



Australian Site Tour Stainless Steel Materials CSG

Jimmy Wilson

President, Stainless Steel Materials

28 October 2008



bhpbilliton
resourcing the future

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Competent Persons for Mineral Resources and Ore Reserves are named in the BHP Billiton Annual Report 2008, which can be viewed at www.bhpbilliton.com. Phil Hopkins (Resource and Reserves), who is a member of AusIMM and full time employee of BHP Billiton and has the required qualifications and experience, verifies that the relevant content of this document is based on and fairly reflects the information in the supporting documentation relating to Resources and Reserves.

Key messages

- Safely run 100% of our assets at 100% capacity, 100% of the time
- Delivering on committed projects
- Options for low cost stable operations
- Sound long run margins
- Substantial resource base
- Superior technology advantages
- Part of BHP Billiton and hence ability to invest countercyclical to nickel market
- Nickel West acquisition is value accretive



Agenda

Overview of our Business

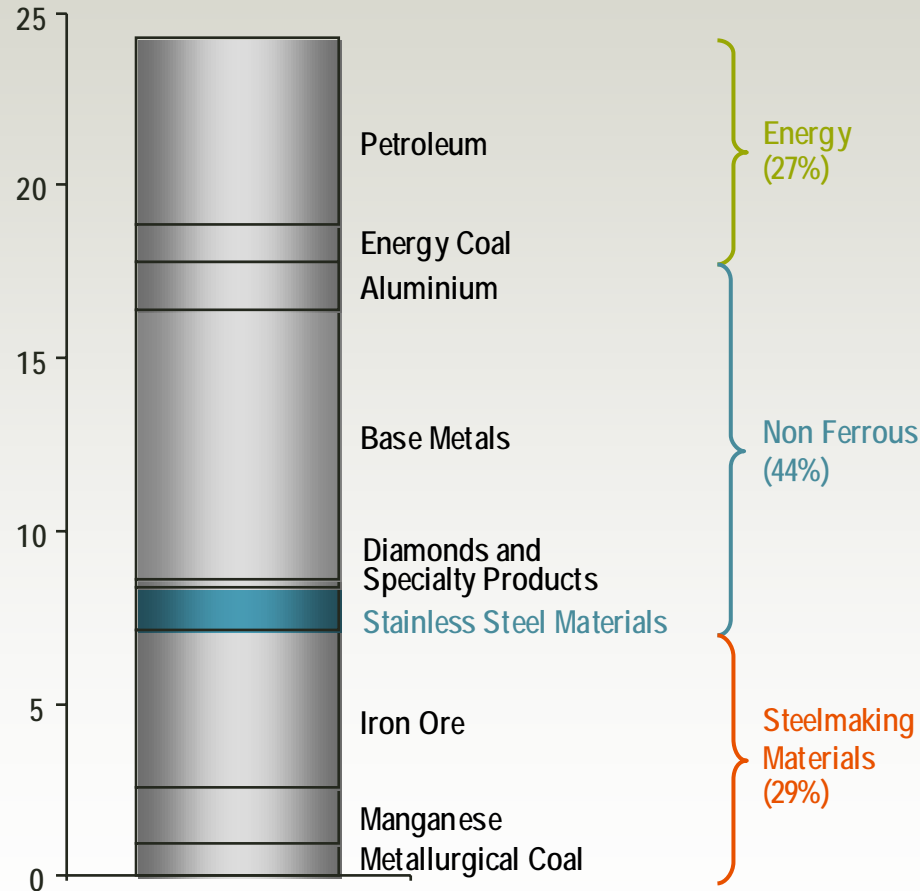
Stainless Steel Materials Performance

Growth Options

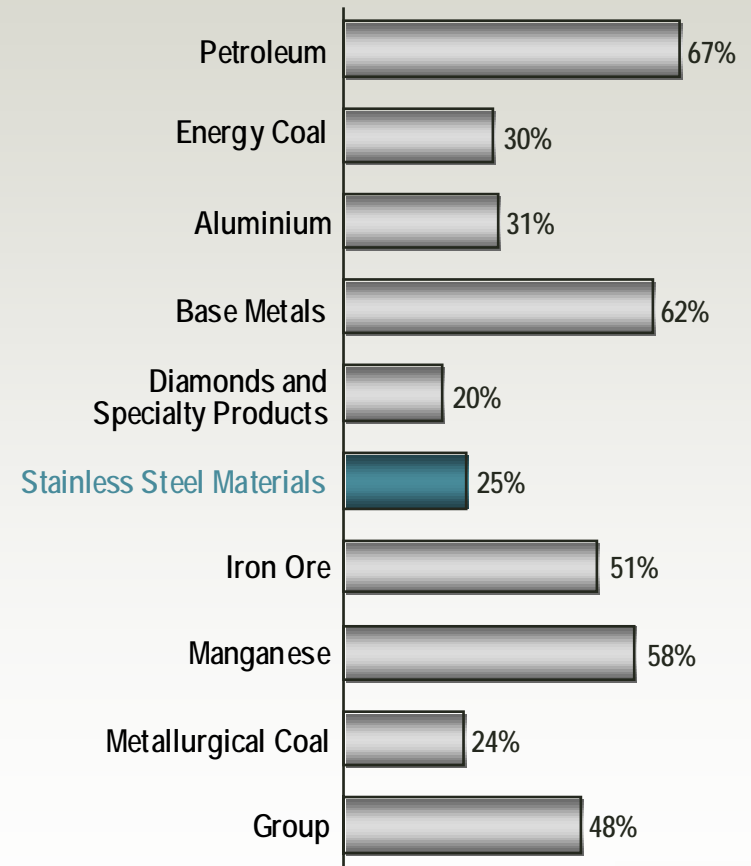
Competitive Advantages

Stainless Steel Materials in the BHP Billiton portfolio

Underlying EBIT
(FY2008, US\$bn)



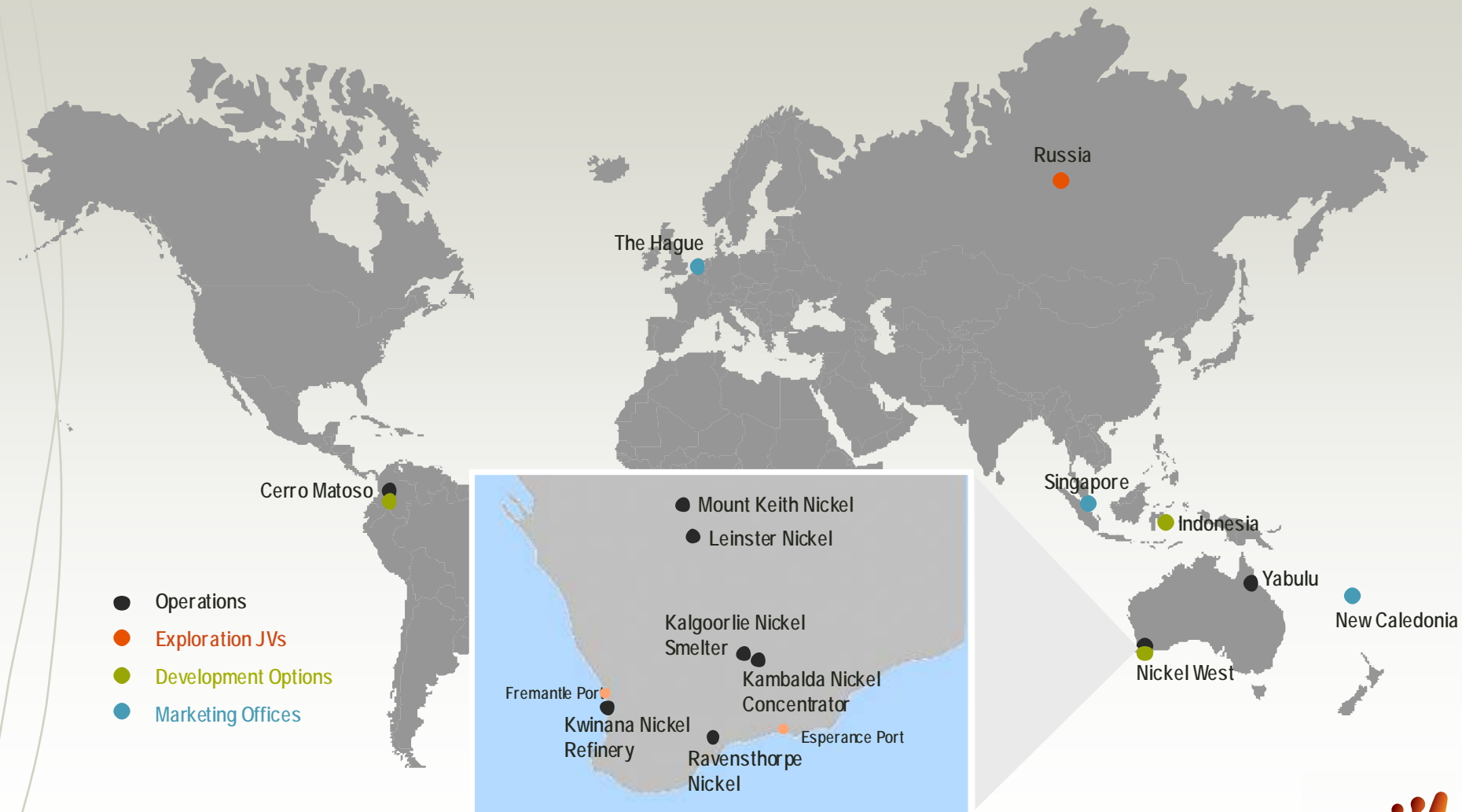
Underlying EBIT Margin^(a)
(FY2008)



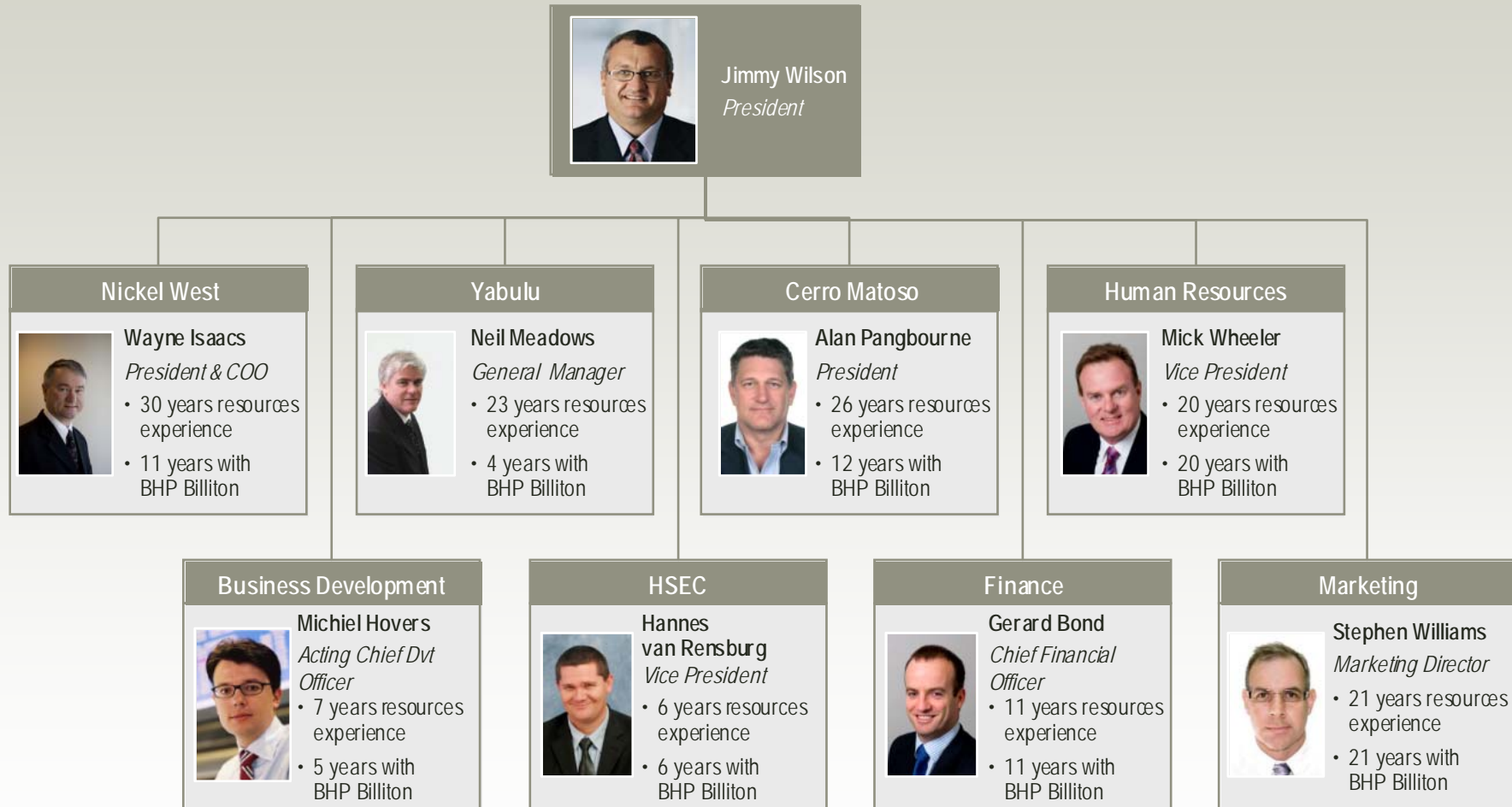
Notes:

a) EBIT Margin excludes third party trading activities.

