

BMA: Taking the lead to deliver value and growth



BHP Billiton Mitsubishi Alliance

John Smith
CEO BHP Billiton Mitsubishi Alliance

Analyst Visit - October/November 2007



Important Notices



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Presentation Structure

- ▶ *BMA Overview*
- ▶ *Deliver*
 - ▶ *Safety*
 - ▶ *Production*
 - ▶ *Cost management*
- ▶ *Lead*
 - ▶ *Resource position*
 - ▶ *Product range*
- ▶ *Grow*
 - ▶ *Key enablers (people, water, infrastructure)*
 - ▶ *Growth options*

BMA Overview

Key facts



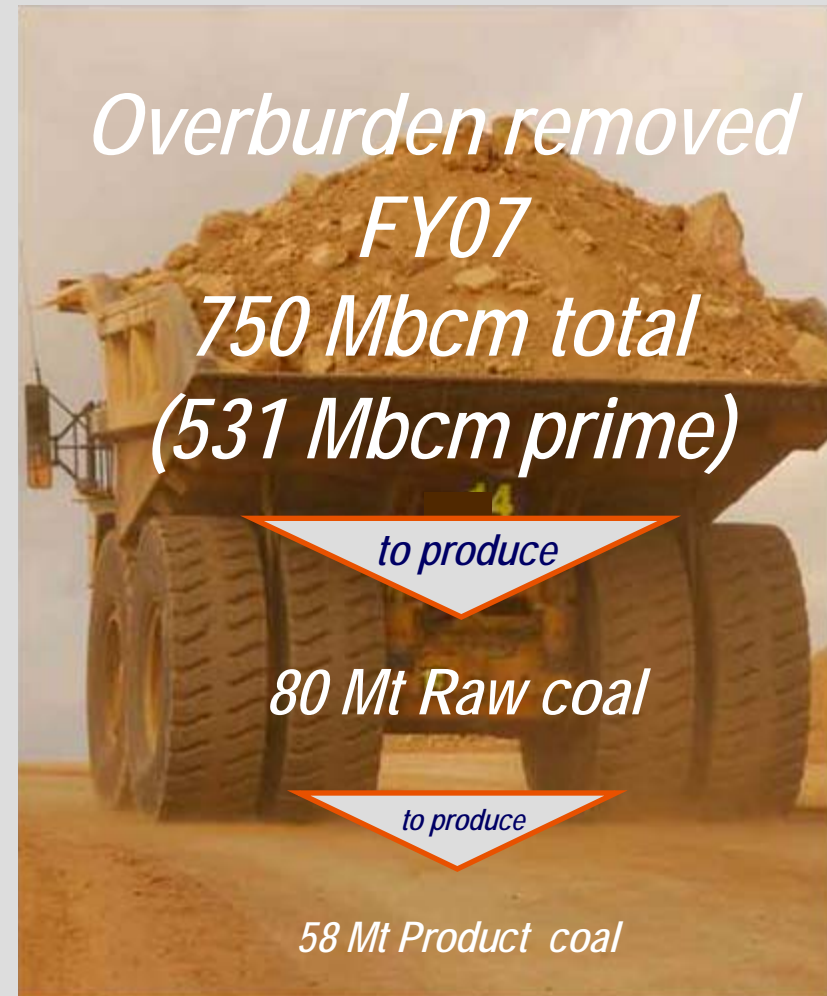
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- 9 Mines (7 OC and 2 UG)
- 44 Mtpa Hay Point plus other port options
- 4,800 employees
- 3,000 contractors
- 750 Mbcm total overburden
- 58 Mt production (100%)
- US\$1.1 B EBIT (BHP Billiton share)

Equipment Snapshot

- ▶ ***34 draglines***
- ▶ ***28 shovels and large excavators***
- ▶ ***107 rear dump trucks***
- ▶ ***35 haul trucks***
- ▶ ***108 dozers***
- ▶ ***135 other mobile equipment***



BMA Overview

Mission and Strategic Objectives

Mission: To create value through the mining, production and marketing of high quality coal resources, and the provision of innovative customer and market-focused solutions.

Deliver Full Potential From Existing Business

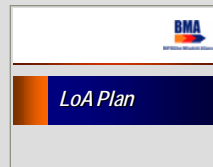
Reinforce Industry **Lead**ership Position

Manage for Future **Growth** and Volatility

Our Strategy RDP



Our LoA Plan



Our 5 Year Plan



Our 1 Year Plan



Our Results



BMA Overview

Mission and Strategic Objectives

Deliver Full Potential From
Existing Business

Mission

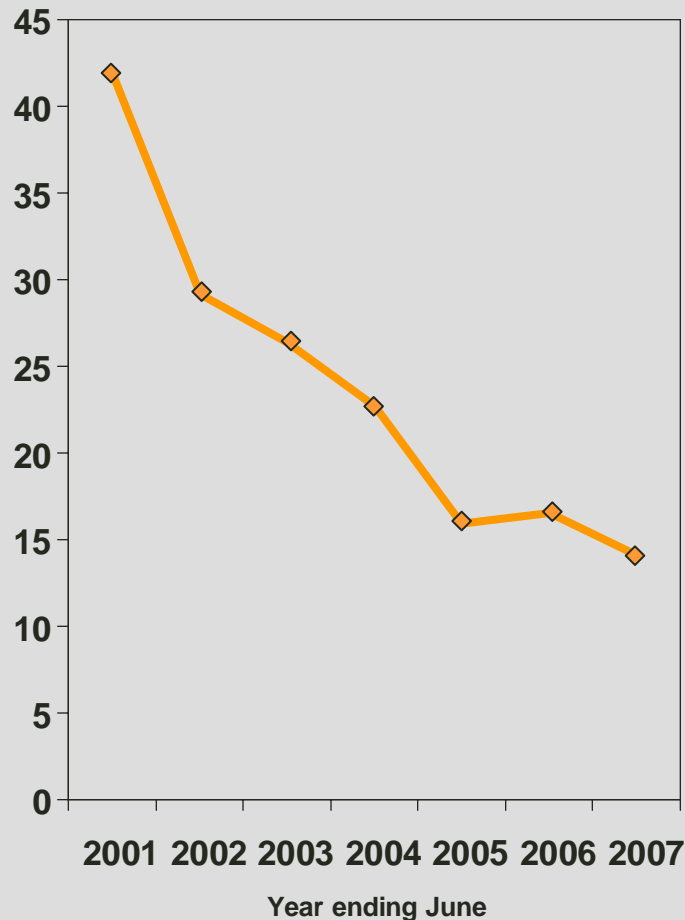
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of innova
customer and
market-focused solutions.

Deliver Full Potential From

Manage for Future **Growth**
and Volatility

Total Recordable Injury Frequency Rate

Number of incidents per million hours worked



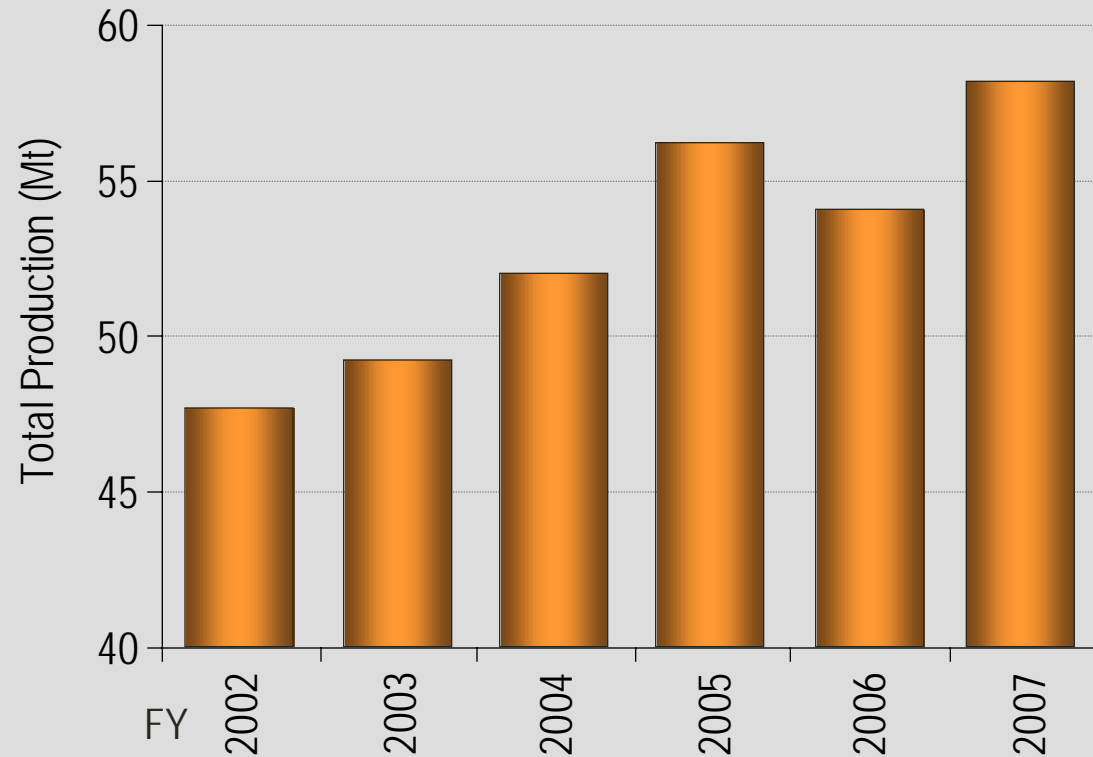
- *14 per cent reduction in TRIFR in 2006/07*
- *Health and Safety Strategic Plan developed*
- *Fatigue Management a focus*
- *Contractor Management procedure developed and being rolled out*

Deliver

Continual production growth



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Project Delivery

Broadmeadow

Stage 1 Expansion

Stage 2 Expansion

Poitrel

HPX2

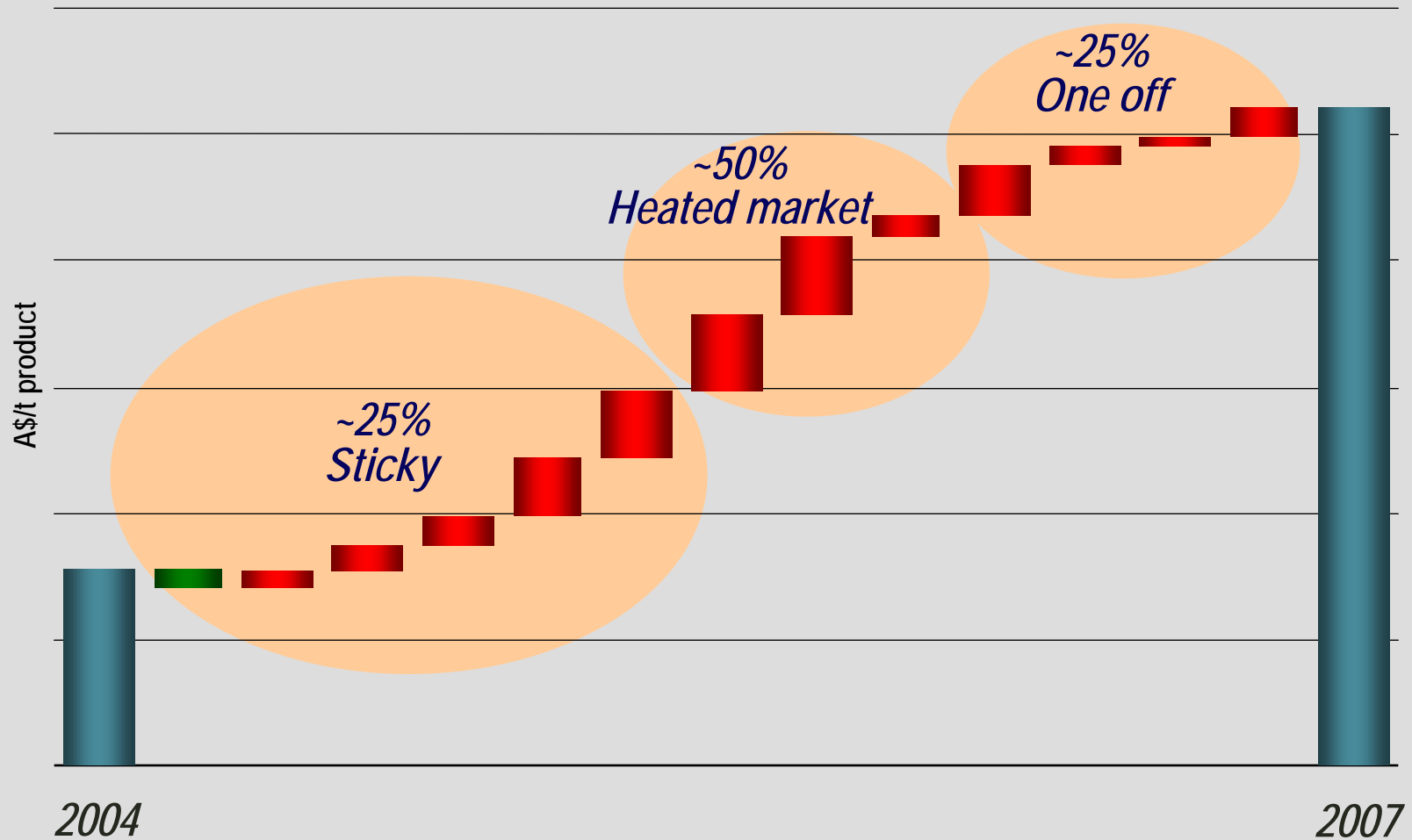
BW CHPP

Deliver

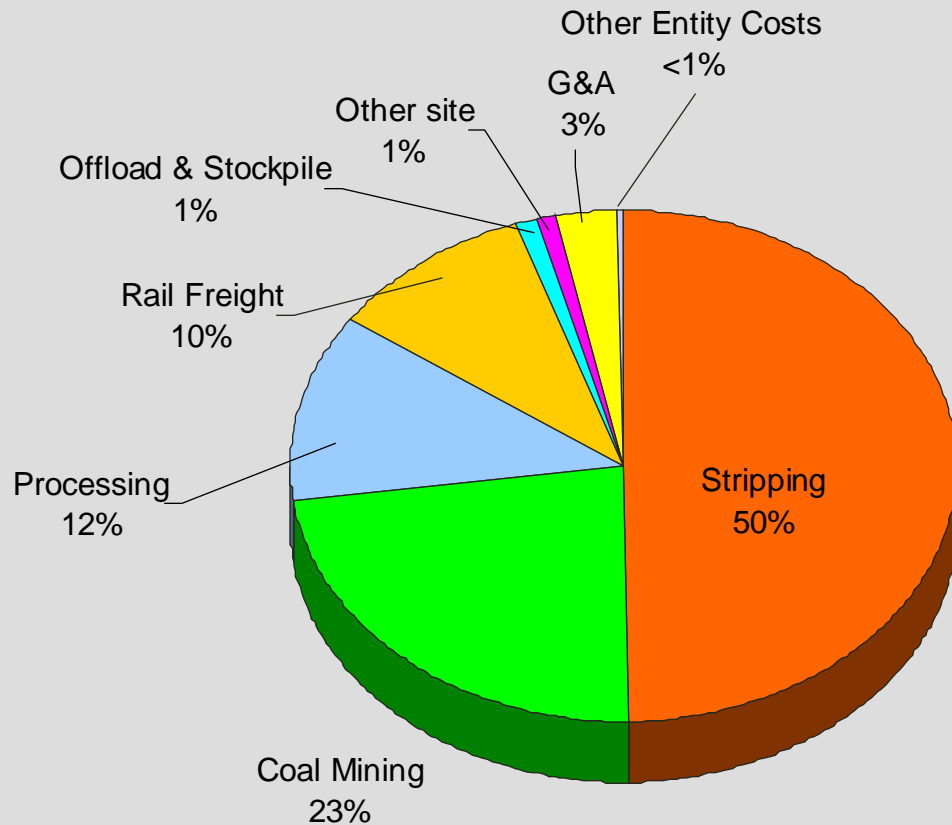
Cost performance



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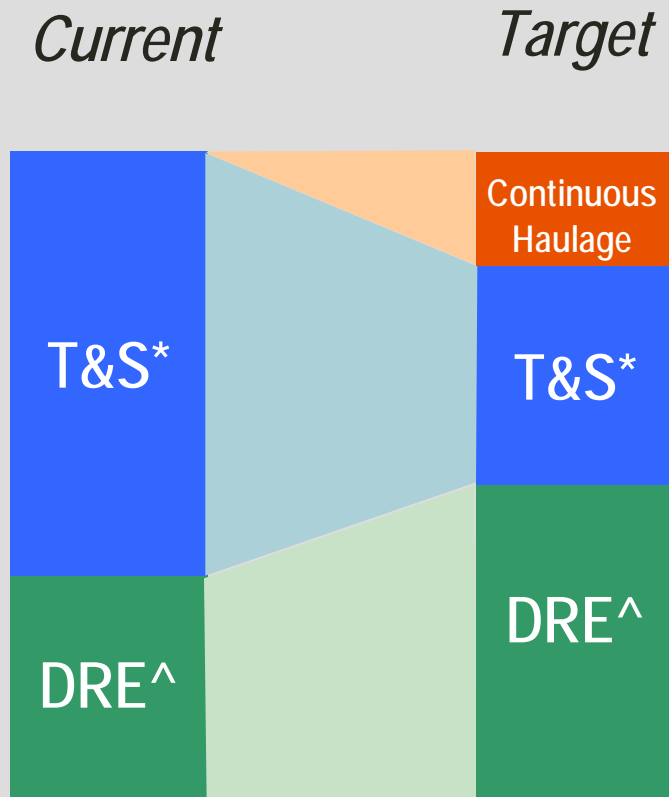


