

# *BMA: Taking the lead to deliver value and growth*



BHP Billiton Mitsubishi Alliance

*John Smith*

*CEO BHP Billiton Mitsubishi Alliance*

*Analyst Visit - October/November 2007*



# *Important Notices*



BHP Billiton Mitsubishi Alliance

## *Reliance on third party information*

*The views expressed here contain information that have been 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. This presentation should not be relied upon as a recommendation or forecast by BHP Billiton.*

## *Forward looking statements*

*This presentation includes forward-looking statements within the meaning of the U.S. Securities Litigation Reform Act of 1995 regarding future events and the future financial performance of BHP Billiton. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. For more detail on those risks, you should refer to the sections of our annual report on Form 20-F for the year ended 30 June 2007 entitled “Risk factors”, “Forward looking statements” and “Operating and financial review and prospects” filed with the U.S. Securities and Exchange Commission.*

## *No offer of securities*

*Nothing in this release should be construed as either an offer to sell or a solicitation of an offer to buy or sell BHP Billiton securities in any jurisdiction.*

# *Presentation Structure*

- ▶ *BMA Overview*
- ▶ *Deliver*
  - ▶ *Safety*
  - ▶ *Production*
  - ▶ *Cost management*
- ▶ *Lead*
  - ▶ *Resource position*
  - ▶ *Product range*
- ▶ *Grow*
  - ▶ *Key enablers (people, water, infrastructure)*
  - ▶ *Growth options*

# BMA Overview

## Key facts



BHP Billiton Mitsubishi Alliance



- 9 Mines (7 OC and 2 UG)
- 44 Mtpa Hay Point plus other port options
- 4,800 employees
- 3,000 contractors
- 750 Mbcm total overburden
- 58 Mt production (100%)
- US\$1.1 B EBIT (BHP Billiton share)

### Equipment Snapshot

- ▶ 34 draglines
- ▶ 28 shovels and large excavators
- ▶ 107 rear dump trucks
- ▶ 35 haul trucks
- ▶ 108 dozers
- ▶ 135 other mobile equipment



# BMA Overview

## Mission and Strategic Objectives



BHP Billiton Mitsubishi Alliance

**Mission:** To create value through the mining, production and marketing of high quality coal resources, and the provision of innovative customer and market-focused solutions.

Deliver Full Potential From Existing Business

Reinforce Industry Leadership Position

Manage for Future Growth and Volatility

Our Strategy RDP



Our LoA Plan



Our 5 Year Plan



Our 1 Year Plan



Our Results



# *BMA Overview*

## *Mission and Strategic Objectives*



BHP Billiton Mitsubishi Alliance

**Deliver** Full Potential From Existing Business

Mission

through  
and man  
coal res  
of innova  
customer and  
market-focused solutions.

Deliver Full Potential From

Manage for Future **Growth**  
and Volatility

## Total Recordable Injury Frequency Rate *Number of incidents per million hours worked*



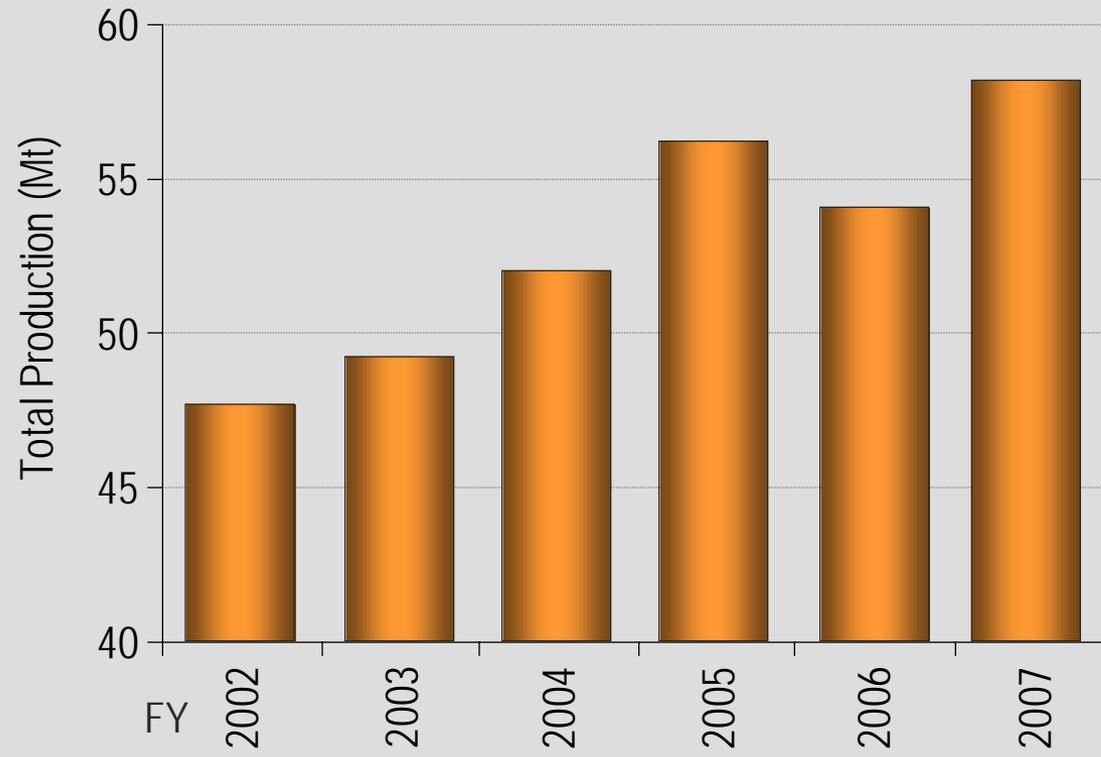
- *14 per cent reduction in TRIFR in 2006/07*
- *Health and Safety Strategic Plan developed*
- *Fatigue Management a focus*
- *Contractor Management procedure developed and being rolled out*

# Deliver

## Continual production growth



BHP Billiton Mitsubishi Alliance



### Project Delivery

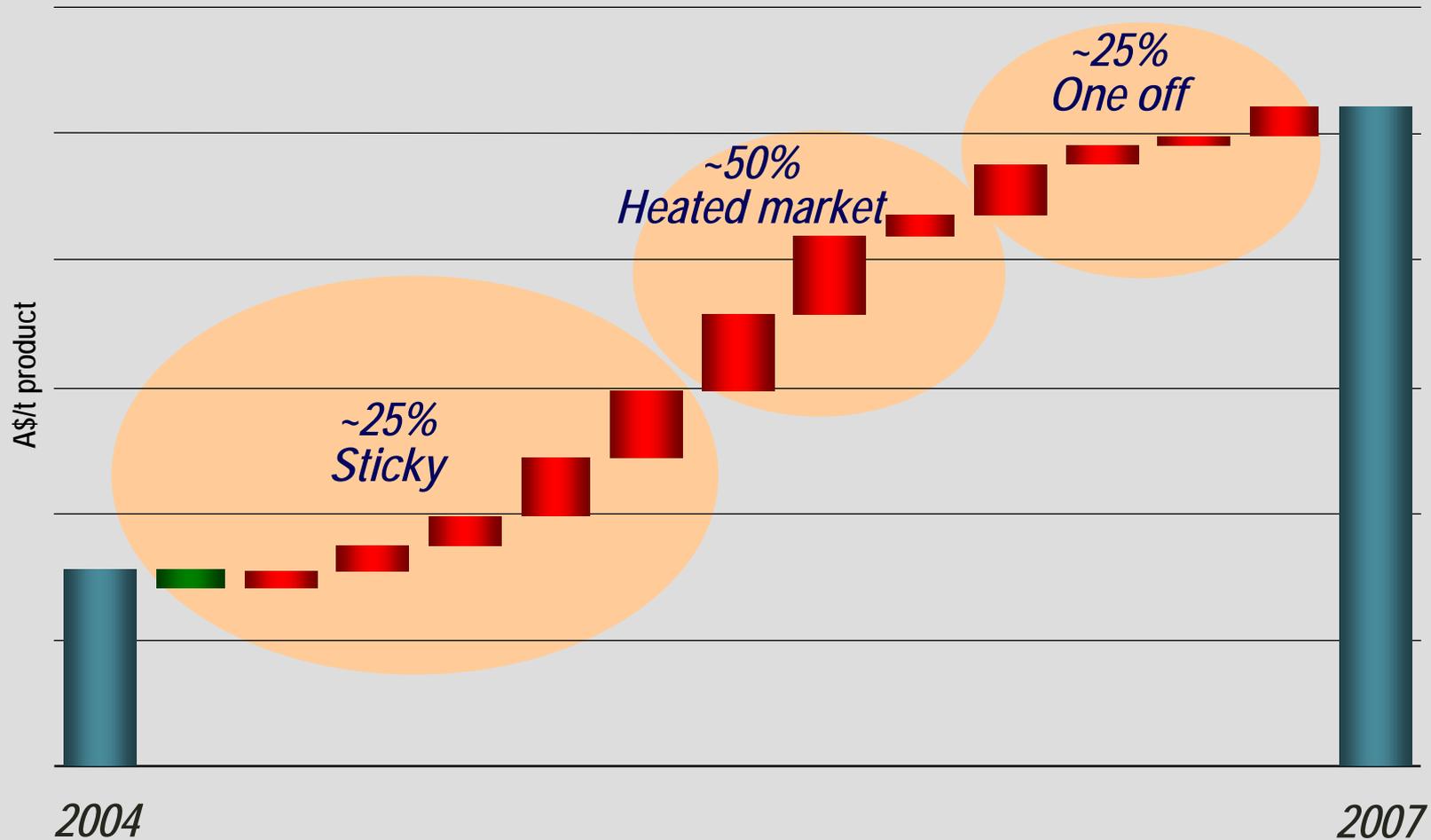


# Deliver

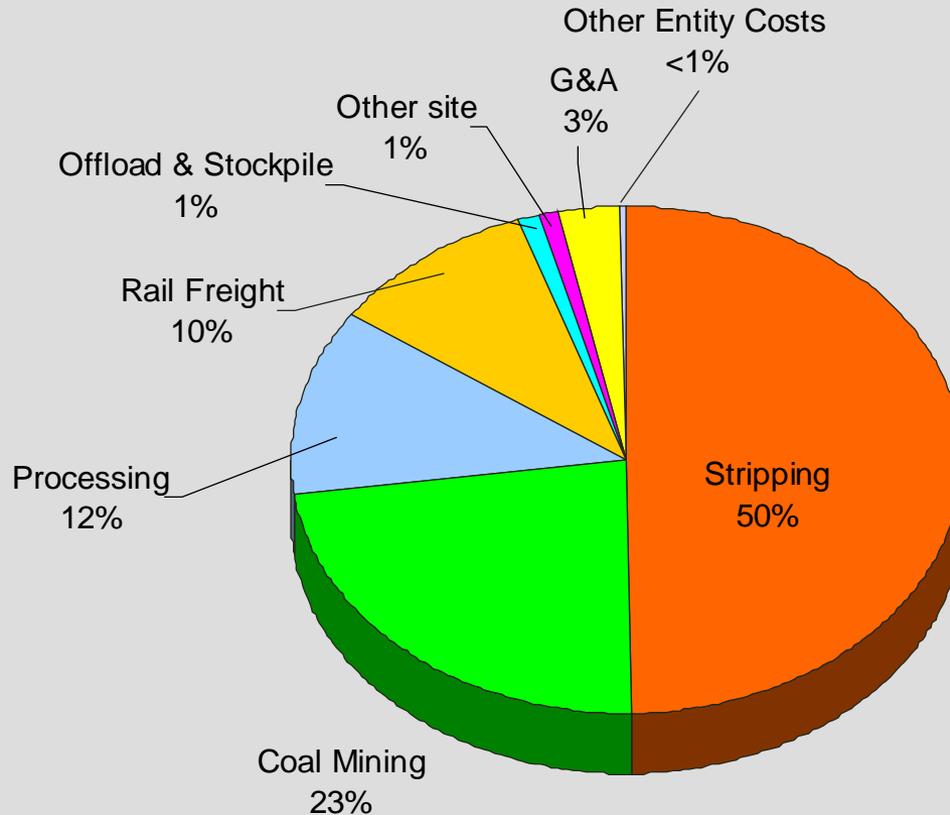
## Cost performance



BHP Billiton Mitsubishi Alliance



## FY07 Cost Breakdown



- *Bulk of operating costs are in earth moving and increasing strip ratios*
- *Focus on lowest cost stripping options and maximising coal recovery*
  - *Last Drop*
  - *Stripping Study*
- *Business excellence delivering measurable benefits*

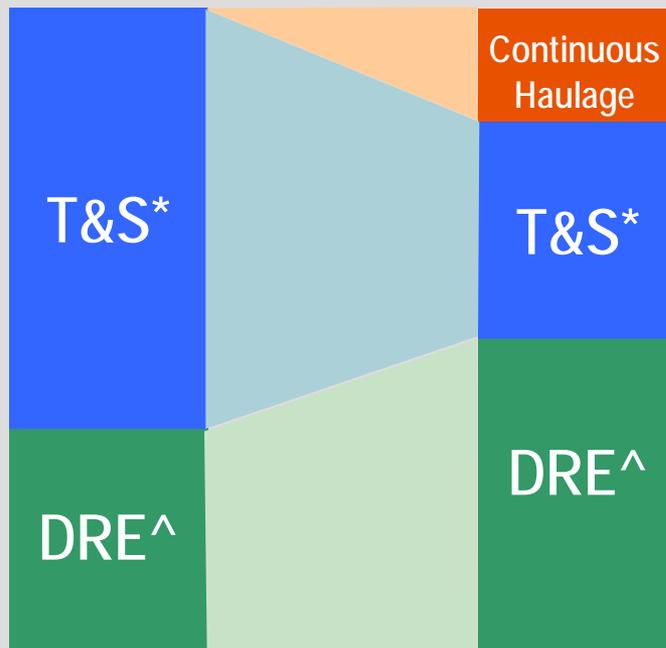
Note: Total costs for BMA managed operations and excludes royalties, port charges and the coal research levy

# Deliver

## BMA Stripping Study

*Current*

*Target*



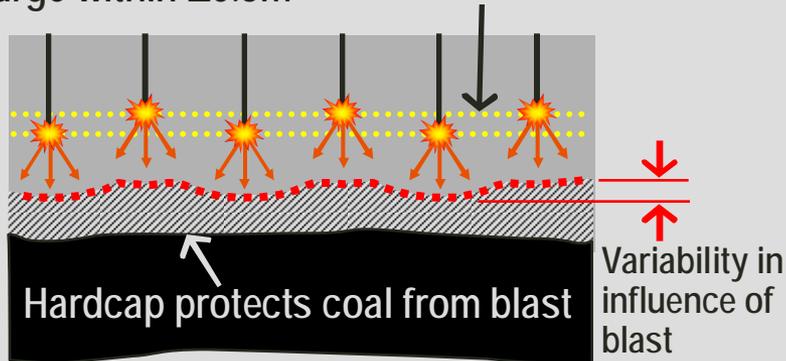
\* T&S = Truck and Shovel

^ DRE = Dragline

- Study completed to identify lowest cost stripping solutions
- Opportunities identified are being carried forward:
  - BMA Dragline Strategy
  - Site specific continuous haulage studies

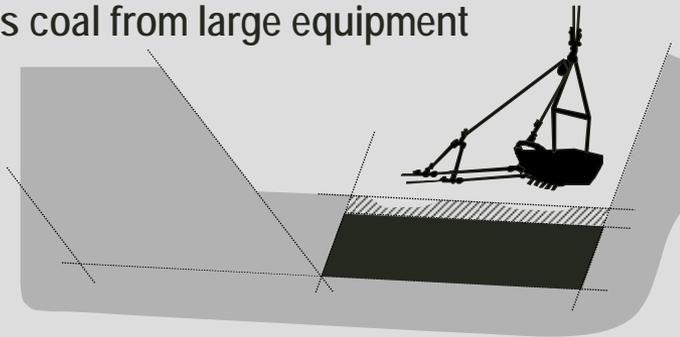
## Placement of charge within $\pm 0.5\text{m}$

- Locate TOC ✓
- Accurate placement ✓
- Hard Cap ✓



- *Reduces coal loss*
- *Extensive trials at Peak Downs proving findings*
- *Prioritised program of rollouts has been developed*
- *Significant cost reduction benefits are expected*

## Hardcap protects coal from large equipment



## Hardcap is removed with smaller equipment



# *BMA Overview*

## *Mission and Strategic Objectives*



BHP Billiton Mitsubishi Alliance

# Reinforce Industry **Leadership** Position

Mission  
through  
and mar  
coal res  
of innova  
customer and  
market-focused solutions.