SSM global footprint



Experienced management team



Note: Stephen Williams reports jointly to Jimmy Wilson, President Stainless Steel Materials and Tommy Schutte, President Marketing

Focus to deliver value

Safely run assets at full potential

- Continuously driving a Zero Harm culture
- Continuous focus on business optimisation and reliable production
- Recruit, develop and retain the right people

Deliver current projects

- Ramp-up Ravensthorpe / Yabulu extension
- Nickel West growth projects

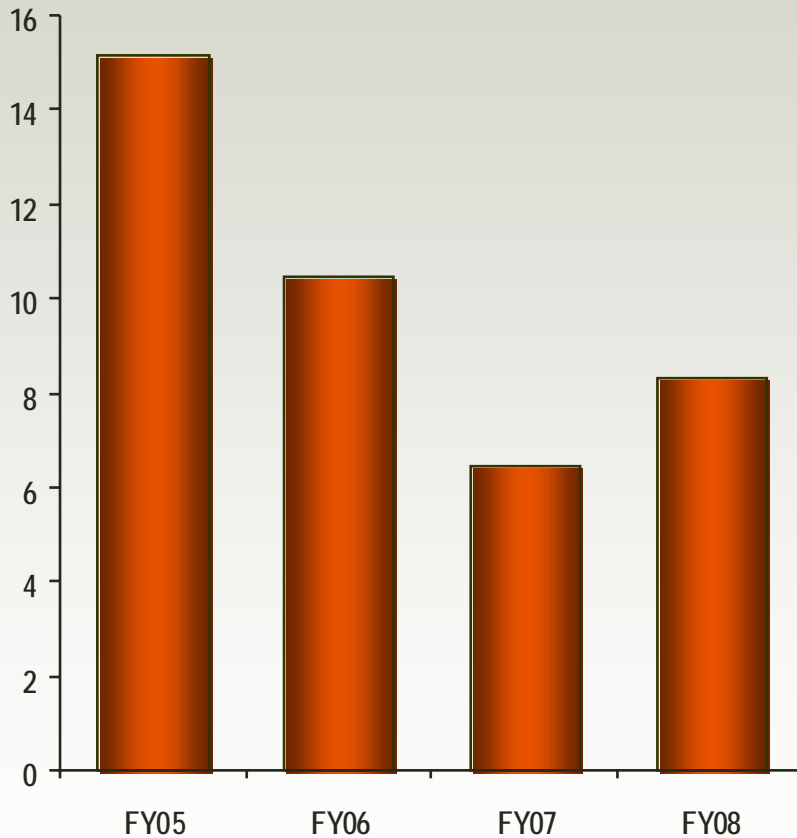
Future Growth options

- Cerro Matoso
- Nickel West
- Indonesia
- Exploration



Focus on safety

SSM – Total Recordable Injury Frequency Rate¹ (TRIFR)



1. Excludes Ravenshorpe.

• Key areas of focus

- Elimination of fatal risks
- Elimination of catastrophic risks
- Creating operational stability, key driver to improve safety performance
- Improving the quality of our Field Leadership process
- Working with contract partners
- Nickel exposure reduction

Agenda

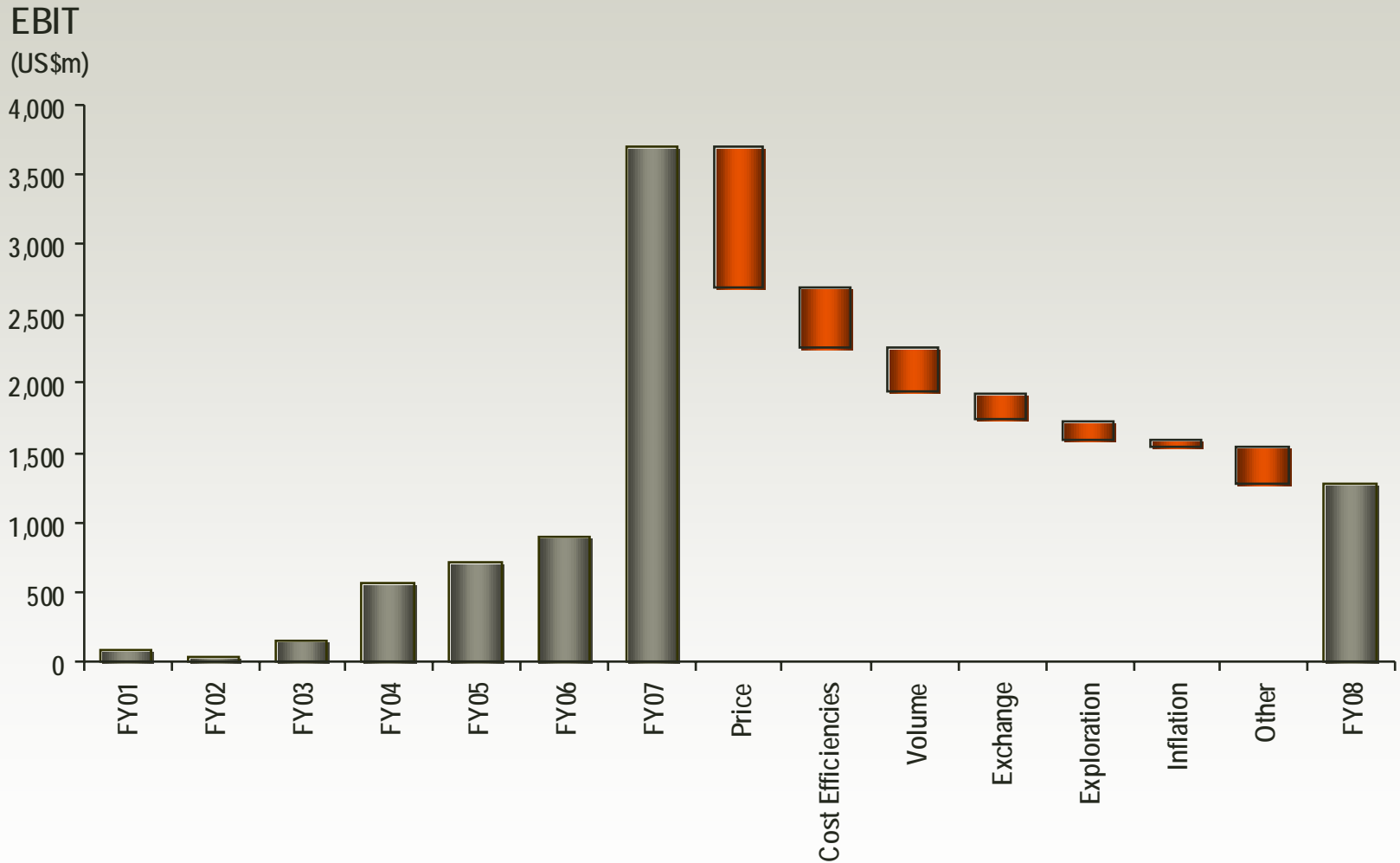
Overview of our Business

Stainless Steel Materials Performance

Growth Options

Competitive Advantages

SSM financial performance



Note: FY02 to FY05 shown on the basis of UKEAAP subsequent periods are calculated under IFRS. FY05 include one month of results for Nickel West (June). Subsequent years includes a full year of results from Nickel West.

Agenda

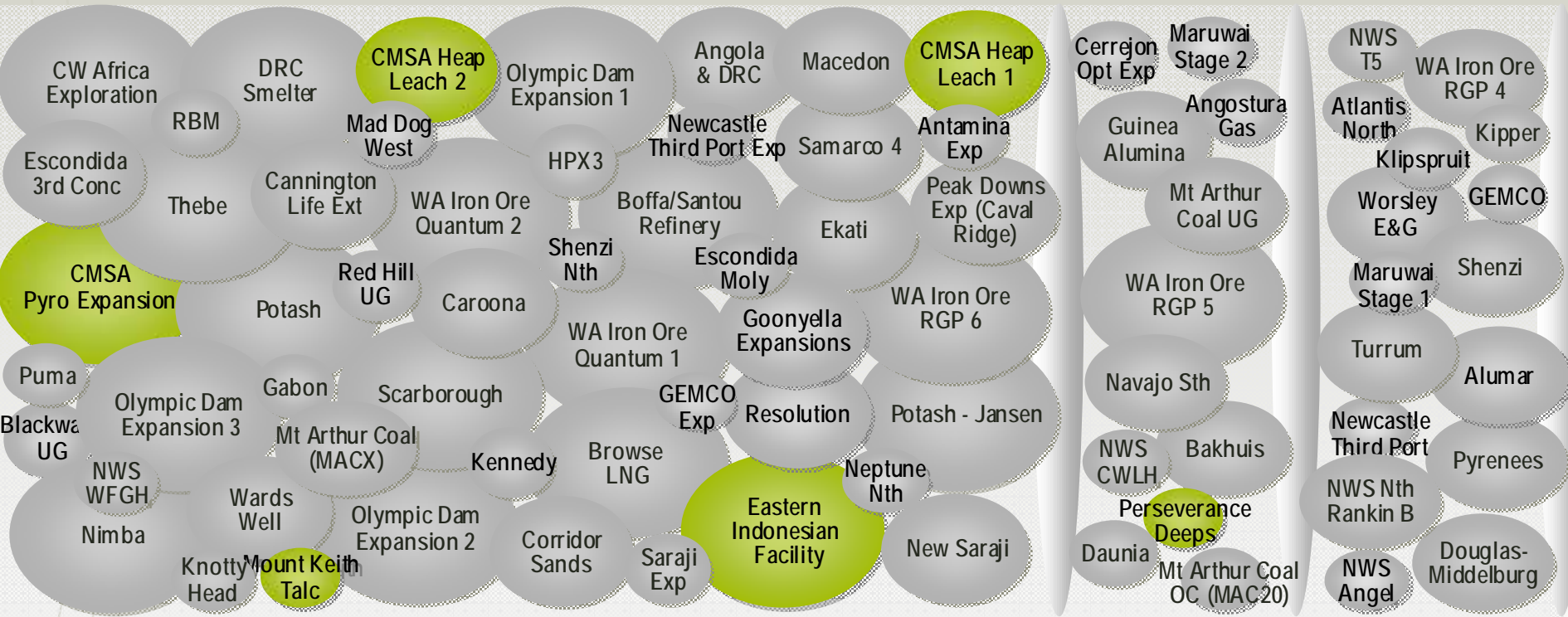
Overview of our Business

Stainless Steel Materials Performance

Growth Options

Competitive Advantages

SSM growth options in the pipeline



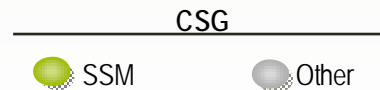
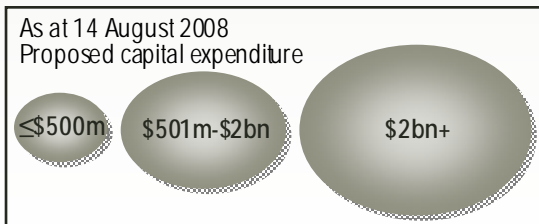
Future Options

2013

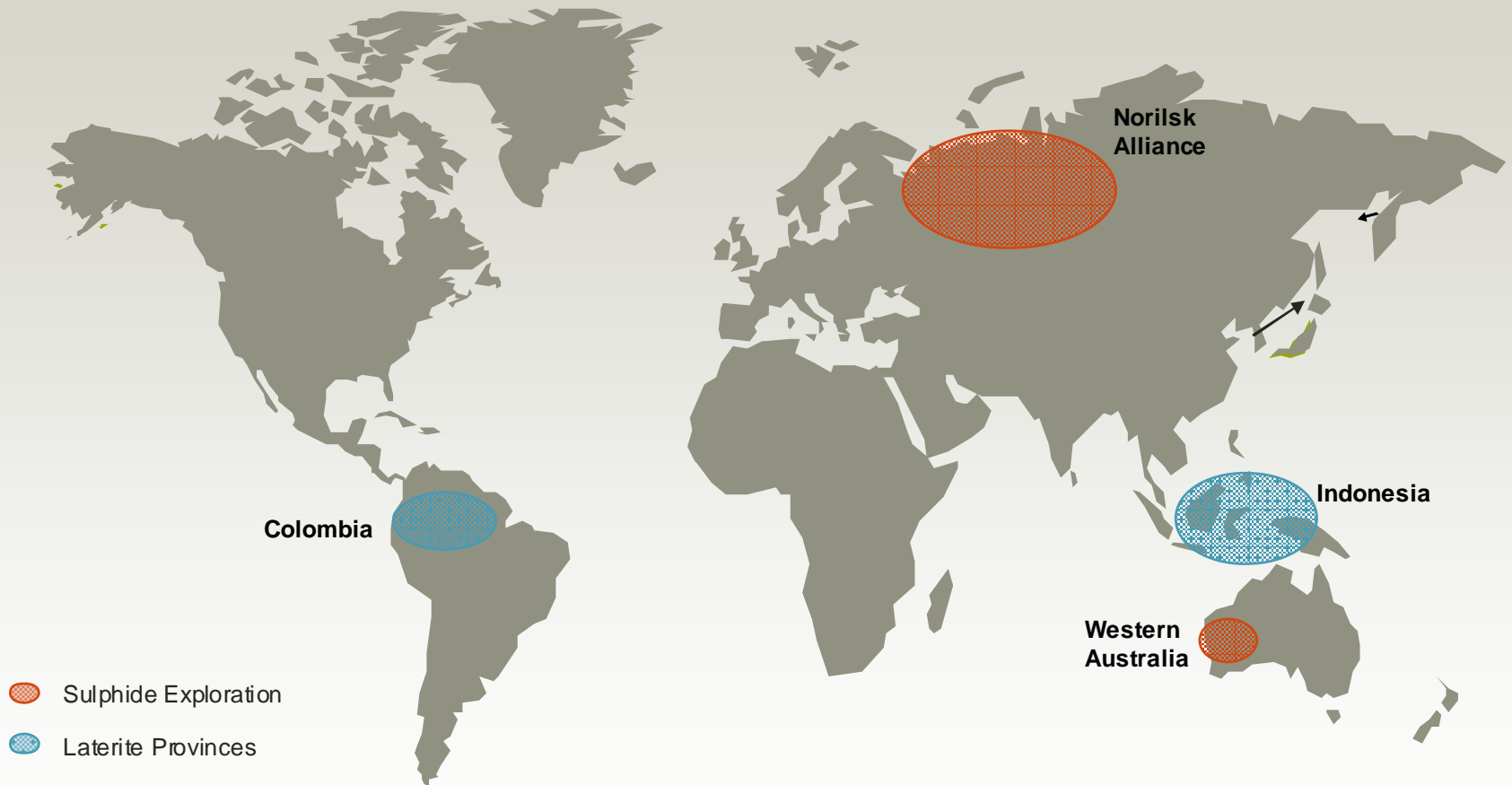
Feasibility

2009

Execution



Exploration focused on tier 1 opportunities



- Brownfields exploration to expand our WA and Colombia production
- Greenfields exploration of Tier 1 opportunities

