

BHP Billiton Carbon Steel Materials



Metallurgical Coal Expansion Briefing

Sydney: 1 September, 2004



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Presentation overview

- BHP Billiton Metallurgical Coal Overview Bob Kirkby
- Global Steel & Metallurgical Coal Markets Andrew Offen
- Metallurgical Coal Growth Strategy Bob Kirkby
Dave Murray
Col Bloomfield

High value incremental growth to meet customer demand

- BHP Billiton today announced its intention to increase production capacity to 100Mtpa (100% basis) by 2010 – compared to production of 58Mtpa in FY2004
- Brownfield and greenfield expansions at BHP Billiton Mitsubishi Alliance (BMA), BHP Mitsui Coal (BMC), Maruwai and Illawarra Coal
- Expansion tonnes will comprise a range of coals – majority hard coking coal
- High margin incremental capacity will meet market demand and deliver significant returns to shareholders



High value incremental growth to meet customer demand (cont'd)

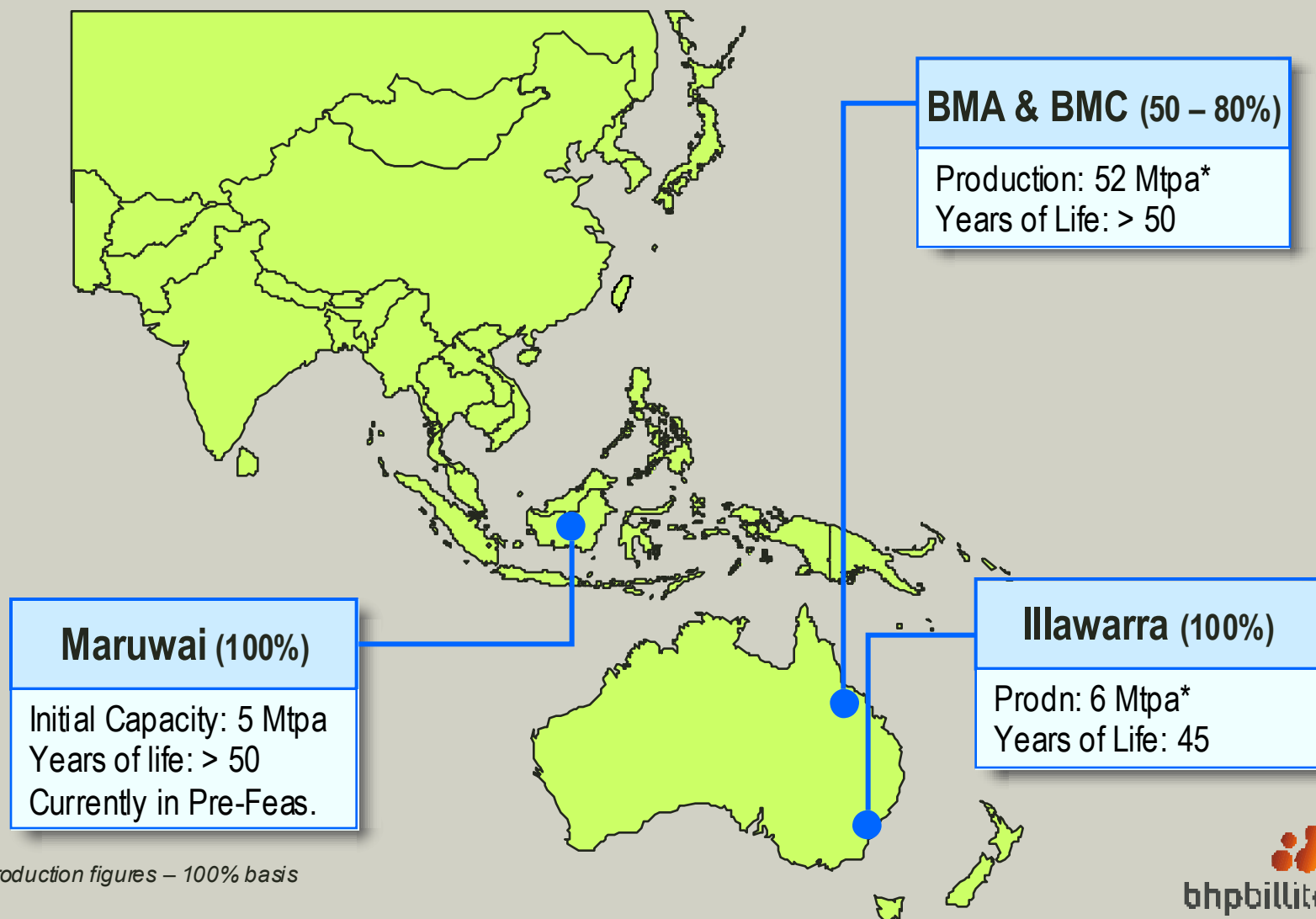
- Broadmeadow on schedule for start-up in mid 2005 (3.6Mtpa)
- Dendrobium on schedule for start-up in mid 2005 (3.6Mtpa)
- Queensland coal 52Mtpa – 57Mtpa capacity expansion underway. Includes additional mining equipment, prep. plant upgrades and 132Mbcm of contract stripping. Expected completion mid 2005
- Announced today: the next stage of the Queensland coal expansion program which will increase production capacity to 59Mtpa by the 2nd half of 2006. Capital cost is expected to be US\$175 million (BHP Billiton share US\$87.5 million)
- This announcement includes the expansion of throughput capacity at the BMA-owned Hay Point Coal Terminal from 34Mtpa to 40Mtpa



