

BHP Billiton

Mining in Africa: Opportunities and challenges

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July 2006

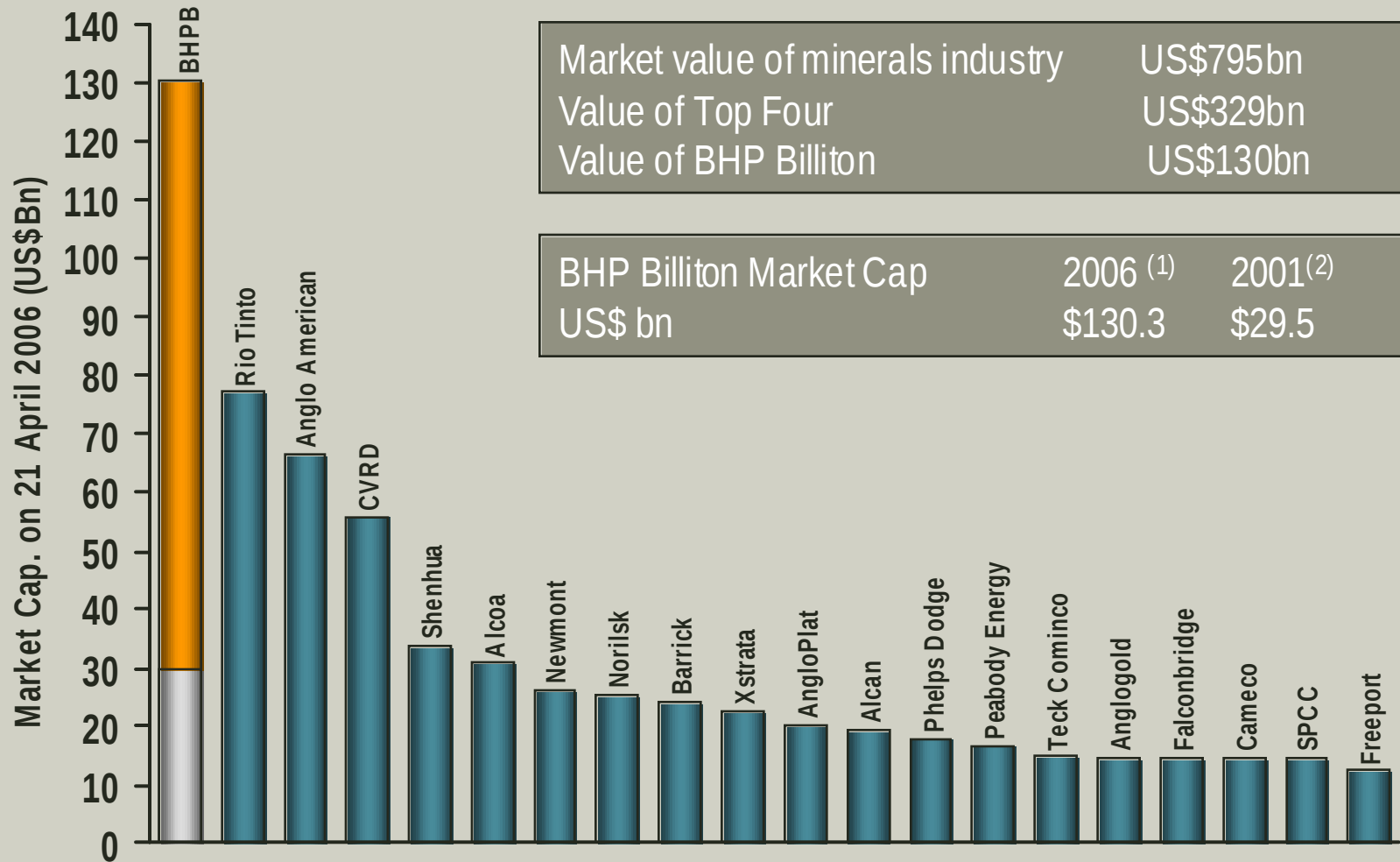


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The largest company in the resources sector



Source: Datastream and Bloomberg (data as at 21 April 2006)

1. Market Capitalisation on 21 April 2006

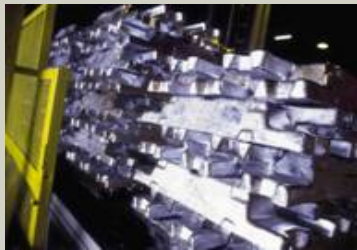
2. Market Capitalisation on 28 June 2001

