

Eastern Australian Gas

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UBS Warburg Resources Conference - 8th May 2002



bhpbilliton

Petroleum Complementary Growth Strategies



BHPB Petroleum International Gas Activities

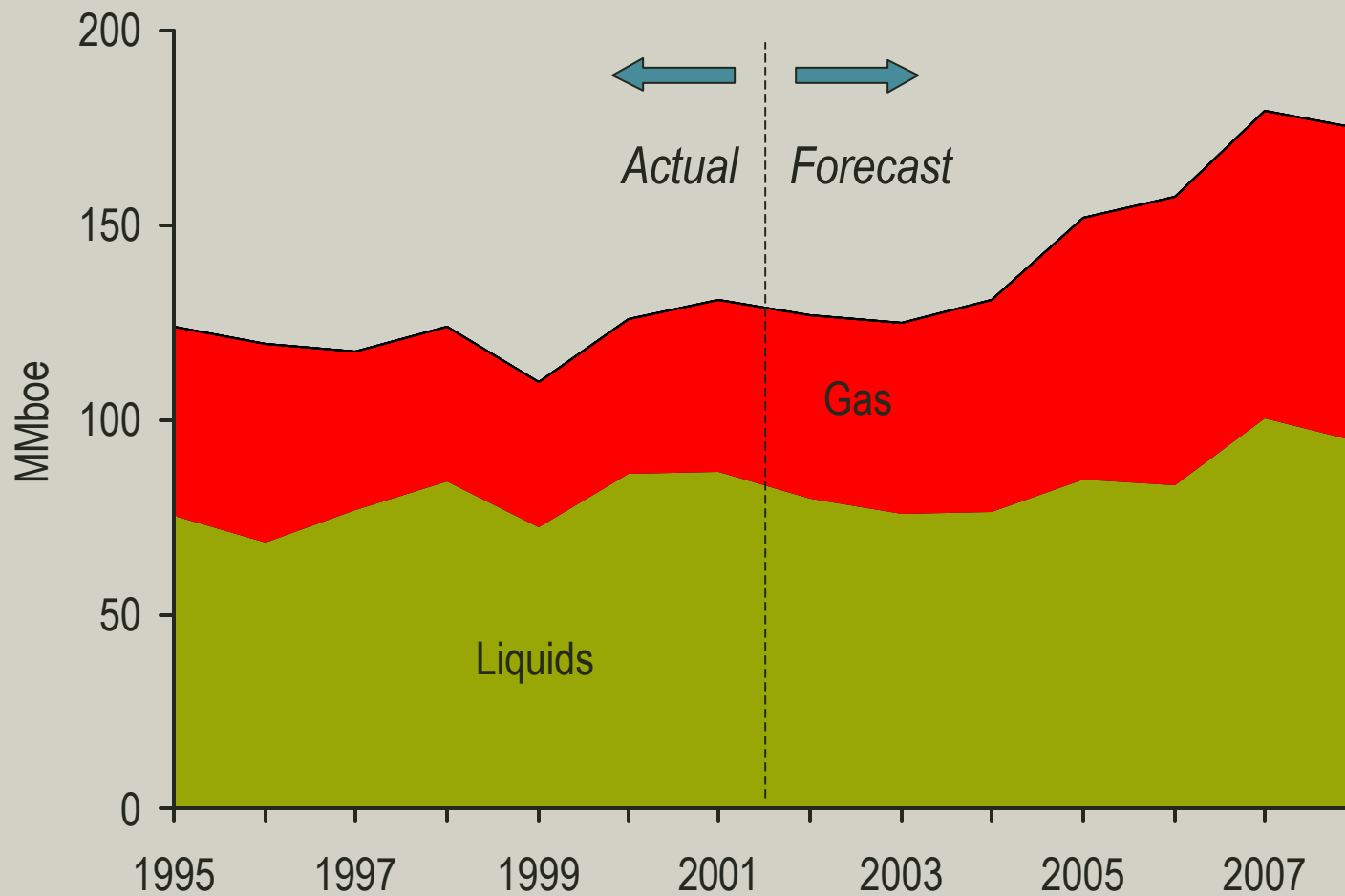


- Production
- Exploration
- ▲ Gas Commercialisation
- ★ Development

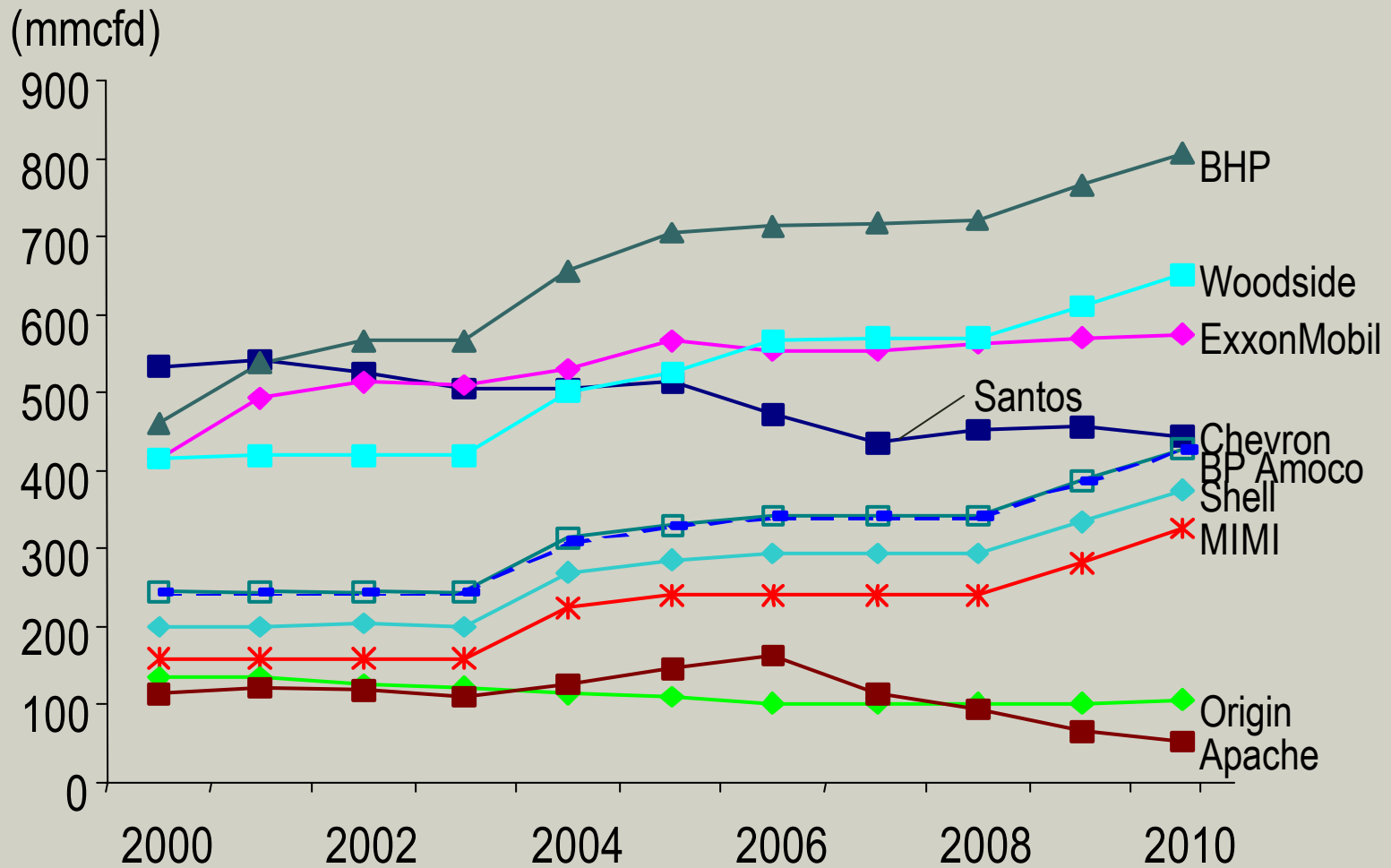
Gas : A Growing Business for BHPB

Petroleum Production Forecast

Sept 2001



Australia's Top Ten Upstream Gas Producers (including LNG)