FY07 Cost Breakdown



Note: Total costs for BMA managed operations and excludes royalties, port charges and the coal research levy

- *Bulk of operating costs are in earth moving and increasing strip ratios*
- *Focus on lowest cost stripping options and maximising coal recovery*
 - *Last Drop*
 - *Stripping Study*
- *Business excellence delivering measurable benefits*



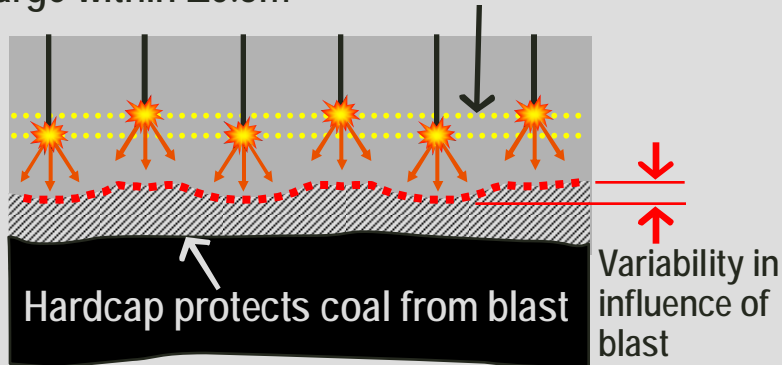
* T&S = Truck and Shovel

^ DRE = Dragline

- *Study completed to identify lowest cost stripping solutions*
- *Opportunities identified are being carried forward:*
 - *BMA Dragline Strategy*
 - *Site specific continuous haulage studies*

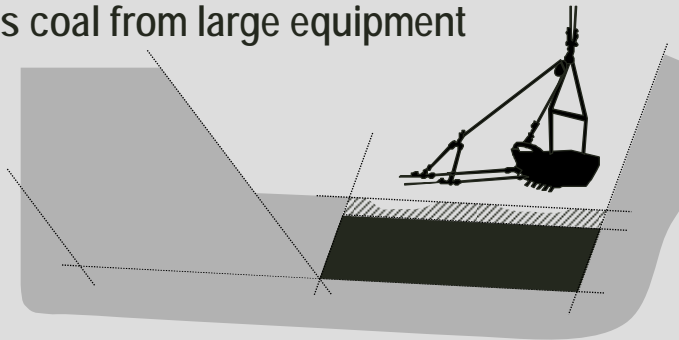
Placement of charge within $\pm 0.5\text{m}$

- Locate TOC ✓
- Accurate placement ✓
- Hard Cap ✓

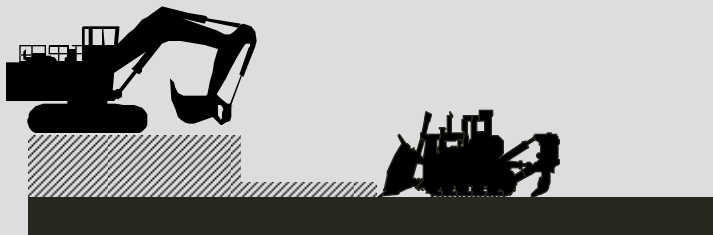


- *Reduces coal loss*
- *Extensive trials at Peak Downs proving findings*
- *Prioritised program of rollouts has been developed*
- *Significant cost reduction benefits are expected*

Hardcap protects coal from large equipment



Hardcap is removed with smaller equipment



BMA Overview

Mission and Strategic Objectives

Reinforce Industry
Leadership Position

Mission
through
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market-focused solutions.

Deliver Full Potential From

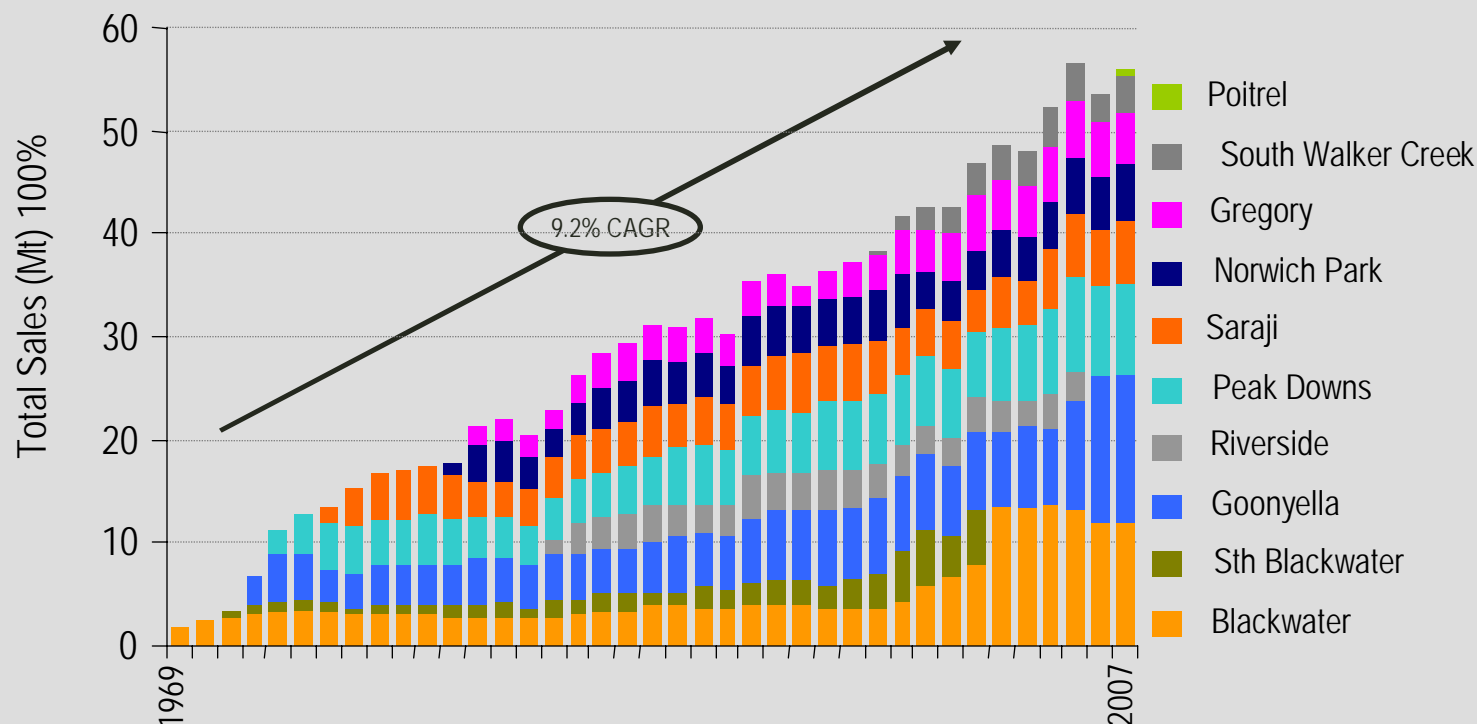
Manage for Future **Growth**
and Volatility

Lead

Resource base to support on going sales growth



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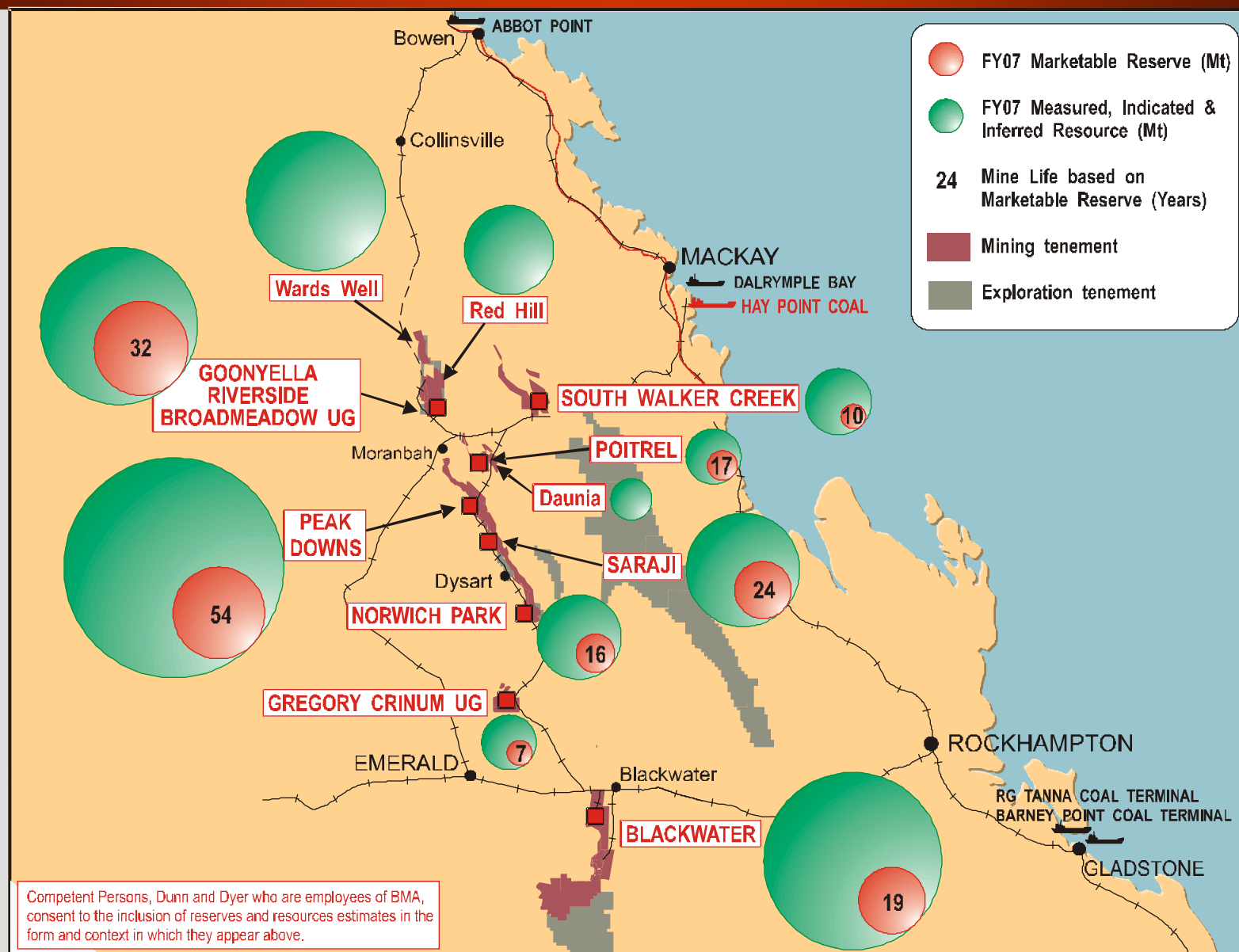
- *1.7 Bt Marketable Reserves (850 M attributable to BHP Billiton)*
- *9.8 Bt Measured, Indicated and Inferred Resources (5.4 Bt attributable to BHP Billiton)*

The competent persons, Dunn and Dyer who are employees of BMA, consent to the inclusion of the Reserve and resource estimates in the form and context in which they appear above.

Lead Resource Position



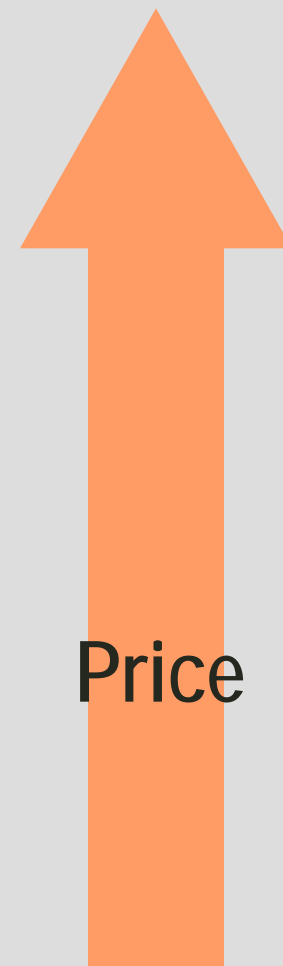
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Lead

Product range

Coal Type	Coals
HQHCC ~ 53%	Peak Downs Goonyella Saraji
HCC ~ 15%	Norwich Park Gregory Crinum
SHCC ~ 8%	Blackwater Poitrel
PCI ~ 5%	South Walker Creek Poitrel
SSCC ~ 9%	Blackwater

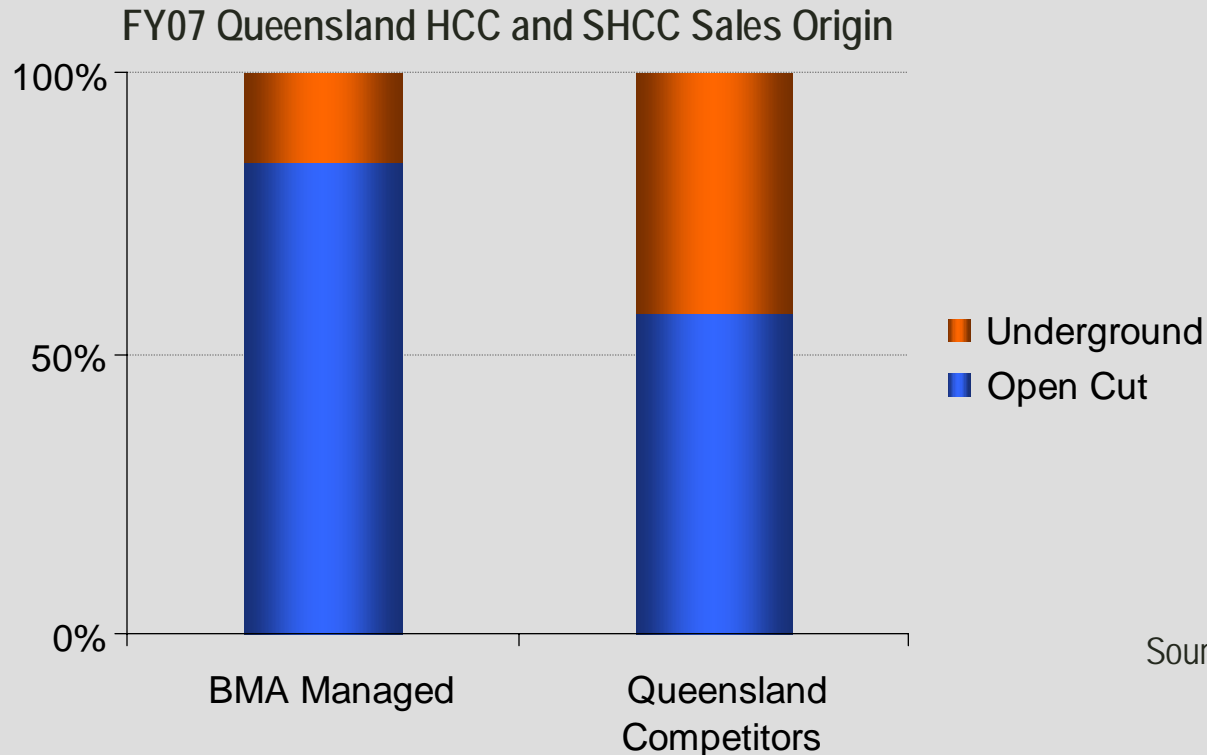


Price

Note: thermal coal accounts for remaining 10% of production

Lead

Risk profile advantage



Source: BMA Analysis

- *BMA's higher proportion of open cut sales delivers a lower risk and less volatile EBIT stream*
- *BMA Resource is expected to sustain >80% open cut sourced sales for +30 years*