BHP Billiton - the premier supplier of metallurgical coal to the global steel industry

- BHP Billiton is the world's largest supplier of seaborne metallurgical coal - market share ~30%
- Coal supplied to more than 80 customers in 28 countries across the globe
- FY2004 highlights include record production and shipments of 52 million tonnes from the Queensland Coal operations
- Continued increase in demand will be met through both brownfield and greenfield growth options in Australia and Indonesia. Other global opportunities are also being investigated

Long life, tier 1 metallurgical coal assets



*FY2004 production figures – 100% basis

Steel and Metallurgical Coal Market Outlook

Andrew Offen

Marketing Director Carbon Steel Materials



What has changed?

More robust view of global steel demand and hence crude steel and pig iron production

+

Increasing likelihood that the blast furnace/BOF will increase or at least maintain share of steel production

+

Coke shock: high and volatile prices, increased fears over security of supply

+

Steelmakers' announcements of investments in new or refurbished coke capacity to increase self-sufficiency



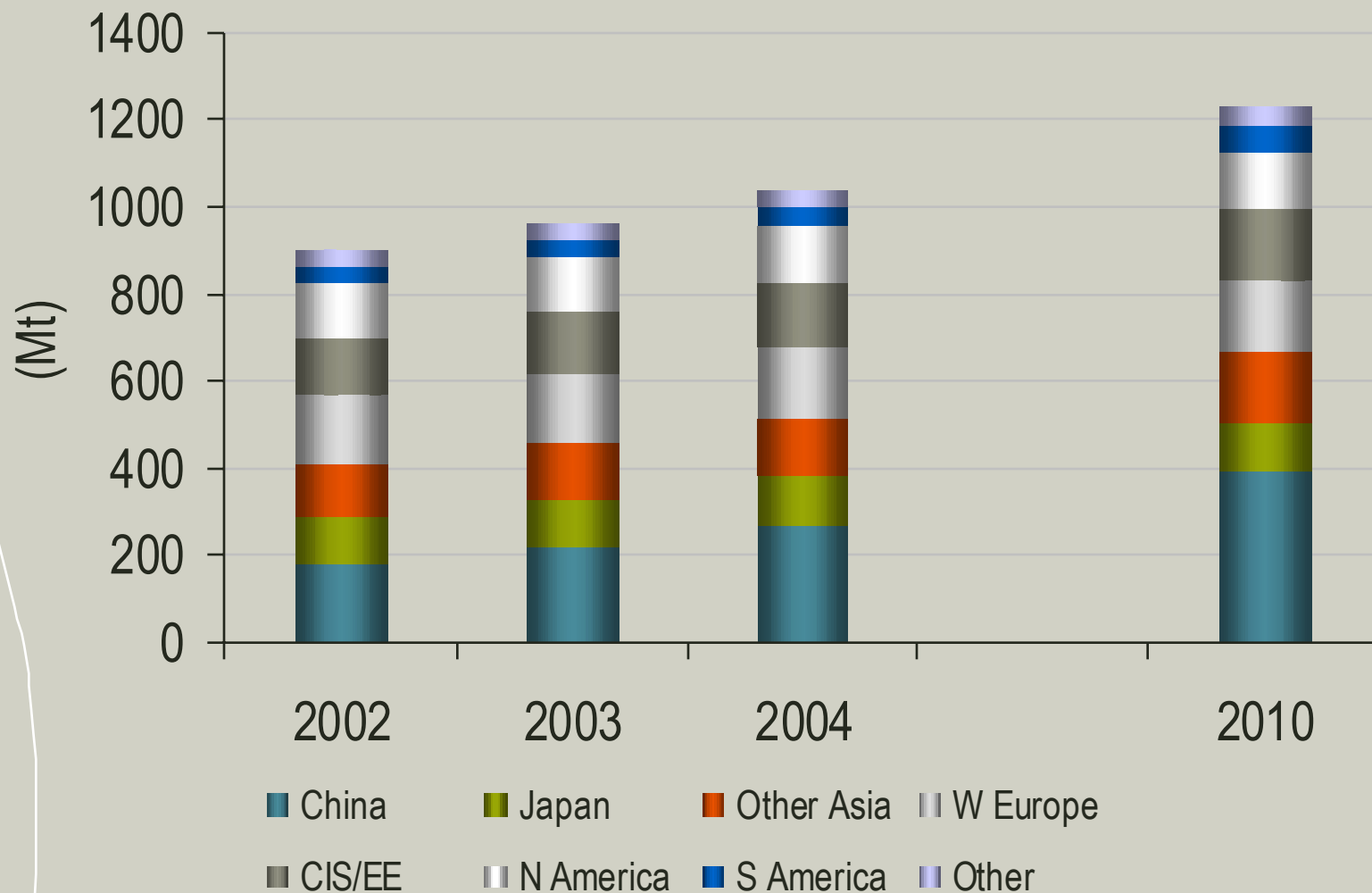
Global steel outlook and trends

- Global economic environment remains very positive for steel demand
 - Chinese steel demand strong
 - Signs of improved demand growth in the US, Brazil and India
- Additional Chinese steel making capacity being built
- Chinese import demand sustaining high global production
 - Japan, Korea, CIS all benefiting
- Global steel inventories balanced
- High probability of seeing 1 billion tonne production of crude steel this year