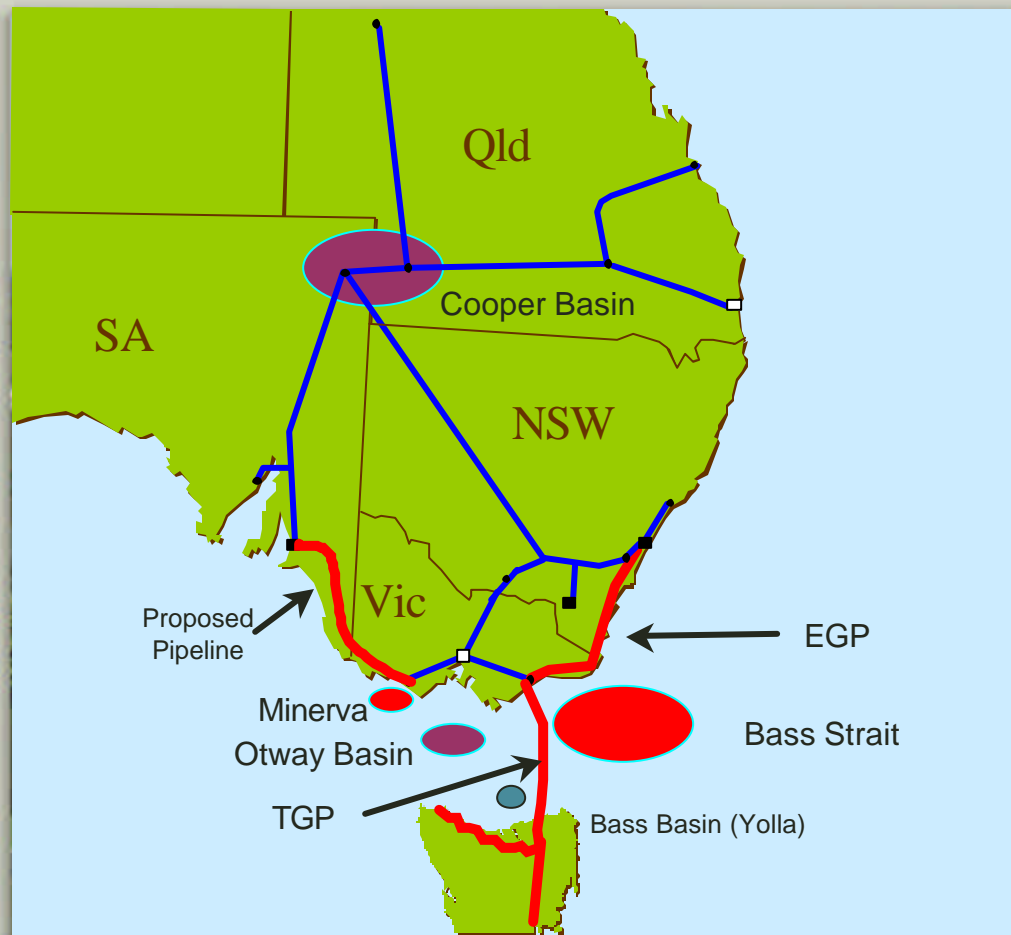
Source: Wood Mackenzie

BHPB Petroleum : Recent Australian Highlights

- Gas Deal to NSW signed. Gas flowed on EGP Sep 2000
- North West Shelf LNG 4th train expansion approved and supporting sales agreements progressed
(Total Cost A\$2.4 billion – BHPB share A\$400M)
- Bass Strait Bream pipeline approved
(Total Cost - A\$ 200M, BHPB share - A\$100M)
- Bass Strait seismic / exploration programme (BHPB share A\$25M)
- North West Shelf - Methanex Gas Sale Agreement completed
- Gas deal to Tasmania signed. Gas flows in July 2002
- Minerva gas development in Otway basin approved subject to customer condition precedent.