The world's largest diversified resources company

Petroleum



Aluminium



Base Metals



Carbon Steel Materials



Diamonds & Spec Prod



Energy Coal



Stainless Steel Materials



The resources sector

- The global resources sector is changing:
 - Consolidation has changed the industry considerably over the past five years
 - The consolidation trend is likely to continue, and there is likely to be continued M&A activity at the small to medium end for some time
 - Increased demand has led to greater production and projects across the industry, which has meant higher returns
 - Emerging and urbanising markets of China and India playing a greater role – high demand for raw materials has led to higher commodity prices
- The outlook remains positive:
 - While there will be peaks and troughs, the outlook for the industry is one of continued strength

Creating value at a local level – our communities

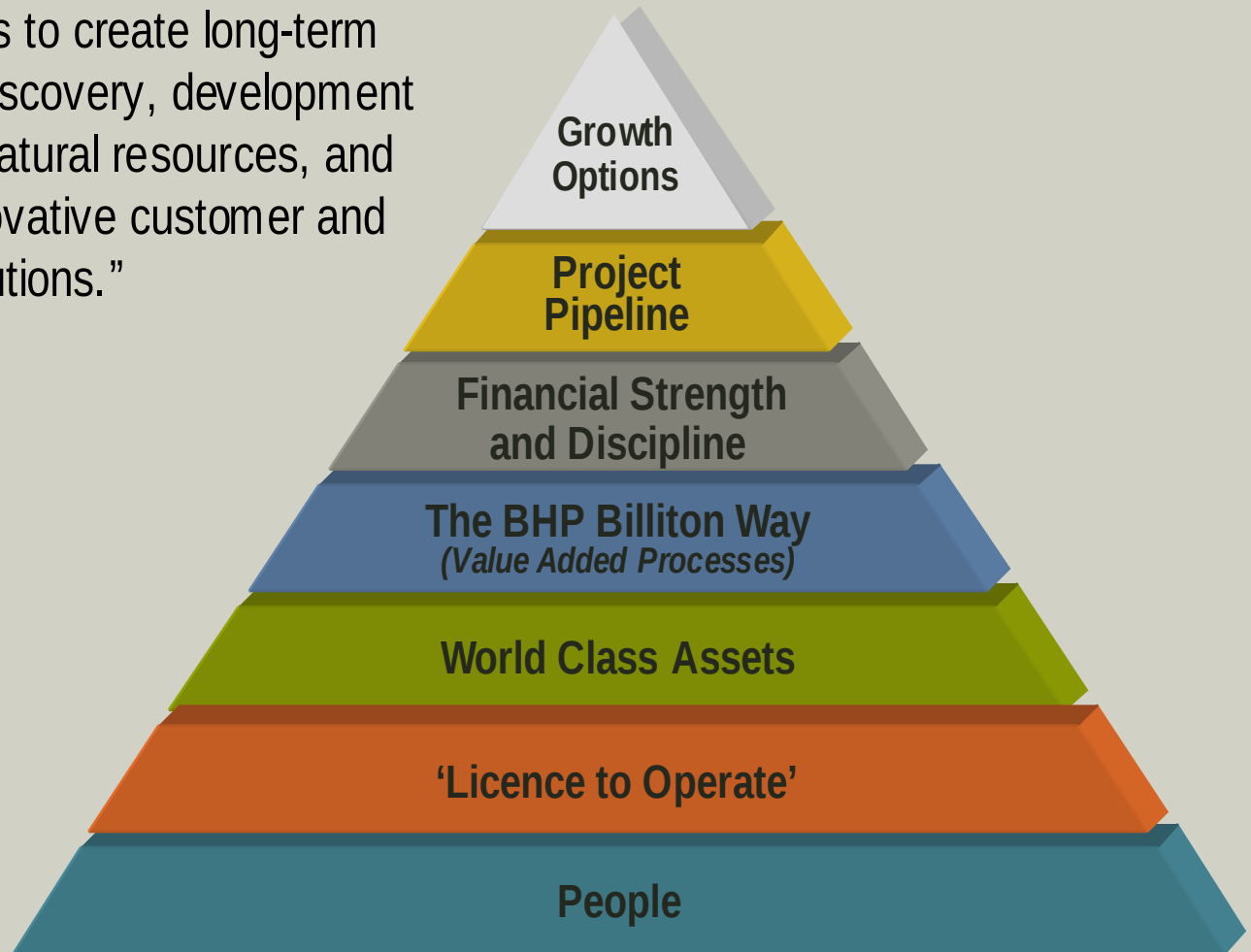
- Sustainable development at every level is fundamental to our success – our licence to operate depends on the responsible operation of all aspects of our business:
 - A strong track record of being valued by our communities will contribute to us being considered a ‘company of choice’ by governments, business partners and communities
 - We are in a better position to attract and retain a skilled and motivated workforce
 - Our reputation as an ethical, responsible business will assist in our ability to attract capital to continue to grow our business