Agenda

Overview of our Business

Stainless Steel Materials Performance

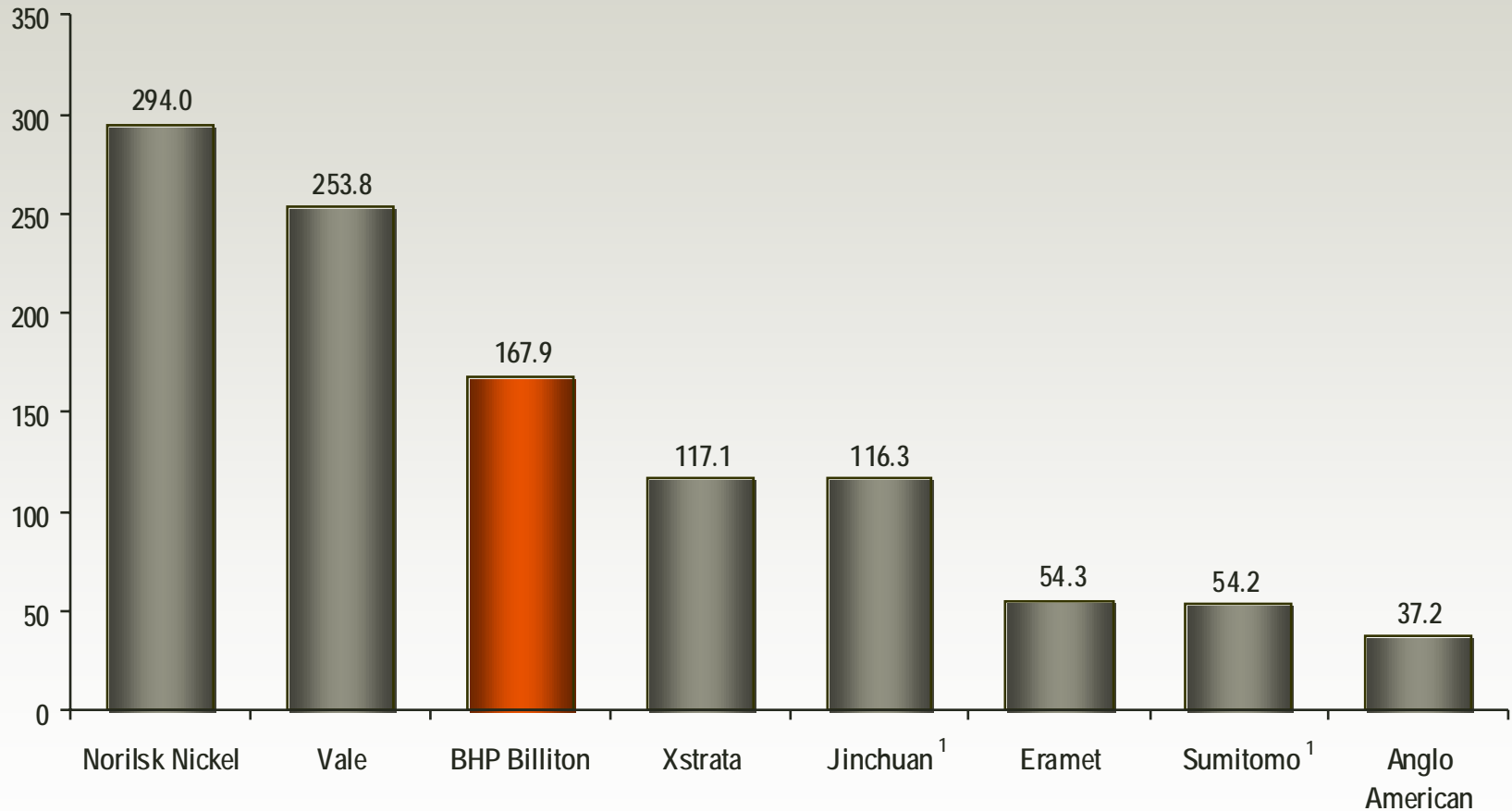
Growth Options

Competitive Advantages

BHP Billiton ranks as the No. 3 nickel producer

Production in year ending June 2008

(kt Ni)



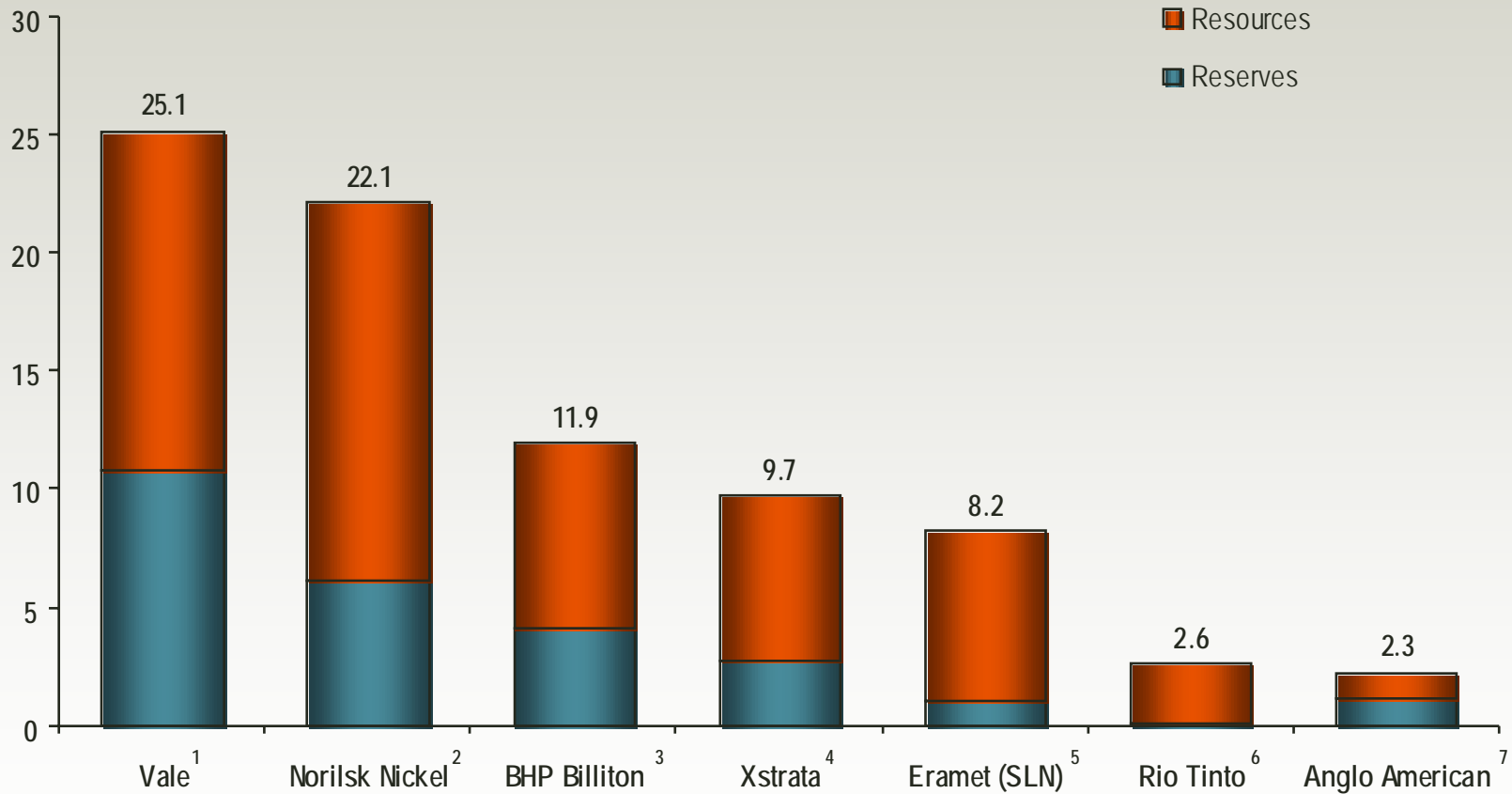
Source: Company Annual and Production reports. All production figures incorporate third party ore purchases where appropriate.

¹ CRU.

Resources to fulfil our future growth aspirations

Ni contained

(mt)



1 Reserves 2007 Annual report; Resources July 2007 Investor presentation.

2,4,5,7 2007 Annual reports.

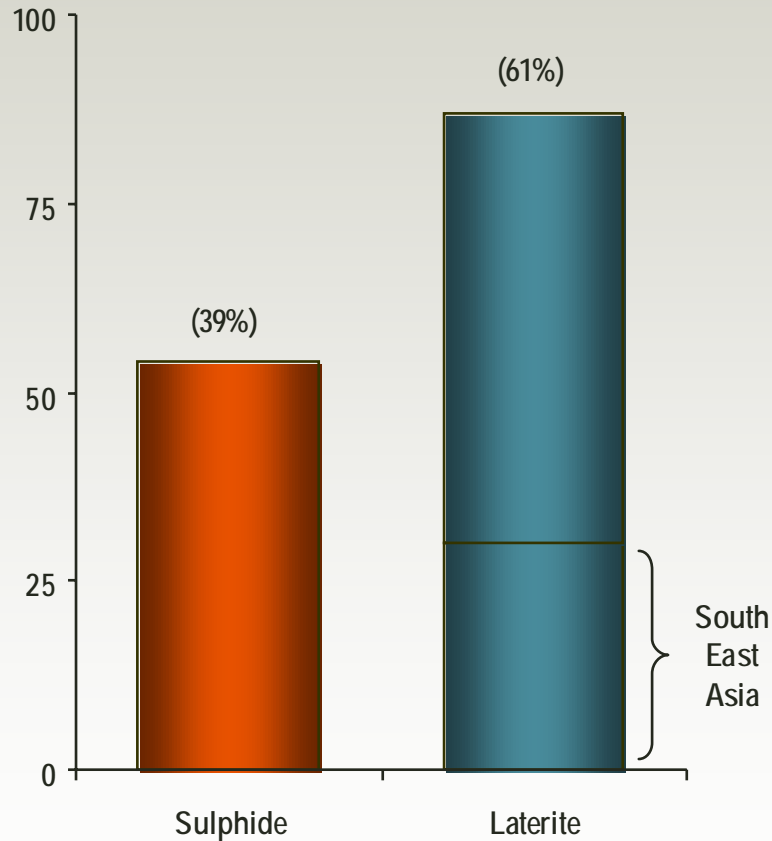
3 Total; full details available in the BHP Billiton Annual Report 2008

6 2007 Annual report & May 2008 company presentation.

