



# Presentation Analysts / Investors Visit to South America

March 2007



**MINERA ESCONDIDA**

Operada por BHP Billiton

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# Presentation Content

- **General Overview**
- Production
- Water & Energy
- Key Financials



# Escondida's Strategy Builds on its Strengths to Maximize Long Term Value



# Escondida Vision

- **Be the leading copper mine in the world, creating value and sustainability through superior performance in the industry in safety, production, and unit costs.**
- **Achievement reached by:**
  - Working as a team to create a business of excellence
  - Consistently meeting our operating commitments in a planned, stable and sustainable way, with Zero Harm to people, the environment, and the community
  - Being an excellent business partner for our communities, contractors, suppliers, and other interested parties
  - Becoming the preferred mining employer in Chile – with employees who enjoy their work and are recognized for their efforts
  - Successfully developing new projects and discovering new deposits



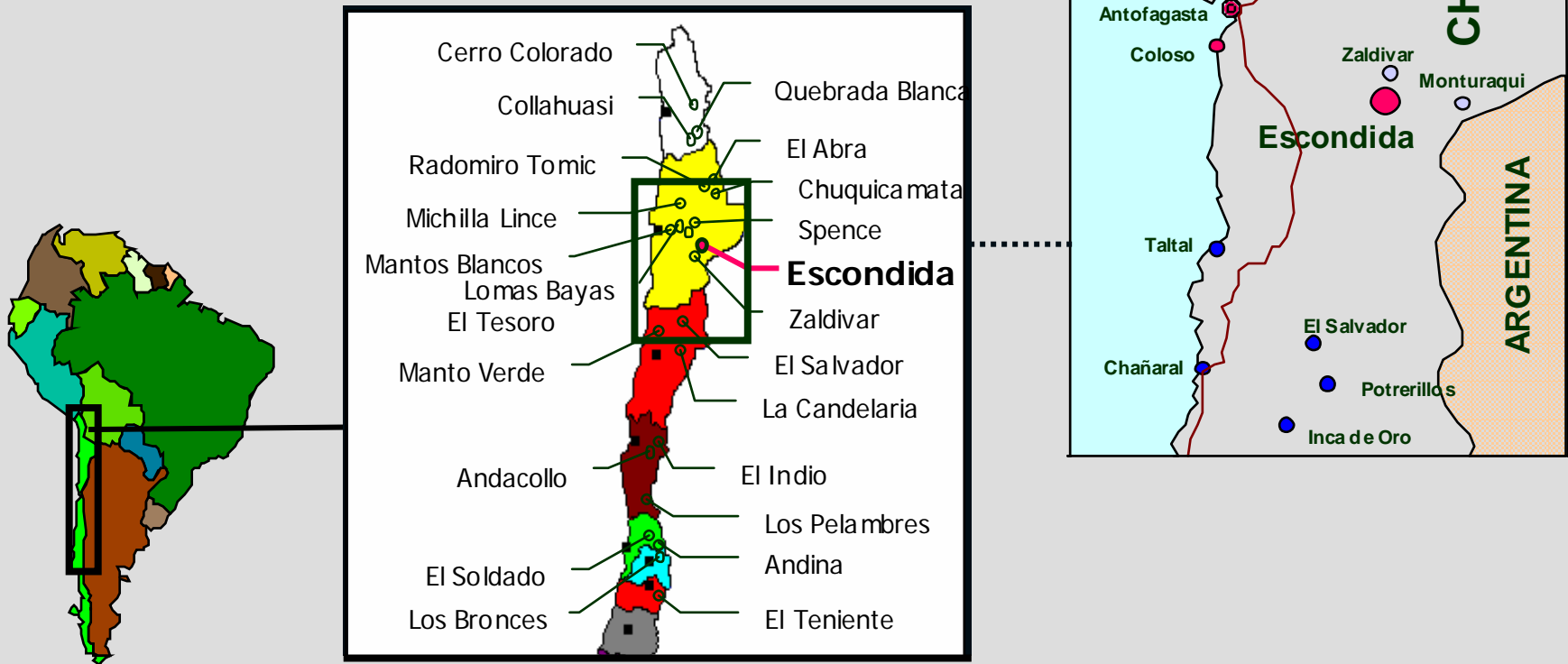
# Key Strategic Objectives FY08 – F12

- Improving and strengthening sustainable development (Zero Harm): Health, Safety, Environment and Community
- Develop a High-Performance Organization with competent, highly productive, innovative employees committed to obtaining outstanding results
- Manage the Company through Business Excellence, with operational discipline and with focus on costs and quality.
- Optimize usage of resources, aggressively develop new projects and discover new ore bodies.



# World's Premium Copper Region

Northern Chile's Atacama Desert,  
160 km south east of Antofagasta.





**Zaldivar Leach  
Pads**

**Escondida  
Norte Pit**

**Zaldivar  
Pit**

**Los Colorados  
Concentrator**

**Escondida  
Pit**

**Oxide  
Leach Pads**

**Sulphide Leach  
Pads**

**Hamburgo  
Tailings Dam**

**Laguna Seca  
Concentrator**

2 km





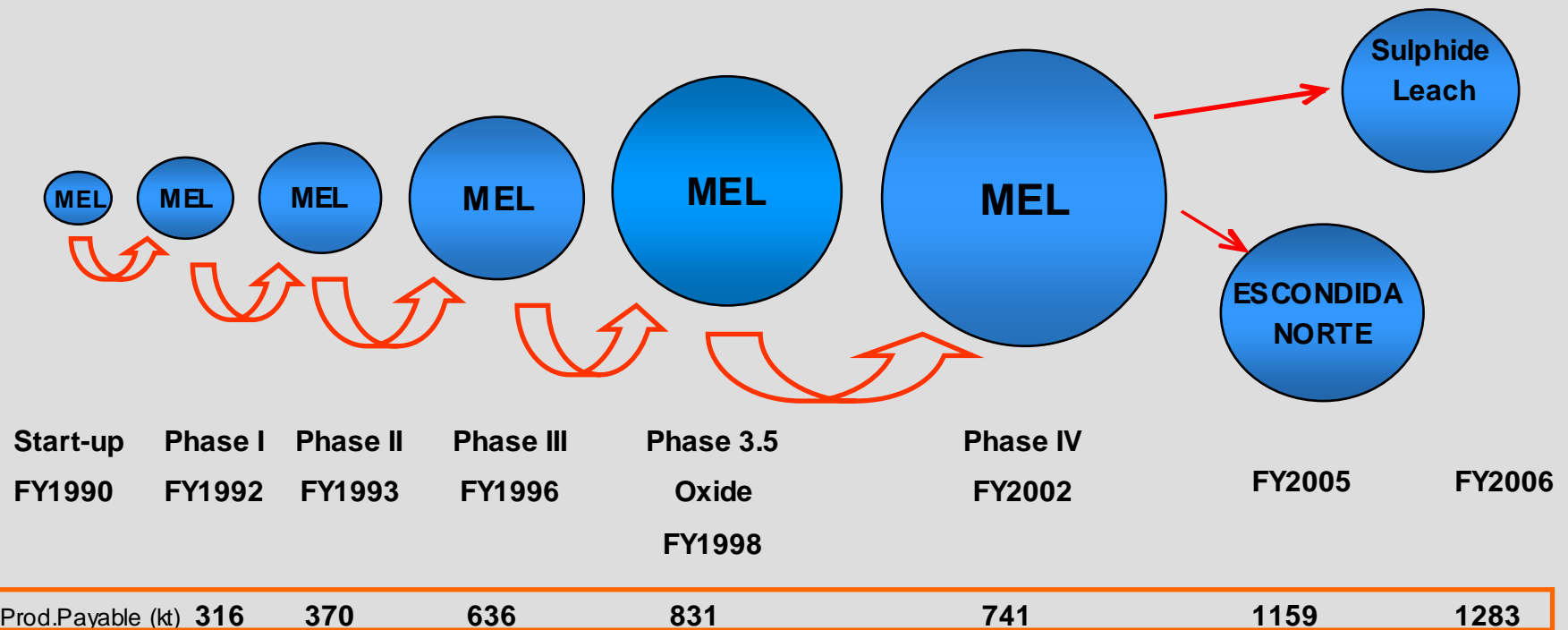


## Coloso Filter & Port Facilities

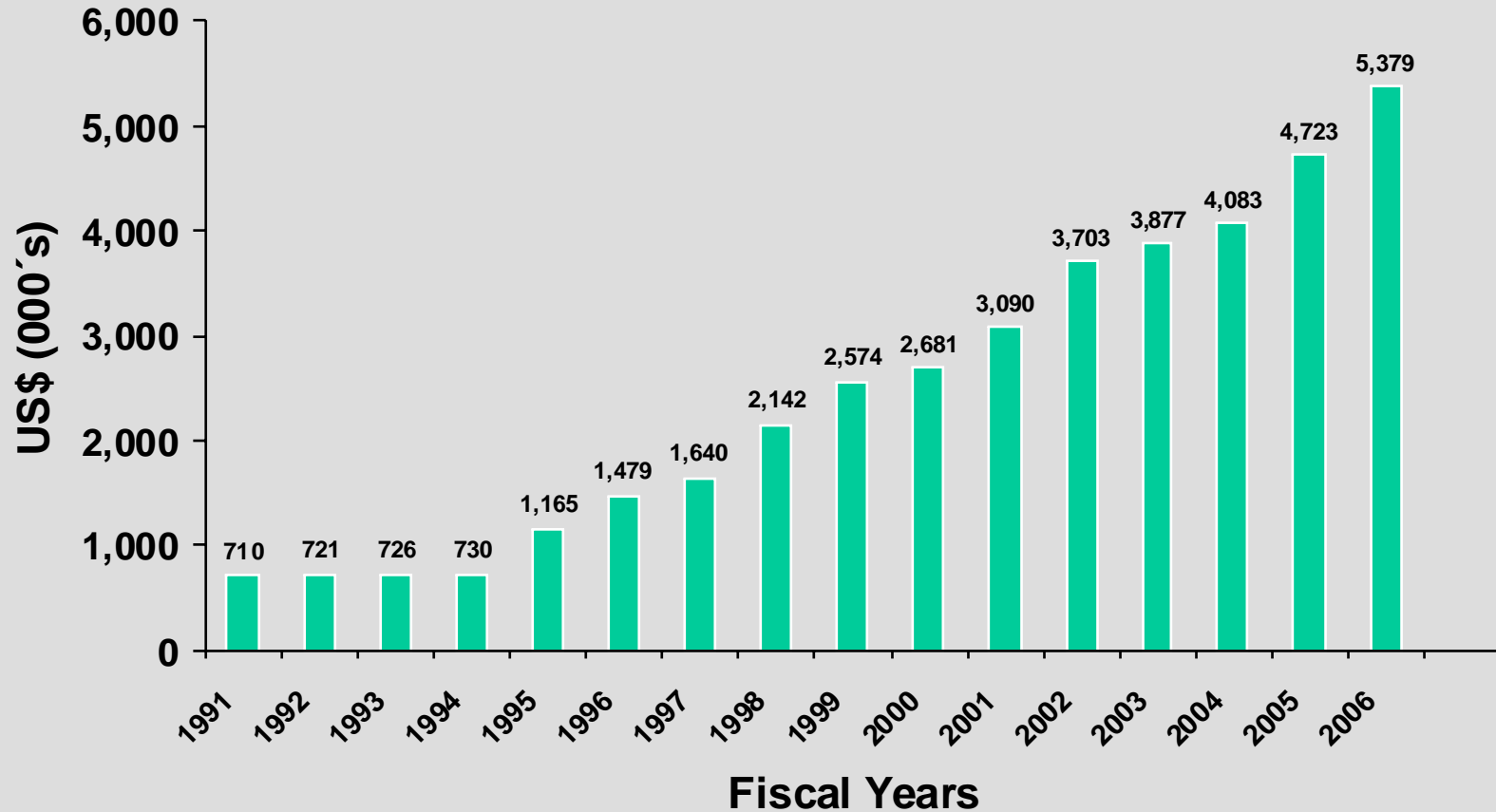


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# Development since the beginning

