

Carbon Steel Materials CSG

CSG Briefing



Sydney and London
28th June 2006



Disclaimer

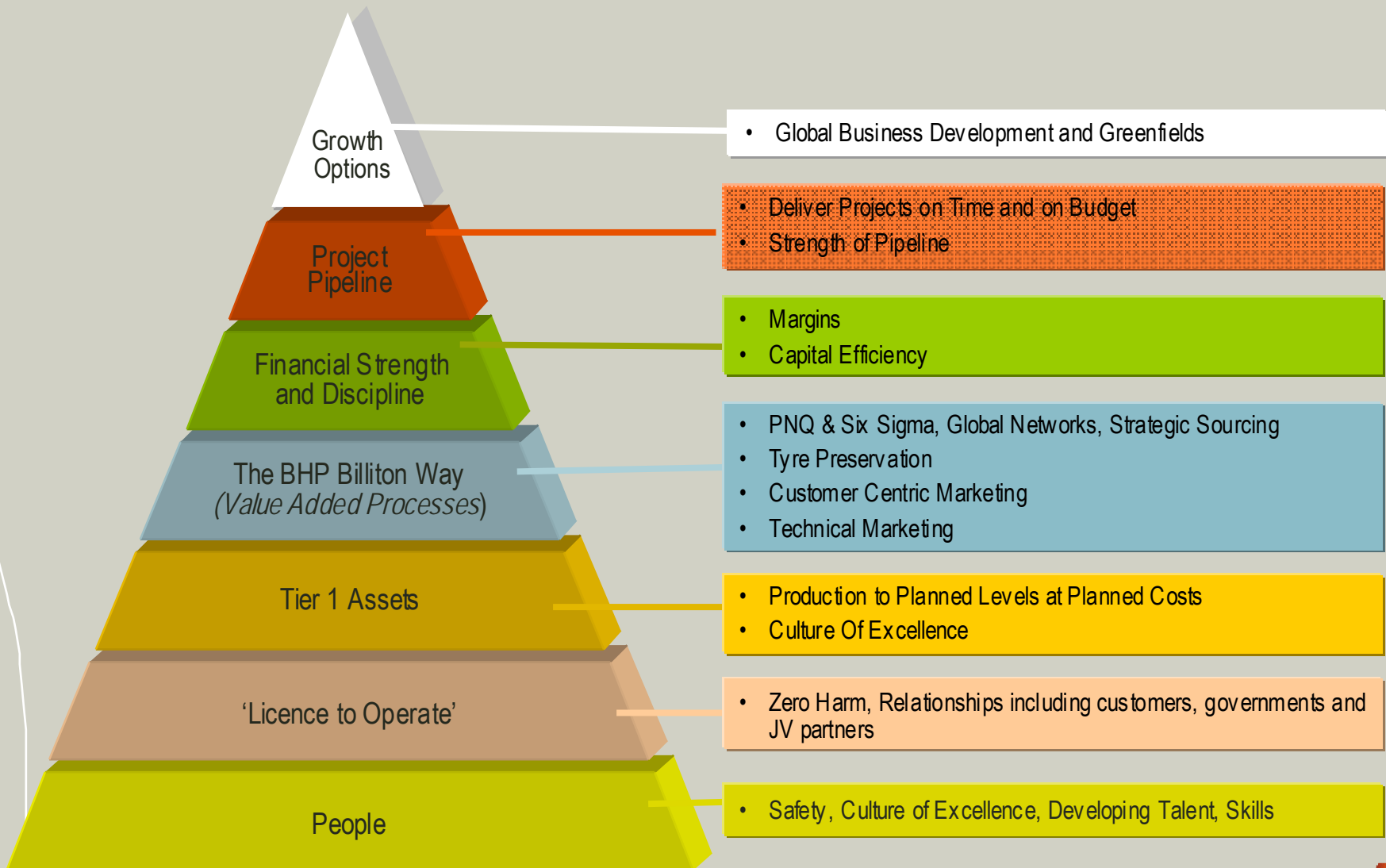
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Introduction

- Safety
- Presentation Team
 - Chris Lynch Group President Carbon Steel Materials
 - Peter Toth Marketing Director
 - Ian Ashby President and COO WA Iron Ore
 - Dave Murray President Metallurgical Coal
 - Peter Beaven President Manganese

CSM Focus



CSM Focus

• Safety

Growth Options

• Global Business Development and Growth

• People and Culture

People and Culture

• People
• Culture

• Relationships

The BHP Billiton Way

• PRG & SR Global Networks, Strategic Sourcing
• Tyre Preservation
• Customer Quality Management
• Technical Marketing

• Existing Operations – “Excellence and the BHP Billiton Way”

Existing Operations

• Excellence and the BHP Billiton Way
• Culture and Governance

• Growth

Growth Options

• Zero Harm, Relationships including customers, governments and JV partners

People

• Safety, Culture of Excellence, Training, Quality

Carbon Steel Materials CSG

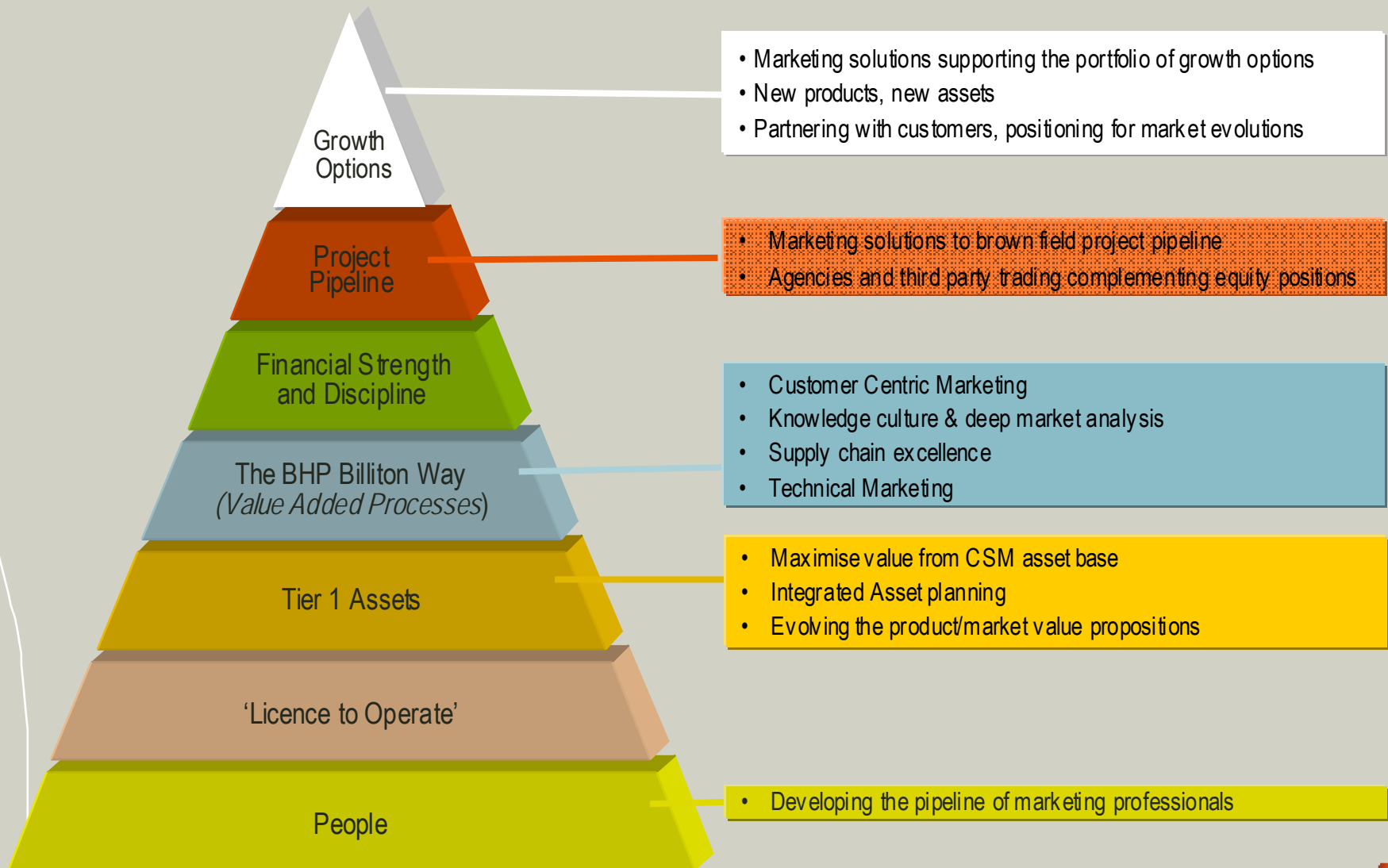
Global Market Update
Steel Industry and Steelmaking Raw
Materials Market Outlook

Peter Toth

28th June 2006



CSM Marketing - Strategic Framework

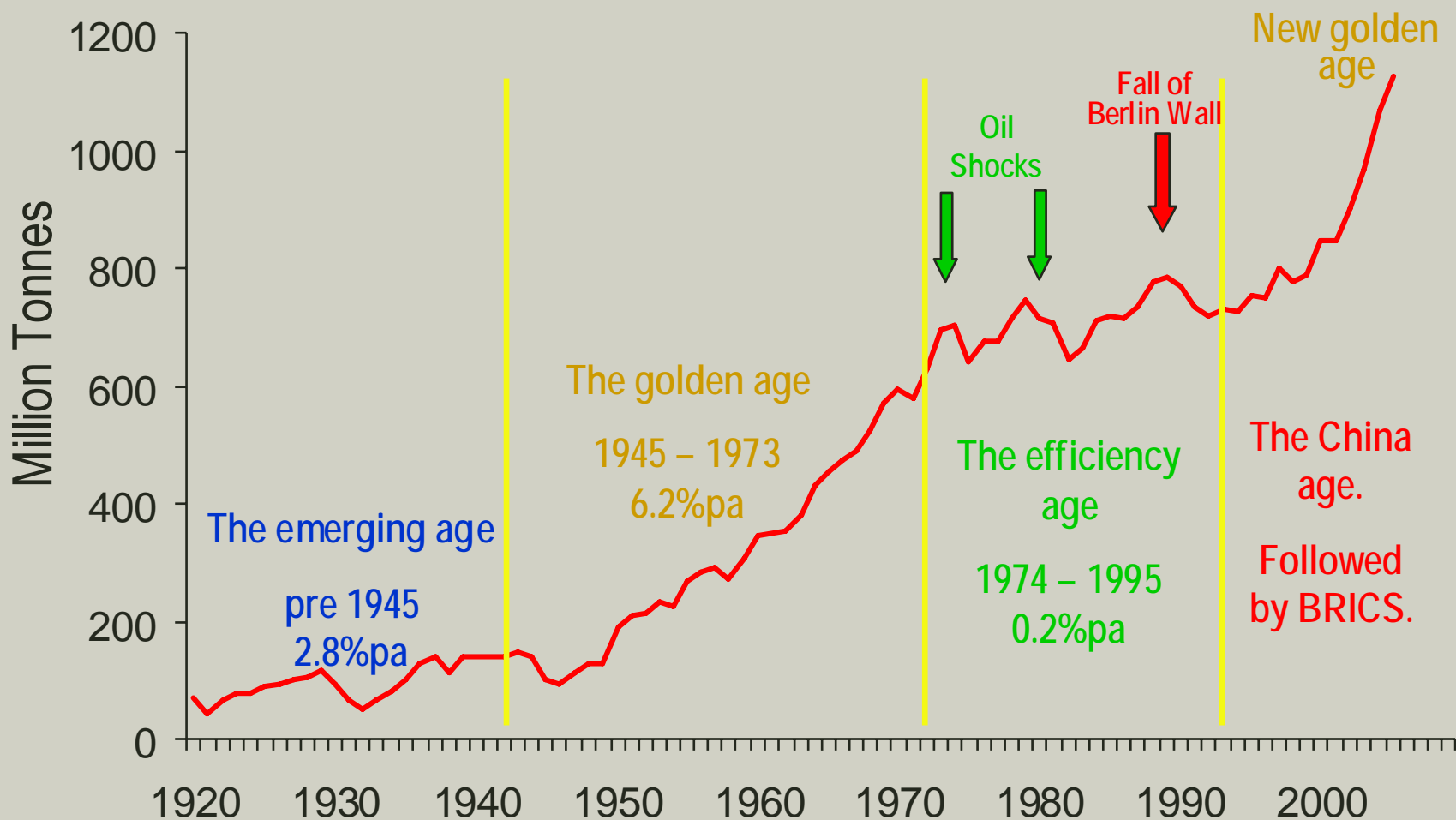


CSM Marketing - Strategic Framework

- Develop the future pipeline of marketing professionals
 - Develop a pipeline of marketing professionals
 - New product development
 - Expanding our customer base
- Extract maximum value from our current asset base
- Best-in-class analytical and technical marketing capability
 - Data driven marketing
 - Knowledge of our & our market analysis
 - Supply chain management
 - Technical Marketing
- Develop and maintaining our customer relationships
 - Customer relationship management
 - Expanding the product portfolio value proposition
- Provide marketing solutions to our brown and green field growth opportunities
 - Developing a pipeline of marketing professionals

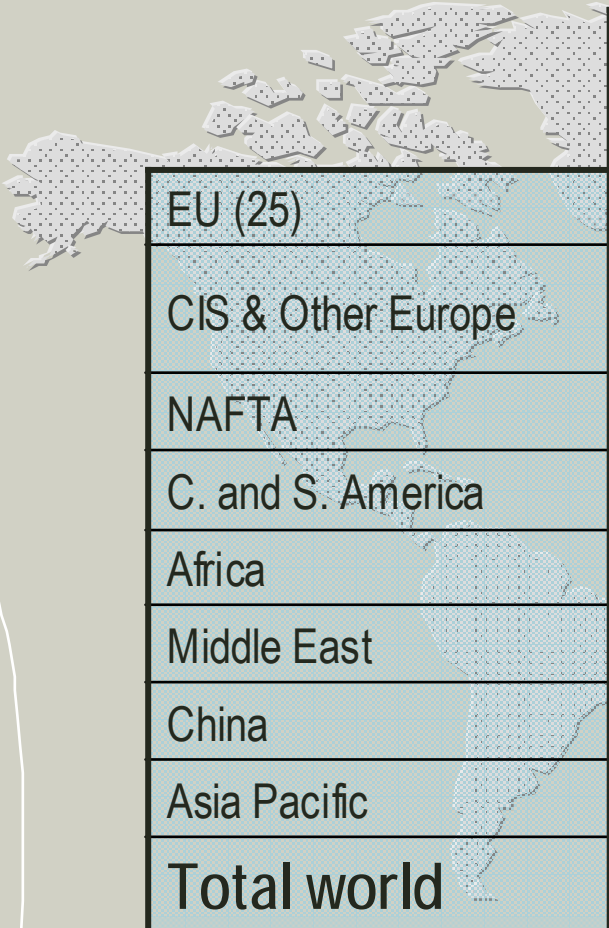
Global Steel Production Continues in New Golden Age

New age of steel firmly established, parallels between post 1945 and post 1995 industrialization of China.



Short Term Steel Demand Outlook is very Positive

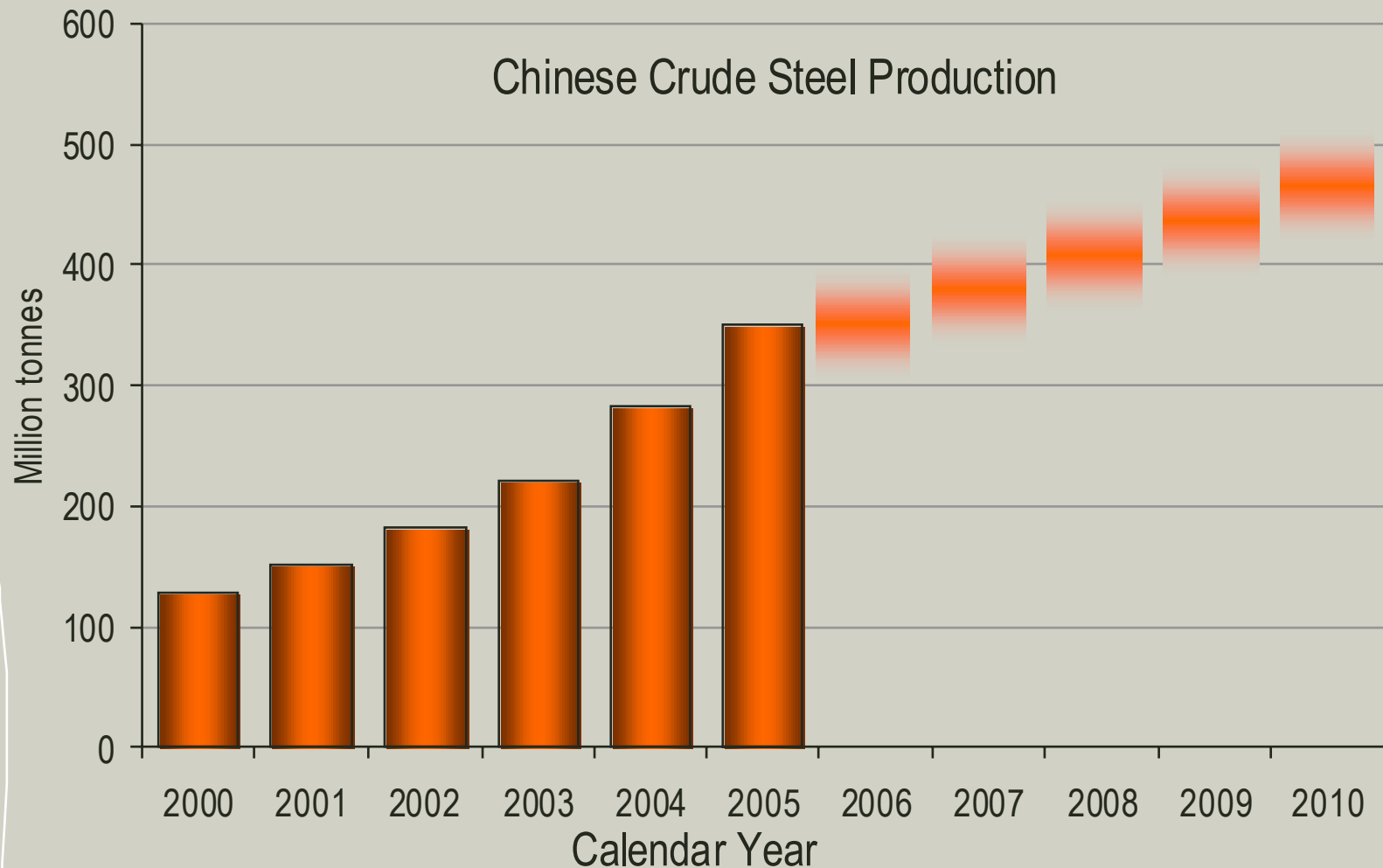
Global economic conditions are very robust with predictions for steel consumption growth positive for 2006/7



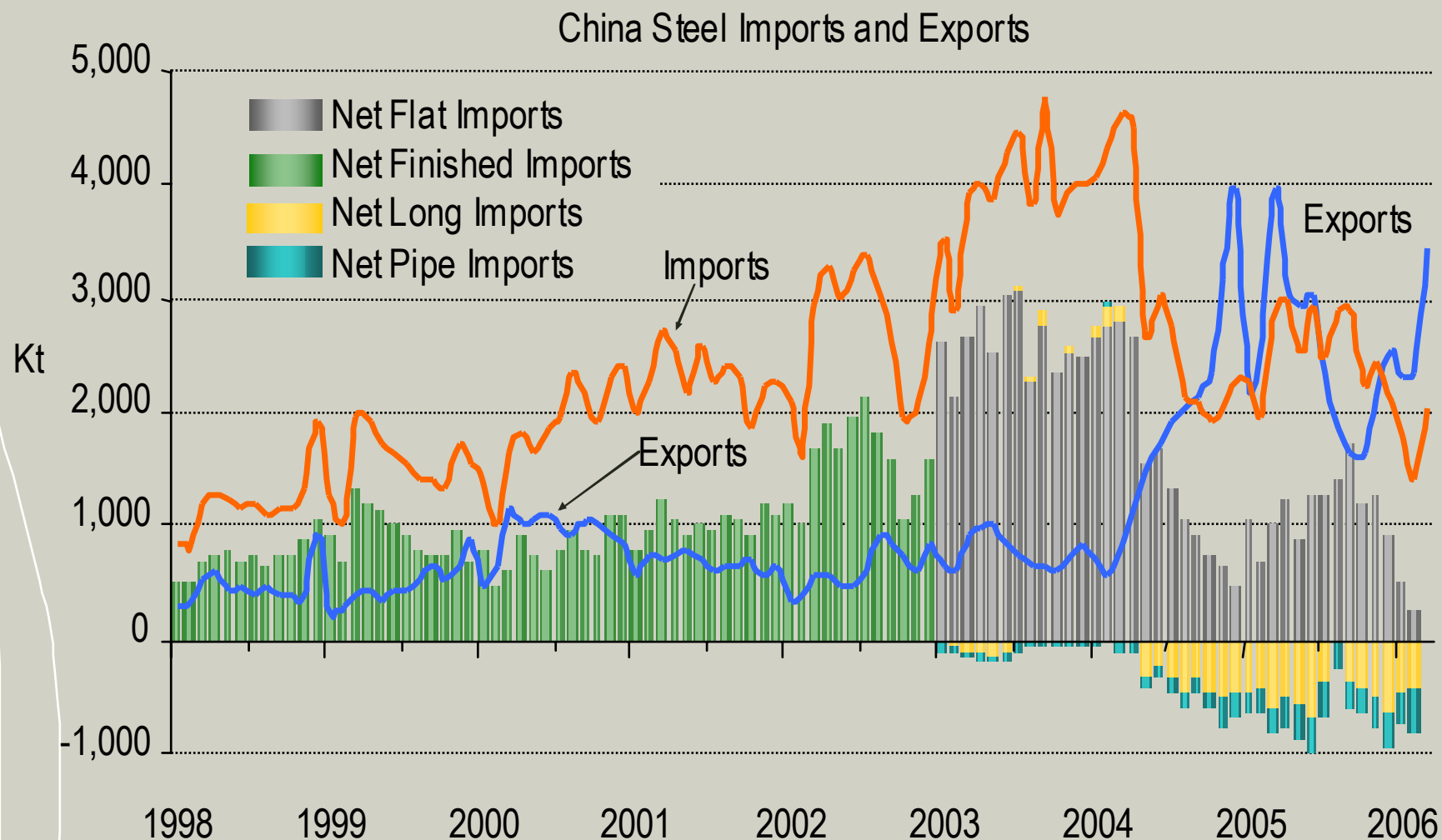
	2005	2006	2007	2005-6		2006-7	
				Mt	%	Mt	%
EU (25)	160	167	169	7	4%	2	2%
CIS & Other Europe	73	76	79	3	5%	3	3%
NAFTA	136	143	145	7	5%	2	2%
C. and S. America	33	35	38	2	8%	3	9%
Africa	22	24	25	2	8%	1	5%
Middle East	35	38	41	3	8%	3	8%
China	315	356	399	41	13%	43	12%
Asia Pacific	240	249	254	9	4%	5	2%
Total world	1013	1087	1150	74	7%	63	5.8%

China's Influence is Growing

China will continue to be the growth engine of the global steel industry in the short to medium term. India has the potential to provide further medium to long term growth.