Manage for Future **Growth** and Volatility

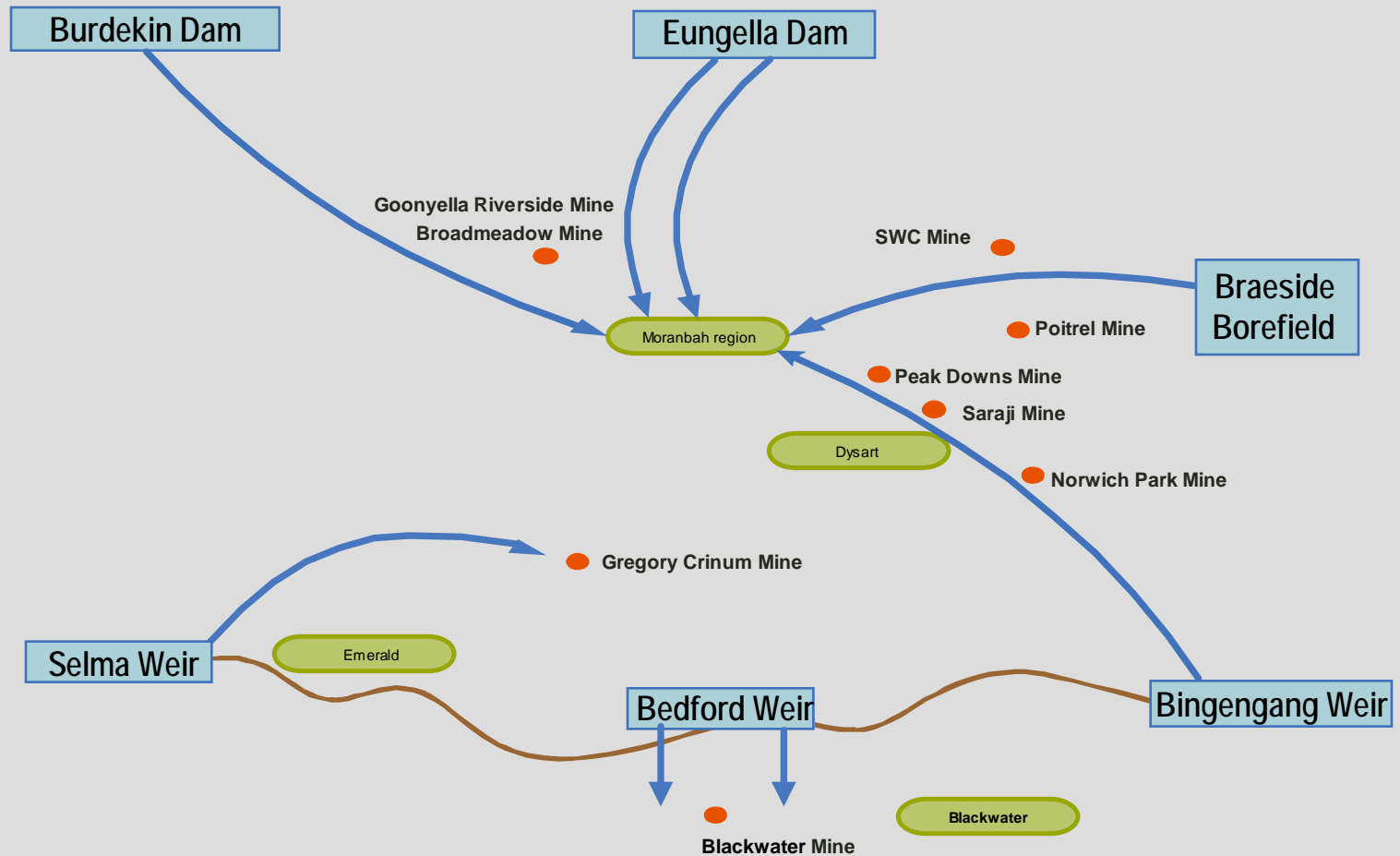
Grow

People – a key enabler



- *We need to attract and retain good people to deliver*
- *Ongoing training and development of the workforce a priority*
- *The focus of our community programs is to improve the quality of life in our towns*





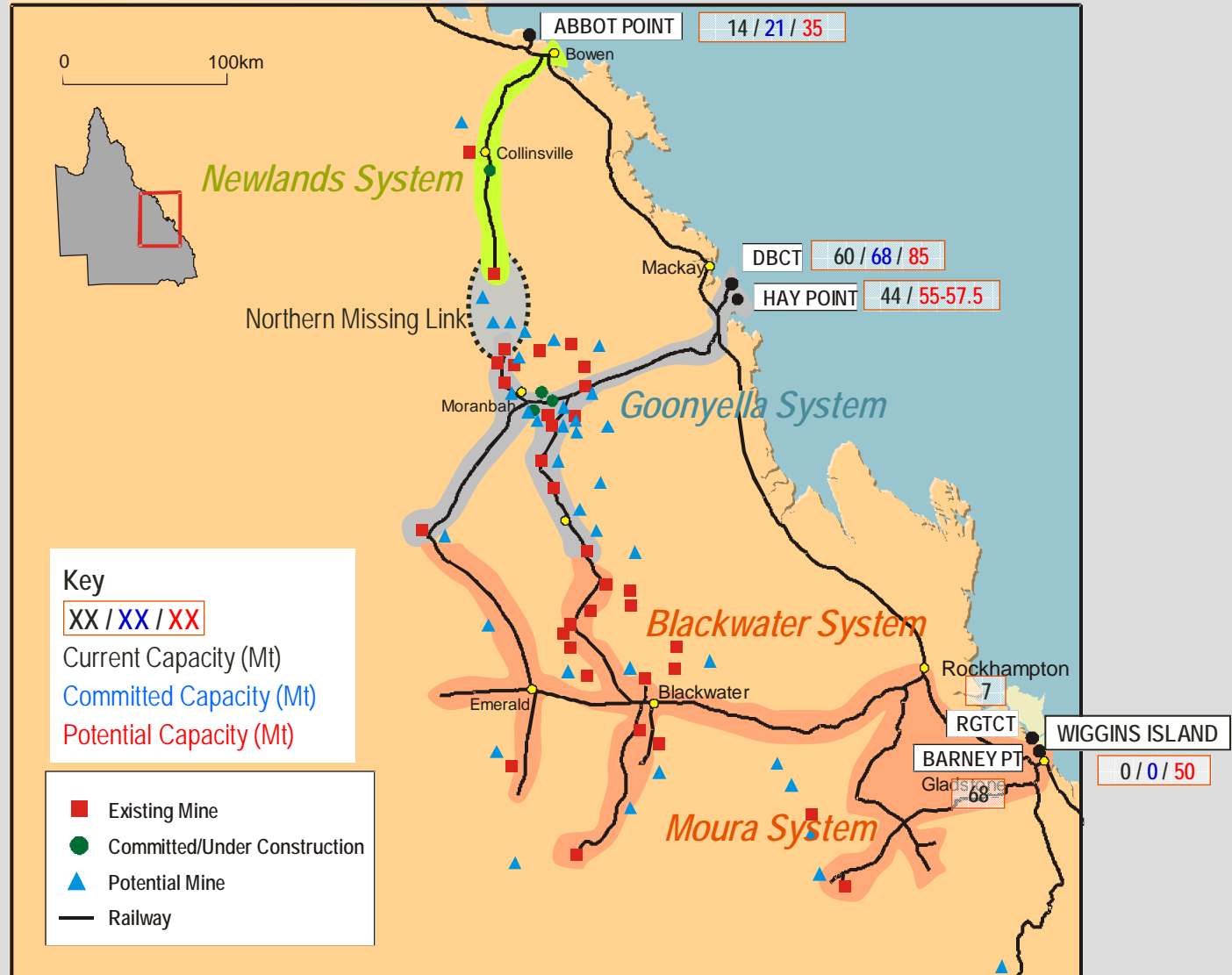
- *We have a strong position on water*
- *Water will not be a constraint to future development*

Grow

Logistics – a key enabler



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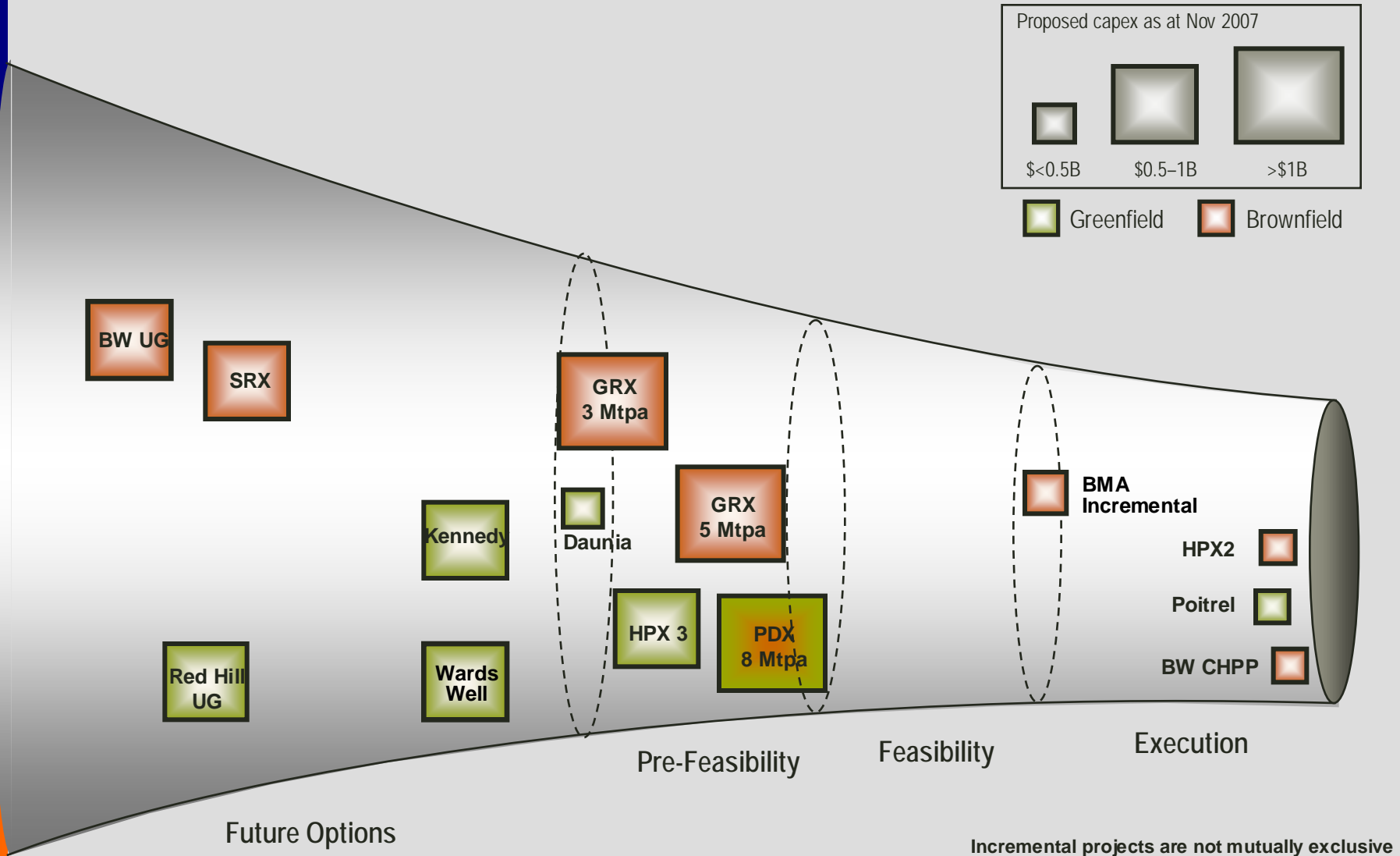


Grow

Deep inventory of projects and future options



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Grow

Goonyella Expansion



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Goonyella Expansion

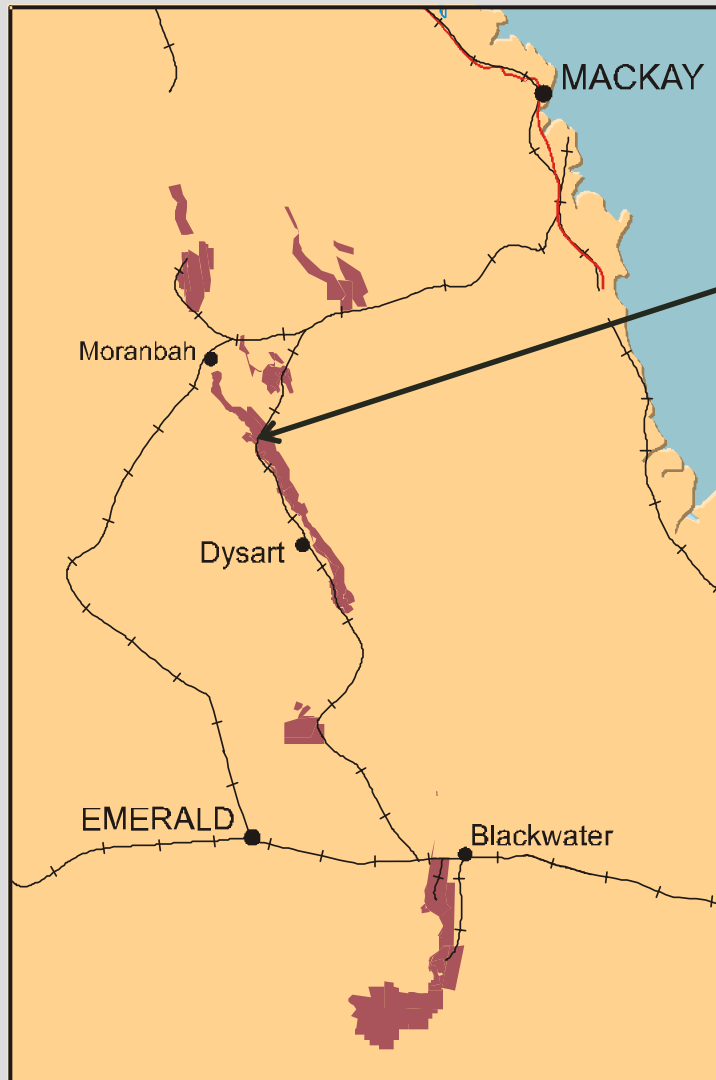
- BMA ownership
- Brownfield Expansion
- 5-8 Mtpa HCC
- Open cut (dragline and truck shovel) ± Underground (longwall)
- New CHPP capacity & supporting infrastructure