Our competitive advantages

Global Nickel Resources

(mt Ni)



Source: BHP Billiton analysis

- **Significant expansion options around existing assets**
 - Cerro Matoso
 - Nickel West
- **Operating know-how across all technologies**
 - Both sulphide and laterite smelting and leaching process employed
 - Most recent experience with Ravensthorpe implementation
- **Proximity to customers and multi sourcing options**

Technology is a critical success factor for the Nickel industry

Sulphide Ores – proven “simple” technology, but exploration driven



- Key considerations:**
- Discovery
 - Mining / deposit depth/grade

Laterite Ores – known deposits, but technology and CapEx driven



- Key considerations:**
- Ore type, Nickel grade and resource intensity
 - Energy cost
 - CapEx



- Key considerations:**
- Nickel grade and resource intensity
 - Sulphur / Acid cost
 - Infrastructure and CapEx

Key messages

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- Superior technology advantages
- Part of BHP Billiton and hence ability to invest countercyclical to nickel market.
- Nickel West acquisition is value accretive





Australian Site Tour

Nickel and stainless steel market review

Stephen Williams

Marketing Director, Stainless Steel Materials

October 2008

Agenda

Demand and substitution

Supply

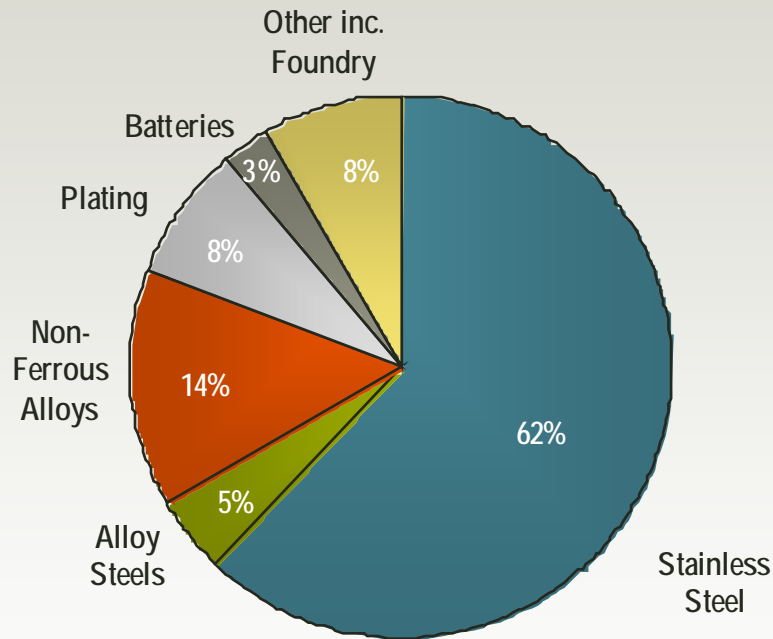
Outlook

Nickel and stainless steel market review

- Stainless steel consumption is the key driver for nickel demand
- Stainless steel and nickel are cyclical businesses with pronounced stocking and de-stocking cycles
- Stainless steel demand is expected to remain robust over the long term underpinned by urbanisation and industrialisation of China and other developing economies
- Nickel is a responsive market, increasingly influenced by supply

Stainless steel is the key driver of nickel demand

Nickel Use by Application
(CY 2007)

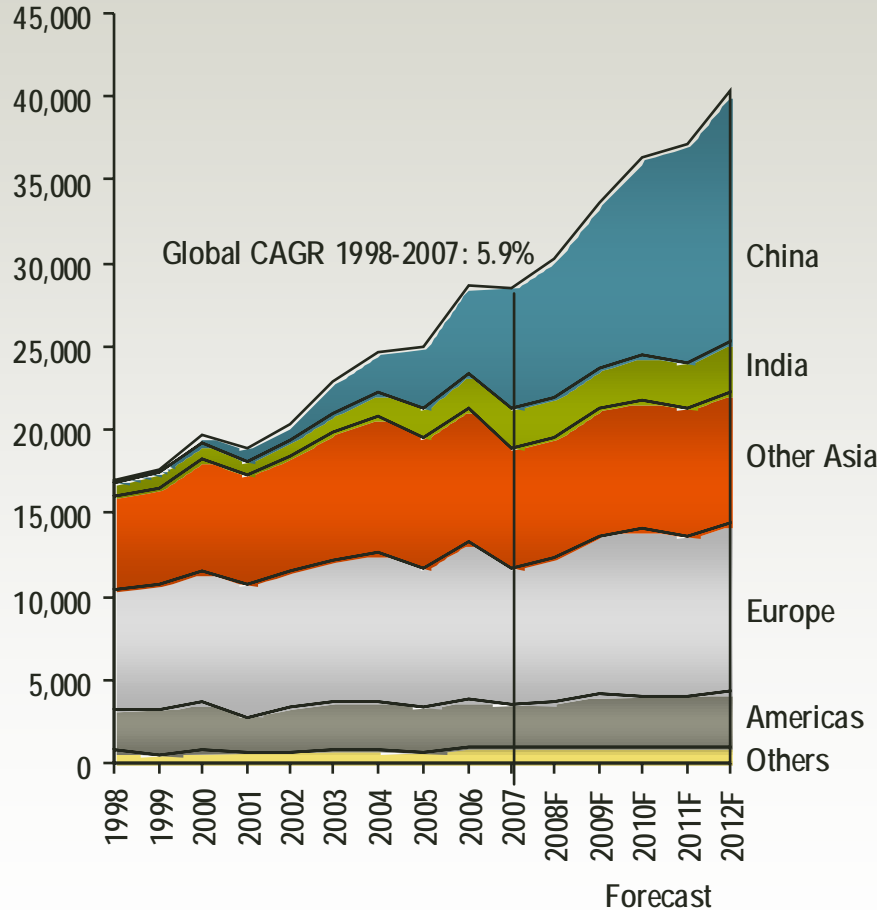


- Nickel improves durability and corrosion resistance of steel
- Two main types of stainless steel:
 - Austenitic or nickel containing (200 and 300 series)
 - Ferritic or non-nickel containing (400 series)
- The top 3 uses of nickel in stainless steel are:
 - Food Processing Equipment
 - Catering
 - Chemical Process Equipment

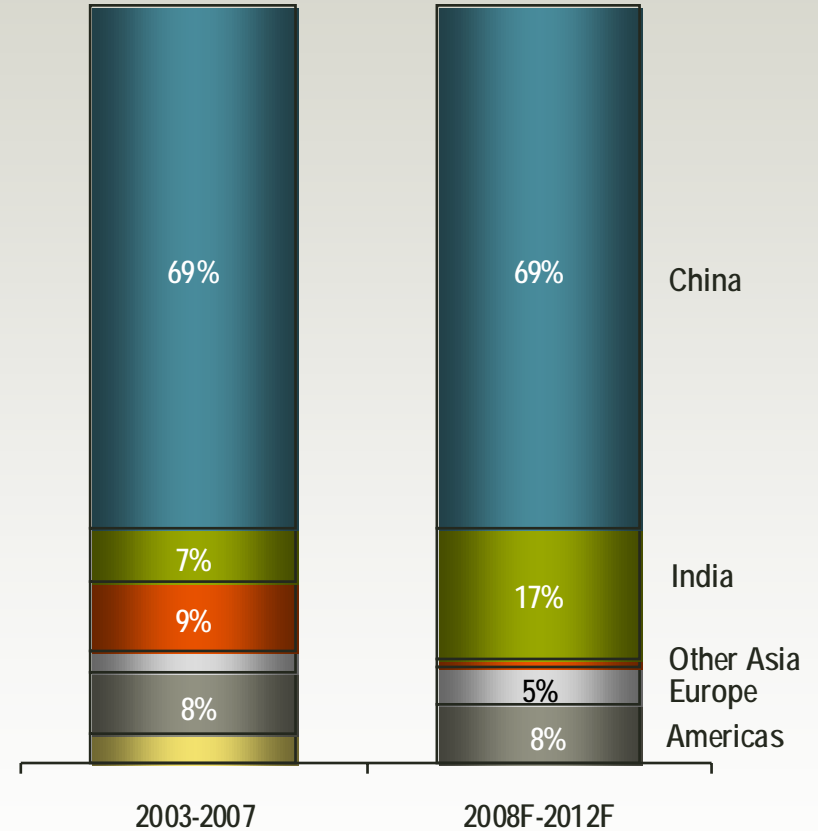
Source: CRU 2008.

Emerging markets are driving this global growth

Stainless Steel Production Growth
(CY 2007, kt)



Stainless Steel Capacity Growth by Region
(%)

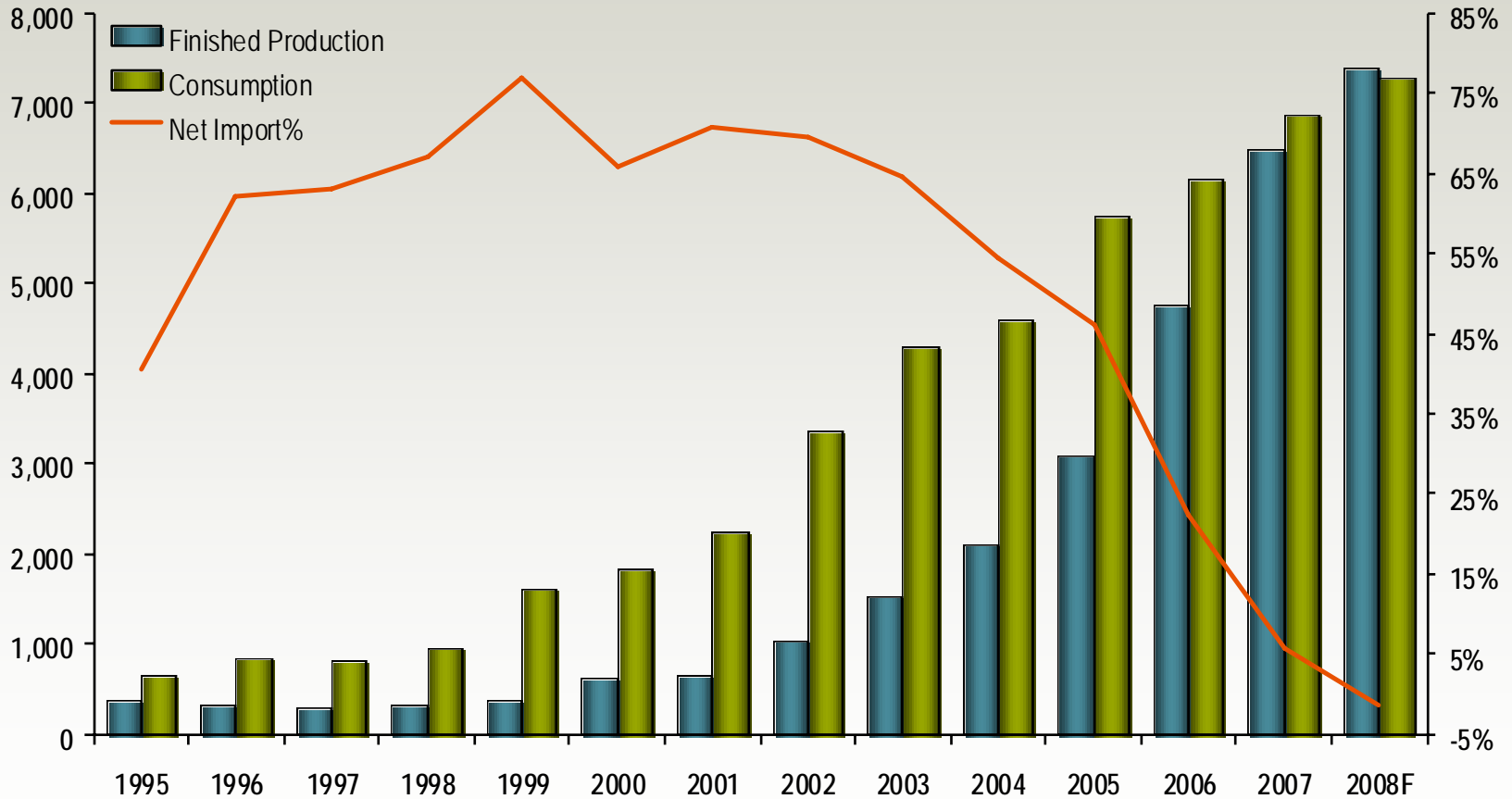


Source: CRU.

China's self sufficiency in stainless steel production

China Import and Export ('000 mt)

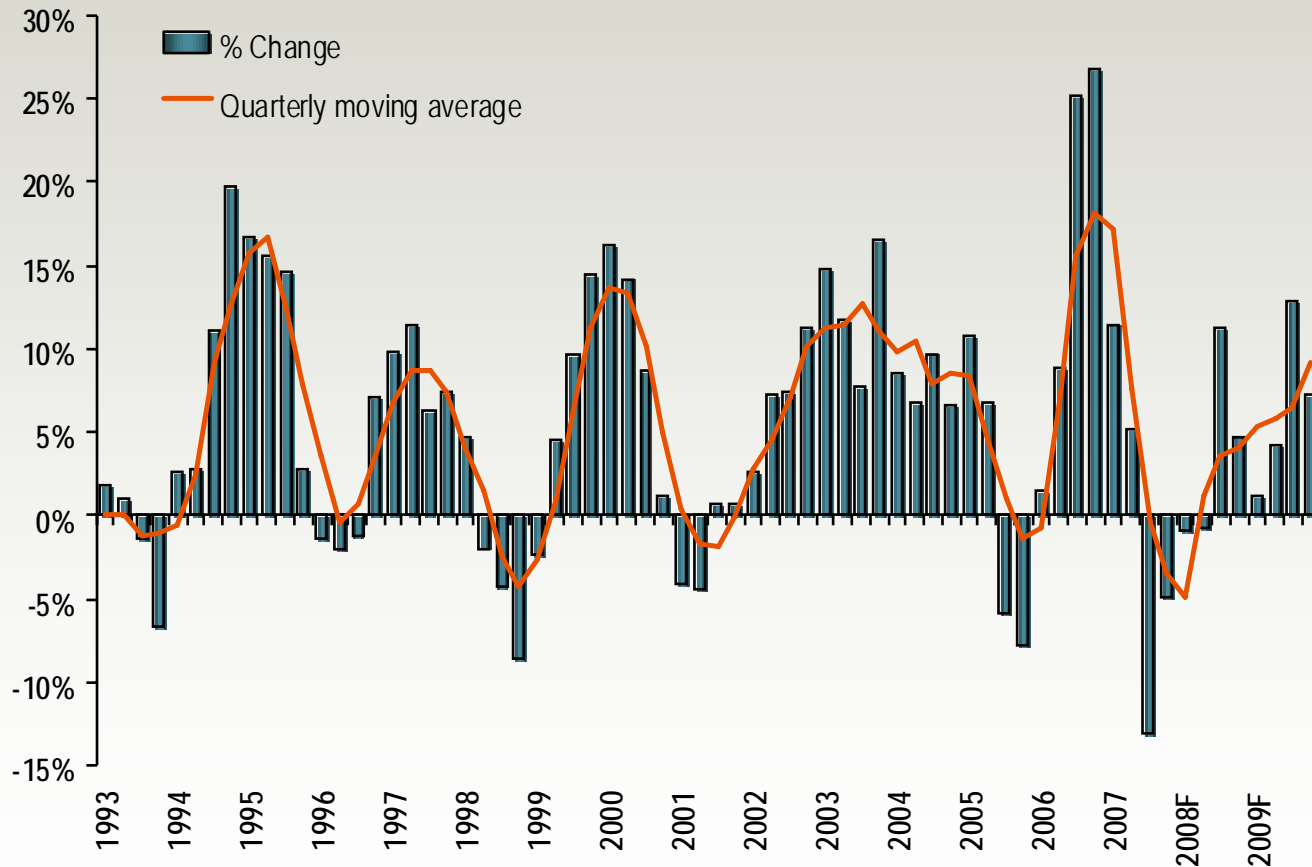
(%) Net Import position



Source: BHP Billiton, CRU, Antaike, Macquaire.

