

Where To From Here?



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Merrill Lynch Global Metals, Mining and Steel Conference

Miami, May 2006

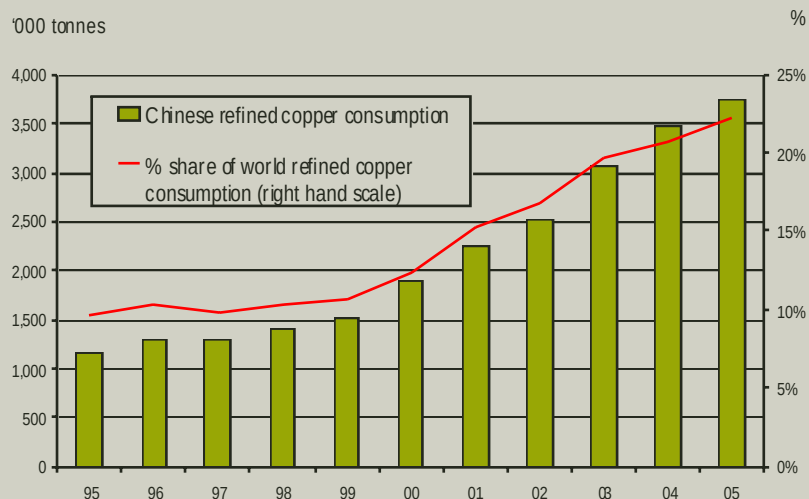


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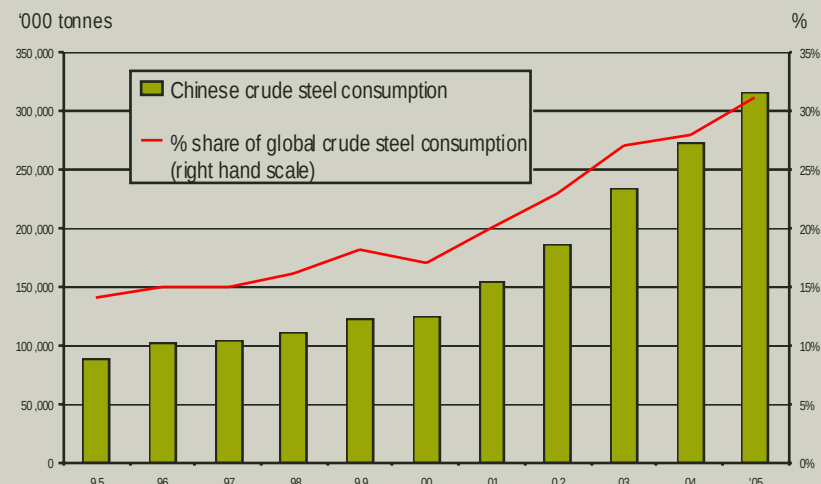
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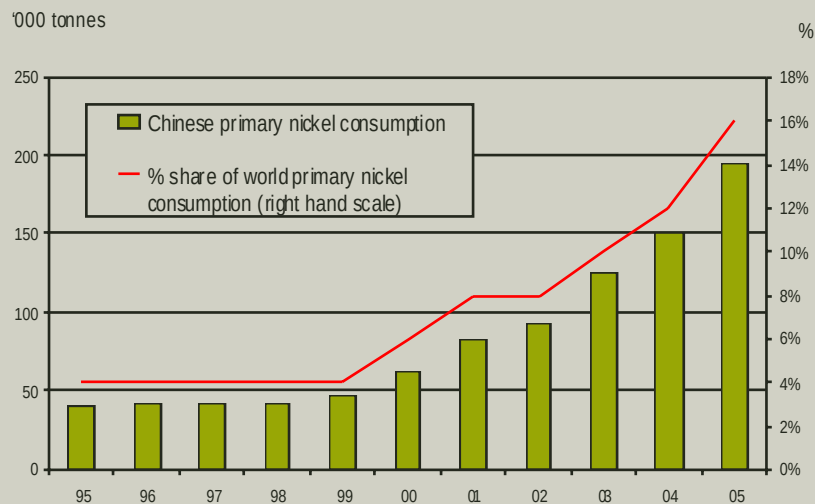
10 year historical Chinese demand



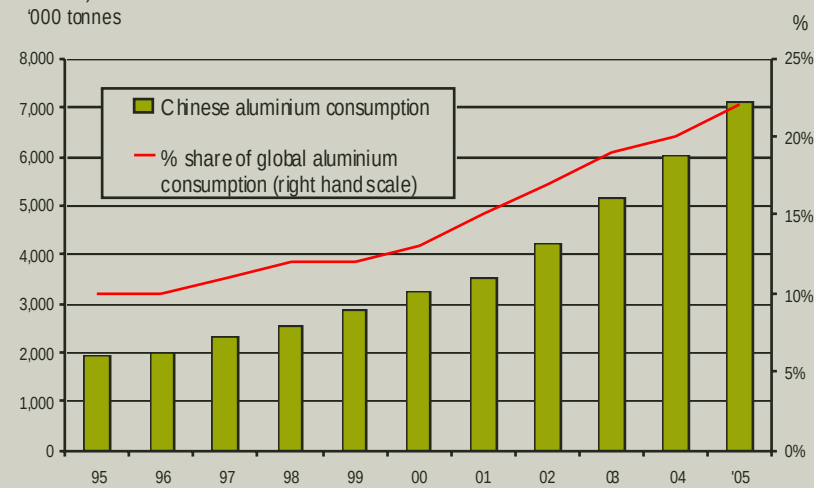
Data: BHP Billiton



Data: IISI, CISA, BHP Billiton (NB: 05 is based on estimate figures as final figures are not yet released)