Grow

Peak Downs Expansion

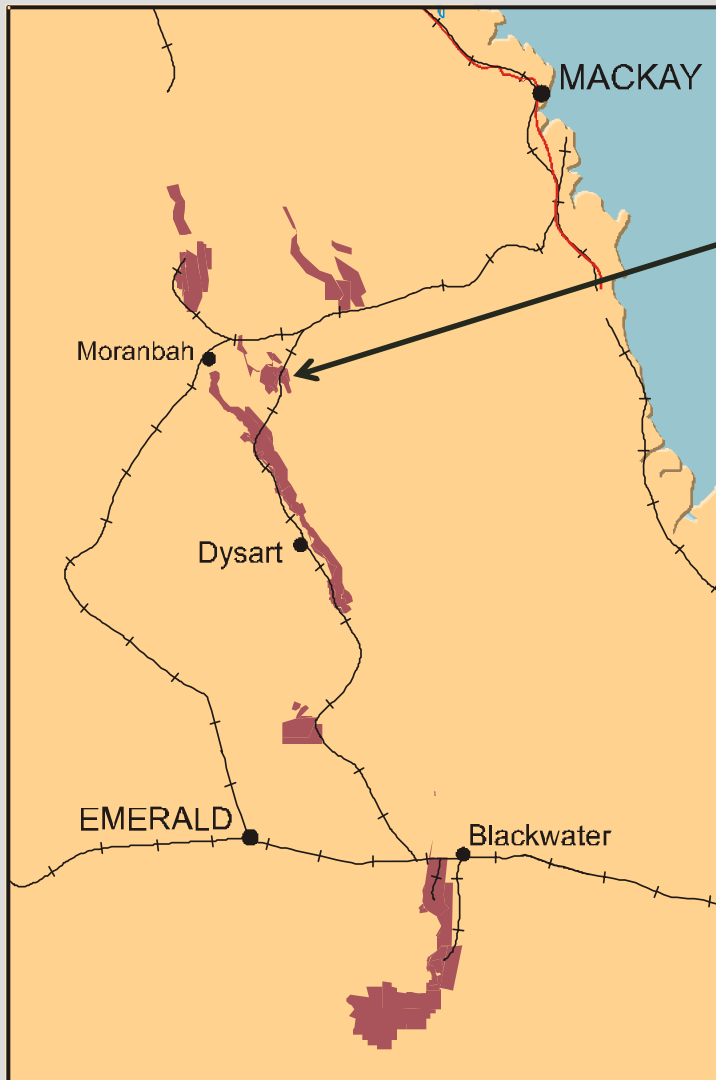


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Peak Downs Expansion

- Moving toward feasibility
- BMA ownership
- Mix of Brownfield & Greenfield Expansion
- Up to 8 Mtpa HCC
- Open cut (dragline and truck shovel)
- New CHPP capacity & supporting infrastructure

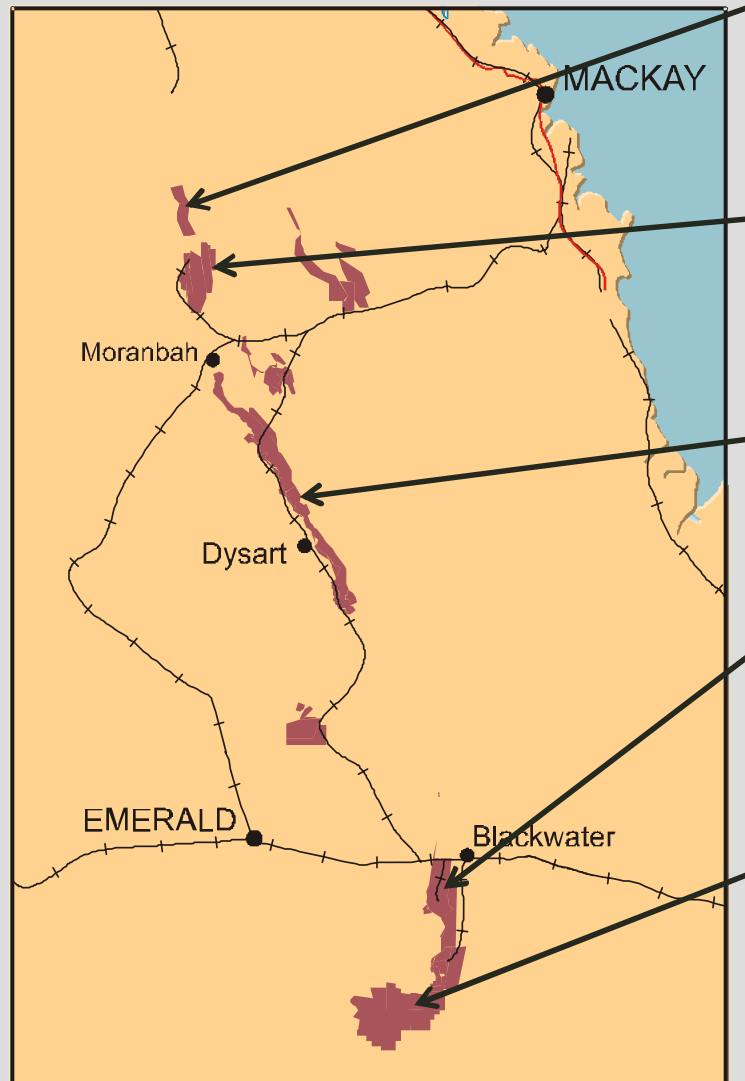


Daunia

- Concept
- BMA ownership
- Greenfield Expansion
- WCC / Thermal
- Open cut (truck shovel)
- New CHPP capacity & supporting infrastructure

Grow

Some other options



Wards Well

- Concept, BMC ownership
- Underground HCC

Red Hill

- Pre-concept, BMA ownership
- Underground HCC

Saraji Expansion

- Concept, BMA ownership
- Open cut HCC

Blackwater Underground

- Pre-concept, BMA ownership
- Underground HCC / WCC

Kennedy

- Concept, BMA ownership
- Open cut and Underground (Humboldt)
- WCC

Summary

- *Current assets performing strongly – priority is safety, production and cost performance*
- *Large, high quality resource base with growth options*
- *Strong infrastructure positioning*
- *Diverse portfolio to deliver reliability & quality to our customers*



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Mark Chambers
General Manager, Blackwater Mine

Analyst Visit - October/November 2007



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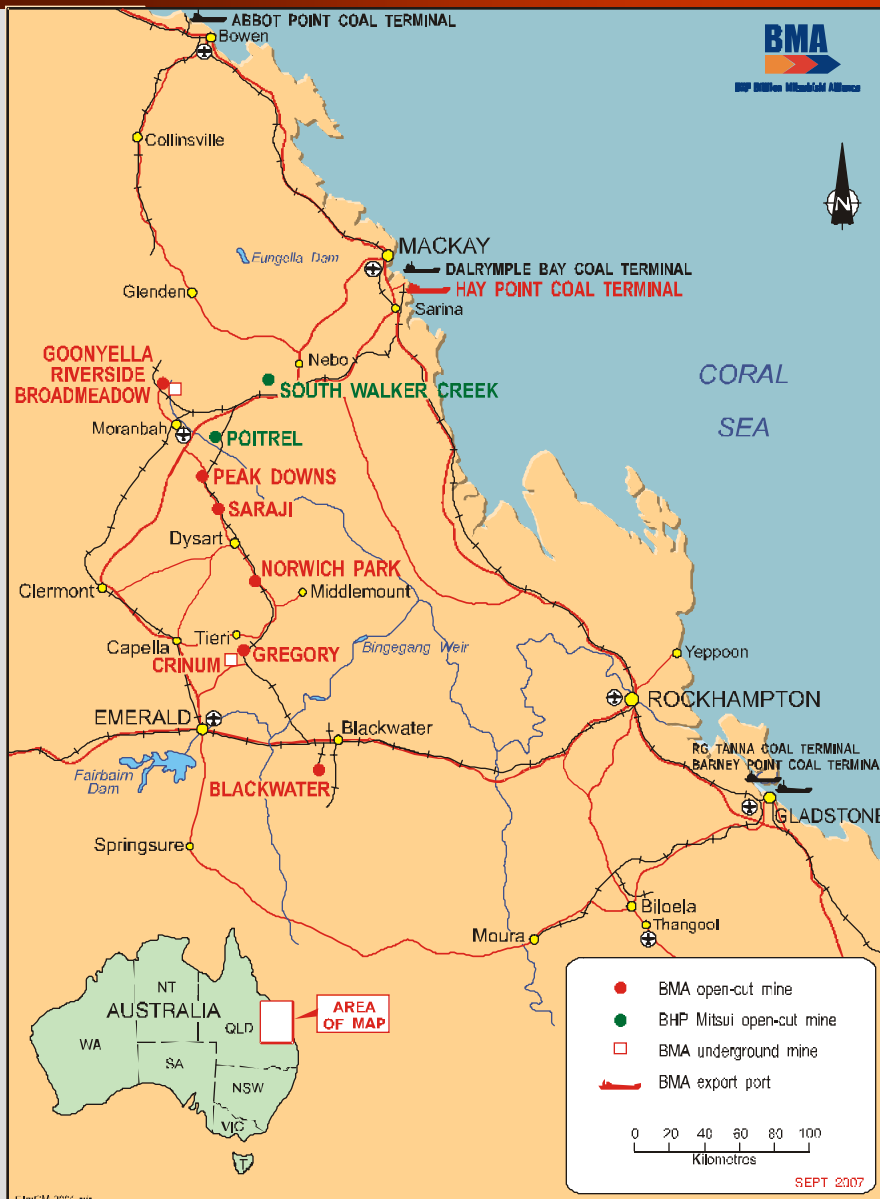
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Presentation Topics

- *Overview*
- *Safety (Zero Harm)*
- *Geology*
- *Coal quality*
- *Mining equipment and production*
- *Mine site cost break-up*
- *Innovation / improvements*



Overview – key statistics



- Operations commenced 1967
- BWM and SBC merged 2001
- Annual production and sales approx. 13 Mt (Met + Thermal)
- 90% of sales in the seaborne export market
- Export coal is railed 300 km to ports at Gladstone for shipping
- Approx 800 employees
- 600 FTE contractors
- 170 Mbcm of overburden removal (total)
- BHP Billiton owns 50%



- ▶ Coal extracted by open cut methods
- ▶ Multi Seam operation with operating strike length of almost 60 km
- ▶ Coal processing will be centralised at new Coal Handling & Processing Plant
- ▶ Site product & dedicated port stockpile capacities of approx 450 Kt and 1 Mt tonnes respectively

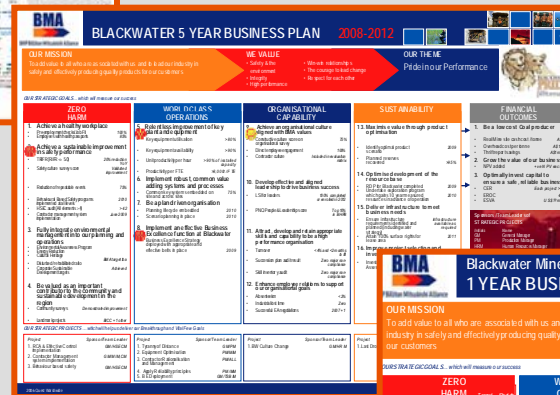
Overview – strategic planning process



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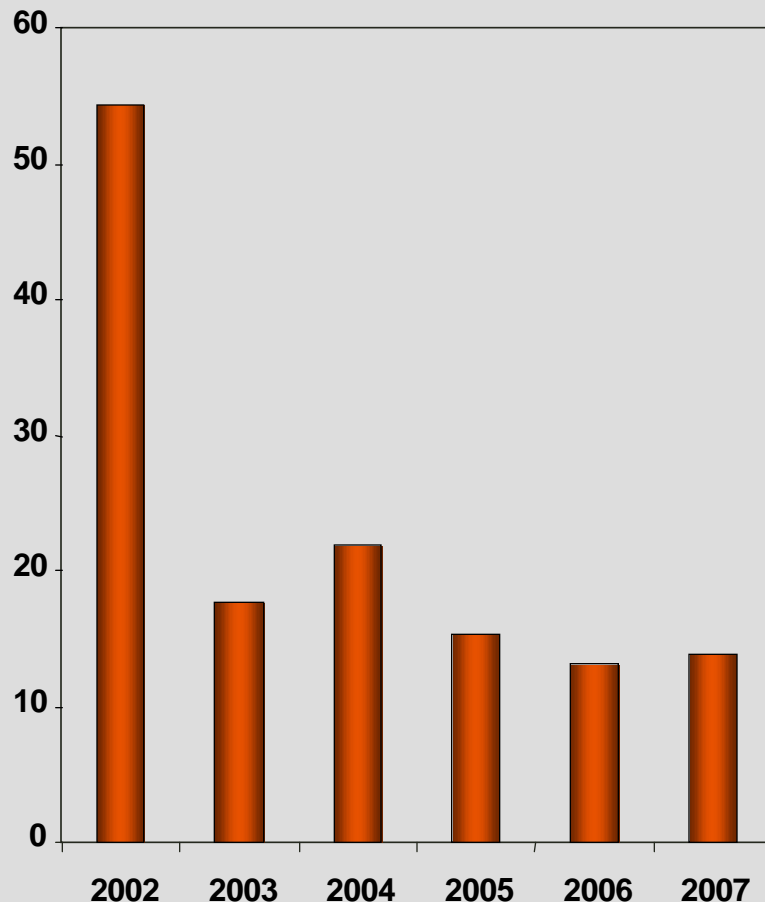
BMA Mission

To create value through the mining, production and marketing of high quality coal resources, and the provision of innovative customer and market-focused solutions.



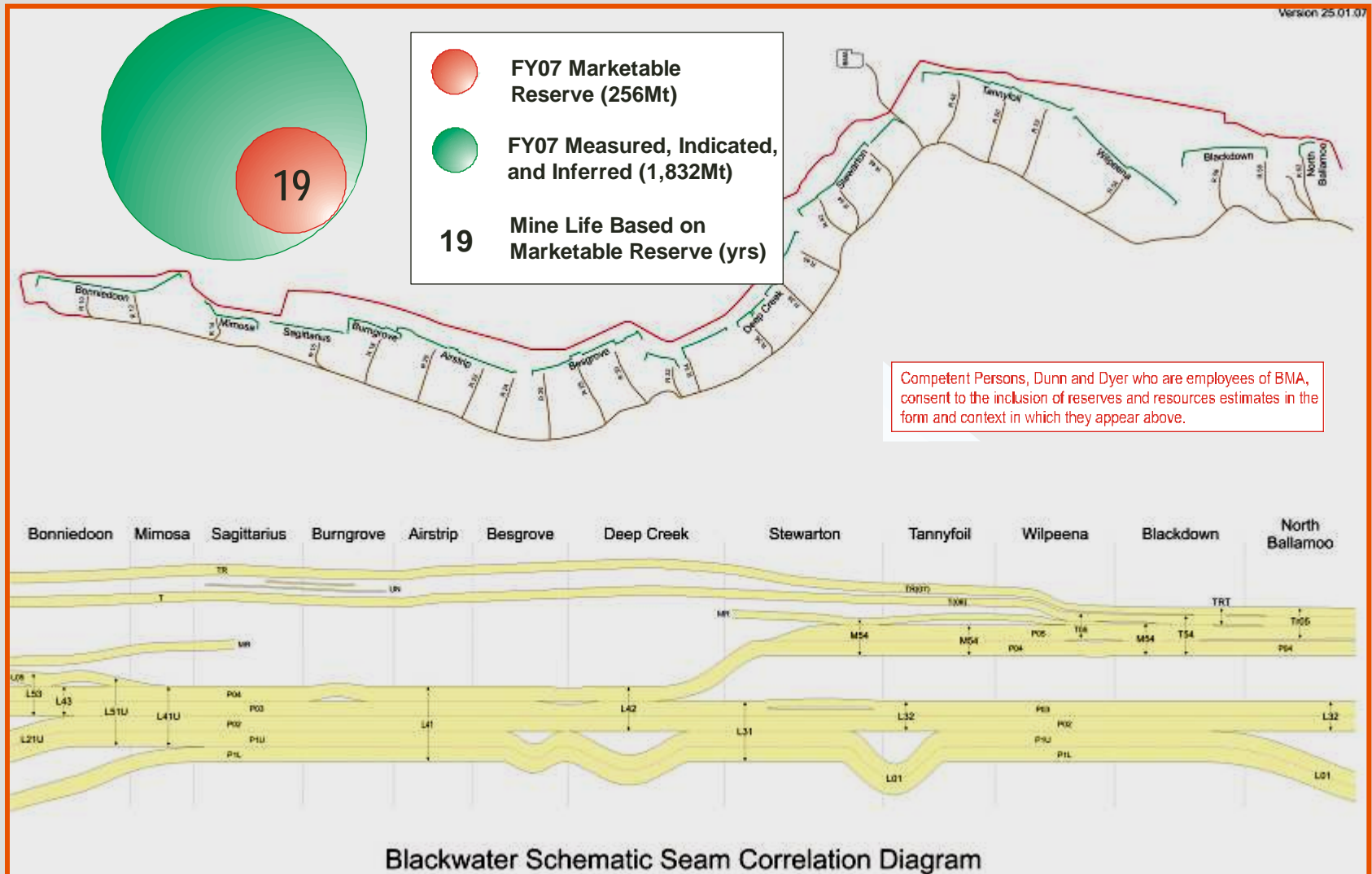
Safety (Zero Harm)