We aim to be a business that creates a positive legacy



Strategic drivers

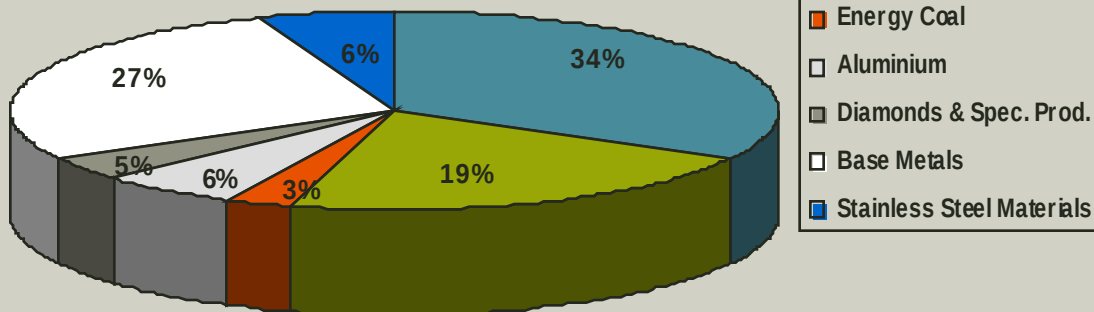
“Our core purpose is to create long-term value through the discovery, development and conversion of natural resources, and the provision of innovative customer and market-focused solutions.”



The portfolio effect: diversification remains a key focus

By Commodity

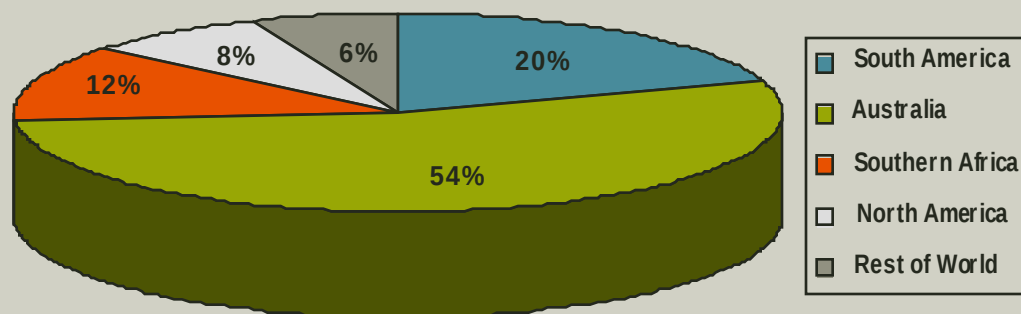
Customer Sector Group Underlying EBIT:



Data for the half year ended 31 December 2005

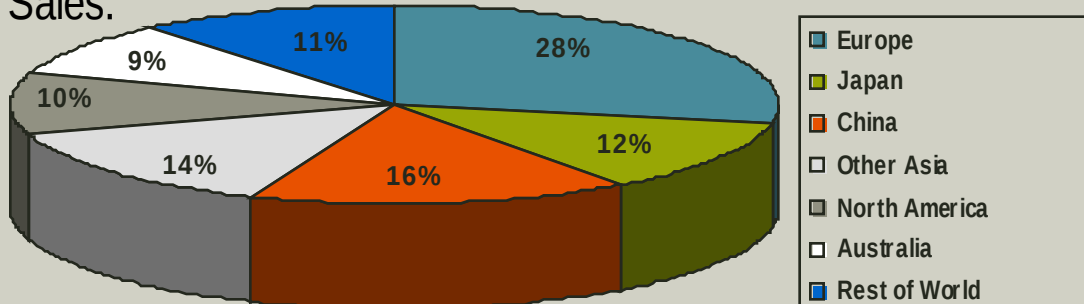
By Geography

Net Operating Assets:



By Market

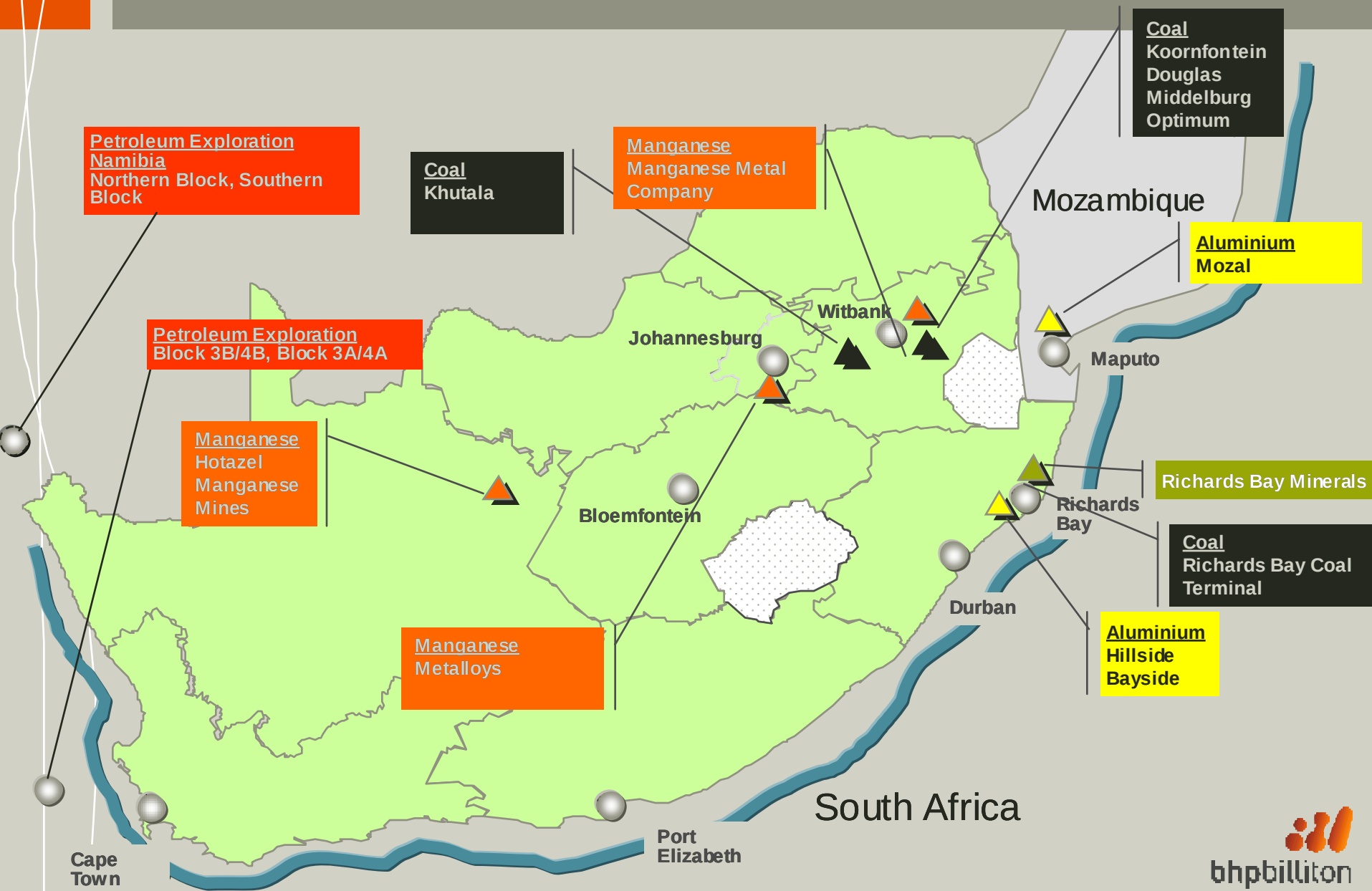
Sales:



BHP Billiton in summary

- World's largest diversified resources company
- Sustainable development is integral to our business
- Our people are our most significant asset and number one priority – Zero Harm drives all our operations
- Our large base of low-cost, high quality assets provides stable cash flow and visibility to new opportunities across the world
- Our size and diversity means we can generate benefits through Operational Excellence
- Our growth pipeline distinguishes us from our competitors – our current project pipeline includes 25 projects with expenditure of US\$14.4 billion

Southern African Assets



Activities

- Aluminium:

Hillside, Bayside & Mozal (47%) smelters, total 1.3 Mtpa;
axis contributes 7% of world aluminium.