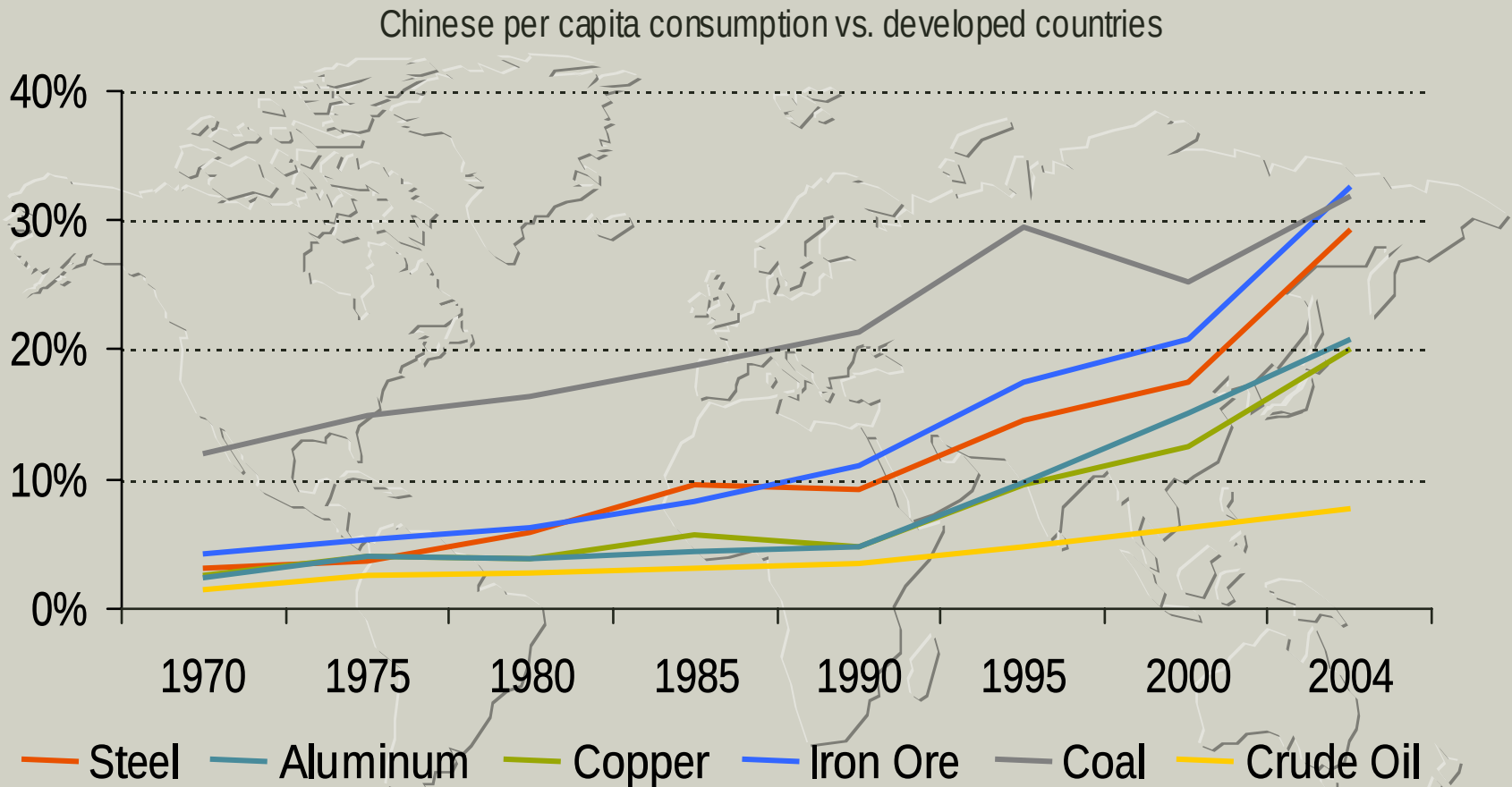


Data: INSG



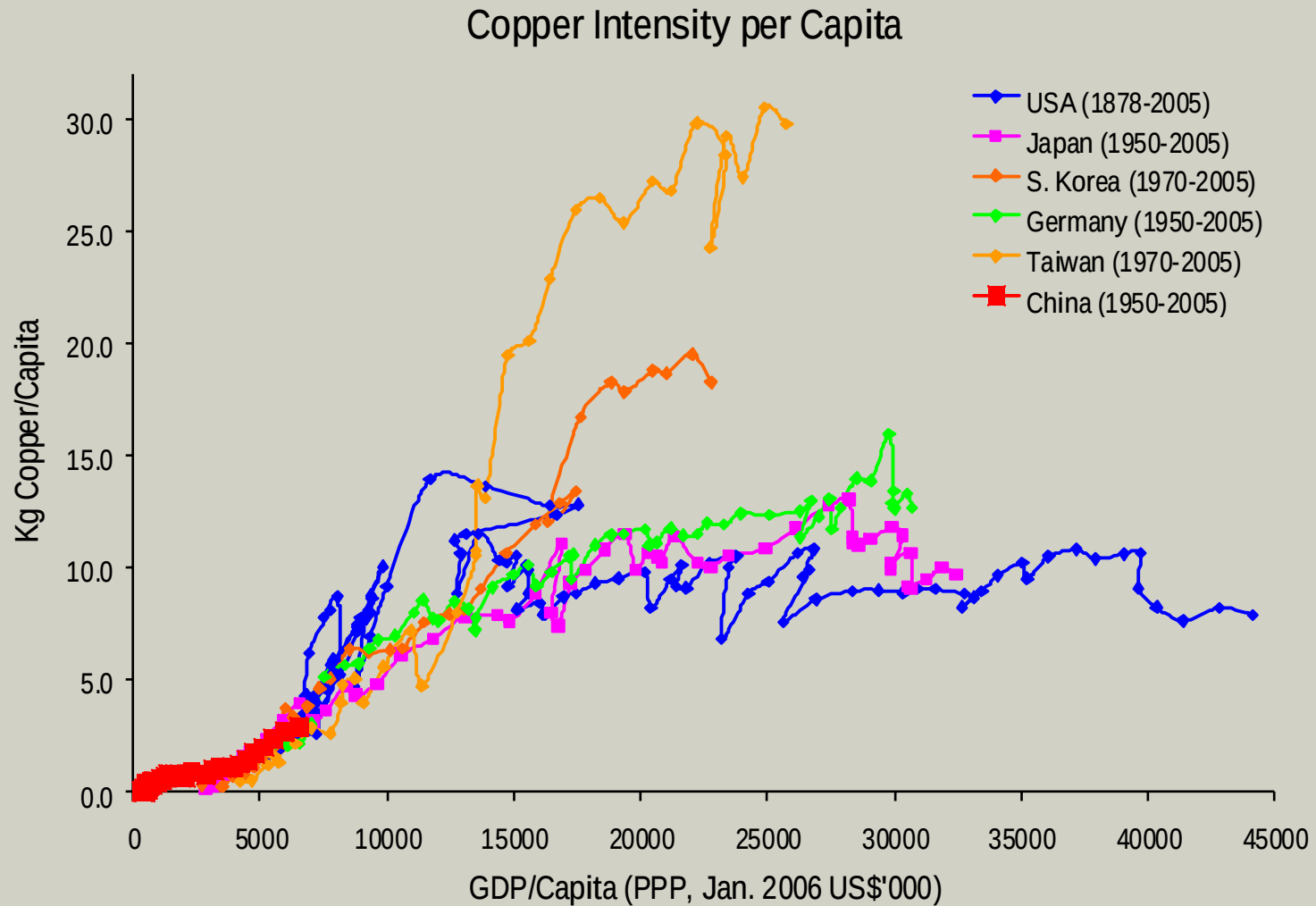
Data: BH, CRU

China's per capita raw materials consumption is well below that of developed countries