Stainless steel is a cyclical business with pronounced stocking and de-stocking cycles

1. Global stainless steel production, quarterly
2. 1993-2009, y-o-y change %



Mining / Refining



Stainless steel mills



Distributors/
Semi-Fabricators



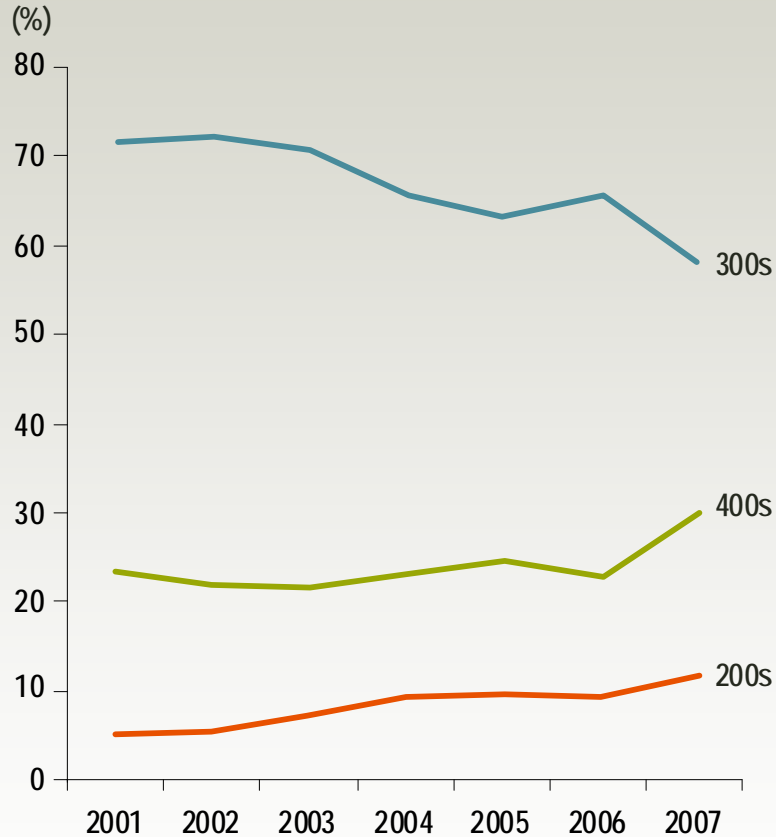
End users



Source: CRU Analysis.

The high and volatile prices encouraged substitution

Stainless Market Share



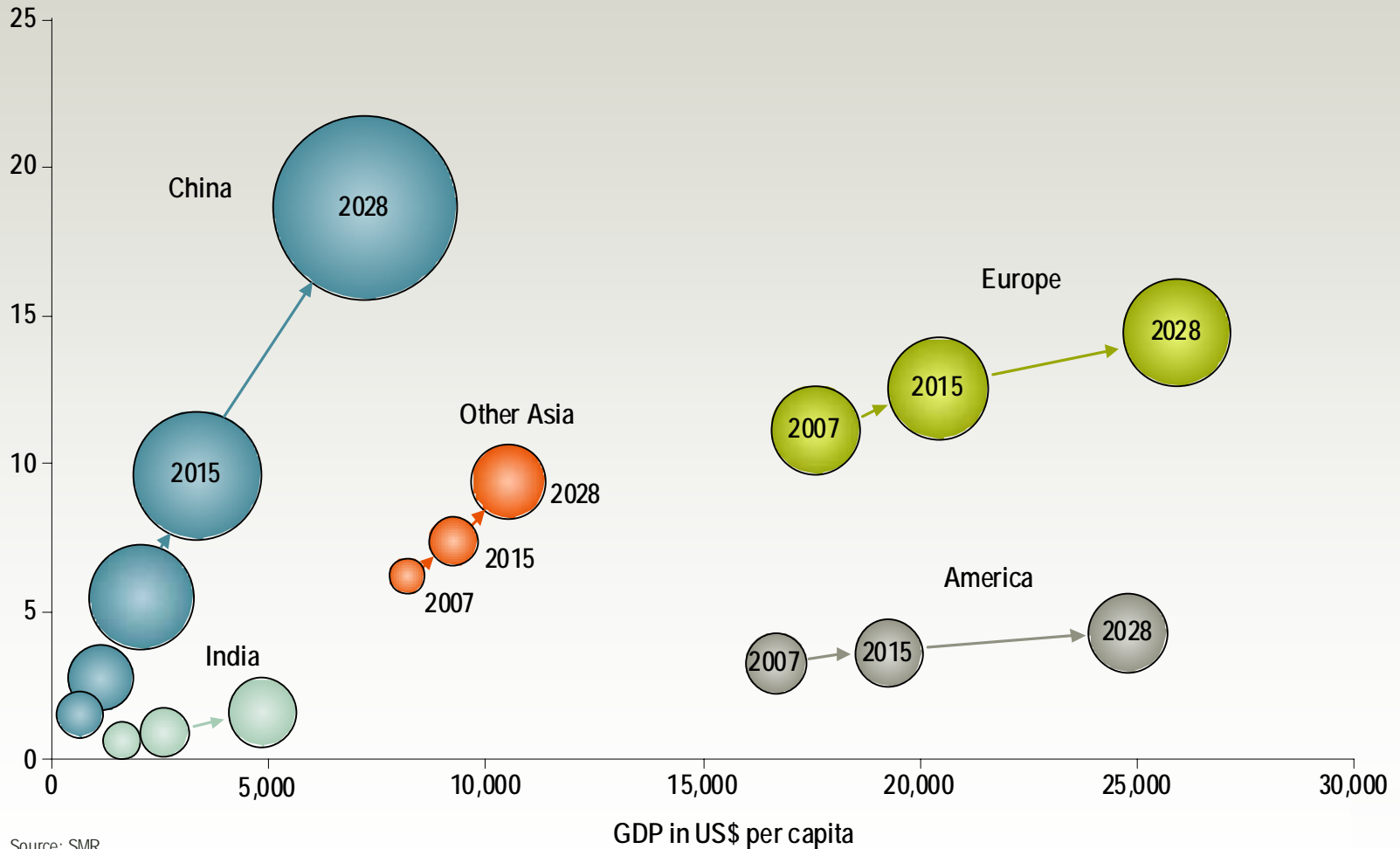
- 300 series stainless steel is durable, weldable and formable and is the workhorse of the stainless steel industry
- We expect the rate of substitution to decline as 'easier' substitution has taken place already



Source: ISSF.

Emerging economies will underpin stainless steel over the long term

Stainless Steel Consumption (kg per capita)



Source: SMR.

Agenda

Demand and substitution

Supply

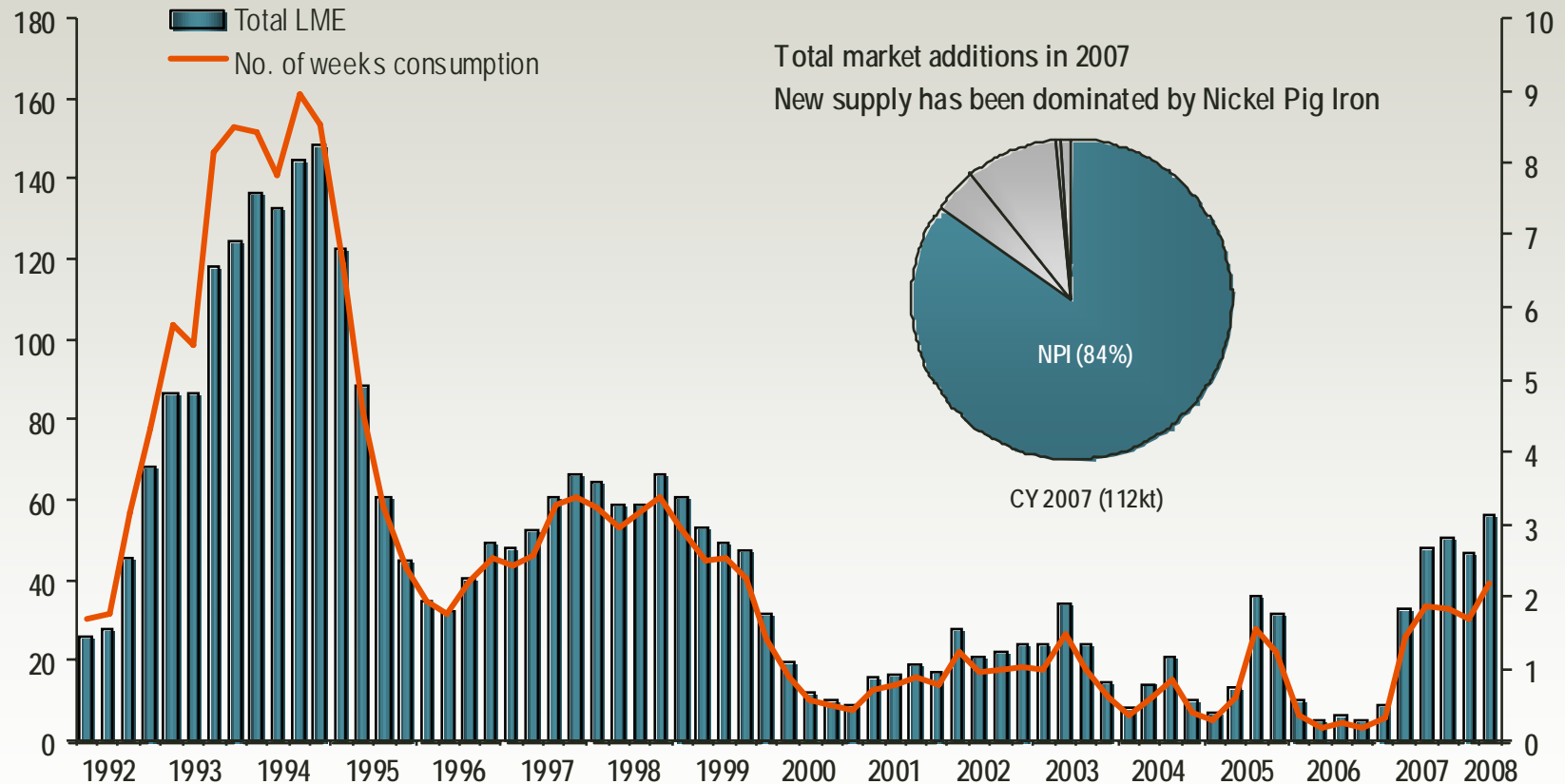
Outlook

LME stocks have risen but remain low in historical terms

Number of Weeks of Consumption & LME Stocks

(kt)

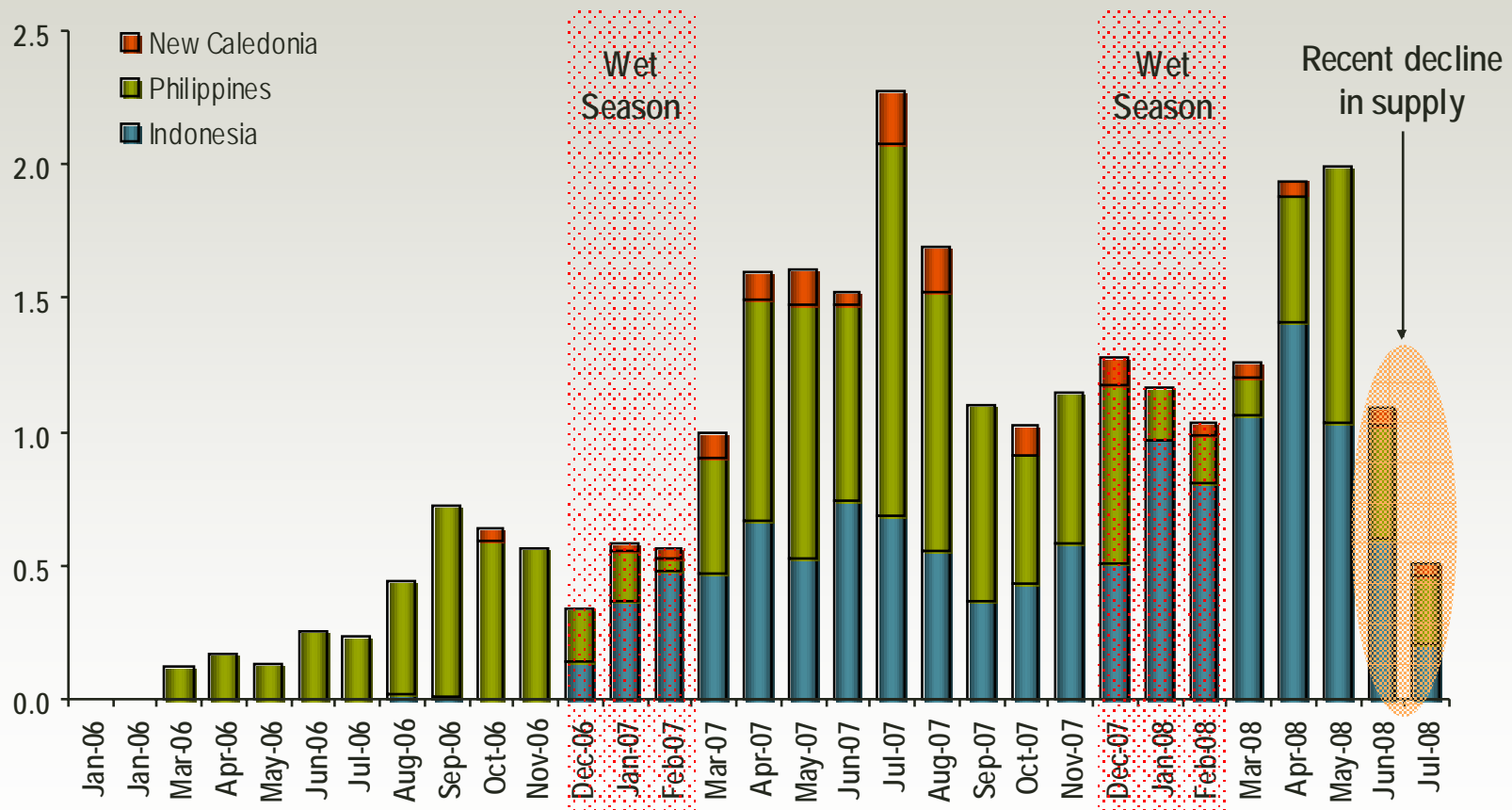
(Number of weeks consumption)



Source: CRU; BHP Billiton Analysis.

