

# Key Challenges for the Resources Industry

C W Goodyear Chief Executive Officer  
Brisbane Bourse Talk Luncheon  
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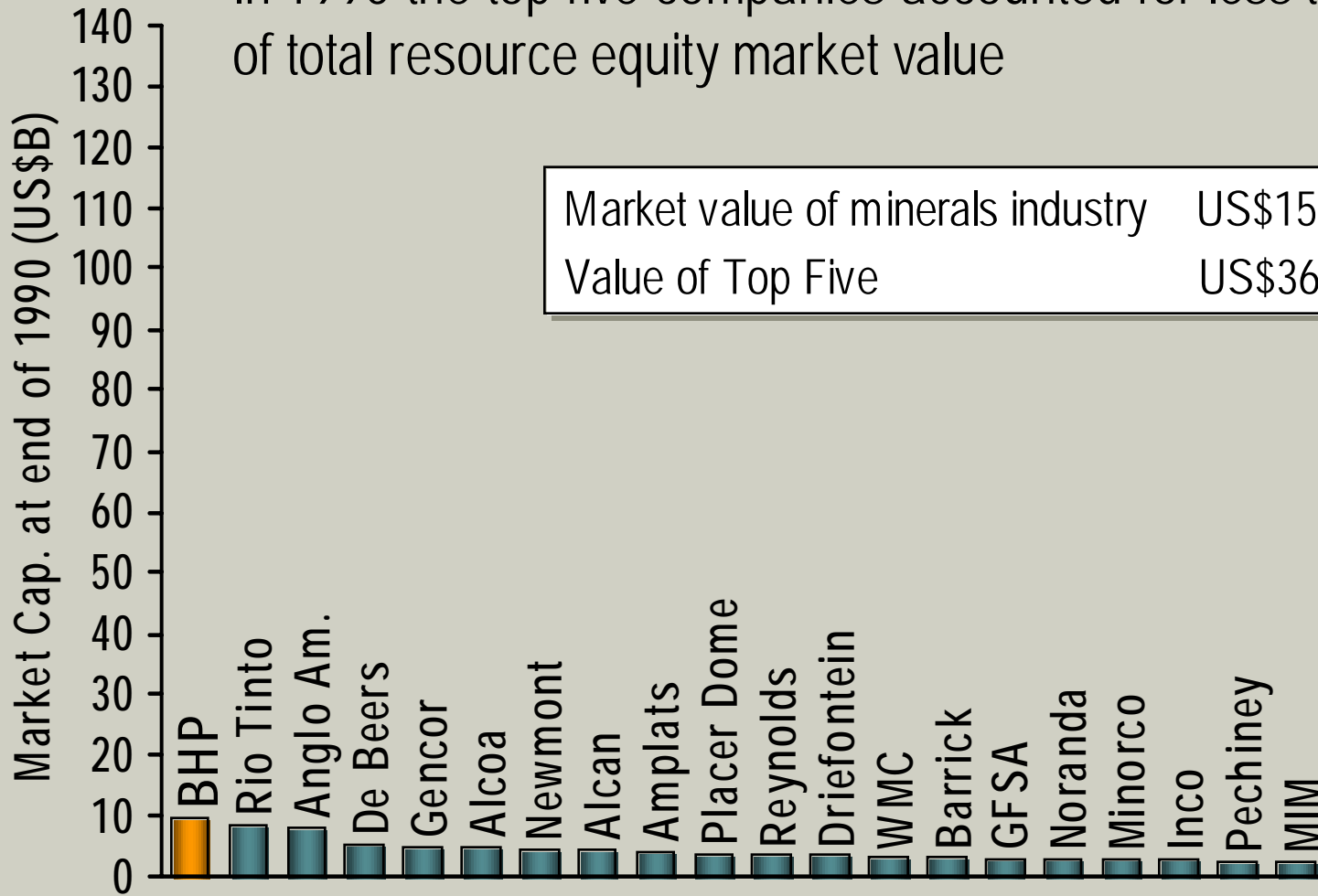
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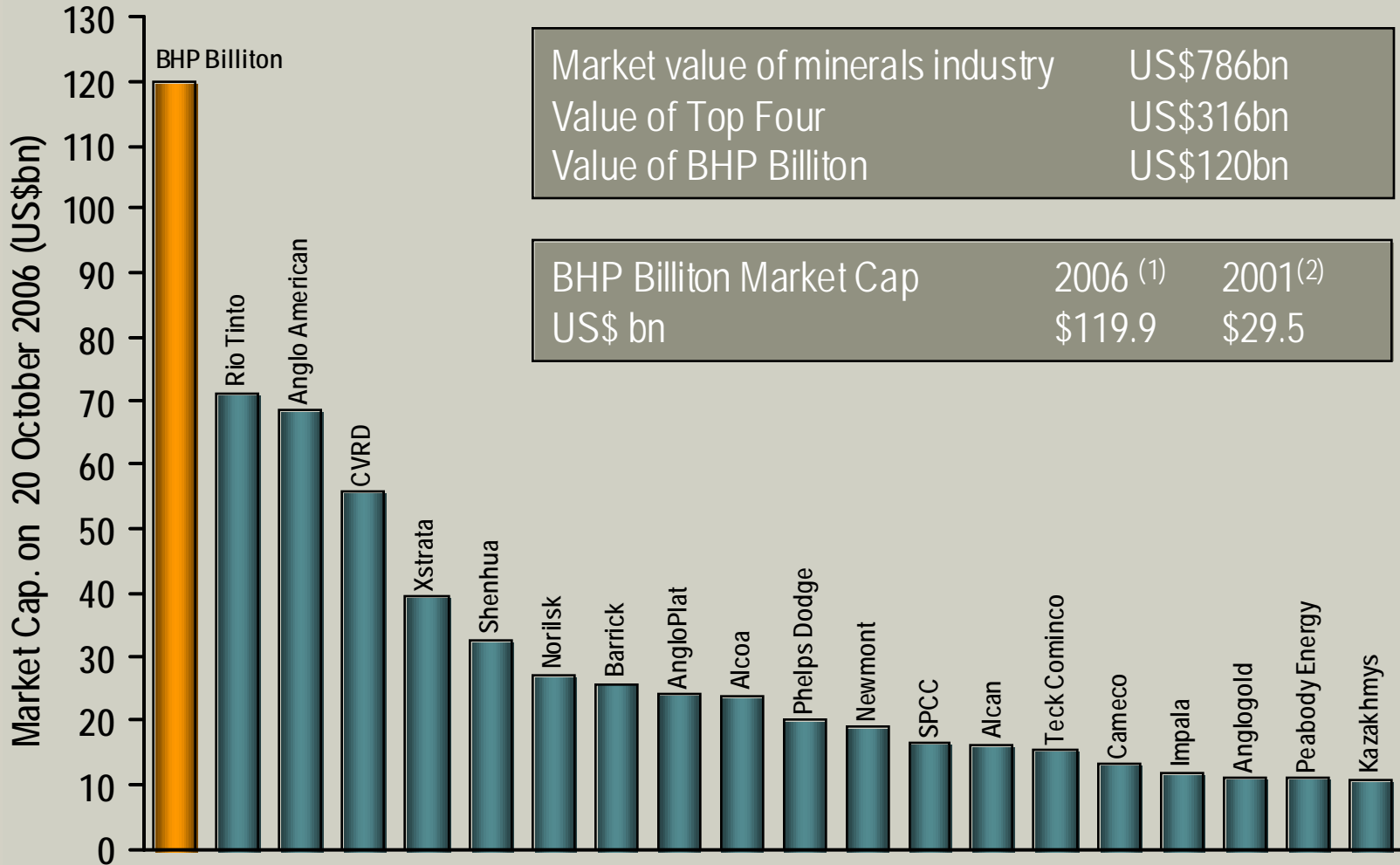
# 1990 – Industry structure