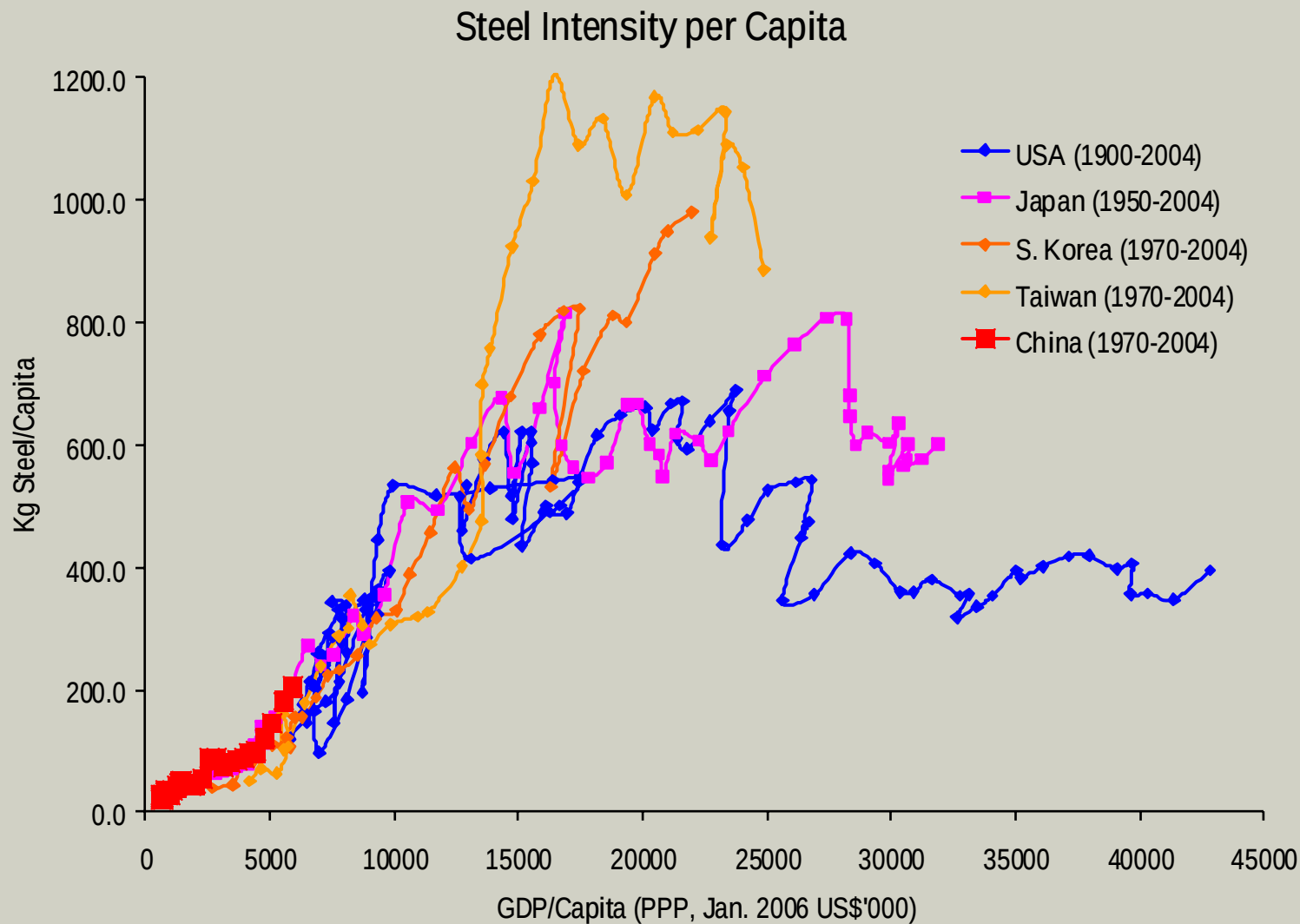
Source: IISI, IAI, ICSG, IMNI, IEA, UTCAD, Tex Report and BHP Billiton Estimates

Copper intensity of use



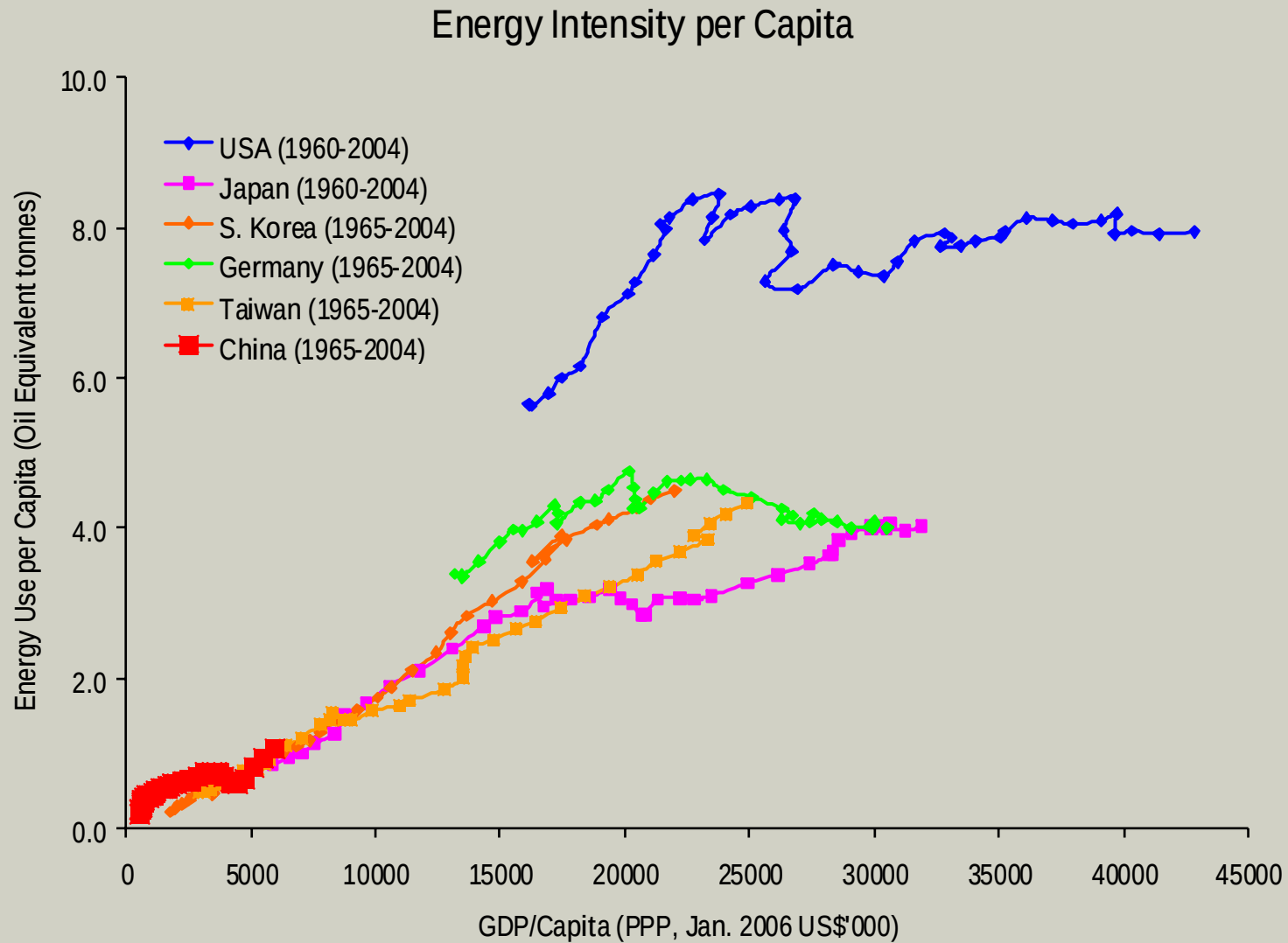
Source: World Bank, OECD (GDP at Purchasing Power Parity), CRU