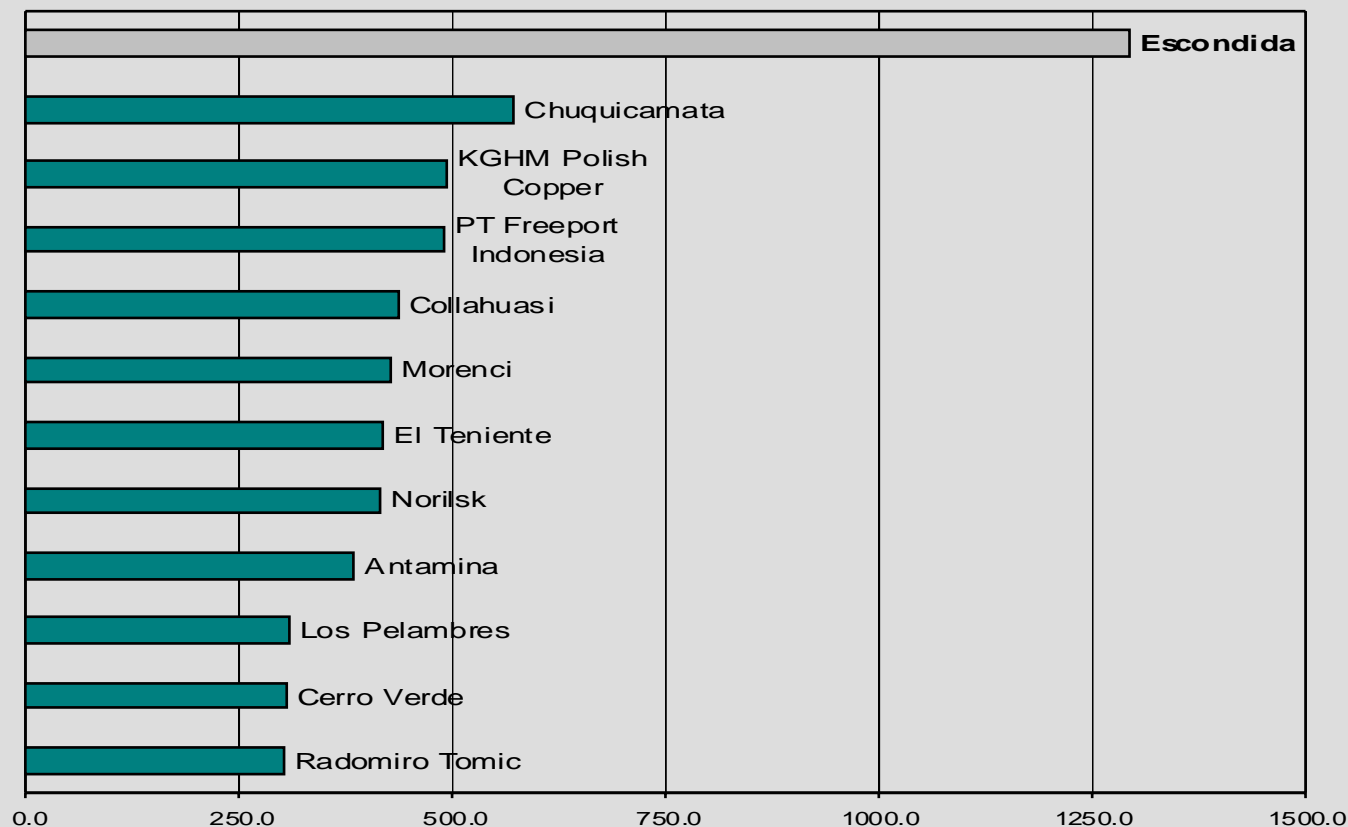


# Capital Investments



# World's Largest Copper Mine

Leading Copper Minesites



MEL Copper Production CY 2006: 1,255,559 Contained Cu tonnes

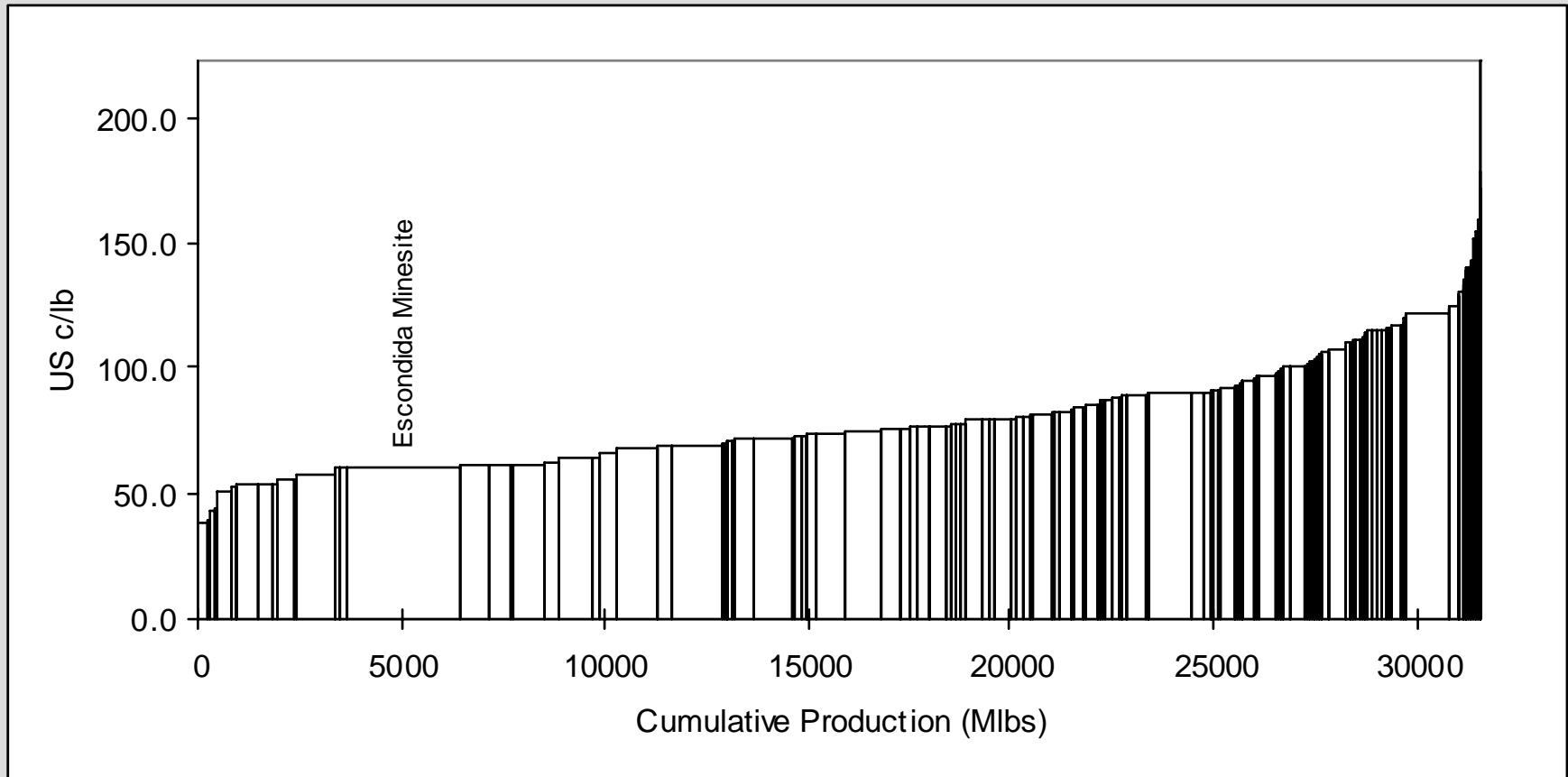
Copper production (Contained Cu '000 tonnes)

Source: Brook Hunt, Copper Costs: Mines & Projects 2006 edition



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## 2007 Production League Ranked on C1 Cash Cost by Minesite (Pro – Rata Costing)



Source: Brook Hunt, Copper Costs: Mines & Projects 2006 edition

**Pro-rata Costing** in which cost at each stage are allocated to each metal pro-rata to its contribution to net revenue ( e.g a metal that contributes 30% of net revenue is allocated 30% of shared cost)

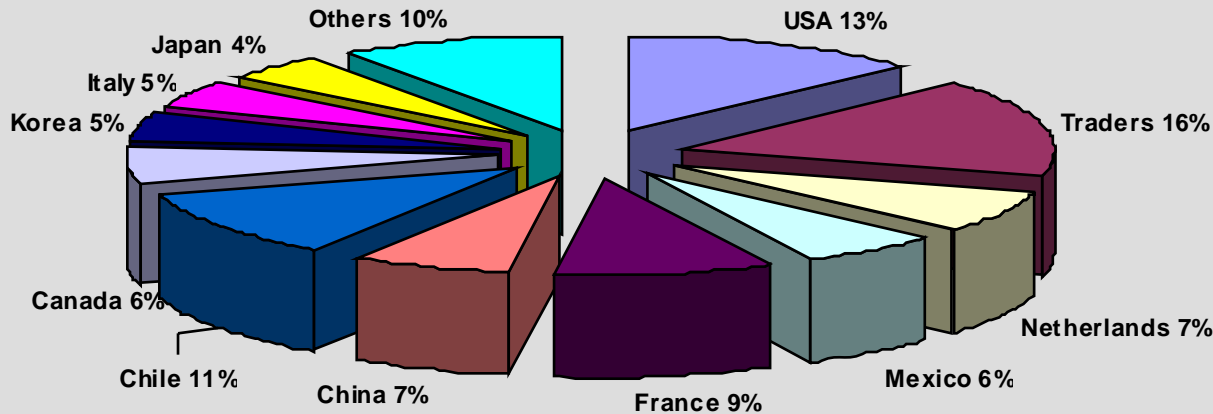




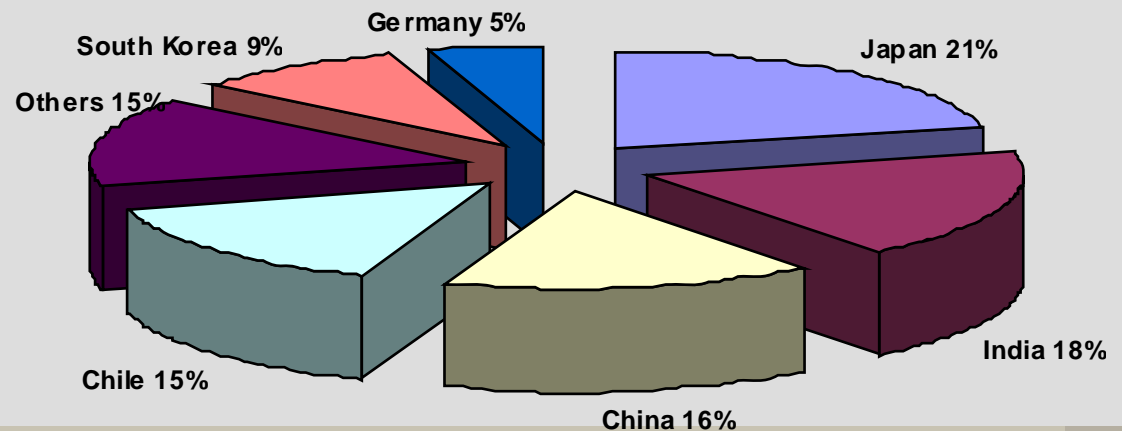
# Diversified Customer Base

## Sales by Destination - 2006

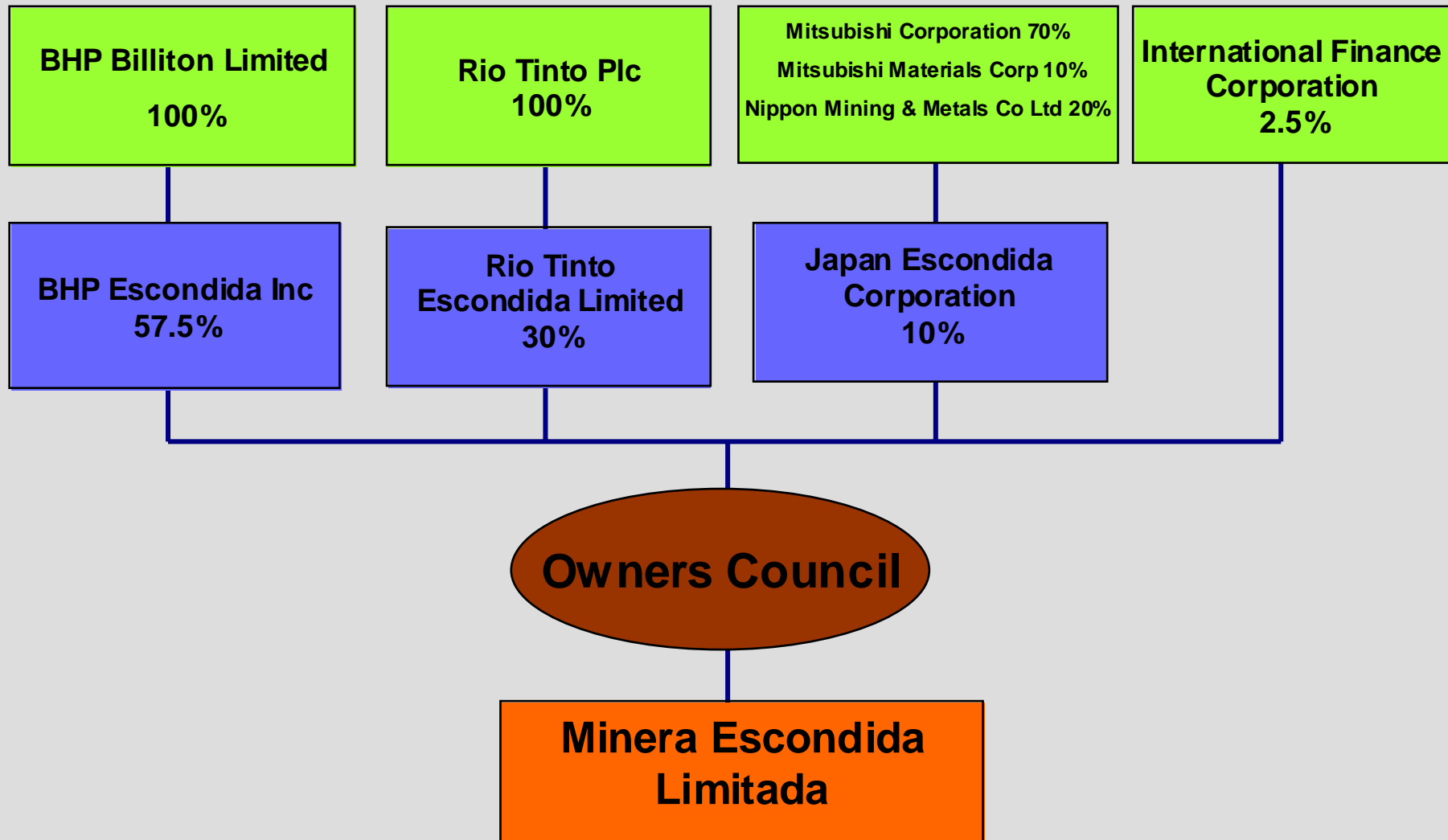
### Copper Cathode 11%



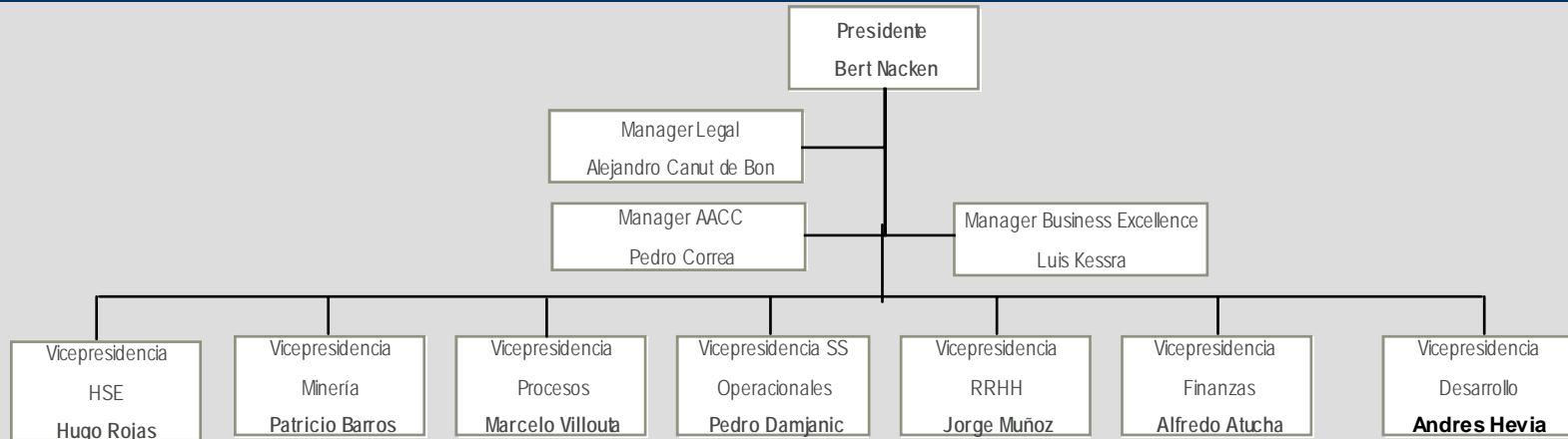
### Copper Concentrate 89%



# Sponsored By World's Premier Metals & Mining Houses



# MEL Organization



| Sub-Committee Name                  | Leader        |
|-------------------------------------|---------------|
| Sub-committee Water                 | VP Desarrollo |
| Sub-committee Energy                | VP SS.OO.     |
| Sub-committee Air Quality           | VP Mina       |
| Sub-committee Social Responsibility | President     |
| Sub-committee Human Resources       | VP RR.HH.     |
| Sub-committee Maintenance           | VP Process    |
| Sub-com Contracts &Contractors      | VP Finance    |
| Sub-committee Capital Expenditure   | President     |
| Sub-committee Operations            | President     |