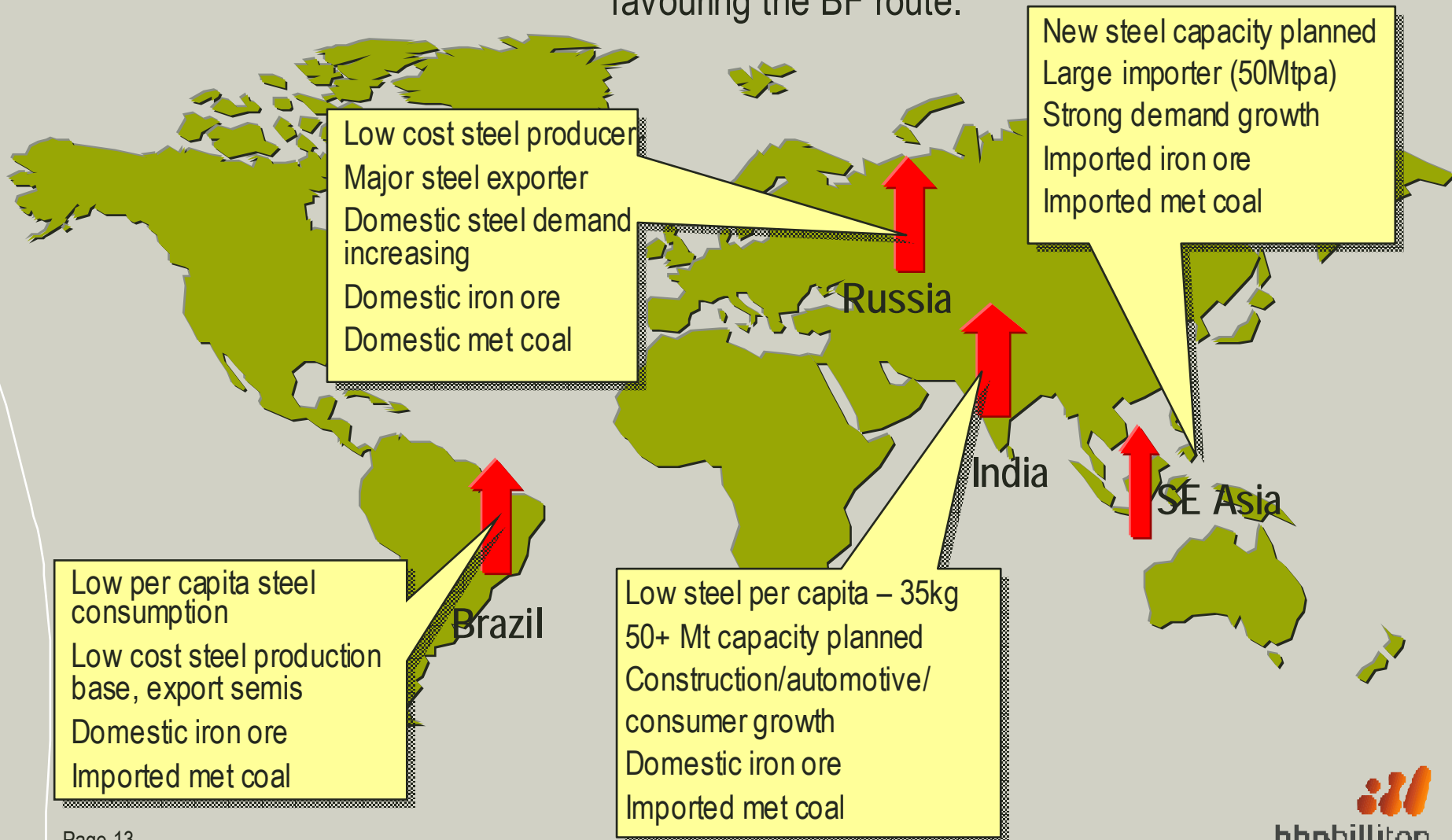


Chinese Steel Import / Export Position

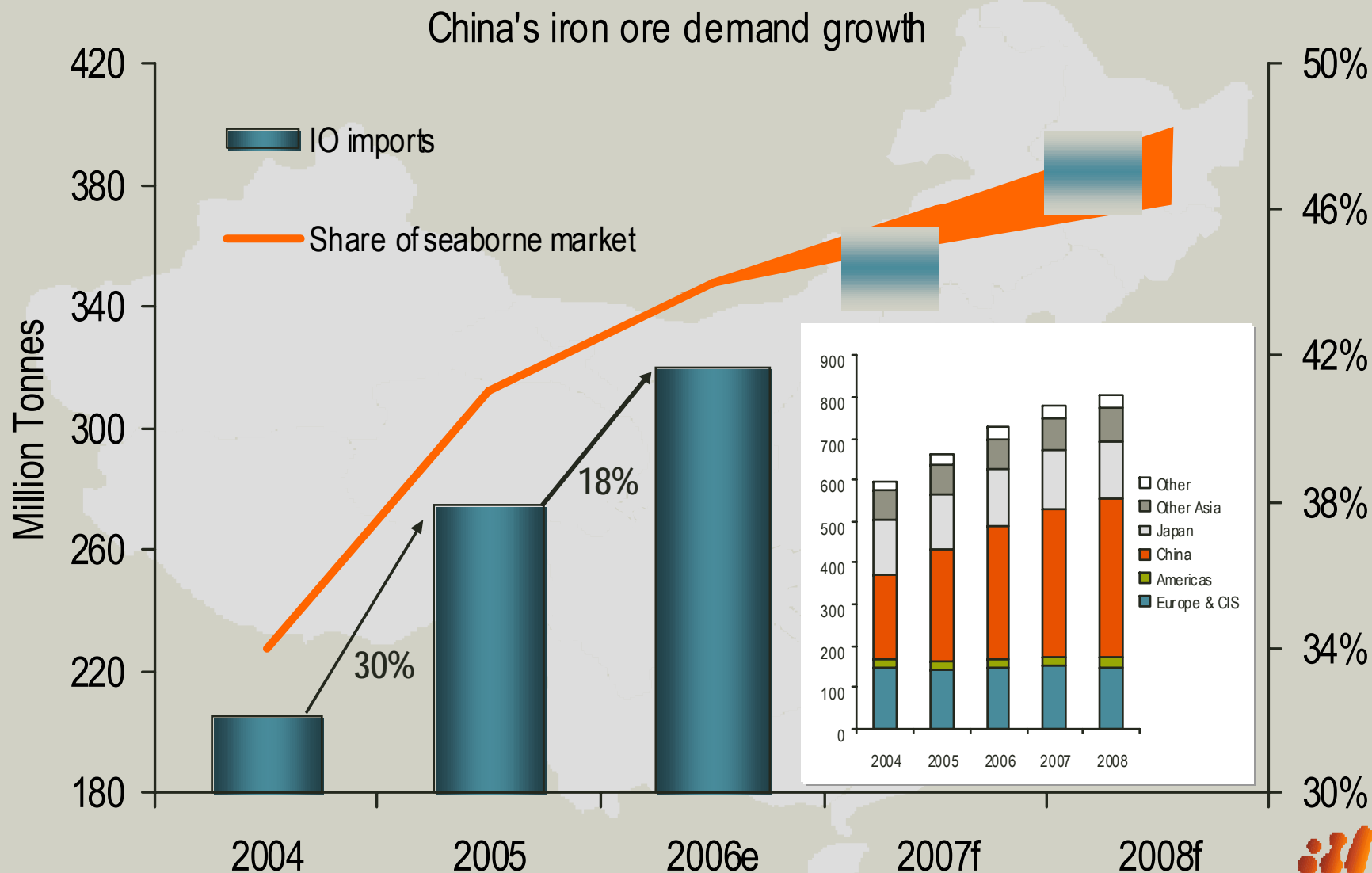


Steel and Raw Material Impact of Non-China Growth

In addition to China steel growth will be driven by other countries, with a majority favouring the BF route.

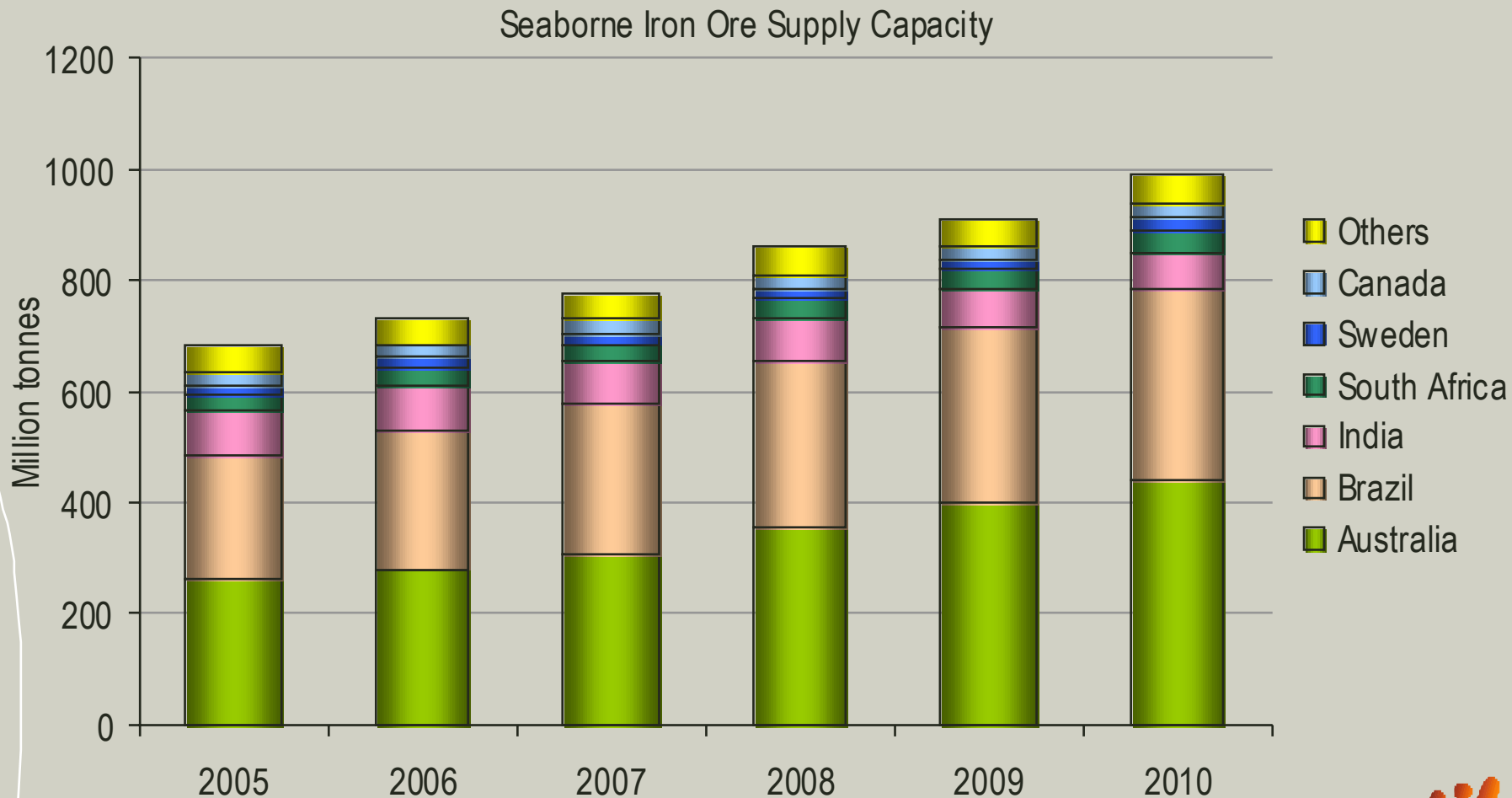


Demand from China will Drive Iron Ore Demand



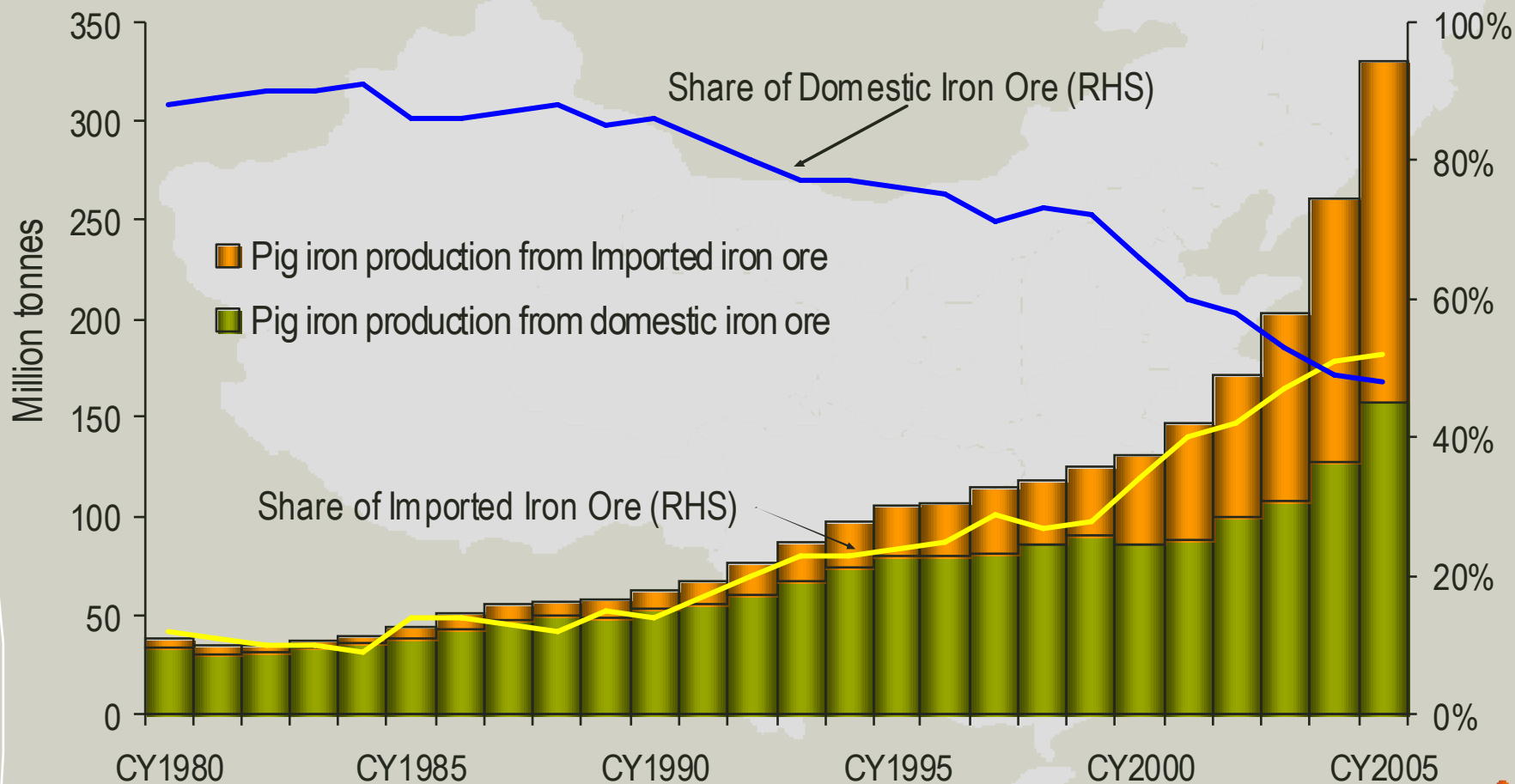
Seaborne Iron Ore Supply

Supply growth to meet the growing demand will come mainly from the traditional supply basins of Australia and Brazil (>90%). India's future demand will determine future supply capability.

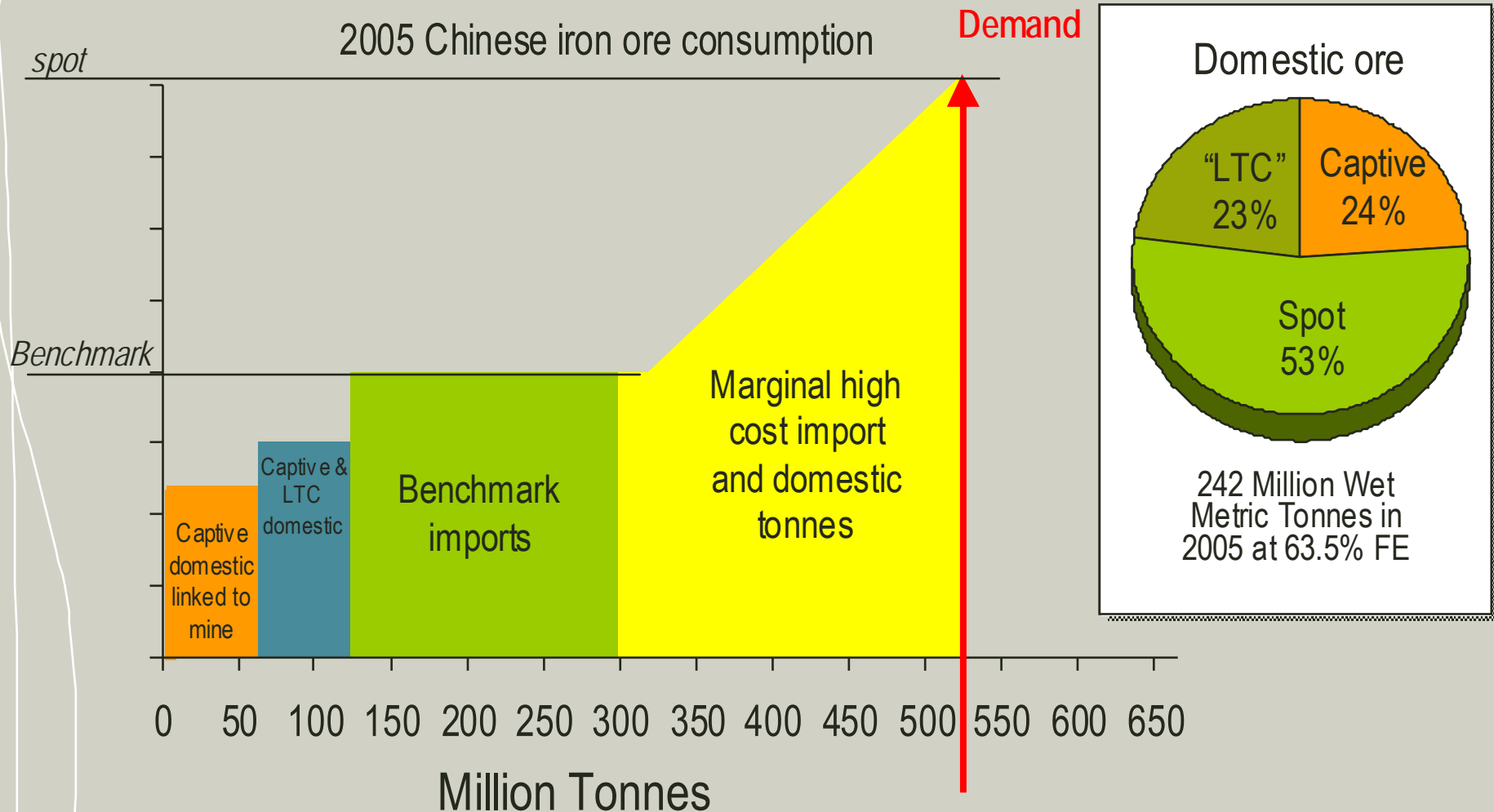


Chinese Domestic Iron Ore Production

A look at China's domestic iron ore supply suggests it will not be able to meet long term demand. More than 50% of the iron units consumed in 2004 were imported.