Steel intensity of use



Source: World Bank, OECD (GDP at Purchasing Power Parity), IISI

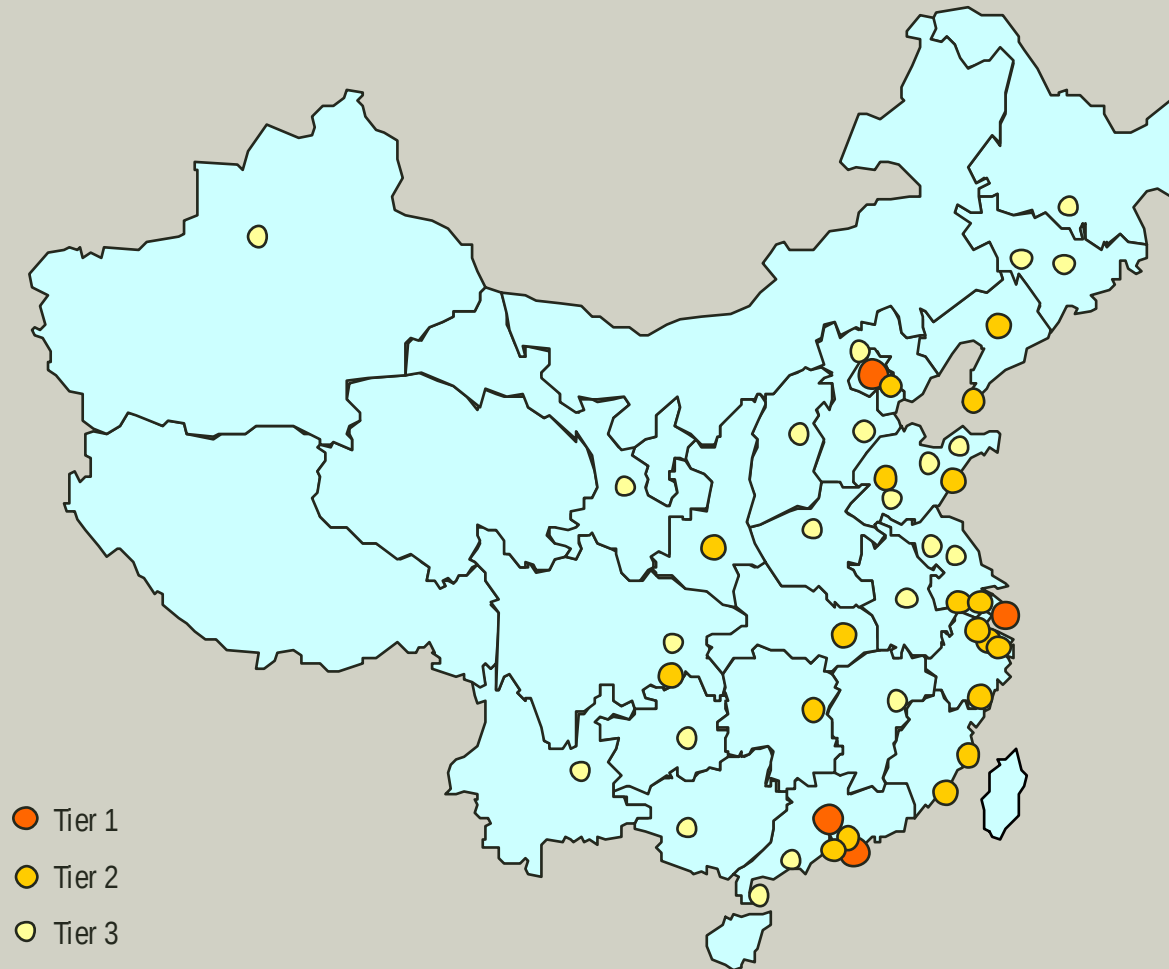
Energy intensity of use



Source: World Bank, OECD (GDP at Purchasing Power Parity), BP Statistical Review

Today 45 Tier 1-3 cities provide China's growth impetus...