Nickel pig iron responded as supply source and is now declining

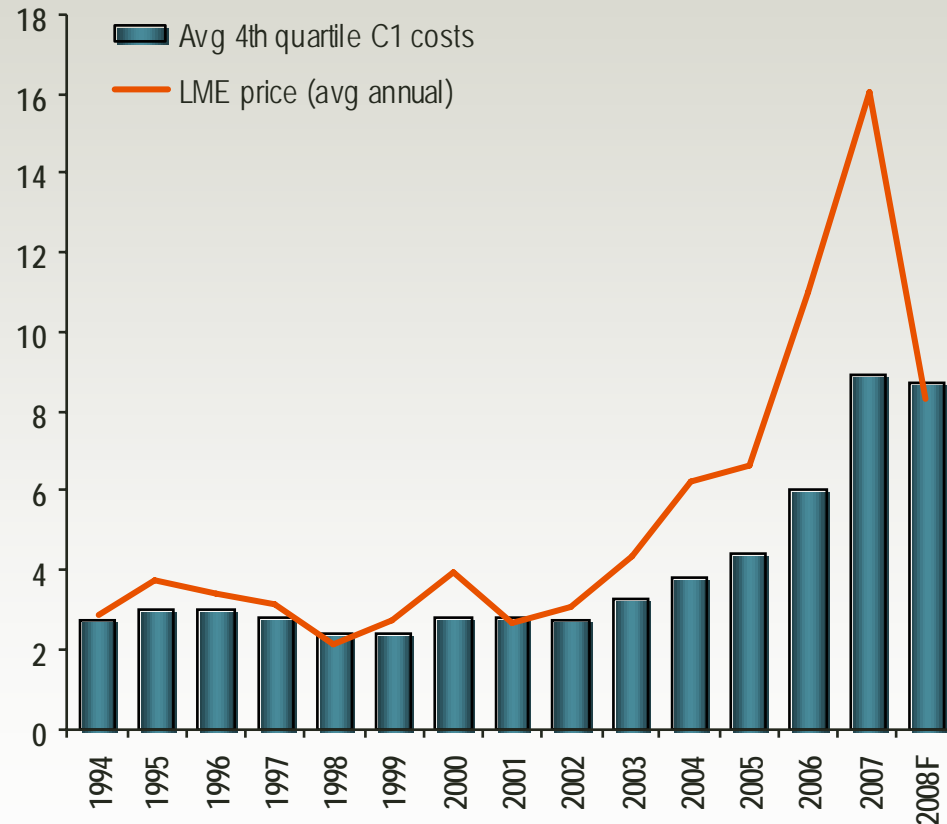
Ore imports by origin (mt)



Source: China Customs.

Higher cost supply is coming under pressure as the marginal producer is squeezed (>120ktpa announced)

Nickel C1 cost and price
(US\$/lb)



Source: Brook Hunt; BHP Billiton analysis.

Existing operations suspended:

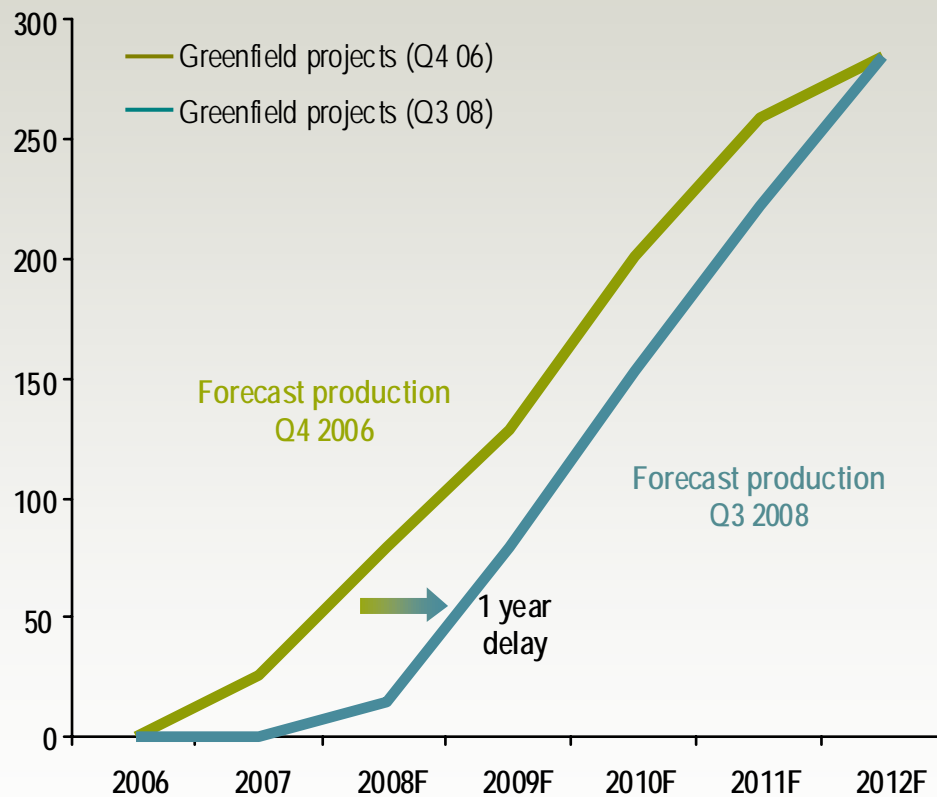
- Falcondo (11ktpa)
- Ufaley/Rehz (5ktpa)
- Cawse (8ktpa)
- Radio Hill (2ktpa)
- Blair Mine (2ktpa)
- Yulin Wei, Xi'an (8ktpa)
- NPI (20-30ktpa)

Projects deferred:

- Murrin Murrin HL (10ktpa)
- Tati Activox Refinery (22ktpa)
- Scholl B2 (3ktpa)
- Bah Phuc (4ktpa) (suspended)
- Windarra (5.5ktpa)
- Nunavik (12ktpa)
- Kylyahti (3ktpa)

Future supply growth: Disruption a feature of new supply growth?

Expected future production from committed and highly probable nickel developments
(kt) Ni



Upcoming projects include:

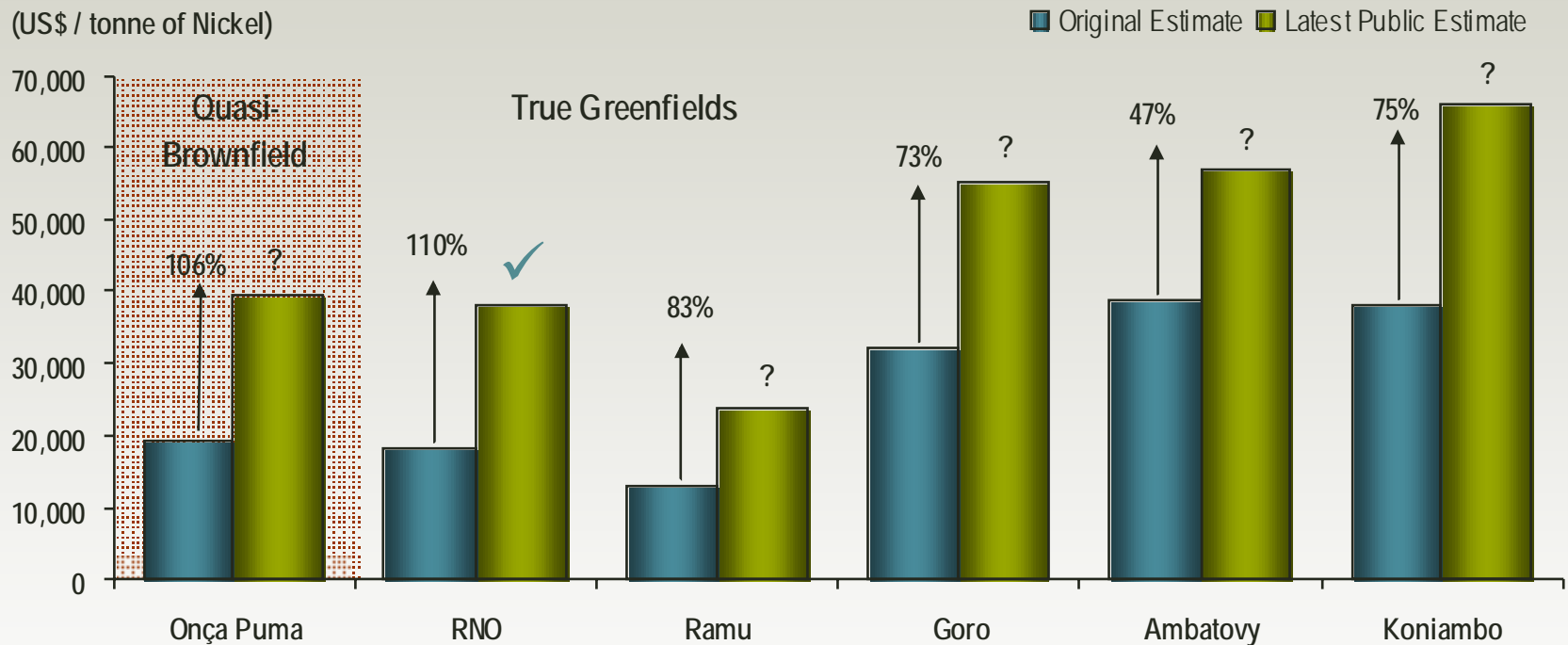
- Vale (Onça Puma; Goro)
- Xstrata (Koniambo)
- Anglo American (Barro Alto)
- Sherritt/Sumitomo/Korean Consortium (Ambatovy)
- Ramu (CMCC/Jinchuan/Jien/Jisco)

Source: BHP Billiton Analysis

All major Nickel projects have experienced significant capital cost escalation. Most of them yet to be completed

Nickel Project Capital Intensity

(US\$ / tonne of Nickel)



Escalation driven by:

- Shortage of skilled workers resulting in cost escalation
- Higher contractor margins
- Shortages in global manufacturing resulting in cost escalation and increased schedule
- Increasing raw material prices

Source: SSM for Ravensthorpe, and public disclosures for other projects. The "?" indicates that the project has not been completed yet.

Agenda

Demand and substitution

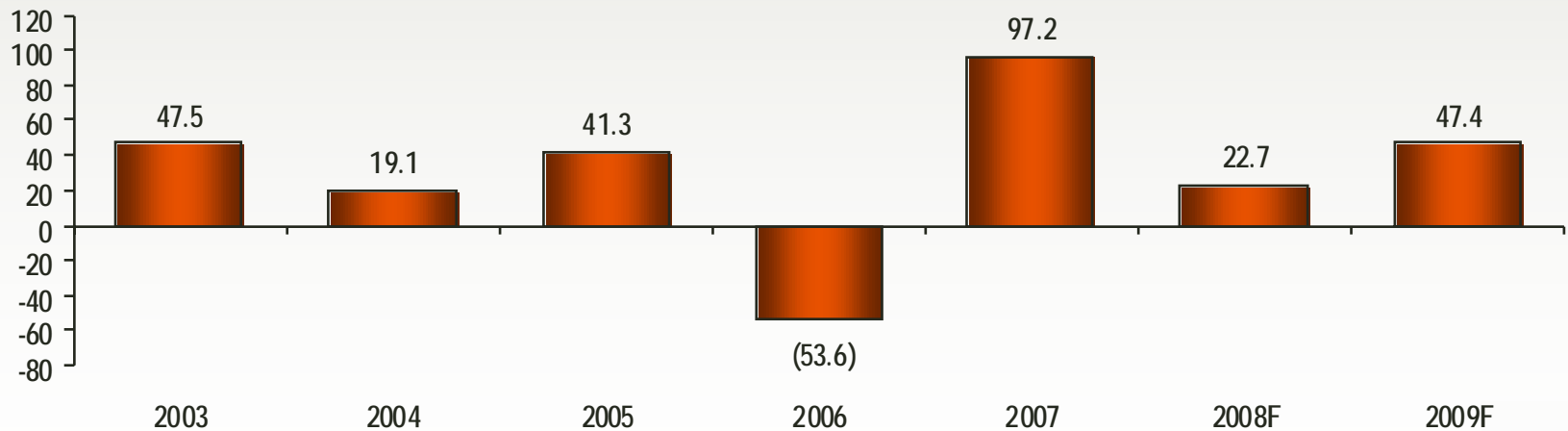
Supply

Outlook

Short term cyclical swings and supply side correction

	2003	2004	2005	2006	2007	2008F	2009F
Global Supply (kt)	1286	1276	1281	1346	1432	1407	1497
% change		(0.9)%	0.4%	5.1%	6.4%	(1.8)%	6.4%
Global Consumption (kt)	1239	1256	1239	1399	1335	1384	1450
% change		1.4%	(1.4)%	12.9%	(4.6)%	3.7%	4.7%
Surplus/(Deficit)	47.5	19.1	41.3	(53.6)	97.2	22.7	47.4

World Nickel Supply & Demand Balance
(‘000 Tonne)



Source: CRU.