# Human Resources

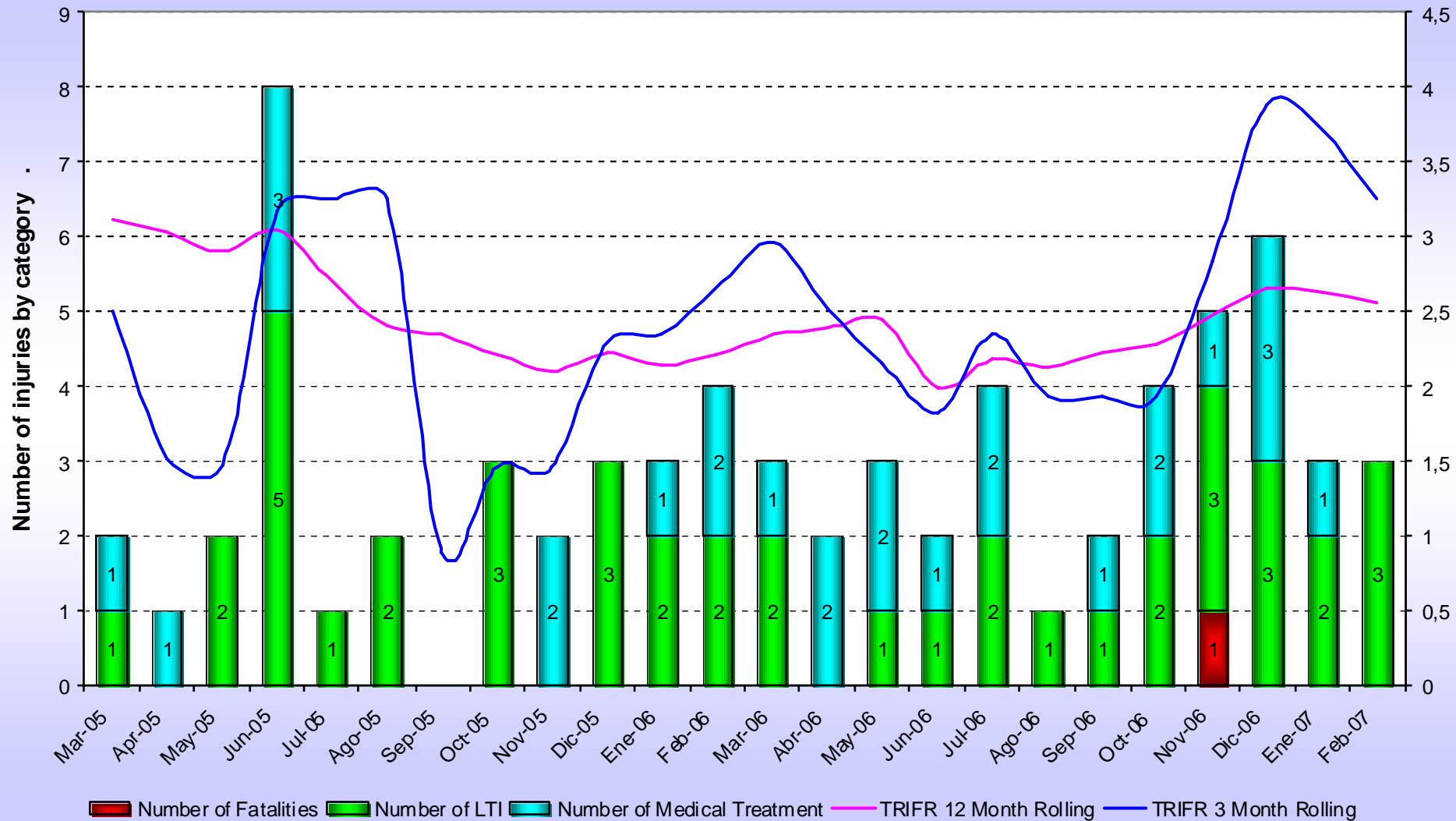
|                               | Antofagasta | Coloso | Mina  | Santiago | Total MEL |
|-------------------------------|-------------|--------|-------|----------|-----------|
| <b>Expatriates</b>            |             |        | 2     |          | 2         |
| <b>Operators</b>              |             | 68     | 1.996 |          | 2.064     |
| <b>Technical &amp; Admin.</b> | 17          | 4      | 131   |          | 152       |
| <b>Professional / Mgrs.</b>   | 63          | 27     | 589   | 5        | 684       |
| <b>Total MEL</b>              | 80          | 99     | 2.718 | 5        | 2.902     |

|                       |              |
|-----------------------|--------------|
| Permanent Contractors | 3.317        |
| Capital Projects      | 1.618        |
| Total Contractors     | <u>4.935</u> |

Note: As of January, 2007



# Total Recordable Injuries Frequency Rate (TRIFR) Escondida & Contractors (3 & 12 month rolling)





# Community Engagement Approach

| Area                                | Priorities (1,2)   |  | Approach   |
|-------------------------------------|--|--|--|
|                                     | Social Capital Development   | Reputation   |  |
| Minera<br>Escondida<br>Foundation   | 1<br>Education, Health, Social development, Indigenous Affairs, and youth. | 2<br>Execution of social projects with high and sustainable community impact<br>(Antofagasta – II Region)      | Long term, politically neutral, beyond the operation's life time. Antofagasta and II Region  |
| Corporate<br>Affairs<br>Antofagasta | 2<br>Social project with high and sustainable impact in the II Region.     | 1<br>Partnership, neighborhood relationships and cooperation with stakeholders<br>(Antofagasta, Coloso, Peine) | Short and Medium term, regional development strategy, specific community support in Coloso & Peine. Support to company employees on voluntary social initiatives |
| Corporate<br>Affairs<br>Santiago    | 2  | 1<br>Art and Culture initiatives for low income groups, partnerships, and dialogue with authorities.           | Open and constructive relationships with stakeholders including NGO's and local and national authorities   |



# Main Community Projects - FY07

## Corporate Affairs

- **2010 No Slums; Antofagasta Region.**

Alliance with Ministry of Housing and “A Roof for Chile” NGO, with the purpose to provide a permanent housing for 1048 families currently living in slums in cities of the Antofagasta II Region.

- **Programme for Professionals Towards a Globalized Chile.**

Scholarship program to provide international postgraduates studies for 150 Chilean young professionals, with working experience and who come mainly from lower and middle-income sectors, and accomplish academic merits and personal profiles.

- **“Santiago a Mil”, Street Theater Festival at Santiago and Antofagasta.**

Leverage at the national level the company commitment with low income groups access to high level art and culture expressions.

- **Escondida Ladies Committee**

Scholarships Program for lower income students, financed with different collecting fund initiatives.

- **Voluntary Initiatives of Escondida's Employees**

14 social projects presented by Escondida's employees in areas of training and equipment for social organizations were selected by the Social Responsibility Fund for the year 2007. More than 1500 workers involve in voluntary work.



# Main Community Projects - FY07

## Minera Escondida Foundation

- **Playgrounds (3) and Nursery Houses (12) construction at Antofagasta and Calama.**  
Alliance with National and Local Government and National Council of Playground Facilities for 528 Childs from lower income families. This project is being supported by the President Mrs. Bachelet.
- **Fund For Indigenous Organizations**  
12 projects were financed for indigenous communities from the villages of Río Grande, Camar, Toconao, Taira, Ayllu de Cucuter, Calama, and San Pedro de Atacama. These initiatives are oriented to capacity development in project management, associatively and community relations.

## Industrial and Mining Training Center

- **School For Industrial Duties**  
Program oriented to improve the qualification levels of the labor force under a development skills methodology in order to accomplish the mining industry labor force requirements.



# Escondida Mine Pit

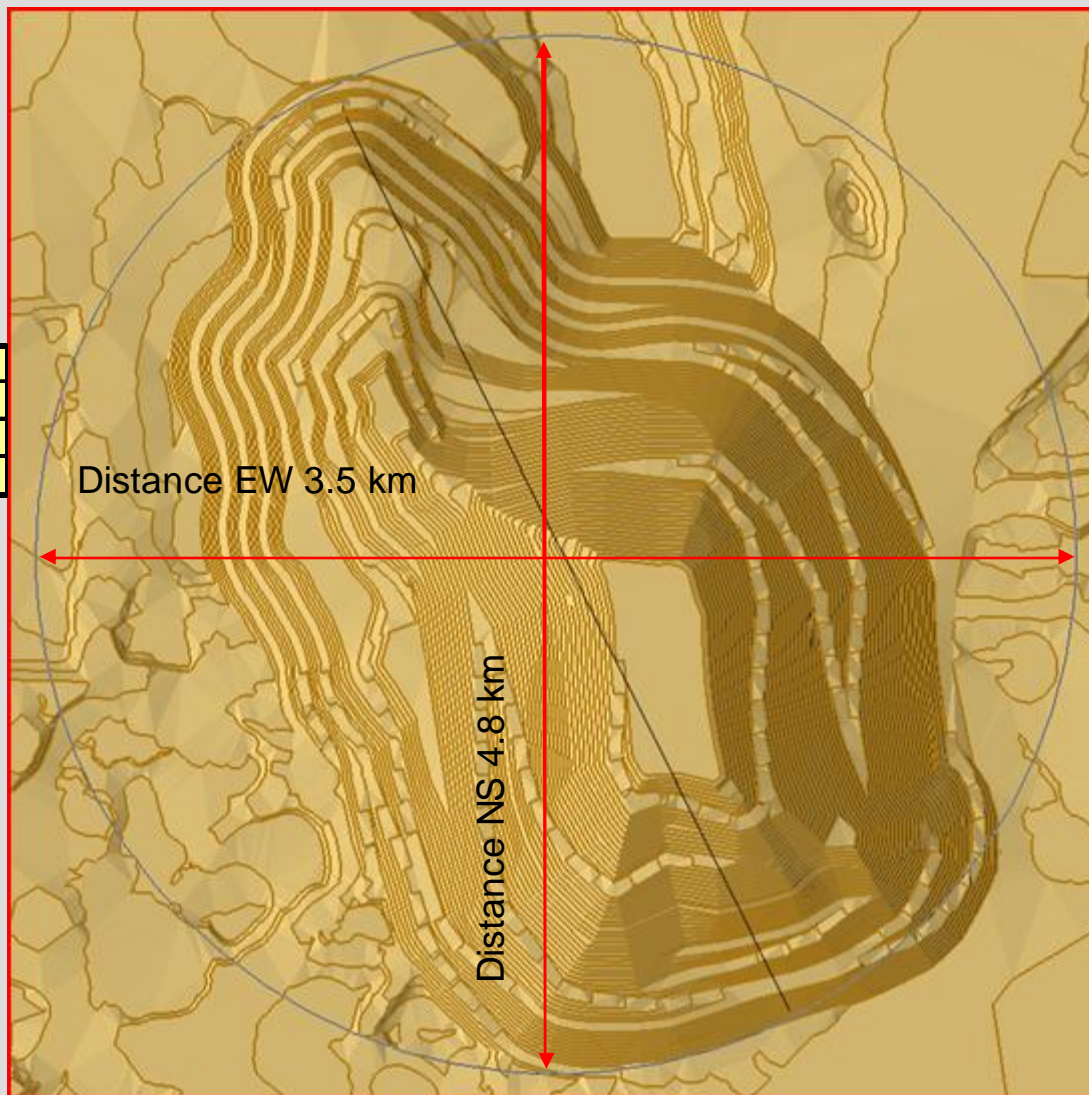


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# FINAL (Main Pit) Dimensions

| DIMENSIONES | PIT FINAL (KMS) |
|-------------|-----------------|
| EW          | 3.5             |
| NS          | 4.8             |
| H           | 0.84            |



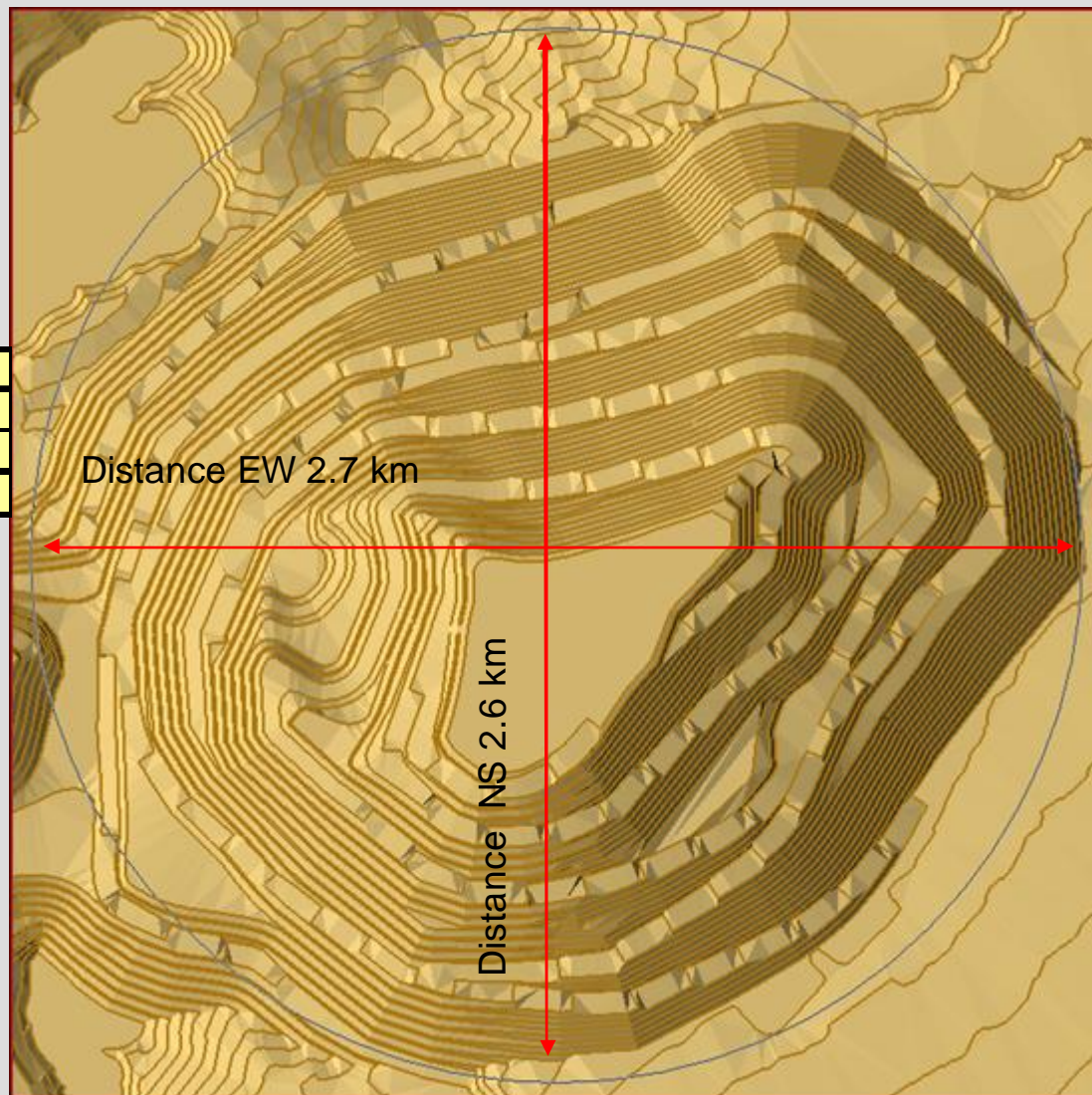
Deep 840 m (Initial Bench 3255, Final Bench 2415)





# FINAL (Escondida Norte) Dimensions

| DIMENSIONES | PIT FINAL (KMS) |
|-------------|-----------------|
| EW          | 27              |
| NS          | 26              |
| H           | 0.795           |



Deep 795 m (Initial Bench 3410, Final Bench 2615)



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# Resources as at end June 2006

| Resources as at end June 2006 |          |                    |          |                    |          |                    |          |                    |          |
|-------------------------------|----------|--------------------|----------|--------------------|----------|--------------------|----------|--------------------|----------|
| Escondida                     |          | Measured (A)       |          | Indicated (B)      |          | Inferred (C)       |          | Total (A+B+C)      |          |
| Ore Type                      | Cut-off  | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% |
| Sulphide                      | Variable | 556                | 1.18     | 987                | 0.97     | 575                | 0.82     | 2,119              | 0.98     |
| Sulphide leach                | Variable | 635                | 0.51     | 1,435              | 0.48     | 2,731              | 0.47     | 4,801              | 0.48     |
| Oxide                         | 0.2      | 69                 | 0.67     | 15                 | 0.55     | 9                  | 0.56     | 93                 | 0.64     |
| Total                         |          | 1,261              | 0.81     | 2,437              | 0.68     | 3,315              | 0.53     | 7,013              | 0.63     |
| Escondida Norte               |          |                    |          |                    |          |                    |          |                    |          |
| Ore Type                      | Cut-off  | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% |
| Sulphide                      | Variable | 149                | 1.55     | 330                | 1.33     | 139                | 1.05     | 619                | 1.32     |
| Sulphide leach                | Variable | 70                 | 0.61     | 702                | 0.57     | 1,431              | 0.51     | 2,203              | 0.53     |
| Oxide                         | 0.2      | 5                  | 1.20     | 20                 | 1.14     | 7                  | 1.17     | 32                 | 1.16     |
| Total                         |          | 224                | 1.25     | 1,052              | 0.82     | 1,577              | 0.56     | 2,853              | 0.71     |
| Total Resources               |          |                    |          |                    |          |                    |          |                    |          |
| Ore Type                      | Cut-off  | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% |
| Sulphide                      | Variable | 705                | 1.26     | 1,318              | 1.06     | 715                | 0.86     | 2,738              | 1.06     |
| Sulphide leach                | Variable | 705                | 0.52     | 2,136              | 0.51     | 4,162              | 0.48     | 7,004              | 0.50     |
| Oxide                         | 0.2      | 74                 | 0.71     | 35                 | 0.88     | 16                 | 0.82     | 125                | 0.77     |
| Total                         |          | 1,485              | 0.88     | 3,489              | 0.72     | 4,893              | 0.54     | 9,866              | 0.65     |

(\*)Sol. Cu

\*Resources are based on information compiled by J Camacho(CP), who is a member of the Australian Institute of Mining and Metallurgy. Mr Camacho was employed by Minera Escondida Limitada. He has sufficient experience with the estimation, assessment, evaluation and economic extraction of large scale copper mining operations and projects. This experience is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking, and as such he qualifies as a Competent Person as defined in the 1999 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.



