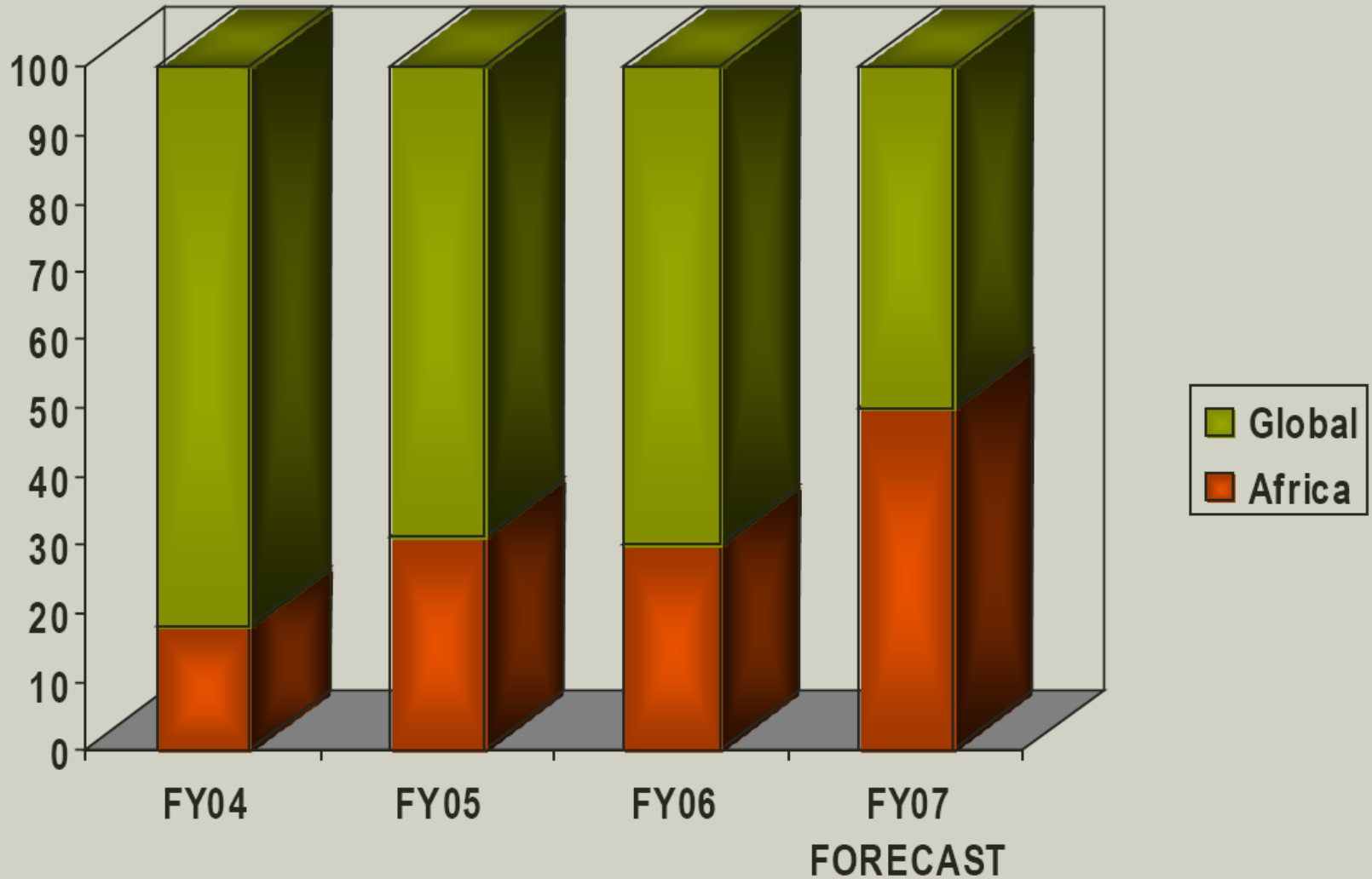
**Manganese**  
Metalloys

**Aluminium**  
Hillside  
Bayside

Capetown

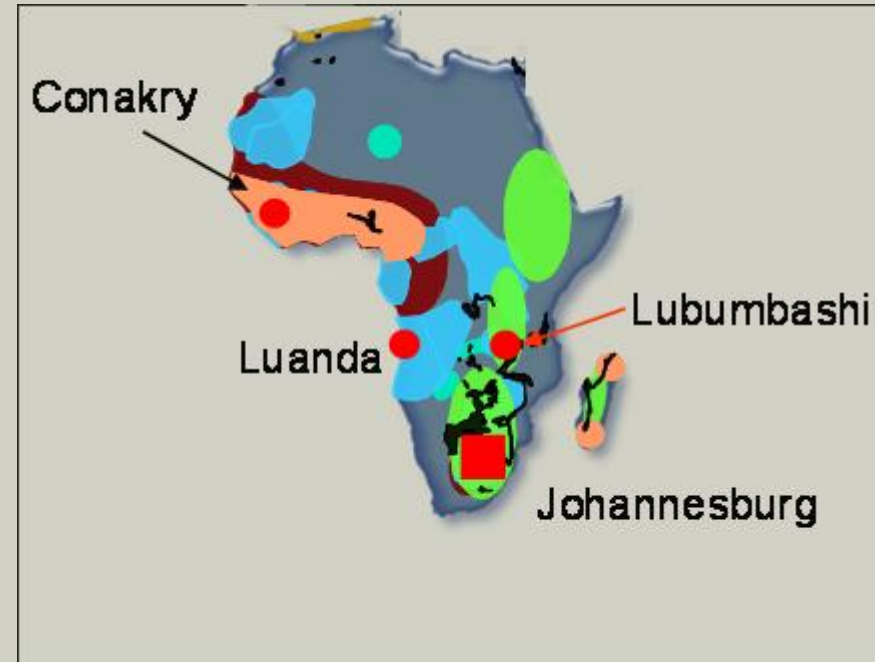
Port Elizabeth

# Exploration Spend in Africa, as a % of Annual Total Spend



# Africa – Key Business Challenges

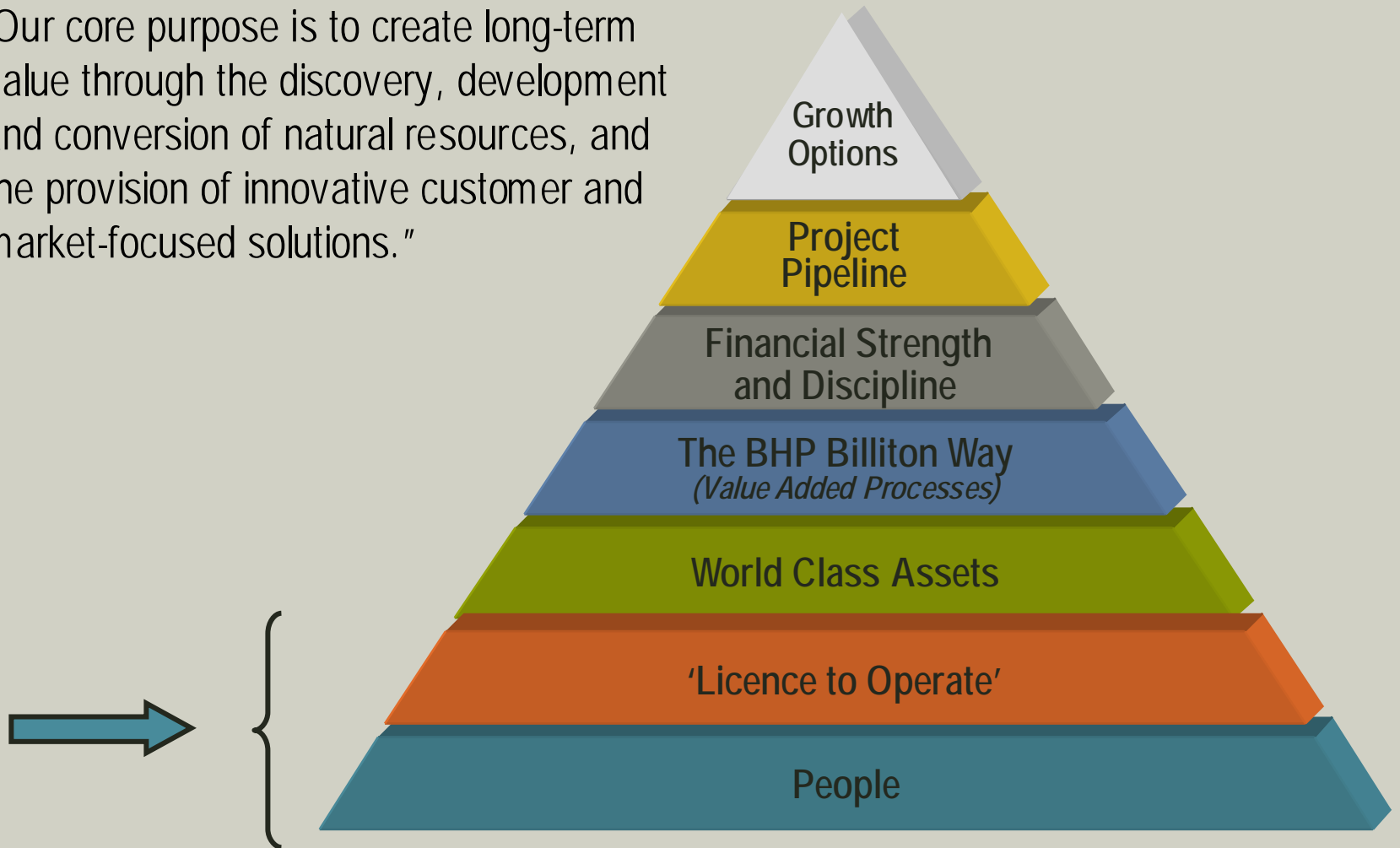
- **Challenges**
- 52 countries, c. 800m people, c. 700 different cultures, 3 international languages
- **Political and security risks** (civil wars, coups, invasions, violence, corruption, ERW)
- **Legal risks** (inconsistent mineral policies, weak judicial systems, State interference, corruption, abuse of power)
- **“Social” risks** (HSEC, lack of HSEC culture, low education standards, lack of local skills, mass displacements, HIV-AIDS and transmittable diseases)