STEEL DEMAND PICTURE VERY ROBUST

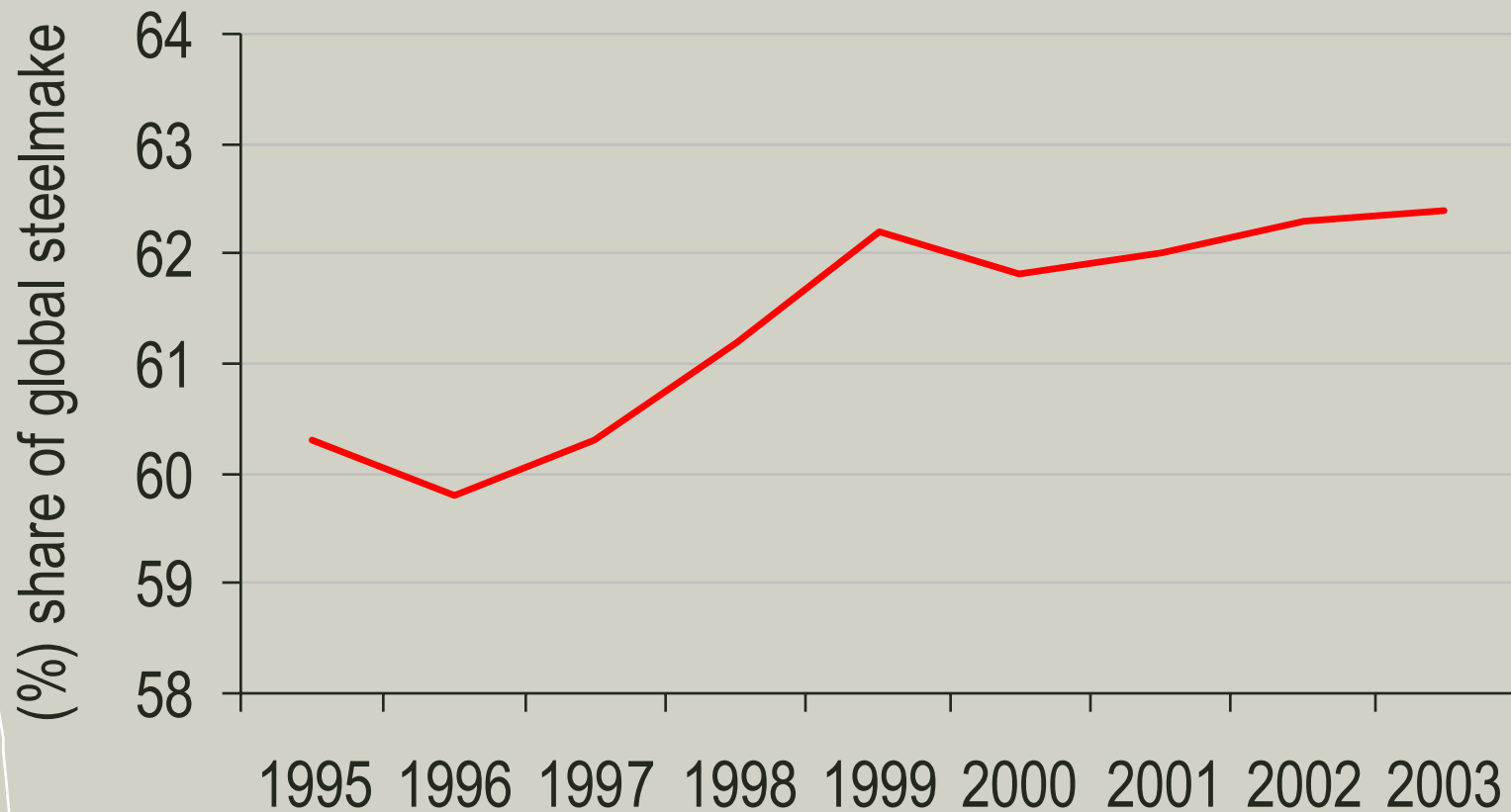


Global steel production outlook



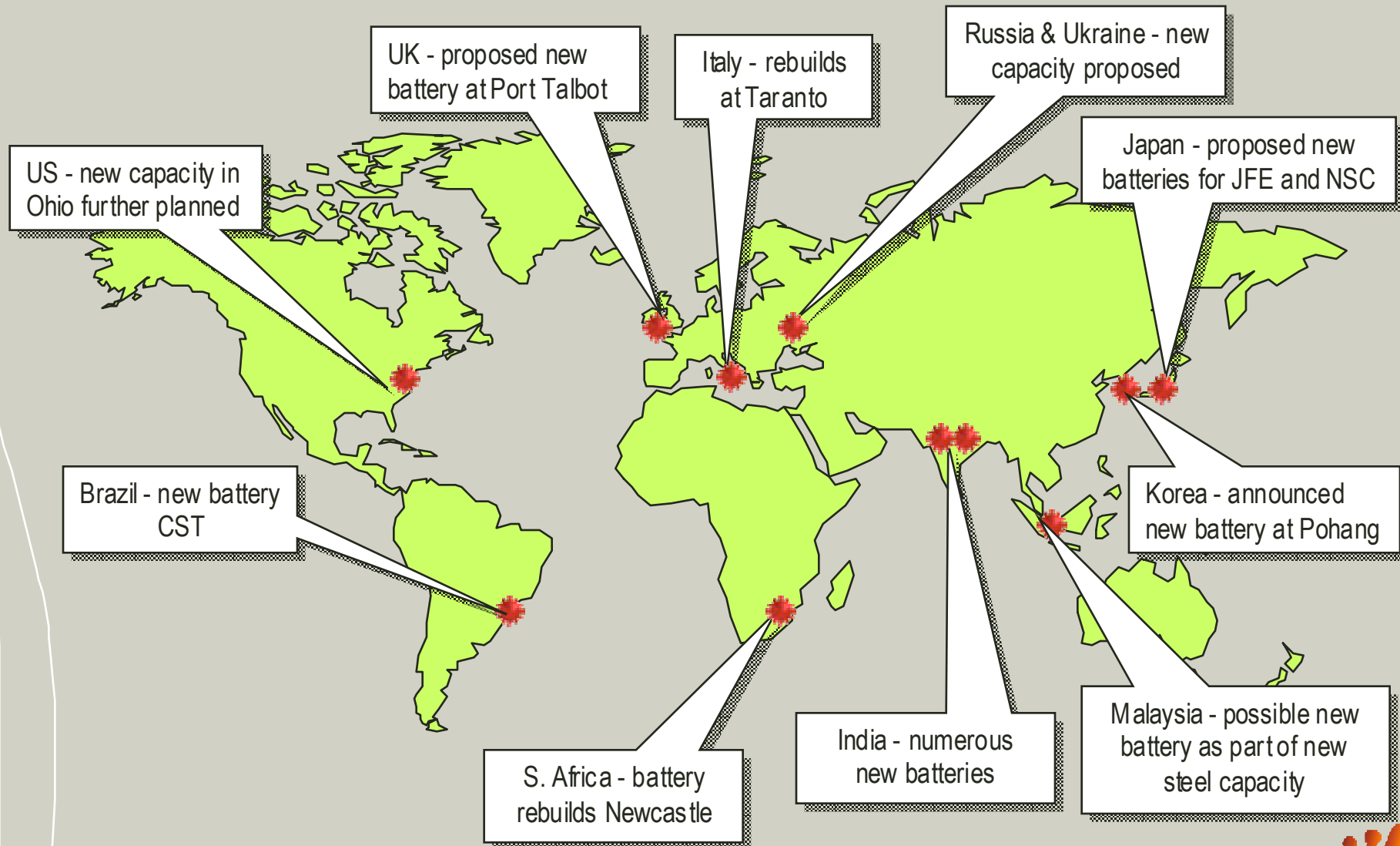
Source: IISI & CRU

Blast Furnace/BOF maintaining market share



Source: BHP Billiton

Our major customers are building/planning new coke battery capacity

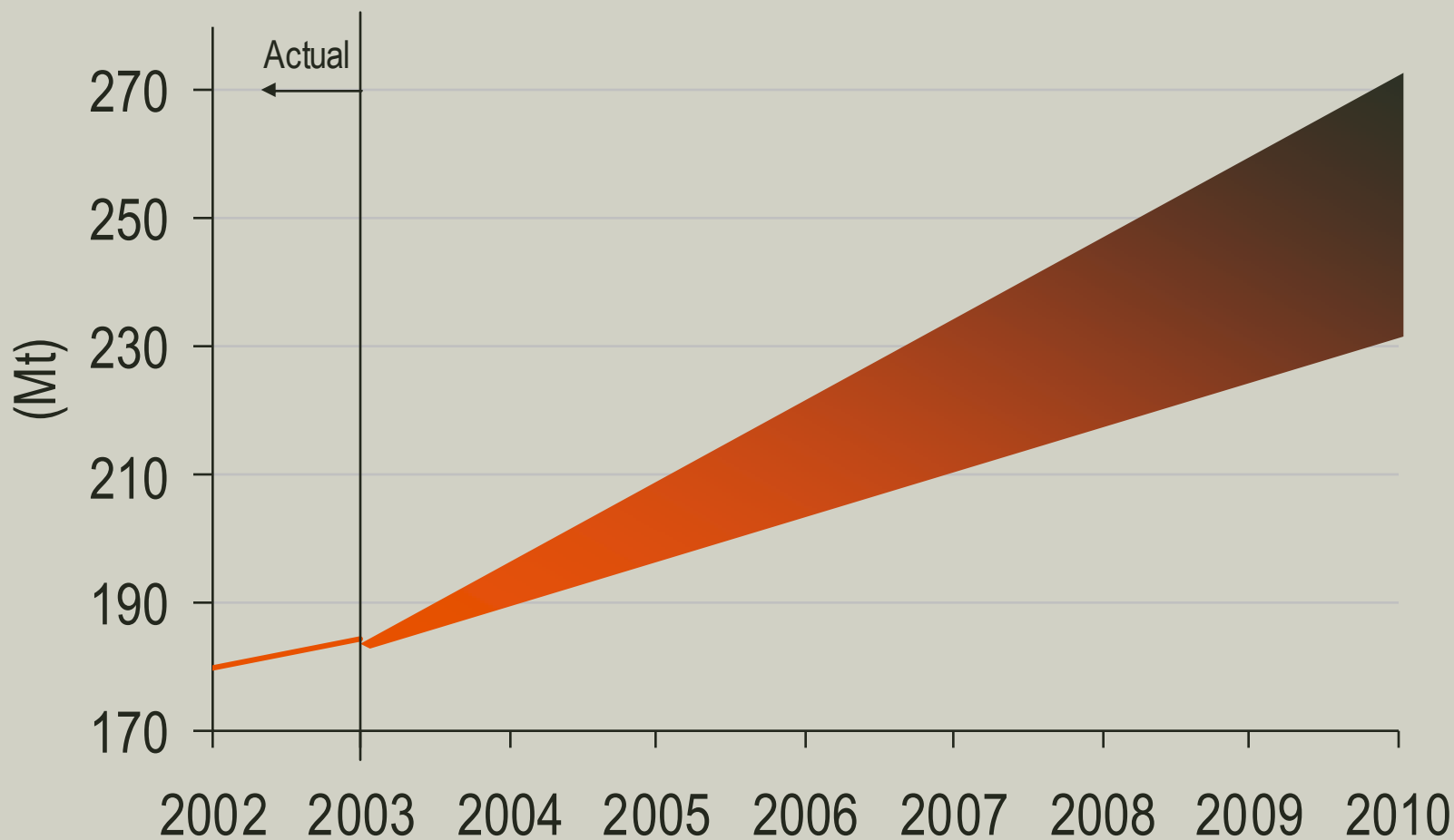


Source Market sources and public announcements