Deliver Full Potential From

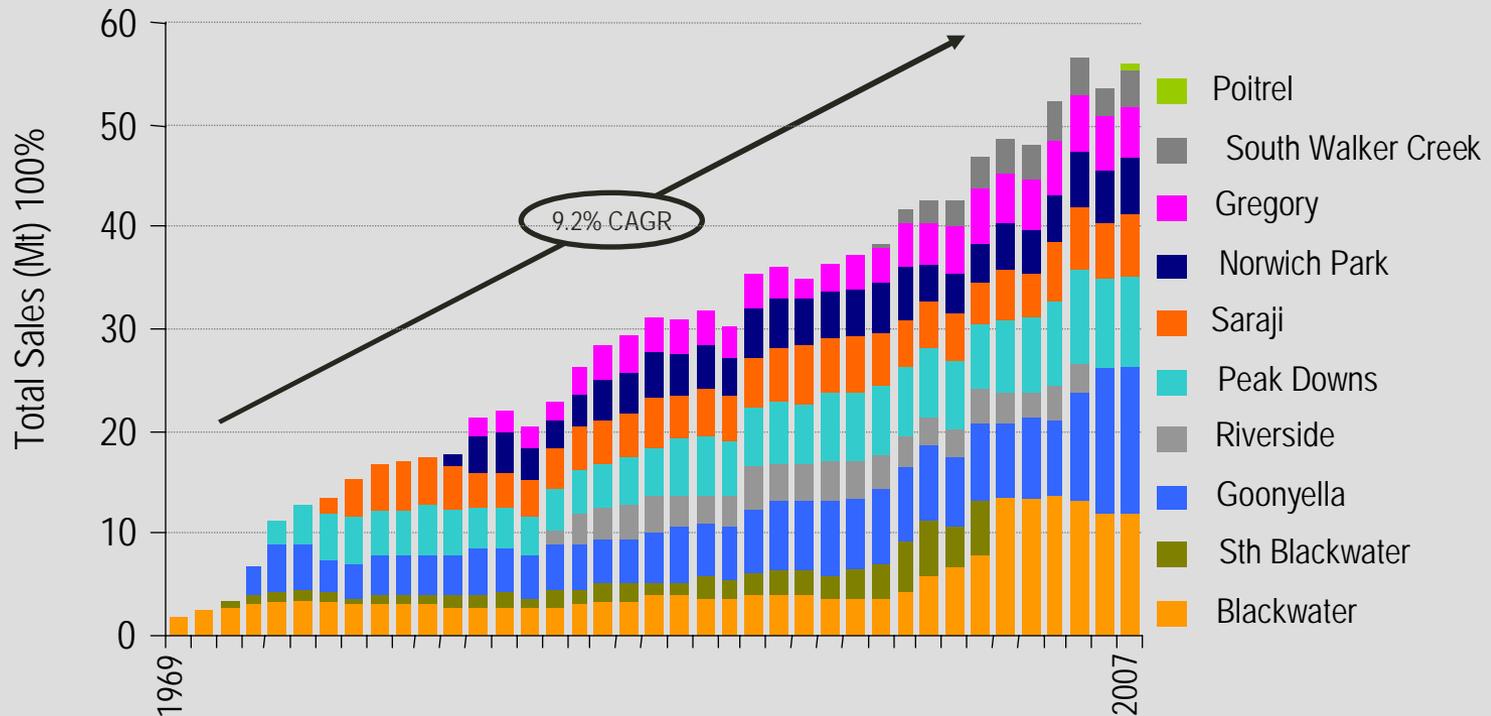
Manage for Future **Growth**  
and Volatility

# Lead

## Resource base to support on going sales growth



BHP Billiton Mitsubishi Alliance



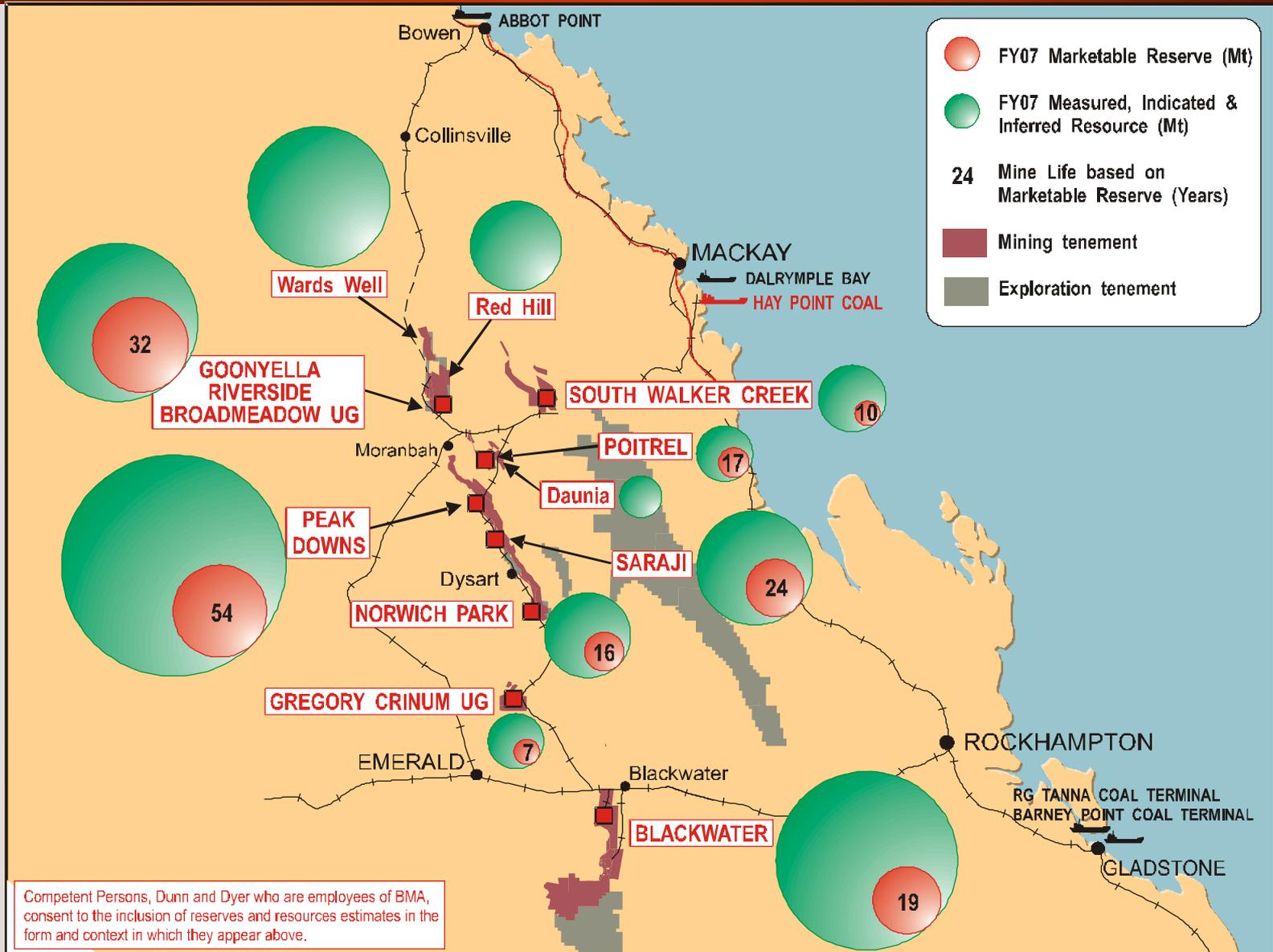
- ▶ **1.7 Bt Marketable Reserves (850 M attributable to BHP Billiton)**
- ▶ **9.8 Bt Measured, Indicated and Inferred Resources (5.4 Bt attributable to BHP Billiton)**

The competent persons, Dunn and Dyer who are employees of BMA, consent to the inclusion of the Reserve and resource estimates in the form and context in which they appear above.

# Lead Resource Position



BHP Billiton Mitsubishi Alliance



Competent Persons, Dunn and Dyer who are employees of BMA, consent to the inclusion of reserves and resources estimates in the form and context in which they appear above.

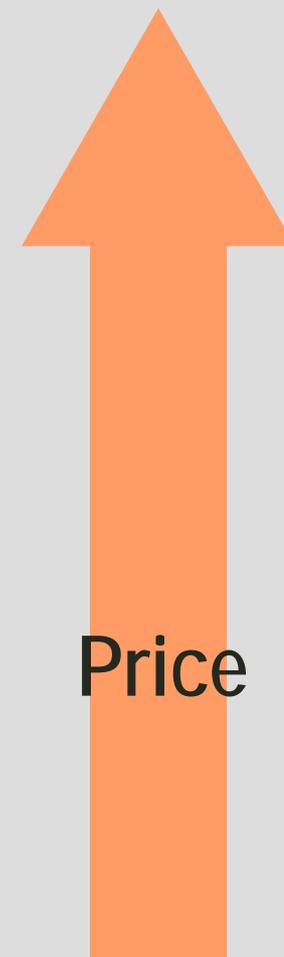
# Lead

## Product range



BHP Billiton Mitsubishi Alliance

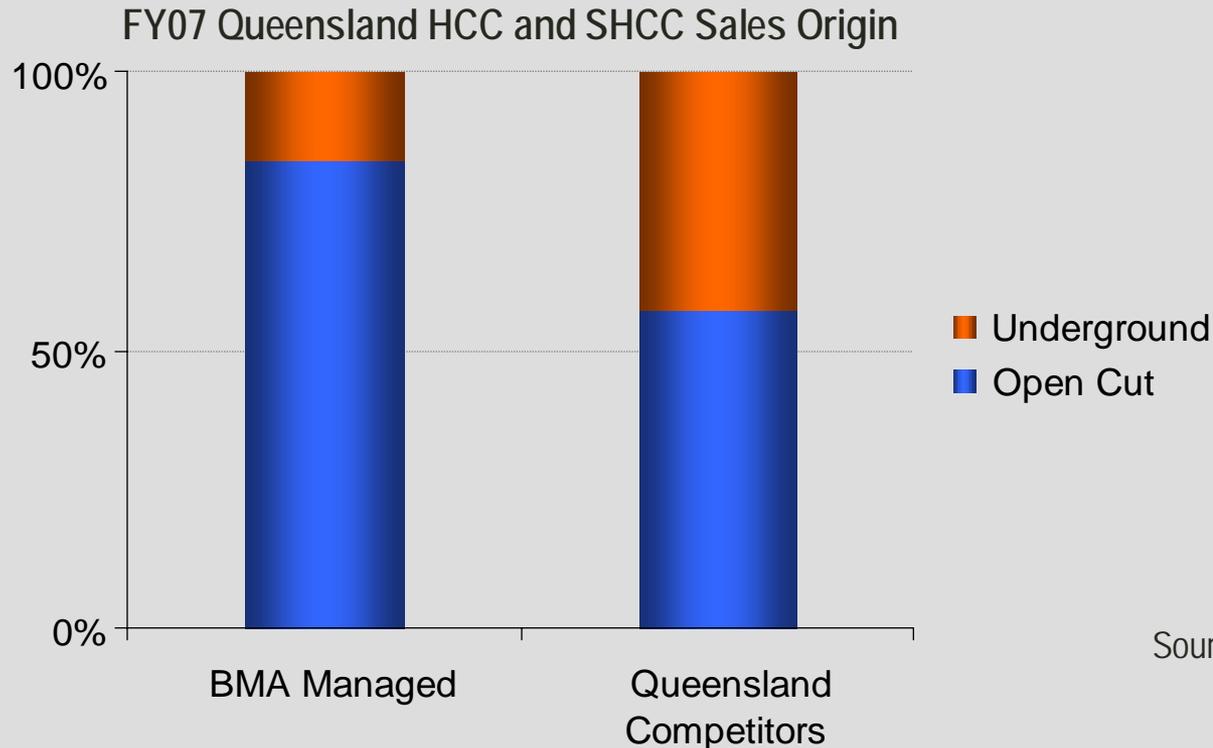
Coal Type	Coals
HQHCC ~ 53%	Peak Downs Goonyella Saraji
HCC ~ 15%	Norwich Park Gregory Crinum
SHCC ~ 8%	Blackwater Poitrel
PCI ~ 5%	South Walker Creek Poitrel
SSCC ~ 9%	Blackwater



*Note: thermal coal accounts for remaining 10% of production*

# Lead

## Risk profile advantage



Source: BMA Analysis

- *BMA's higher proportion of open cut sales delivers a lower risk and less volatile EBIT stream*
- *BMA Resource is expected to sustain >80% open cut sourced sales for +30 years*

# Manage for Future **Growth** and Volatility

Maximize  
through  
and ma  
coal res  
of innov  
market-focused solutions.