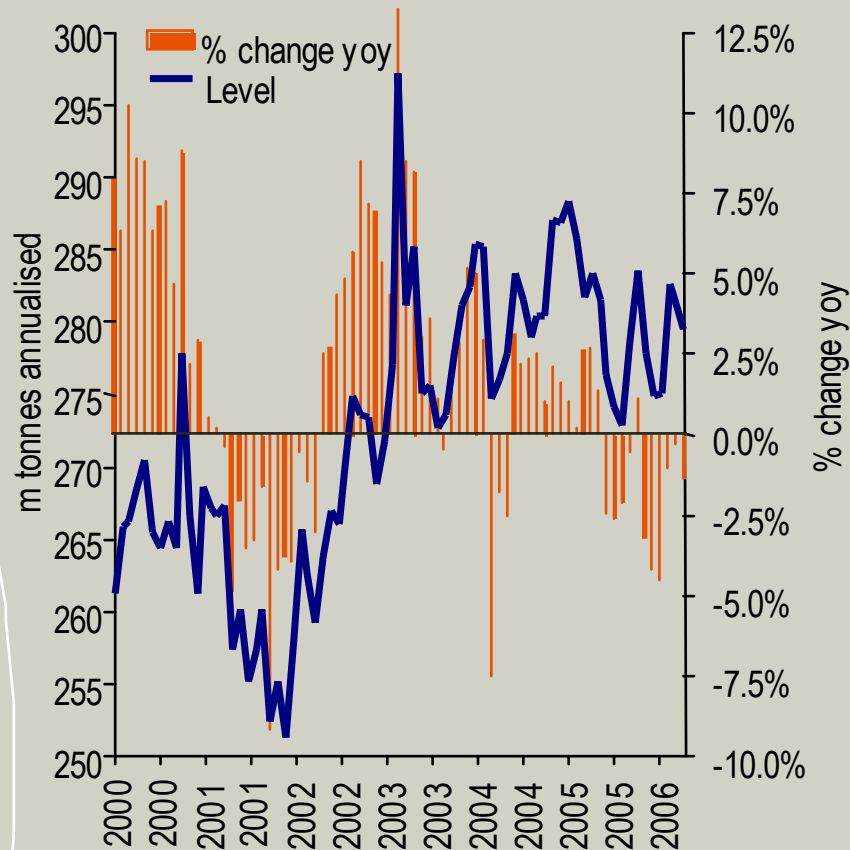


China's Iron Ore Demand Dynamics – Interplay Between Domestic Supply and Imports

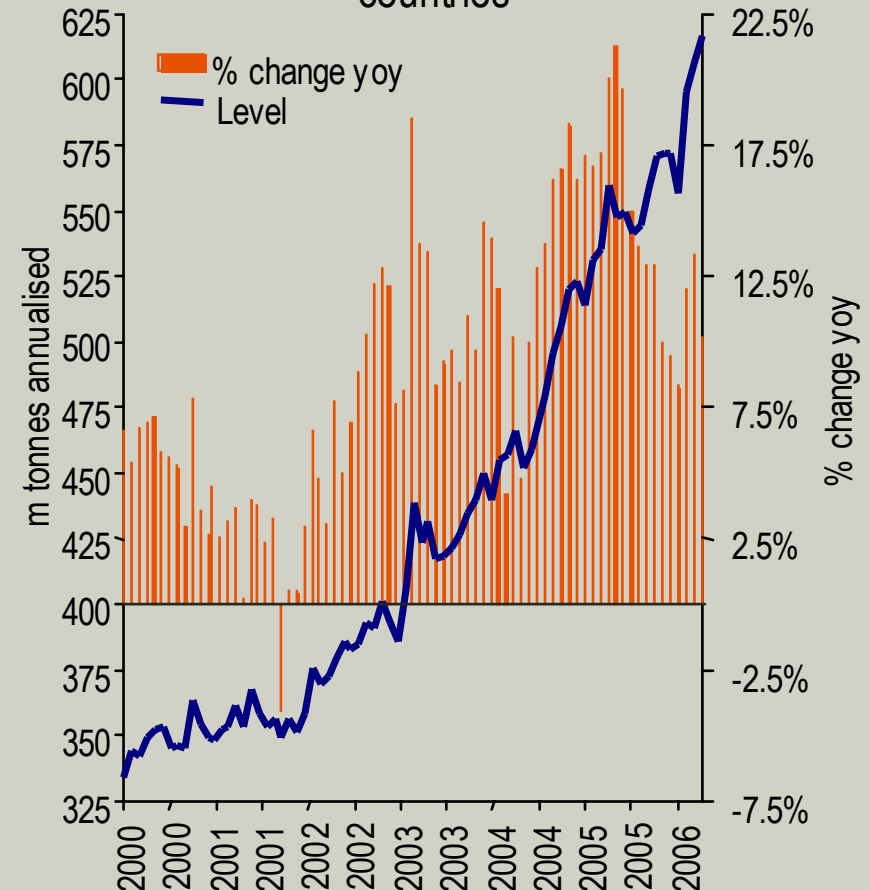


Met Coal Demand Dynamics – Different From Iron Ore

Pig iron production in coking importing countries

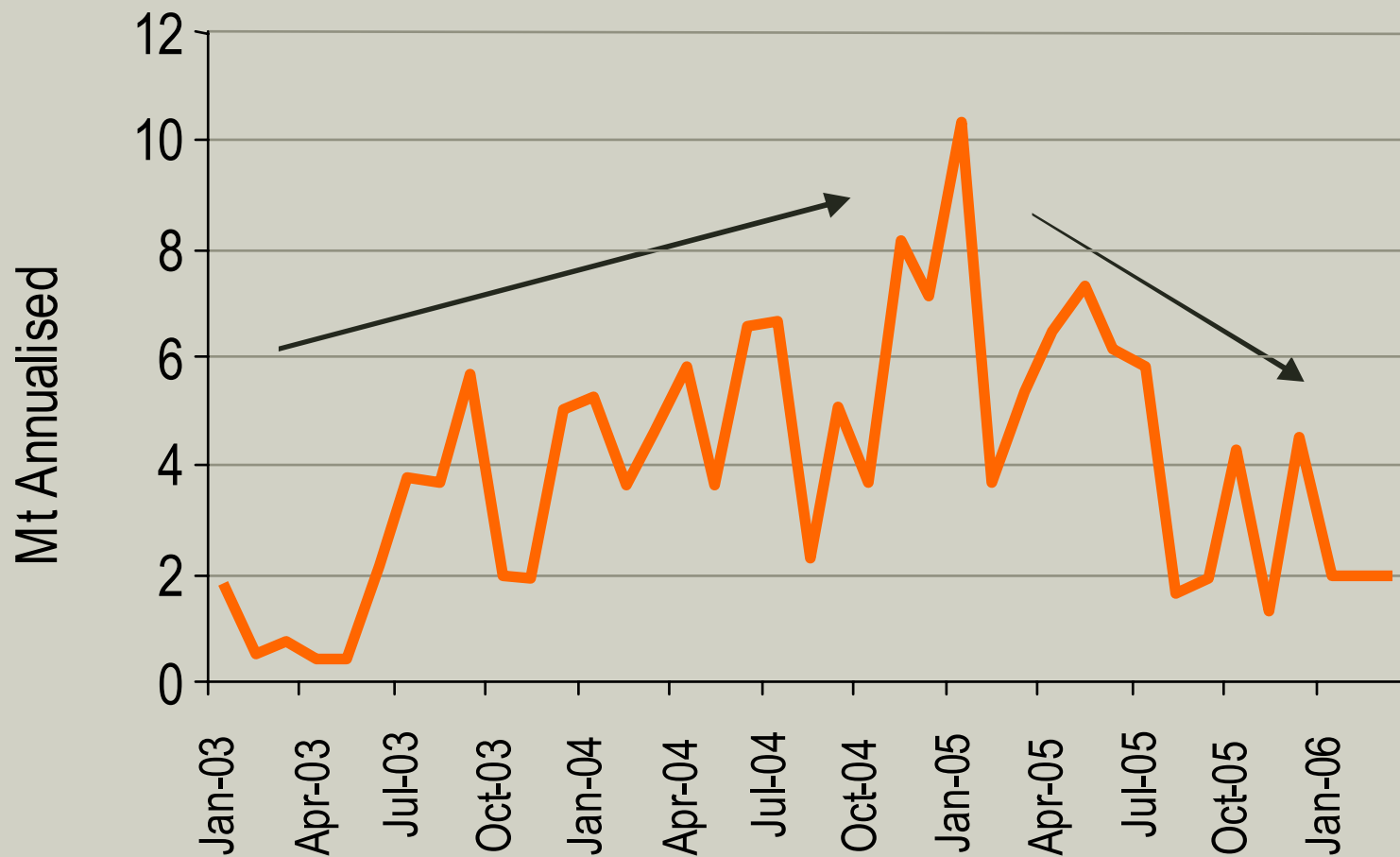


Pig iron production in iron ore importing countries



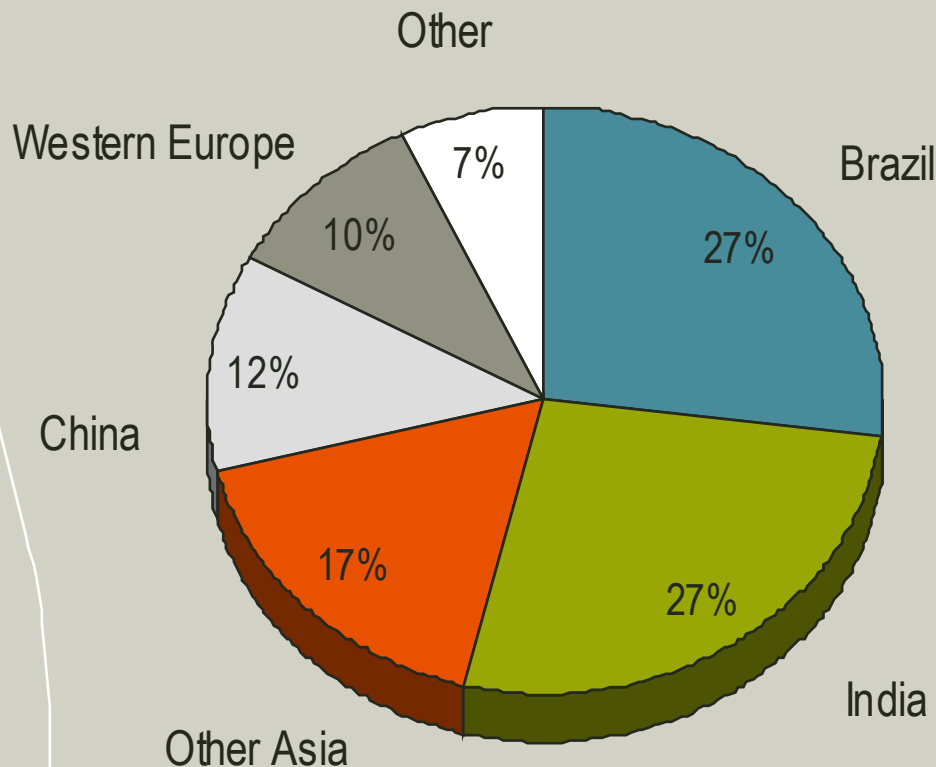
Market Impact by Price-induced Reduction in Chinese HCC Import Demand

Chinese Seaborne Imports



Met Coal Demand Growth is Diversified

Demand growth is well distributed driven by BRICS + Japan. Developed markets such as Europe will see growth in met coal consumption as well as emerging markets.



Brazil Expansions of coke capacity + Greenfield integrated capacity

India Latent capacity of coke plants (merchant non-recovery sector), expansions + Greenfield steel capacity increases

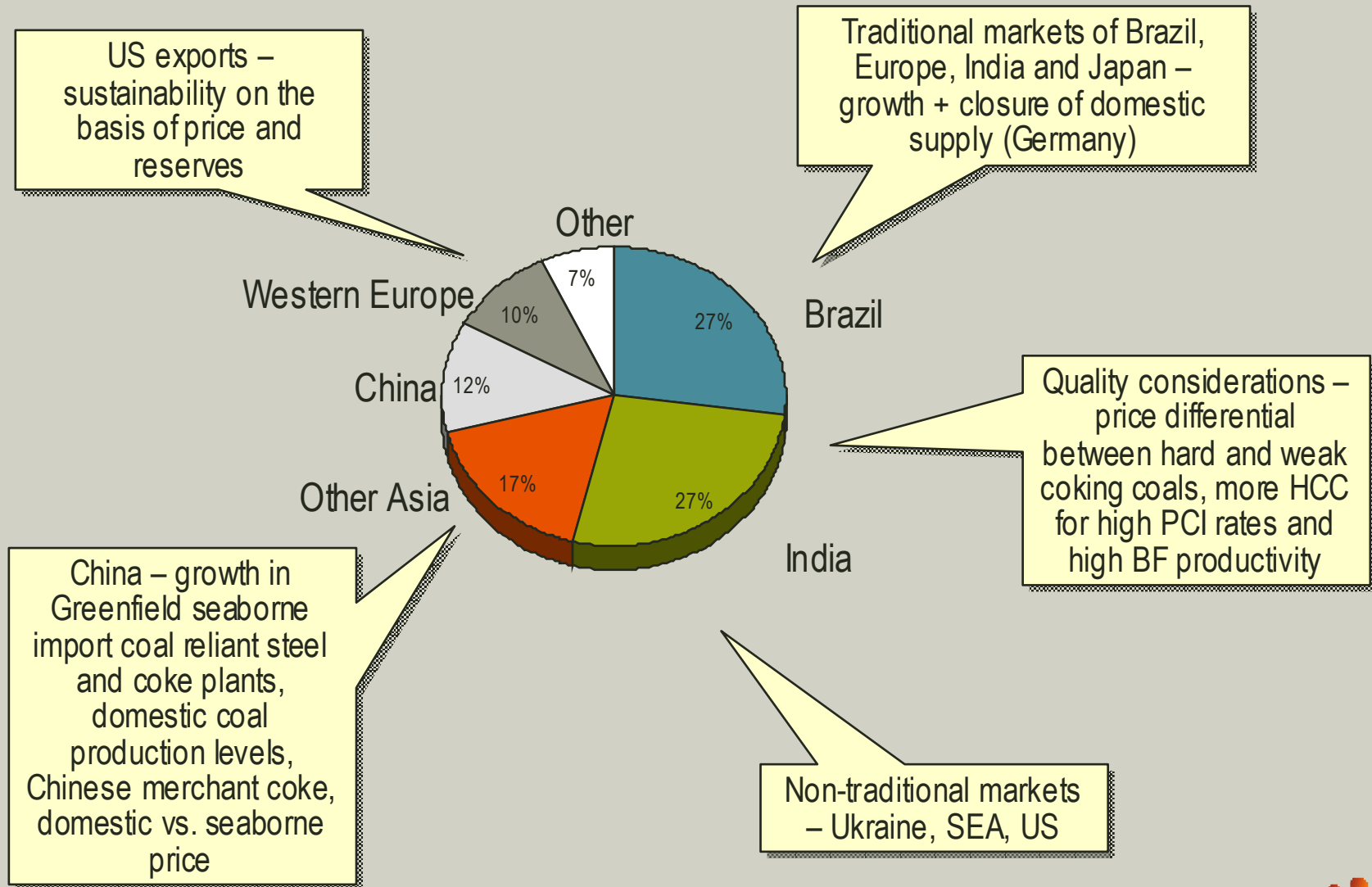
Other Asia Japan, Taiwan, South Korea, SEA expansions of coke capacity + Greenfield steel capacity

China Coastal niche market, quality, reliability, consistency of import supply

Western Europe German mine closures + expansions of coke/steel capacity

Other Turkey, Iran, Egypt, etc.

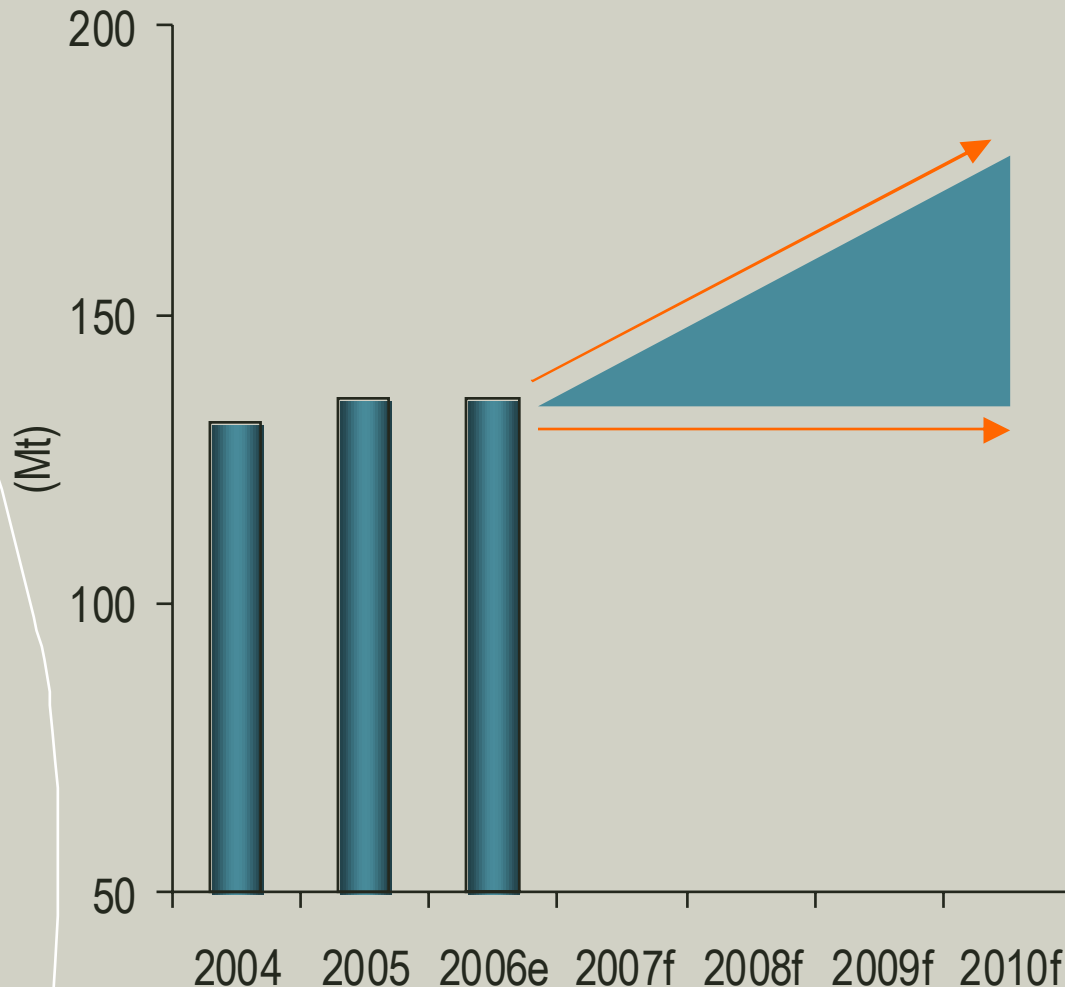
Met Coal Demand Dynamics – Many Complex Factors



Determining Global Hard Coking Coal Demand Future is Complex



Seaborne hard coking coal demand is a complex interaction between a range of factors.

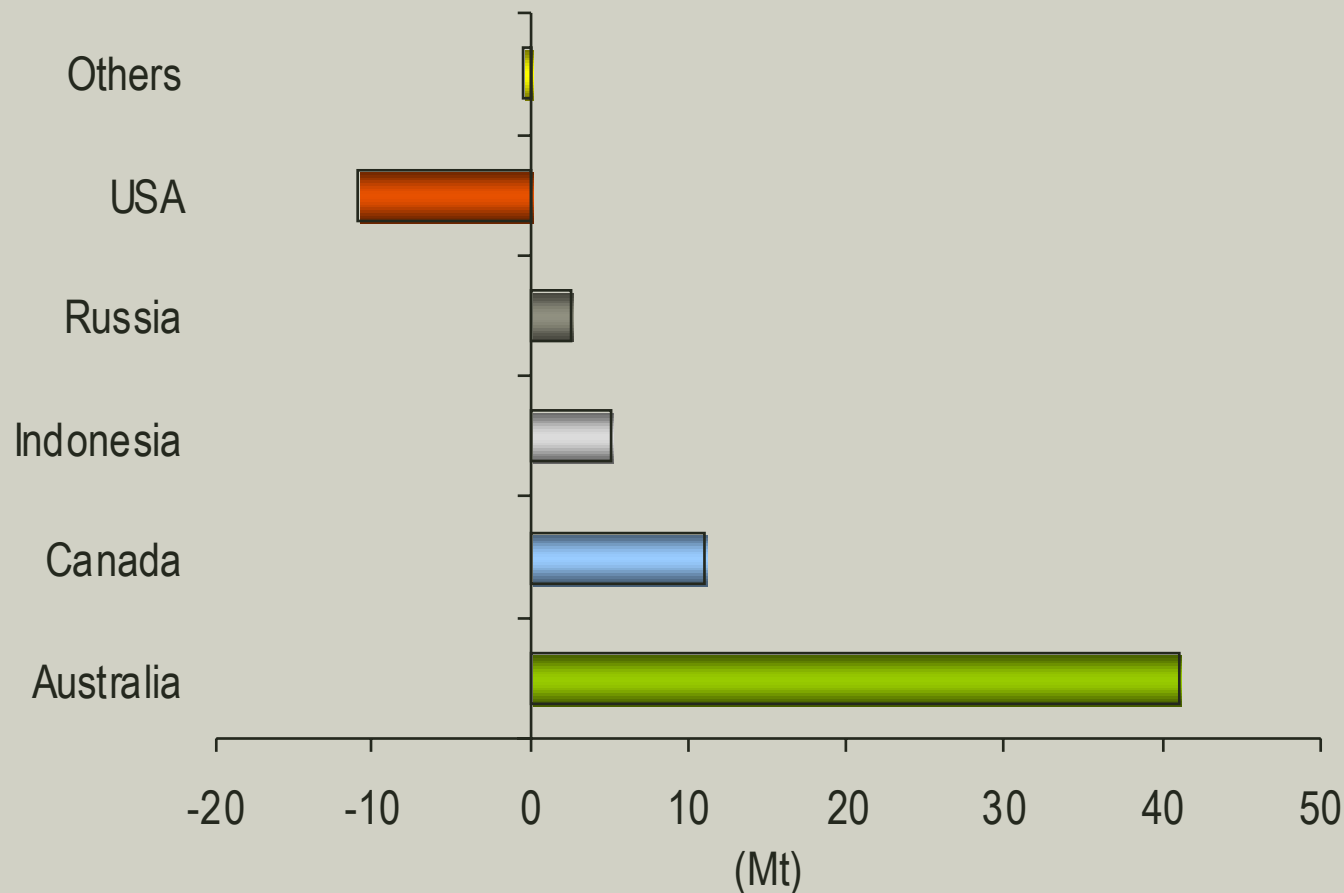


- Strong pig iron demand
- Rapid growth in coke capacity
- Growth in Chinese imports
- PCI usage rates & BF productivity
- Strong Chinese coke exports
- Delayed new coke ovens
- Sustained domestic supply
- Weak pig iron growth

Global Changes in Seaborne Met Coal Supply 2005-2010



Australia is forecast to be the dominant supplier of met coal to the seaborne market due to large, low cost reserves close to tidewater, BHP Billiton is particularly well placed with large reserves of premium hard coking coal



Summary Market Issues

- Steel
 - Continued growth driven by China as well as BRICS economies underpins 'Stronger for Longer' view
 - Preference of Blast Furnace technology to support continued strong demand for CSM products
- Iron Ore
 - Supply constrained
 - China to support future demand growth
 - Australia and Brazil to supply the majority of future demand
- Met Coal
 - Robust market conditions to persist in the long term
 - Short term fluctuations driven by complex supply and demand drivers
 - The seaborne demand wildcard remains China

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BHP Billiton Iron Ore – Western Australia