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Seaborne metallurgical coal demand outlook



Source: BHP Billiton

Increased supply will not be sufficient to meet increased demand

SEABORNE SUPPLY GROWTH

- Queensland
- Canada
- China
- USA (swing)
- New Zealand
- New South Wales
- Indonesia/Venezuela/Vietnam (weak coking coal and PCI)
- Potentially Russia, Mongolia, Mozambique



Less than

SEABORNE DEMAND GROWTH

- Increasing coke production by traditional customers
 - Japan, Europe, India, Brazil, South Korea
- New growth opportunities
 - China, India, Brazil, Eastern Europe, Germany, USA, SE Asia

BHP BILLITON WILL MEET THIS GAP



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High value growth to meet customer demand ~ 100Mtpa capacity by 2010

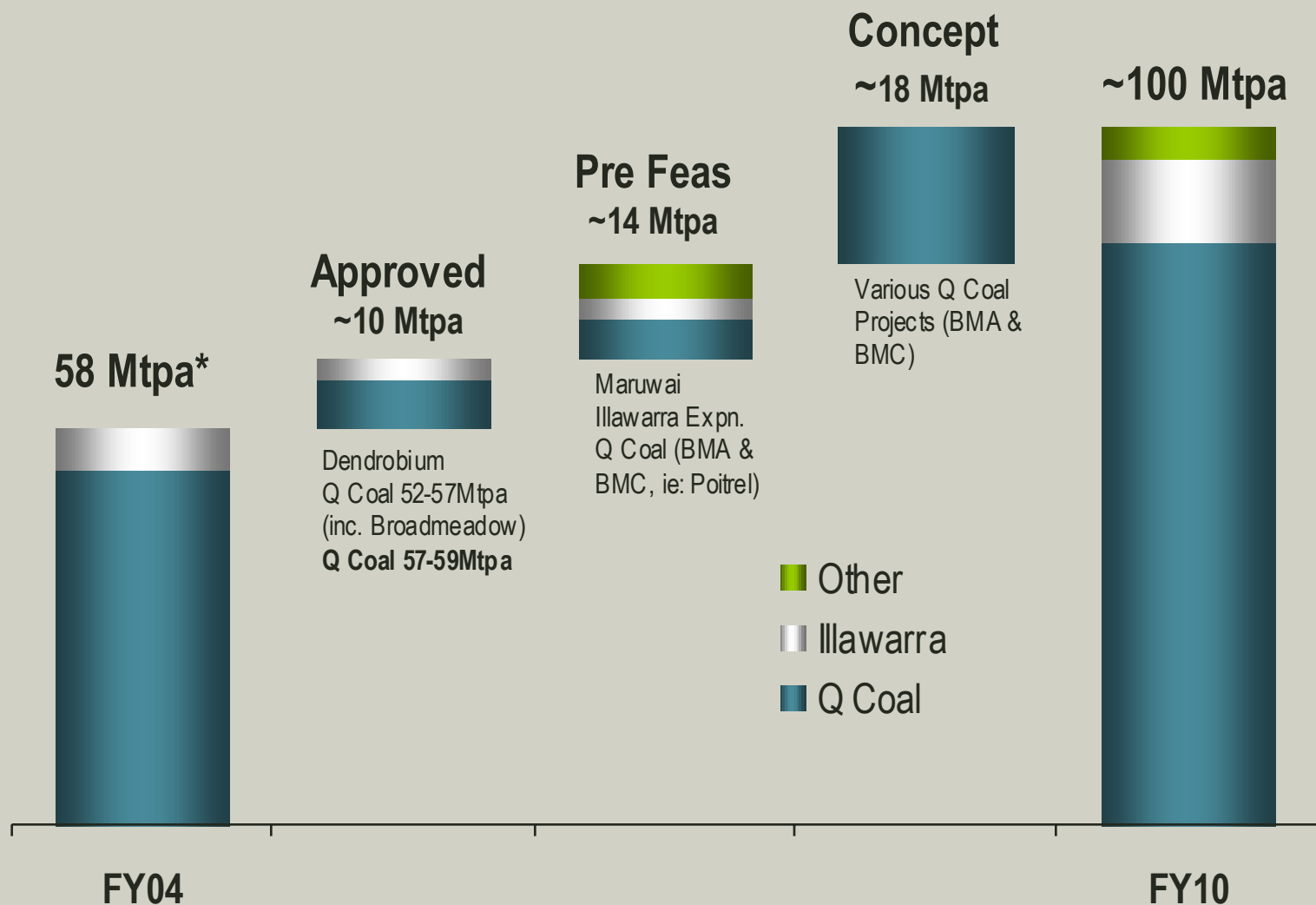
Bob Kirkby Group President Carbon Steel Materials