- Energy Coal:

SA's largest coal producer at 54 Mtpa;

31.28Mt to Eskom power utility, remainder exported via RBCT

- Richards Bay Coal Terminal: (37% shareholding)

- Manganese: Samancor, 60/40 with Anglo American, operated by BHP Billiton. Ores and alloys

- Richards Bay Minerals: Titanium producer, 50/50 with Rio Tinto

- Exploration: Oil & Gas; Diamonds (Falcon); other.

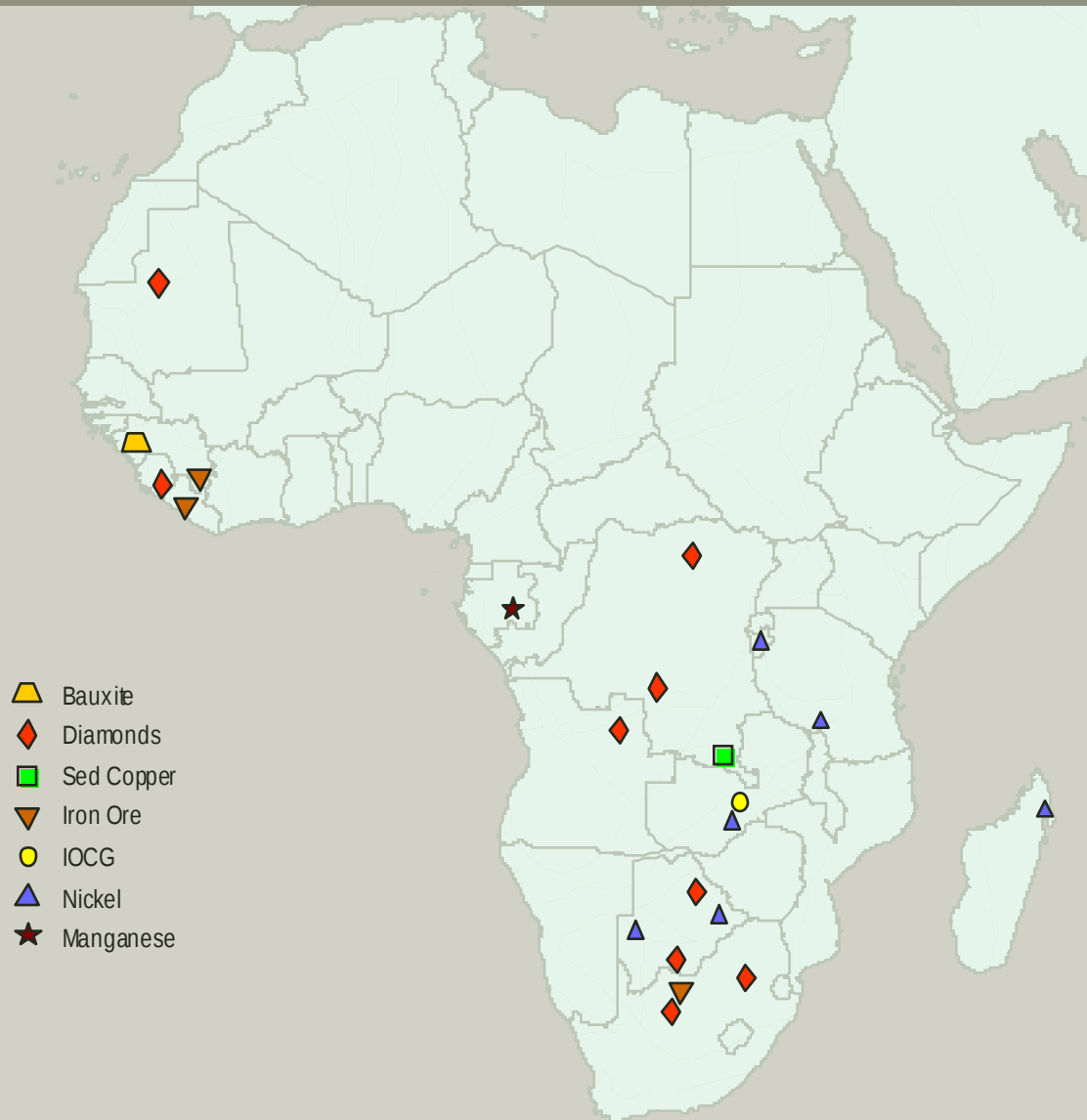
BHP Billiton SA: Who are we?