# Reserves as at end June 2006

| Ore Reserves As at June 2006 |          |                    |          |                    |          |                    |          |
|------------------------------|----------|--------------------|----------|--------------------|----------|--------------------|----------|
| Escondida                    |          | Proved (G)         |          | Probable (H)       |          | Total (G+H)        |          |
| Ore Type                     | Cut-off  | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% |
| Sulphide                     | Variable | 555                | 1,18     | 846                | 1,00     | 1.401              | 1,07     |
| Sulphide leach               | Variable | 592                | 0,51     | 994                | 0,51     | 1.586              | 0,51     |
| Oxide                        | 0.2      | 69                 | 0,67 (*) | 15                 | 0,55 (*) | 85                 | 0,65 (*) |
| Total                        |          | 1.217              | 0,82     | 1.856              | 0,73     | 3.072              | 0,77     |
| Escondida Norte              |          |                    |          |                    |          |                    |          |
| Ore Type                     | Cut-off  | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% |
| Sulphide                     | Variable | 149                | 1,55     | 321                | 1,34     | 470                | 1,41     |
| Sulphide leach               | Variable | 59                 | 0,55     | 549                | 0,61     | 608                | 0,60     |
| Oxide                        | 0.2      | 5                  | 1,20 (*) | 20                 | 1,14 (*) | 25                 | 1,15 (*) |
| Total                        |          | 213                | 1,27     | 890                | 0,89     | 1.103              | 0,96     |
| Total Reserves               |          |                    |          |                    |          |                    |          |
| Ore Type                     | Cut-off  | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% | Tonnes<br>millions | TCu<br>% |
| Sulphide                     | Variable | 704                | 1,26     | 1.167              | 1,09     | 1.872              | 1,16     |
| Sulphide leach               | Variable | 651                | 0,51     | 1.543              | 0,55     | 2.194              | 0,53     |
| Oxide                        | 0.2      | 74                 | 0,71 (*) | 35                 | 0,88 (*) | 109                | 0,76 (*) |
| Total                        |          | 1.430              | 0,89     | 2.745              | 0,78     | 4.175              | 0,82     |

•Ore reserves are based on information compiled by P Fehlandt (CP), who is a member of the Australian Institute of Mining and Metallurgy. Mr Fehlandt is employed by Minera Escondida Limitada. He has sufficient experience with the estimation, assessment, evaluation and economic extraction of large scale copper mining operations and projects. This experience is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking, and as such he qualifies as a Competent Person as defined in the 1999 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

(\*) Sol. Cu



# Escondida Mining Fleet - Dec 2006

|  |            |    |
|--|------------|----|
| • <b>Electric Rope Shovels – Total</b>                         | <b>17</b>  |    |
| - Shovel (73 yd Dipper)  |            | 5  |
| - Shovel (67 yd Dipper)  |            | 2  |
| - Shovel (55 yd Dipper)  |            | 9  |
| - Shovel (30 yd Dipper)  |            | 1  |
| • <b>Haul Trucks – Total</b>                                   | <b>122</b> |    |
| - Trucks (240 mt)  |            | 73 |
| - Trucks (380 mt)  |            | 49 |
| • <b>Front End Loaders – Total</b>                             | <b>5</b>   |    |
| - (23 yd Bucket)   |            |    |
| • <b>Drills – Total</b>  | <b>18</b>  |    |
| - 49R R2 R3s (10), DMM2s (2), DM45 (3), CM780 (1) & 250XPs (2) |            |    |
| • <b>Auxiliary Equipment – Total</b>                           | <b>70</b>  |    |



# MEL Future Growth Options

## **MEL is developing studies in three areas:**

- Improve the performance of actual facilities through optimization and small expansions such as pre-crushing and additional grinding capacity,
- Increase throughput by adding new facilities, such as a new/additional concentrator to the two existing ones.
- Increase/maintain throughput over time by bringing in new potential ore sources by exploration.

## **Exploration:**

- MEL initiated a brown fields exploration program in 2005 with the objective of investigation the ore potential of its current tenements (4,000 sq. kms approx) around its operations.



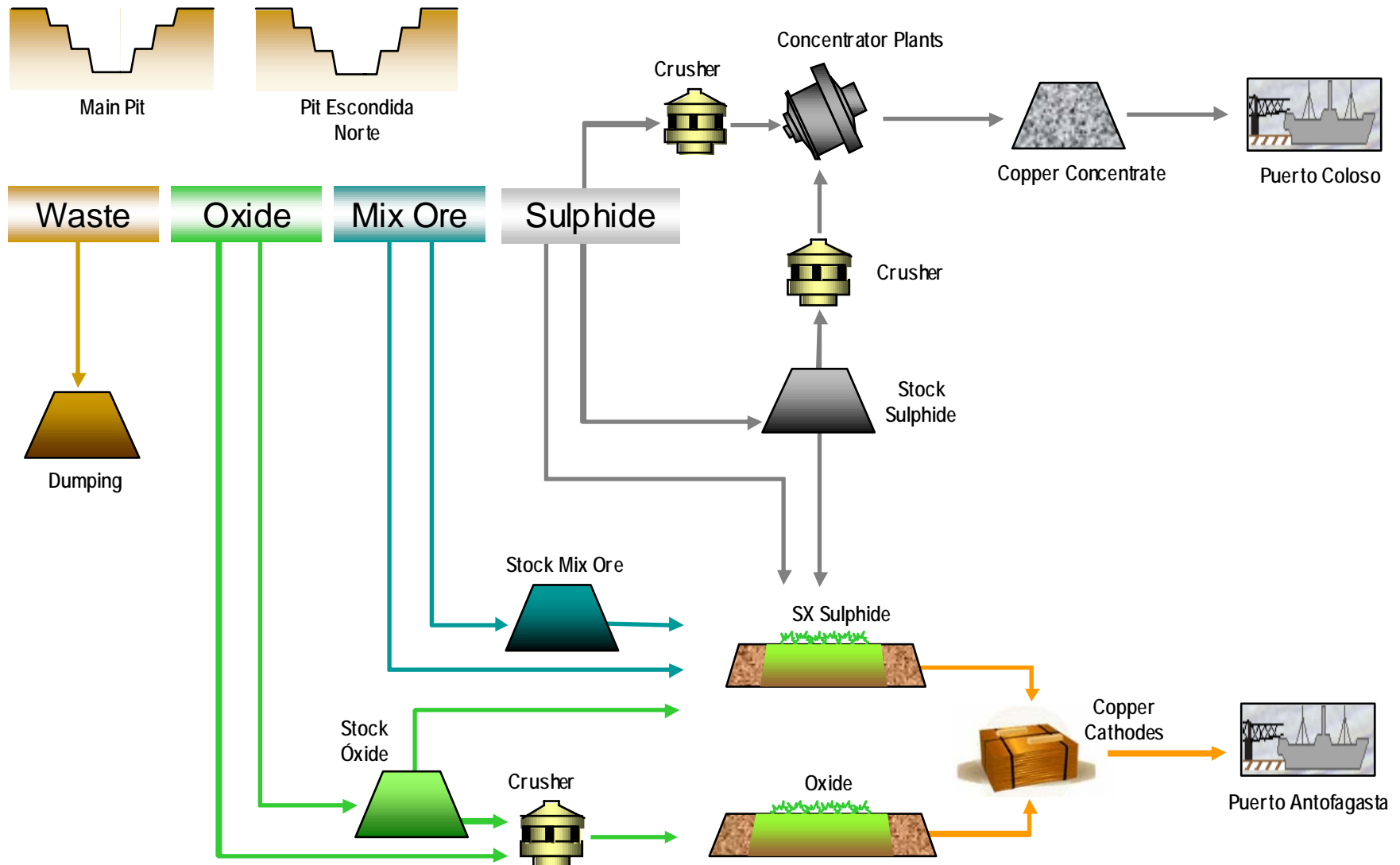


# Presentation Content

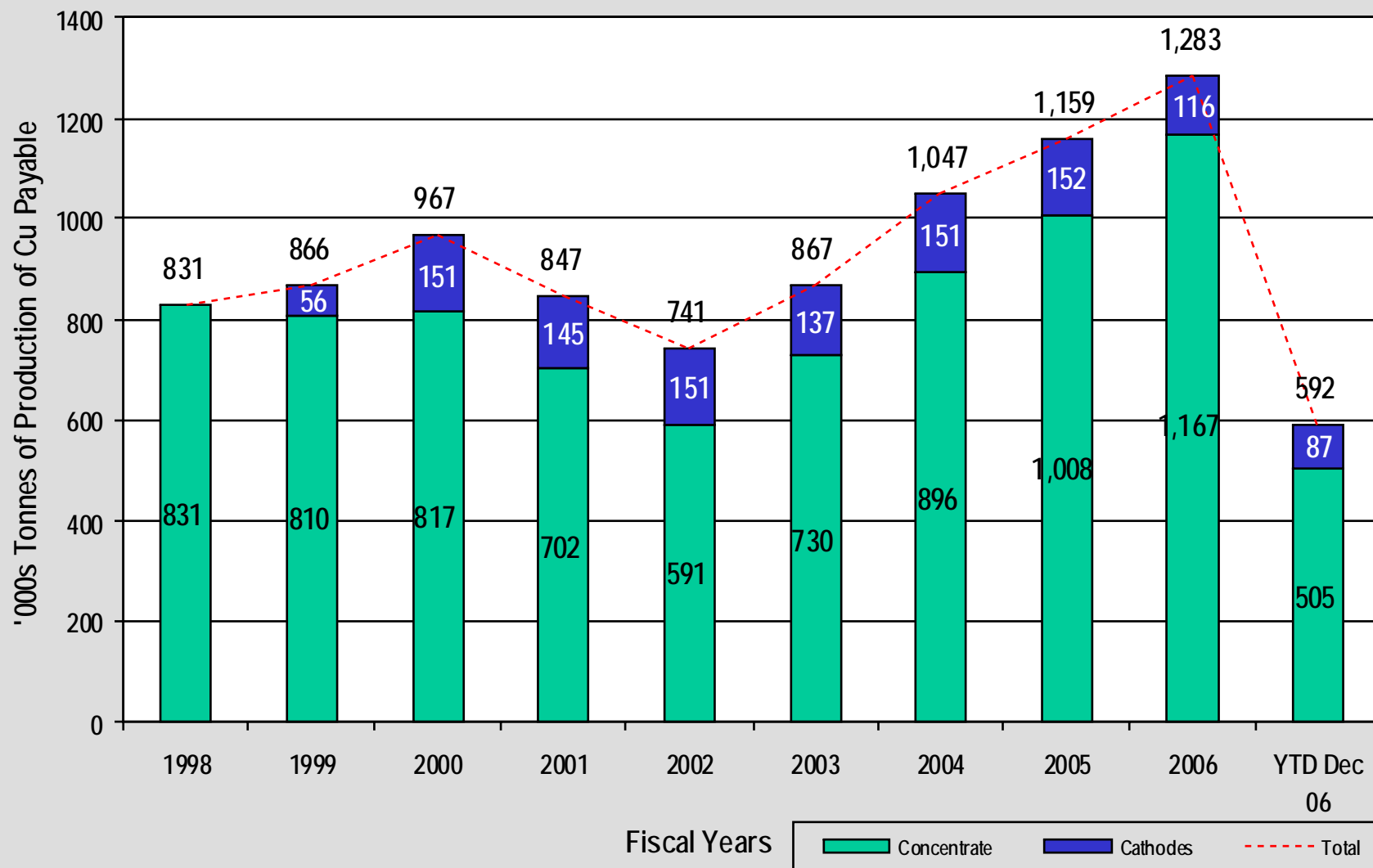
- General Overview
- **Production**
- Key Financial Numbers
- Water & Energy