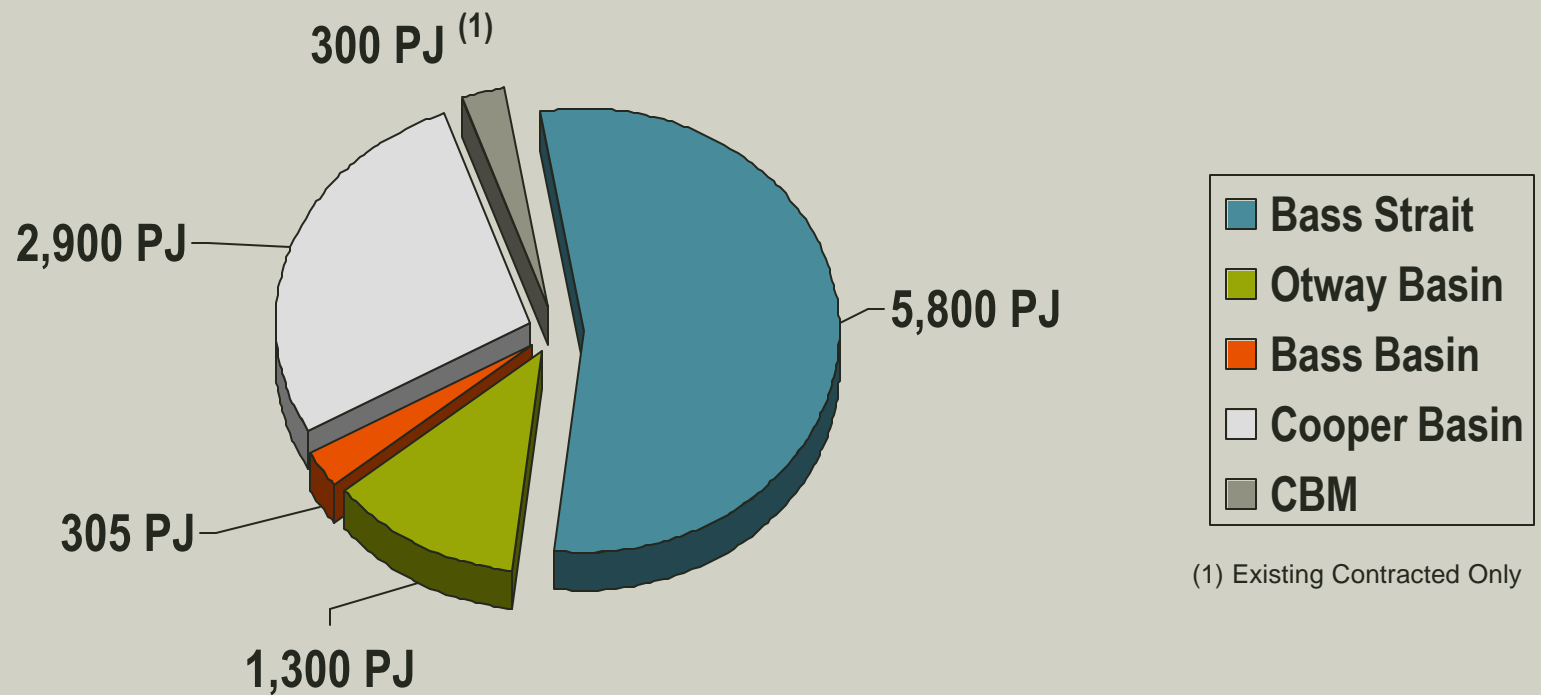
Eastern Australian Market

SE Australian Gas Market



- Industry deregulation has been positive for upstream gas development
- BHPB has been instrumental in bringing about the interconnection of major demand centres
 - EGP
 - TGP
 - SA pipeline
- Increased exploration fuelled by recent discoveries offshore
- Developments proposed for Yolla, Patricia/Baleen
- PNG term sheet with AGL

Eastern Australia - Existing Reserves



(1) Existing Contracted Only

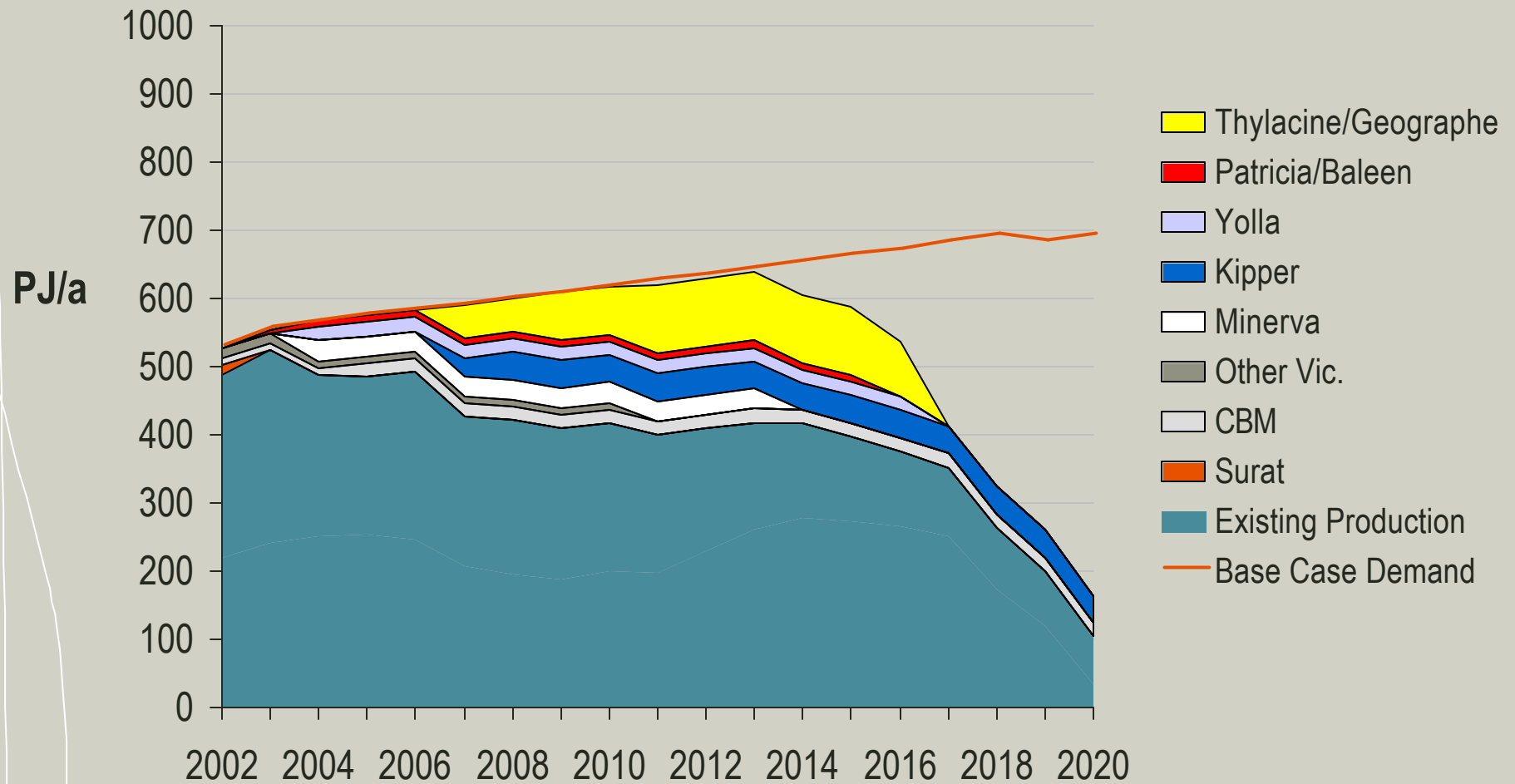
Total = 10,605 PJ

Source : Company information, BHPB est.

