

BHP Billiton Base Metals

Copper Marketing
March 2007



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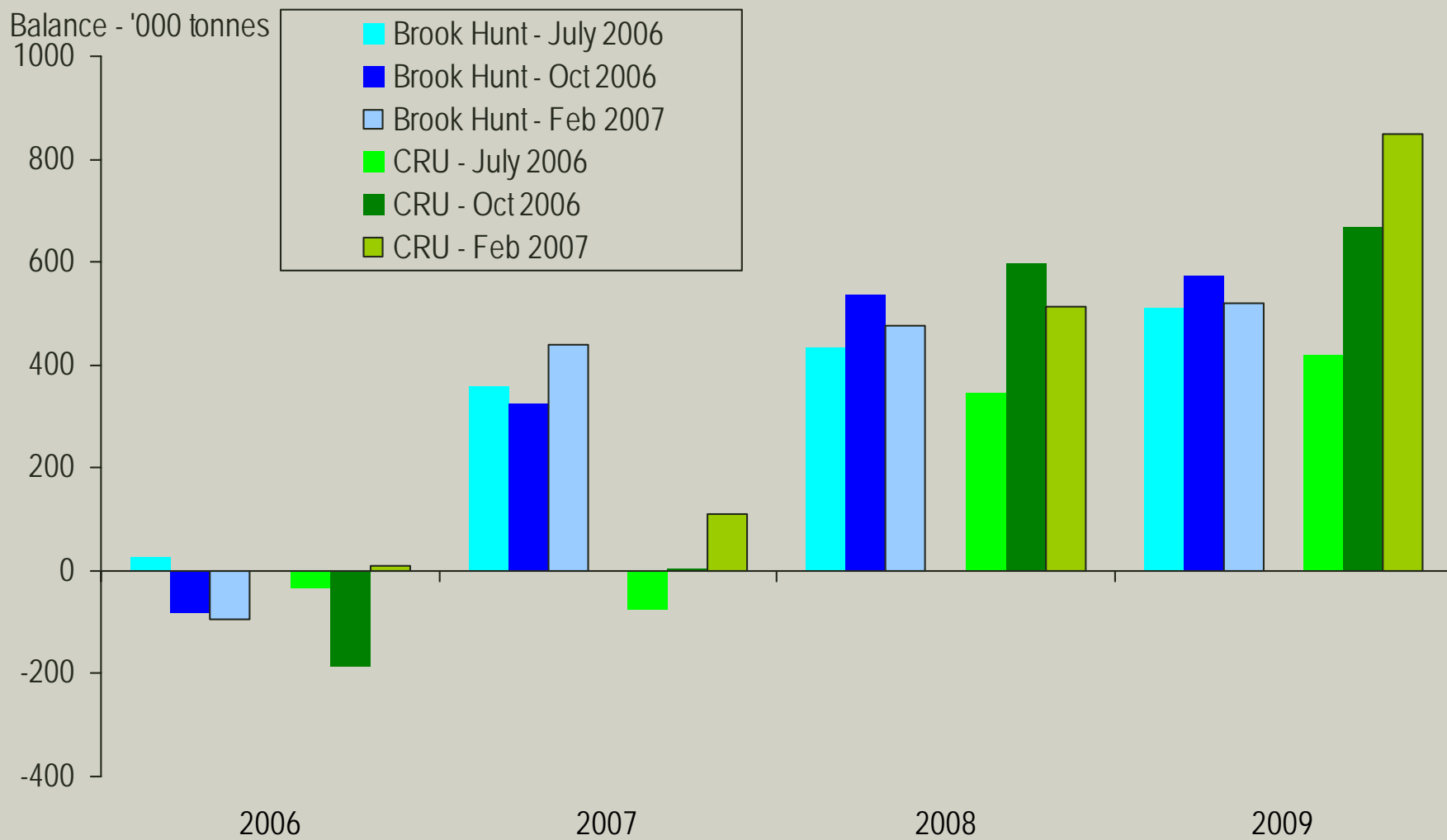
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Refined Copper Market



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2007 mixed views, surplus beyond that