Key messages

- Stainless steel and nickel are cyclical commodities with a strong underlying growth trend
- They are responsive markets as evidenced by the rapid introduction of nickel pig iron and now a supply side correction
- Stainless steel and nickel growth continues to look promising in the long term due to the emerging market effect





Australian Site Tour

Nickel West

Wayne Isaacs
Nickel West President and Chief Operating Officer

October 2008

Agenda

Key Messages

Sustainability

Business Overview

Growth Options

Key Messages

- Operating assets safely
- Focussing on efficiency and reducing costs
- Exploring to find reserves to support long-life assets
- Assessing next phase of projects

Agenda

Key Messages

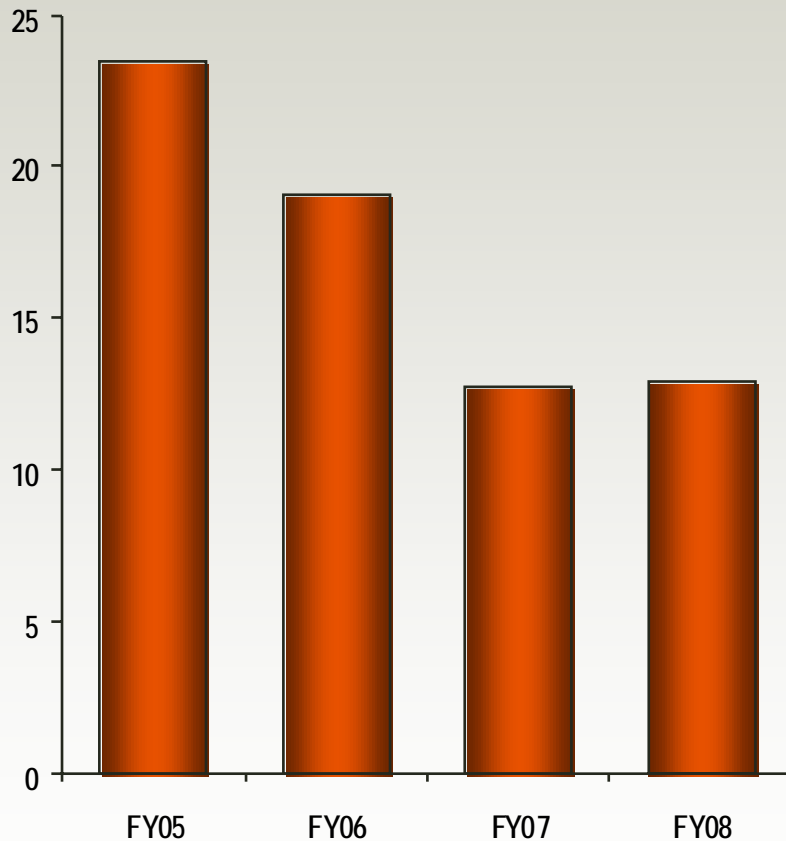
Sustainability

Business Overview

Growth Options

Safety and Health – Nickel West

Nickel West – Total Recordable Injury Frequency Rate¹
(TRIFR)



1. Excludes Ravenshorpe.

- A safety culture driven by
 - Fatality prevention (FRCP)
 - Strong leadership
 - Safe behaviours and equipment
 - Compliance, audit and governance
- Health and fit-for work programs
 - Fatigue management
 - Alcohol and drug testing
 - Atmospheric monitoring
 - Healthy lifestyle promotions

Sustainable environment and community programs

- Sustainability priorities include :
 - Increased indigenous employment
 - Indigenous education and training
 - Community development partnerships
 - Active employee community participation teams
 - Uniform certified environmental programs
 - Understanding our energy footprint



Agenda

Key Messages

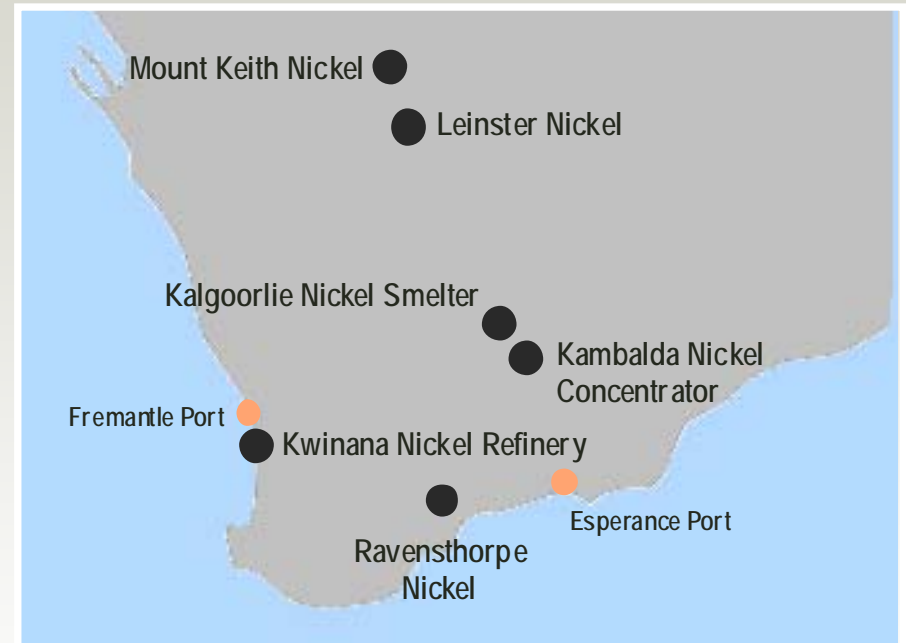
Sustainability

Business Overview

Growth Options

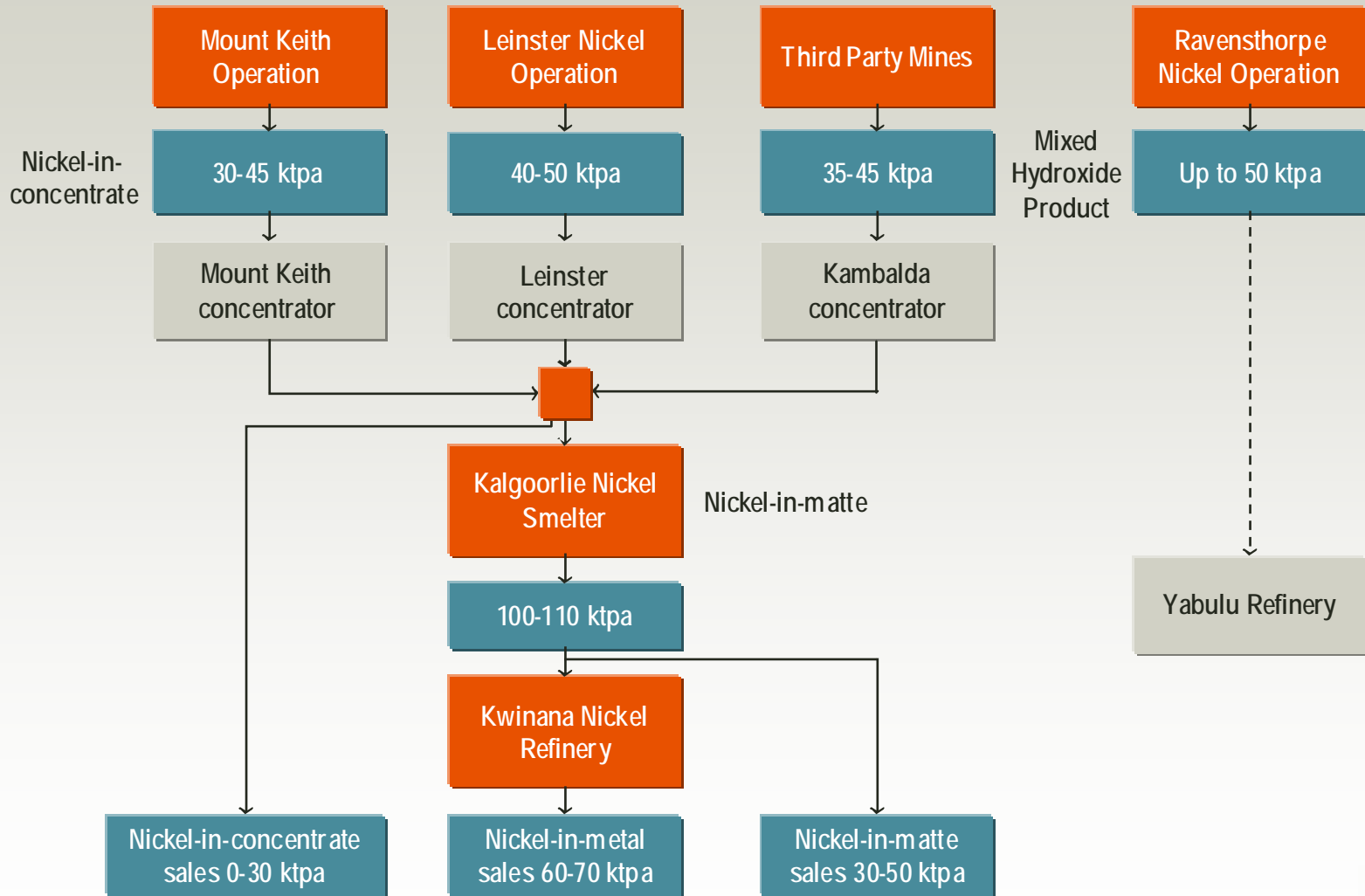
Nickel West – Operations

- World's third largest producer of nickel-in-concentrate
- Produced 107 kt¹ contained nickel in FY 2008
- Approximately 3,500 employees and operational contractors
- Nickel West's business
 - Mining, concentrating, smelting, and refining
 - A major operation is being ramped-up at Ravensthorpe



1. Includes production from Ravensthorpe.

Nickel West flowchart



Note: Indicative production – varies depending on mining profile

Leinster Mines and Concentrator

Mines

- Perseverance underground – ore reserves of 11 mt @ 1.85% Ni¹ – life to ~2014
- Satellite operations now in production
 - Cliffs
 - Rocky's Reward

Concentrator

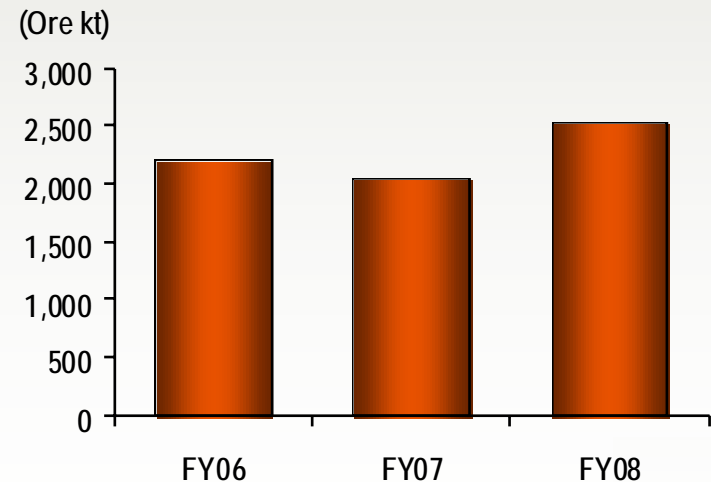
- Mill throughput ~3 mtpa
- Recovery of ~85%

Production

- 40-50 ktpa nickel in concentrate @ ~11.5% Ni grade



Leinster Mine Feed



1. Total; full details available in the BHP Billiton Annual Report 2008

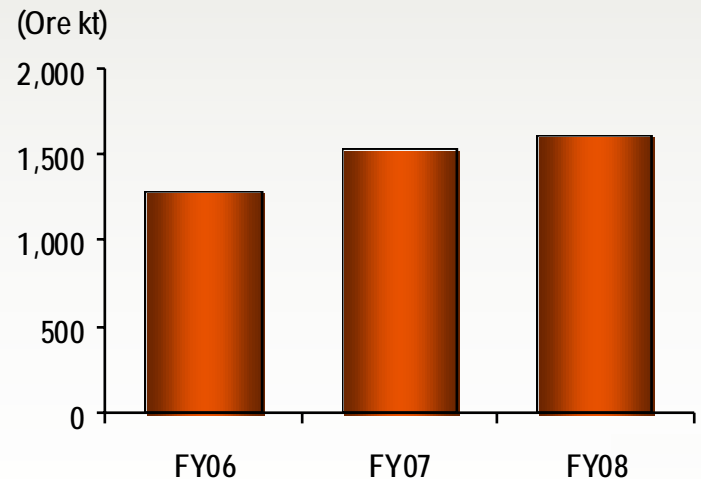
Kambalda Nickel Concentrator

Concentrator

- Mill throughput >1.6 mtpa
- 35-45 ktpa Ni in concentrate @ ~13% Ni grade
- Output driven by third party resource base
- Partnerships with third party producers to sustain a viable future for Kambalda