Dave Murray CEO BMA

Col Bloomfield President Illawarra Coal

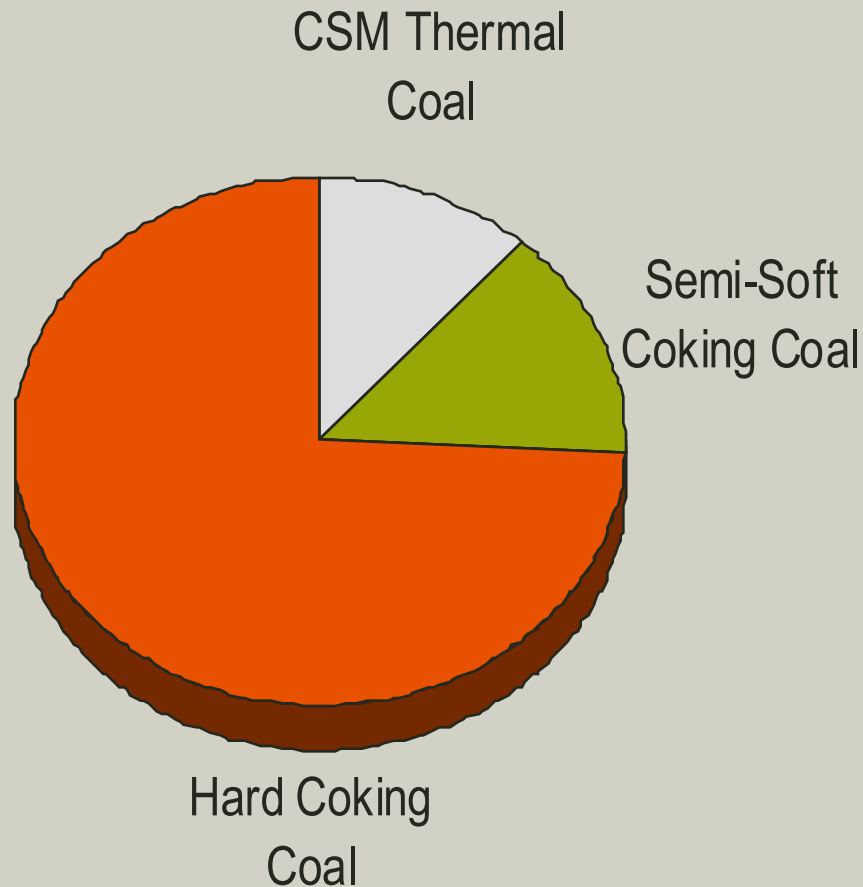


High value incremental growth to ~100Mtpa capacity



*All production figures are quoted on a 100% equity basis

The majority of capacity expansion tonnes will be HCC



Expansion: 42 Mtpa

- 70% hard coking coal
- 15% semi soft coking coal
- 15% thermal coal
- Majority brownfields

Queensland Coal: current growth projects and additional infrastructure access - **update**

- Queensland Rail
 - 8Mtpa additional capacity contracted since mid 2003 - and a further 8Mtpa secured to support continued growth
- Dalrymple Bay Coal Terminal
 - 3Mtpa additional capacity secured
- Broadmeadow
 - On schedule for start-up mid 2005 (3.6Mtpa)
- Blackwater Prep. Plant
 - On schedule for start-up late 2005 (14Mtpa)