Deliver Full Potential From

Manage for Future **Growth**  
and Volatility

# Grow

*People – a key enabler*



BHP Billiton Mitsubishi Alliance



- ▶ *We need to attract and retain good people to deliver*
- ▶ *Ongoing training and development of the workforce a priority*
- ▶ *The focus of our community programs is to improve the quality of life in our towns*

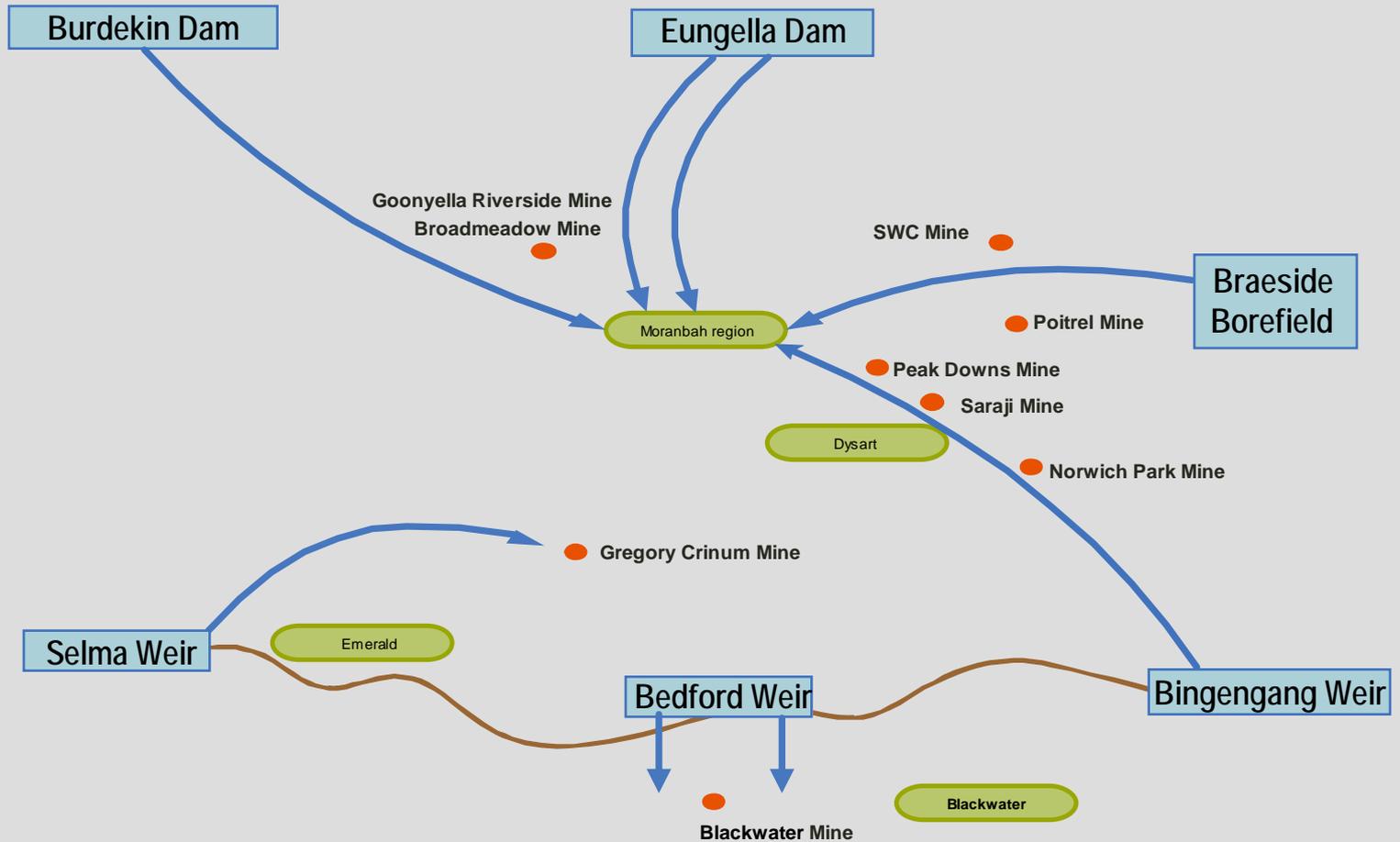


# Grow

## Water supply – a key enabler



BHP Billiton Mitsubishi Alliance



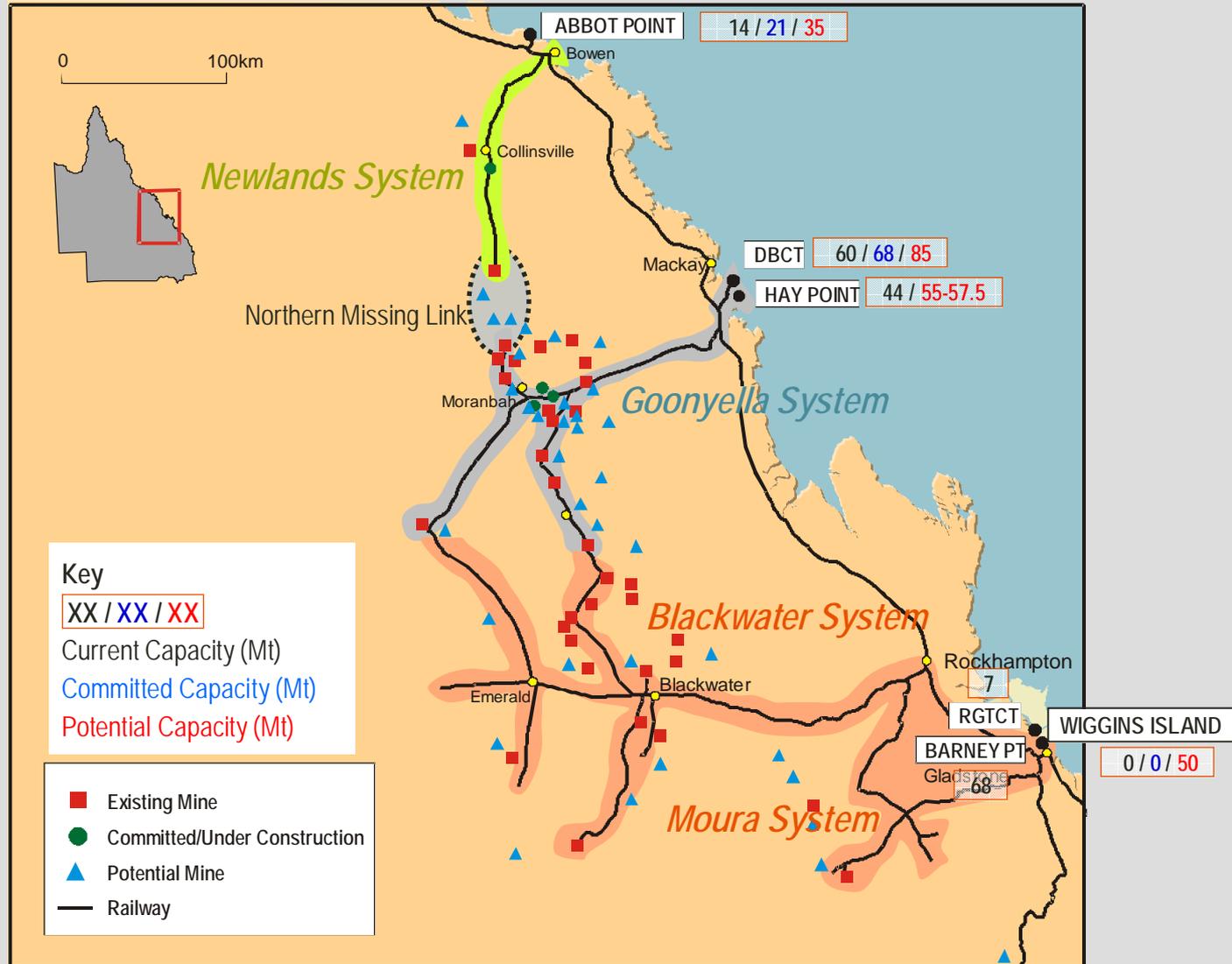
- *We have a strong position on water*
- *Water will not be a constraint to future development*

# Grow

## Logistics – a key enabler



BHP Billiton Mitsubishi Alliance

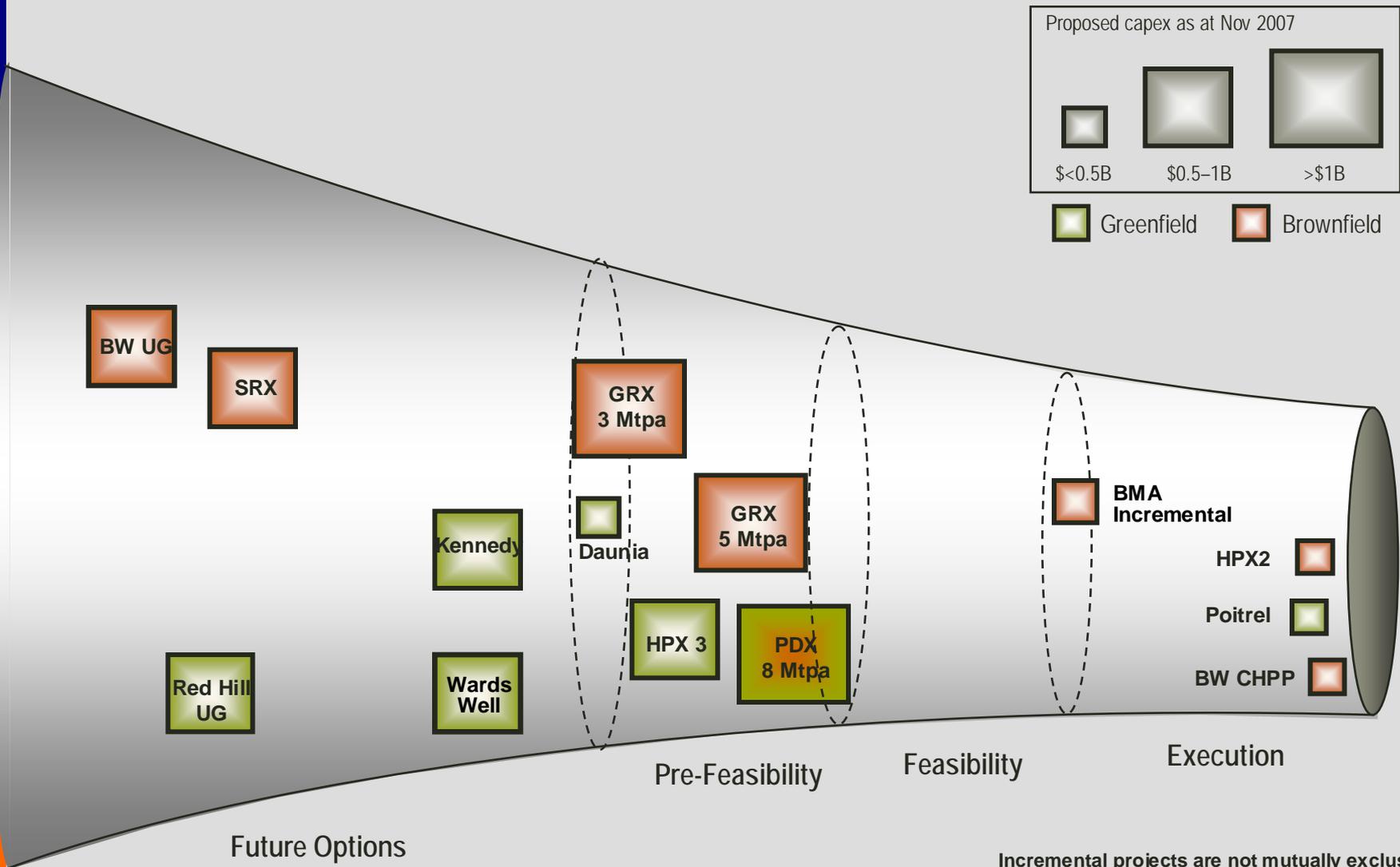


# Grow

Deep inventory of projects and future options



BHP Billiton Mitsubishi Alliance



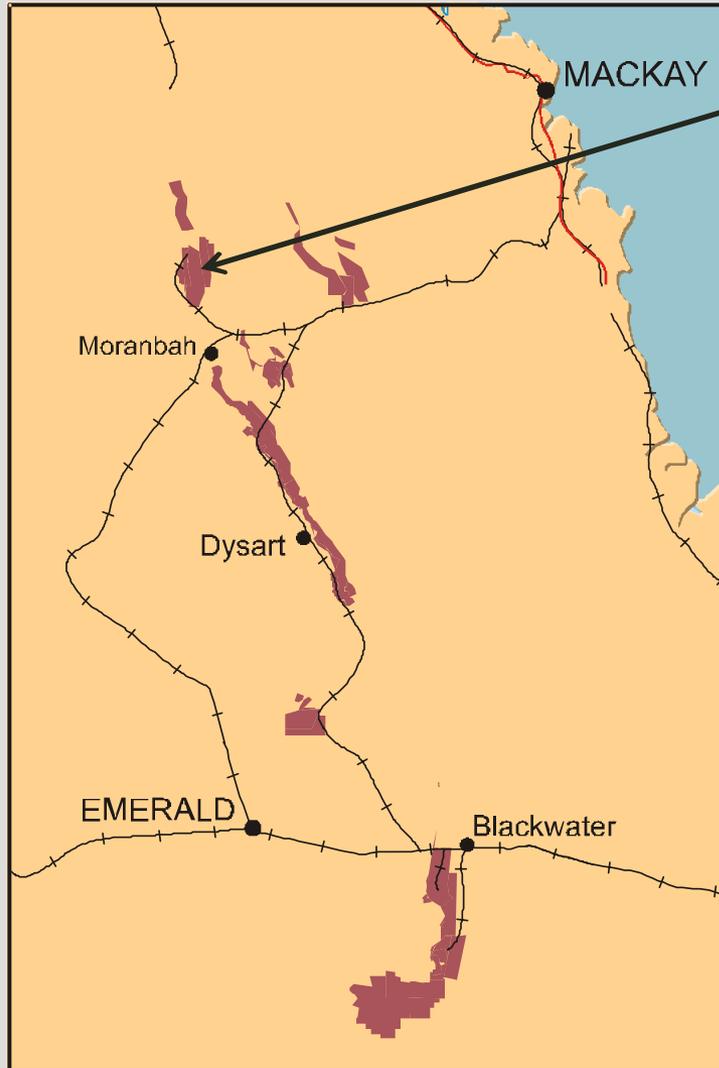
Incremental projects are not mutually exclusive

# Grow

## Goonyella Expansion



BHP Billiton Mitsubishi Alliance

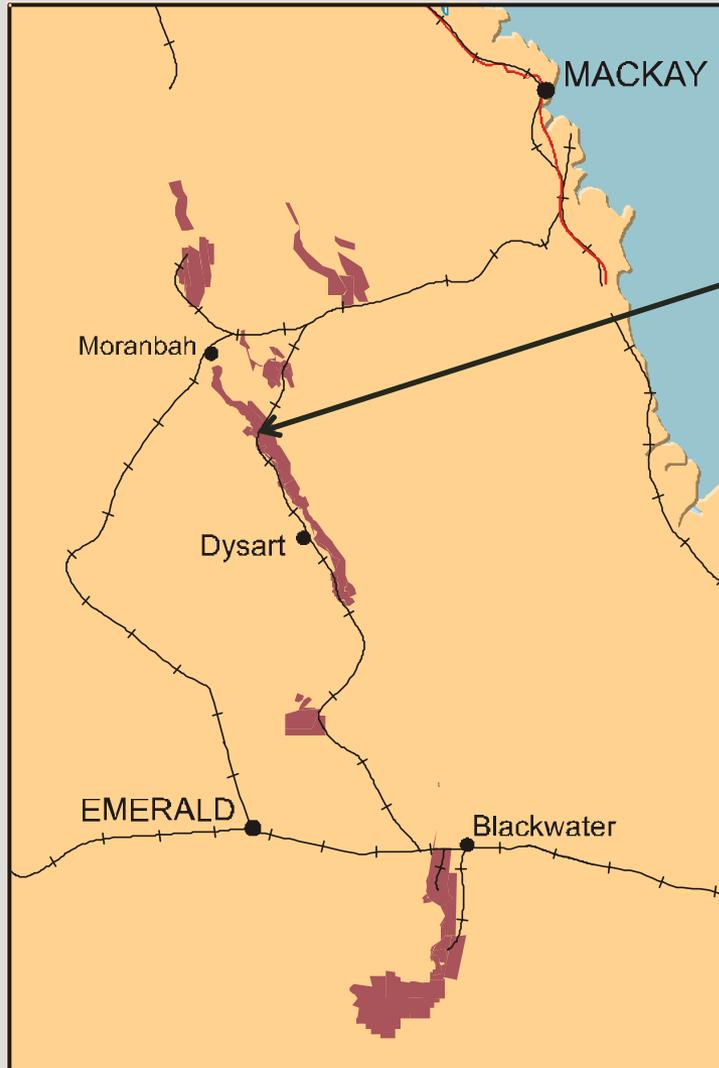


### Goonyella Expansion

- BMA ownership
- Brownfield Expansion
- 5-8 Mtpa HCC
- Open cut (dragline and truck shovel) ±  
Underground (longwall)
- New CHPP capacity & supporting infrastructure