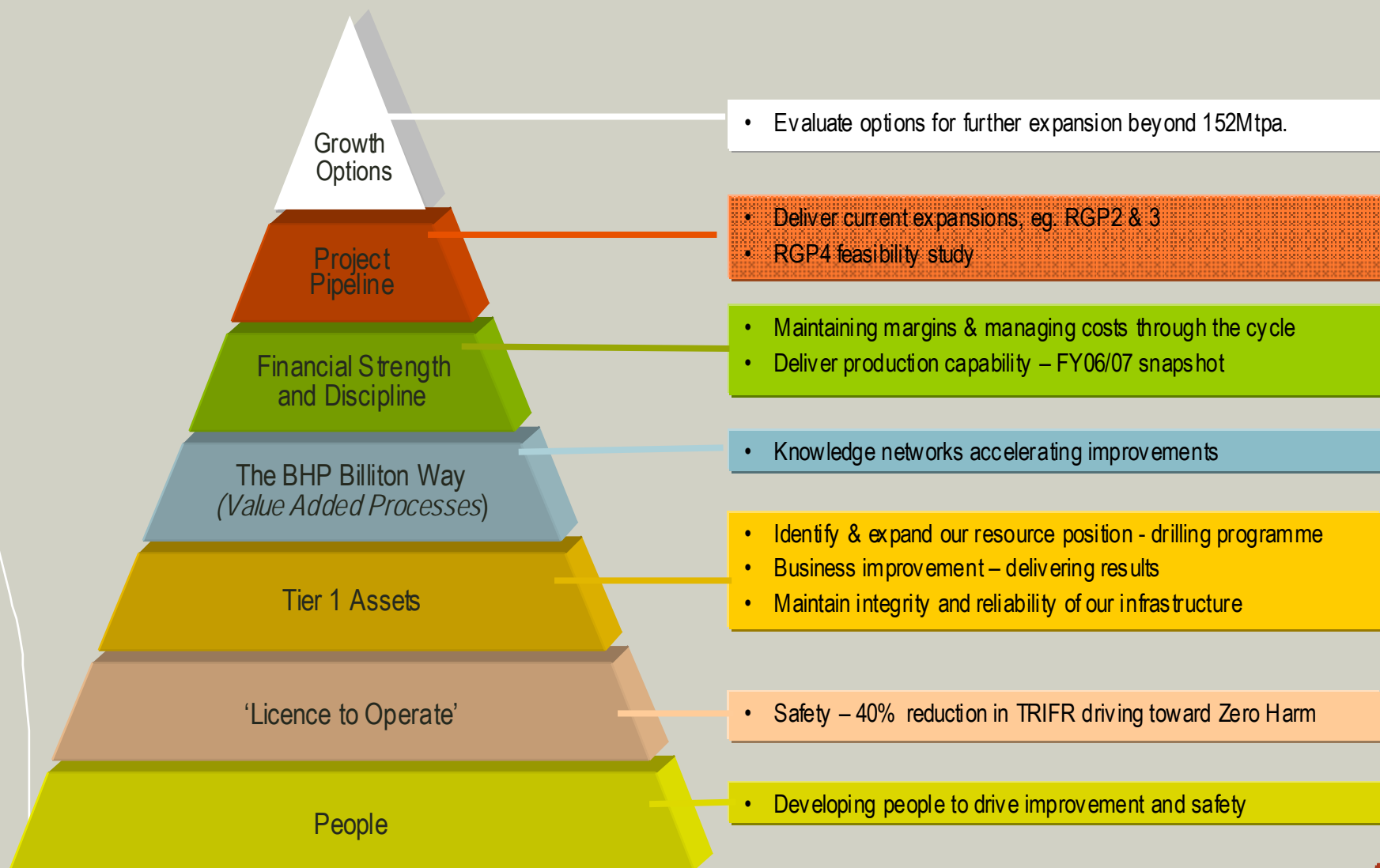
Ian Ashby



28th June 2006



BHP Billiton WA Iron Ore - Strategic Framework



BHP Billiton WA Iron Ore - Strategic Framework

- A significant improvement in safety performance.
- A strong year in terms of production, demand and sales,
- Improvement projects delivering results.
- Growth projects on time and on budget, laying the foundations for future growth.

Final waste repatriation further improved regional F&E per

Production growth of 10% and demand growth of 10% per

Production growth of 10% and demand growth of 10% per

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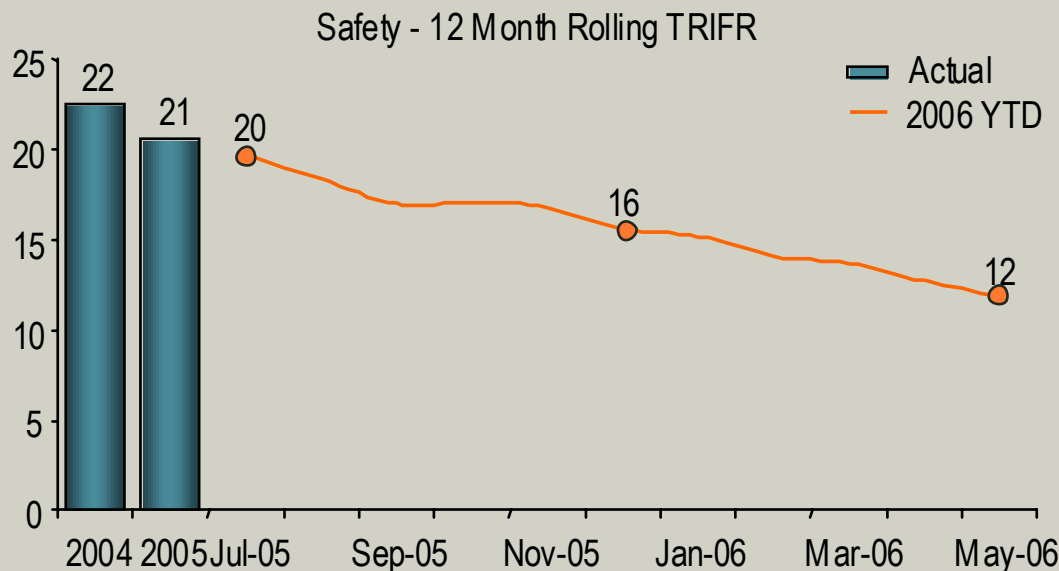
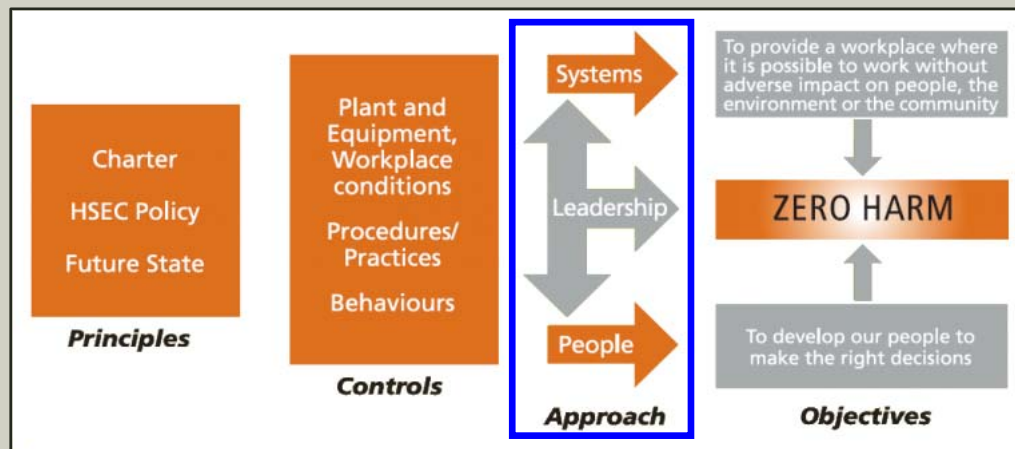
Safety - 40% reduction in TRIR (only lower than 1 year)

Production growth of 10% and demand growth of 10% per

One Business Approach Leads to Improved Safety Performance



- Continued development of One Business approach to HSEC systems and processes.
- Focus areas:
 - Leadership
 - Behavioural based systems
- Programs & actions:
 - Take 5/JHA's
 - Stop for safety
 - Risk assessments
 - Fit for work/life
 - Fatigue management
- 40% reduction in TRIFR during FY06.



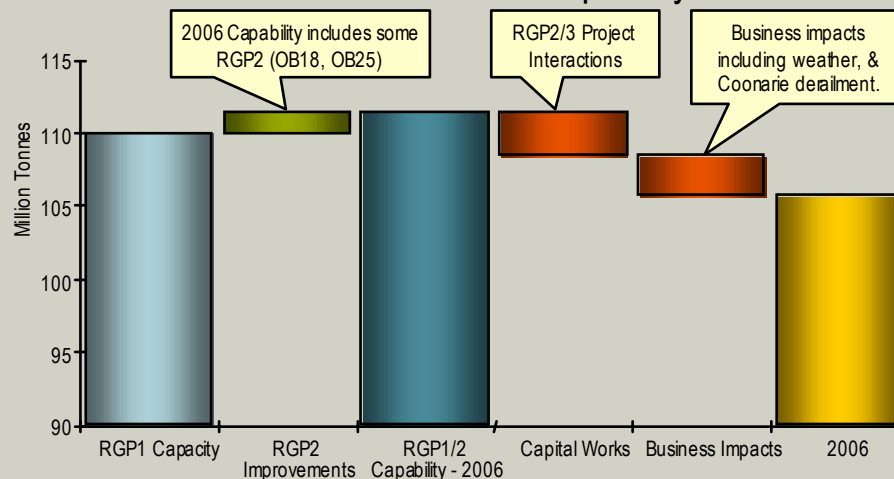
Delivering Production Capability FY06/07 Snapshot



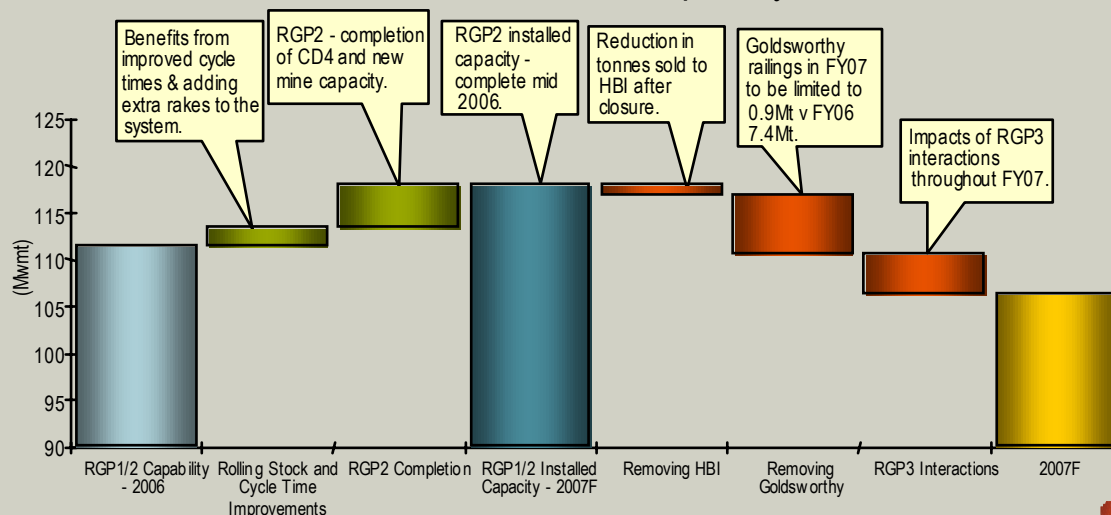
Financial Strength & Discipline

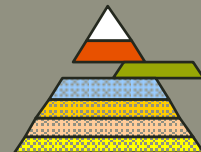
- Capital investments are delivering but are impacted by tie-ins & other business interruptions.
- Impacts, including Goldsworthy suspension and RGP3 tie-ins, are expected to continue in FY07 offset by business improvements and RGP2 capacity.
- Without the impact of tie-ins, production capability is aligned to RGP2 capacity.
- Goldsworthy remains an important part of future expansion plans and the longer term options are currently being evaluated.

2006 Production Capability



2007 Production Capability

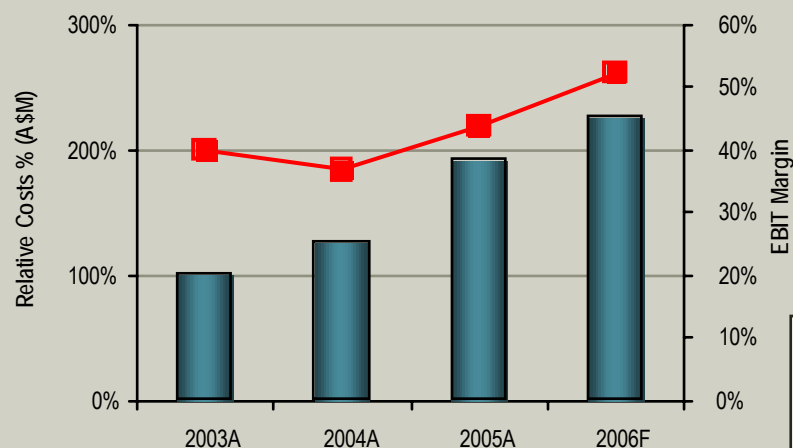




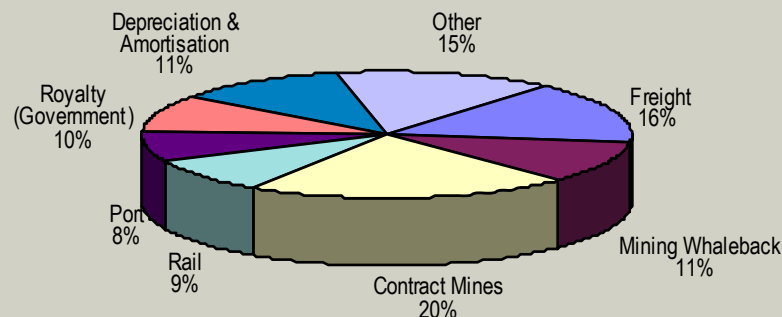
Financial Strength & Discipline

Margins Remain Strong Despite Cost Pressures

Total Costs (incl. Freight, Dep'n)

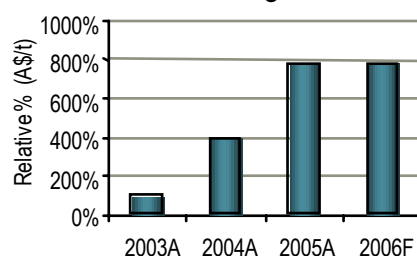


2006 Cost Breakdown

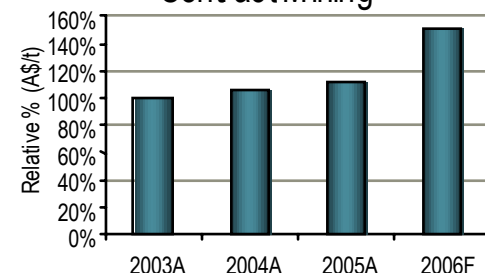


- Demand for resources is driving input cost increases.
- CPI & labour rate growth have exceeded contract rate increases in past years. Some catch up in 2006/07.
- Some costs will be 'sticky' including:
 - Labour
 - Royalties

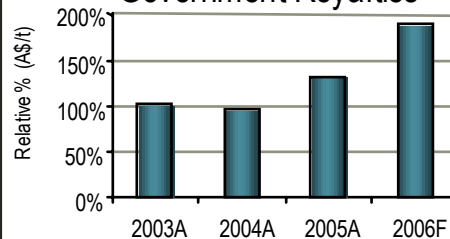
Freight



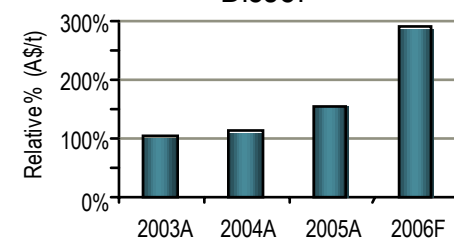
Contract Mining



Government Royalties

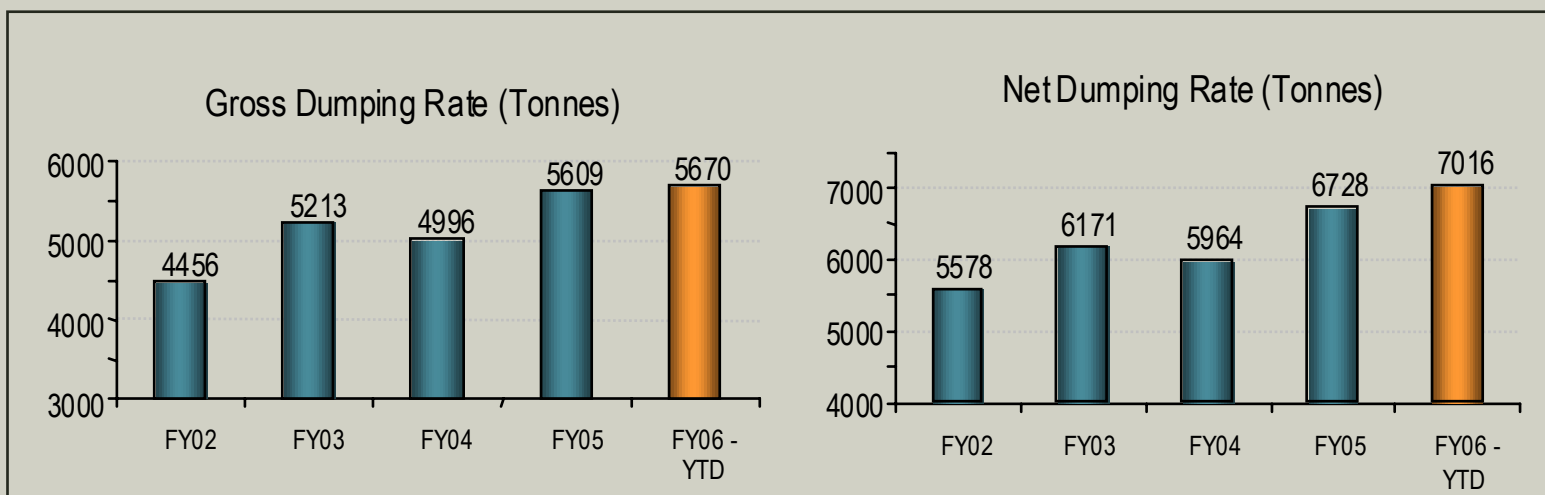
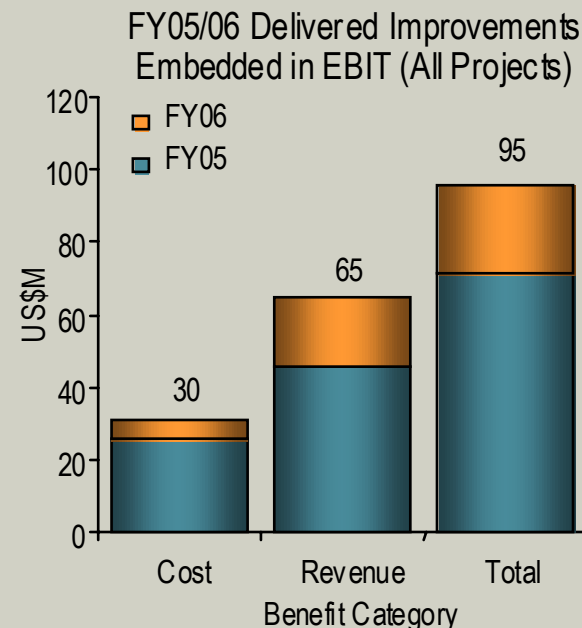


Diesel

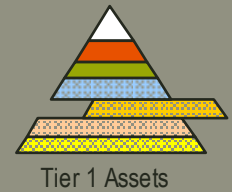


Business Improvement – Delivering Results

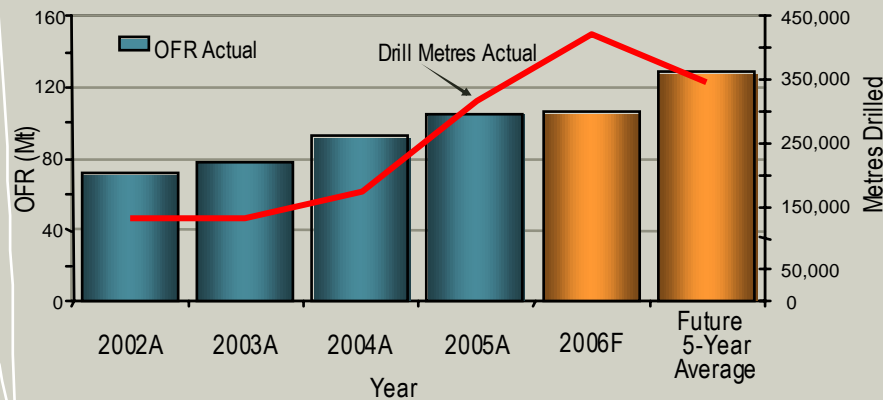
- Extensive use of Six Sigma methodology and knowledge networks.
- Black Belts have been appointed to key line roles to drive improvement programs.
- Improvement resources focused on key system bottlenecks.
- Significant recent focus has been on net & gross dumping rates, and now rail cycle times.
- More than US\$95M of business benefits realised in FY05/06.



Expanding Our Resource Position – Extensive Drilling Programme



BHP Billiton IO Drill Metres vs Ore for Railing (OFR)

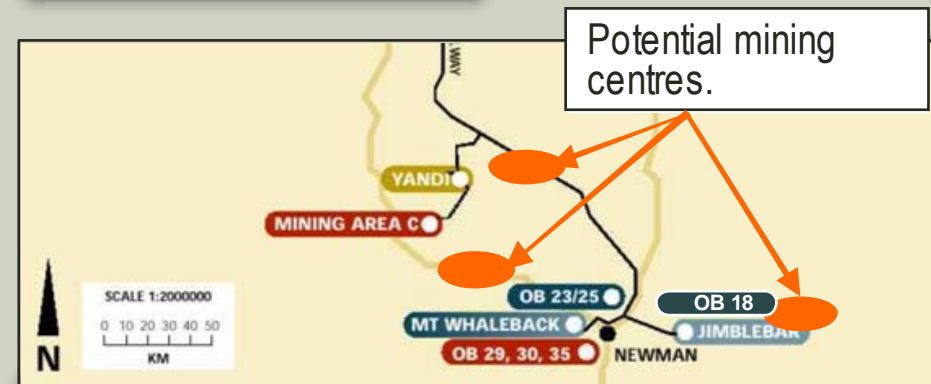


Entity	Reserves(Mt)*	Resources(Mt)*
Mt Newman JV	836	2439
Jimblebar	246	1139
MGJV - Area C	474	1023
Yandi JV	860	1479
Total	2416	6080

*Note: This mineral resource information should be read together with and subject to the notes set out on page 100 of the BHP Billiton Limited Group Combined Financial Statements 2005. This document can be viewed at: <http://annualreport.bhpbilliton.com/2005/lt/index.asp>



- BHP Billiton IO has vast resources and reserves.
- Extensive drilling programme undertaken to expand resource base.
- New mining centres close to current infrastructure.