China's tiered city structure* – 2003



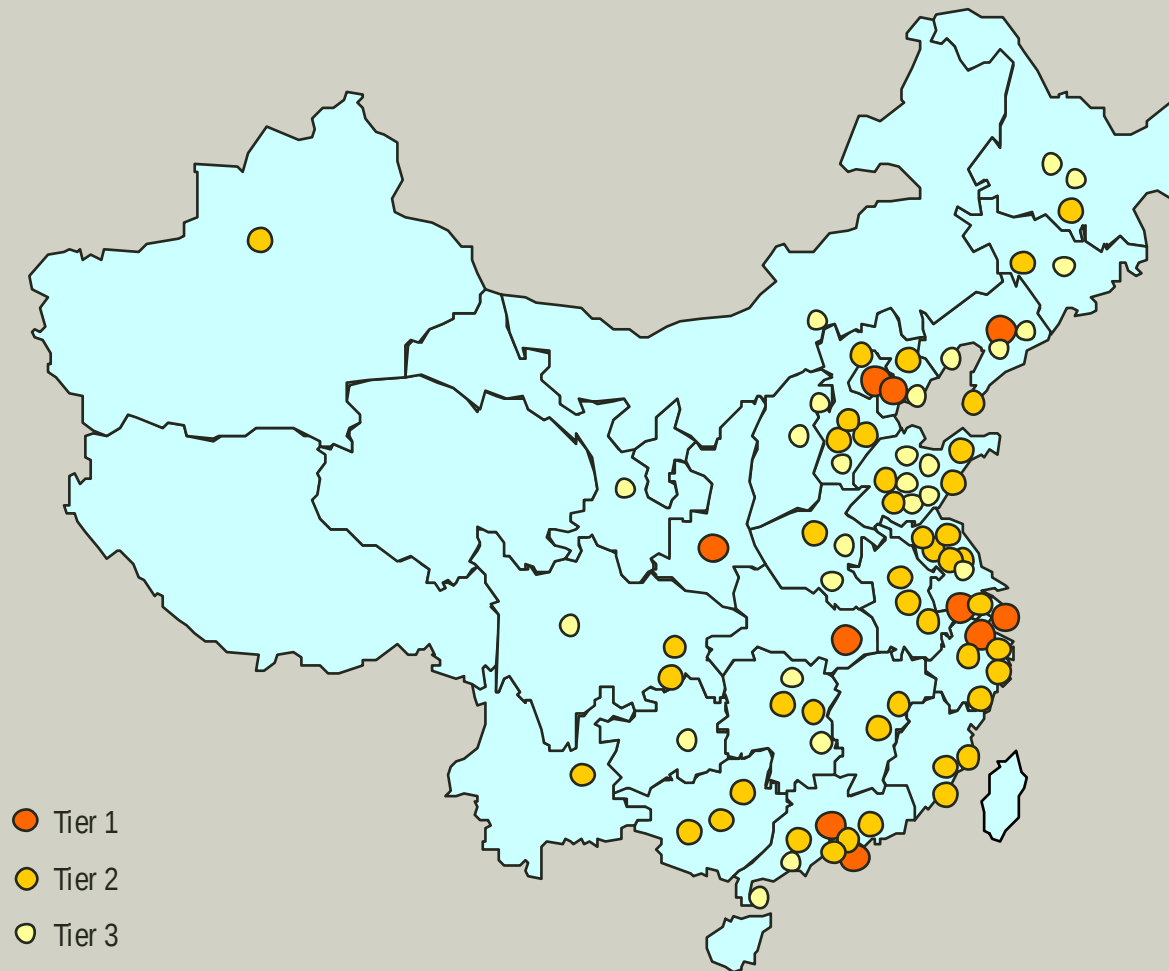
Today, China has 45 tier 1-3 cities, mainly in coastal provinces

* Tier 1 city defined as registered population >4.5 m and GDP/capita >US\$3,000, Tier 2 city defined as either registered population >4.5 m or GDP/capita >US\$3,000, Tier 3 city defined as registered population 1.5-4.5 m and GDP/capita US\$1,500-US\$3,000

Source: WEFA-WMM; China macro model; McKinsey analysis

... by 2010 ... 86 tier 1-3 cities ...

China's tiered city structure* – 2010



Today, China has 45 tier 1-3 cities, mainly in coastal provinces

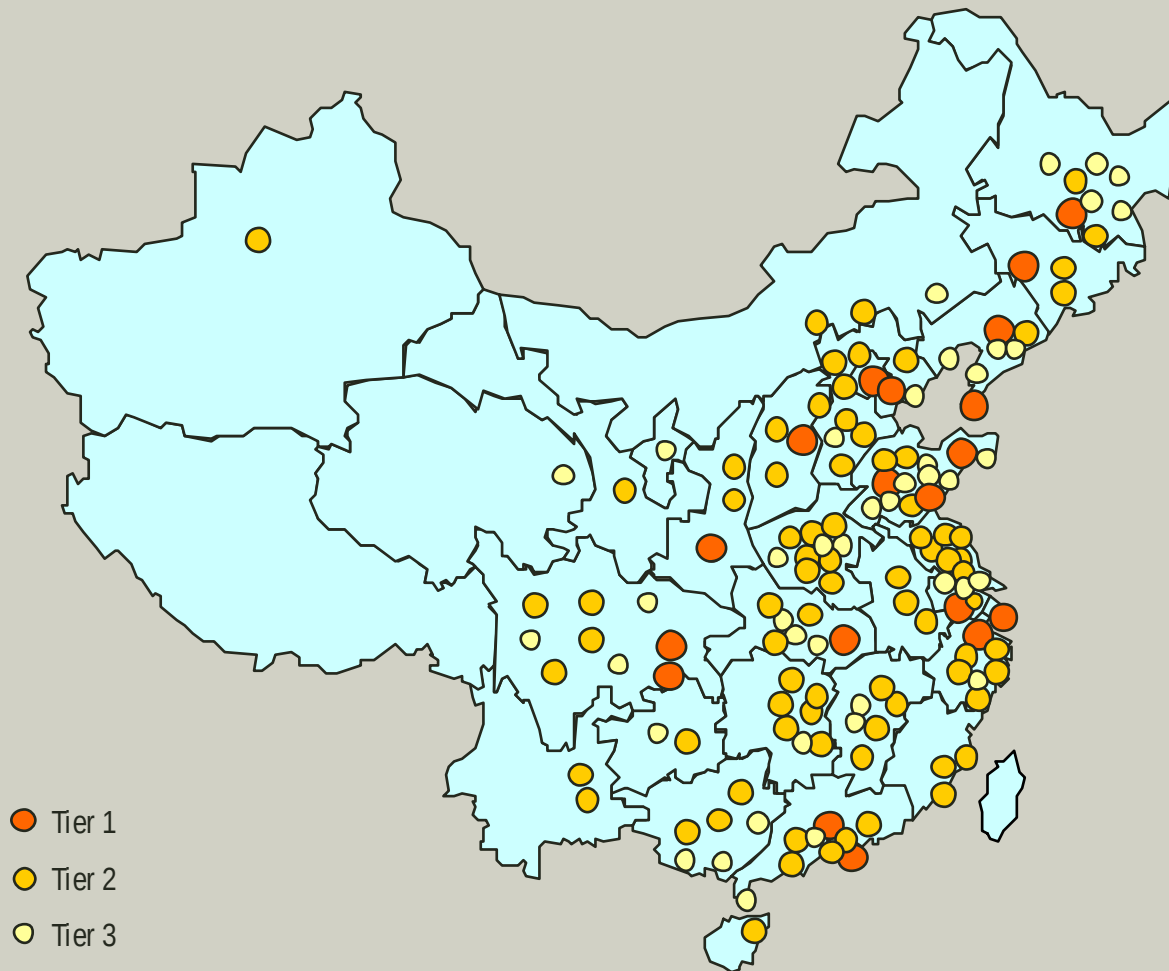
By 2010, Tier 1-3 cities will have grown to 86 in number, still largely driven by coastal provinces