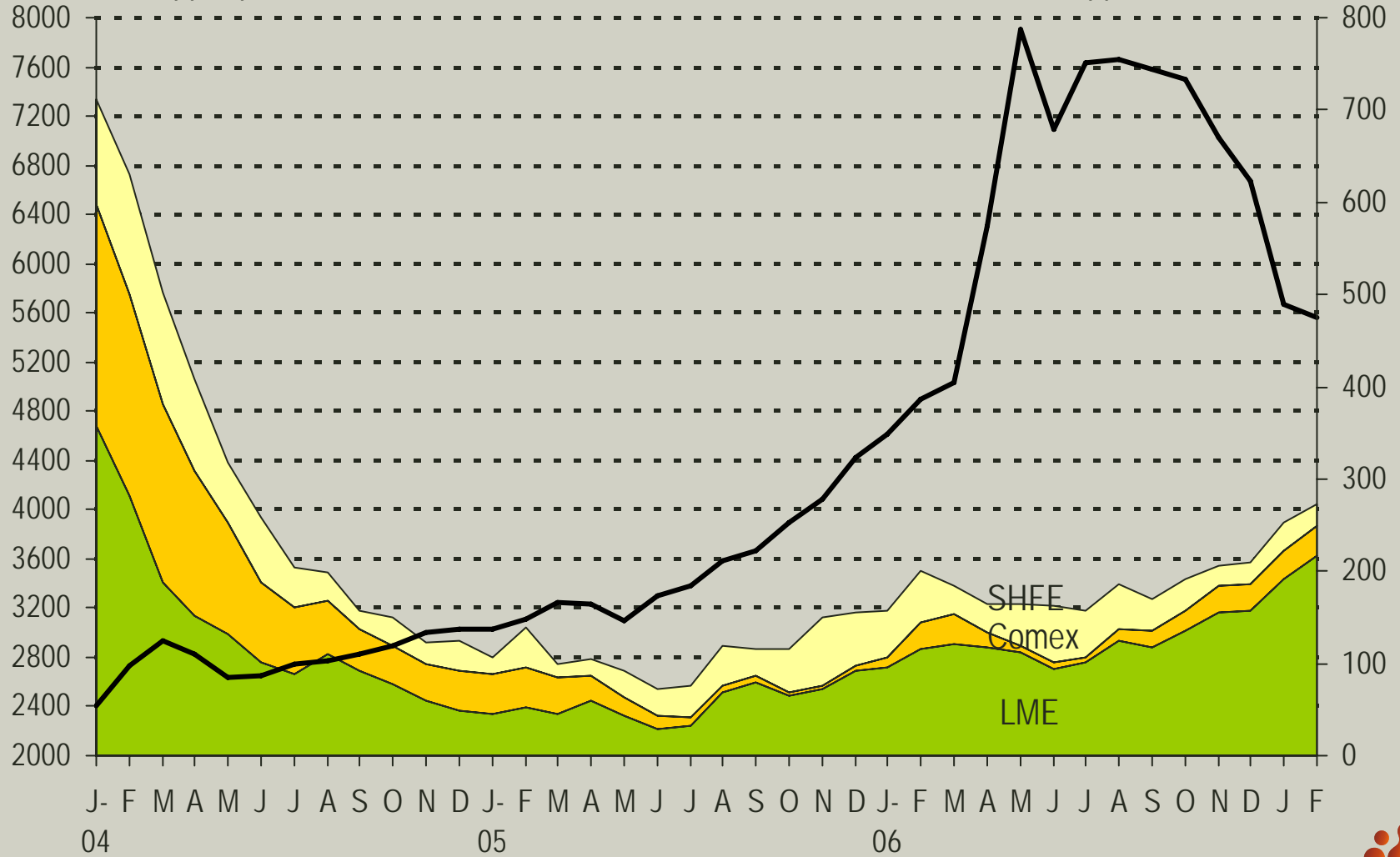


Data: CRU, BH

Exchange stocks of refined copper have risen from lows but are still at very low levels