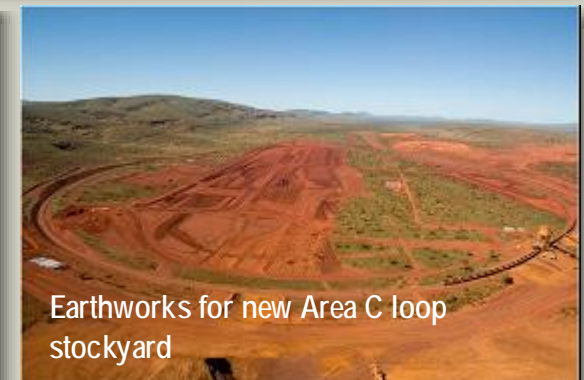
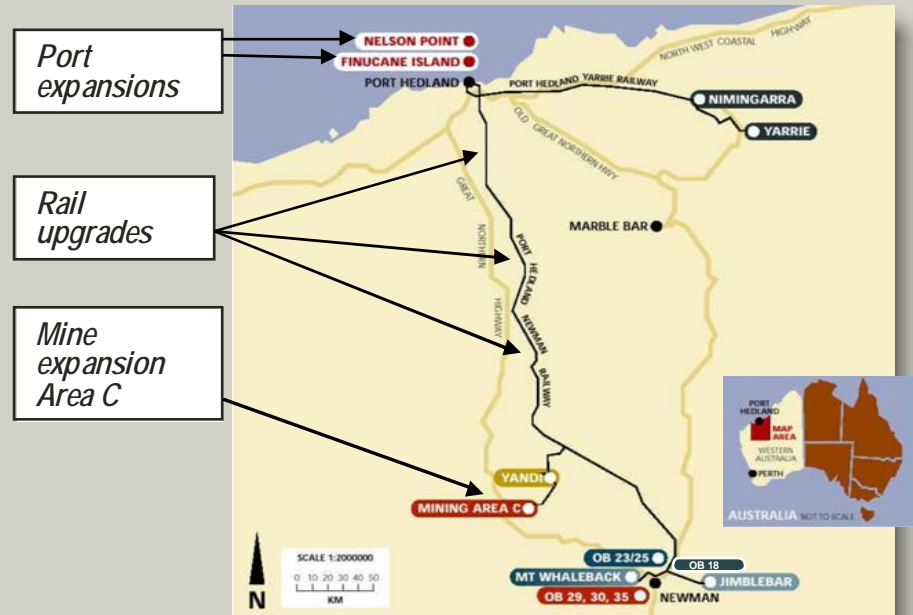
RGP 2 – Remains on Schedule and Budget with Completion in Mid CY2006

- OB18 & 25 – Commissioned & producing, April 2006.
- Construction ongoing at Port including:
 - Installation of CD4
 - CD1 & CD3 to direct dump to berths A & B
 - Upgrade OHP#2 conveyors
- Project scheduled for completion in mid CY2006.



RGP 3 – Capacity Increased by 20Mtpa to 129Mt

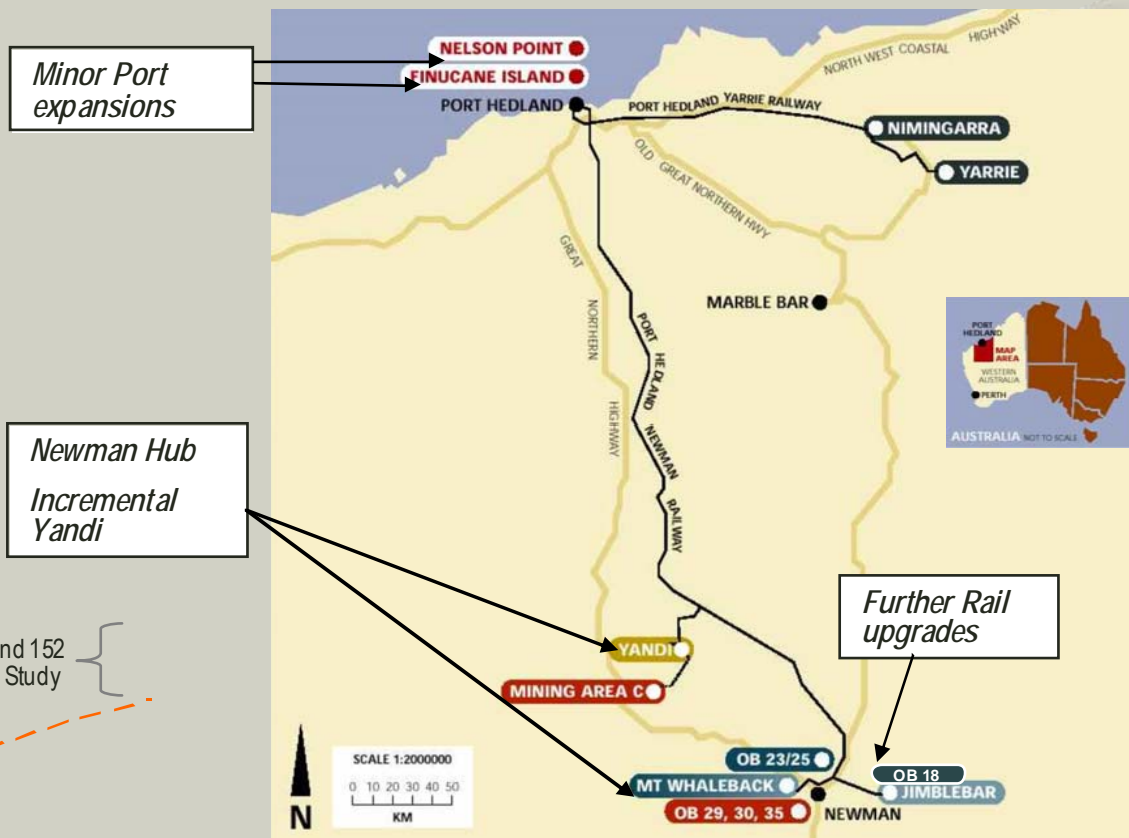
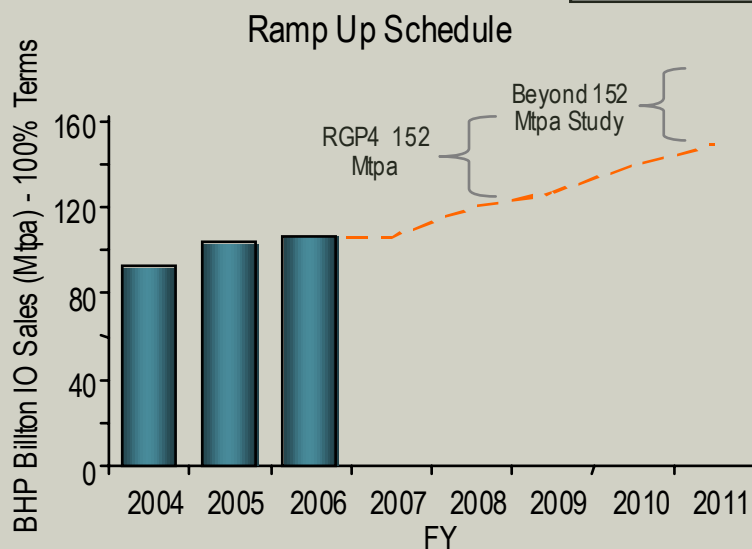
- Expansion of port and rail infrastructure along with Area C capacity.
- Expansion at Port includes:
 - Car dumper & conveyor upgrades
 - Single row East Yard
 - Upgrades to C Berth & increased C & D berth flexibility
- Construction has commenced in all areas.
- 60% of total project cost committed.
- On schedule, on budget.
- First production by end of Q4 CY07





RGP4 and Further Expansion

- RGP4 feasibility study is tasked to deliver capacity of approximately 152Mtpa.
- Study is expected to be completed in 2007.
- Currently evaluating a range of further options to expand beyond 152Mtpa subject to market demand.



Conclusion

- Market outlook positive.
- Improvement initiatives delivering results.
- Margins remain strong.
- Growth projects continue to be delivered on time and budget in challenging construction market.
- Production capability in the short term will be impacted by construction tie-ins.
- Continue studies to ensure business is well placed to meet market demand.
- Significant drilling to underpin growth.
- FY07 focus – managing growth and creating a sustainable business through the cycles.

Carbon Steel Materials CSG

CSM Metallurgical Coal

Dave Murray



28th June 2006

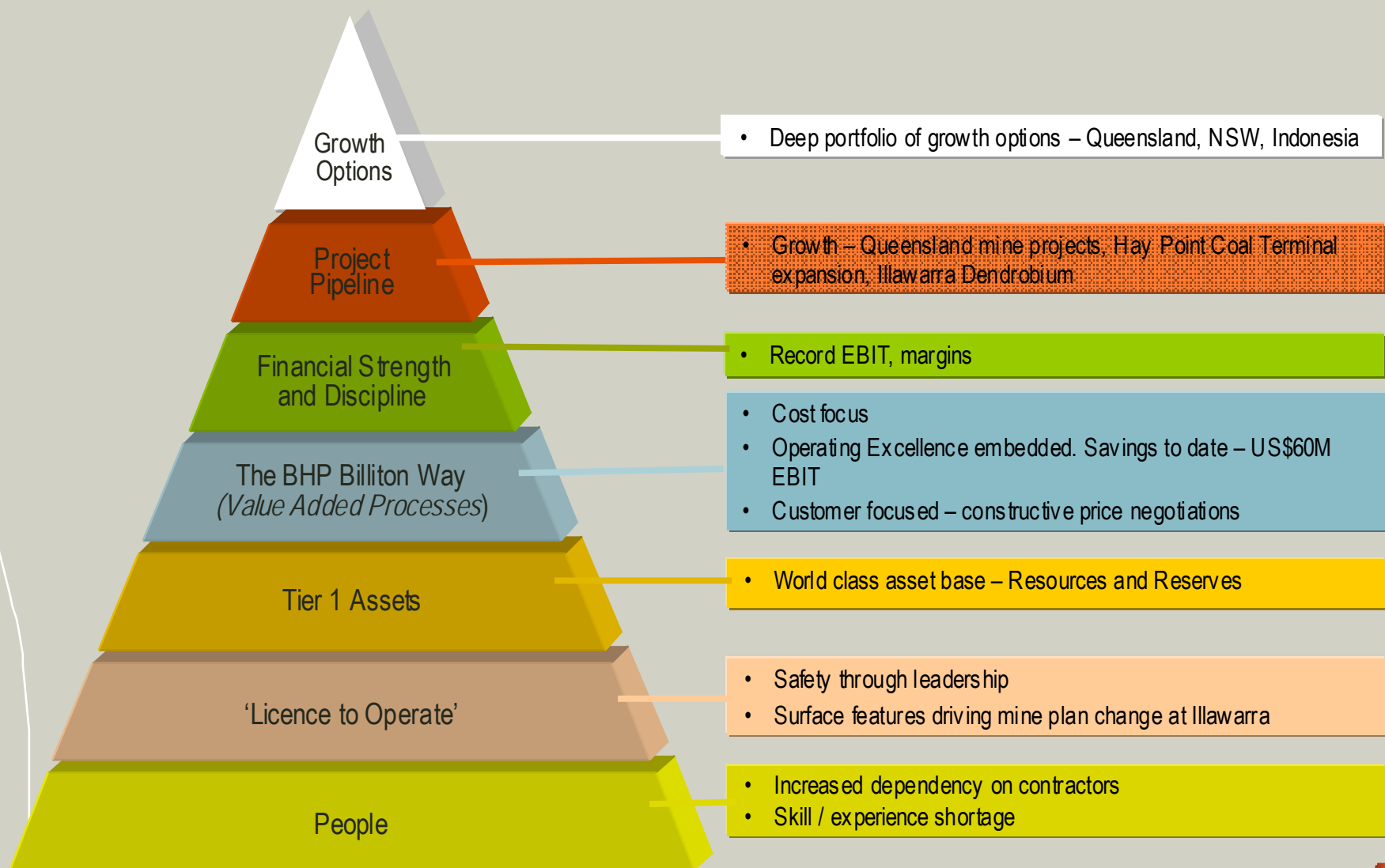


Metallurgical Coal Business

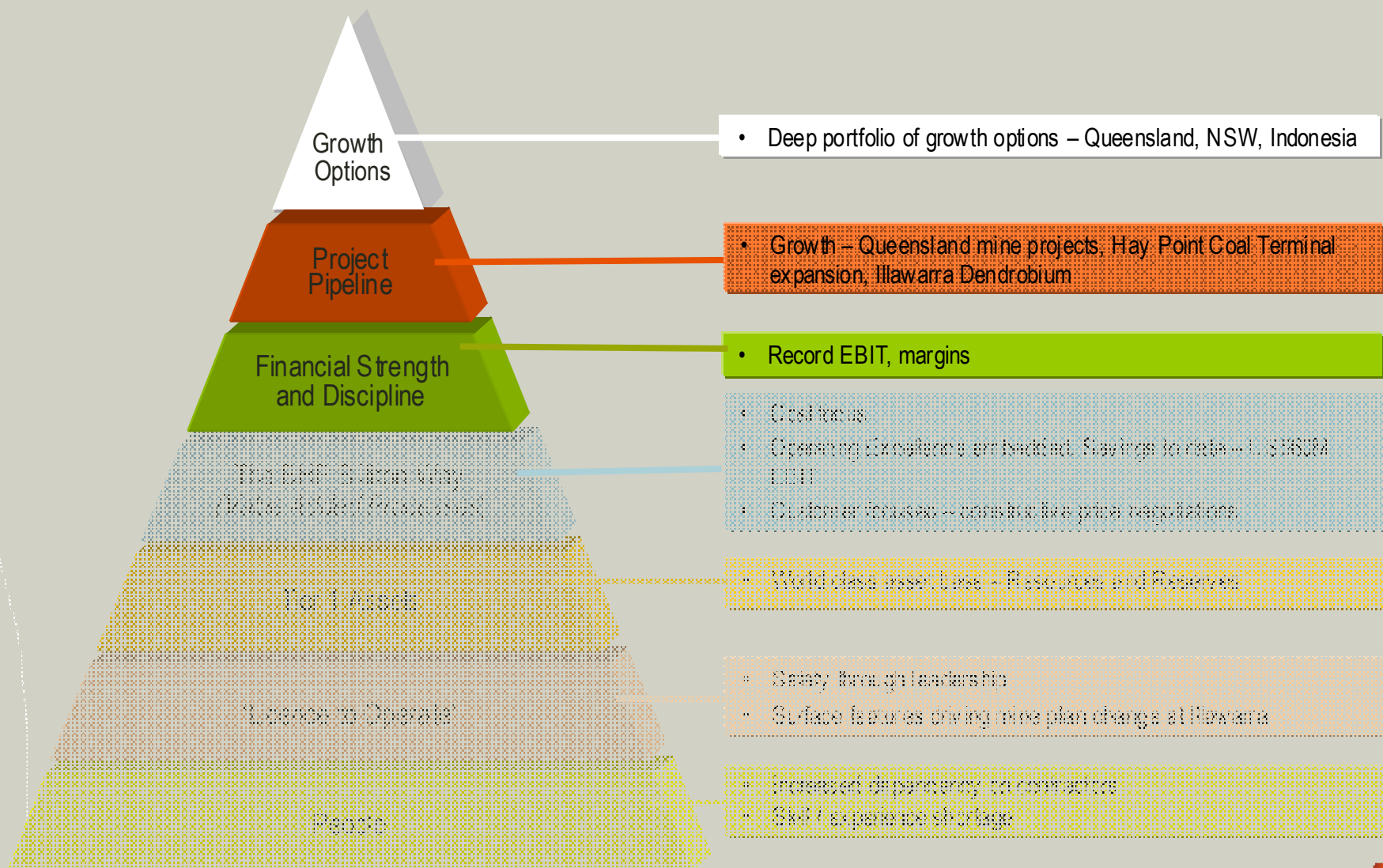
- A Remarkable Business

- Has consistently delivered strong cash flows and earnings
- Good quality product found in only a few regions globally
- BHP Billiton holds a good position in three of these regions
- Has world class, long life, low cost assets and owns a port
- BHP Billiton has a range of options available to meet future customer requirements

BHP Billiton Met Coal - Strategic Framework



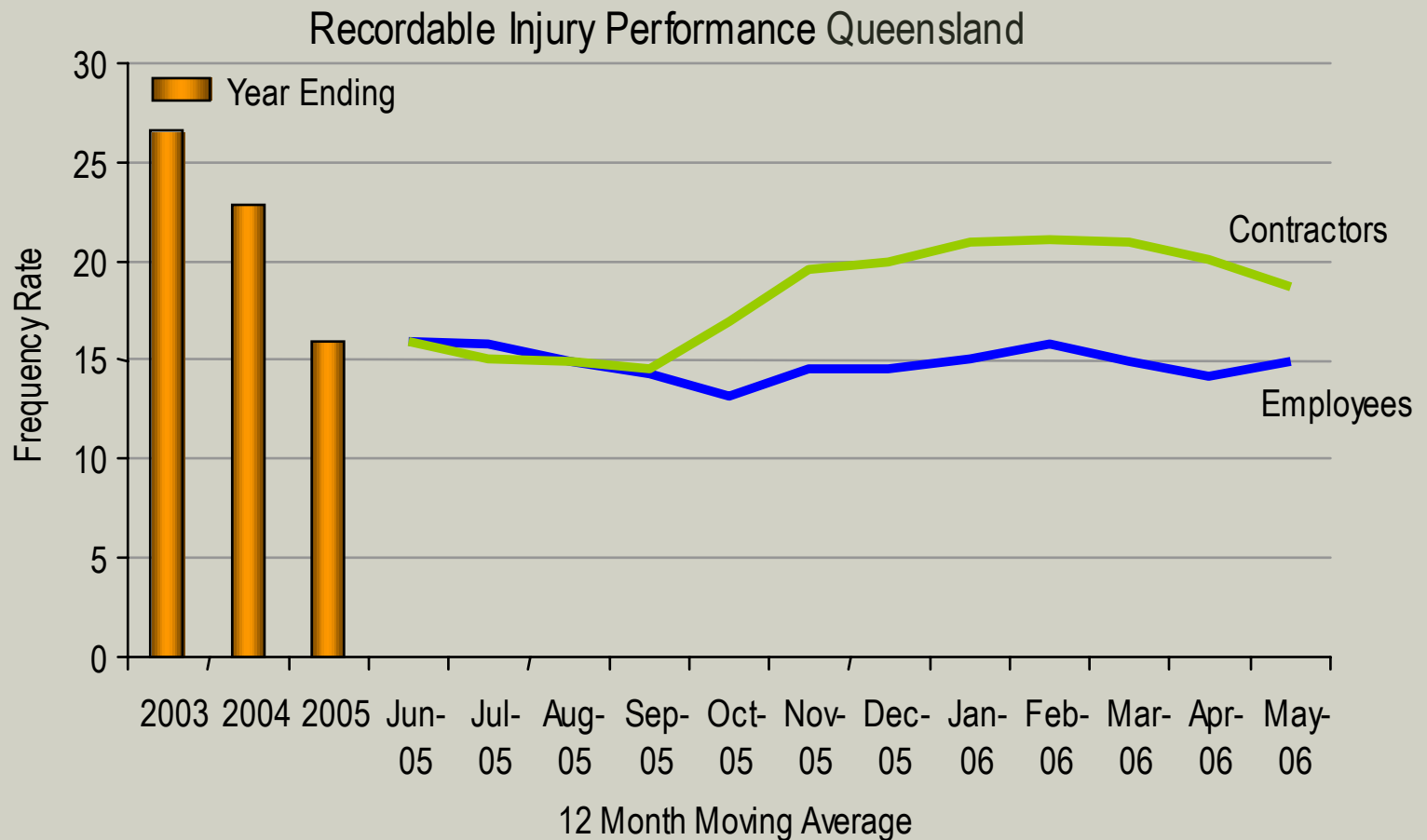
BHP Billiton Met Coal - Strategic Framework





Safety Challenges

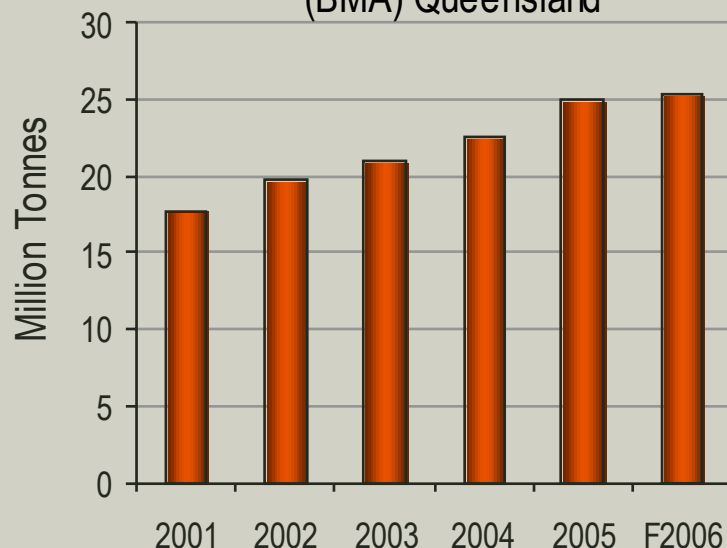
- ▲ Fatigue Management
- ▲ Aging workforce
- ▲ Skills/experience availability