Total Recordable Injury Frequency Rate



- *FRCP*
- *Hazard awareness/identification*
- *Near miss reporting/analysis*
- *Accident/incident investigation*
- *Fatigue management*
- *Contractor Management (CMS)*
- *Safe Leadership program*

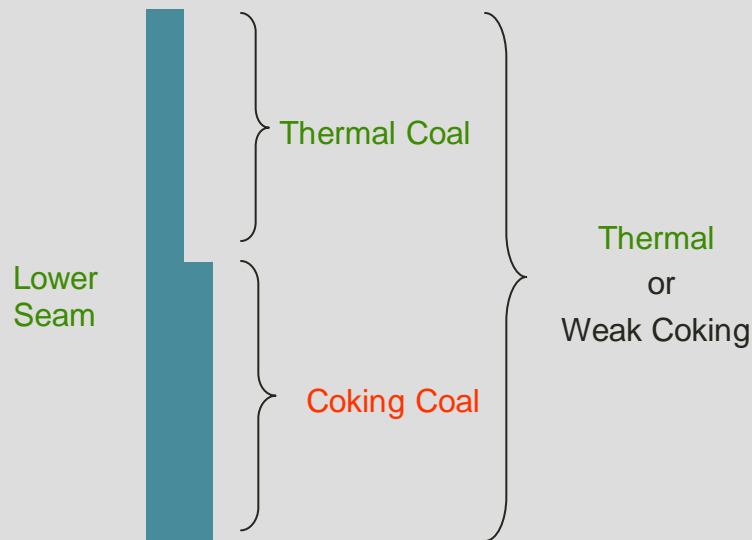
Geology – resources & reserves



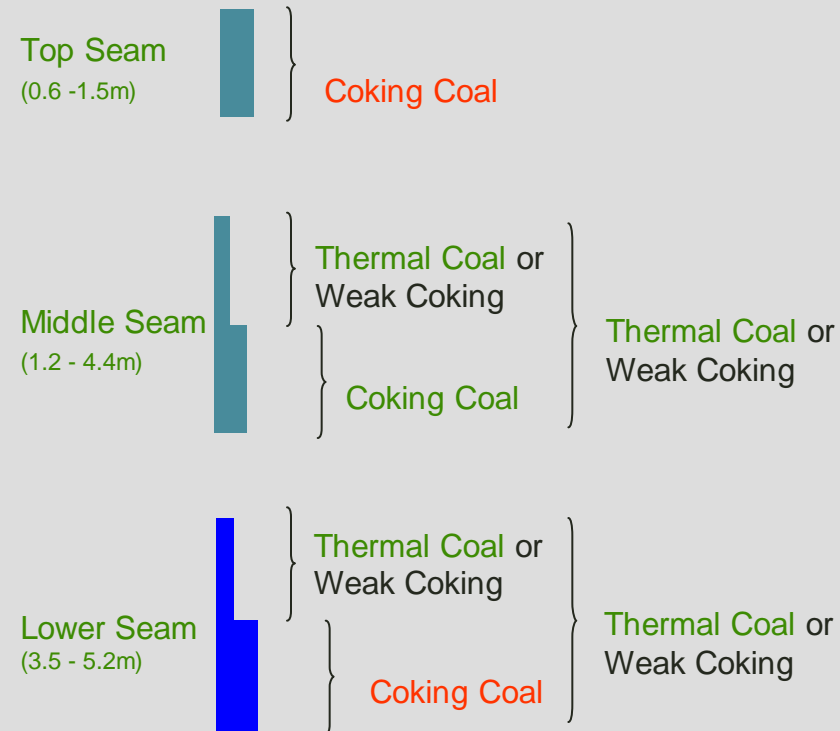
Geology - selective mining

- Due to relatively flat dipping nature of deposit and good seam thicknesses coal seams maybe selectively mined or split
- This provides processing flexibility plus ability to react to product type requirements

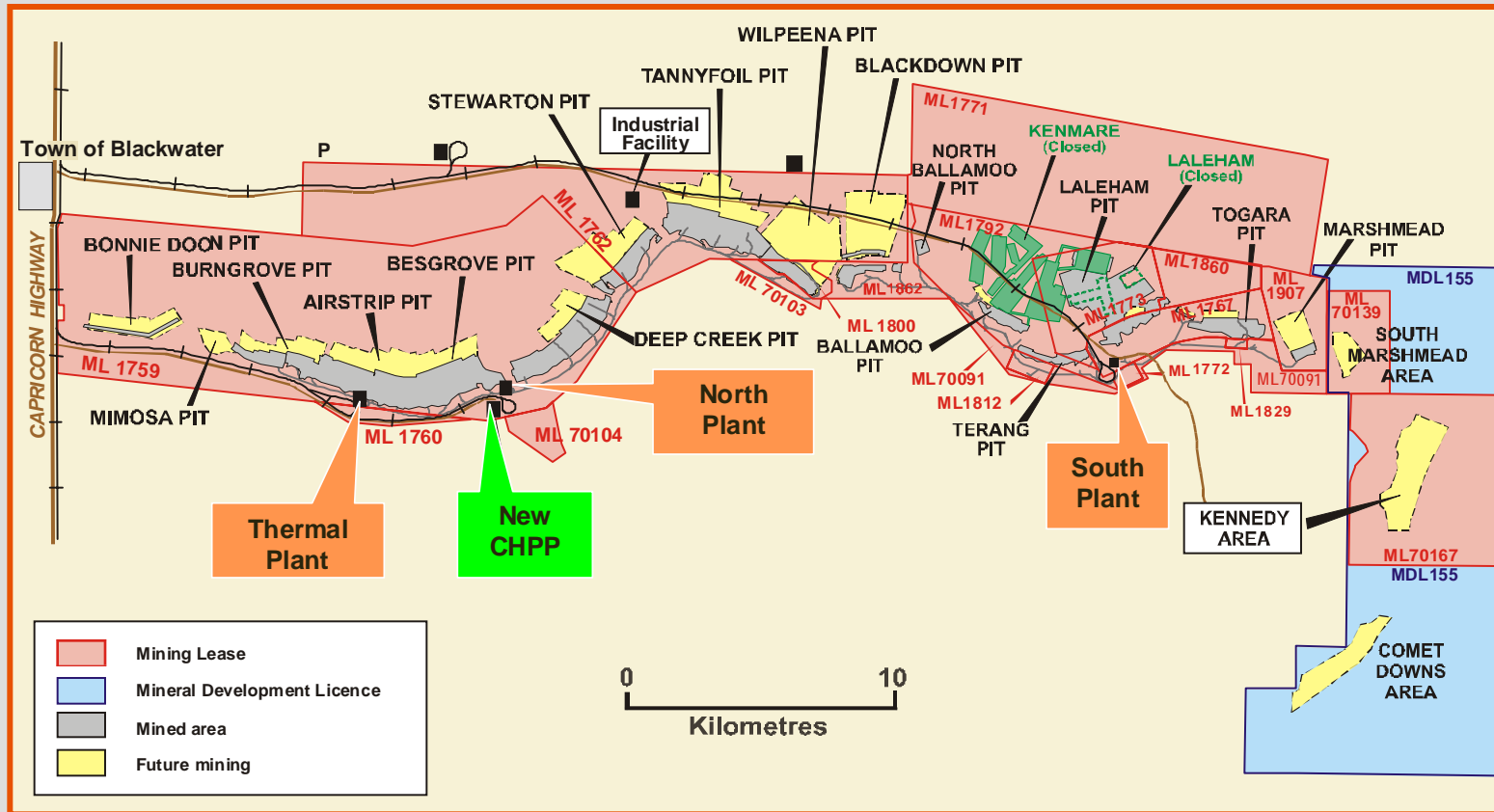
Northern Pit Areas



Central and Southern Pit Areas



Coal Processing

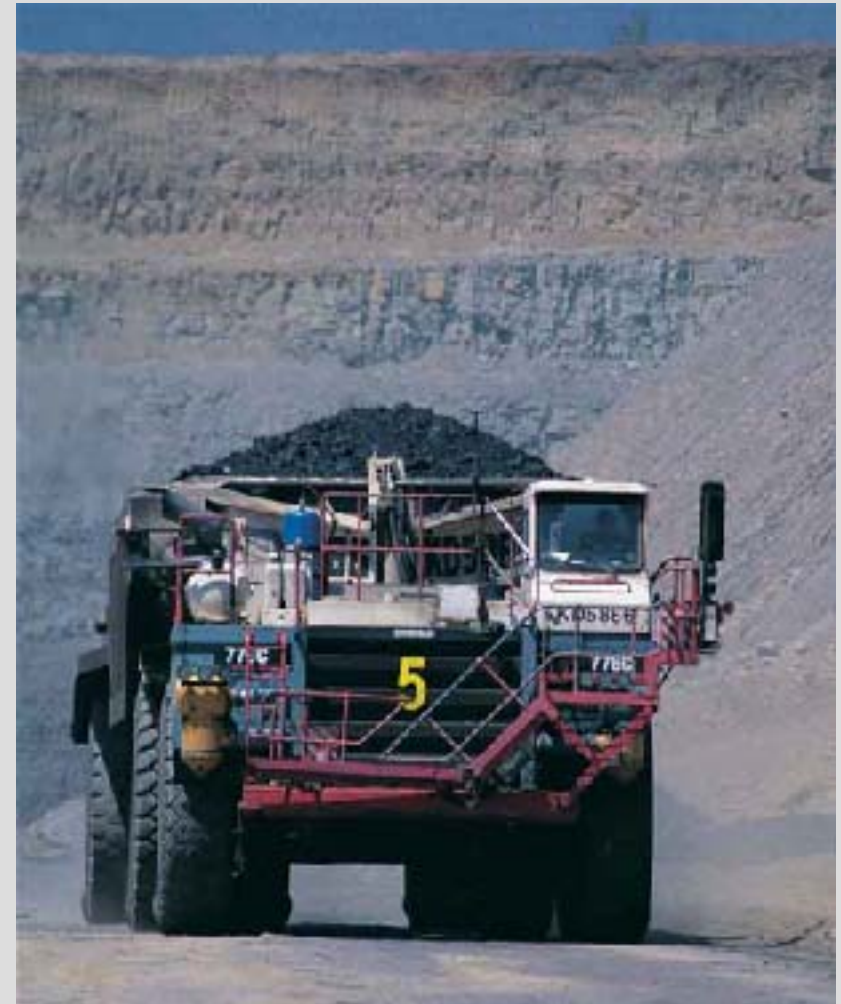


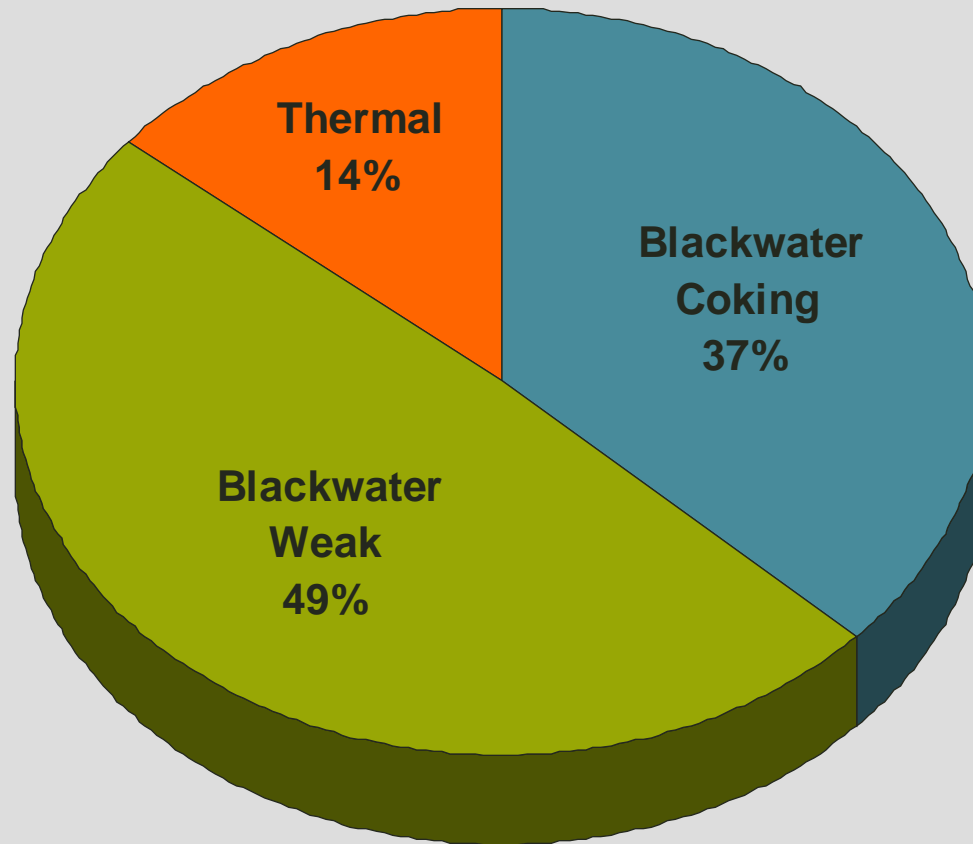
- The two existing wash plants and the New CHPP have “bypass” production systems.
- Bypass coal (unwashed) is used where as mined quality permits - Thermal (100%), Weak coking (35%) Coking (4%)