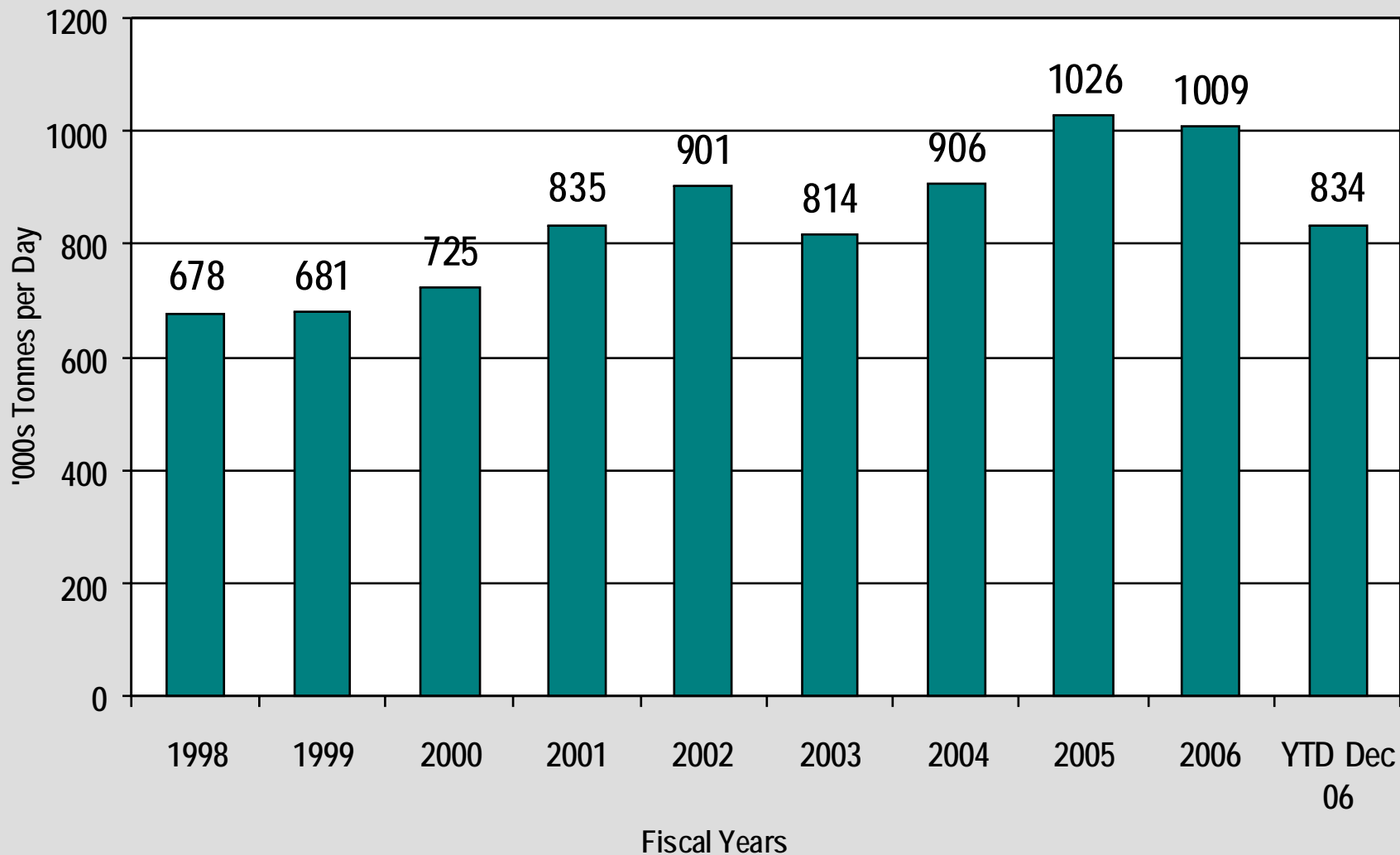
# General Diagram



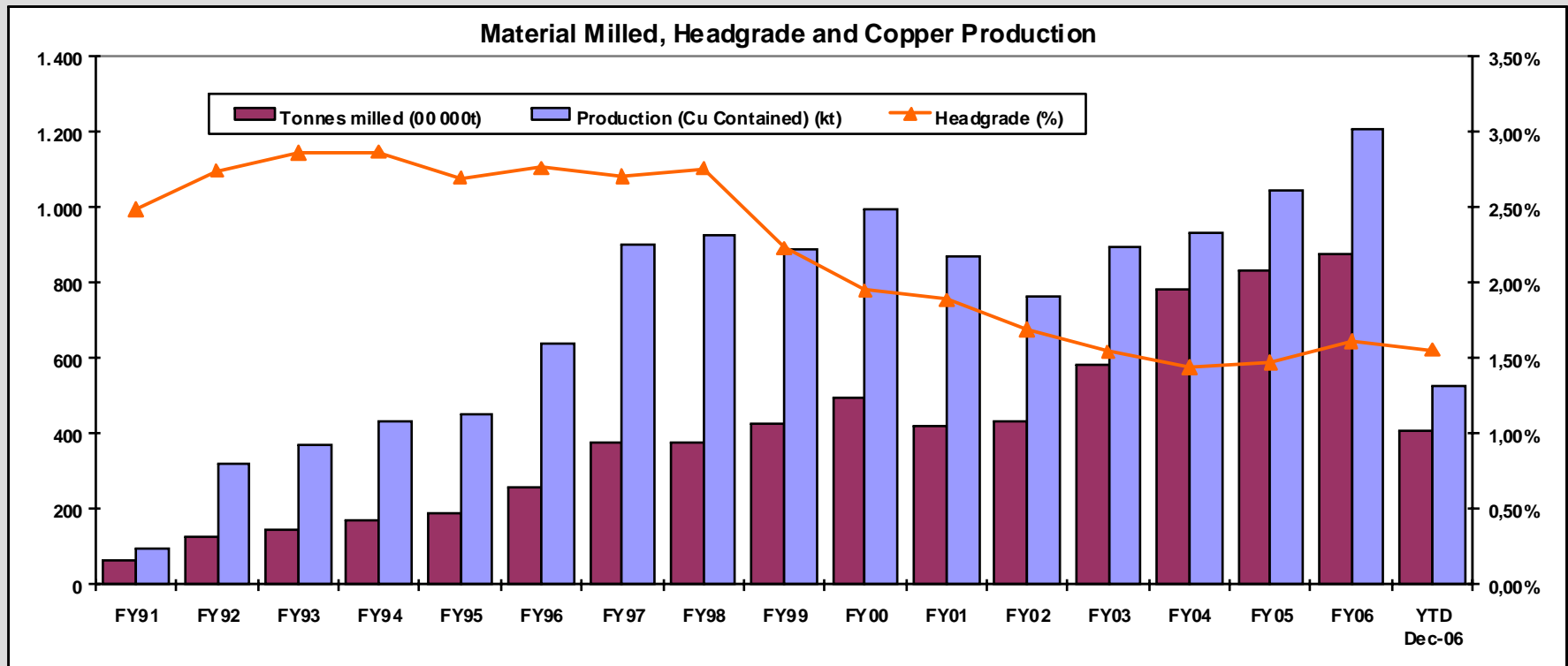
# Copper Production – 000s of tons of copper Payable



## Mine earth movement – '000s TPD (ex-Pit)



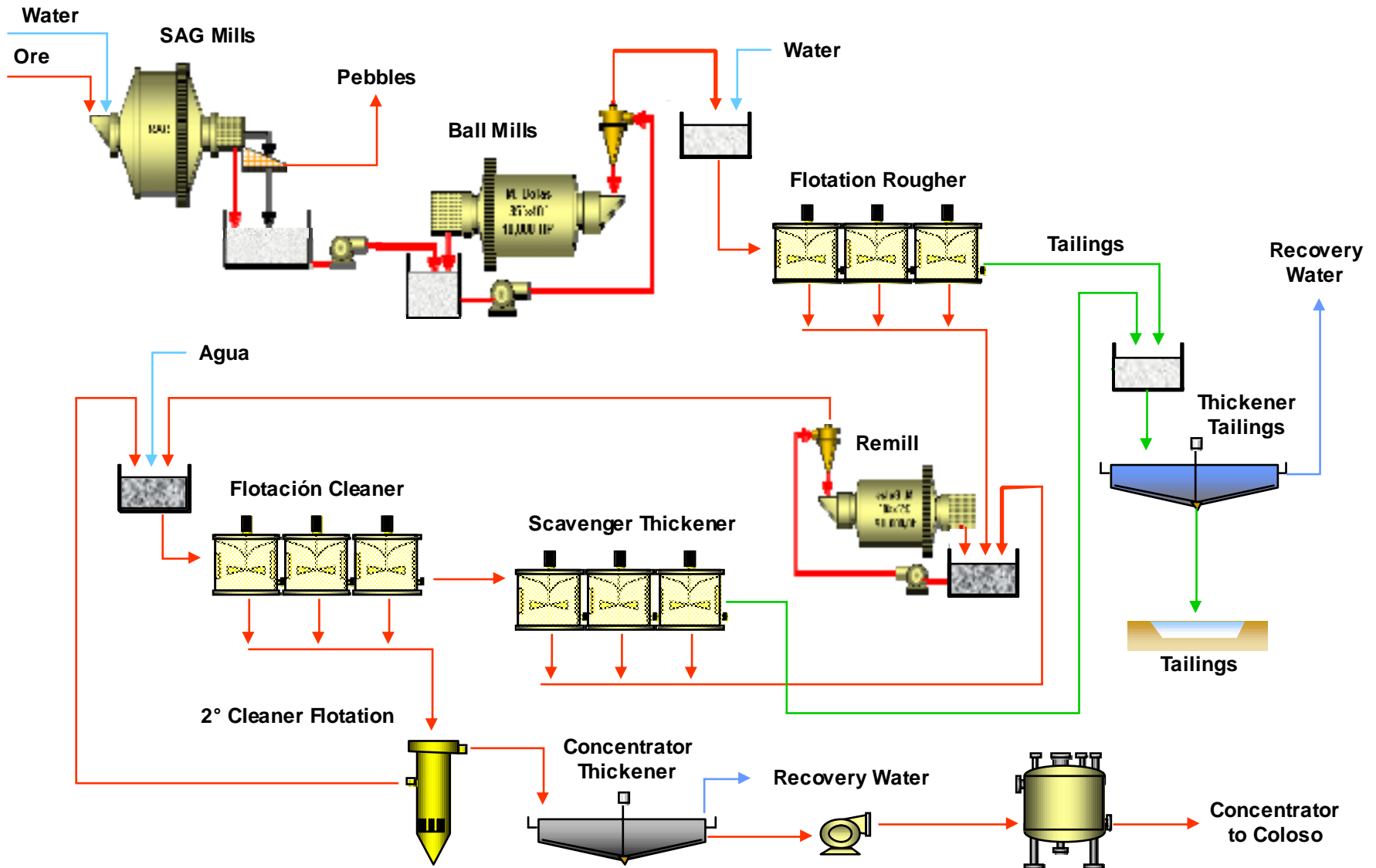
# Copper Production in Concentrate & Head Grade



# Los Colorados Concentrator Plant

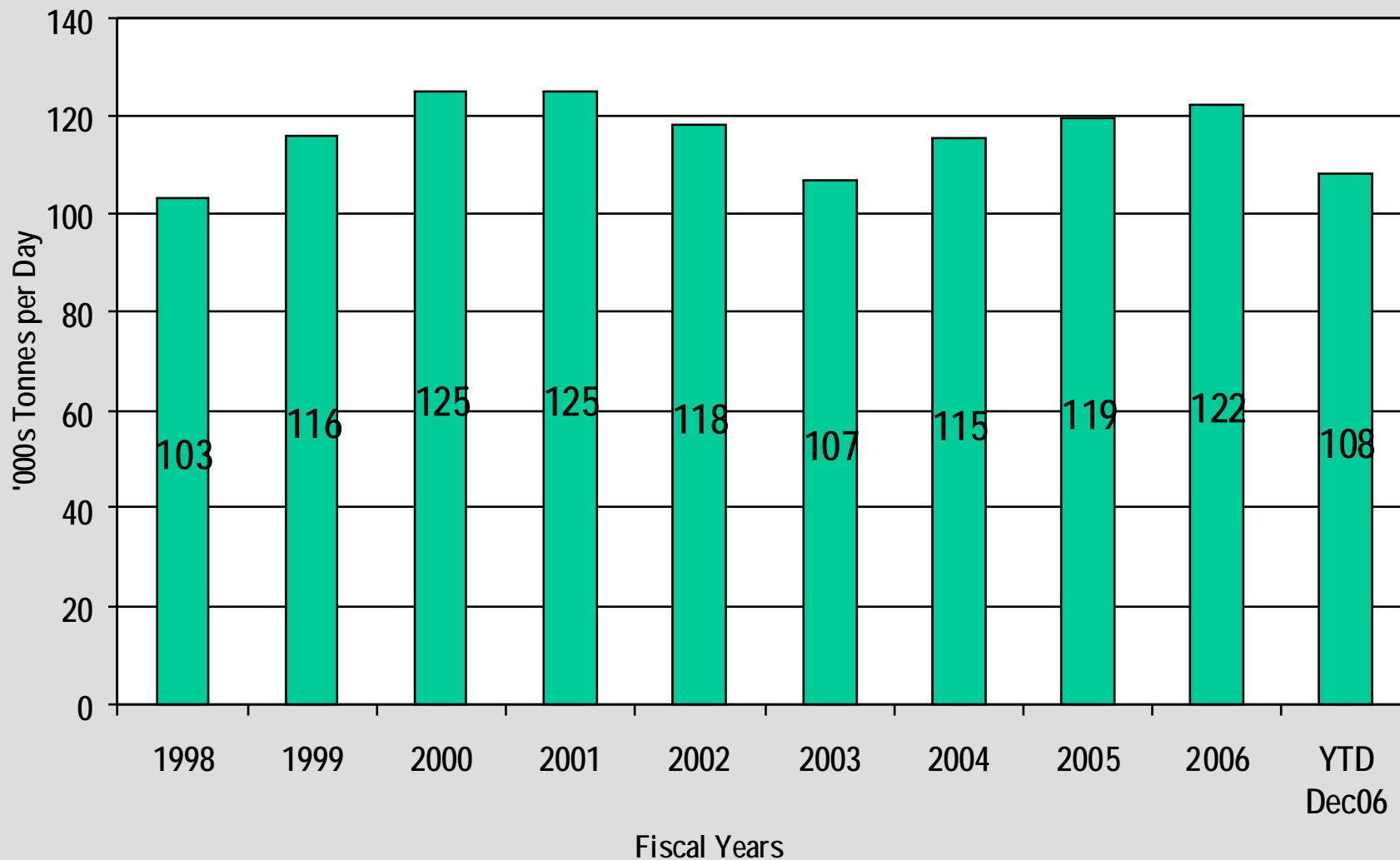


# Concentrator Plants





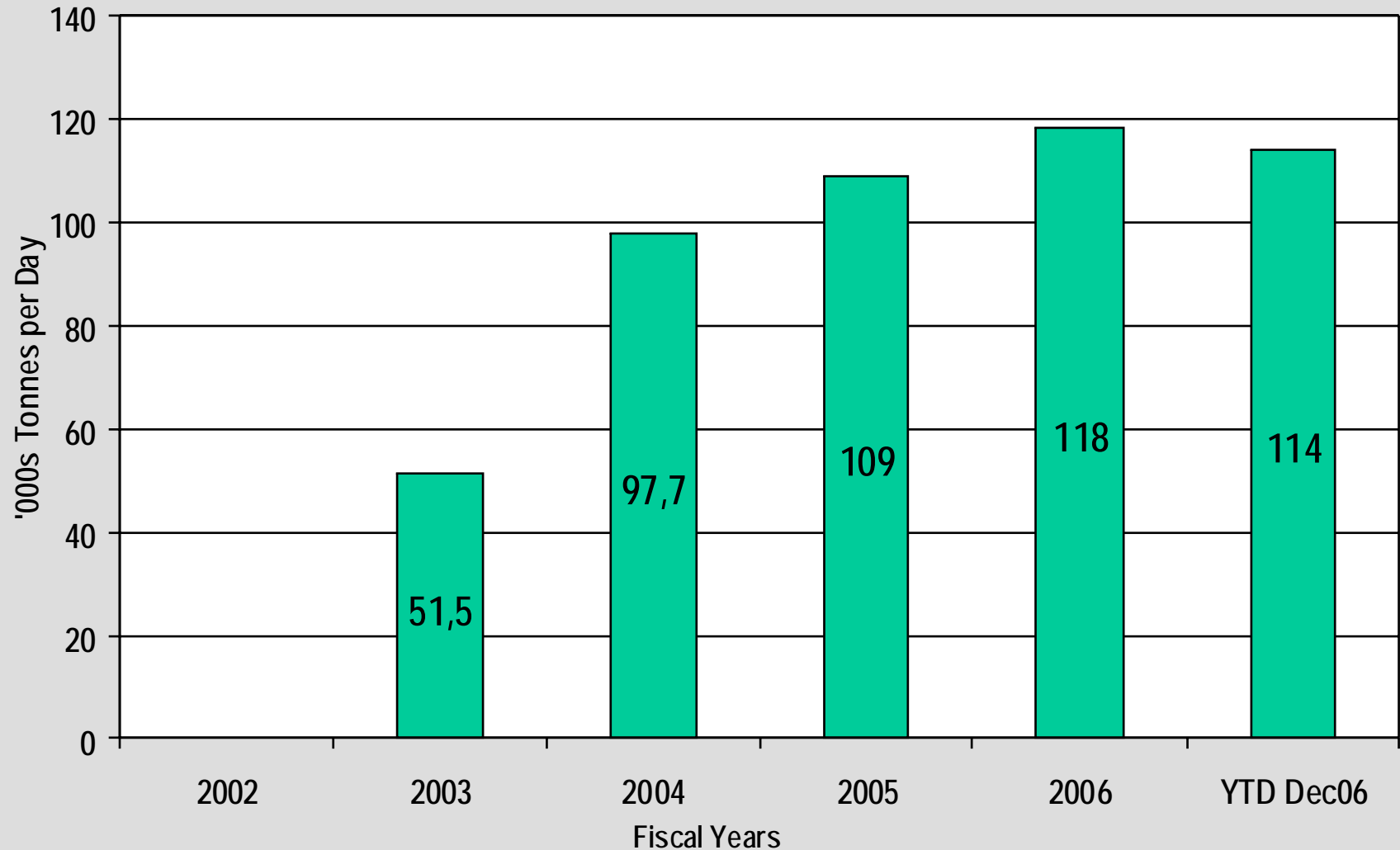
# Los Colorados Production – '000s TPD milled