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Eastern States Supply & Demand – Base Case

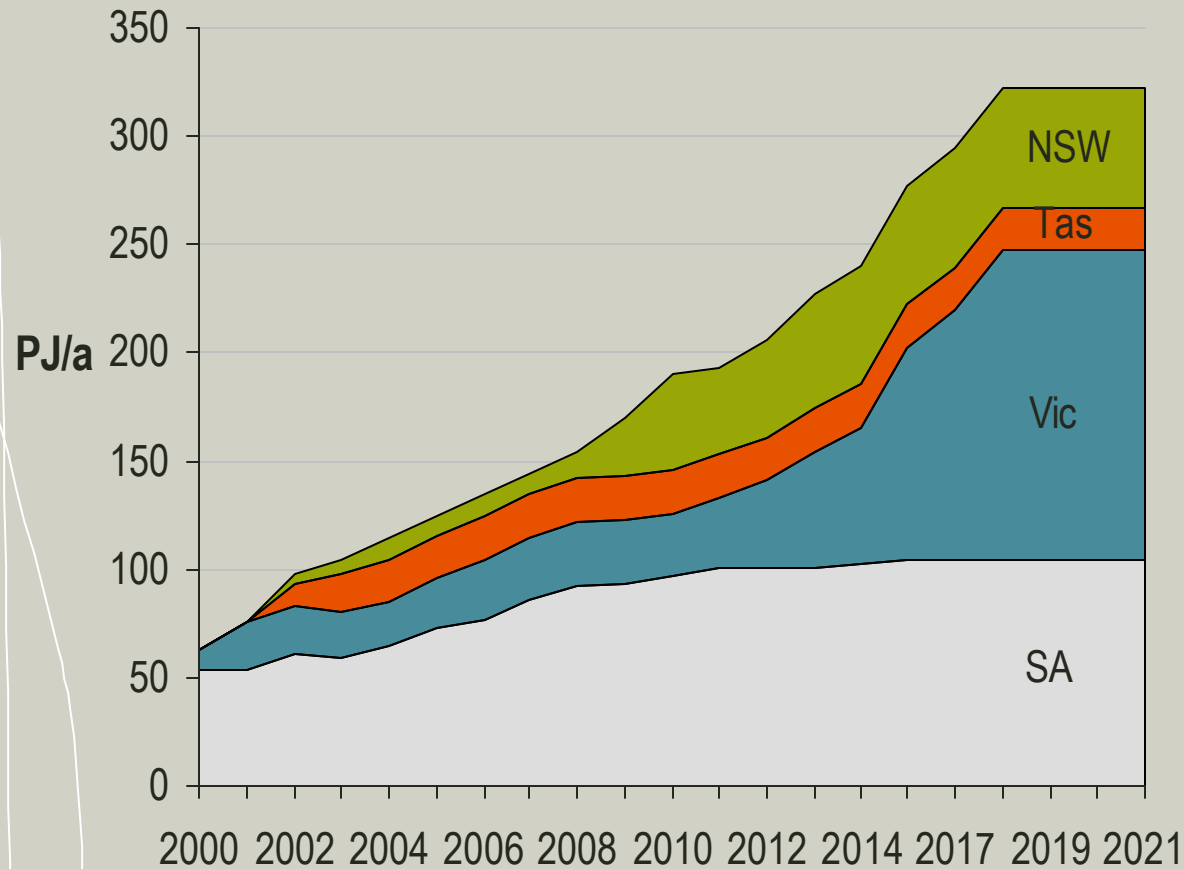


Source: BHP Billiton

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Eastern Gas Power Generation Opportunities