LME 3-month copper price – US\$/tonne

Copper stocks – '000 tonnes



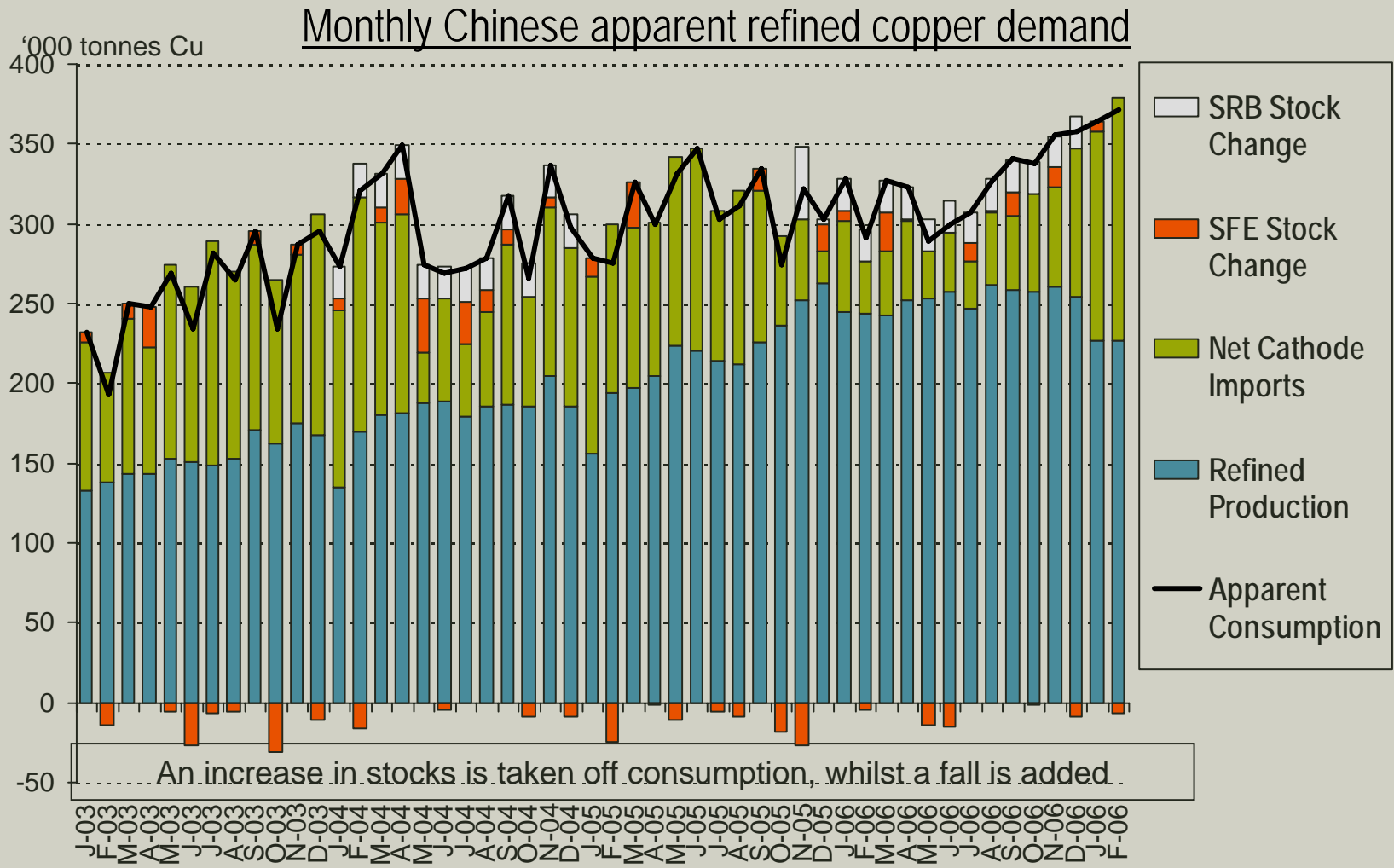
Data: LME, Comex, SHFE

Quarterly balance: showing that Q2 will be tight

Balance - '000 tonnes