In 1990 the top five companies accounted for less than 25% of total resource equity market value



Market value of minerals industry	US\$150 bn
Value of Top Five	US\$36 bn

# The largest company in the resources sector



Market value of minerals industry	US\$786bn
Value of Top Four	US\$316bn
Value of BHP Billiton	US\$120bn

BHP Billiton Market Cap	2006 <sup>(1)</sup>	2001 <sup>(2)</sup>
US\$ bn	\$119.9	\$29.5

Source: Datastream and Bloomberg (data as at 20 October 2006)  
 1. Market Capitalisation on 20 October 2006  
 2. Market Capitalisation on 28 June 2001

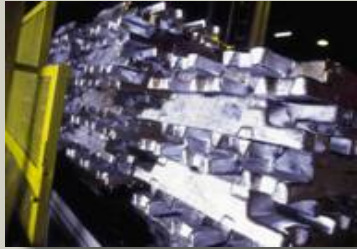


# Structure driven by customer needs

**Petroleum**



**Aluminium**



**Base Metals**



**Carbon Steel Materials**



**Diamonds & Spec Prod**



**Energy Coal**

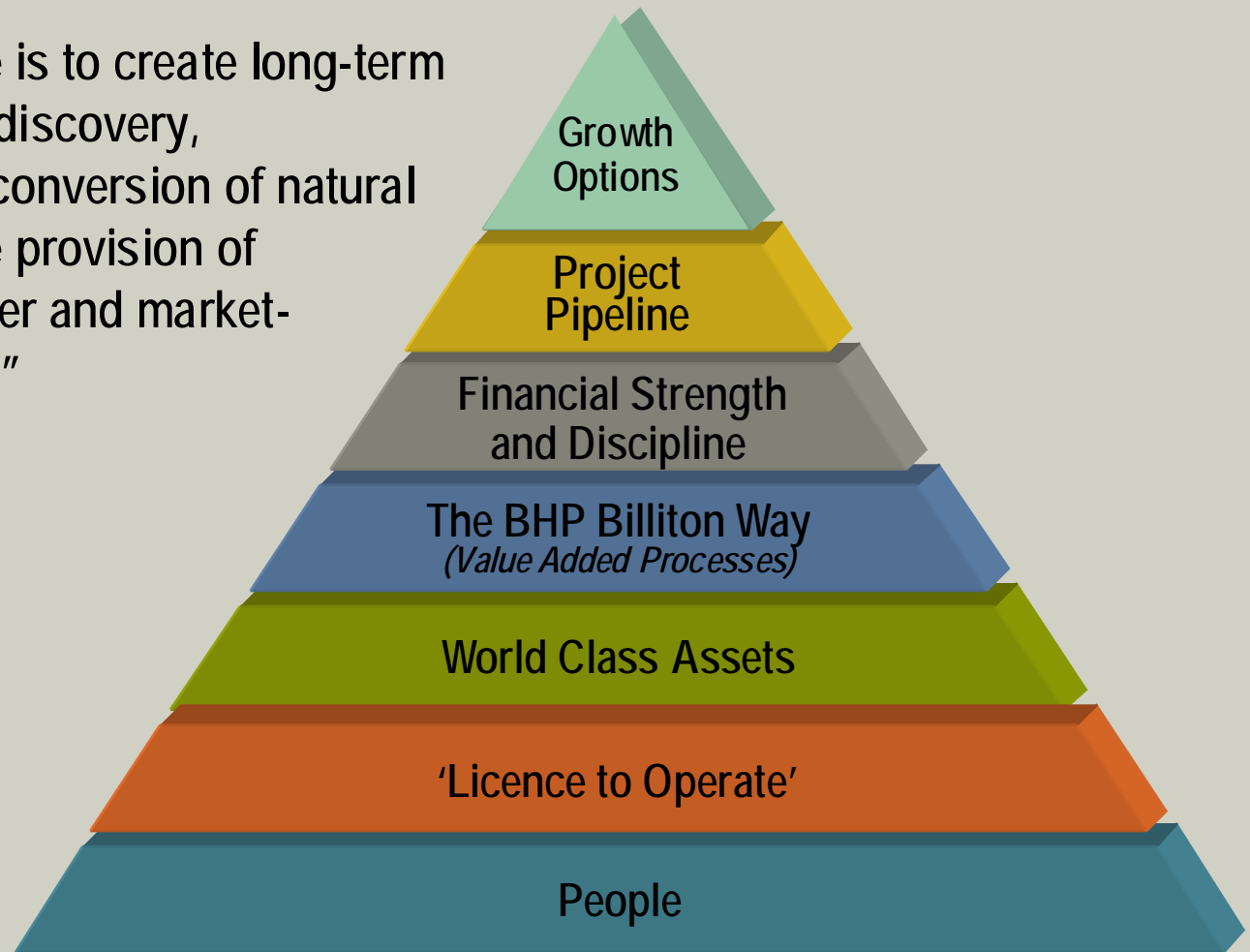


**Stainless Steel Materials**



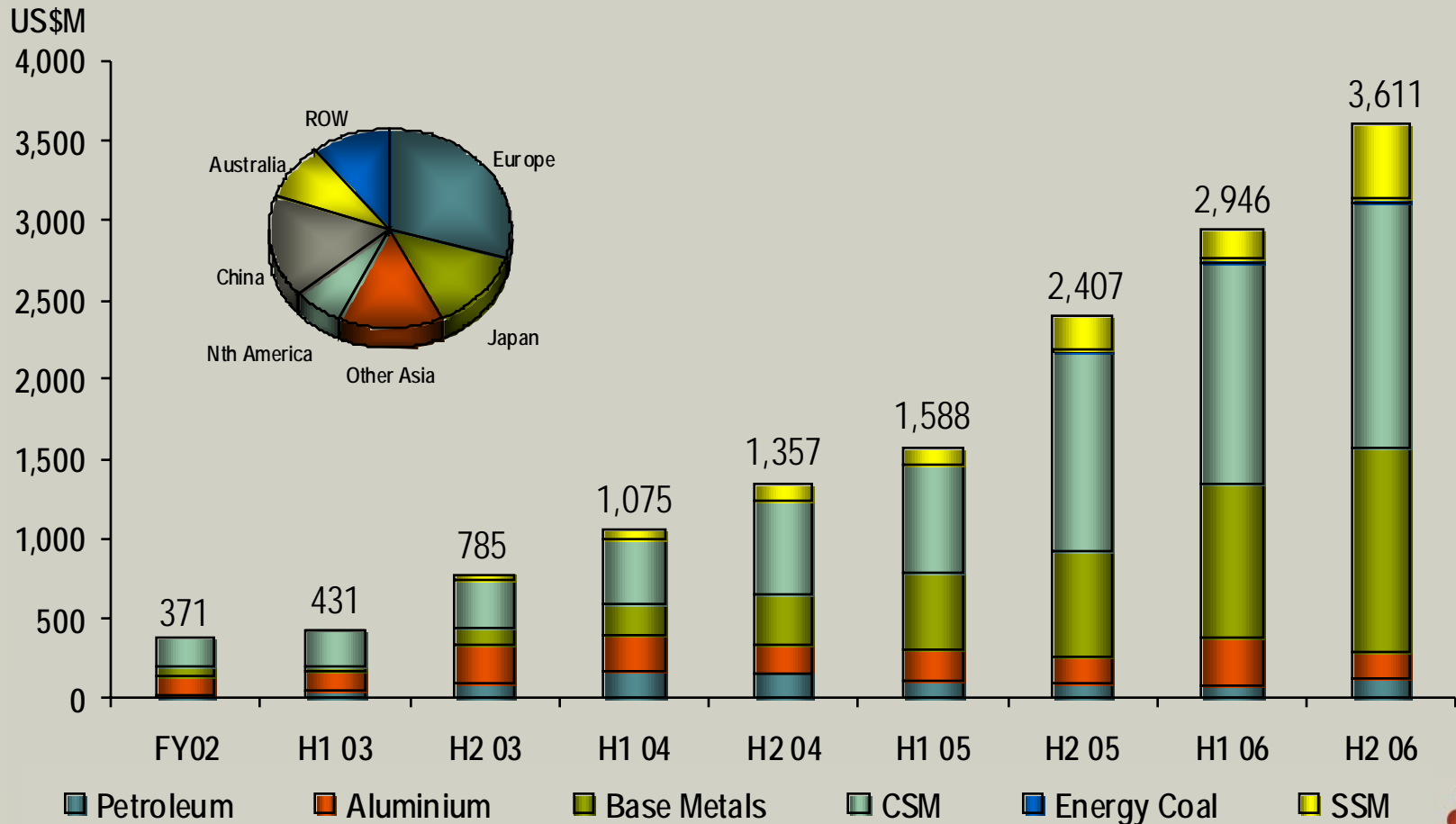
# Strategic drivers

“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.”



# China

- Sales into China increasing but diversification remains
- Currently 16.8% of total company revenues



# Leads to demand for our commodities

## An example - metal content of an average family car

### Average family saloon



At today's prices,  
cost of these  
commodities  
represents < 5 %  
of the average US  
retail price