Source: MMA Assoc

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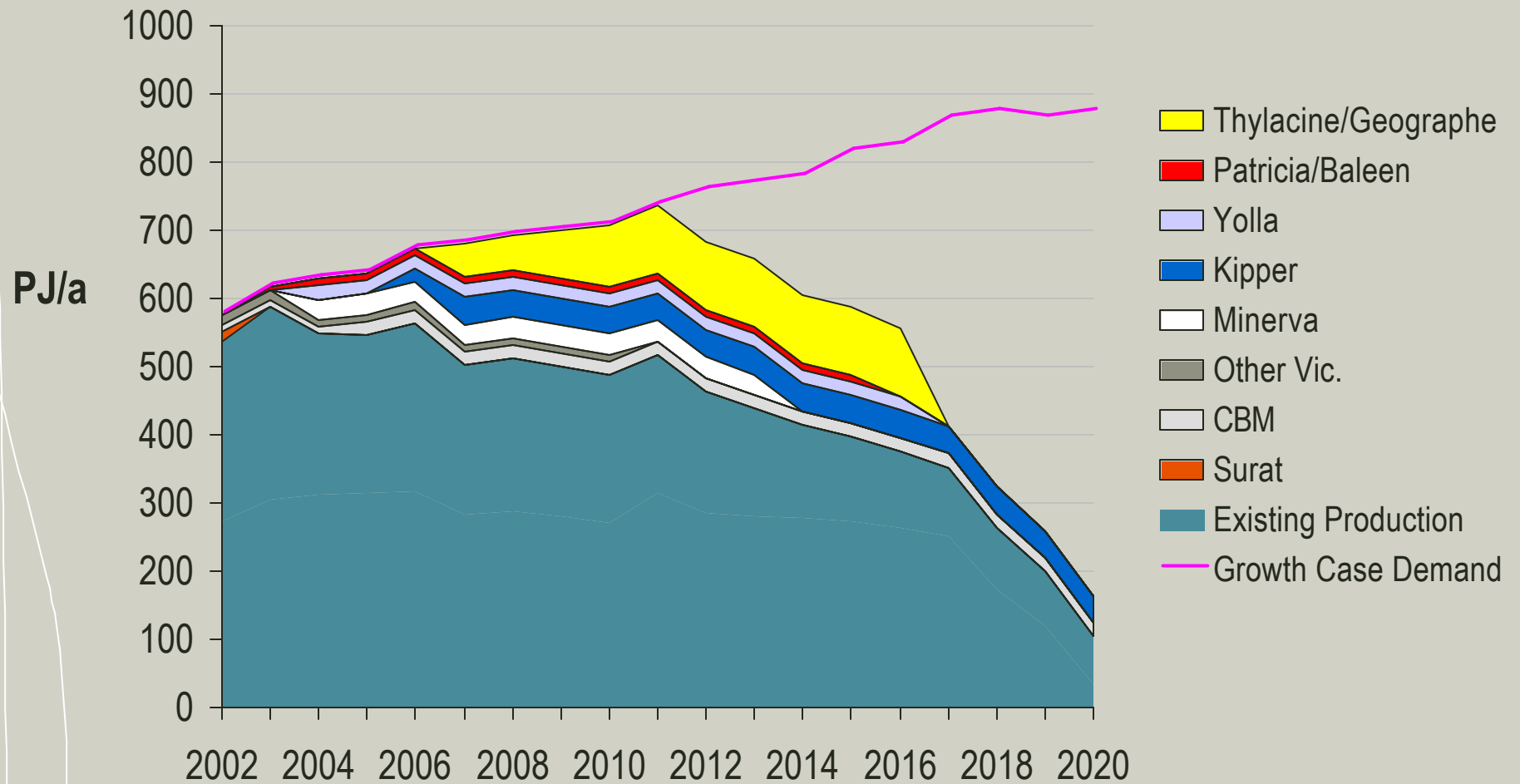
Major growth in gas is for power generation

BHP Billiton has already captured -

- Tasmania ~ 10PJ
- NSW ~ 10PJ
- South Australia ~ 27PJ

Confidence in gas supply is vital for infrastructure development

Eastern States Supply & Demand – Growth Case