Imports into China have started to increase

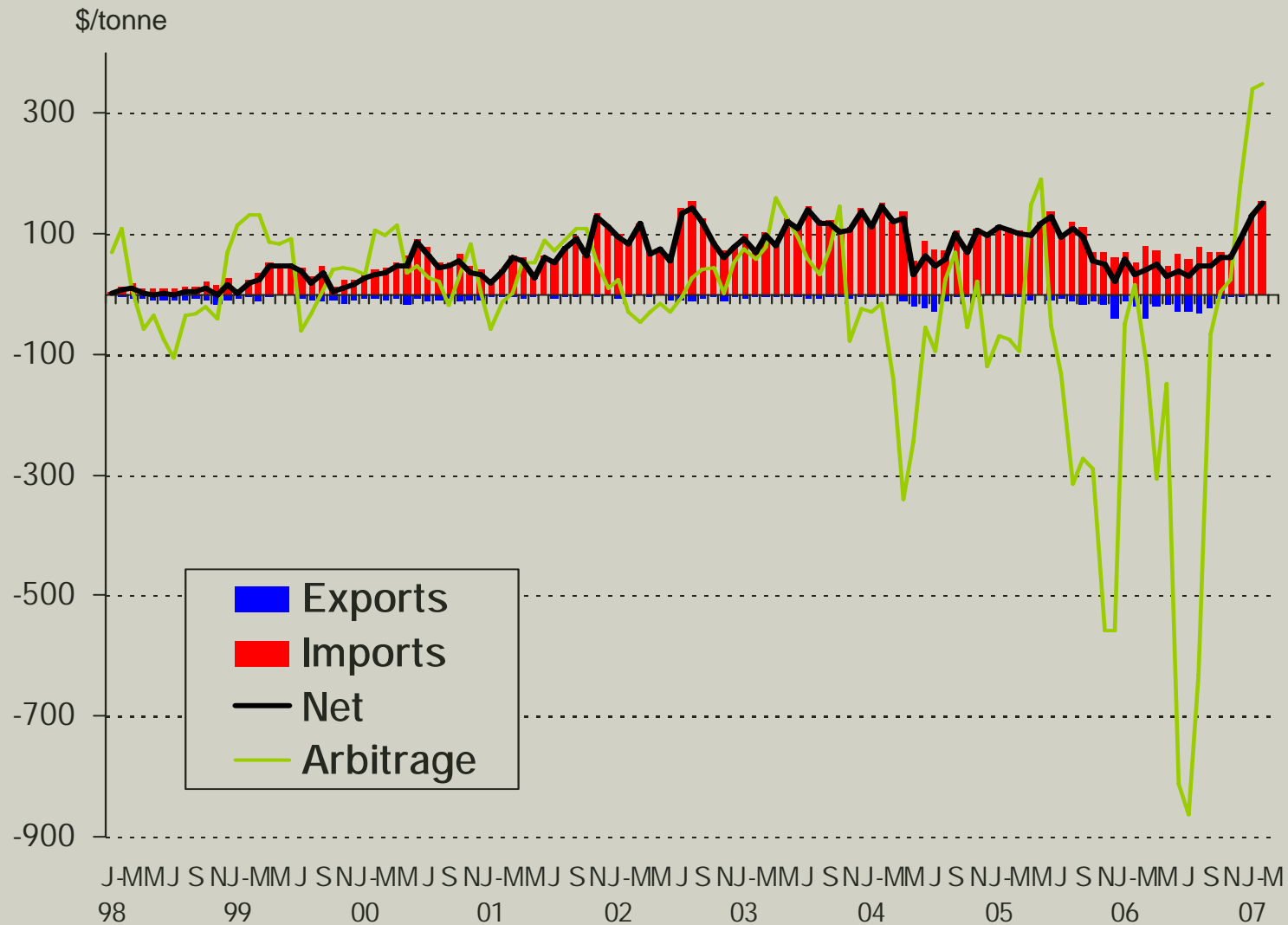


Source: CNIA, GTIS, SFE, BHP Billiton estimates

Note: Have assumed 250kt of destocking by SRB in 2004 spread evenly over twelve months and 20kt per month in 2006.