Copper = <20 kilos

Aluminium = ~120 kilos

Nickel = <20 kilos

Carbon Steel = ~650 kilos

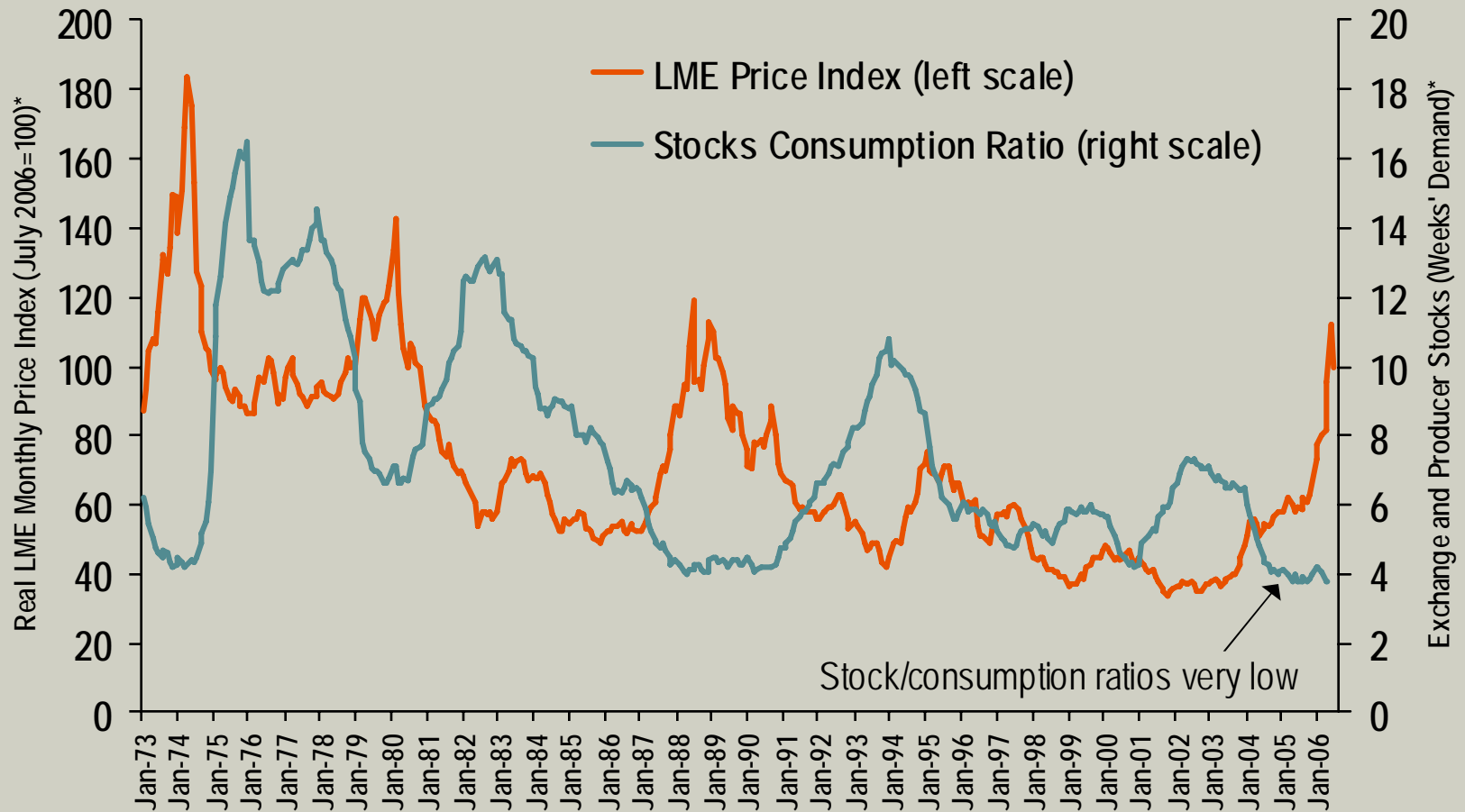
Iron Ore = ~1000 kilos

Coking Coal = ~400 kilos



# Inventory levels at historic lows Real LME metal prices at similar levels to late 1980s' boom

## Monthly LME Metal Prices and Stocks



Source: Macquarie, BHP Billiton. \* LME prices and stocks of Al, Cu, Zn, Pb, Ni

# Industry cost and capacity pressures



tyre preservation programmes  
← ongoing →



truck capacity increased – longer lead times  
← 9 months 18 months →



rig availability constraints  
← ongoing →



shortage of experienced people – focus on training  
← ongoing →

# Australian Mining Industry Labour Market Outlook

- Industry needs 70,000 more people in 2015 than it has now
- Largest shortages will be in trades and semi skilled personnel
- Projected economy wide labour force growth in these categories will be slowest.
- Challenge of attracting people to skills shortage professional areas is “strategically critical”
- Additional demand will be focussed:
  - WA 42,000
  - QLD 15,000
  - NSW 5,000
  - SA 5,000
- Fastest growth projected between 2006 and 2010.
- Shortages will continue to worsen