- **Infrastructures** in state of disrepair; poorly functioning local administrative structures and services.
- **Social Investment in Africa must be an integral part of a growth plan**
- **Deep and systematic understanding and management of the risks**



Sustained investment and development

# Strategic drivers

"Our core purpose is to create long-term value through the discovery, development and conversion of natural resources, and the provision of innovative customer and market-focused solutions."



# What Africa needs for its future development:

- To foster stable economic and political environments in order to attract private investment
- Good governance (transparent legislation, zero corruption, zero abuse of power)
- The presence of substantial and reputable investors



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## Cesare Morelli (short resume)

- Before joining BHP Billiton in May 2005, I had 18 years experience in kimberlite and diamond exploration with De Beers where I held the position of exploration manager for West and Central Africa between 1997 and 2005. At De Beers I have managed major diamond exploration programmes and led multi-national and multi-cultural teams in Africa, namely in DRC, Guinea, Gabon, RSA, CAR, Mauritania, and completed desktop studies in Algeria, Côte d'Ivoire, Togo, Burkina Faso, Tchad and other African countries.
- Born in 1963 in Italy, I have lived 11 years in the DRC (Mbujimayi and Kinshasa) up to 1974; then lived in Belgium from 1974 to 1987 where I completed an Honours Degree in Geology at the Université Libre de Bruxelles; from 1987 to date I have resided in RSA.