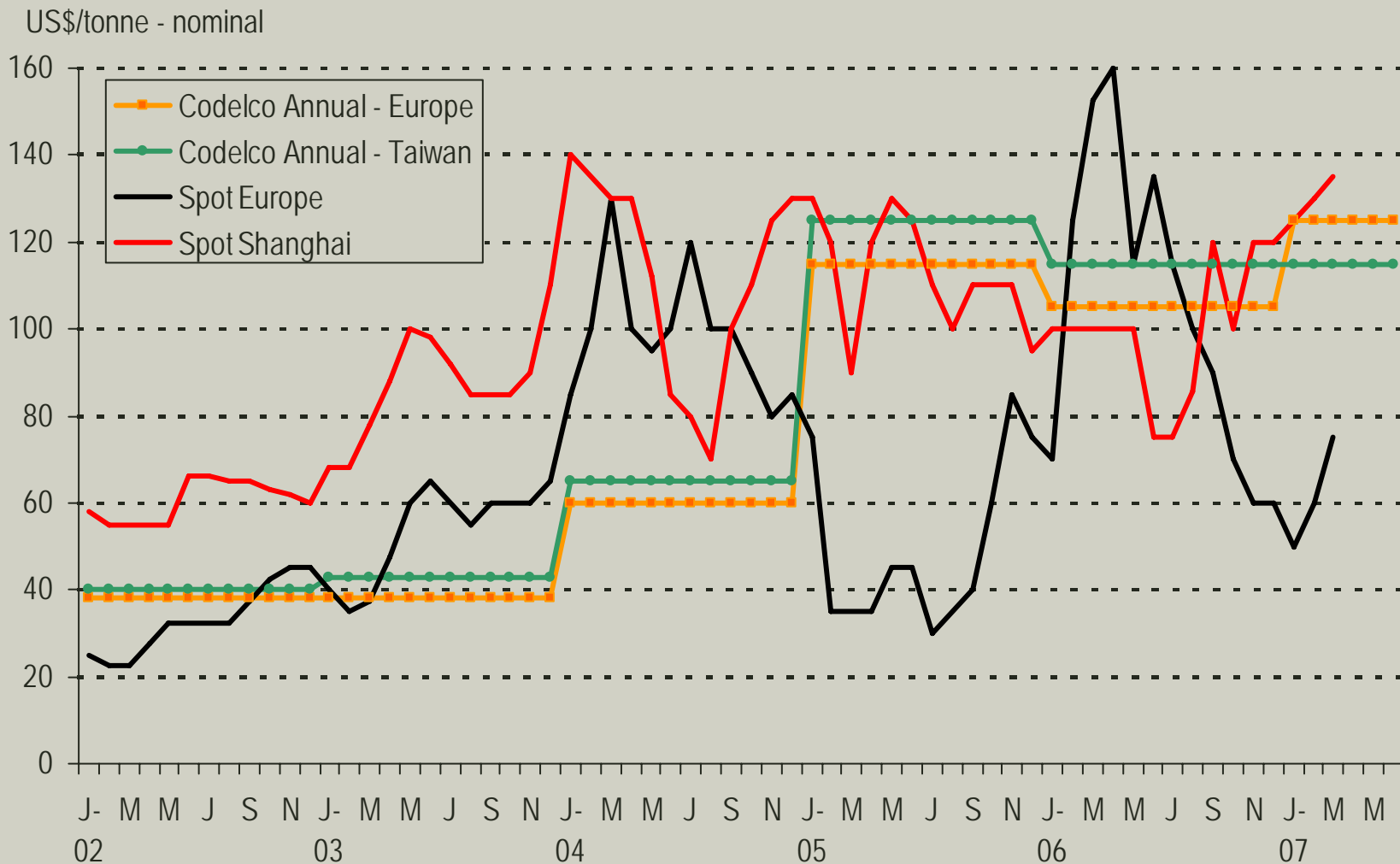
Production numbers for 2006 are revised upwards as per revised totals for previous years.

The difference between SFE price and equivalent LME price remains positive.