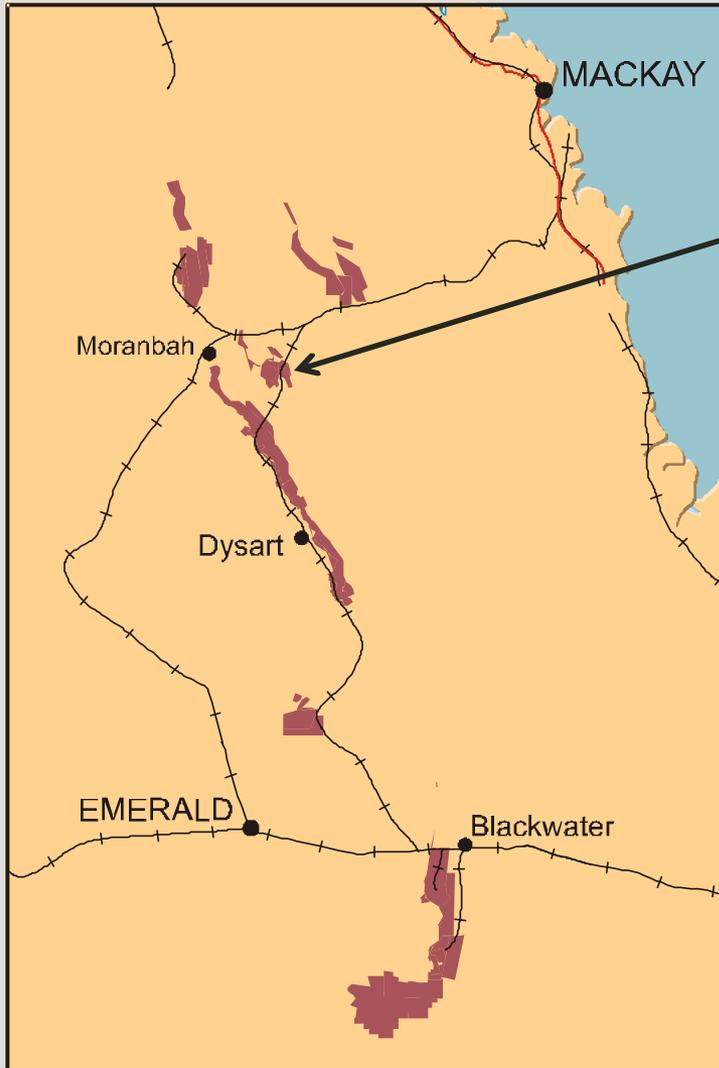
# Grow

## Peak Downs Expansion



### Peak Downs Expansion

- Moving toward feasibility
- BMA ownership
- Mix of Brownfield & Greenfield Expansion
- Up to 8 Mtpa HCC
- Open cut (dragline and truck shovel)
- New CHPP capacity & supporting infrastructure

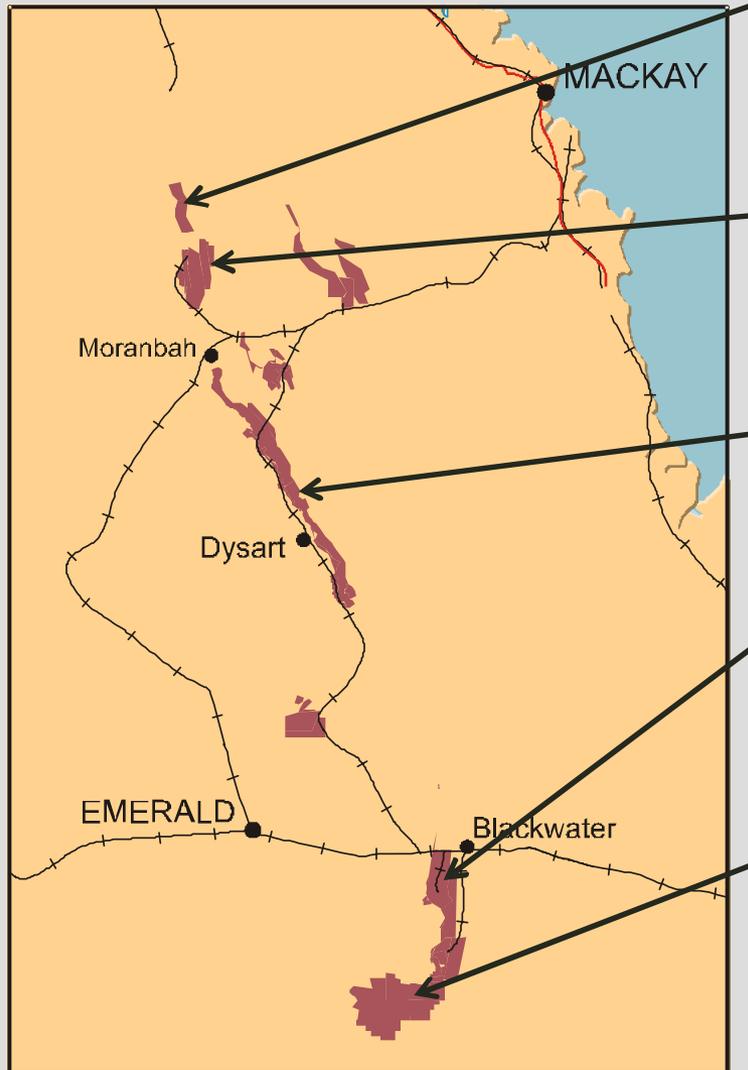


### Daunia

- Concept
- BMA ownership
- Greenfield Expansion
- WCC / Thermal
- Open cut (truck shovel)
- New CHPP capacity & supporting infrastructure

# Grow

## Some other options



### Wards Well

- Concept, BMC ownership
- Underground HCC

### Red Hill

- Pre-concept, BMA ownership
- Underground HCC

### Saraji Expansion

- Concept, BMA ownership
- Open cut HCC

### Blackwater Underground

- Pre-concept, BMA ownership
- Underground HCC / WCC

### Kennedy

- Concept, BMA ownership
- Open cut and Underground (Humboldt)
- WCC

# Summary



BHP Billiton Mitsubishi Alliance

- *Current assets performing strongly – priority is safety, production and cost performance*
- *Large, high quality resource base with growth options*
- *Strong infrastructure positioning*
- *Diverse portfolio to deliver reliability & quality to our customers*



BHP Billiton Mitsubishi Alliance

*Mark Chambers  
General Manager, Blackwater Mine*

*Analyst Visit - October/November 2007*



# *Important Notices*



BHP Billiton Mitsubishi Alliance

## *Reliance on third party information*

*The views expressed here contain information that have been 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. This presentation should not be relied upon as a recommendation or forecast by BHP Billiton.*

## *Forward looking statements*

*This presentation includes forward-looking statements within the meaning of the U.S. Securities Litigation Reform Act of 1995 regarding future events and the future financial performance of BHP Billiton. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. For more detail on those risks, you should refer to the sections of our annual report on Form 20-F for the year ended 30 June 2007 entitled “Risk factors”, “Forward looking statements” and “Operating and financial review and prospects” filed with the U.S. Securities and Exchange Commission.*

## *No offer of securities*

*Nothing in this release should be construed as either an offer to sell or a solicitation of an offer to buy or sell BHP Billiton securities in any jurisdiction.*

# *Presentation Topics*

- *Overview*
- *Safety (Zero Harm)*
- *Geology*
- *Coal quality*
- *Mining equipment and production*
- *Mine site cost break-up*
- *Innovation / improvements*



# Overview – key statistics



BHP Billiton Mitsubishi Alliance



- Operations commenced 1967
- BWM and SBC merged 2001
- Annual production and sales approx. 13 Mt (Met + Thermal)
- 90% of sales in the seaborne export market
- Export coal is railed 300 km to ports at Gladstone for shipping
- Approx 800 employees
- 600 FTE contractors
- 170 Mbcm of overburden removal (total)
- BHP Billiton owns 50%



- *Coal extracted by open cut methods*
- *Multi Seam operation with operating strike length of almost 60 km*
- *Coal processing will be centralised at new Coal Handling & Processing Plant*
- *Site product & dedicated port stockpile capacities of approx 450 Kt and 1 Mt tonnes respectively*

# Overview – strategic planning process



BHP Billiton Mitsubishi Alliance

**BMA Mission** *To create value through the mining, production and marketing of high quality coal resources, and the provision of innovative customer and market-focused solutions.*

**OUR MISSION**  
To create value through the mining, production and marketing of high quality coal resources, and the provision of innovative customer and market-focused solutions.

**WE VALUE**  
- Safety & the environment  
- Integrity  
- High performance

**OUR THEME**  
Pride in our Performance

**ZERO HARM**

**WORLD CLASS OPERATIONS**

**ORGANISATIONAL CAPABILITY**

**SUSTAINABILITY**

**FINANCIAL OUTCOMES**

**OUR MISSION**  
To add value to all who are associated with us and to lead our industry in safety and effectively producing quality products for our customers.

**WE VALUE**  
- Safety & the environment  
- Integrity  
- High performance

**OUR THEME**  
Pride in our Performance

**ZERO HARM**

**WORLD CLASS OPERATIONS**

**ORGANISATIONAL CAPABILITY**

**MANAGE FOR VALUE**

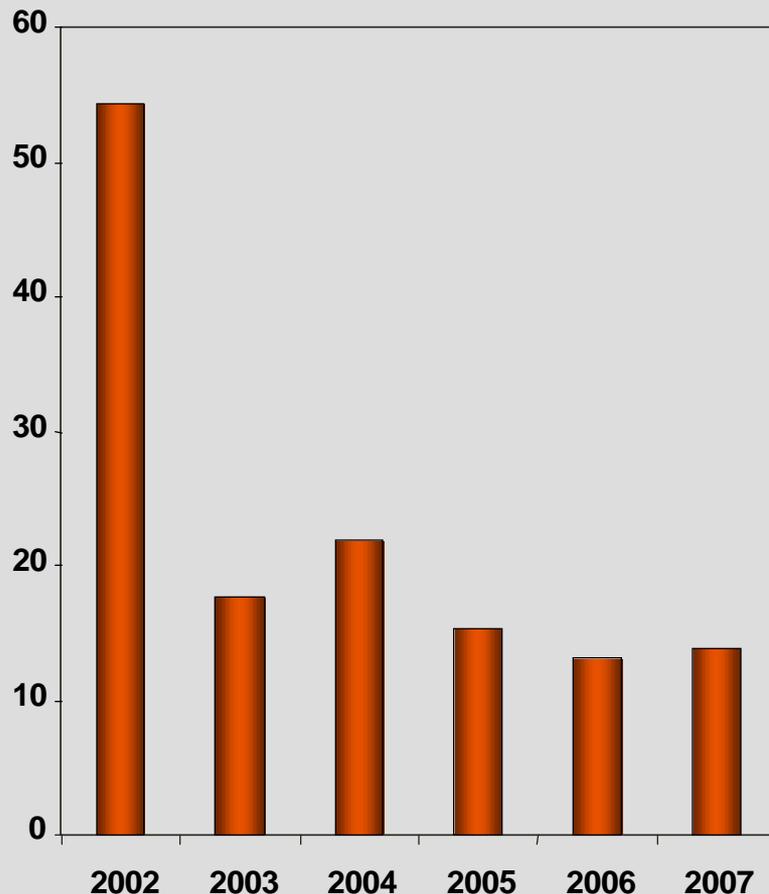
**VITAL OUTCOMES**

# Safety (Zero Harm)



BHP Billiton Mitsubishi Alliance

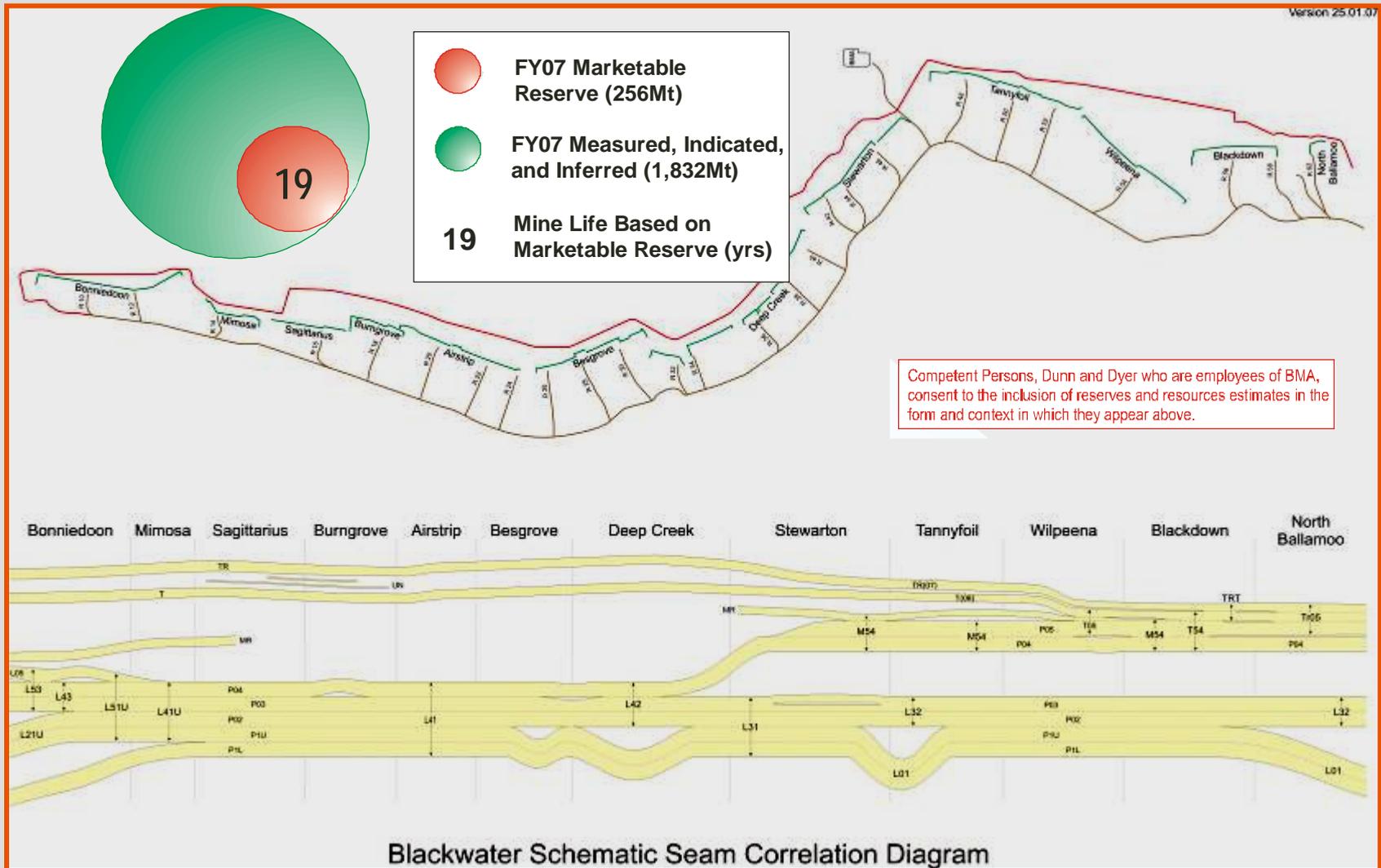
*Total Recordable Injury Frequency Rate*



- *FRCP*
- *Hazard awareness/identification*
- *Near miss reporting/analysis*
- *Accident/incident investigation*
- *Fatigue management*
- *Contractor Management (CMS)*
- *Safe Leadership program*