Mining Equipment

Equipment Snapshot

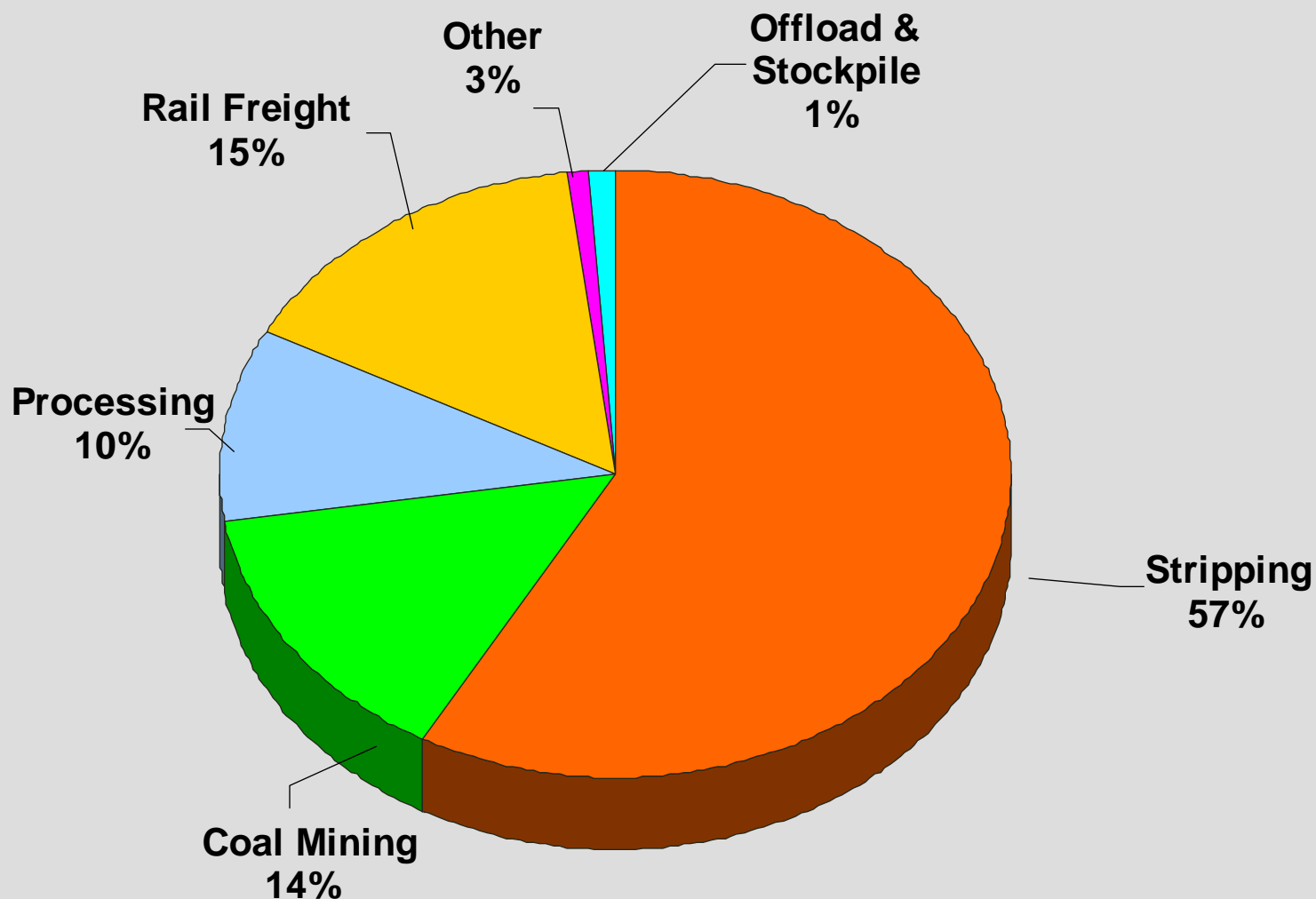
- 8 draglines
- 1 shovel and 2 large excavators
- 15 rear dump trucks
- 11 haul trucks
- 22 dozers
- 31 other mobile equipment





2007 Production – 12.276 Mt

Mine site cost breakdown – FY07



Improvements - CHPP project



- *Feasibility completed October 2003*
- *Project Approval January 2004*
- *Commissioning from April 2007*
- *Full production from late 2007*
- *Commissioning underway early indications suggest improved yield, increased efficiency and cost management*
- *New technology*
- *Health and Safety improvements*

Improvements - Dragline 41 project



- *Purchased by BMA in 2005*
- *74,000 hrs of operation*
- *Significant upgrade and overhaul of machine during reassembly*
- *Additional dragline to offset more truck and shovel stripping costs*
- *Dragline operating at 120% RSL but upgrade will permit 125% RSL*
- *First production at Blackwater January 2007*

Improvements - Low density explosives

- ▶ Trials nearing completion
- ▶ 2 Products
 - ▶ Loadex (Dry hole product)
 - ▶ XLoad (Wet hole product)
- ▶ Results so far favourable
- ▶ Potential for BMA wide replication



LOADEX



- ▶ BMA100 Emulsion
- ▶ Rice Hulls
- ▶ ANFO

XLOAD



- ▶ BMA100 Emulsion
- ▶ EPS Polystyrene
- ▶ ANFO

Improvements - Last Drop



- *Technical Studies and geological investigation - start of 3rd Qtr FY08*
- *Introduction of blasting methodologies to create “hard caps” - 3rd Qtr FY08*
- *Implementation (Removal of hard caps) - FY09*
- *Implementation reduces pit advance rate and maximises resource, improves combustible recovery and assists in feed predictability and hence processing efficiency*

Summary

- ▶ *Large mine and resource base with long life*
- ▶ *Important asset for BMA in the long term*
- ▶ *Range of coal products*
- ▶ *Flexibility to respond to demand due to infrastructure platform*
- ▶ *Business improvement initiatives delivering improved cost management*





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Sam Bonanno
VP, Operations, Ports & Business Improvement

Analyst Visit - October/November 2007



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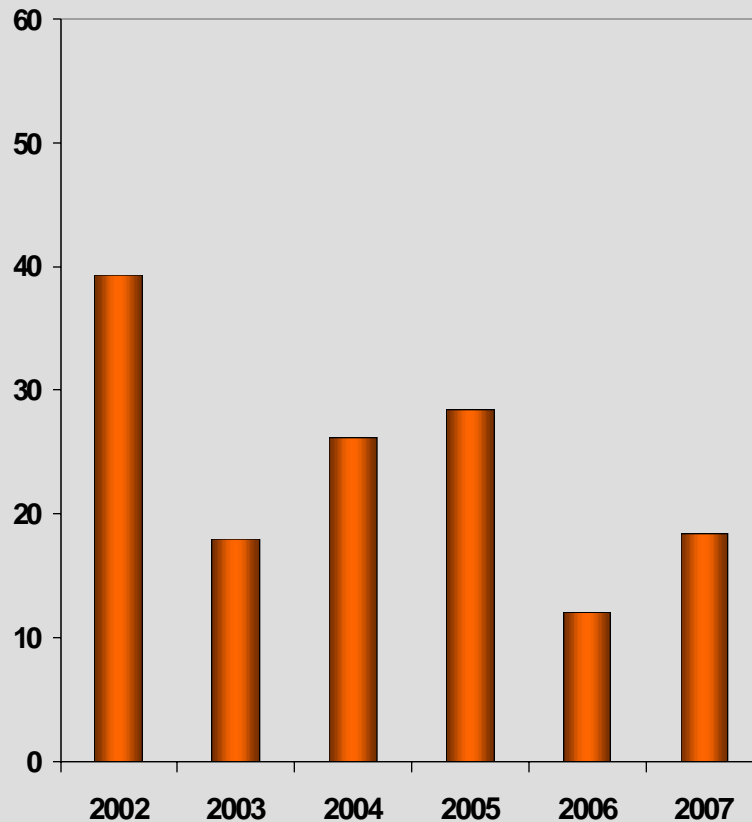
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- *Safety*
- *Environment & Community*
- *Overview*
- *Capabilities*
- *Competitive Advantages*
- *Expansion Capability*

Safety (Zero Harm)

Total Recordable Injury Frequency Rate



- *FRCP*
- *Hazard awareness/identification*
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Environmental and Community Strengths



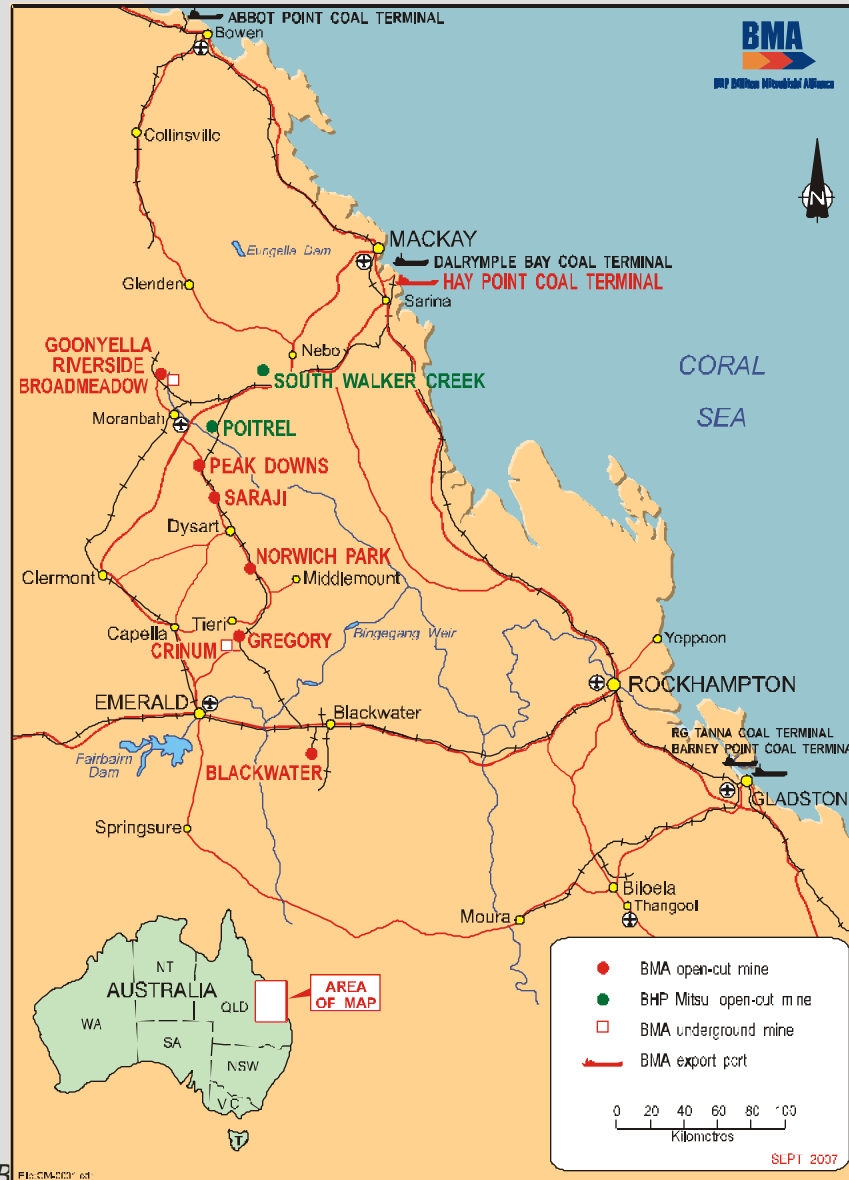
- *Dust*
- *Noise*
- *Spillage*
- *Water management*

Overview of Operations



- 17 primary products and 22 blends
- 64 customers in 21 countries
- Hay Point – 24 hr x 365 days
- Inloading ~ 4,000 trains
- Outloading ~ 900 parcels on 400 ships
- “Quality Terminal” not just a “Throughput Terminal”
- Responsibility for the quality of all cargoes loaded, as well as logistics for the BMA, including BMC, product

Our advantages



- Strategic asset enabling control of the whole logistics chain
- Linked and responsive to mine production and delivery
- Capability to co-ordinate trains
- Control the scheduling and berthing order of vessels

Stockyard allows flexibility

Our flexibility allows for options when confronted by variability



- *Designated stockpiles to minimise cross-contamination*
- *Over 1,000 combinations available for efficient coal delivery*
- *Stockyard Capacity with 14-16 Coal Types*
 - *Dry Season 1.45 Mt*
 - *Wet Season 1.0 Mt*

Stacking and Reclaiming

- ▶ 5 Stacker Reclaimers, all capable of 6,000 tph automatic or manual stacking
- ▶ Reclaim capacities of 2 x 6,000 tph, 1 x 5,000 tph and 2 x 3,500 tph
- ▶ Flow splitters on each transfer point and yard machine to facilitate blending and maximise flow rate and direct loading opportunity



Functional Unit Capacities



- *Rail contracts are sufficient to meet current needs*
- *Ongoing negotiation to meet growth profile*
- *Nominal inloading capacity >50 Mtpa*
- *Stockyard throughput capacity >50 Mtpa*
- *Shiploading capacity of 43 - 45 Mtpa dependant on ship size and blending requirements*

Shiploading Capability

- *Maximum Ship Size: Berth1: 175 k DWT, Berth2: +200 k DWT*
- *Largest ship loaded: "Iron Pacific" (230,000 DWT)*
- *Largest cargo : 207,769 t on "Iron Pacific"*
- *Average Cargo Size : Approx 95,000 t*