Source: GTIS, LME, SFE

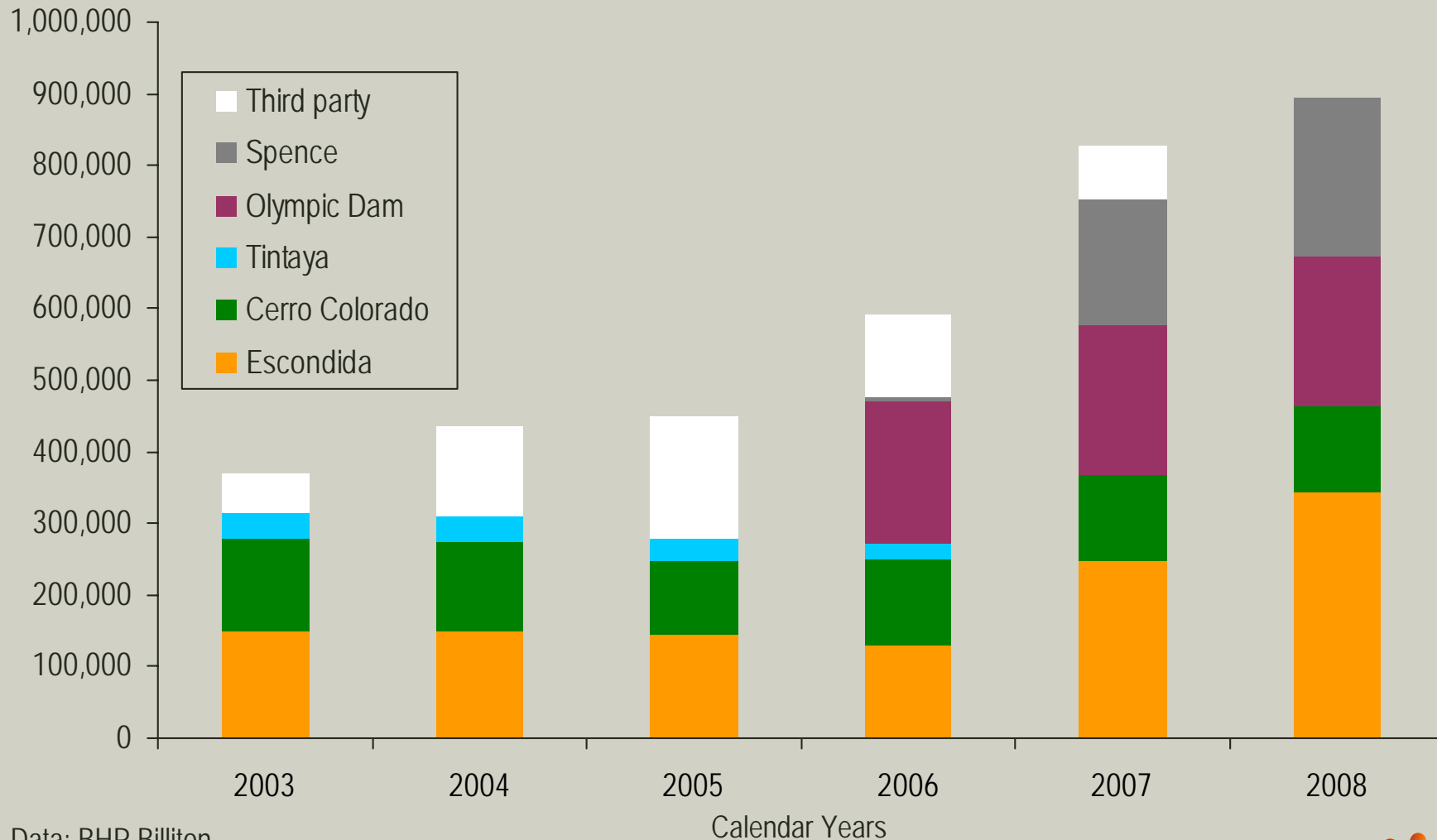
Spot premiums in Shanghai are very strong, premiums are picking up in Europe



Data: CRU, BH, BHP Billiton

Increased metal book provides deeper market insight

Cathode sales - tonnes



Data: BHP Billiton

Numbers are total cathode marketed and include 100% of Escondida

Refined Copper Market Summary

- Market is moving from deficit to a modest surplus but remains very vulnerable to supply disruptions and problematic ramp-up of new production
- Current view is still very positive for refined demand
 - Growth in China, SE Asia, CIS, Middle East, India
 - World is becoming ever more electrified
- Scrap market now tight again as per 12-15 months ago, bare bright scrap trading a premium over the exchange prices again. Refiners forced to buy cathode instead as scrap supplies too tight.