# Geology – resources & reserves

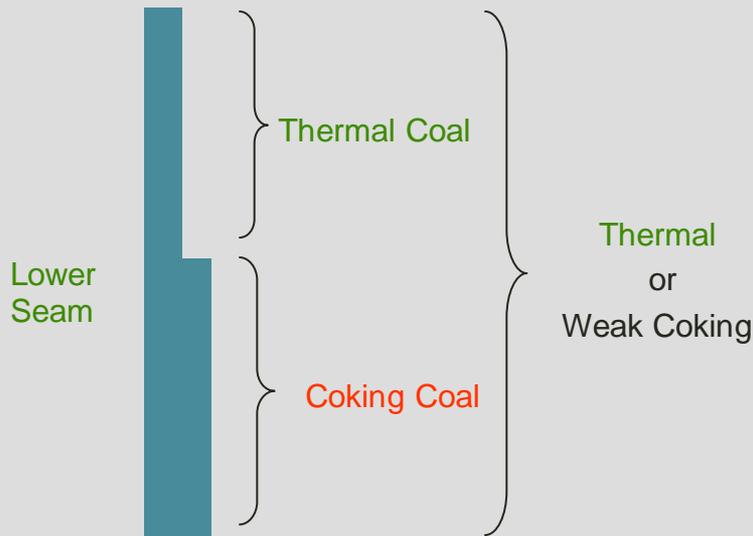
Version 25.01.07



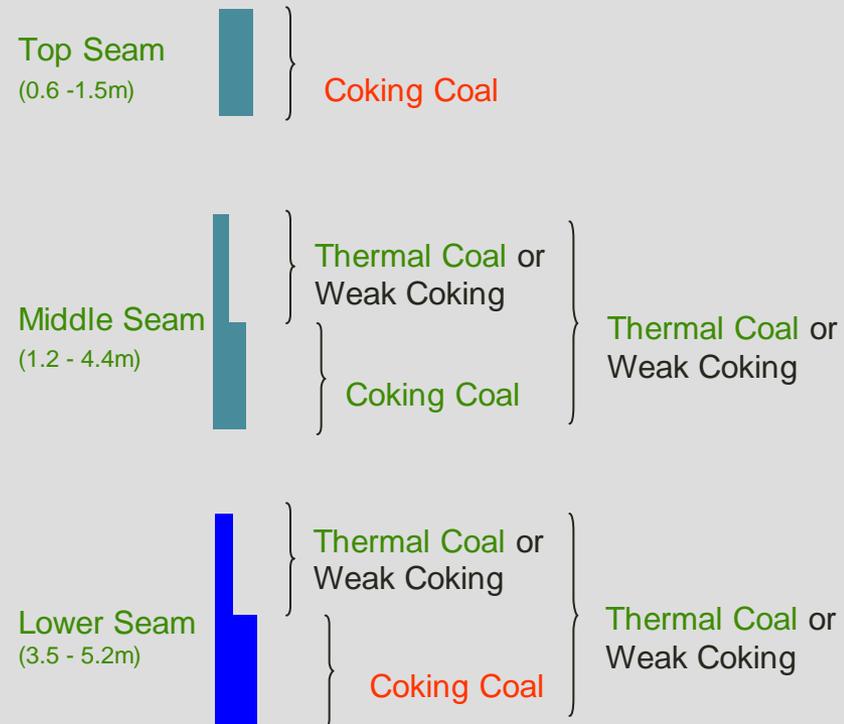
# Geology - selective mining

- Due to relatively flat dipping nature of deposit and good seam thicknesses coal seams maybe selectively mined or split
- This provides processing flexibility plus ability to react to product type requirements

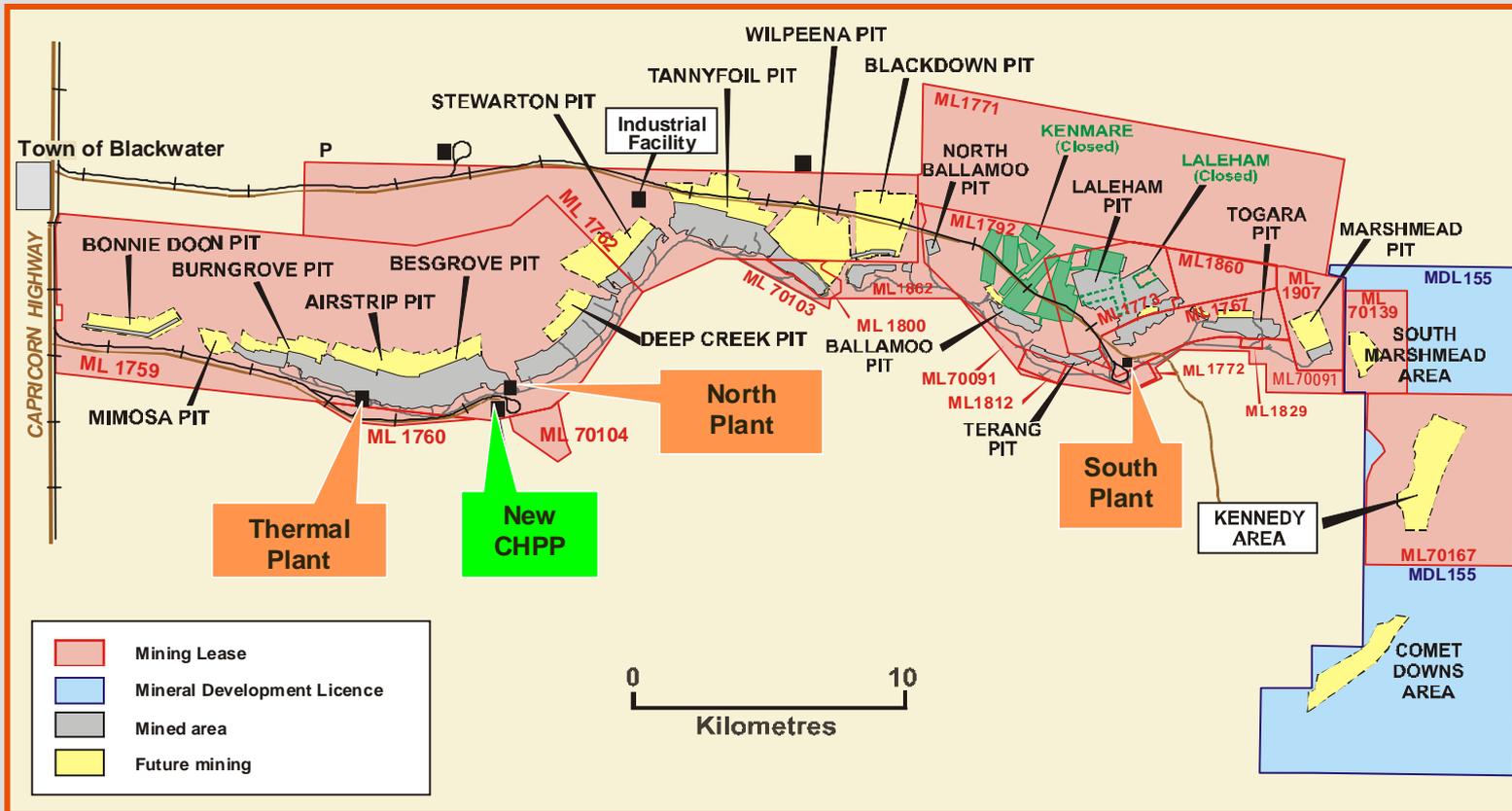
## Northern Pit Areas



## Central and Southern Pit Areas



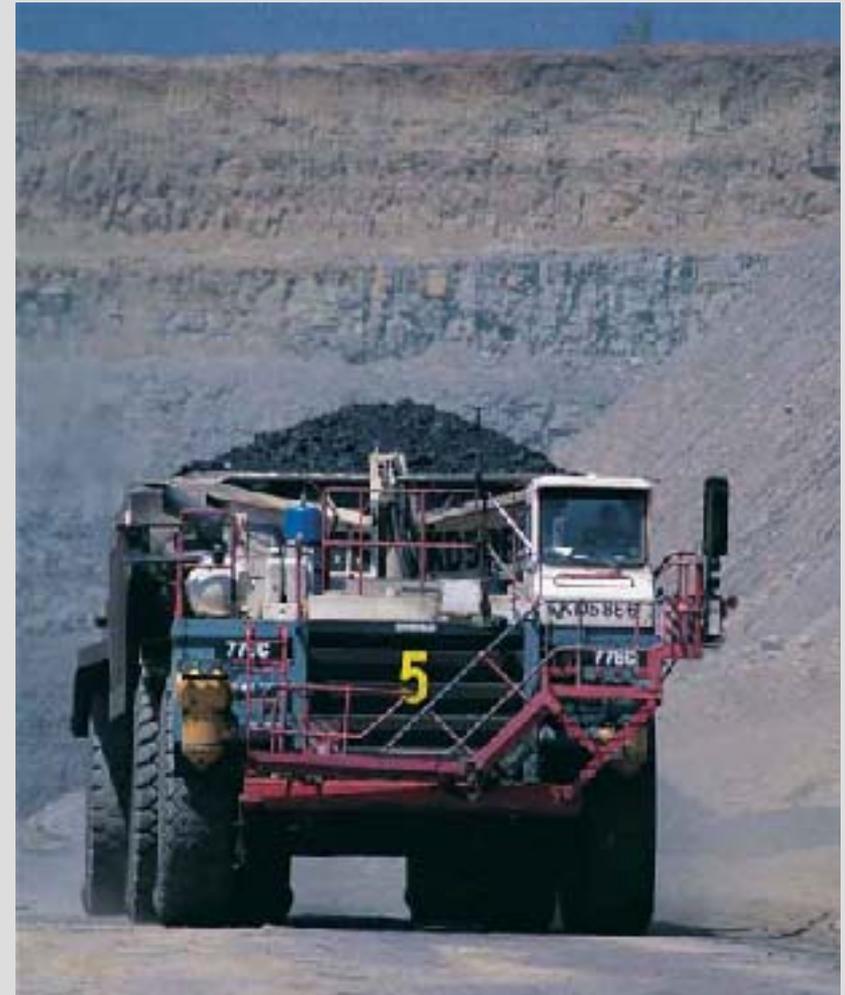
# Coal Processing

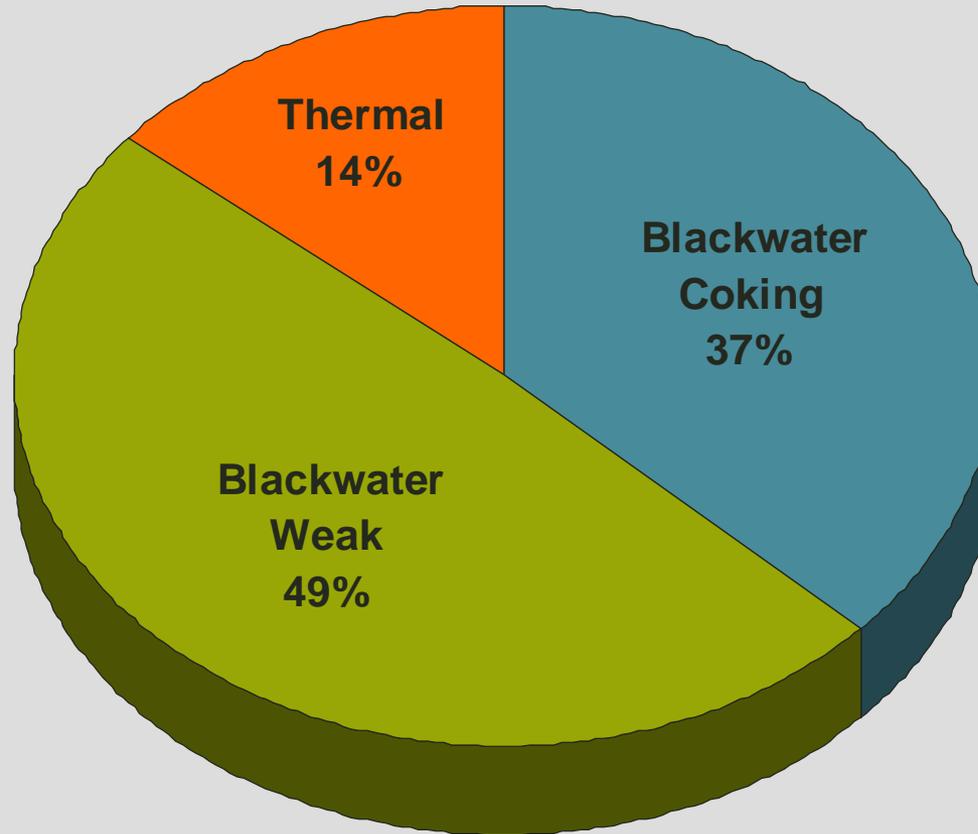


- The two existing wash plants and the New CHPP have “bypass” production systems.
- Bypass coal (unwashed) is used where as mined quality permits - Thermal (100%), Weak coking (35%) Coking (4%)

## Equipment Snapshot

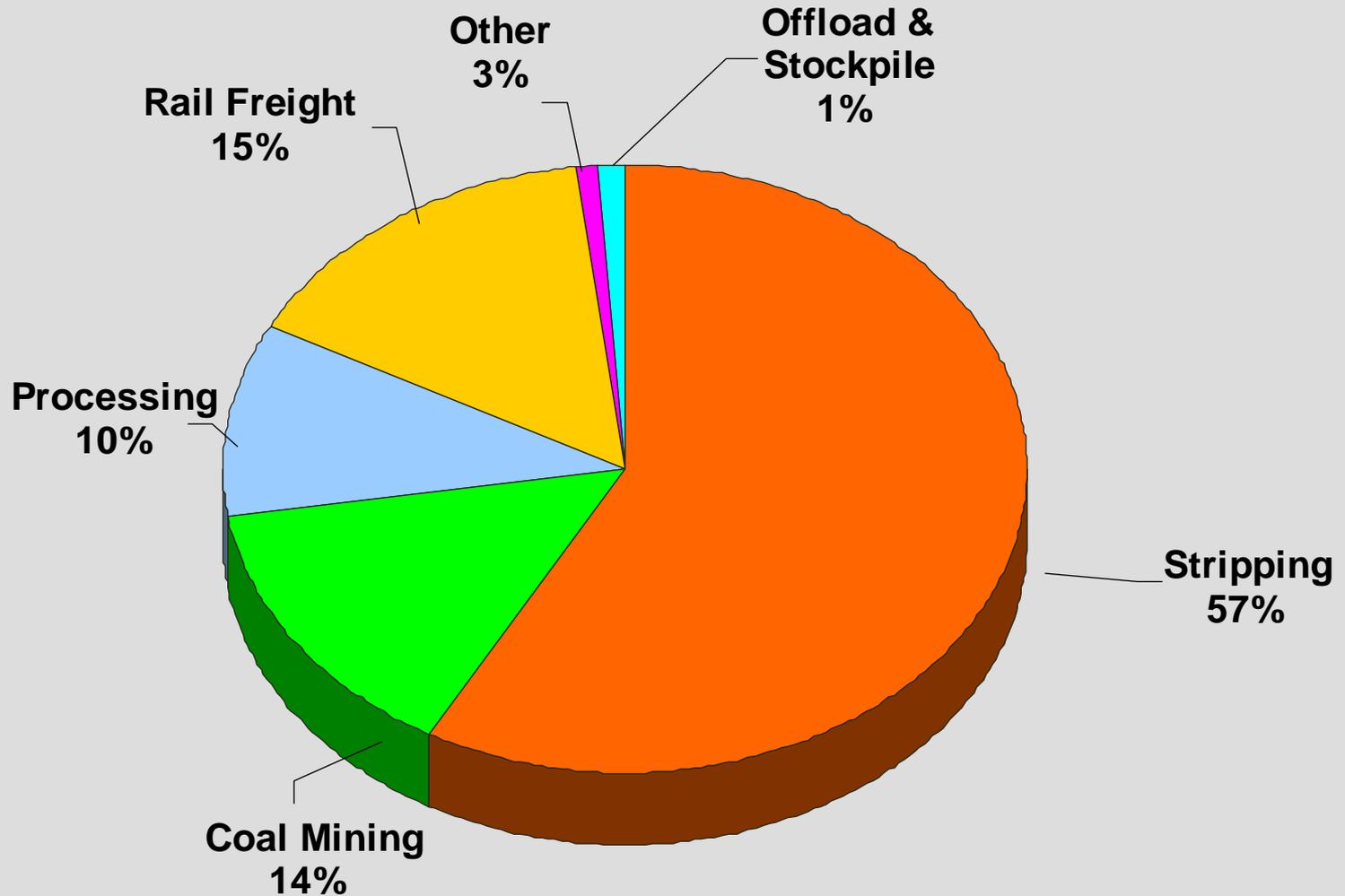
- 8 draglines
- 1 shovel and 2 large excavators
- 15 rear dump trucks
- 11 haul trucks
- 22 dozers
- 31 other mobile equipment