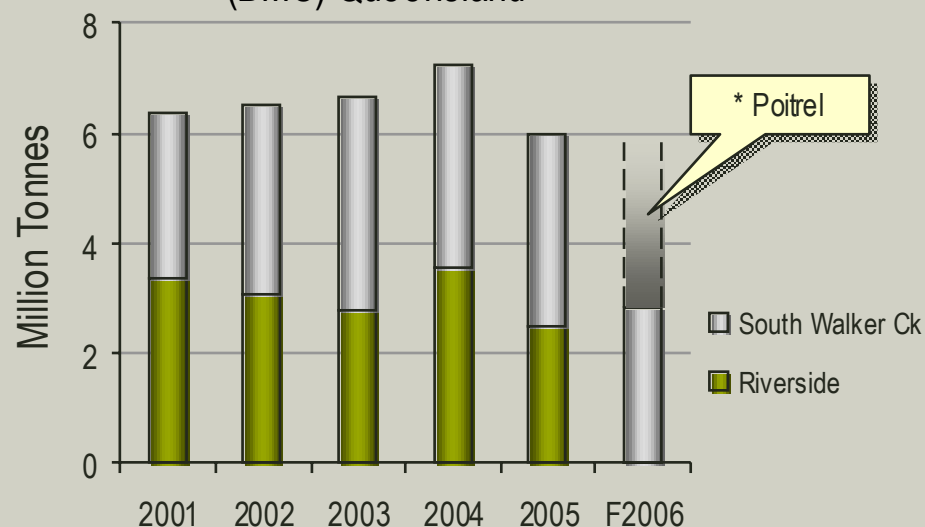


Production

BHP Billiton Mitsubishi Alliance,
(BMA) Queensland ¹

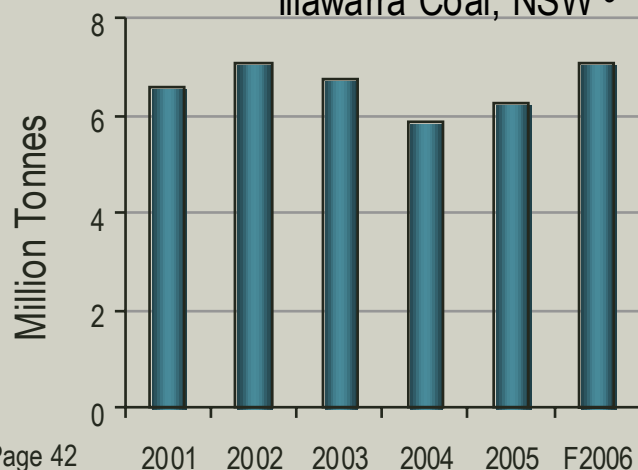


BHP Billiton Mitsui JV,
(BMC) Queensland ²



* Poitrel first coal Q4 CY2006 and building to 3 million tonnes in 3 years

Illawarra Coal, NSW ³



Note: For all graphs, FY06 production = first three quarters annualized

¹ Figures shown are 50% of total BMA production (BHP Billiton share 50%)

² Figures shown are 100% of total BMC production

³ BHP Billiton 100%

Operations

BHP Billiton Mitsubishi Alliance and BHP Billiton Mitsui JV



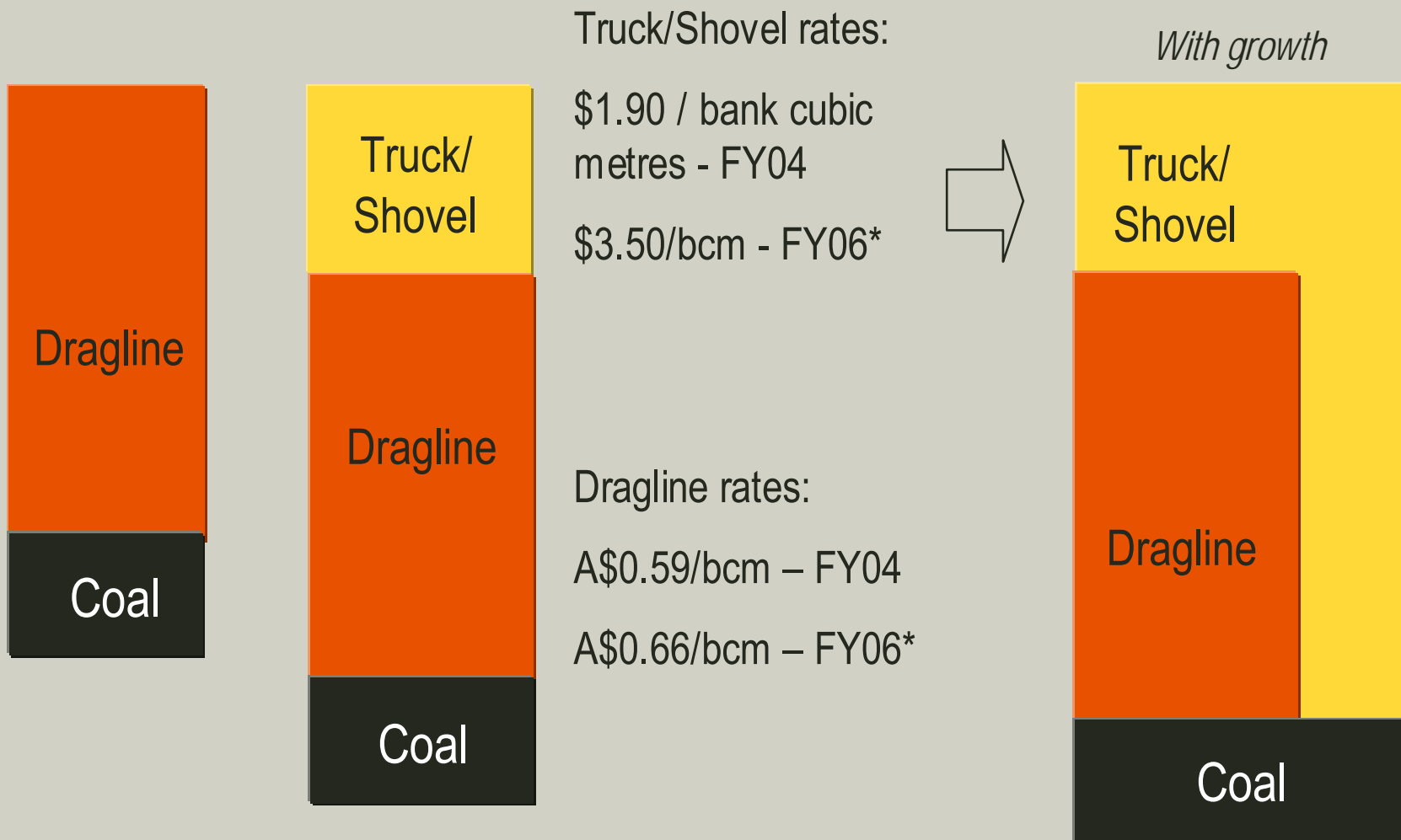
Illawarra Coal



Queensland - Hay Point Coal Terminal - A Strategic Advantage

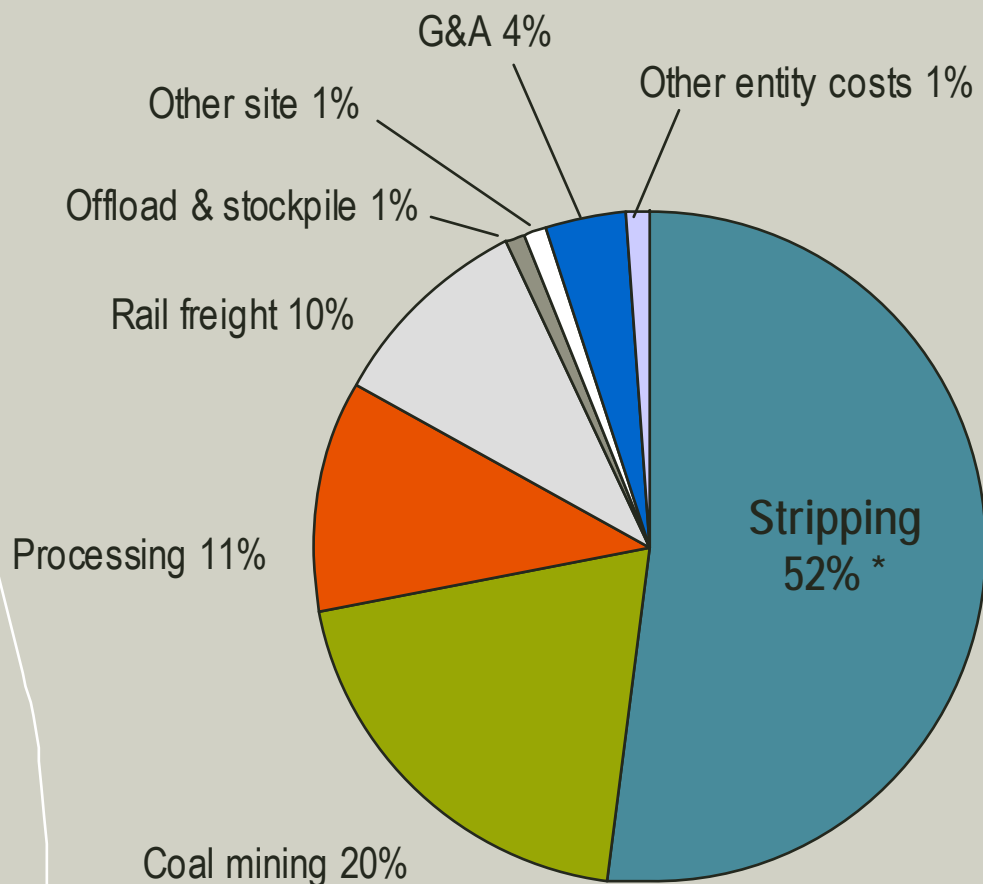


Queensland - Cost vs. Growth Challenge



* Estimate

Cost control - Stripping is the Primary Areas of Focus

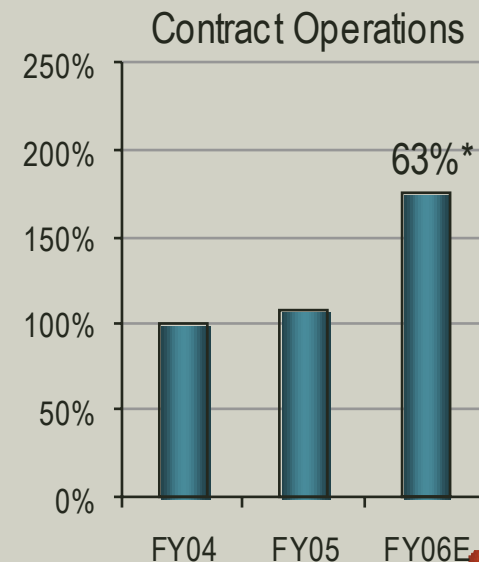
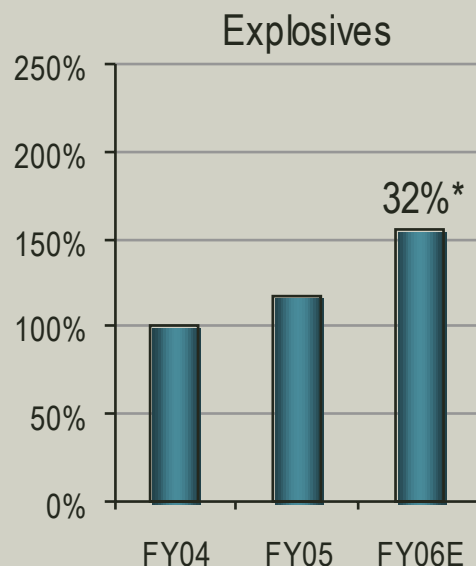
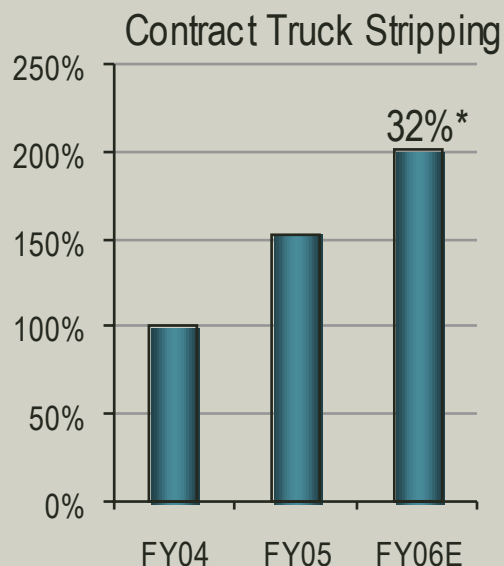
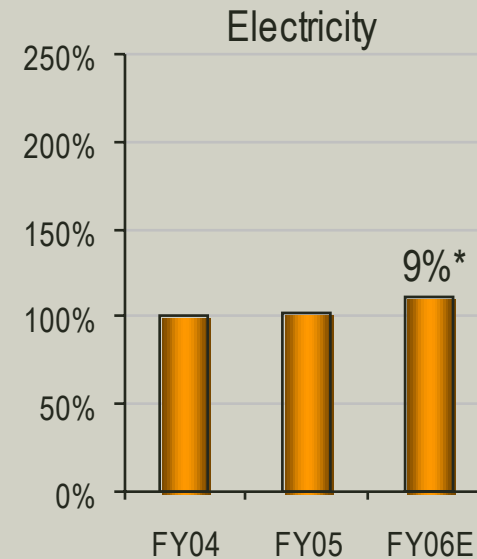
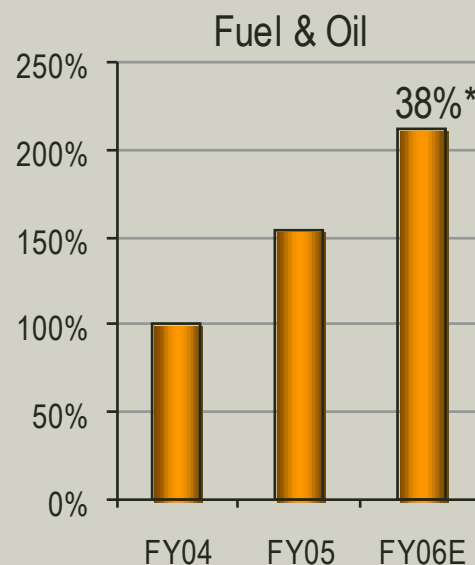
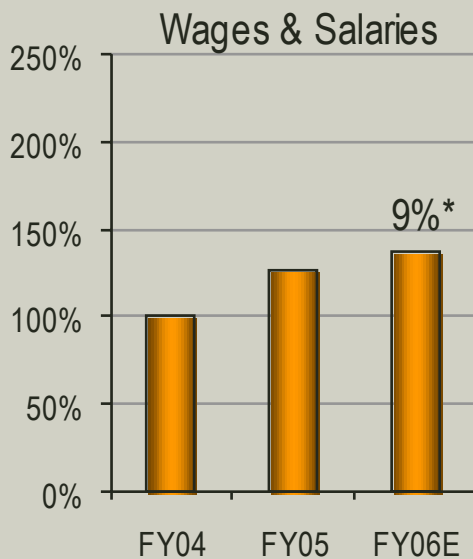


* % of mine site cash costs (FY2006E)

Major cost reduction initiatives underway:

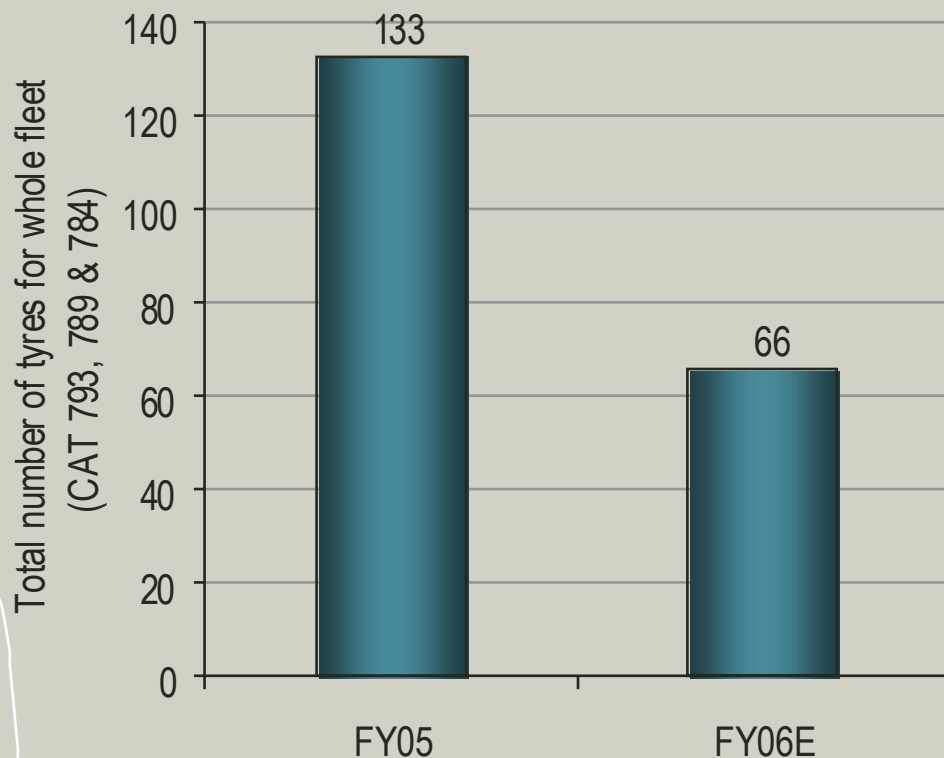
- Stripping study – new group focused on this issue
- New dragline – delivery December 2006
- Universal Dig & Dump (UDD) – 5 machines completed with 10% per machine improvement so far
- 125% Recommended Suspended Load – 14 machines completed
- “Last Drop” project (focus on coal losses) – Roll out underway, looking for 10% coal recovery improvement
- Truck/Shovel fleet – focus on productivity measures eg. Larger trucks

Input Cost Pressure



Business Improvement

Case Study: Truck Tyre Conservation, Peak Downs mine, Queensland



Total tyres replaced due to operational damage has reduced by 47% in FY06 vs. FY05

Business Improvement:

- Extensive use of Six Sigma methodology and knowledge networks
- Business benefits realised in FY05:
 - Queensland: US\$50M EBIT
 - NSW: US\$10M EBIT
- Improvement resources focused on stripping and coal mining

Re-investing in the Business – the new Blackwater Plant Replaces Three Aging Plants



- Investment is driven by cost reduction



Illawarra - New Mine Plan Driven by Surface Structures



Original Layout



Revised Layout

Expansion Projects - Queensland

Expansion of Saraji CHPP
(commissioning underway)
De-bottlenecking Peak Downs Plant complete



Broadmeadow – Punch Underground Mine
commence production August 2005,
ramping up now



Contract stripping at Goonyella
(completed end June 2006)



Hay Point Expansion

- 1st Stacker / Reclaimer to be commissioned September 2006
- 2nd Stacker / Reclaimer to be commissioned December 2006

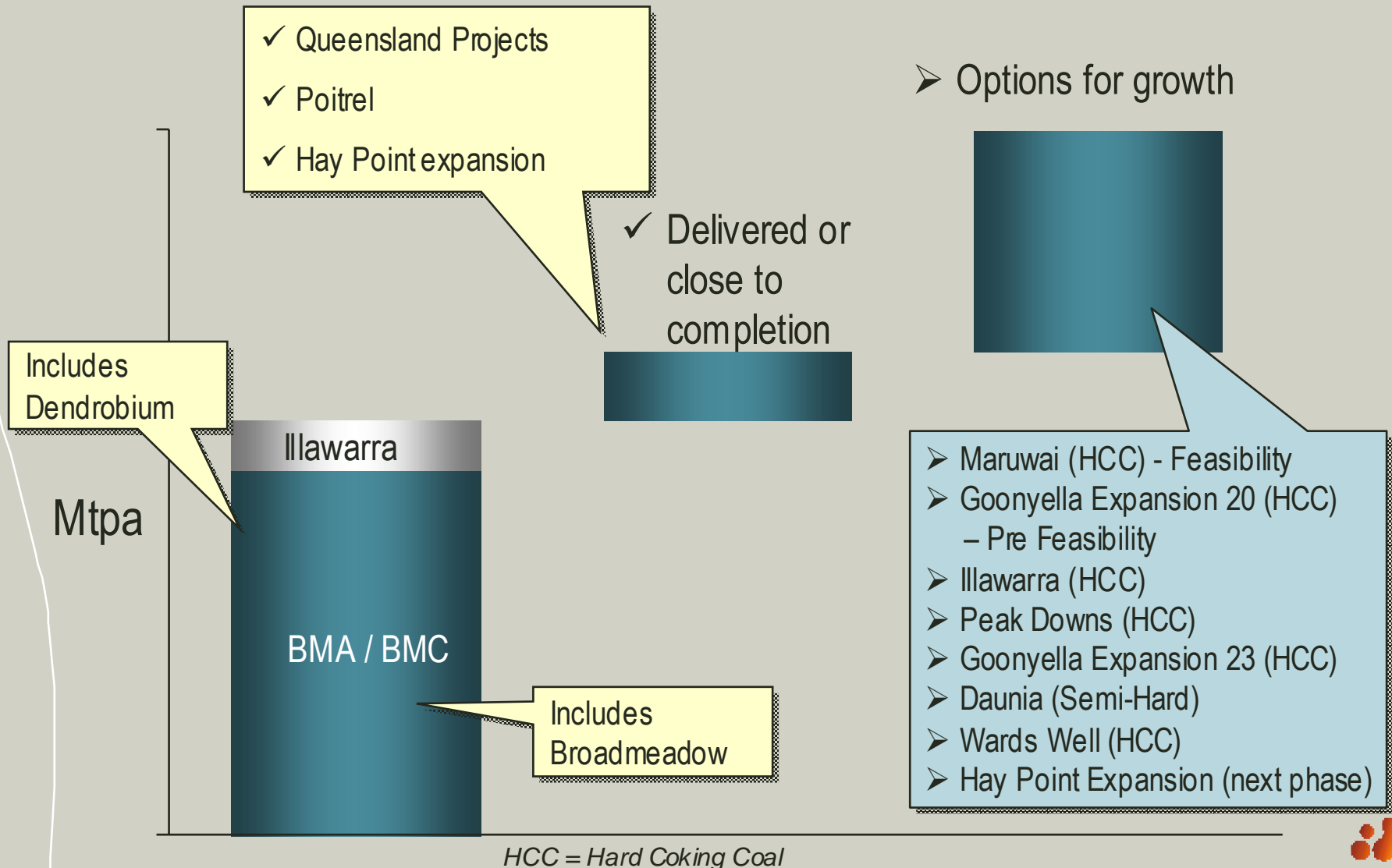


Poitrel Open Cut – Almost Ready For Start Up



- Greenfield development
- 3 Mtpa (coking coal and thermal coal)
- First coal scheduled for Q4 CY2006
- BHP Billiton Mitsui Joint Venture
Poitrel Mine has a JV for infrastructure sharing