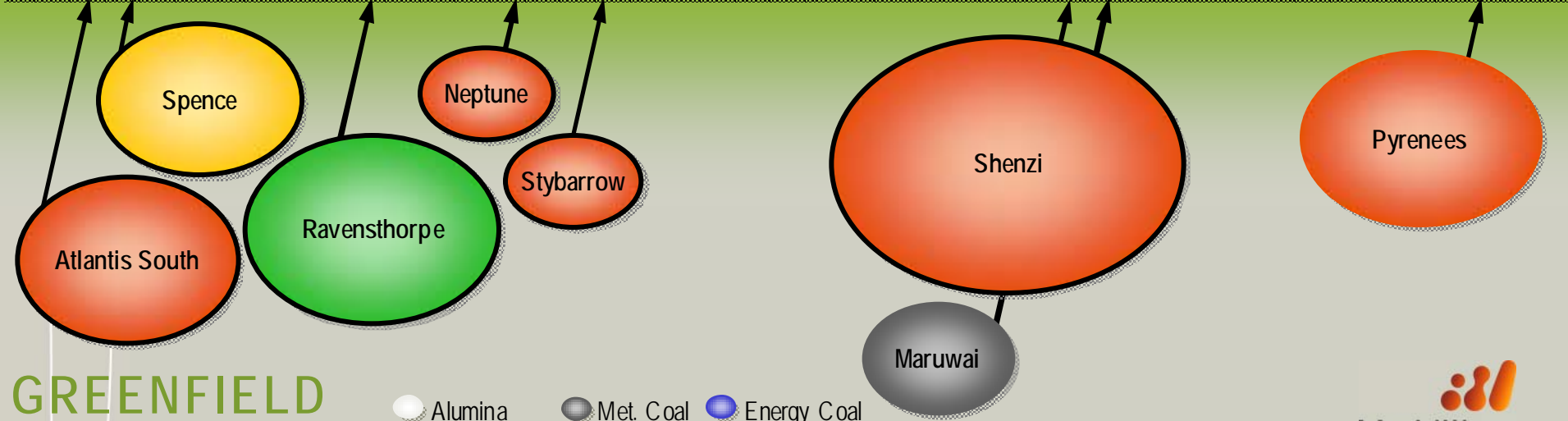
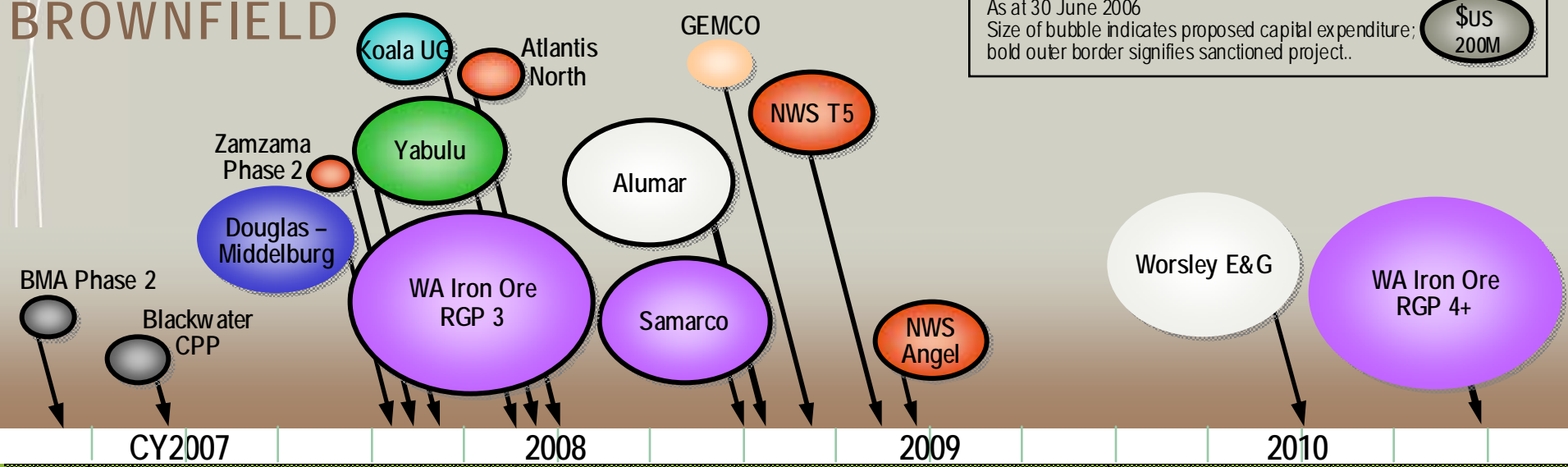
Source: National Institute of labour Studies, “Staffing the Supercycle: Labour Force Outlook in the Minerals Sector, 2005 to 2015”, August 2006

# Deep inventory of growth projects

## BROWNFIELD

As at 30 June 2006  
 Size of bubble indicates proposed capital expenditure;  
 bold outer border signifies sanctioned project..

\$US  
200M



## GREENFIELD

- Alumina
- Base Metals
- Iron Ore
- Met. Coal
- Mn Ore
- Diamonds
- Energy Coal
- Nickel
- Petroleum



# BHP Billiton's Queensland Assets

- Cannington Silver Lead and Zinc Mine
- QNI Yabulu Nickel Refinery
- BMA Coal operations (50%)



# World Class Met Coal Operations

in 2005/06 BMA moved

***716 million m<sup>3</sup> of overburden***



+





# Cannington Mine

- World's largest single mine producer of silver and lead



# Yabulu Nickel Refinery

Expansion on track for delivery in 2007





## In Summary

- Dynamics of the global resources industry are changing
- It's not just about China - other emerging economies are following
- Demographics and economic development could continue for years
- This will require significant new mine capacity
- BHP Billiton has unparalleled diversification, global reach, visibility to growth options and track record of delivery
- BHP Billiton is well positioned to capture its share of demand growth

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