* Tier 1 city defined as registered population >4.7 m and GDP/capita >US\$3,800, tier 2 city defined as either registered population >4.7 m or GDP/capita >US\$3,800, tier 3 city defined as registered population 1.6-4.7 m and GDP/capita US\$1,900-US\$3,800

Source: WEFA-WMM; China macro model; McKinsey analysis

... and by 2025 ... 147 tier 1-3 cities

China's tiered city structure* – 2025



Today, China has 45 tier 1-3 cities, mainly in coastal provinces

By 2010, Tier 1-3 cities will have grown to 86 in number, still largely driven by coastal provinces

By 2025, there will be 147 Tier 1-3 cities as urbanization in interior provinces occurs

* Tier 1 city defined as registered population >5.1 m and GDP/capita >US\$5,900, tier 2 city defined as either registered population >5.1 m or GDP/capita >US\$5,900, tier 3 city defined as registered population 1.7-5.1 m and GDP/capita US\$3,000-US\$5,900

Source: WEFA-WMM; China macro model; McKinsey analysis

A high growth consumption scenario

(MM t except MMbd oil)

		2002	2015	2025	2050
Aluminium	BRICs	6.1	47.9	67.7	136.0
	% of 2002 world	24%	189%	267%	536%
Copper	BRICs	3.5	18.6	23.6	37.2
	% of 2002 world	23%	124%	158%	249%
Nickel	BRICs	0.18	1.21	1.81	4.14
	% of 2002 world	15%	103%	154%	353%
Oil	BRICs	8.4	99.4	111.8	132.6
	% of 2002 world	11%	131%	148%	175%

Source: Goldman Sachs, CRU, AME, UN, BP et al
Intensity of Use trends are estimated based on Domestic Economies Trend
For Aluminium CIS is used as a proxy for Russia

Leads to demand for our commodities

An example - metal content of an average family car

Average family saloon



At today's prices,
cost of these
commodities
represents < 5 %
of the average US
retail price

Copper = <20 kilos

Aluminium = ~120 kilos

Nickel = <20 kilos

Carbon Steel = ~650 kilos

Iron Ore = ~1000 kilos

Coking Coal = ~400 kilos



What are we doing to capture our share of growth?