2007 Production – 12.276 Mt

# Mine site cost breakdown – FY07



# Improvements - CHPP project



- *Feasibility completed October 2003*
- *Project Approval January 2004*
- *Commissioning from April 2007*
- *Full production from late 2007*
- *Commissioning underway early indications suggest improved yield, increased efficiency and cost management*
- *New technology*
- *Health and Safety improvements*

# Improvements - Dragline 41 project



- ▶ Purchased by BMA in 2005
- ▶ 74,000 hrs of operation
- ▶ Significant upgrade and overhaul of machine during reassembly
- ▶ Additional dragline to offset more truck and shovel stripping costs
- ▶ Dragline operating at 120% RSL but upgrade will permit 125% RSL
- ▶ First production at Blackwater January 2007

# Improvements - Low density explosives

- ▶ *Trials nearing completion*
- ▶ *2 Products*
  - ▶ *Loadex (Dry hole product)*
  - ▶ *XLoad (Wet hole product)*
- ▶ *Results so far favourable*
- ▶ *Potential for BMA wide replication*



LOADEX



- ▶ *BMA100 Emulsion*
- ▶ *Rice Hulls*
- ▶ *ANFO*

XLOAD



- ▶ *BMA100 Emulsion*
- ▶ *EPS Polystyrene*
- ▶ *ANFO*

# Improvements - Last Drop



- *Technical Studies and geological investigation - start of 3<sup>rd</sup> Qtr FY08*
- *Introduction of blasting methodologies to create “hard caps” - 3<sup>rd</sup> Qtr FY08*
- *Implementation (Removal of hard caps) - FY09*
- *Implementation reduces pit advance rate and maximises resource, improves combustible recovery and assists in feed predictability and hence processing efficiency*

# Summary

- ▶ *Large mine and resource base with long life*
- ▶ *Important asset for BMA in the long term*
- ▶ *Range of coal products*
- ▶ *Flexibility to respond to demand due to infrastructure platform*
- ▶ *Business improvement initiatives delivering improved cost management*





BHP Billiton Mitsubishi Alliance

*Sam Bonanno*

*VP, Operations, Ports & Business Improvement*

*Analyst Visit - October/November 2007*



# Important Notices



BHP Billiton Mitsubishi Alliance

## *Reliance on third party information*

*The views expressed here contain information that have been 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. This presentation should not be relied upon as a recommendation or forecast by BHP Billiton.*

## *Forward looking statements*

*This presentation includes forward-looking statements within the meaning of the U.S. Securities Litigation Reform Act of 1995 regarding future events and the future financial performance of BHP Billiton. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. For more detail on those risks, you should refer to the sections of our annual report on Form 20-F for the year ended 30 June 2007 entitled “Risk factors”, “Forward looking statements” and “Operating and financial review and prospects” filed with the U.S. Securities and Exchange Commission.*

## *No offer of securities*

*Nothing in this release should be construed as either an offer to sell or a solicitation of an offer to buy or sell BHP Billiton securities in any jurisdiction.*

# *Presentation Topics*

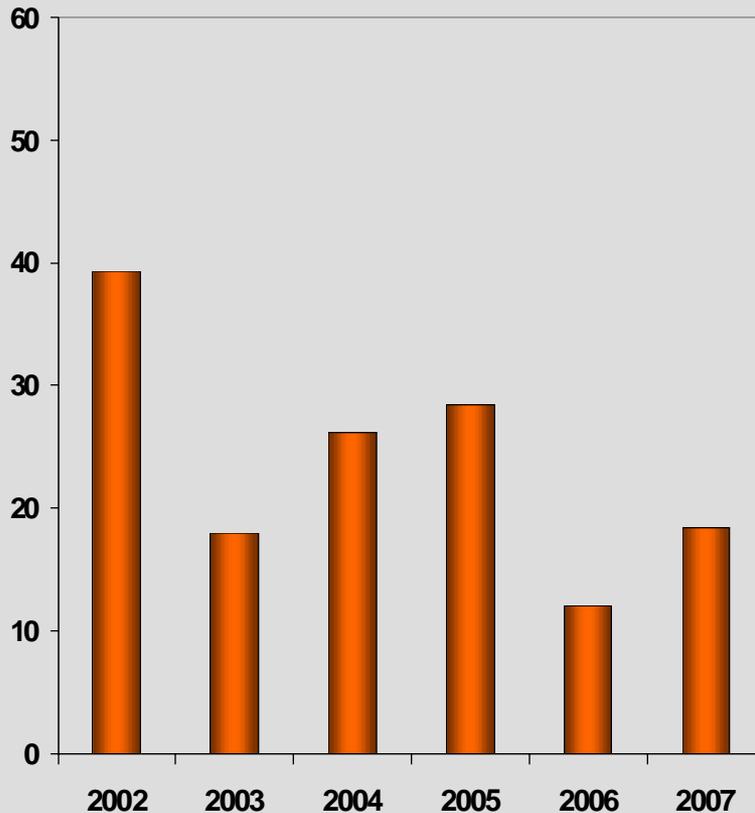
- *Safety*
- *Environment & Community*
- *Overview*
- *Capabilities*
- *Competitive Advantages*
- *Expansion Capability*

# Safety (Zero Harm)



BHP Billiton Mitsubishi Alliance

*Total Recordable Injury Frequency Rate*



- *FRCP*
- *Hazard awareness/identification*
- *Near miss reporting/analysis*
- *Accident/incident investigation*
- *Fatigue management*
- *Contractor Management (CMS)*
- *Safe Leadership program*

# *Environmental and Community Strengths*



BHP Billiton Mitsubishi Alliance



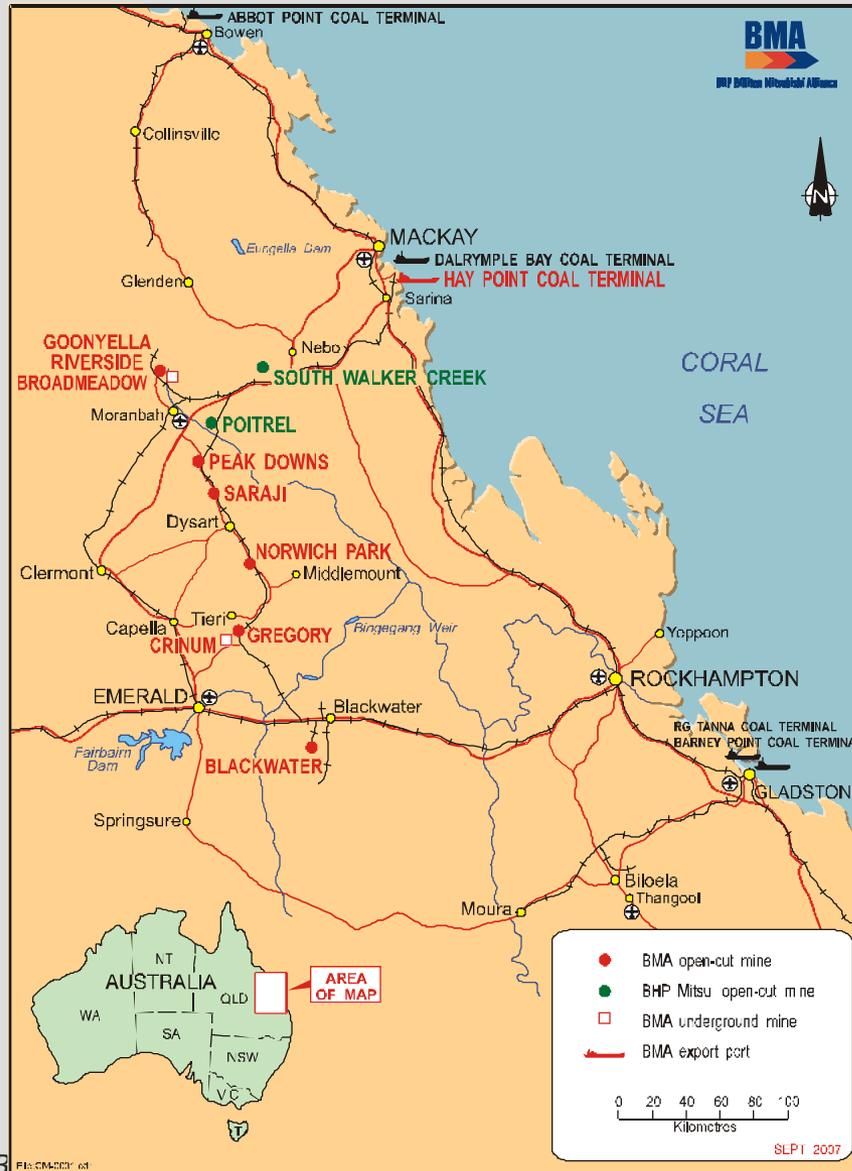
- *Dust*
- *Noise*
- *Spillage*
- *Water management*

# Overview of Operations



- 17 primary products and 22 blends
- 64 customers in 21 countries
- Hay Point – 24 hr x 365 days
- Inloading ~ 4,000 trains
- Outloading ~ 900 parcels on 400 ships
- “Quality Terminal” not just a “Throughput Terminal”
- Responsibility for the quality of all cargoes loaded, as well as logistics for the BMA, including BMC, product

# Our advantages



- Strategic asset enabling control of the whole logistics chain
- Linked and responsive to mine production and delivery
- Capability to co-ordinate trains
- Control the scheduling and berthing order of vessels

# *Stockyard allows flexibility*



*Our flexibility allows for options when confronted by variability*

- *Designated stockpiles to minimise cross-contamination*
- *Over 1,000 combinations available for efficient coal delivery*
- *Stockyard Capacity with 14-16 Coal Types*
  - *Dry Season      1.45 Mt*
  - *Wet Season      1.0 Mt*

# Stacking and Reclaiming

- ▶ 5 Stacker Reclaimers, all capable of 6,000 tph automatic or manual stacking
- ▶ Reclaim capacities of 2 x 6,000 tph, 1 x 5,000 tph and 2 x 3,500 tph
- ▶ Flow splitters on each transfer point and yard machine to facilitate blending and maximise flow rate and direct loading opportunity



# Functional Unit Capacities



- *Rail contracts are sufficient to meet current needs*
- *Ongoing negotiation to meet growth profile*
- *Nominal inloading capacity >50 Mtpa*
- *Stockyard throughput capacity >50 Mtpa*
- *Shiploading capacity of 43 - 45 Mtpa dependant on ship size and blending requirements*

# Shiploading Capability

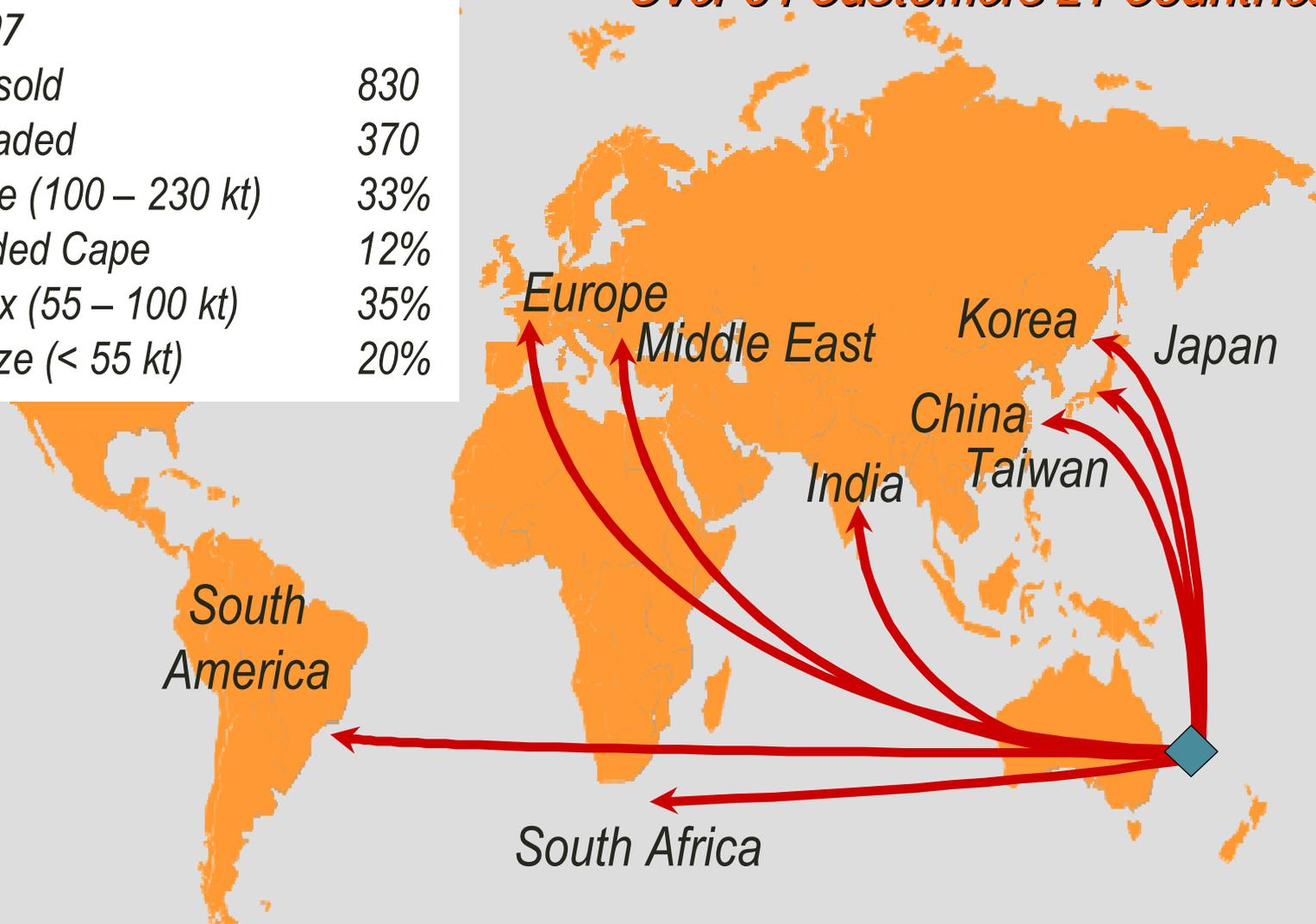
- *Maximum Ship Size: Berth1: 175 k DWT, Berth2: +200 k DWT*
- *Largest ship loaded: “Iron Pacific” (230,000 DWT)*
- *Largest cargo : 207,769 t on “Iron Pacific”*
- *Average Cargo Size : Approx 95,000 t*