- Robust pedigree.
- Listed on Johannesburg Stock Exchange.
- Corporate Centre in Johannesburg; Led by SA Chairman.
- About 17 000 employees.
- Empowerment Initiatives advanced;
 - Mineral and Petroleum Resources Development Act;
 - Employment Equity
 - Procurement
- HSEC;
 - Health (HIV/Aids)
 - Safety
 - BHP Billiton Development Trust

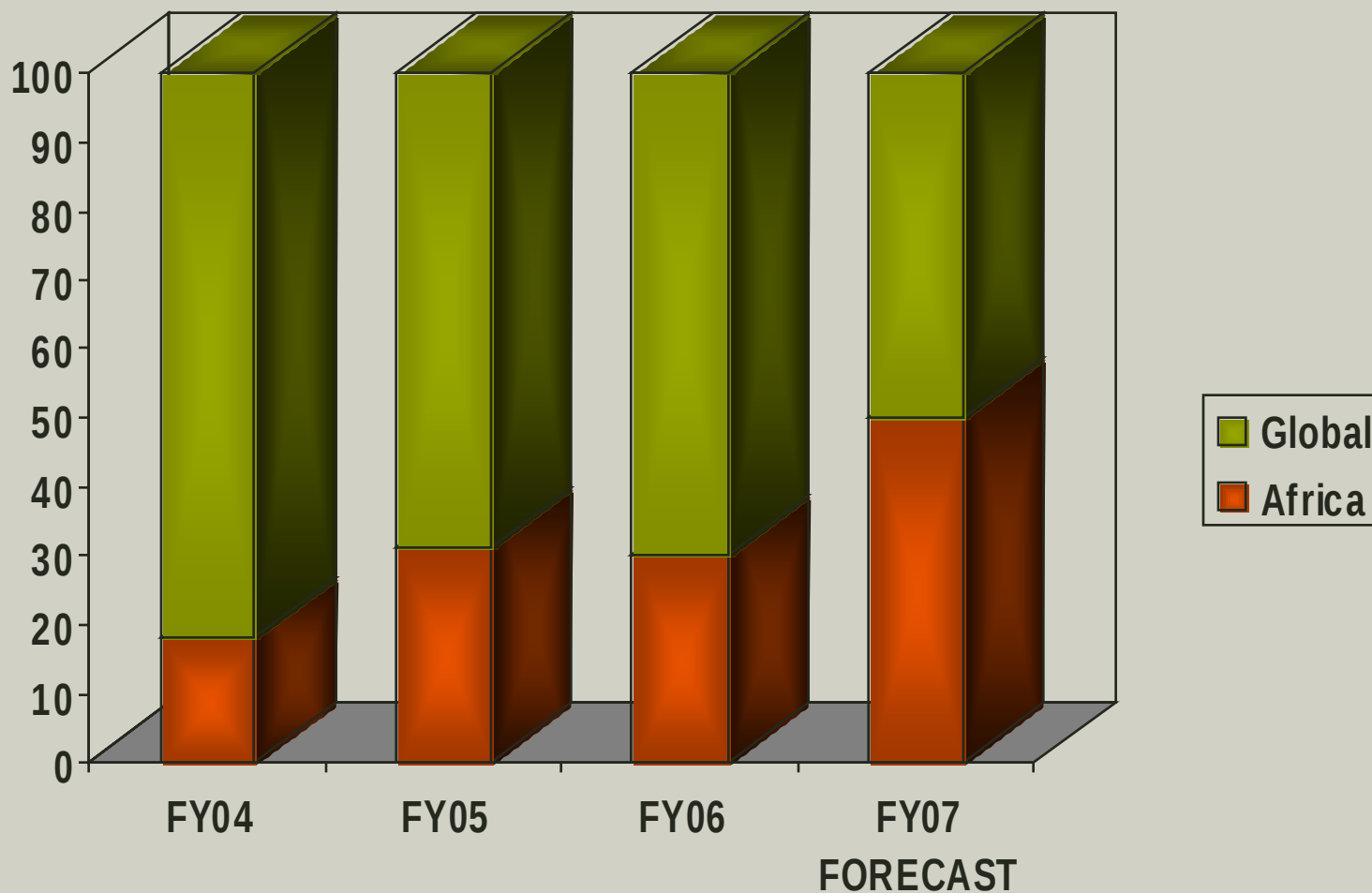
Africa's rich mineral endowment

- Despite being under-explored Africa has approximately 30% of the planet's mineral resources. New mining opportunities are likely to come from the following countries:
 - **Iron Ore:** Guinea, Liberia, Mauritania, CAR
 - **Bauxite:** Guinea, Sierra Leone, Ghana
 - **Copper/Cobalt:** DRC, Zambia, Mauritania, Botswana, Tanzania
 - **Zinc-Lead-Silver:** South Africa, Zambia, Tunisia
 - **Nickel:** Tanzania, Angola, Madagascar, Ivory Coast
 - **Platinum:** South Africa, Zimbabwe
 - **Ferrochrome:** South Africa
 - **Manganese:** South Africa, Gabon, DRC
 - **Gold:** Ghana, Mali, Burkina Faso, DRC, Tanzania, Algeria, South Africa
 - **Diamonds:** Angola, DRC, Botswana, Zimbabwe, Namibia, Mauritania
 - **Mineral Sands:** Mozambique, Madagascar
 - **Agricultural Minerals:** Kenya, Republic of Congo, DRC
 - **Uranium:** Namibia, Malawi

BHP Billiton Africa Minerals Exploration: main 2005-06 projects



Geographic Exploration Spend as a % of annual total



Major mining projects in Africa – opportunities and challenges