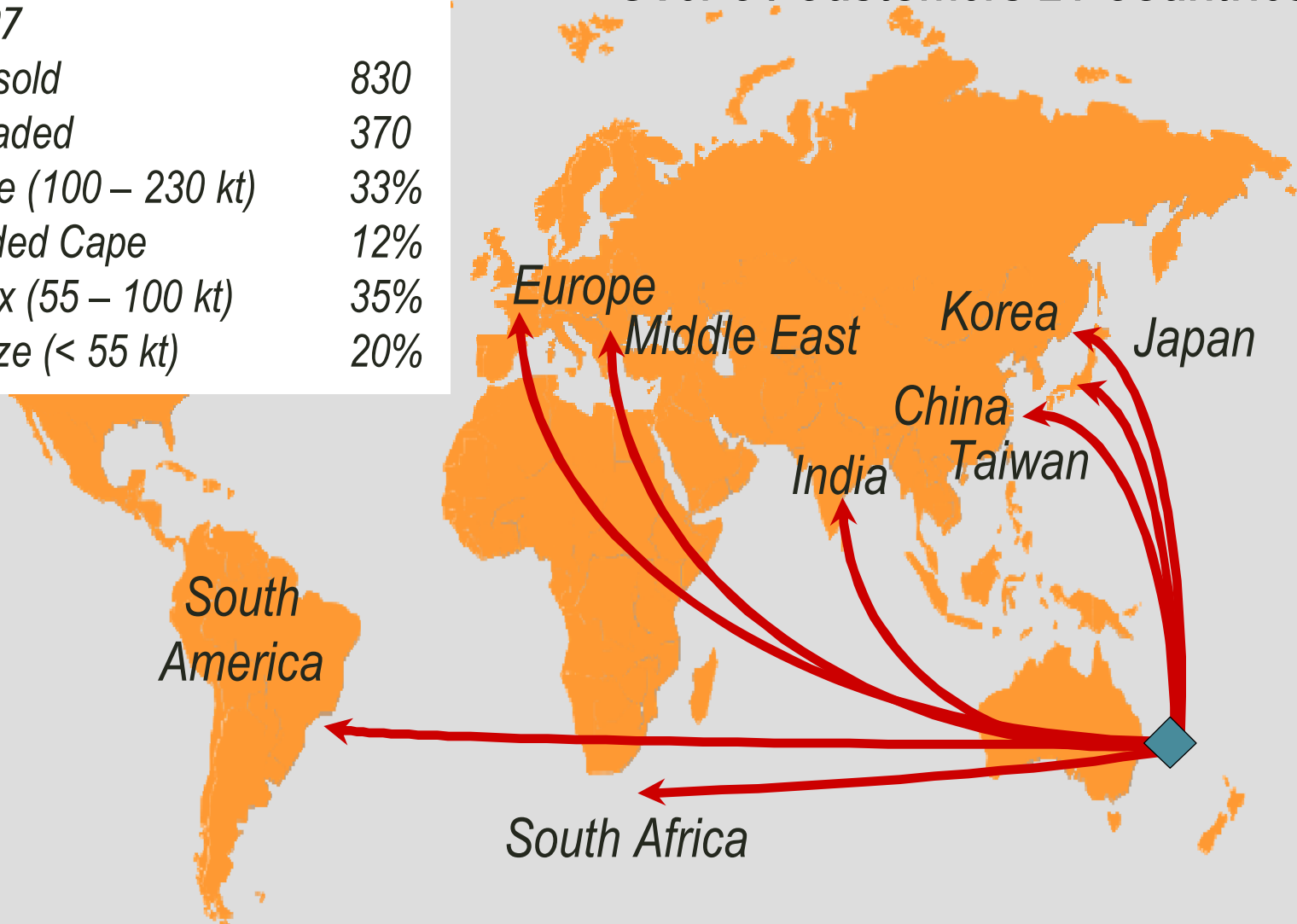


Cargo Destinations

Over 64 Customers 21 Countries

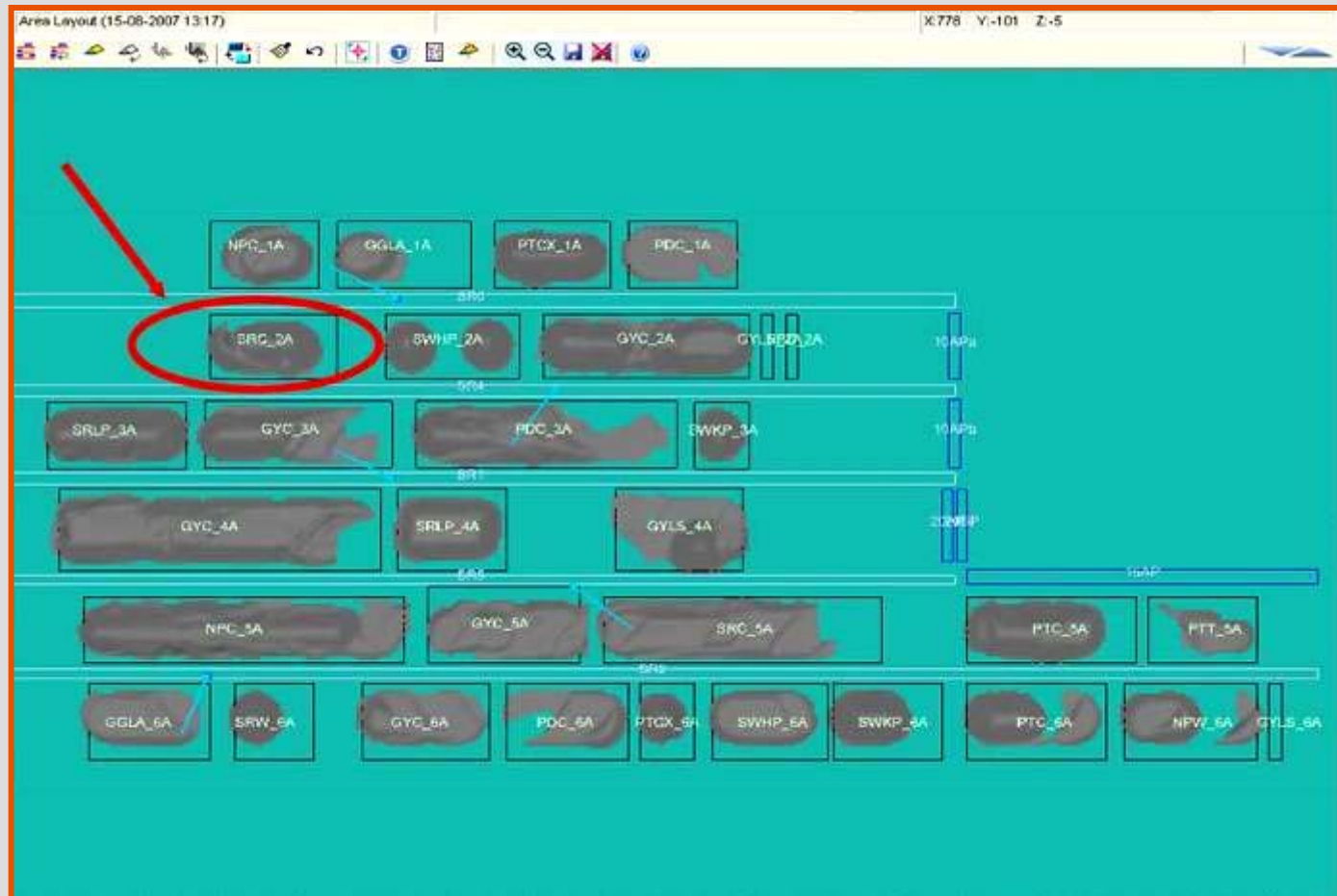
For FY07

Parcels sold	830
Ships loaded	370
Full Cape (100 – 230 kt)	33%
Part loaded Cape	12%
Panamax (55 – 100 kt)	35%
Handysize (< 55 kt)	20%



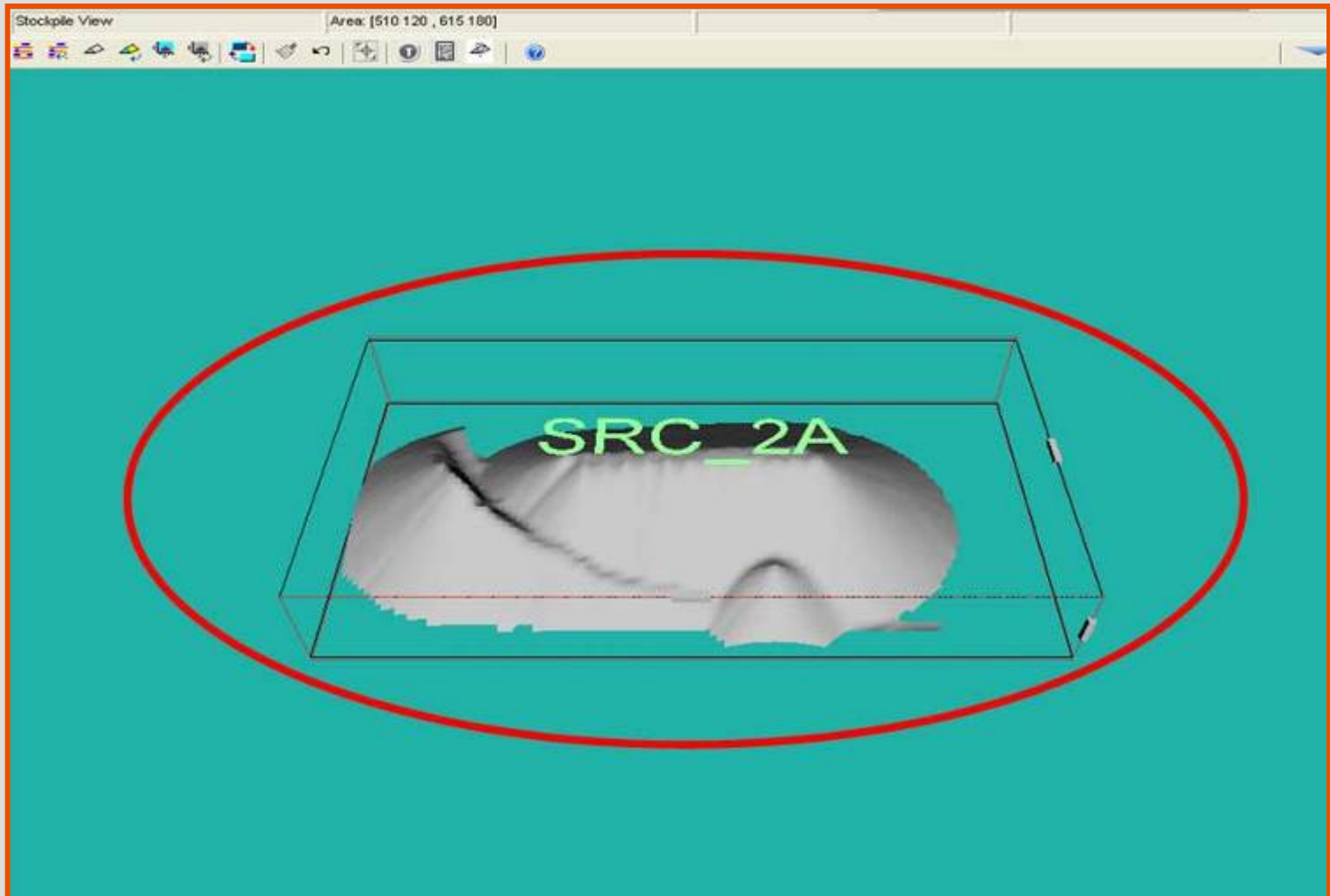
Competitive advantage

- Unique quality smoothing capability through the coal tracking system



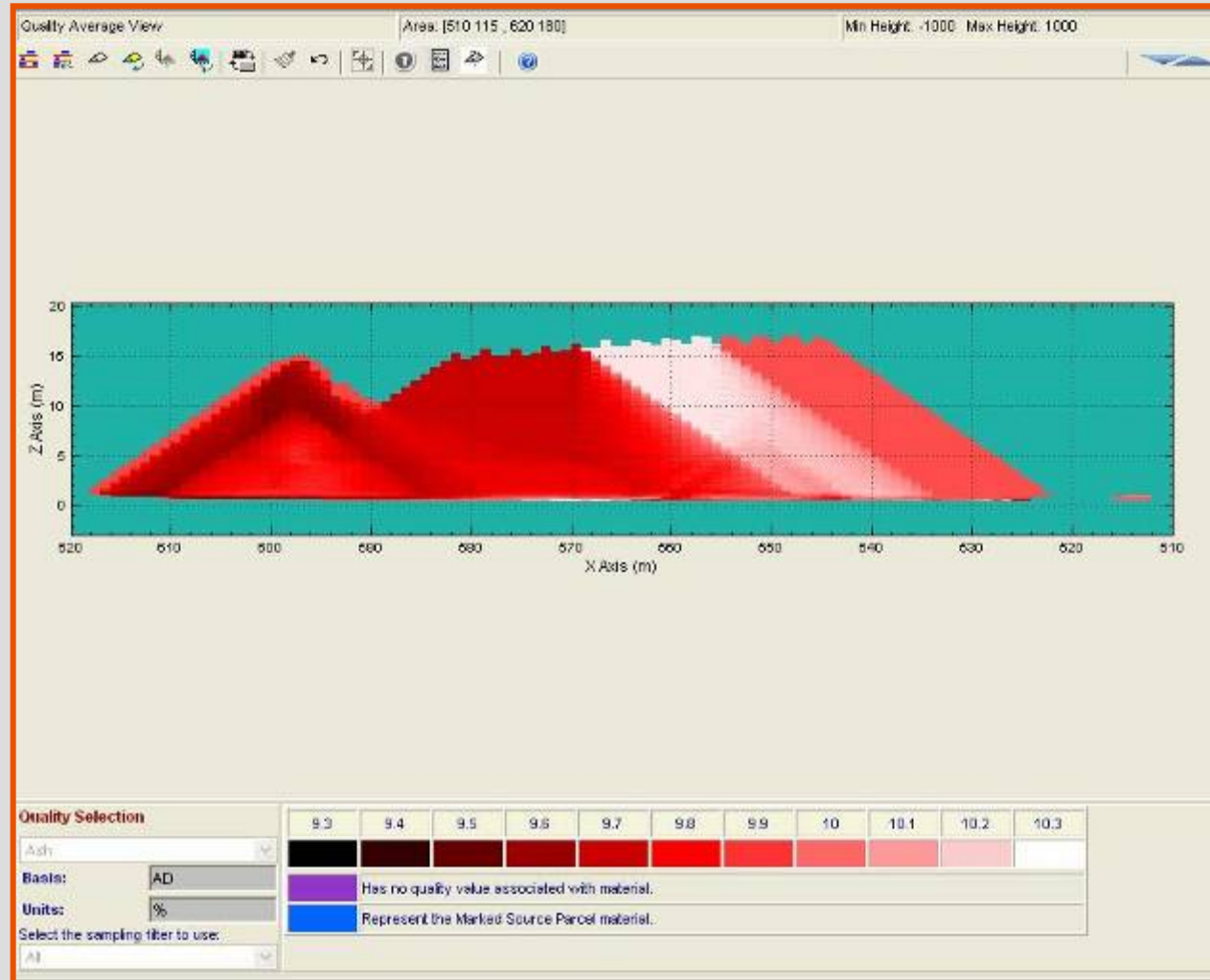
Coal tracking

- *Visual representation of the individual stockpile*



Competitive advantage

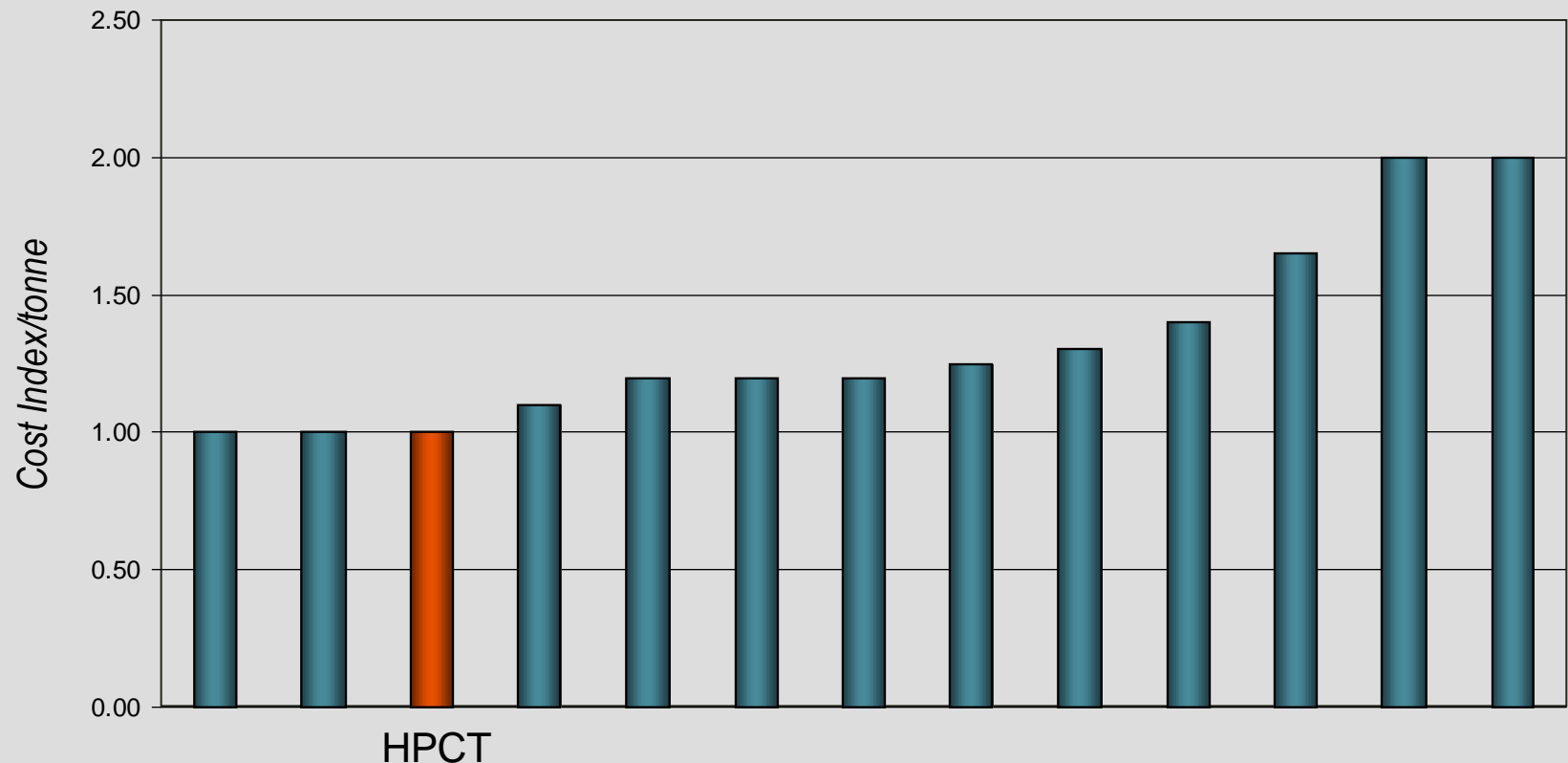
➤ Coal tracking - New High Resolution Quality View