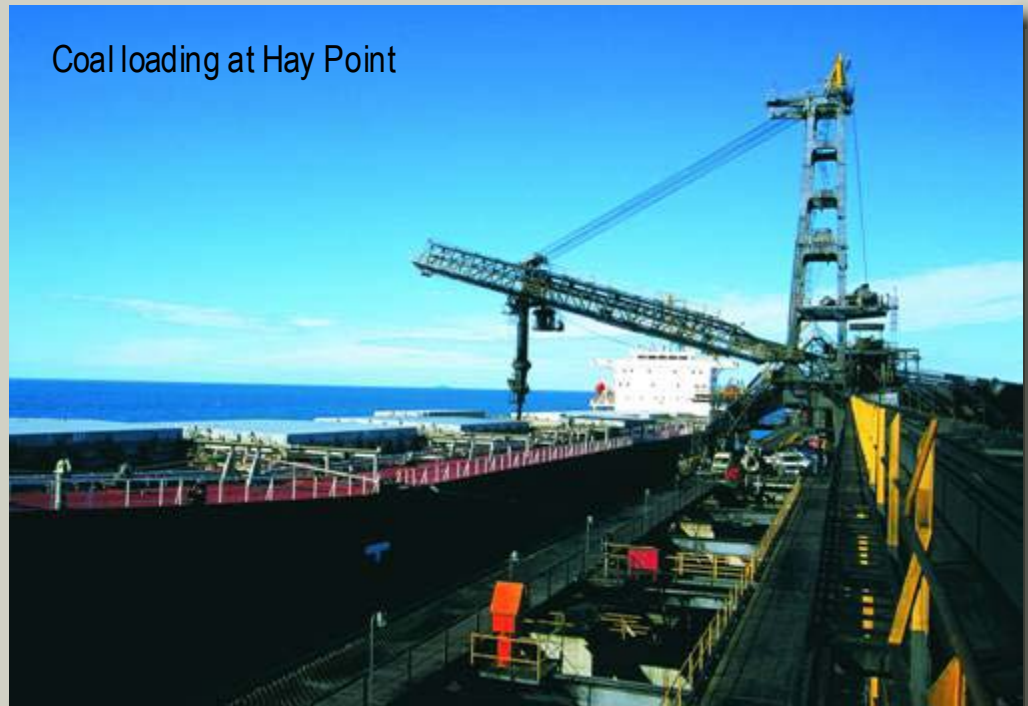
Queensland Coal: 52Mtpa to 57Mtpa expansion – update

- 132Mbcm of contract stripping – additional operating cost over ~ 2 years
- Additional mobile mining equipment at Norwich Park, Peak Downs, Saraji and Goonyella
- Saraji prep. plant upgrade
- Peak Downs prep. plant improvement
- Capital cost US\$94 million (US\$47 million BHP Billiton share)
- On schedule for completion in mid 2005



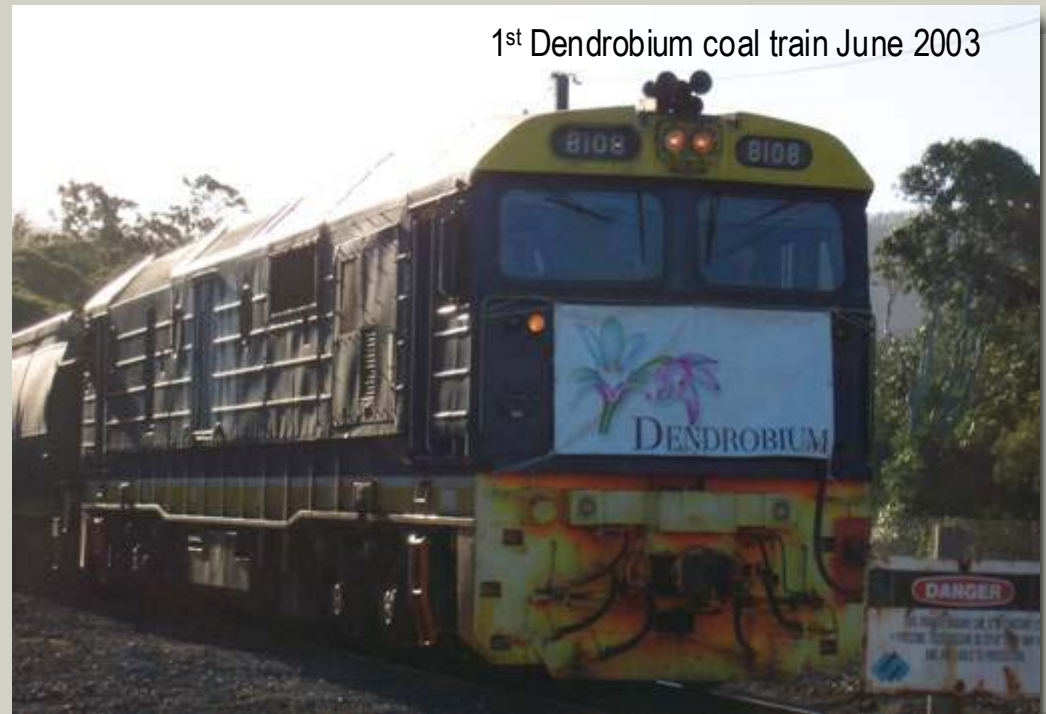
Queensland Coal: 57Mtpa to 59Mtpa – announced today

- Hay Point Coal Terminal Expansion + 6Mtpa (34Mtpa - 40Mtpa)
- Additional mobile mining equipment at Saraji and Goonyella
- 32Mbcm contract stripping at Saraji – additional operating cost over ~ 3 years
- Complete 2nd half 2006
- Capital cost US\$175M
(BHP Billiton share US\$87.5M)
- ~US\$100 million of the capital cost (BHP Billiton share US\$50 million) relates to expenditure on the Hay Point port facilities to allow further expansions of the Queensland coal business



Illawarra Coal: 7Mtpa to ~14Mtpa* – update

- Dendrobium – On schedule for start-up mid 2005 (3.6Mtpa). Considering incremental expansion + 0.6Mtpa
- New West Cliff longwall in production
- Future growth will focus initially on debottlenecking at Appin & West Cliff
- Possible investment in an additional longwall unit