BHP Billiton Met Coal Expansion – Options Available



Concluding Remarks

- BHP Billiton Met Coal remains committed to meeting customer requirements
- Market fundamentals remain strong – growth is broader than just China
- There will be short term fluctuations around the long trends
- Core business
 - FY07 focus on safety, performance, costs
 - World class asset base – unparalleled growth options
 - Own/Operate Hay PT - Queensland
- Growth has been delivered - in a tough cost environment
- Further growth options need to also take into account the challenging construction environment – cost and resources

Carbon Steel Materials CSG

BHP Billiton Manganese

Peter Beaven



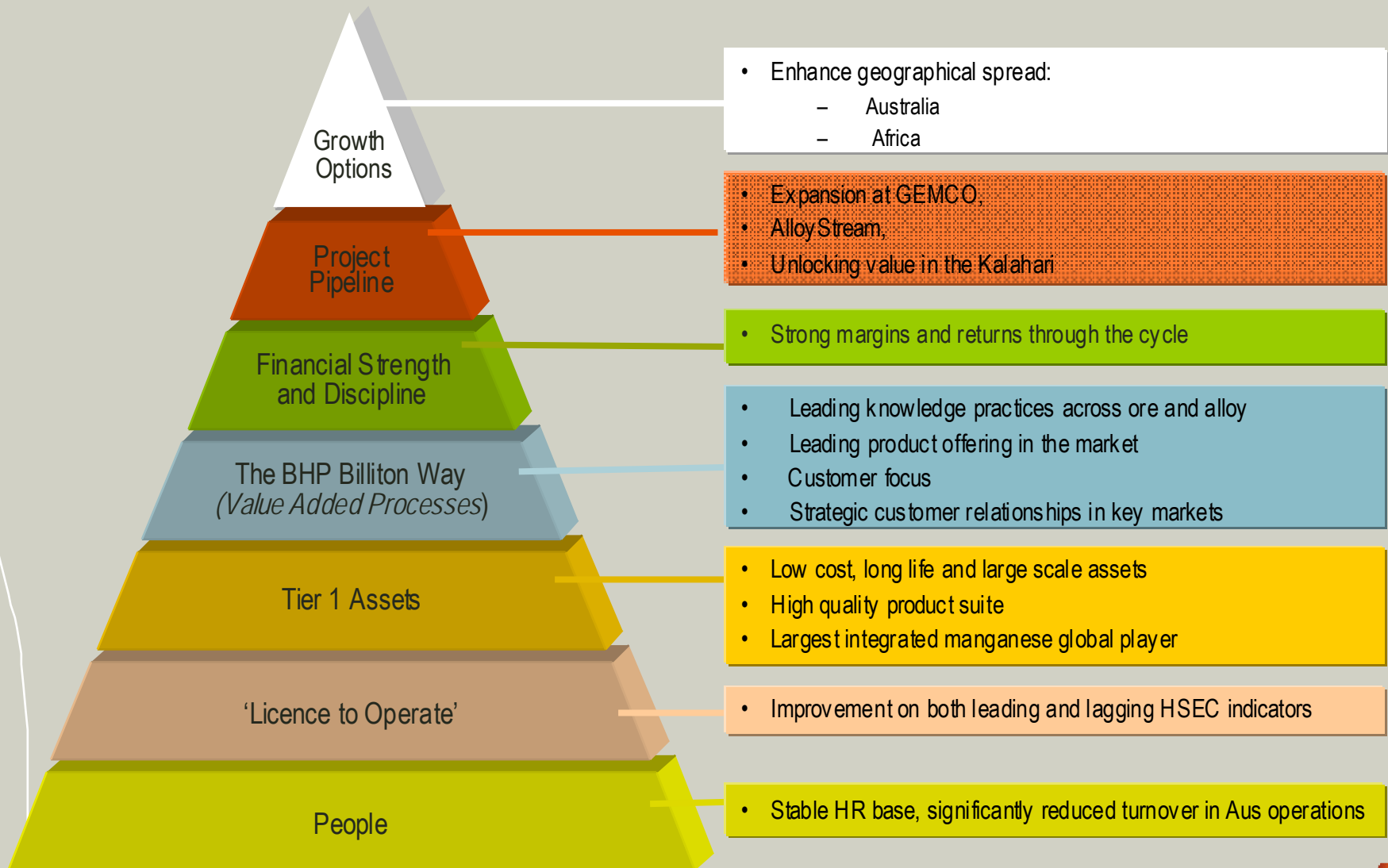
28th June 2006



Strategic Focus - Manganese

- Leading integrated manganese business
- Consistently high return contribution to BHP Billiton and Anglo American
- Position will be further improved via improved cost position and growth in ore and alloy
- Underlying demand growth strong, supply response vigorous
- Market conditions will likely remain challenging in the foreseeable future

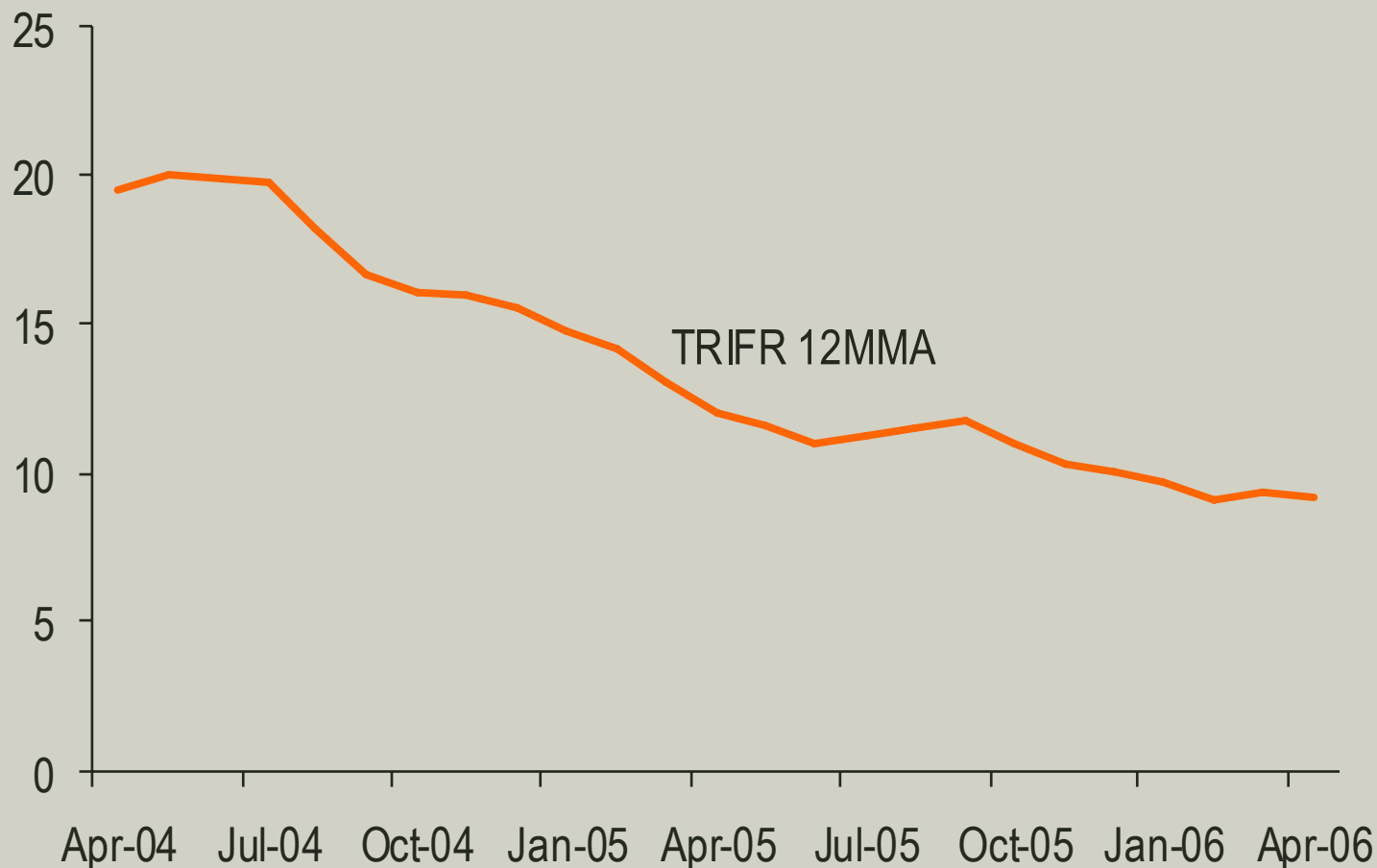
Strategic Focus - Manganese



Manganese Total Reportable Injury Frequency Rate (TRIFR) Trend

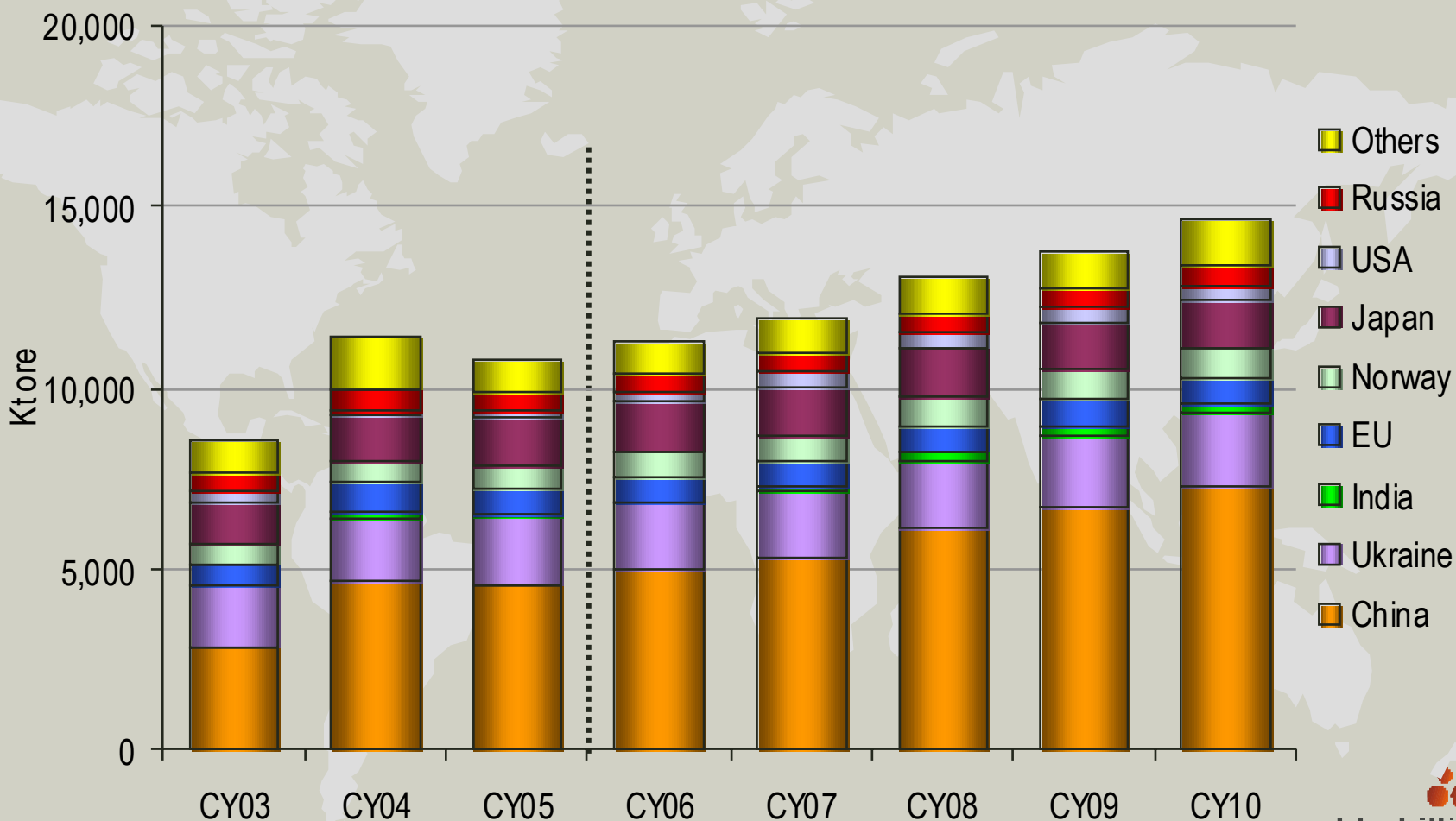


Continuous improvement on injuries reduction over the last two year period



Global Seaborne Manganese Ore Demand

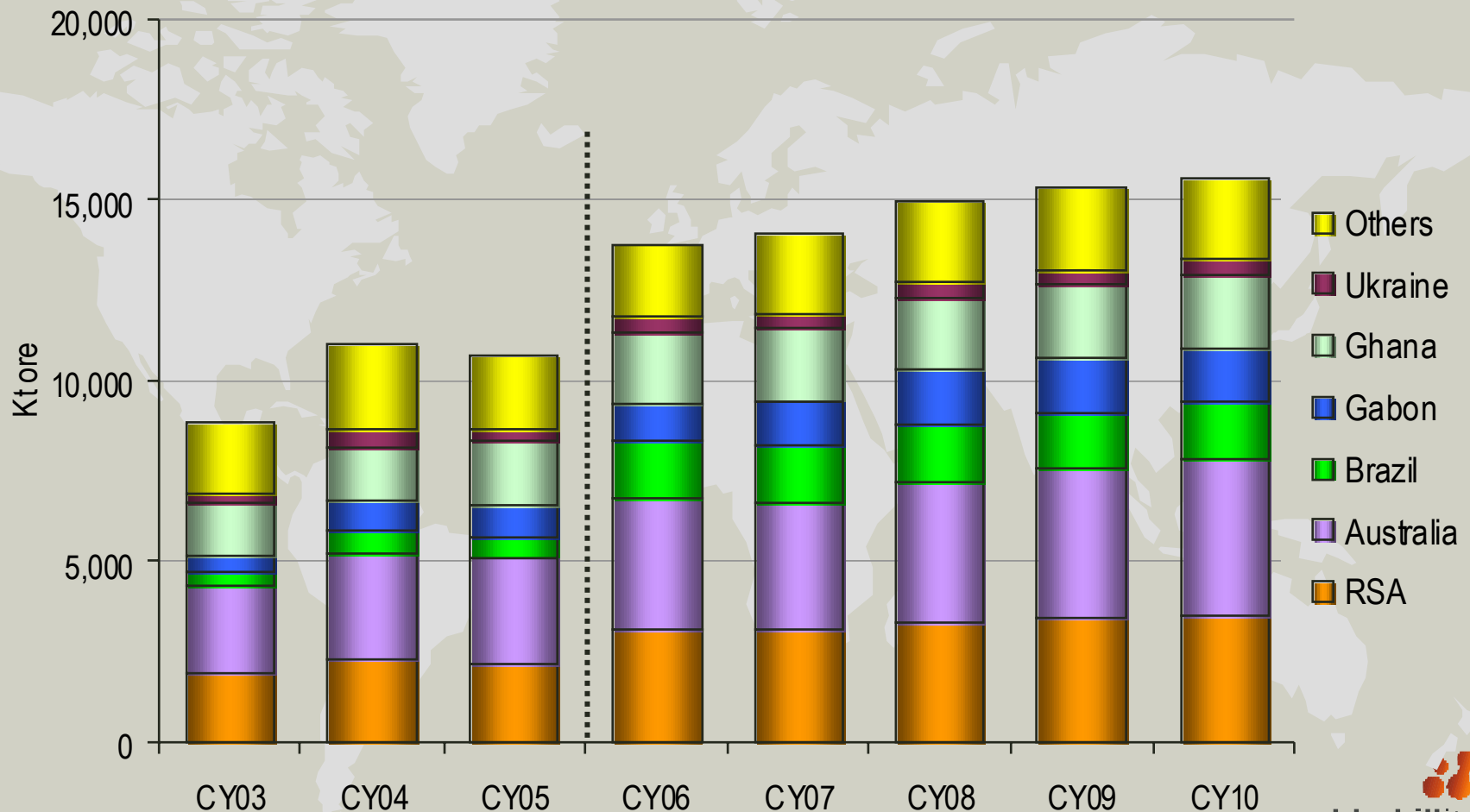
Global seaborne manganese ore demand increased by 32% in 2004 due to booming Chinese import demand. After inventory adjustment in 2005 China will continue to drive seaborne ore demand. Reduction in China Mn market share.



Global Seaborne Manganese Ore Supply



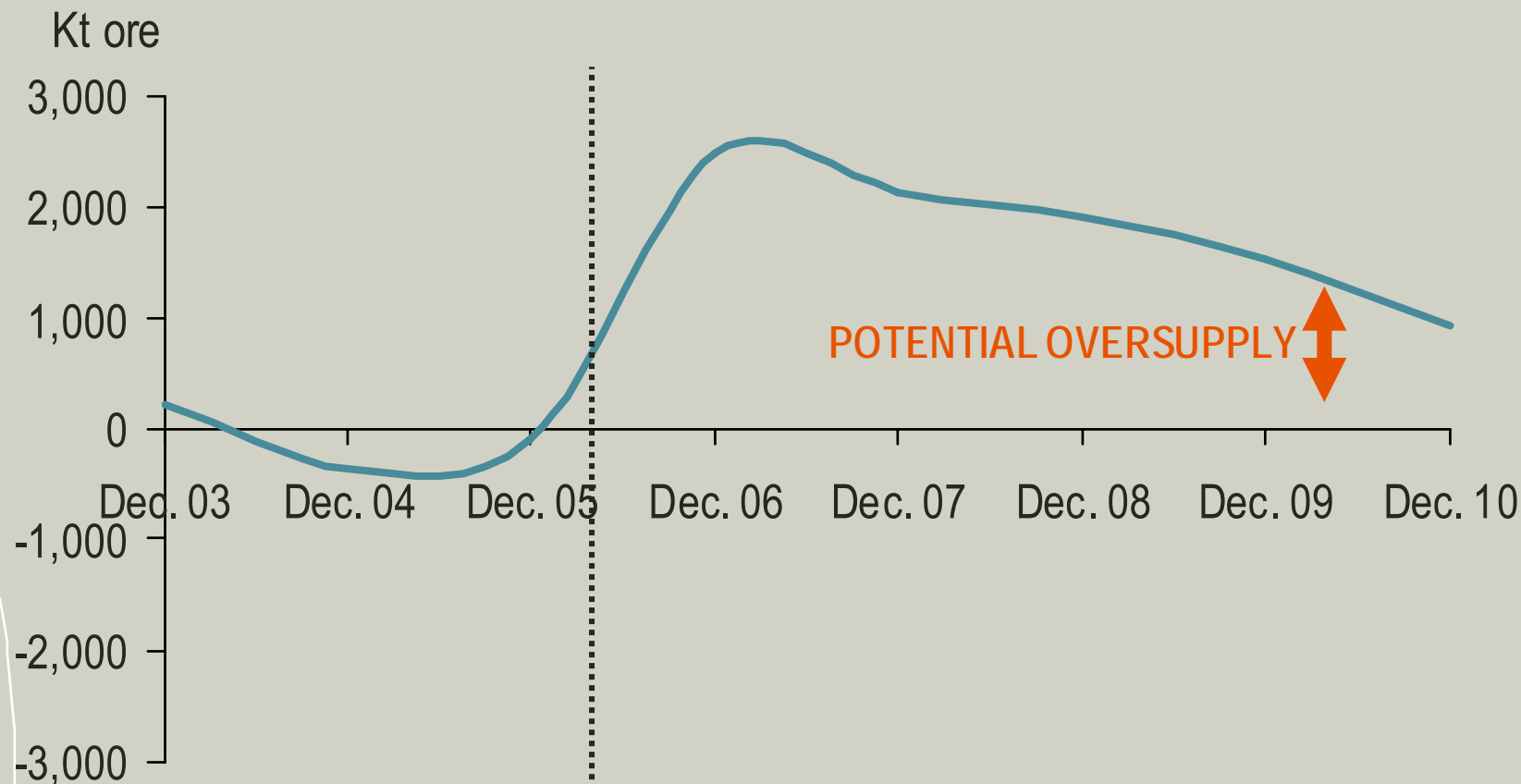
Global manganese ore supply growth is projected to come from capacity expansions in Gabon, Australia, Brazil and possibly South Africa