# Laguna Seca Concentrator Plant



# Laguna Seca Production – '000s TPD milled







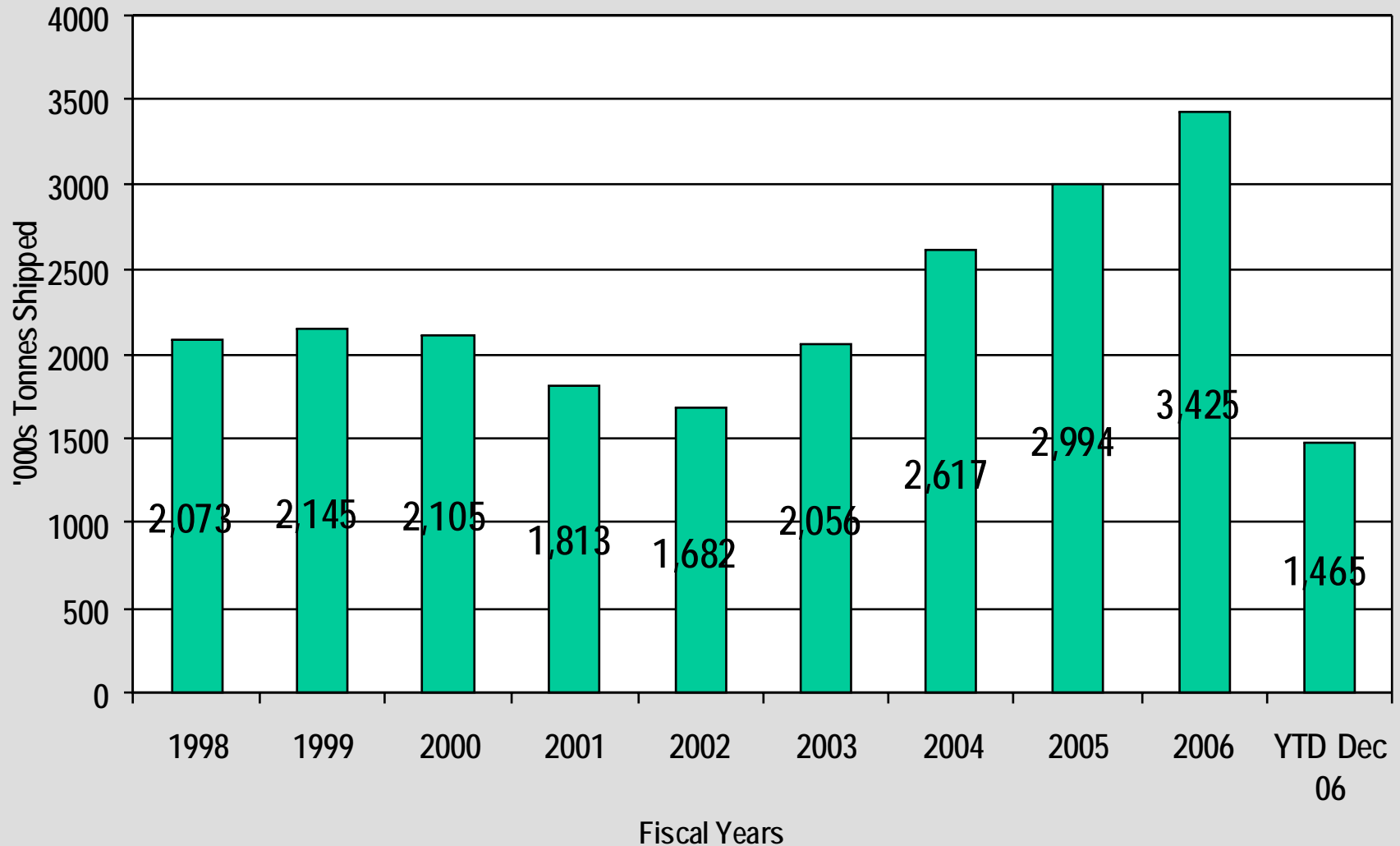
## Coloso Filter and Port Facilities



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# Coloso Port – Concentrate Shipped ('000s of tons)





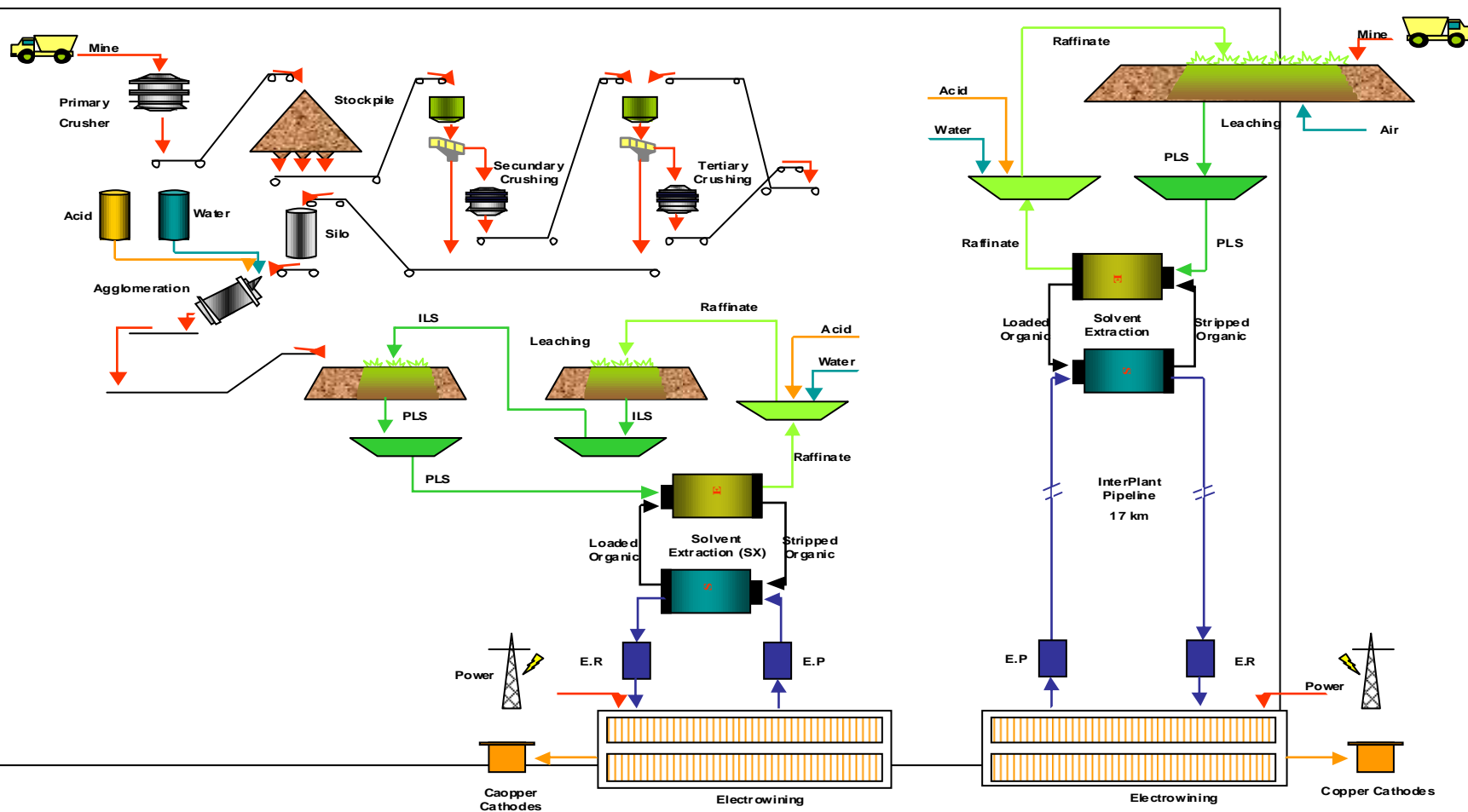


## Escondida SX-EW Oxide Plant



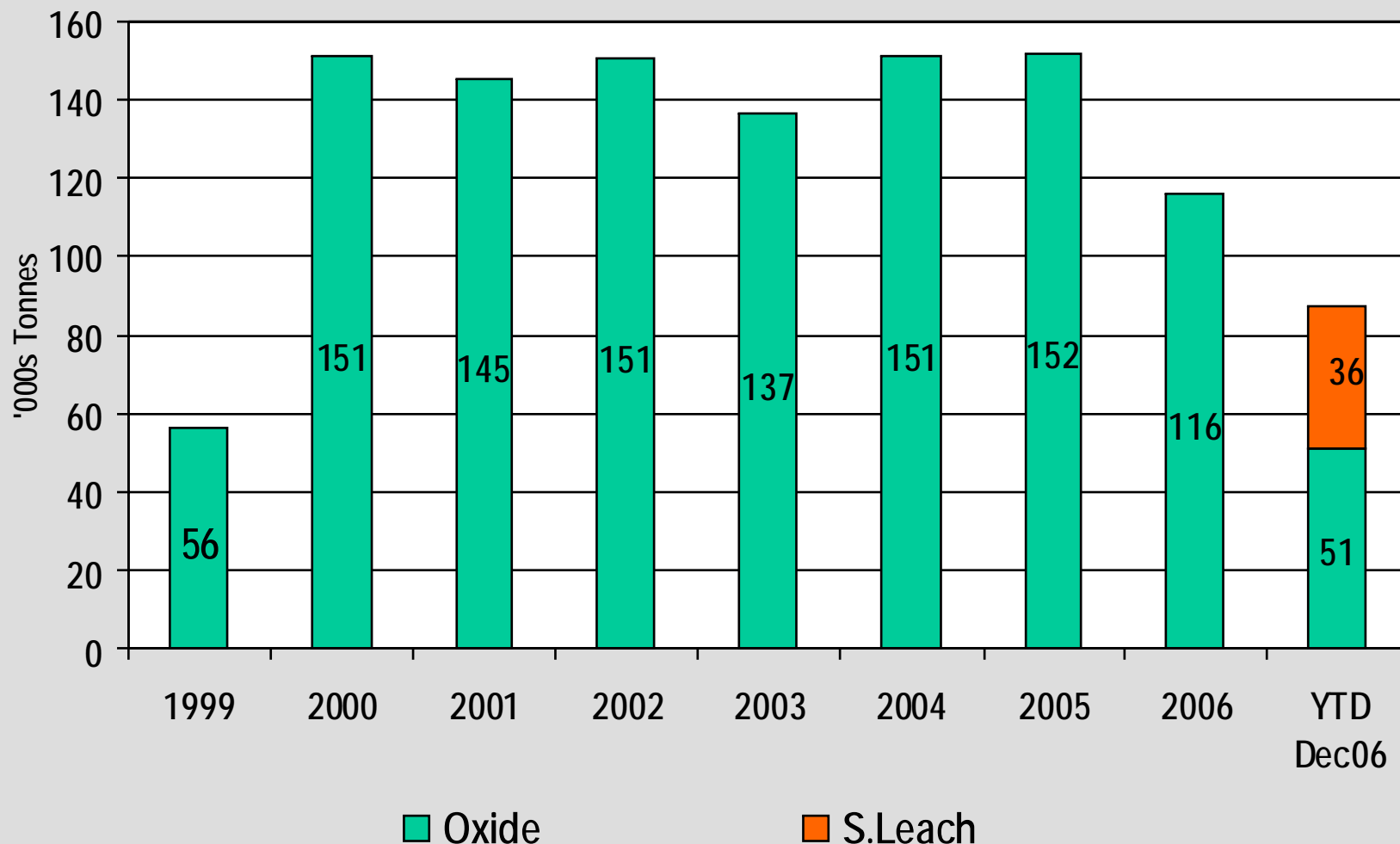
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# Flowsheet (Oxide & Sulphide Leach)



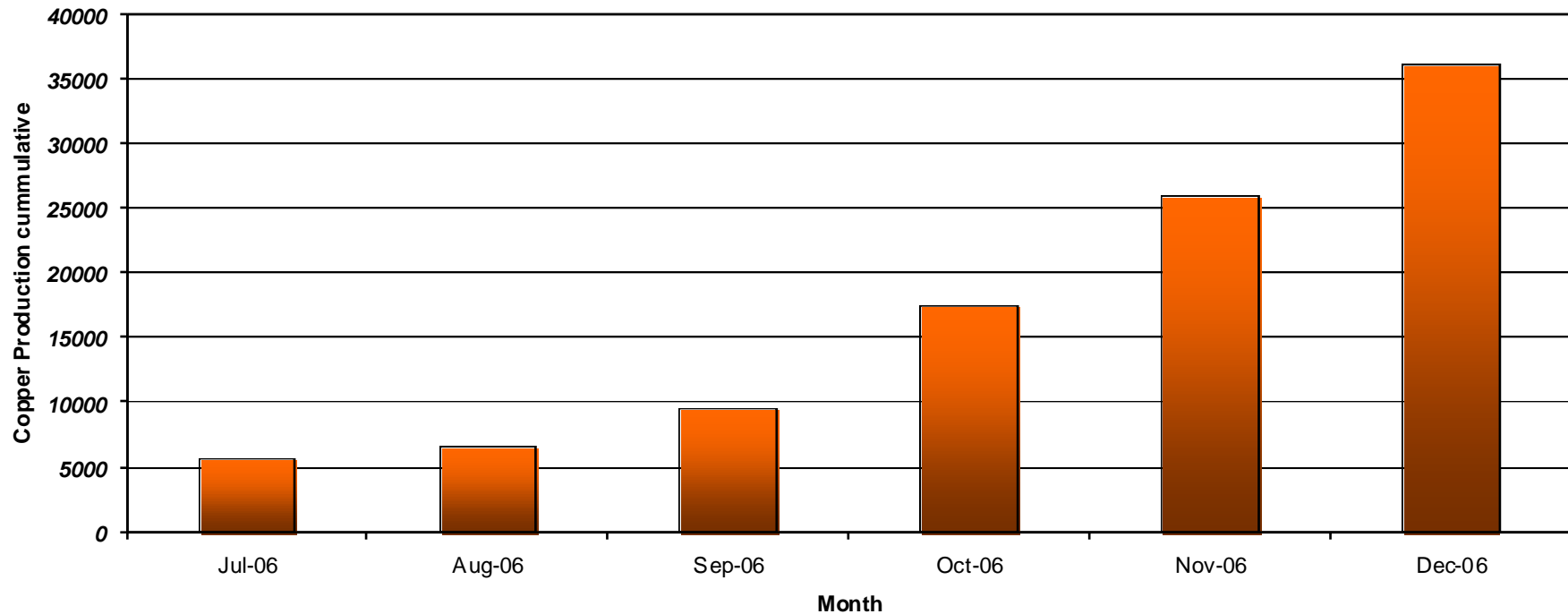


# Production – '000s Tonnes of Cathodes



# Sulphide Leach Cu production in FY07

## Sulphide Leach Cu Production in Tonnes



# Key Challenges

- Safety (MEL and Contractors),
- Labor Relationship
- Increase the availability of mine equipment (trucks)
- Productivity ( increase productivity, contractor management)
- Supply of new Tyres
- Supply of new mine equipment
- Water
- Energy