**Includes depletion of Elouera*



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Maruwai discovery: potential coking coal province - update

- The Maruwai discovery is located in Central/East Kalimantan and contains a range of coals
- Our vision is for a long term integrated basin development
- Expect to start with high quality HCC development of up to 5Mtpa
- River barging likely transport option
- Contractor operation likely
- Pre-Feasibility Study near completion
- Expect to complete Feasibility Study end 2005



Conclusion

- Global steel outlook is robust
- The fundamentals of the HCC market are strong and demand is growing globally
- BHP Billiton and its partners are best placed to close the supply-demand gap.
 - Expansions to 100Mtpa will be brought on line incrementally – in line with customer demand
 - First stage approved and underway
 - Expansions will be strongly NPV positive
 - Unparalleled market position and knowledge



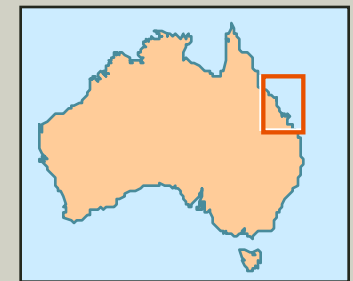


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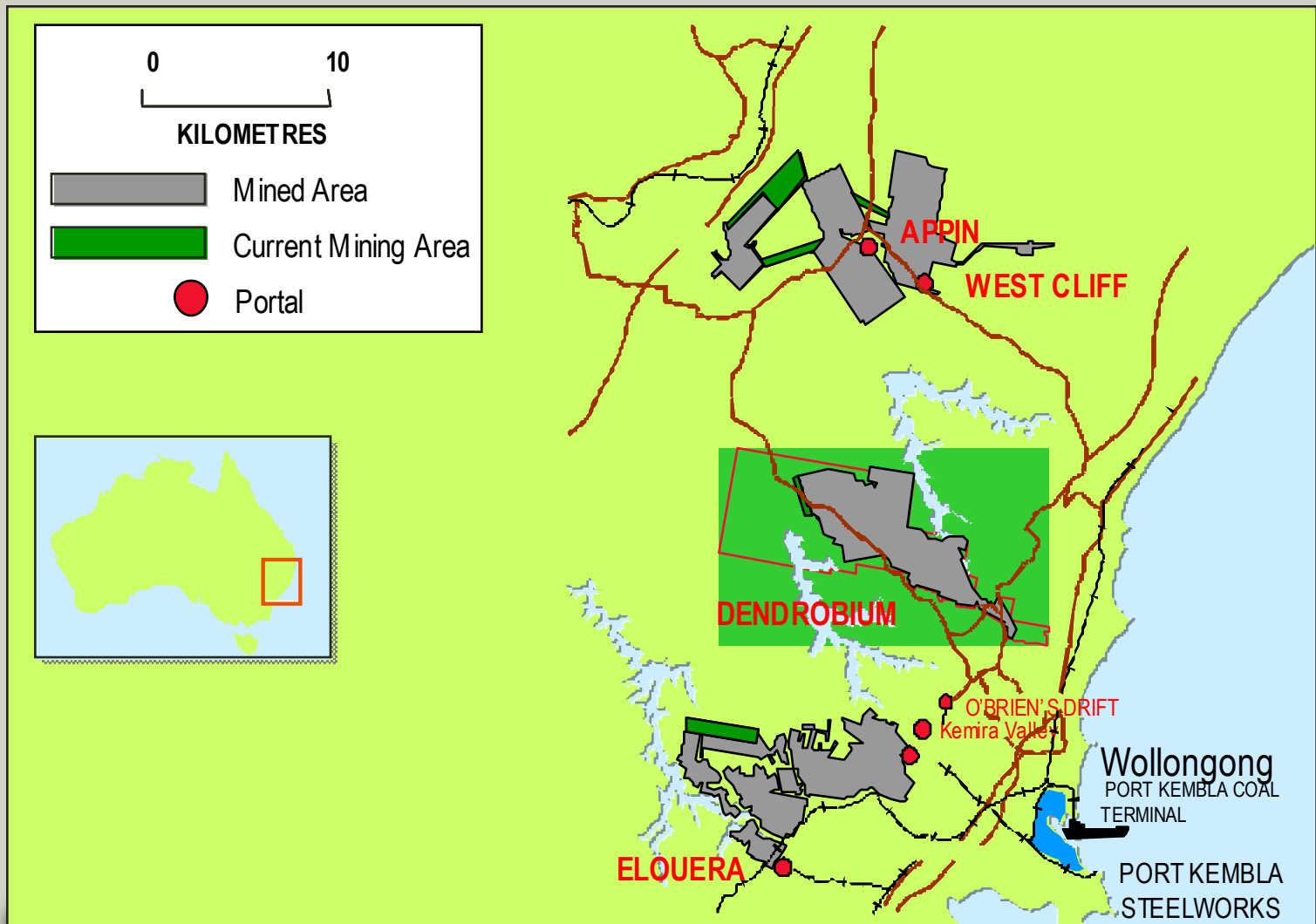


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BHP Billiton Queensland Coal Operations



BHP Billiton Illawarra Coal Operations



BHP Billiton Maruwai Discovery