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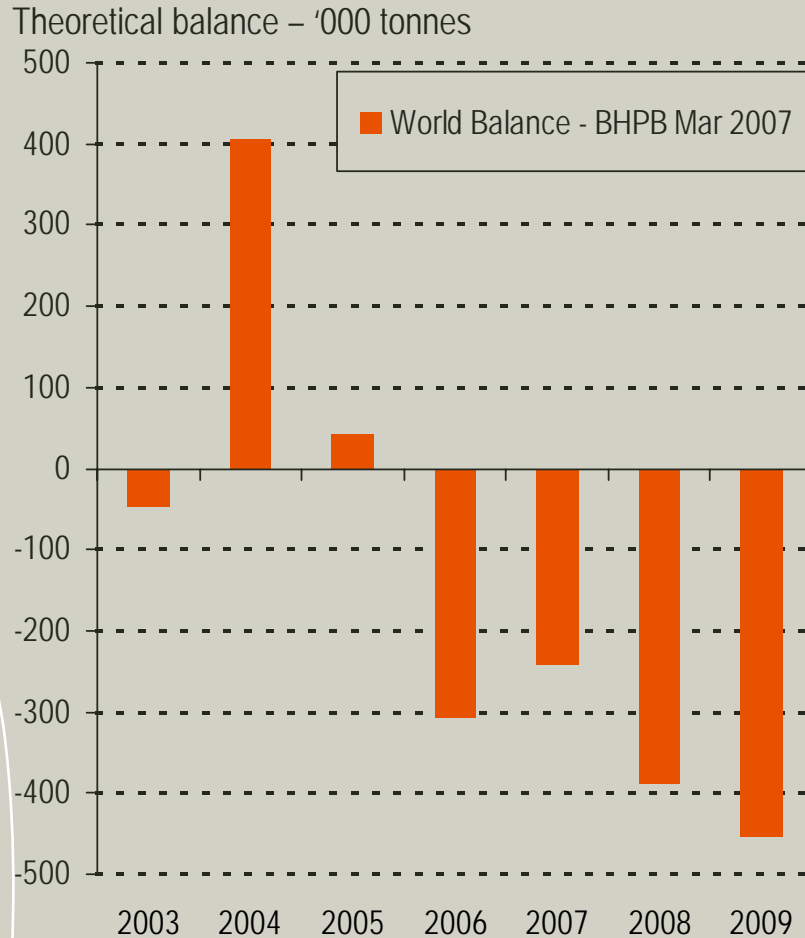
Copper Concentrate Market



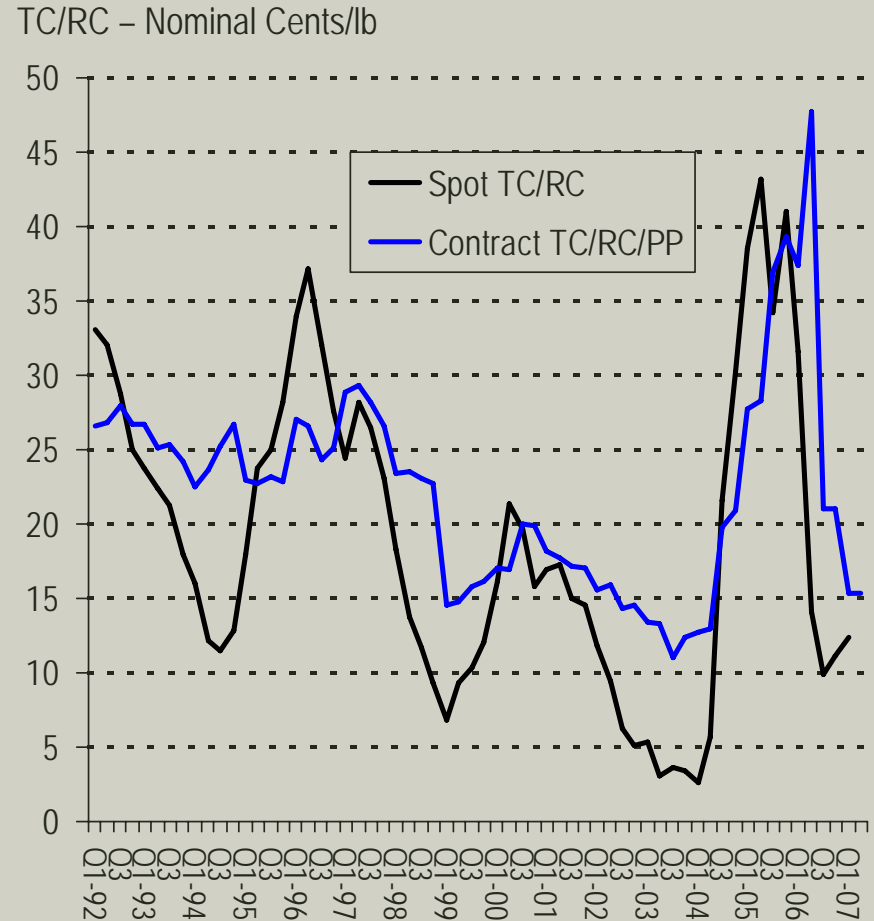
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Contract terms have historically been less volatile than spot terms - current contracts reflect renewed tightness in the market