Our advantages

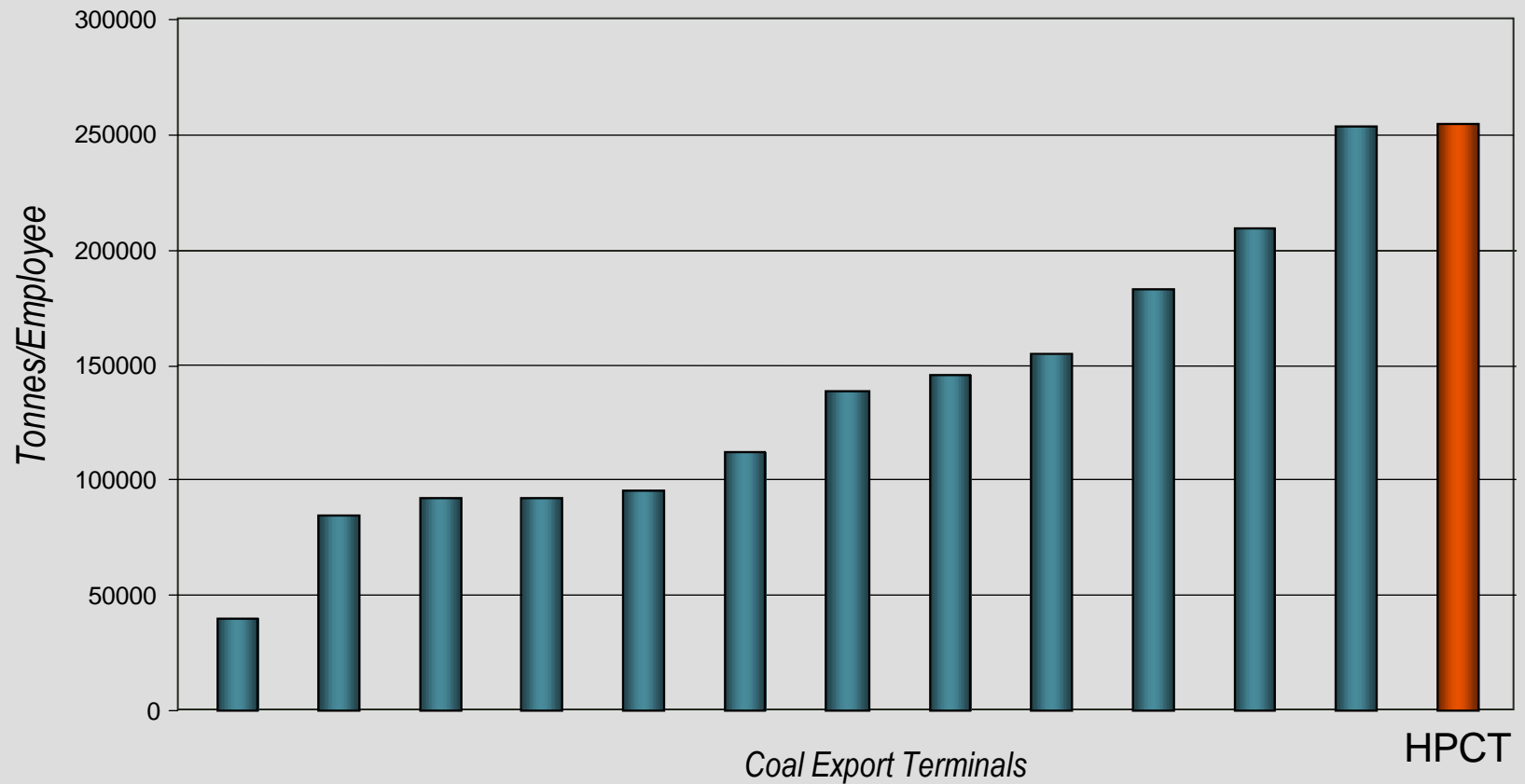
- Low cost position versus all other coal exporting terminals

Total Terminal Cost Index

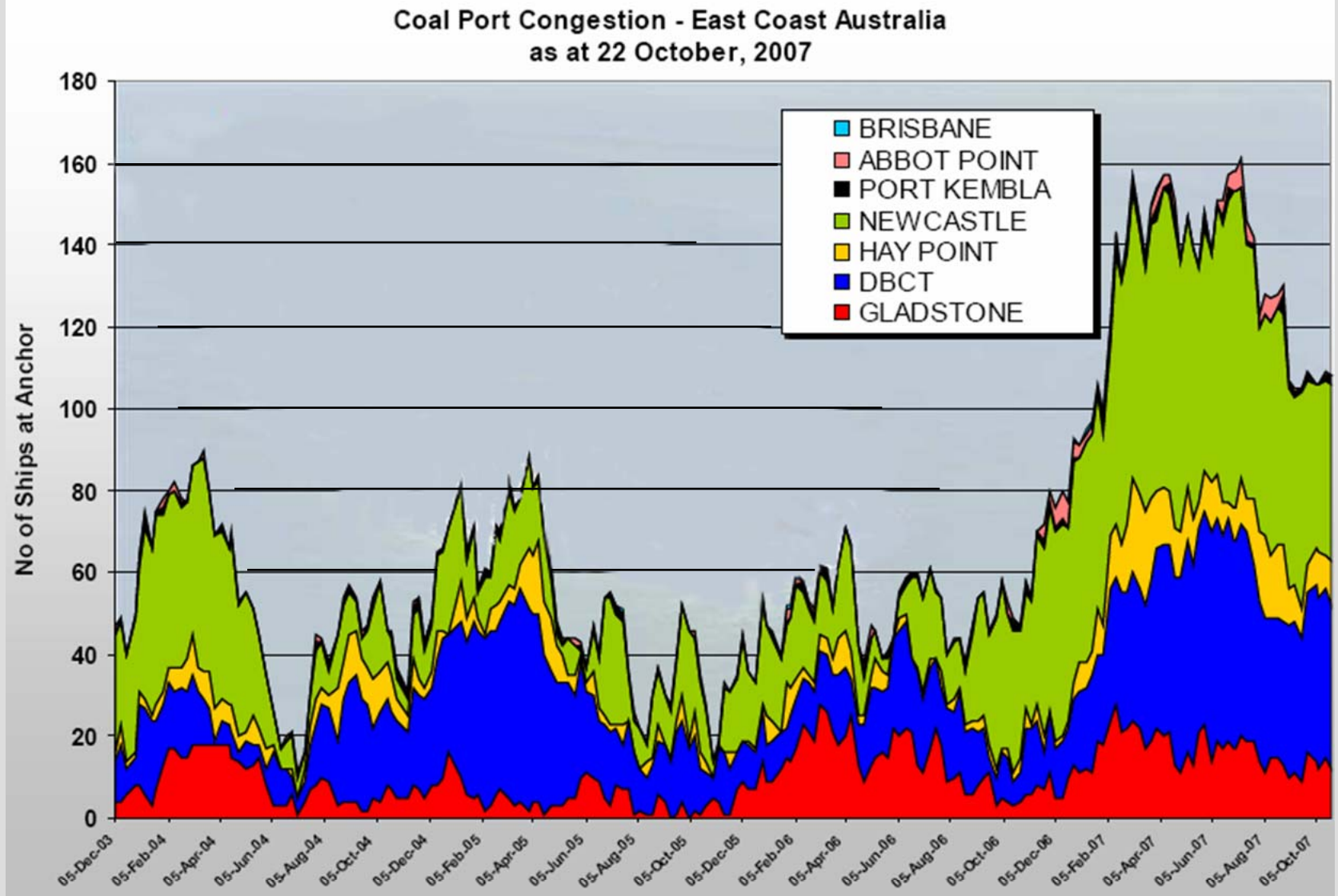


Competitive advantage

- Hay Point productivity versus all other coal export terminals



Demurrage – Ships at anchor



Expansion Execution Capability

- HPX1 & 2 – Project plan - completed



Expansion Execution Capability

- Completed HPX1 & 2 - on budget and in acceptable time frame



Before

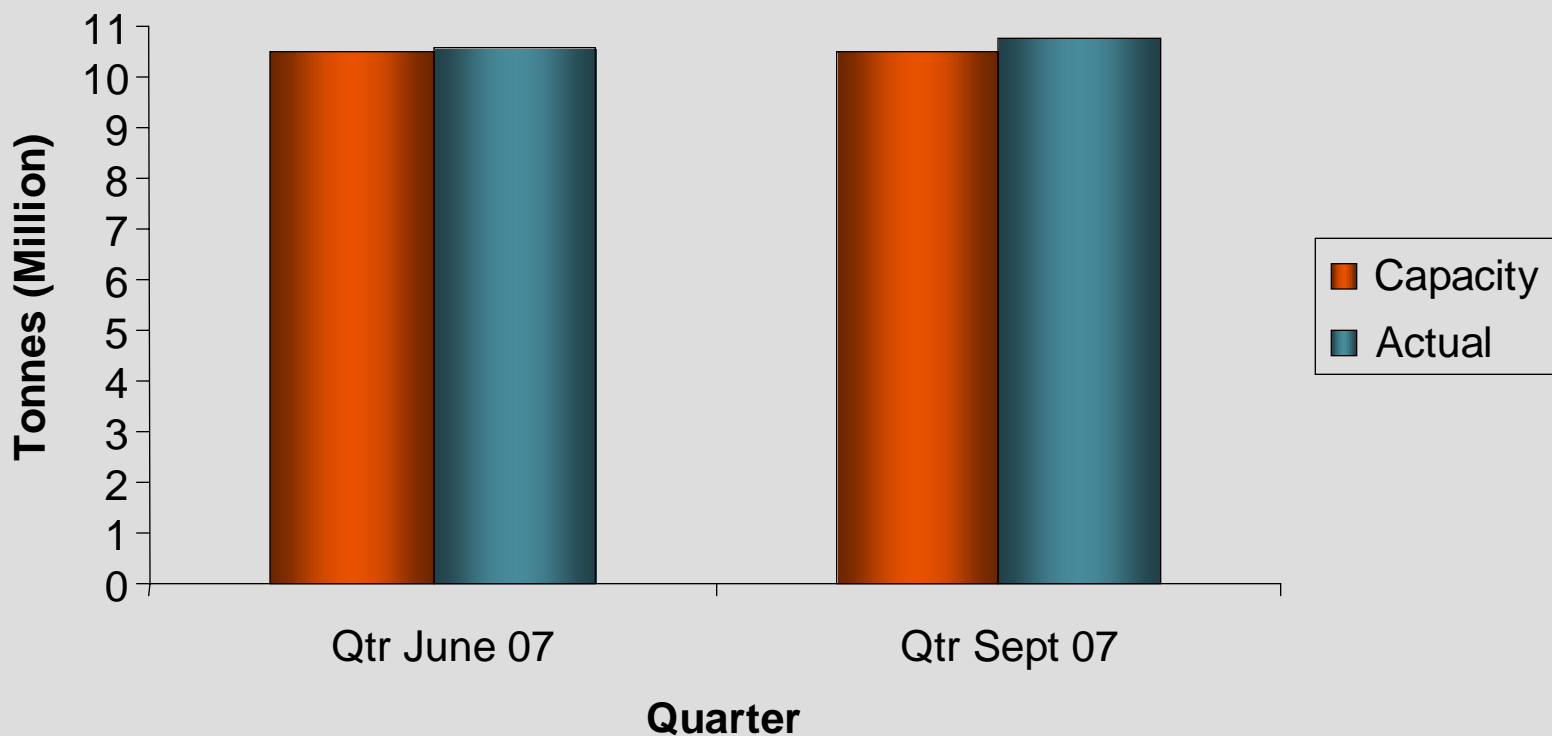


After

Expansion Execution Capability

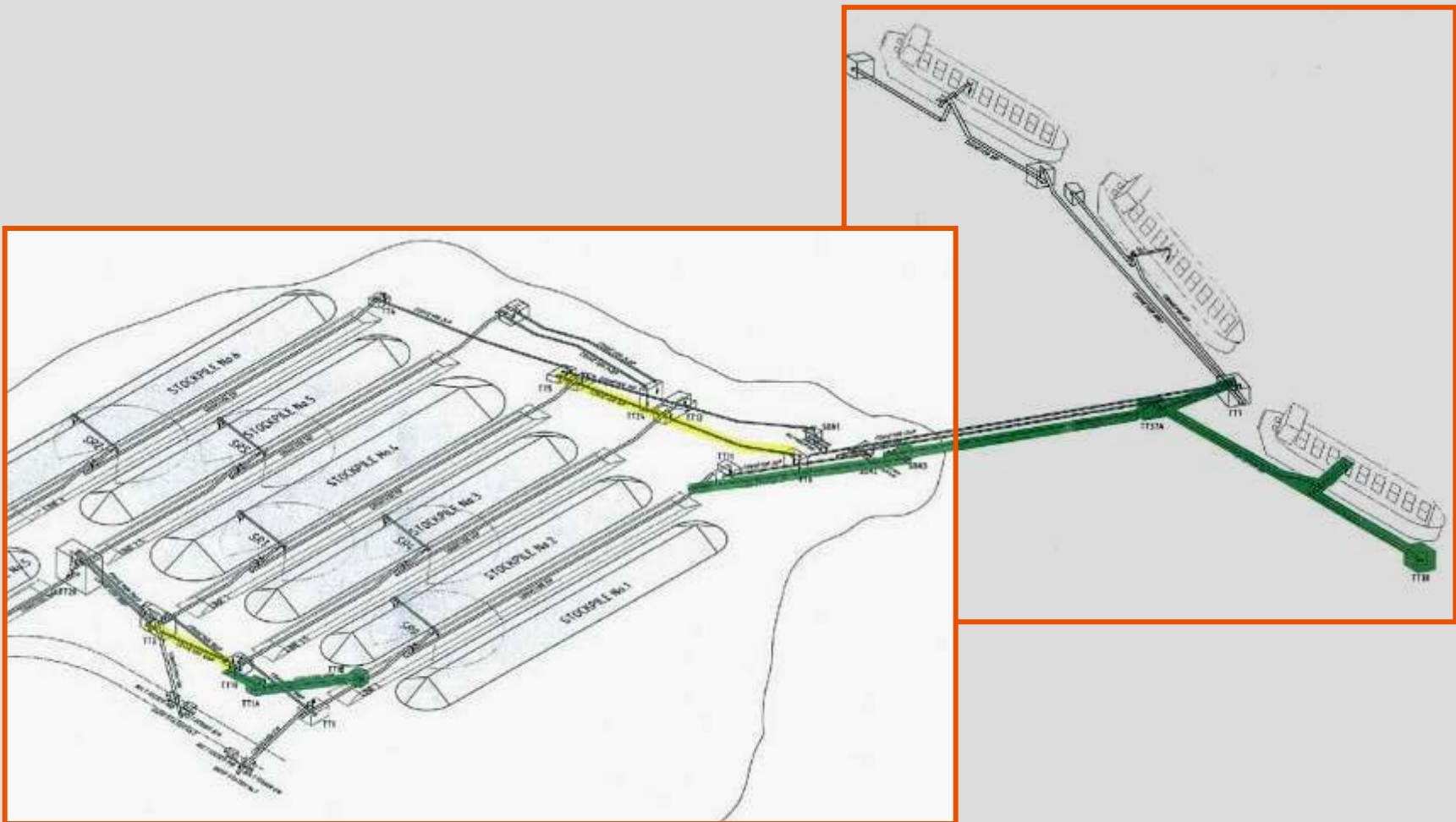
➤ *We are shipping at expanded capacity*

Tonnes shipped v Capacity



Expansion Capability

- HPX3 could deliver 55-57.5 Mtpa total nominal capacity



- *Hay Point Coal Terminal is a strategic asset for BMA:*
 - *allows us to manage the whole logistic chain from pit to customer*
 - *competitive advantages – low cost, high productivity, increased quality control*
 - *capacity to expand and a history of delivering on expansion activities*
 - *credibility, reliability, consistency and performance of the asset*



BHP Billiton Mitsubishi Alliance

Dave Murray
President Coal

Analyst Visit - October/November 2007



In conclusion

- *Strong market driven by demand from India, China and Brazil*
- *Product quality key - portfolio biased to premium end of the market*
- *Premier assets in the world's best metallurgical coal basin*
- *Large, long life, high margin, expandable resource base*
- *Strong portfolio of growth options*
- *Strategic infrastructure position*
- *Ongoing focus on cost management*