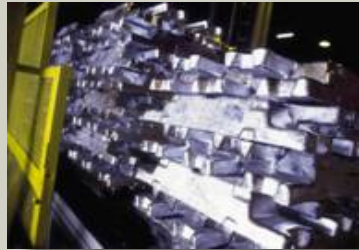


Diversification, stable cash flow, global reach, visibility to growth options

Petroleum



Aluminium



Base Metals



Carbon Steel Materials



Diamonds & Spec Prod



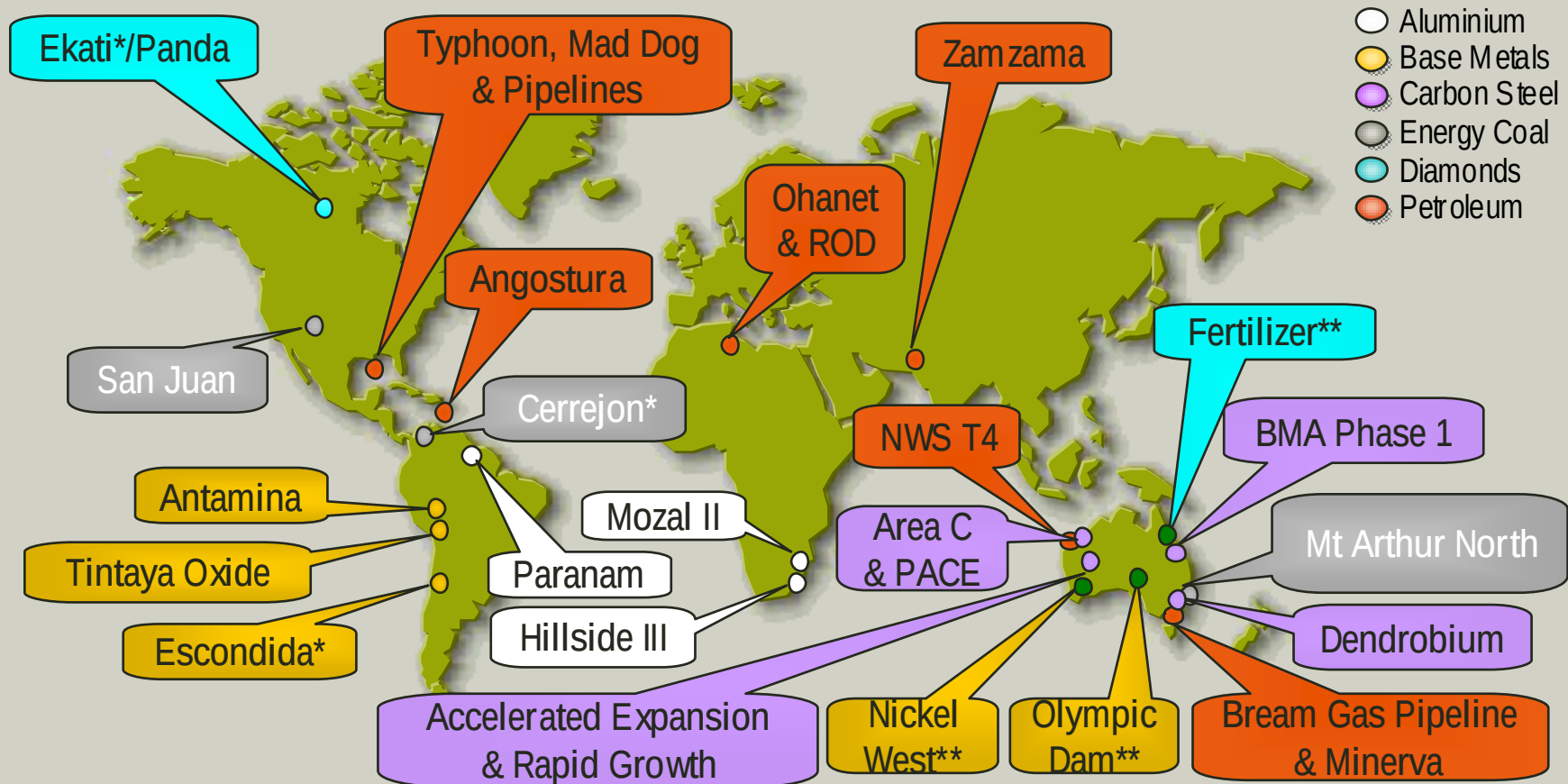
Energy Coal



Stainless Steel Materials



Track record of delivery

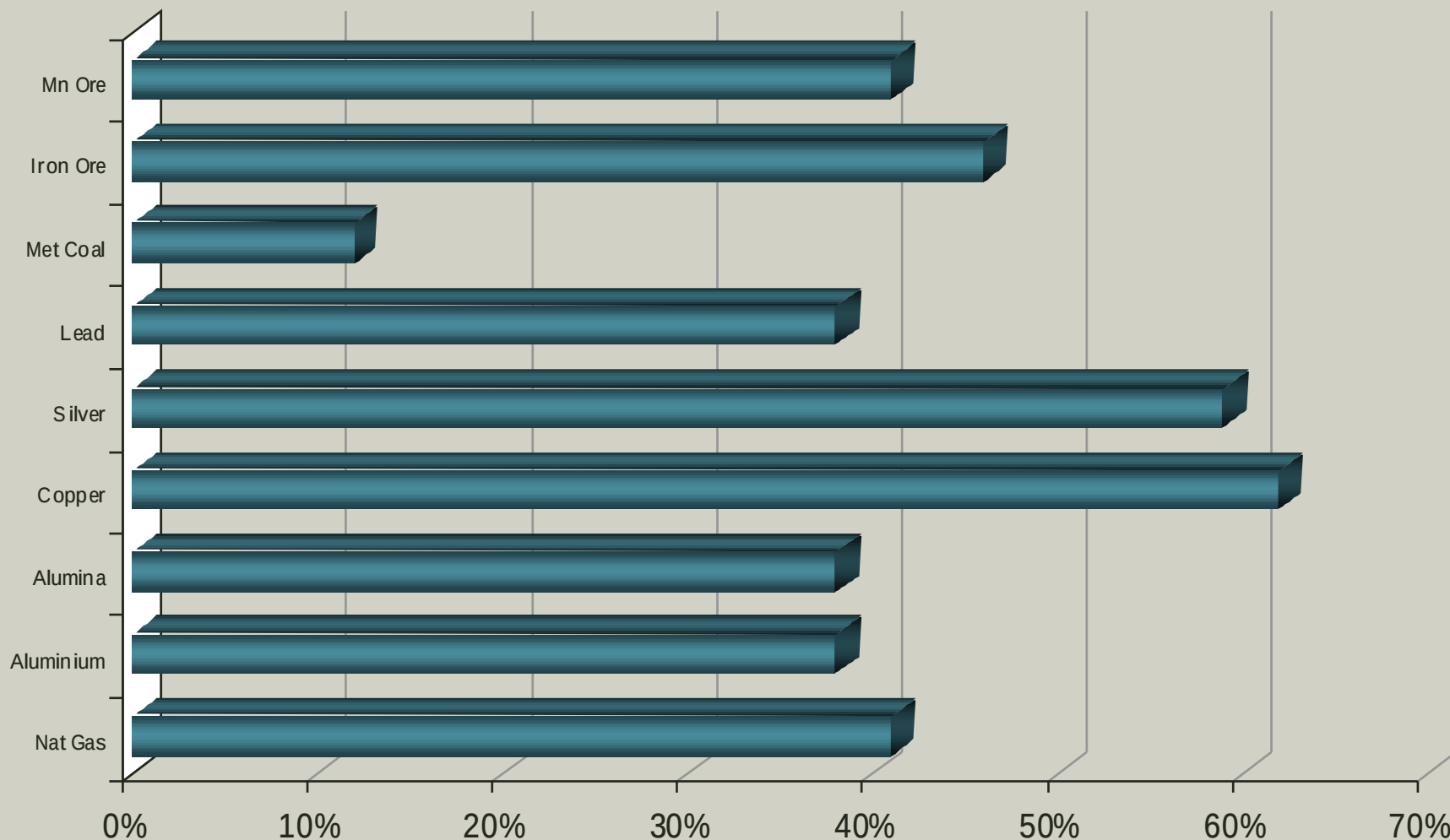


29 projects & 2 bolt on acquisitions US\$6.7 billion
Plus WMC acquisition US\$7.2 billion

* Cerrejon refers to increased ownership interest plus expansion program.
Ekati refers to increased ownership interest.
Escondida includes Phase IV and Norte.