Source: BHP Billiton

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Filling the Gap

Indigenous

- Queensland Coal Bed Methane
- Otway Basin exploration
- Bass Strait Northern Fields exploration

Remote/Imports

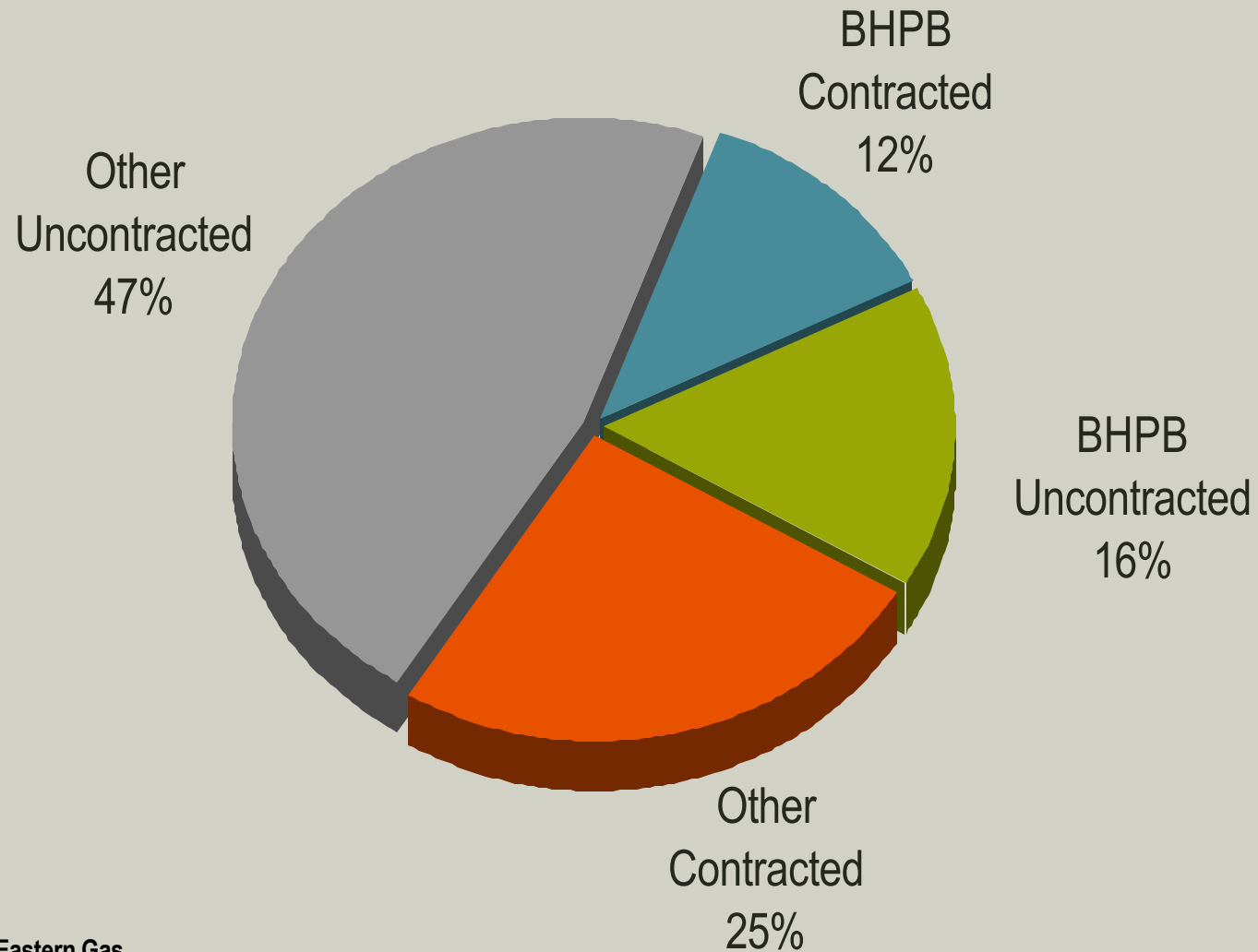
- Timor Sea – onshore vs offshore
- PNG more active but still lacks customer base