# Presentation Content

- General Overview
- Production
- **Water & Energy**
- Key Financial Numbers



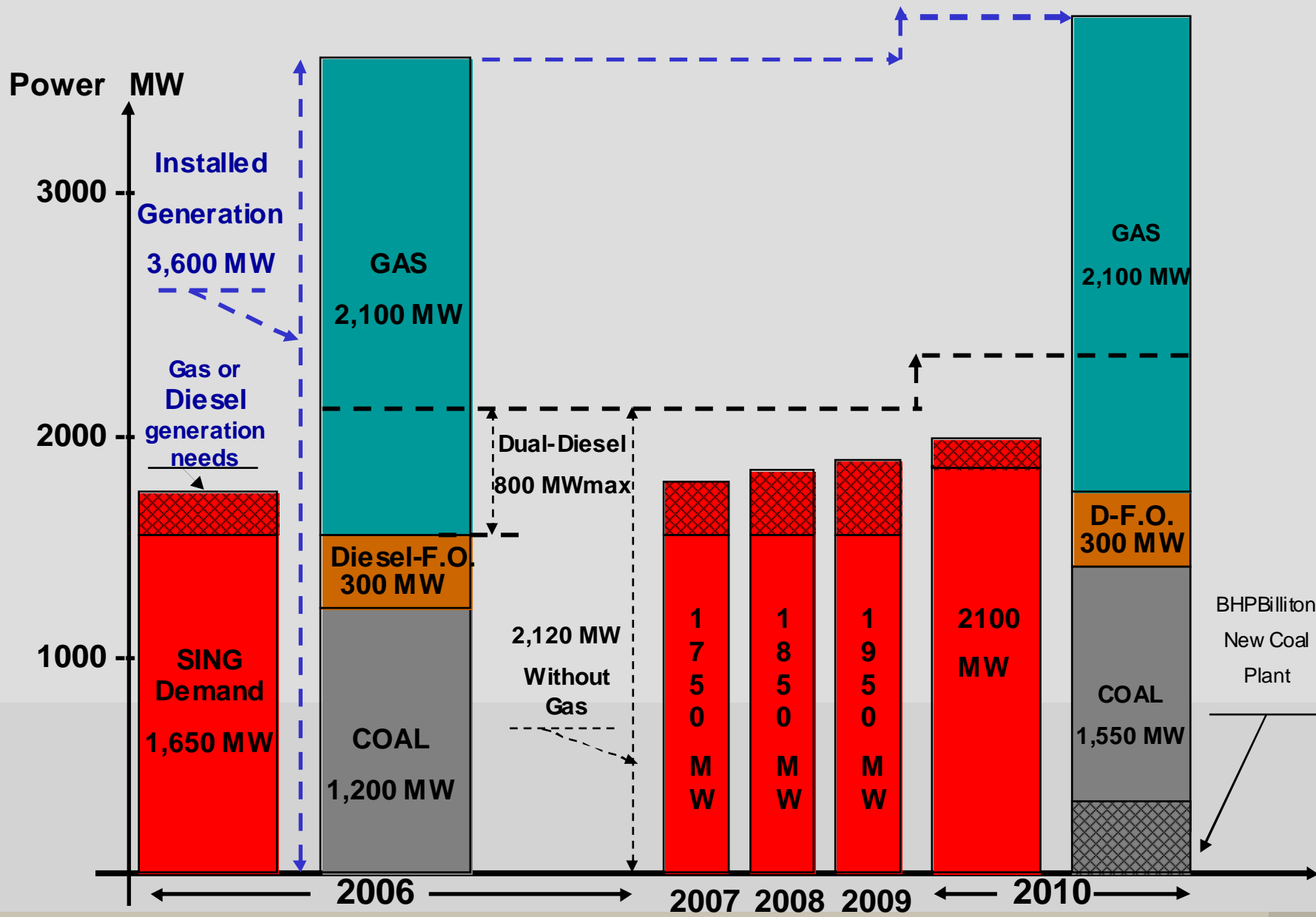
# WATER STRATEGY

## Five focus areas

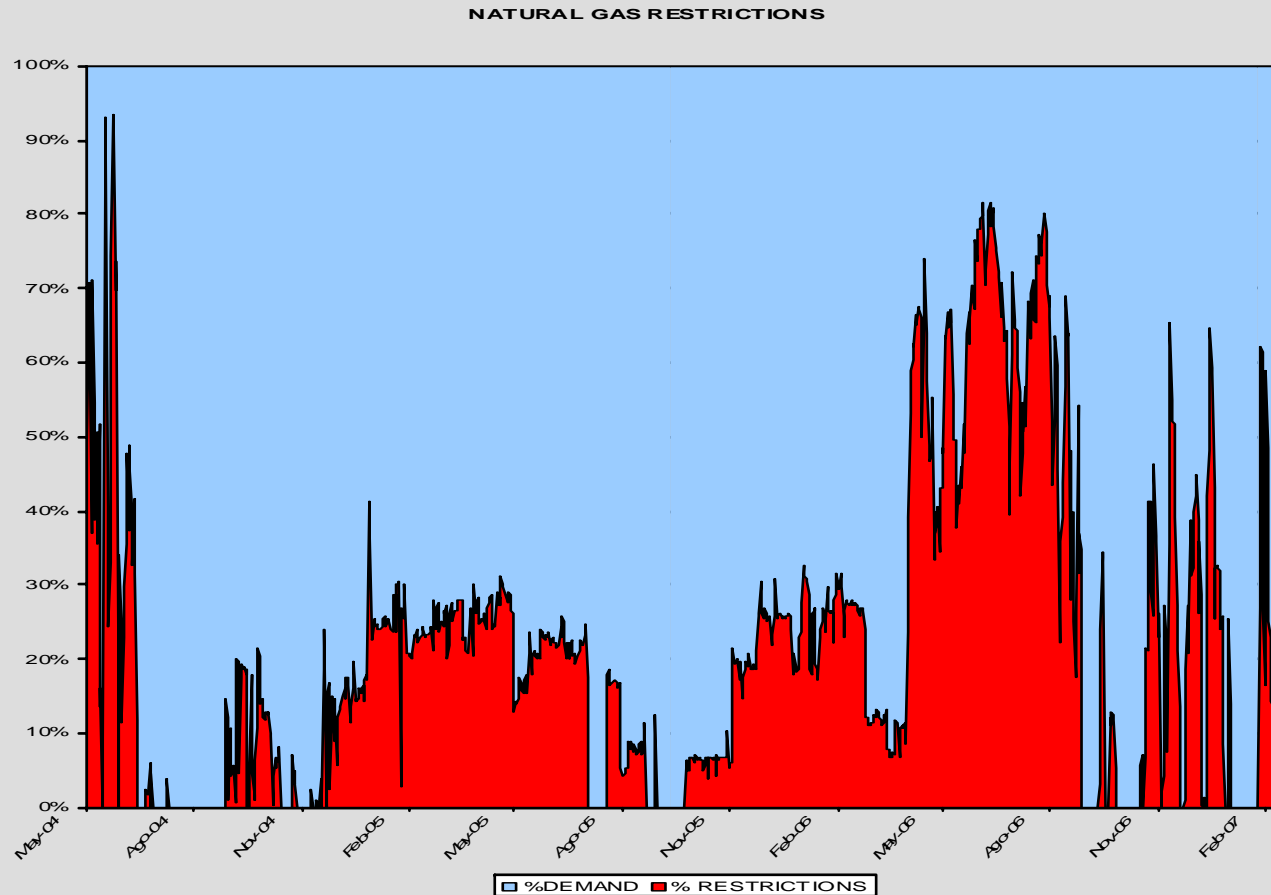
1. Base Case: desalination expansion.
2. “Water Market” as supply option.
3. Optimization of current water resources
4. Water Recovery Projects & Studies.
5. Water Exploration



# SING Generation in the near future (2006 - 2010)



# Natural Gas Restriction (2004 – 2007).



- Natural Gas Price (Aver.): Mar. '04: 2.32 USD/MMBTU  
Feb. '07: 5.55 USD/MMBTU

Source: CDEC SING





# BHP Billiton's Strategy – Short & Long Term.

Considering the gas fired power generation installed in the SING and the uncertainty in the natural gas supply, BHP Billiton defined a strategy to ensure electricity supply at the lowest possible cost:

## Interim Solution (2007-2010):

Running pre-feasibility studies for different alternatives:

- Self generation (Local Diesel Generators)
- On Shore LNG Terminal (Regasification On Shore & Floating Storage)
- Off Shore LNG Terminal (FSRU - Floating Storage Regasification Unit)

## Long-term Power Supply (2010-2026):

Subscribe Power Purchase Agreements with power generation companies based in coal fired generation.

The agreements involve the construction and operation of a coal fired thermoelectric plant of at least 400 MW connected to the SING.



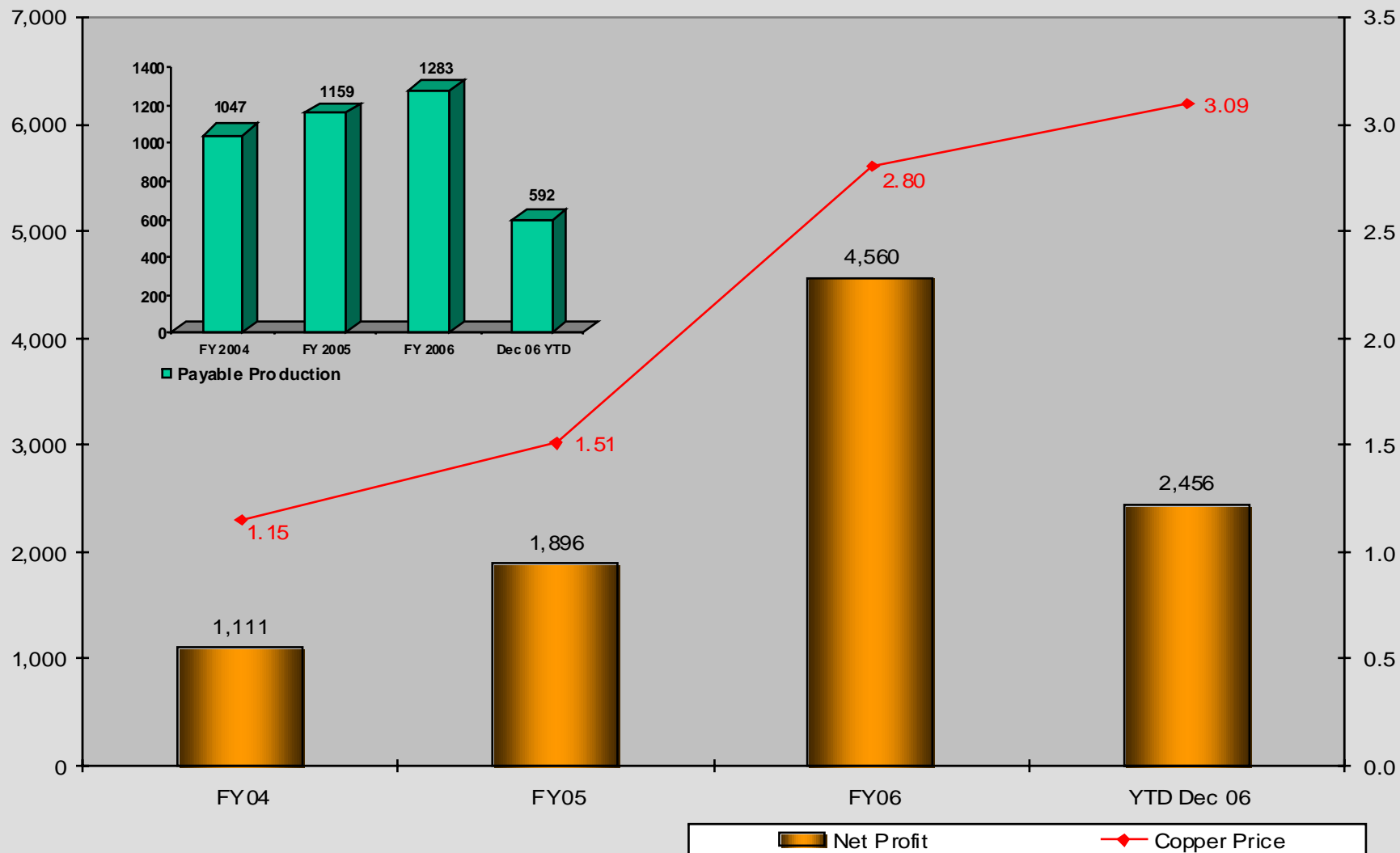
# Presentation Content

- General Overview
- Production
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- **Key Financial Numbers**



# Net Profit

\$Million



# Profit & Loss

|                                 | FY 04        | FY 05        | FY 06        | YTD Dec 06   |
|---------------------------------|--------------|--------------|--------------|--------------|
| Gross Revenue                   | 2.726        | 3.935        | 8.069        | 4.150        |
| Refining / Treatment / Shipping | (378)        | (508)        | (912)        | (418)        |
| <b>Net Return on Sales</b>      | <b>2.349</b> | <b>3.427</b> | <b>7.158</b> | <b>3.732</b> |
| Cost of Sales                   | (691)        | (809)        | (947)        | (555)        |
| <b>Gross Profit</b>             | <b>1.657</b> | <b>2.618</b> | <b>6.211</b> | <b>3.177</b> |
| <b>EBITDA</b>                   | <b>1.610</b> | <b>2.546</b> | <b>5.903</b> | <b>3.193</b> |
| Depreciation & Amortization     | (206)        | (194)        | (252)        | (120)        |
| <b>EBIT</b>                     | <b>1.404</b> | <b>2.352</b> | <b>5.651</b> | <b>3.074</b> |
| Interest                        | (66)         | (63)         | (47)         | (52)         |
| Tax                             | (227)        | (392)        | (1.045)      | (565)        |
| <b>NPAT</b>                     | <b>1.111</b> | <b>1.896</b> | <b>4.560</b> | <b>2.456</b> |



# C1, C2 & C3 Cost Components

## Cost C1

- + Cash Cost
- Deferred Stripping inventory increase
- + Inventory movements (Concentrate + Cathodes)
- + Treatment & Refining Charges
- + Concentrate Shipment Charges
- + Cathode Shipment Charges
- Gold and Silver revenue

## Cost C2

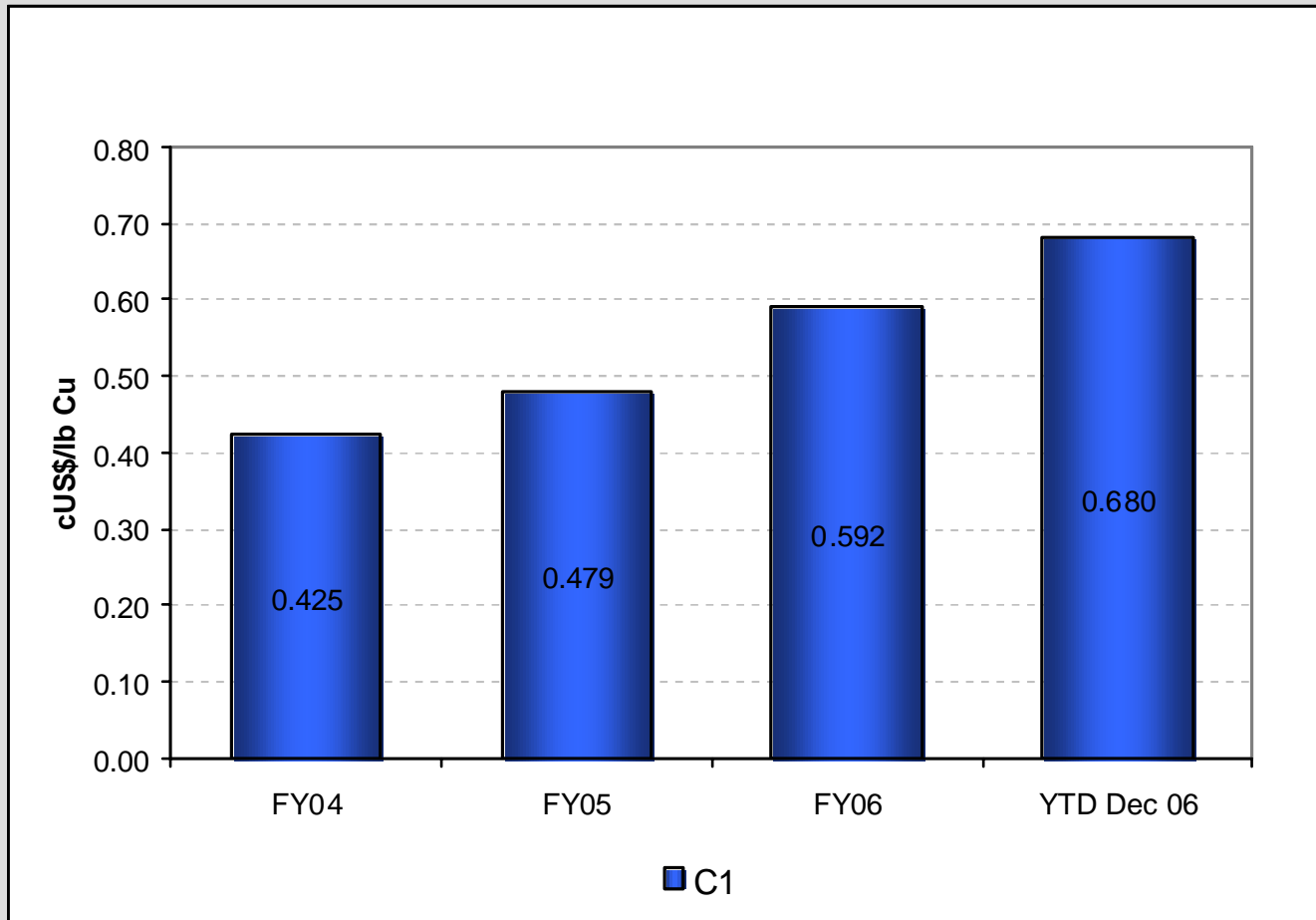
- + Total C1 Costs
- + Depreciation
- + Deferred Stripping amortization.
- + Amortizations