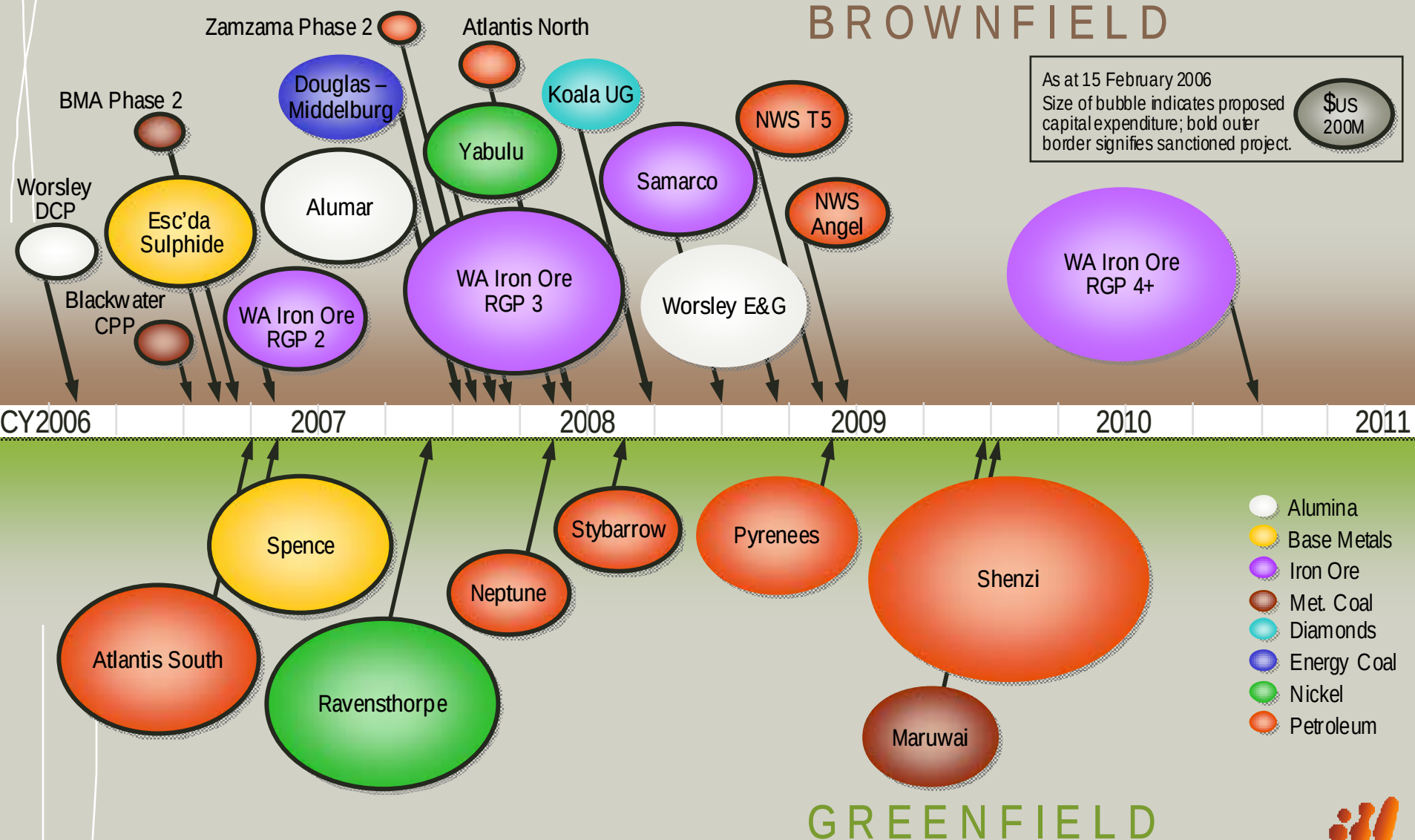
** Assets acquired via WMC Acquisition

Providing strong volume growth

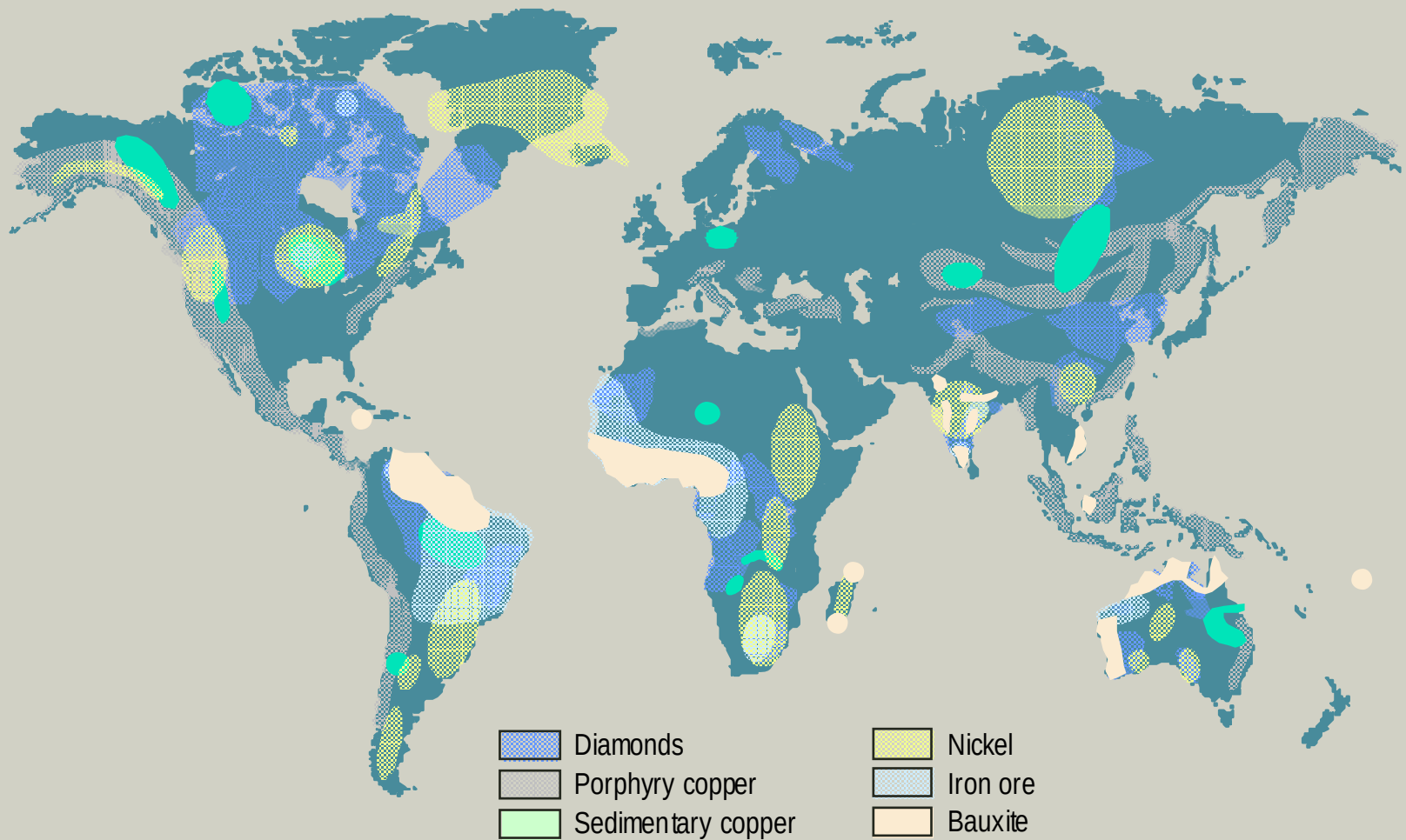


Volume increases are based on annualised December 2005 half year against FY2001 production volumes. Excludes Nickel and Diamonds which have increased 206% and 105% respectively, and crude oil and condensate production which has decreased by 41%

Continuing to meet the growth challenge



What's beyond the bubble chart?



What's beyond the bubble chart? Operations to exploration



Conclusions

- China has been the driver of commodities demand for several years and its industrialisation path is tracking the world's developed economies
- It's not just about China - other emerging economies are following
- Demographics and economic development could continue for years
- This will require significant new mine capacity
- BHP Billiton has unparalleled diversification, global reach, visibility to growth options and track record of delivery
- BHP Billiton is well positioned to capture its share of demand growth