Global Seaborne Manganese Ore Supply and Demand



Overcapacity exists in seaborne market



Manganese Ore Seaborne Market Share

The four biggest producers lost market share in the last number of years

Market
Share of four
biggest producers

CY95

68%

CY00

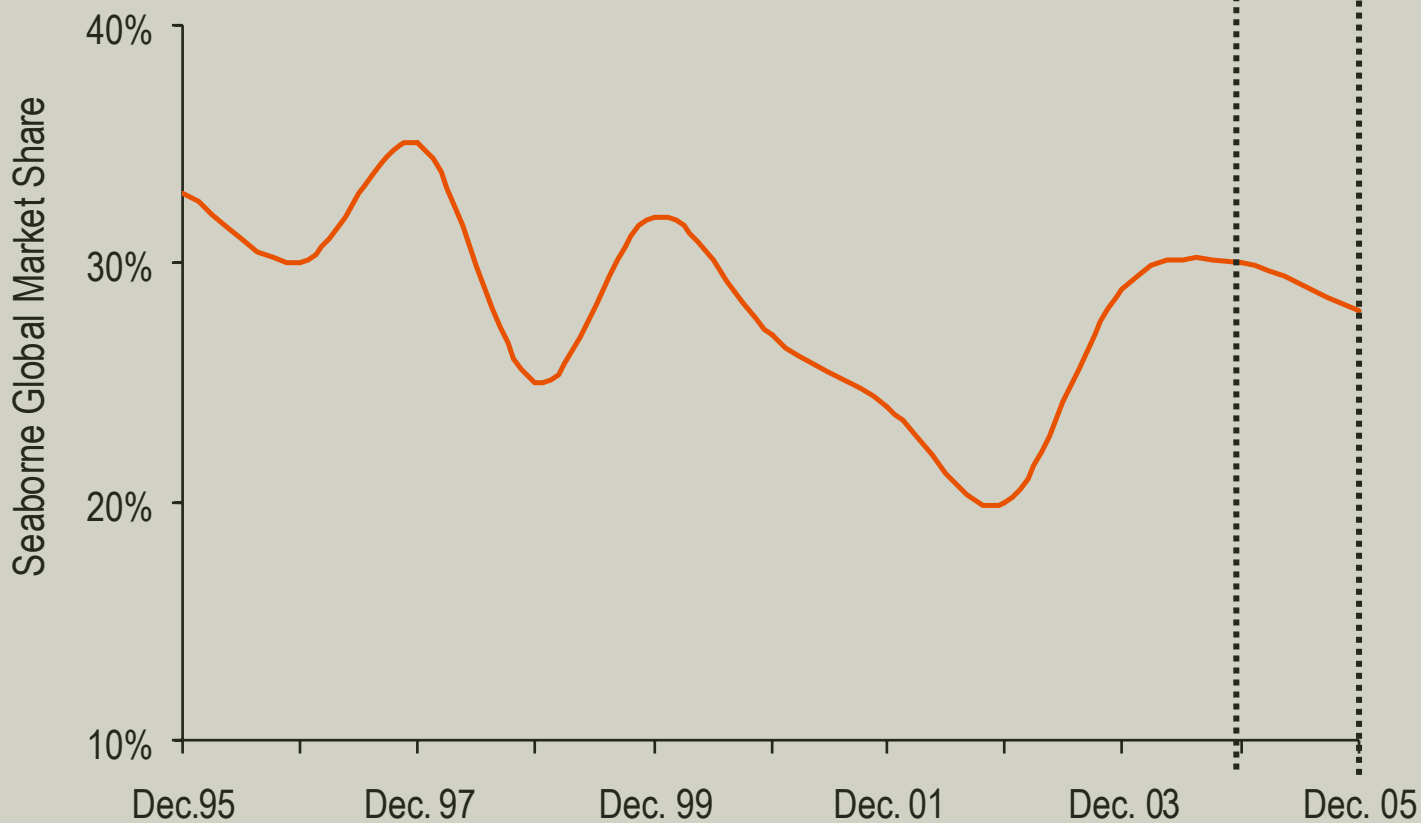
59%

CY04

55%

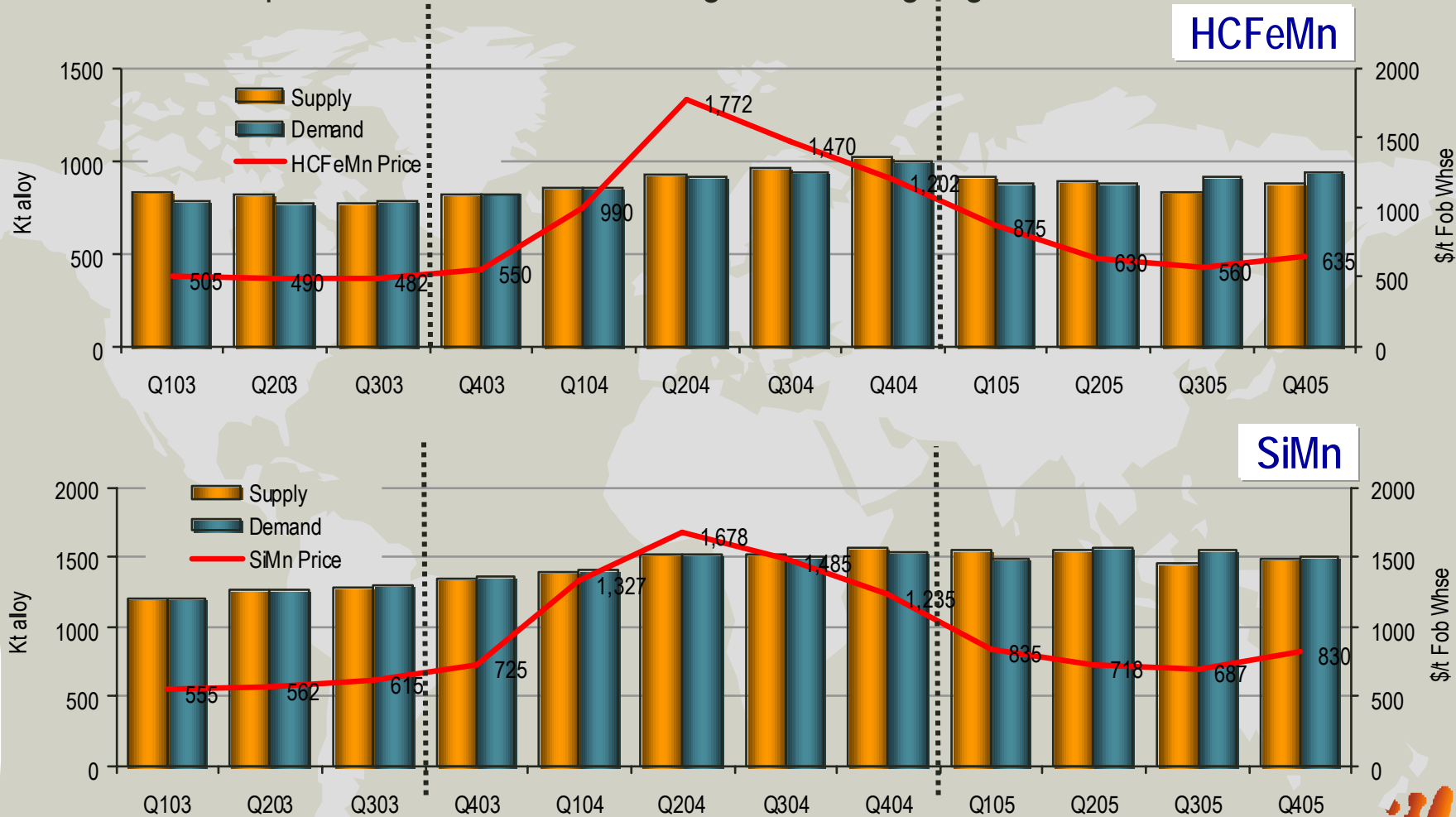
CY05

53%



Global Manganese Alloy Supply and Demand

Global manganese alloy outlook is positive due to the strong growth in steel production, more rapid increases in flat products will translate through into stronger growth in HCFeMn than SiMn.



Manganese Market Summary

- Demand for Manganese ore continues to grow strongly
- Manganese ore market may be oversupplied for some time and prices will remain under pressure
- Manganese alloy market has returned to balance after a period of oversupply
- Material differences in alloy prices across regions driven by ongoing excess capacity in China

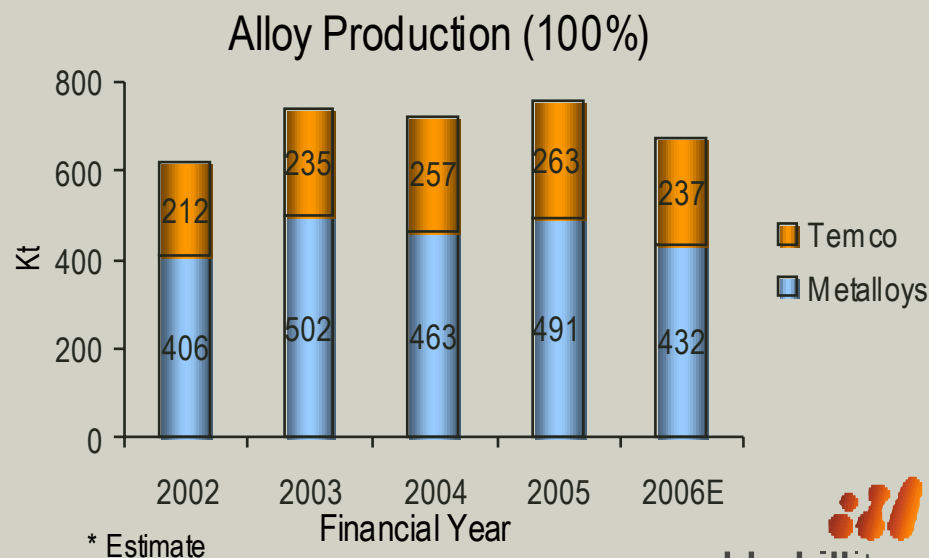
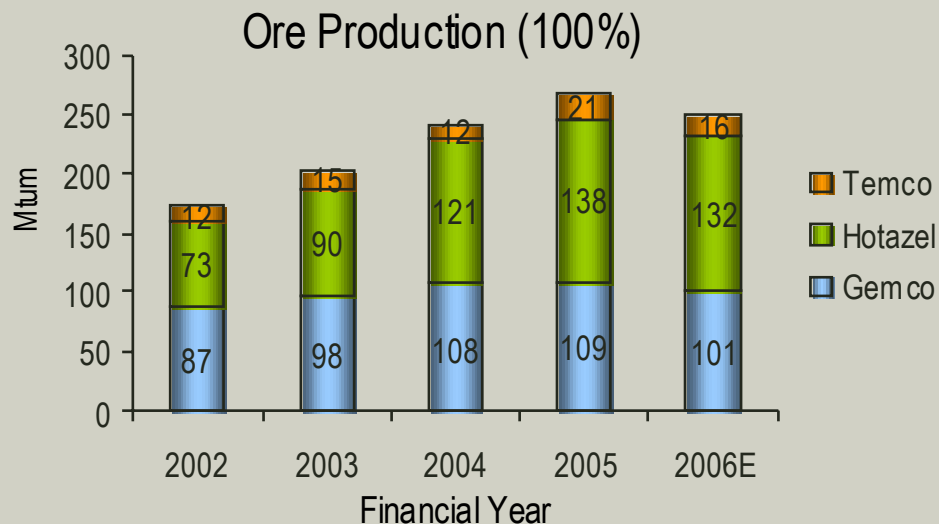
Manganese Operational Performance

FY05 result:

- World shortage on supply side (unexpected demand and supply problems)
- Production ramped up quickly to capacity
- Strong volumes and price created “spike” year for profitability

FY06 (estimate):

- Samancor Manganese production volumes brought in line with market requirements
- Ore and alloy prices materially weaker than FY05
- Strong Rand and higher input costs
- Maintenance deferred in FY05 carried out in FY06
- Cost performance being brought in line with new output levels
- Profit more in line with historic norms

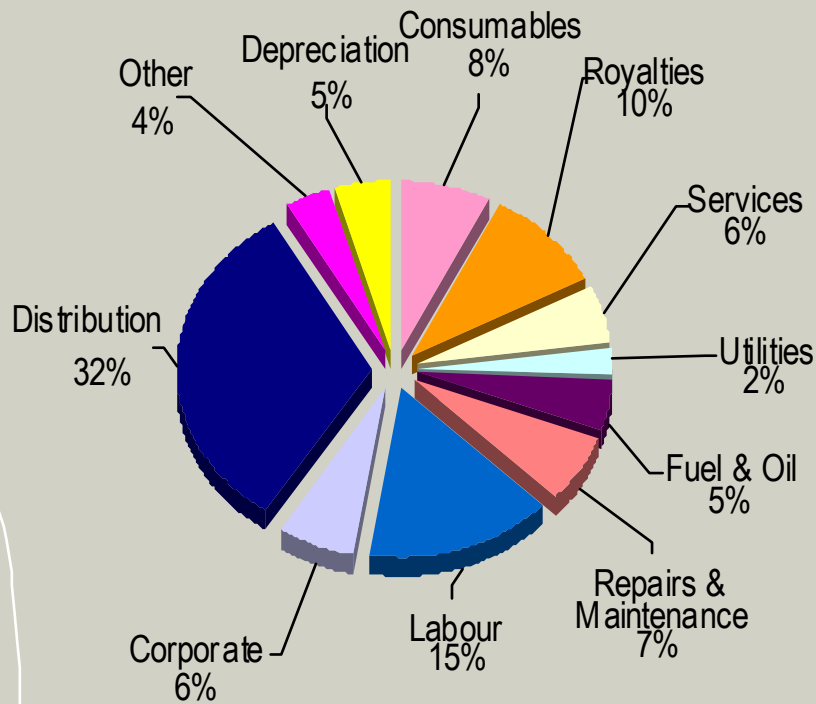


Cost Control FY06 – Manganese Ore and Alloy

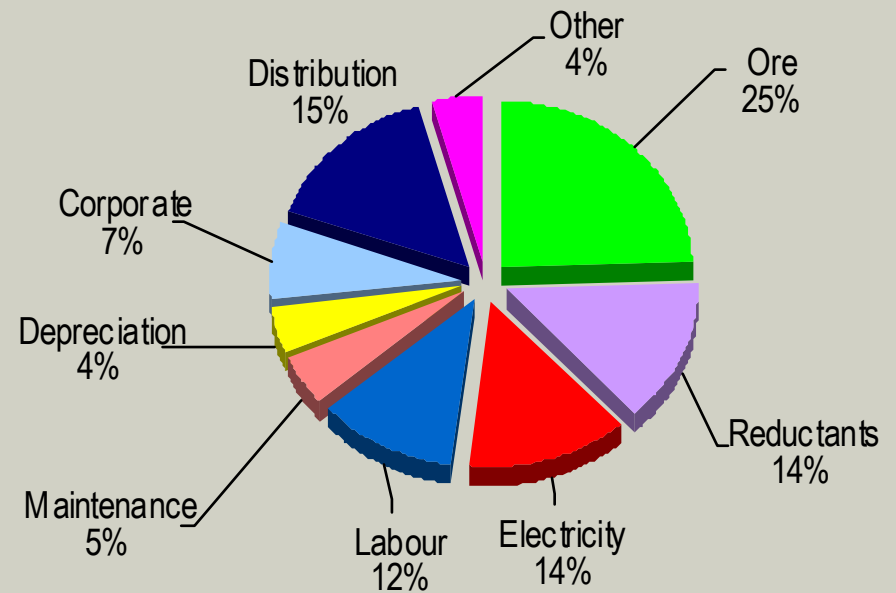
Primary Areas of Focus



Ore FOB Cost



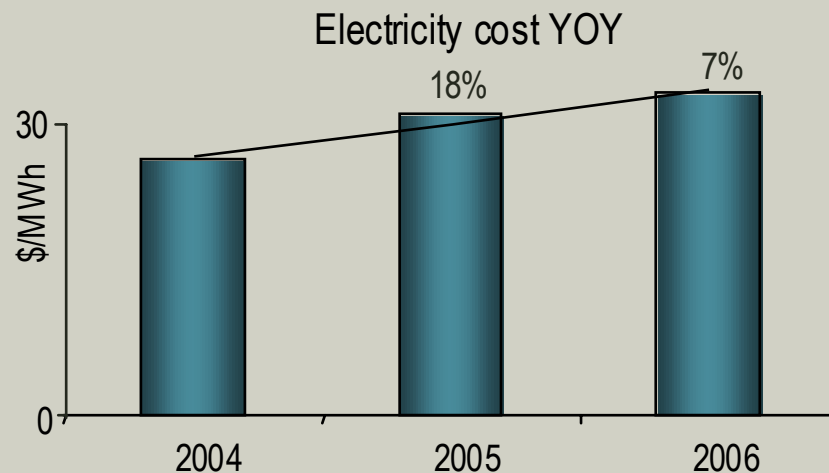
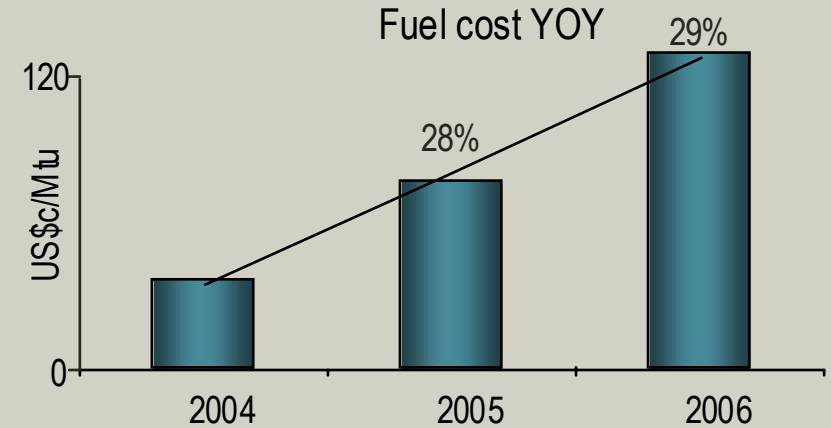
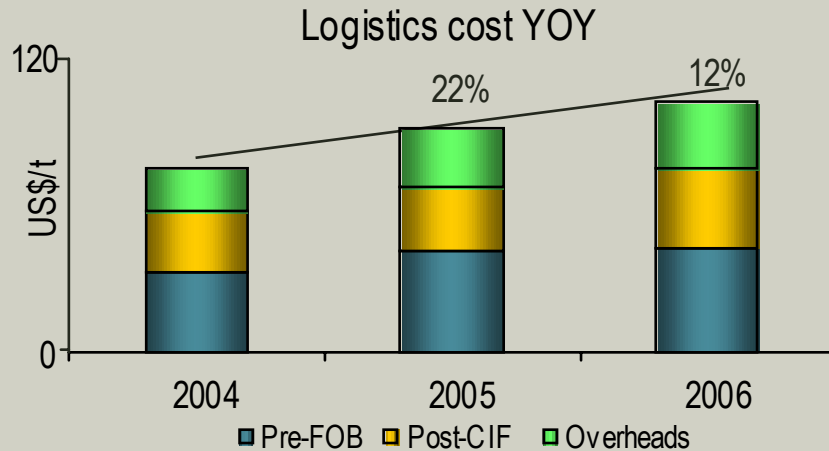
Alloy FOB Cost



Manganese Input Cost Pressure in a Hot Market (Base: 2004)



Cost savings measures in 2006 over US\$10M with number of specific cost saving measure for 2006

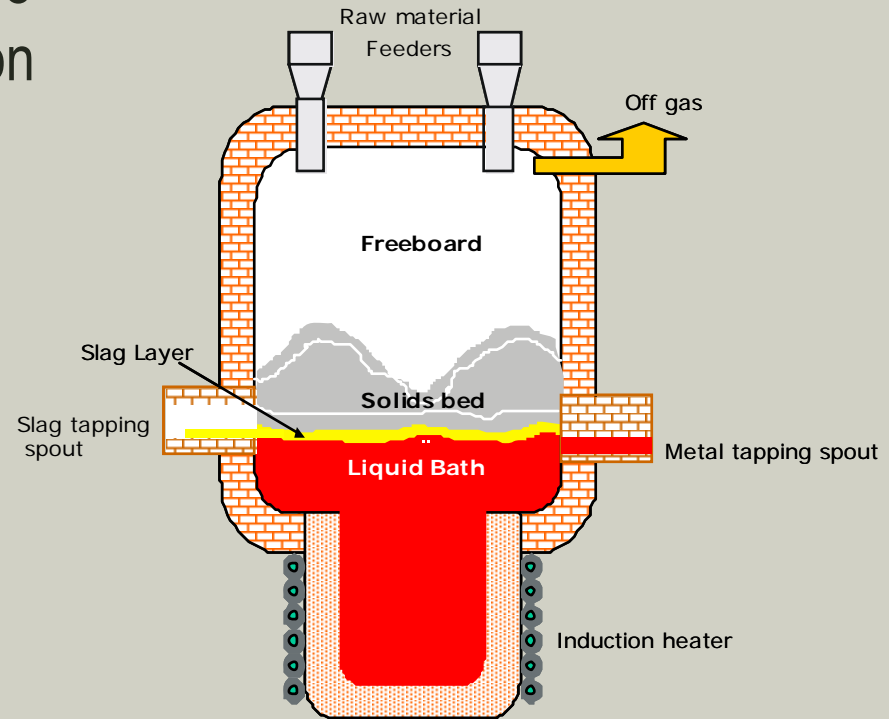


Gemco Growth

- GEMCO well placed to supply growing markets particularly China
 - Strong resource base
 - Geographic location
 - High quality and suitable product suite
 - Cost
- Plant de-bottlenecking will increase capacity from 3.1Mtpa to 4.1 Mtpa and reduce operating cost
- Modest Capital around US\$150M (100%) – Project planned to be online 2008

Alloy Technology

- Exclusive agreement reached with Kumba for a JV whereby the two parties will exploit application of the AlloyStream technology
- Reduced cost of alloy making:
 - Fine raw material currently not commercialised
 - Better efficiencies on electricity consumption
- Support RSA Government drive for beneficiation of ores into alloys



Test Configuration

Samarco's 3rd Pellet Plant Expansion

- Samarco is a low cost supplier of seaborne pellets with a strong customer base, owned 50% by BHP Billiton
- In October 2005 the Board approved a project to expand pellet capacity by 7.6 Mt up to 21.6 Mt⁽¹⁾. Major elements of the expansion include:
 - Additional mining capacity and new concentrator at Germano mine site
 - Second ~ 400 km slurry pipeline from Germano to Ponta Ubu
 - Third pellet plant, additional stockyard capacity and enhanced ship loading capacity at Ponta Ubu plant site
- Project is progressing well and we expect:
 - Delivered within the budget of US\$590M⁽²⁾
 - Produce first pellets in the first half of calendar year 2008 as planned

(1) 100% basis

(2) BHP Billiton 50% share

Carbon Steel Materials CSG

“Stronger for Longer”



Sydney

28th June 2006



Carbon Steel Materials - “Stronger for longer”

- CSM is a force of stability in BHP Billiton
- We have world class assets, ideally situated for the major growth market in China
- Leading global positions:
 - No 1 in Seaborne Metallurgical Coal
 - No 3 in Seaborne Iron Ore
 - No 1 in Manganese Ore
- Unprecedented demand for our products. Expanding production to service the demand.
- All operations have outstanding growth options
- We have excellent greenfield opportunities

Carbon Steel Materials - “Stronger for longer”

- We have a superior product offering
 - Customer Centric Marketing
 - Full range of Products
 - Technical and Logistical Support
- Efficient controlled infrastructure growing in line with capacity
- Market challenge on both operating and capital cost
- Counter Measures are
 - Business Excellence
 - Strategic Sourcing
 - Rightsizing of Growth
- Supply response slow

Questions



bhpbilliton

Carbon Steel Materials CSG

CSG Briefing



Sydney and London
28th June 2006