World Cu concentrate market gap



Quarterly average spot and contract TC/RCs



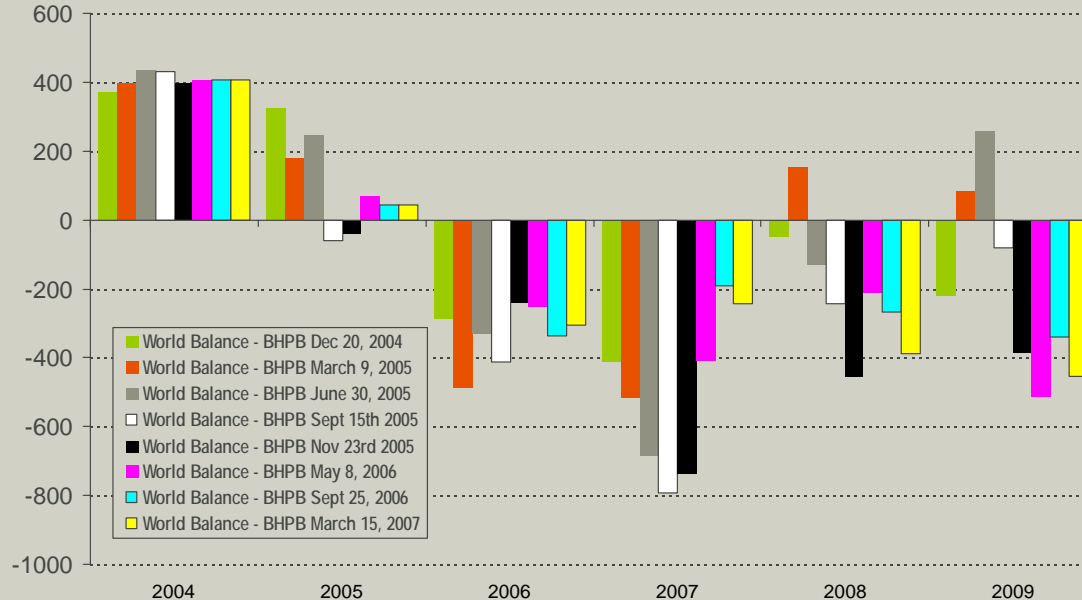
Note: Contract terms show annual and mid-year settlements. Mid-years in 2006 had capped PP and 2007 annuals do not have PP. Data: BHP Billiton, CRU, BH

Concentrate Update

- Structural smelting overcapacity due to recent significant expansions (China/India but others as well)
- Exacerbated by chronic mine underperformance
- 2004 and (to a lesser extent) 2005 were soft years for miners (TC/RC's) but the tables turned in 2006 and the next few years look very tight
- Commercial terms reflect this
 - CY06 - \$95/dmt and 9.5 c/lb with uncapped PP basis 90 cents
 - MY06/07 - \$60/dmt and 6 c/lb with PP capped at 6 c/lb (120-180 c/lb)
 - CY07 - \$60/dmt and 6 c/lb – no PP
 - MY07/08 – to be negotiated starting May 07
- At \$2.75/lb copper, the delta between CY06 and CY07 terms is almost 27 c/lb (at 34% Escondida grade)

Concentrate Update (continued)

- Theoretical concentrate deficit for the next two to three years is greater than what can practically transpire (insufficient stocks left to satisfy the deficit)
- But it continues to be a dynamic market ...



- We expect some volatility but upside to TC/RC's should be limited