## Cost C3

- + Total C2 Costs
- + Interest Expenses
- + Interest Income
- + Exploration Costs
- + Other Expenses / Income



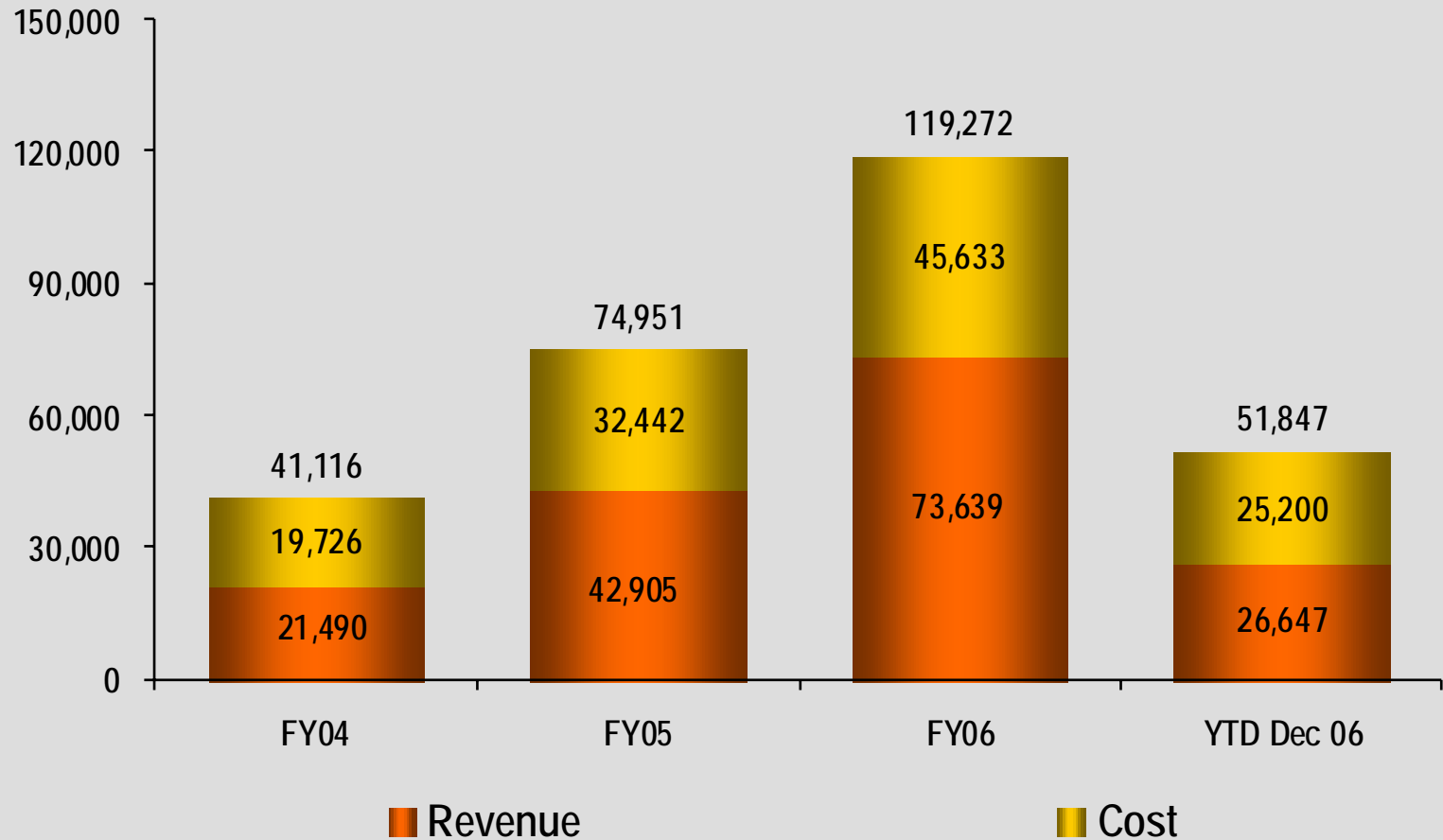
# C1 Costs





# Business Excellence Benefit

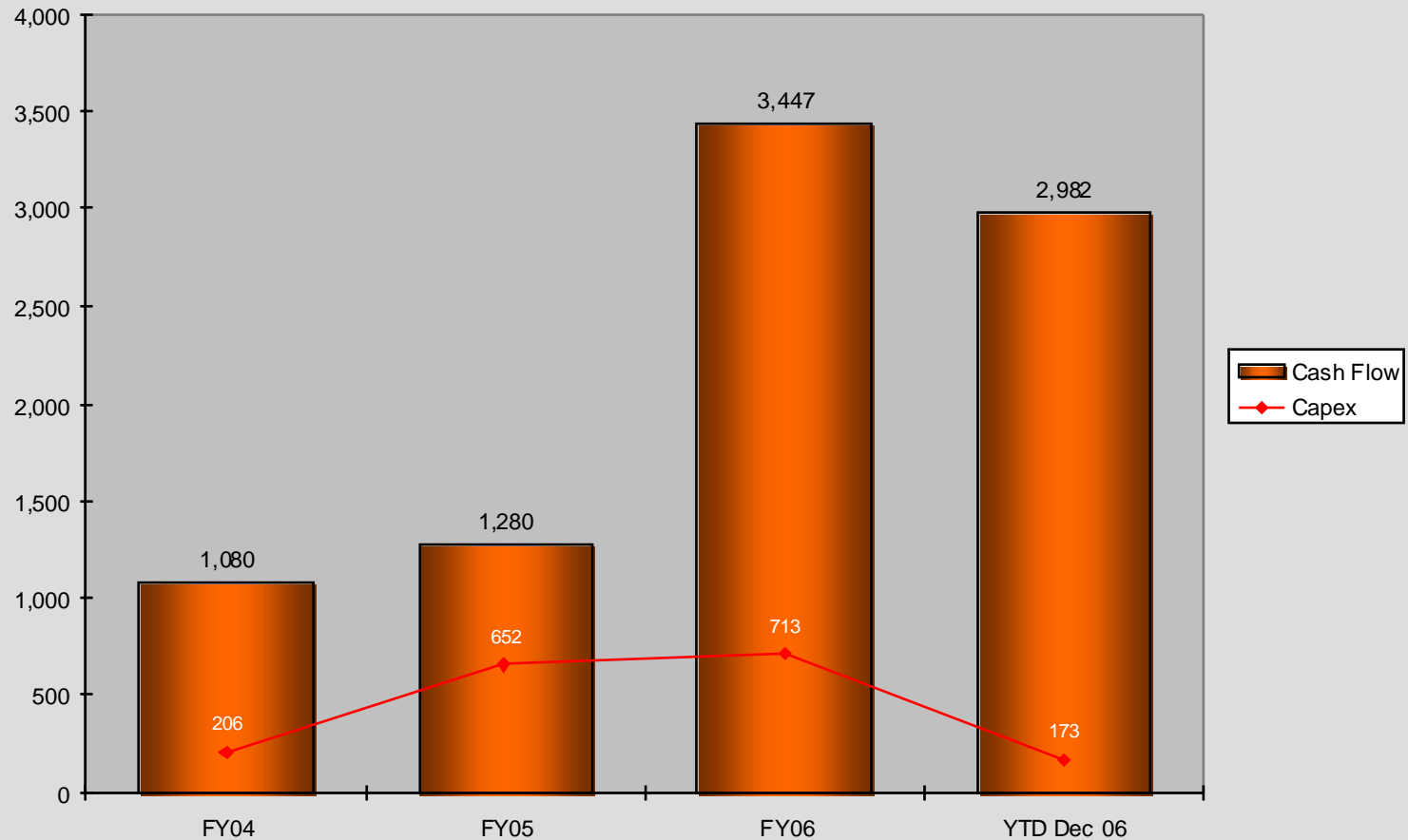
000' US\$



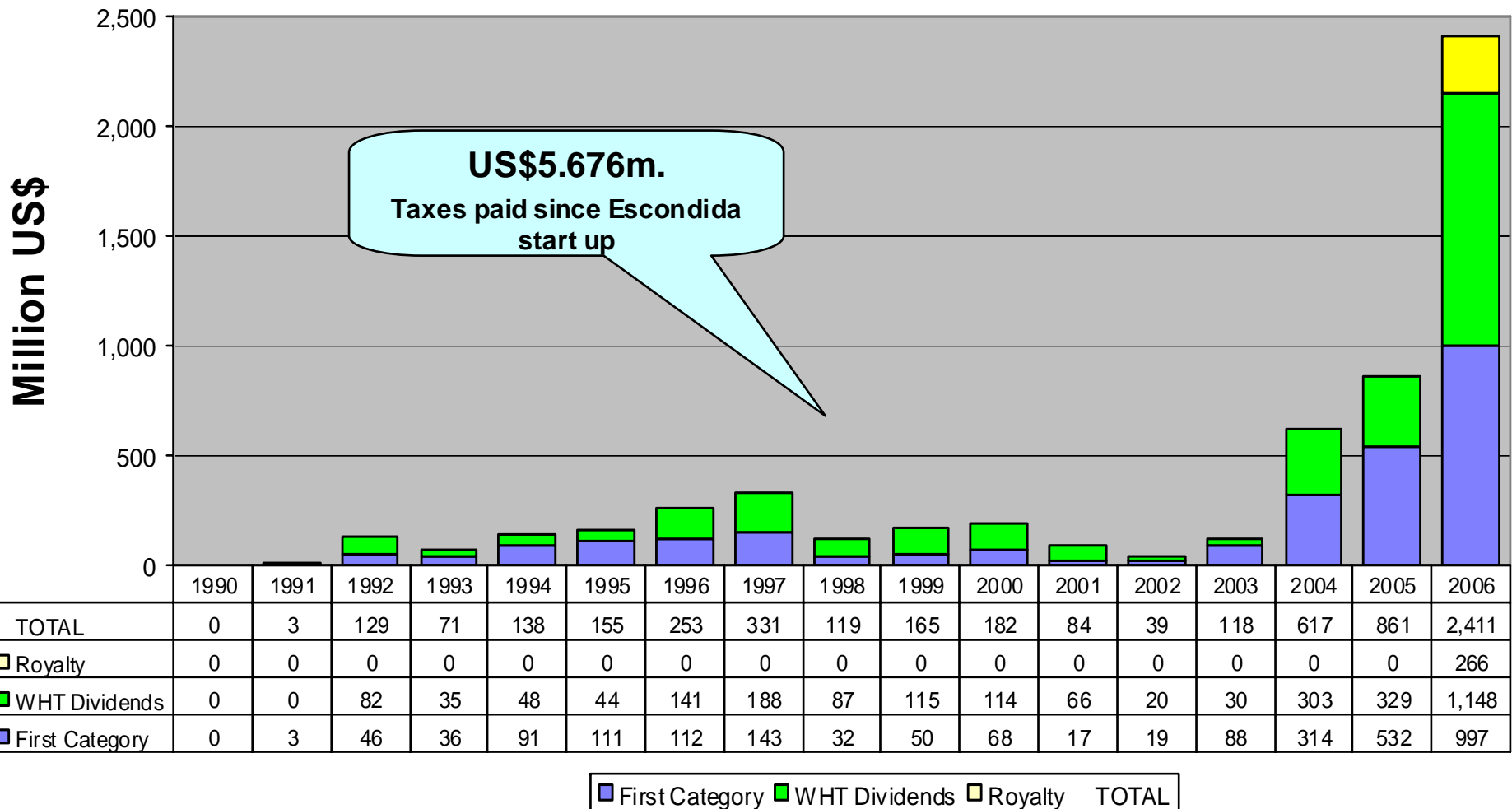
# Cash Flow before Funding & Dividends

\$m

US\$Millions

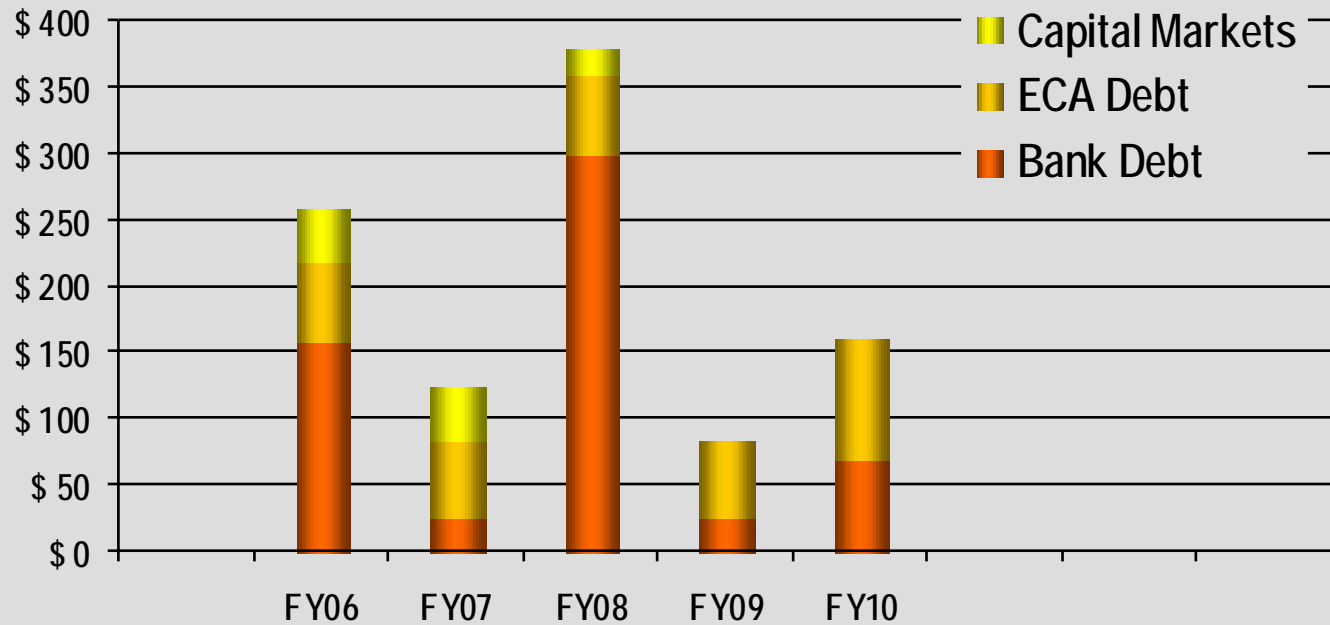


# Taxes Paid



# Debt Maturity Profile

Maturity Profile as at 31 Dec 2006 (\$Millions)



| <u>External Debt Instruments</u> | <u>31 Dec 06</u>   |
|----------------------------------|--------------------|
| Chile Bond                       | \$40m Outstanding  |
| Syndicated Bank Debt             | \$440m Outstanding |
| Export Credit Agency Debt        | \$455m & \$125m    |



# THANKS