- Africa an important producer of commodities needed to fuel world growth
- Africa: strategic exporter of commodities for the foreseeable future
- Africa relatively under-exploited
- Challenges and blockages persist ... but the picture is improving

The greatest challenges

- The greatest challenges:
 - Common ground to benefit all stakeholders
 - Sustainable development and
 - Harnessing Africa's huge hydropower potential
- The need to foster a stable economic and political environment in order to attract private investment
- Good Governance (transparent legislation and decision-making)
- The presence of a substantial and reputable investor

Resources in Africa: Key success story - Mozal

- Mozambique emerged from the ravages of a bitter civil war in the 1990s
- Capital investment approx US\$ 2-billion
- Production more than 500,000 tpa primary aluminium
- Shareholding: BHP Billiton (operator) 47%; Mitsubishi 25%; IDC 24%; GoM 4%

Mozal Benefits: Integrated Development



QUALITY OF LIFE

- Mozal Community Development Trust: \$2.5million pa
- Over 200 projects: US\$10 million
- Health, small enterprise, education, sports, culture
- Partnering approach with NGOs



JOB CREATION

- Permanent job creation on site: 1150
- Contractors: 1600
- Indirect job creation: approx 10,000



ECONOMIC ENERGY

- Regional Economy: \$105 million pa
- Export Earnings: Doubled to US\$811 million pa
- Local infrastructure upgrade: US\$ 31 million