Business Issues

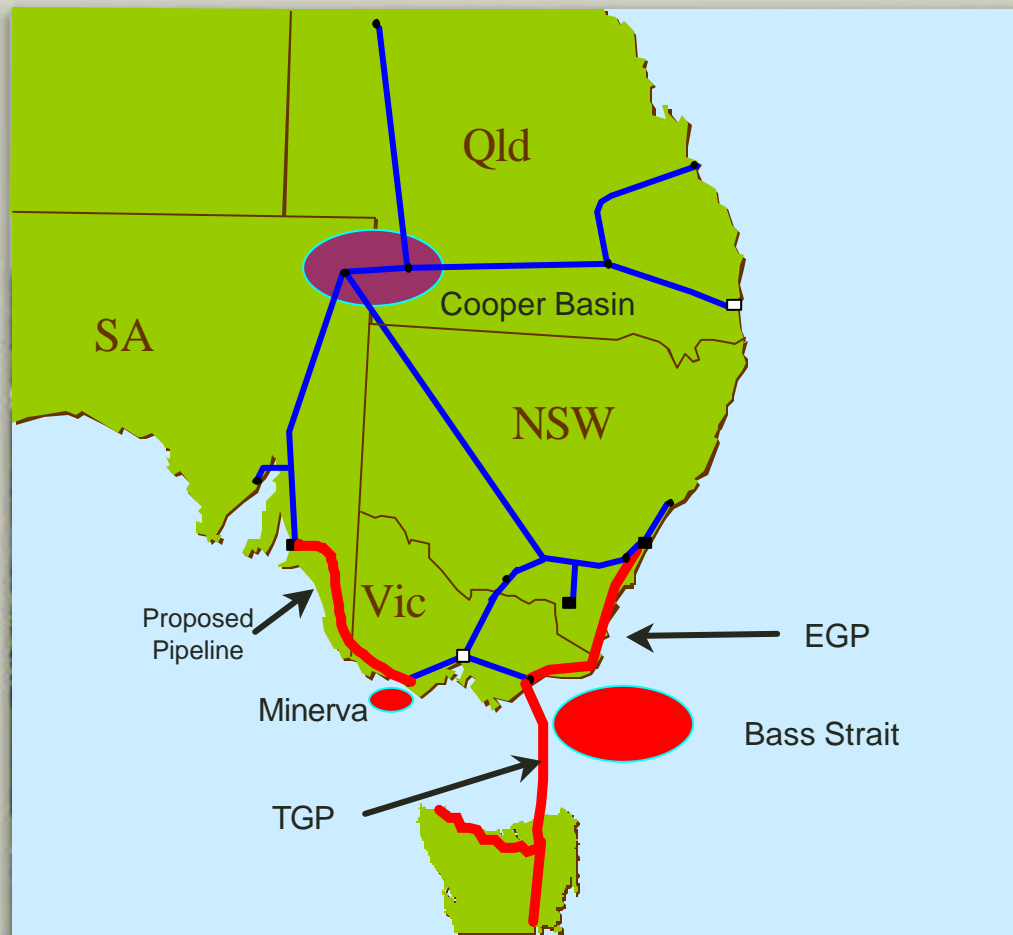
- Australia has amongst the world's cheapest well head gas price (second cheapest gas in the OECD)
- Low gas prices could be an impediment to the development of some new gas projects
- Taxation - has major effect on economics of new gas developments and must allow projects to generate an adequate return
- Regulation - need to adopt consistent Gas Regulatory principles across Australia
- Open access in the upstream - commercial negotiation arrangements for infrastructure access are working satisfactorily