# Cargo Destinations

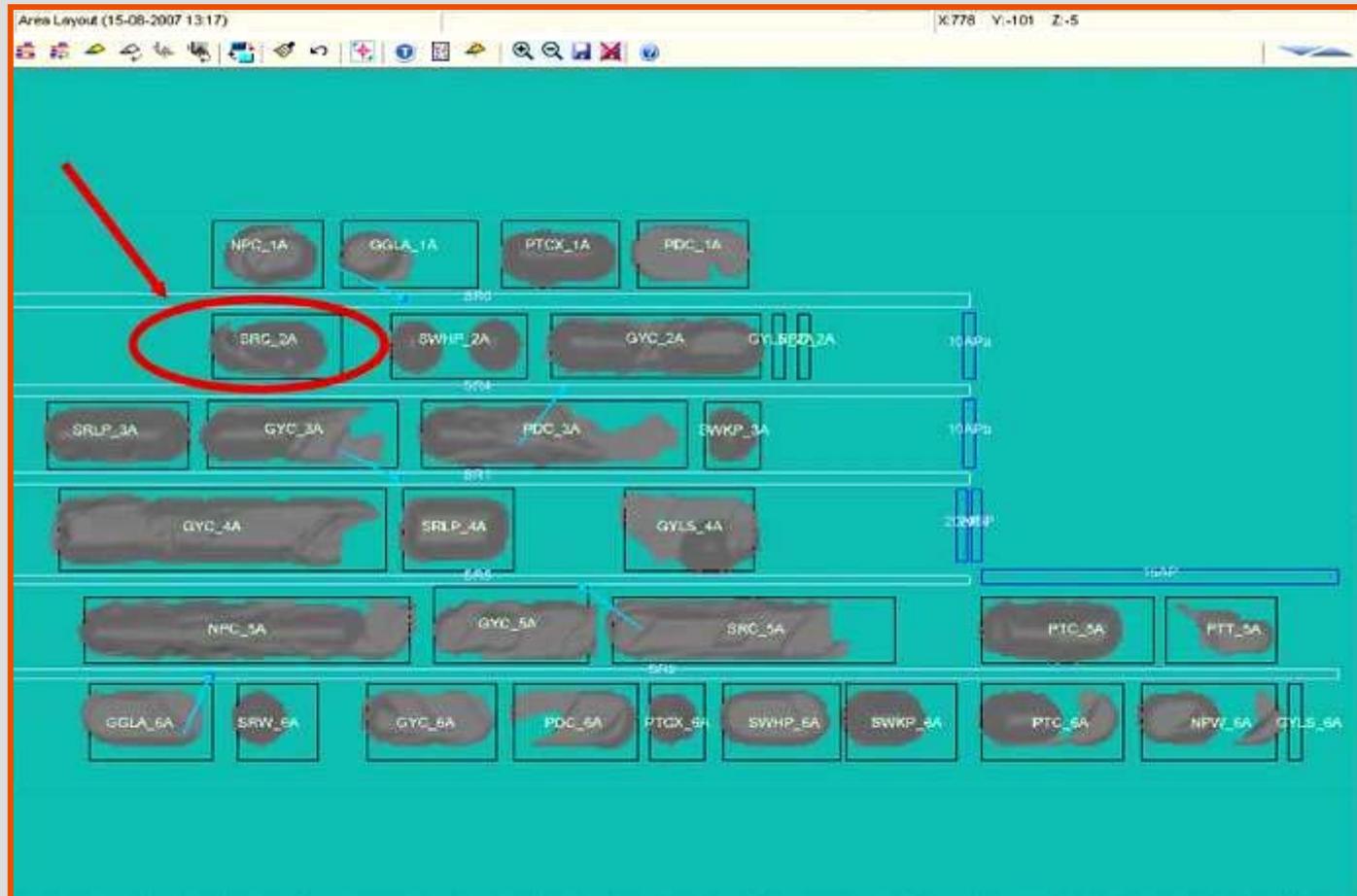
*Over 64 Customers 21 Countries*

<i>For FY07</i>	
<i>Parcels sold</i>	830
<i>Ships loaded</i>	370
<i>Full Cape (100 – 230 kt)</i>	33%
<i>Part loaded Cape</i>	12%
<i>Panamax (55 – 100 kt)</i>	35%
<i>Handysize (&lt; 55 kt)</i>	20%



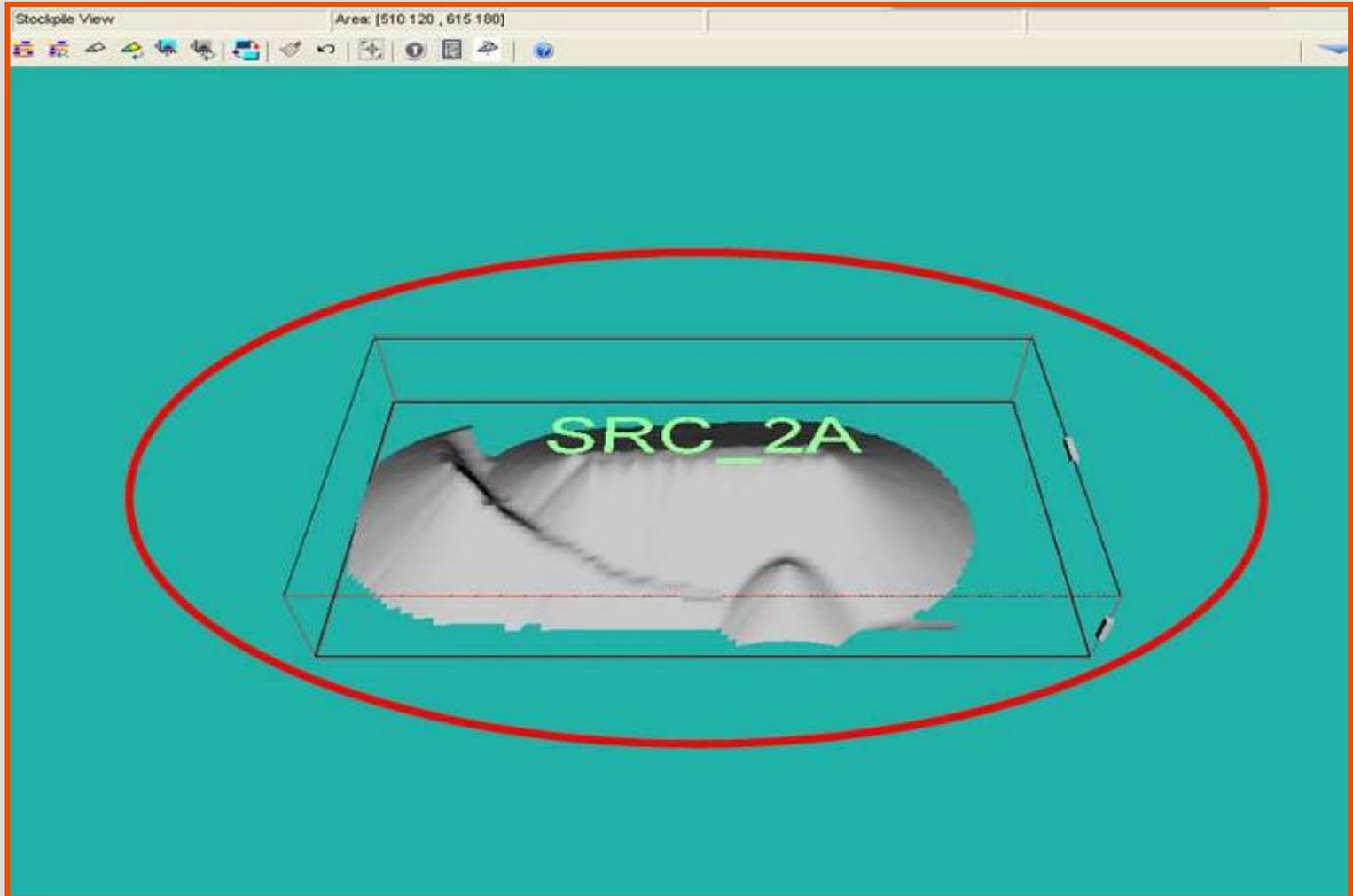
# Competitive advantage

- *Unique quality smoothing capability through the coal tracking system*



# Coal tracking

- *Visual representation of the individual stockpile*

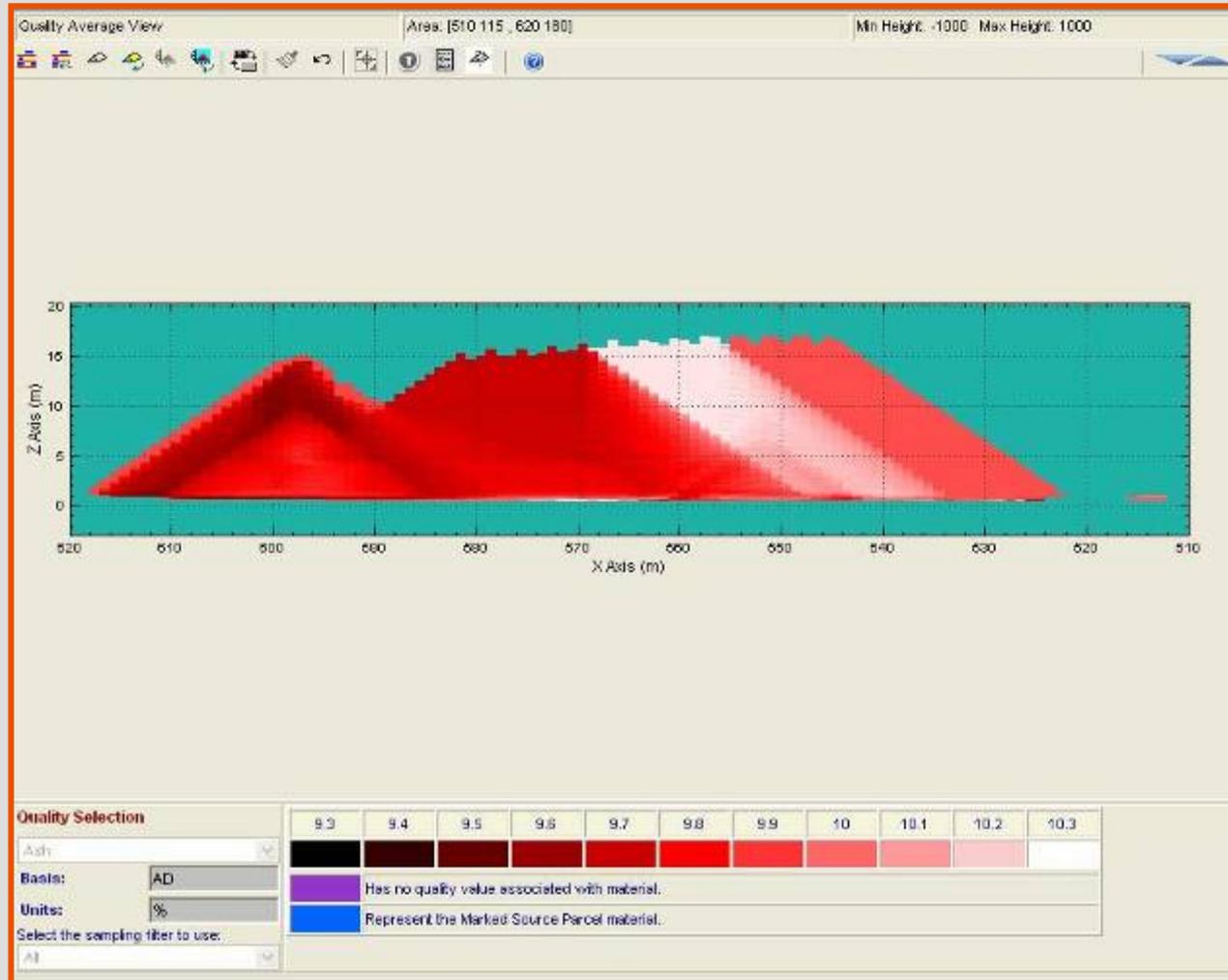


# Competitive advantage



BHP Billiton Mitsubishi Alliance

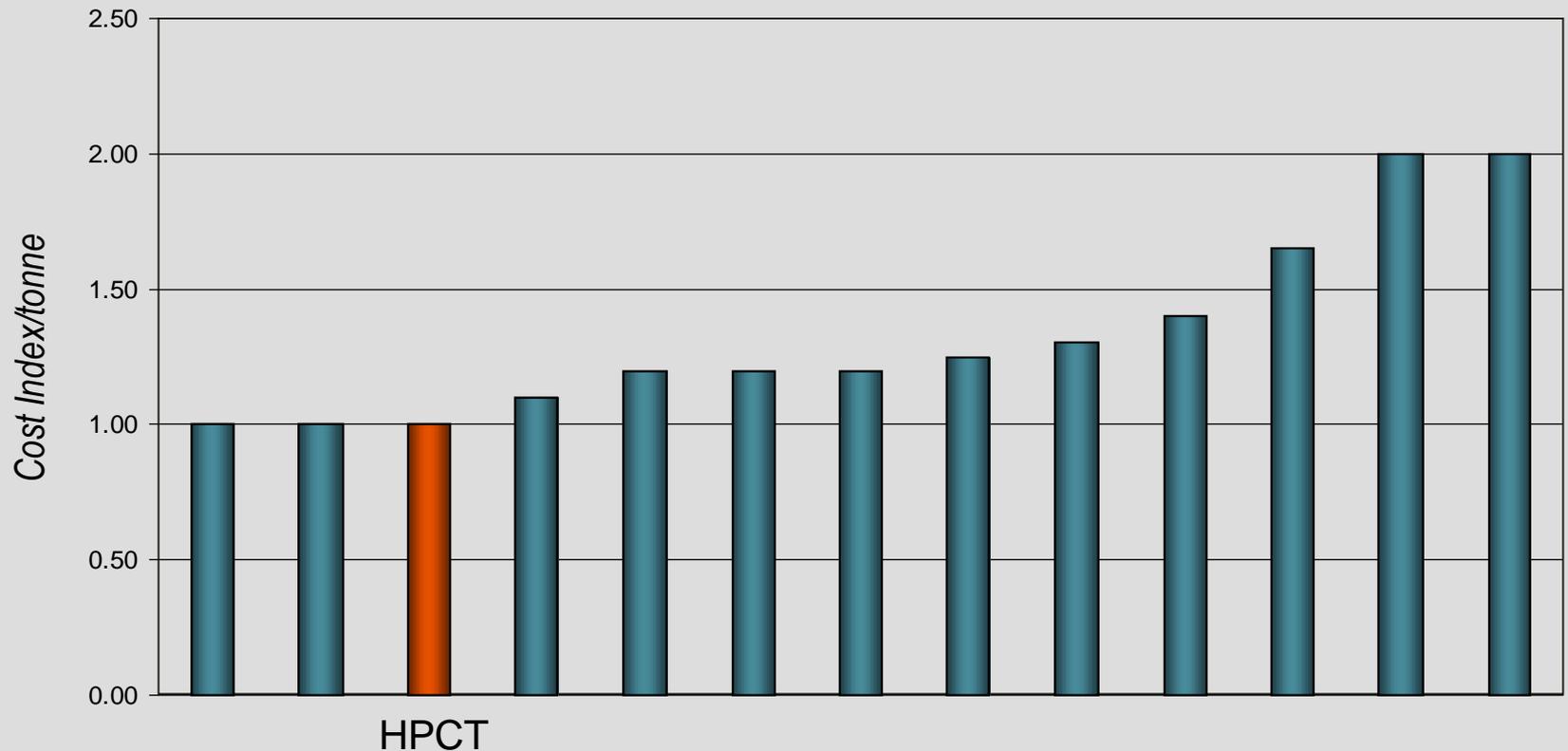
## ► Coal tracking - New High Resolution Quality View