KNC Mine Feed



Kalgoorlie Nickel Smelter

Smelter

- 750 ktpa concentrate throughput capacity
- Furnace re-build June to Sept 2008
 - Completed ahead of schedule
 - Successful ramp-up
 - Improved operational flexibility
 - Positions smelter for next 15 years



Kwinana Nickel Refinery

Refinery

- Based on Sherritt-Gordon technology
- Efficient, low cost producer
- Premium briquette product
- Competes with global refineries for matte
- Furnace rebuild an opportunity for KNR shutdown
- Work set up the refinery for four years' operation before the next planned shutdown

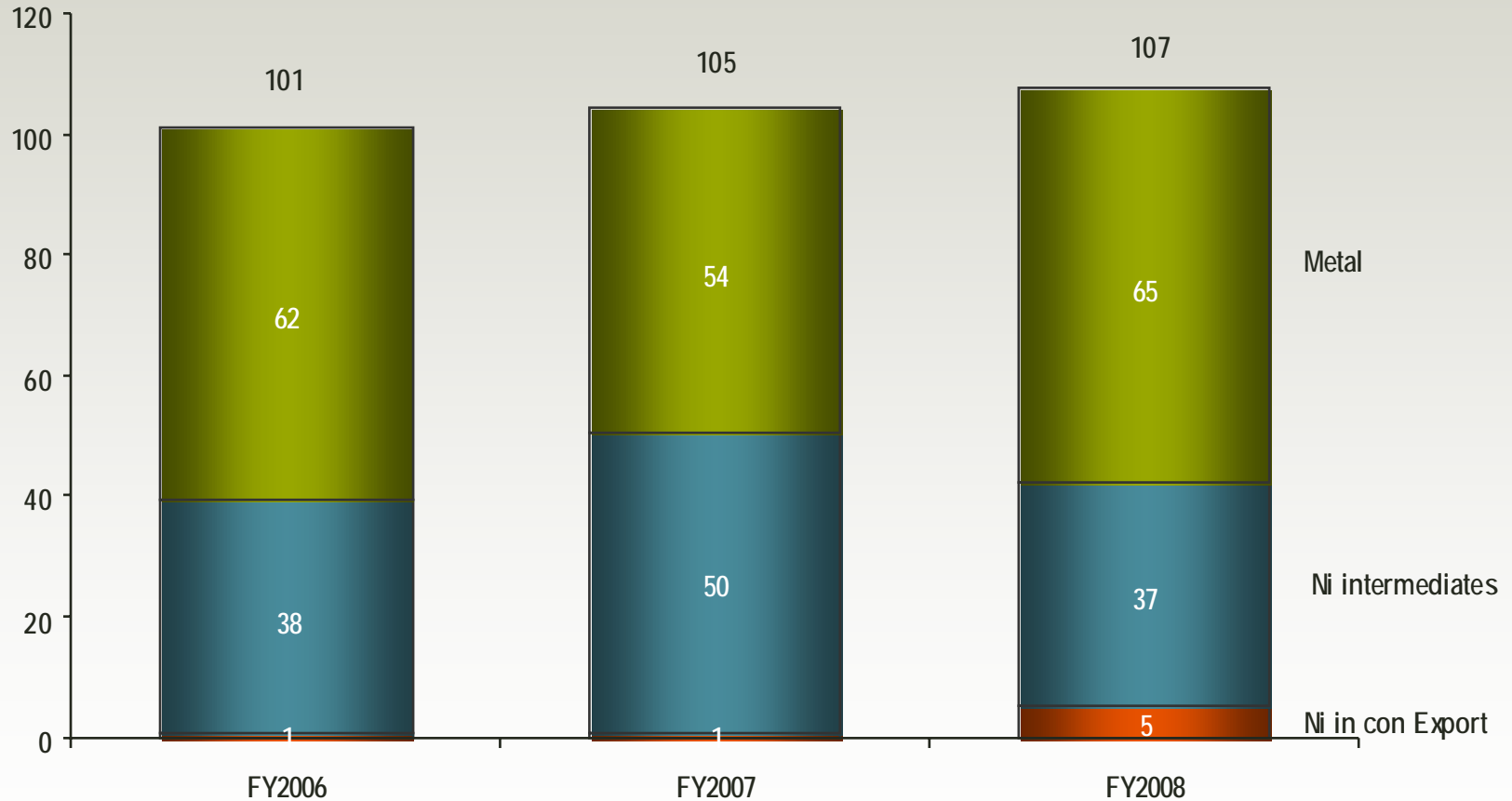
Production

- 65-70 ktpa nickel metal
(95% of product in the form of LME
briquettes)



Historical Nickel West Production

Saleable Nickel Production (ktpa)

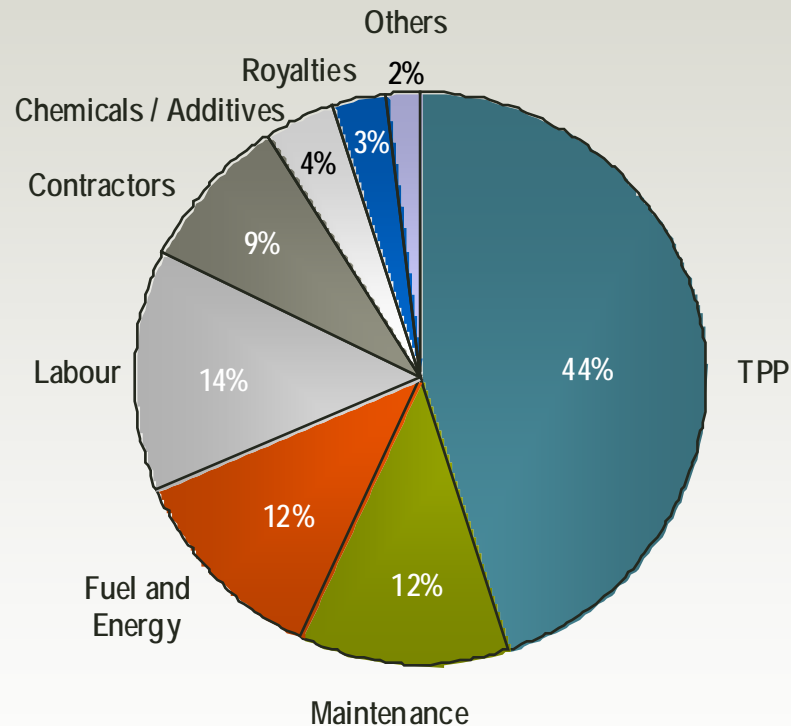


Notes: Nickel intermediates in FY2008 includes production from Ravensthorpe.

FY2008 Cost Structure

Cash operating cost

(%)

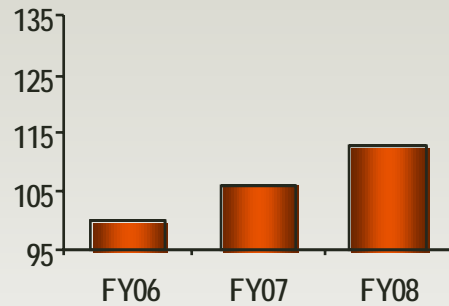


- Key value drivers
 - Volume
 - Cost reduction
- Excludes RNO (In ramp-up)
- 90% of cost base is in \$AUD (excluding TPP)

Input Cost Pressures

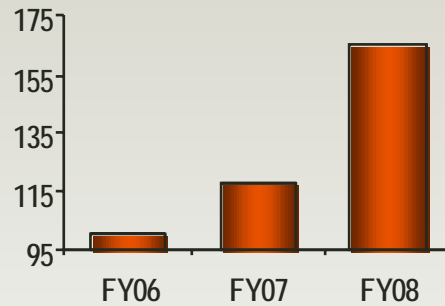
Salaries & Wages

(%)



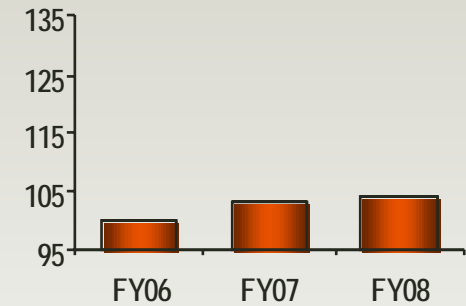
Diesel

(%)



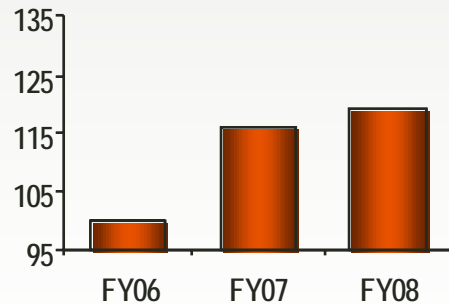
Electricity

(%)



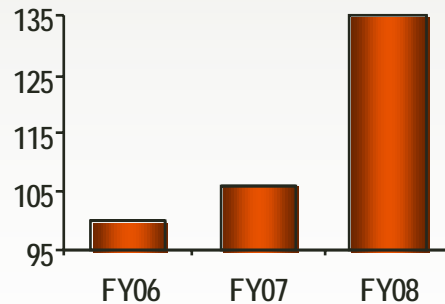
Maintenance

(%)



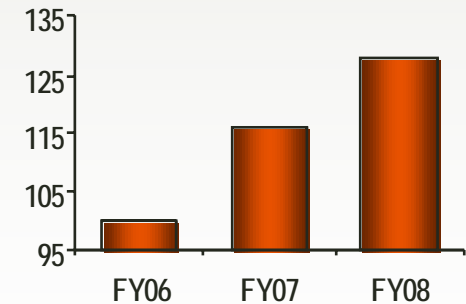
Xanthate

(%)



Explosives

(%)



Agenda

Key Messages

Sustainability

Business Overview

Growth Options

Delivering on our commitments

Status of projects discussed at your last visit

Project	Status
Cliffs	Operational
Rocky's Reward II	Operational
Mount Keith Stage H	Operational
Smelter Rebuild	Operational
Ravensthorpe	Ramp Up
Perseverance Deeps	Definition
Yakabindie	Under study

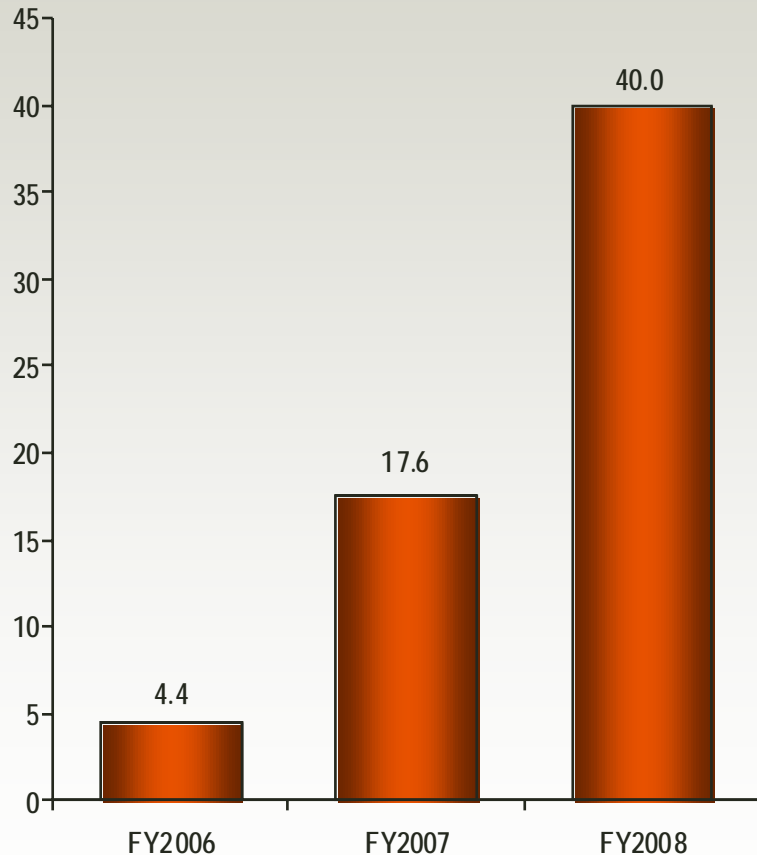
Growth options

- Keeping focus on finding and acquiring resources to fill our growing downstream capability
- Prioritising our focus on developing existing resources
- Building on our technology processing advantages
- Our strategy is to
 - Leverage exploration success
 - Capture value of technology advances
 - Plan for growth to cope with long term demand

Exploration strategy – building resources

Exploration Spend

(US\$m)



- Five-year exploration program
- Producing promising results
- Focus on low-risk brownfields targets near existing operations
- Currently second full year of program
- Work started on converting to resource
- Program meeting BHP Billiton strategic objectives

Leinster Asset Life Extension

Perseverance Deeps

- Extension of Leinster beyond 2014
- Follows development of Cliffs and Rocky's Reward
- Feasibility study to be completed 2H FY 2009



Extension of Kambalda opportunities

Objectives

- Extended life and output of Kambalda region
- Successful long term partnerships
- Majority of contracts have options to 2019

Current Status and Future Growth

- Concentrator progressively de-bottlenecked to more than 1.6 mtpa capacity
- Kambalda exploration started July 2008
- Third party producers have enjoyed significant exploration success



Conclusion

- Operating assets safely
- Focussing on efficiency and reducing costs
- Exploring to find reserves to support long-life assets
- Assessing next phase of projects



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resourcing the future