BHPB in Eastern Australia

Eastern Australia Gas Resources

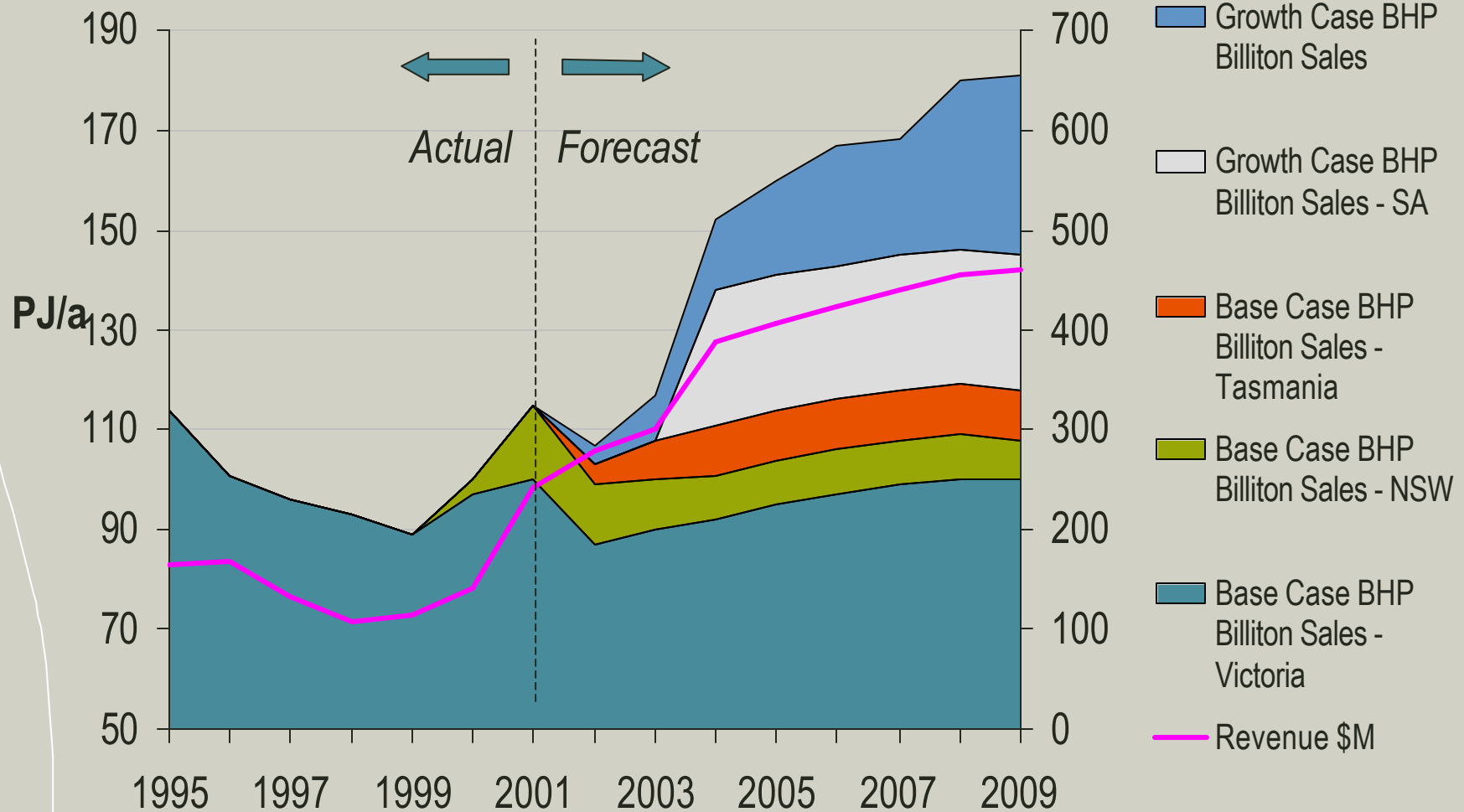


BHPB Petroleum Initiative: Gas Supply to New Markets



- BHPB will soon supply gas to four States
- Links to new markets secured
 - New South Wales in place and operating –since 2000. BHPB now supply ~ 20% of this market.
 - Tasmania supply in July 2002
 - South Australia pipeline: to be completed by 2004

BHPB Projected Sales Growth



Source: BHP Billiton

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Conclusion

- BHPB has significant uncontracted reserves and resources
- It has been demonstrably successful in expanding into new markets
- It is engaged in a major new seismic programme
- There is further market growth in power generation under a balanced energy policy
- Indigenous gas resources are being developed to fill any small supply gap in the medium term

BHPB will continue, through innovation and development, to be the leader in meeting the needs of the customer in the Eastern Australian gas market for many years to come.