



WHEELARRA JOINT VENTURE **BRIEFING NOTES**

General:

- ❑ The Joint Venture is an important step in BHP Billiton's strategy to maintain global iron ore market share by establishing partnerships that secure the long-term sales of products.
- ❑ BHP Billiton's Joint Venture with Chinese steelmills 'Wugang', Magang', 'Shagang' and 'Tanggang' (40 per cent) will involve the future production and shipment of iron ore from the Company's Jimblebar mine, 30 kilometres from Newman, Western Australia. As part of BHP Billiton's existing sales arrangement with CI Minerals Australia and Mitsui in relation to the Newman mine, these parties will hold a 4.8 per cent and 4.2 per cent share of Jimblebar respectively.
- ❑ The Joint Venture creates a number of 'firsts' for Australian/China iron ore trade:
 - Cements a joint venture with four of China's leading steel producers involving direct sales relationships with each of them for the supply of ore to their operations.
 - Brings four steel mills, operating in different provinces, together in a single joint venture.
 - Secures substantial long-term sales commitments of Newman ore for BHP Billiton in China.
- ❑ The Jimblebar lease contains a proved and probable resource of 247 million tonnes of Brockman iron ore averaging 61.5 per cent iron (Fe). The Joint Venture itself will cover a 175 million tonne sub-lease of the Jimblebar resource, known as Wheelarra.
- ❑ The Wheelarra Joint Venture provides for BHP Billiton, as the Manager of the JV, to supply ore to the Mt Newman Joint Venture, to be blended with ore from Mt Whaleback and nearby satellite orebodies to produce Brockman products known as Newman Lump and Newman Fines.
- ❑ The China joint venture is due to be formalised in Australia in the near future when the Chinese partners have established their Australian holding companies for their Joint Venture interests. After that the Joint Venture will move to complete Government regulatory approval.

- ❑ In the year ending December 2003, BHP Billiton shipped 19 million tonnes to China. The Wheelarra Joint Venture will immediately provide an additional 4-6 million tonnes of Newman blend ore to the four steel mills, while further building sales to all Chinese steel mills.

BHP Billiton's iron ore operations:

- ❑ In addition to its iron ore mines, BHP Billiton operates a rail system extending over 700 kilometres to link the mines to processing and shipping facilities at Port Hedland.
- ❑ In 2001, BHP Billiton operated the world's longest and heaviest train comprising 10 locomotives and 336 ore cars, which was 7.2 kilometres long.
- ❑ In the year ending June 2003, BHP Billiton shipped 80.6 million tonnes. In the six months to December 2003, 43.97 million tonnes was shipped (100% basis).
- ❑ In October 2003, BHP Billiton opened the new Area C mine after entering into a joint venture with Korea steel producer, POSCO, whereby POSCO acquired a 20 per cent interest in Area C's 'C' deposit. As part of the joint venture, POSCO committed to purchase a minimum 3Mtpa of MAC™ marra mamba ore and to maintain a long-term strategic alliance with BHP Billiton for the supply of other iron ore products.
- ❑ BHP Billiton recently expanded its mining, rail and shipping capacity to 100Mtpa and will extend this to 110Mt/a rate by the end of 2004. A feasibility study is currently underway to further extend capacity to beyond 145Mtpa.

BHP Billiton's total sales to China

- ❑ Total sales of commodities by BHP Billiton to China in the half-year ending December 2003 accounted for approximately US\$1.1 billion, or 10% of EBIT. This represented a 175% increase on the same period in 2002.
- ❑ BHP Billiton is one of the six partners in the North West Shelf, which has a contract to supply three mtpa of LNG over a 25-year period for Phase 1 of the Guangdong LNG project.