# Our advantages

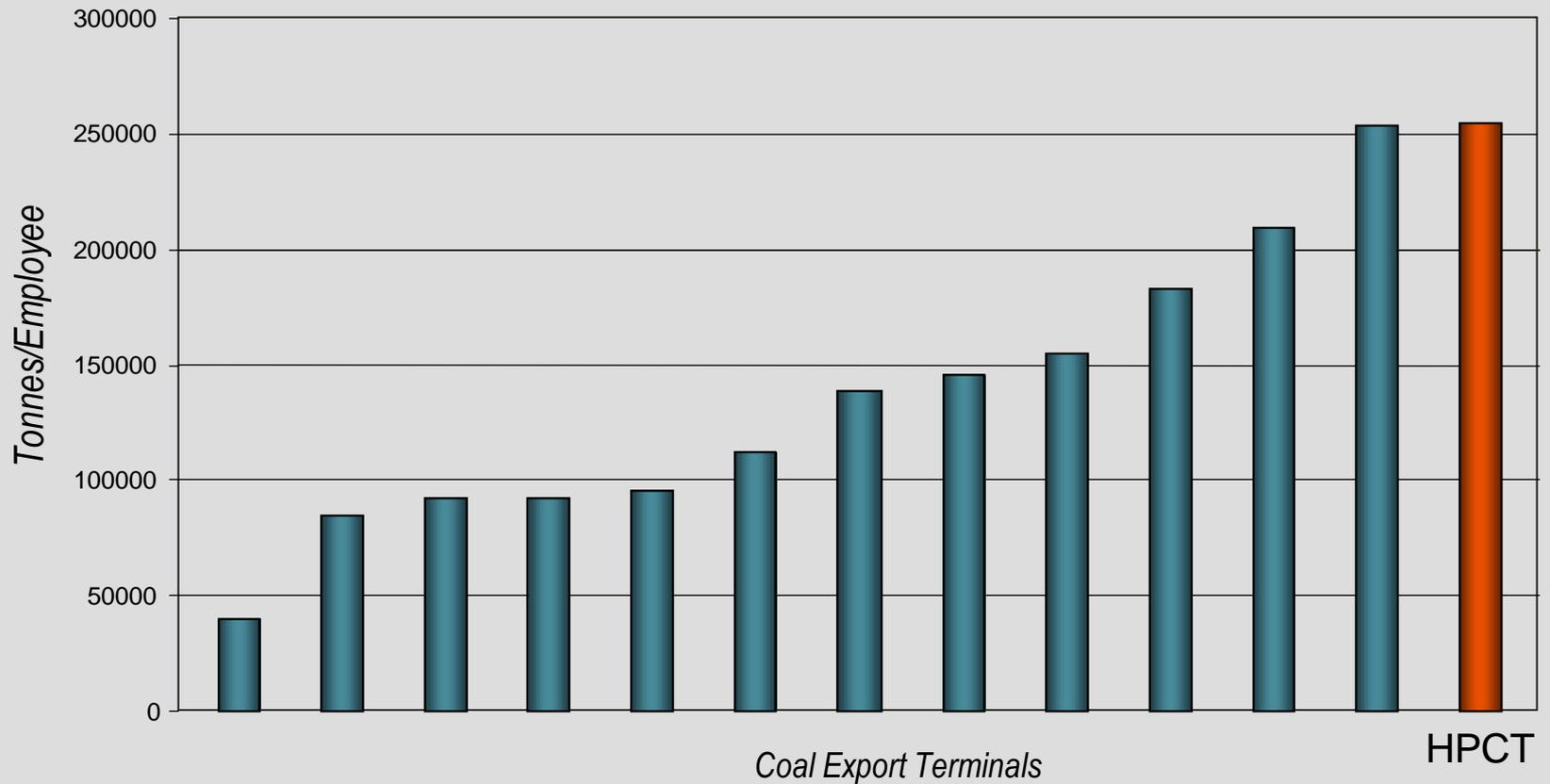
- *Low cost position versus all other coal exporting terminals*

*Total Terminal Cost Index*



# Competitive advantage

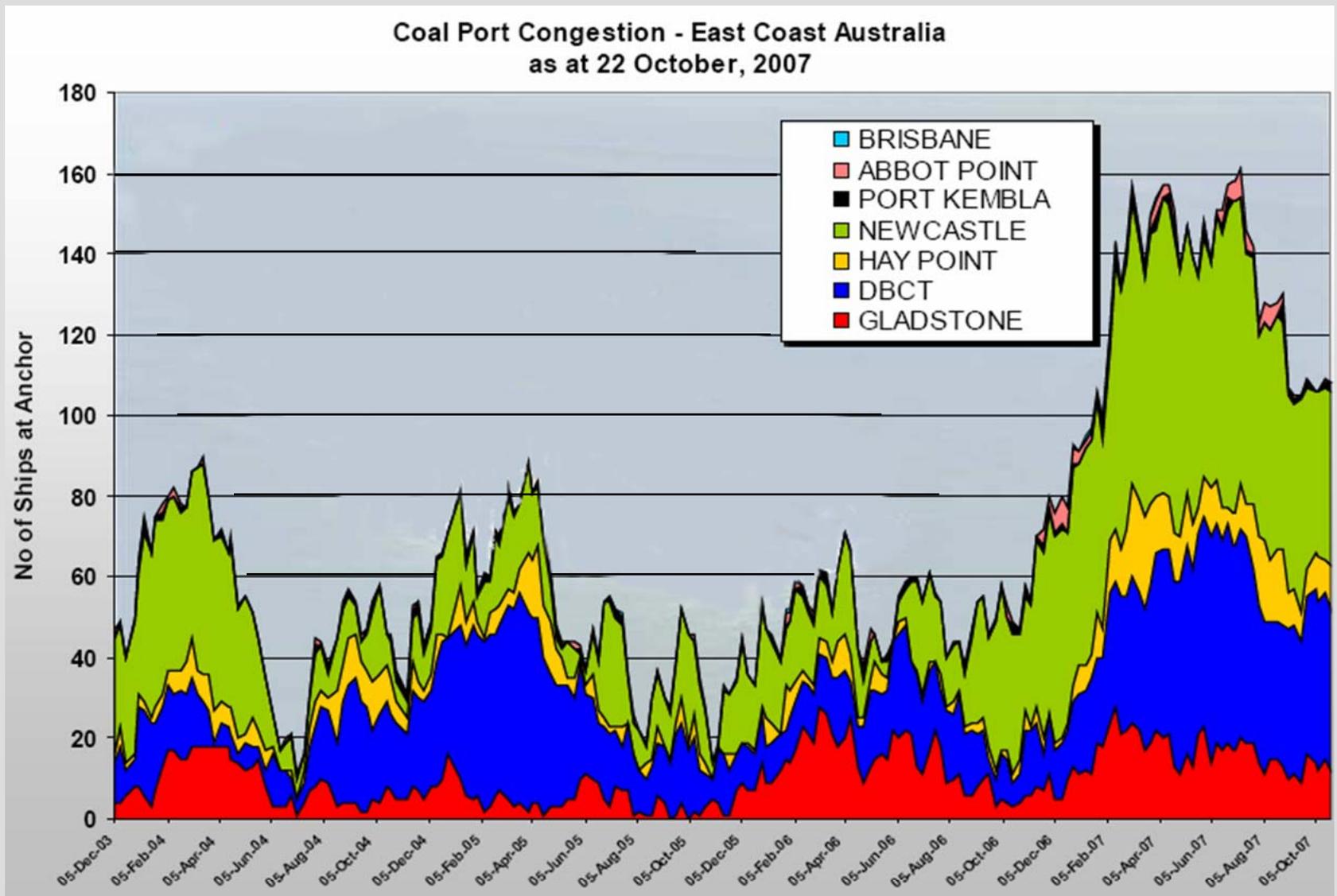
➤ Hay Point productivity versus all other coal export terminals



# Demurrage – Ships at anchor



BHP Billiton Mitsubishi Alliance



# Expansion Execution Capability

- HPX1 & 2 – Project plan - completed



# Expansion Execution Capability

- Completed HPX1 & 2 - on budget and in acceptable time frame



*Before*



*After*

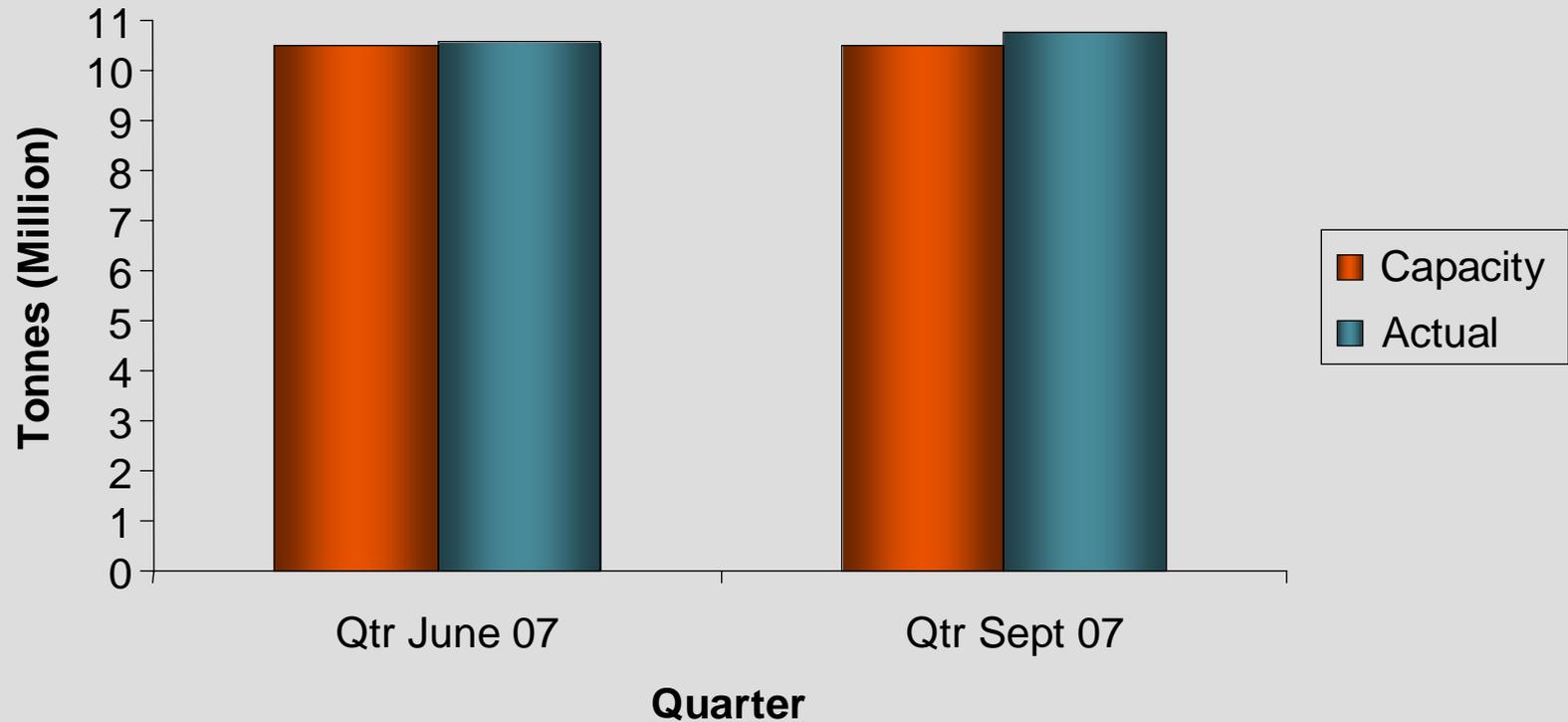
# Expansion Execution Capability



BHP Billiton Mitsubishi Alliance

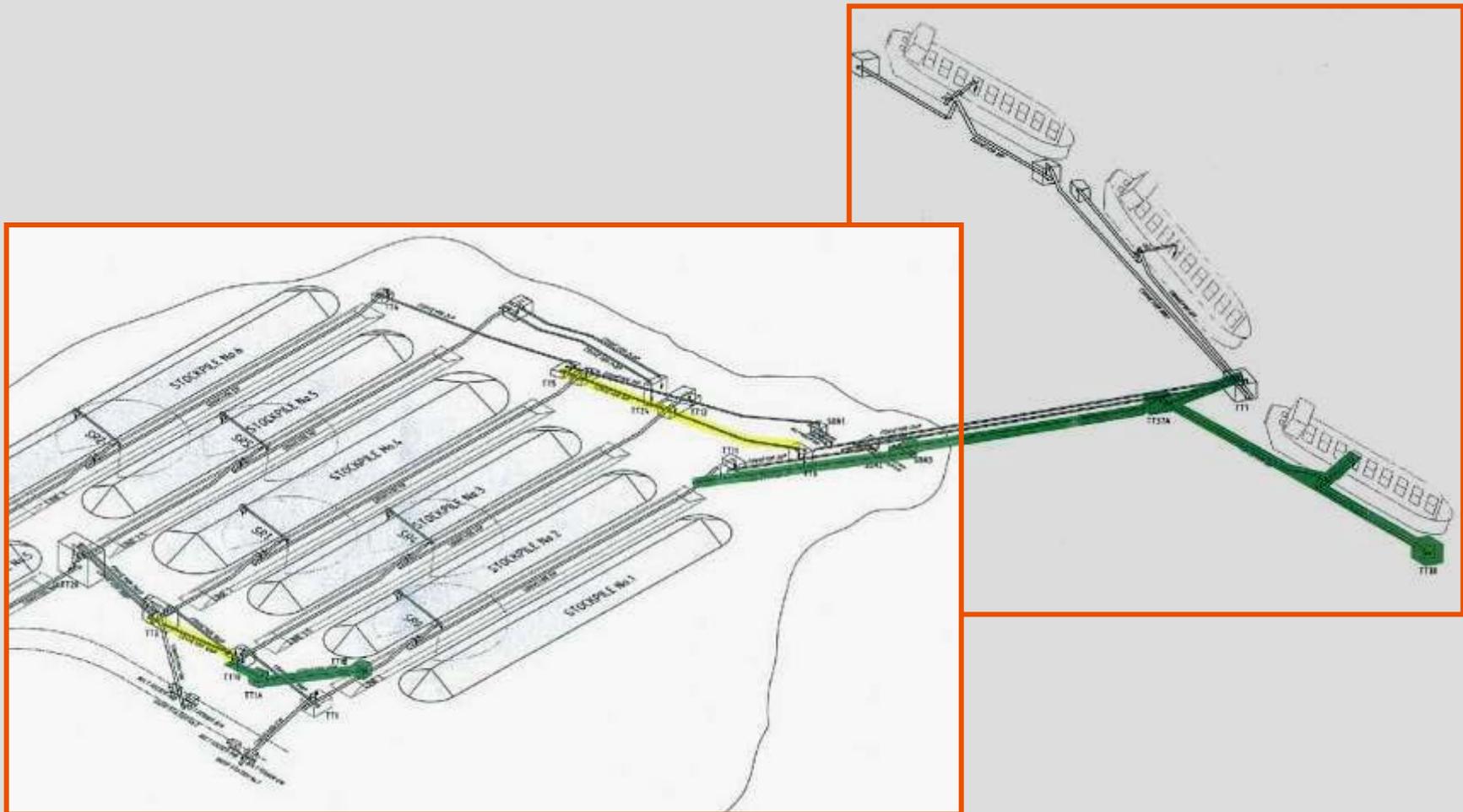
➤ *We are shipping at expanded capacity*

## Tonnes shipped v Capacity



# Expansion Capability

- ▶ HPX3 could deliver 55-57.5 Mtpa total nominal capacity



- ▶ *Hay Point Coal Terminal is a strategic asset for BMA:*
  - ▶ *allows us to manage the whole logistic chain from pit to customer*
  - ▶ *competitive advantages – low cost, high productivity, increased quality control*
  - ▶ *capacity to expand and a history of delivering on expansion activities*
  - ▶ *credibility, reliability, consistency and performance of the asset*



BHP Billiton Mitsubishi Alliance

*Dave Murray*  
*President Coal*

*Analyst Visit - October/November 2007*



# *In conclusion*



BHP Billiton Mitsubishi Alliance

- *Strong market driven by demand from India, China and Brazil*
- *Product quality key - portfolio biased to premium end of the market*
- *Premier assets in the world's best metallurgical coal basin*
- *Large, long life, high margin, expandable resource base*
- *Strong portfolio of growth options*
- *Strategic infrastructure position*
- *Ongoing focus on cost management*