DRC

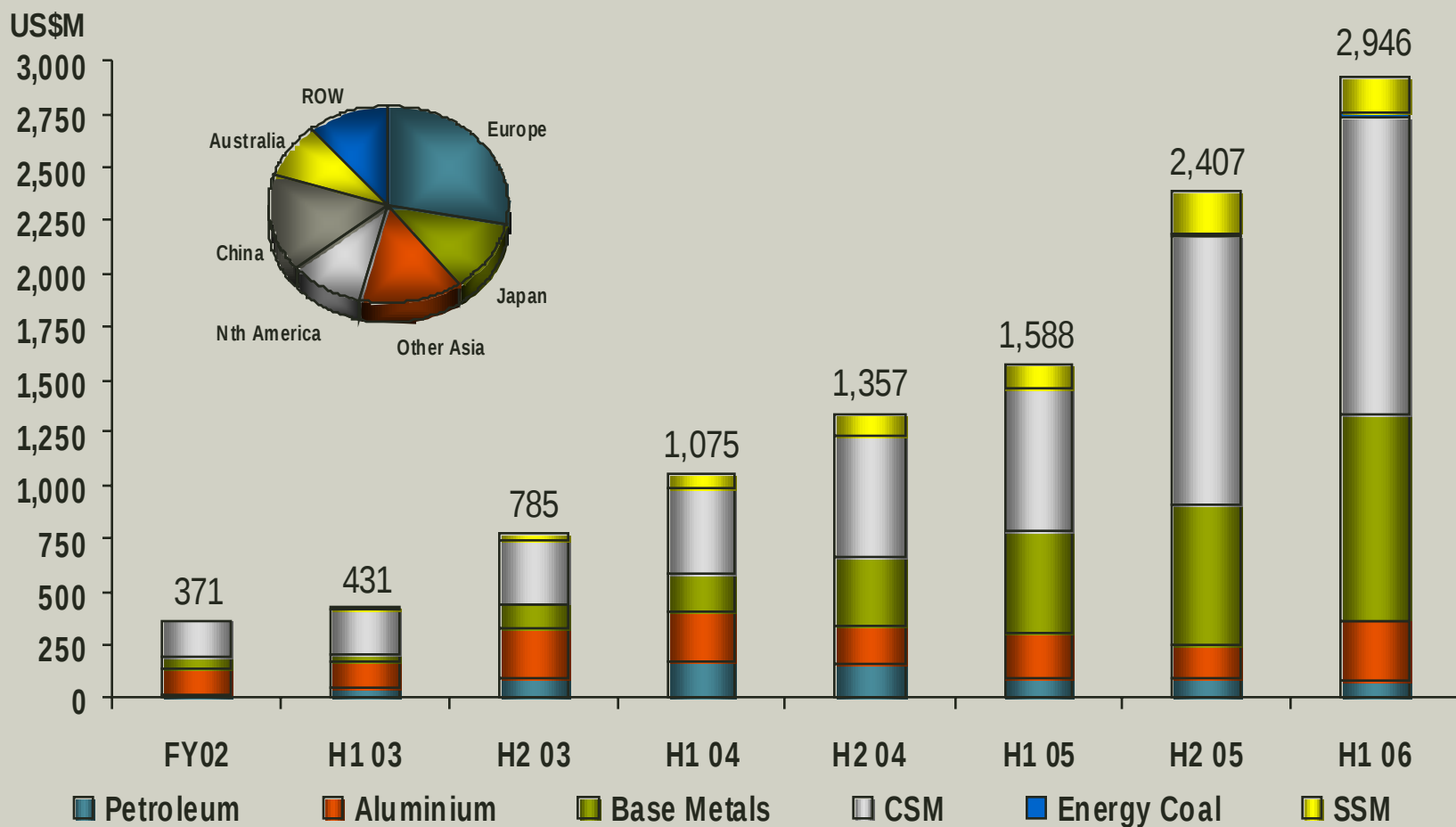
- Rich in minerals and emerging from decades of civil war.
- Has potential to become a leading African nation
- World Bank sponsored Mining Code promulgated by parliament in July 2002 has sparked unprecedented demand for exploration licences.
- BHP Billiton exploring for diamonds and copper.
- BHP Billiton establishing an office in Kinshasa.

Africa will become increasingly important as a major producer of commodities needed to fuel world growth

- The emerging economies of China, Taiwan and Korea require huge imports of raw materials for urbanisation and associated infrastructure
- The growth of China has caused an upswing in demand for commodities
- Consumption of Alumina, Iron Ore, Copper and Nickel in China doubles each decade
- China's growth is not a short-term phenomenon
- Increasing world consumption + strong commodity prices will support the African mining industry

China

- Sales into China increasing but diversification remains
- Currently 16.2% of total company revenues, up from 12.6% in FY05



Major challenges to mining investment in Africa

- Challenges and blockages facing the mining industry will persist, but the situation is generally improving and some countries have made remarkable progress
- Challenges to mining investment:
 - Political and sovereign risk
 - Health and Safety
 - Environmental protection
 - Poor infrastructure
 - Corruption
 - War, civil unrest and personal security
 - Lack of skills
 - Non-transparent or unfavourable mining and investment codes
 - Inefficient and unjust judicial system
 - Uncompetitive base costs
 - Community involvement and poverty.

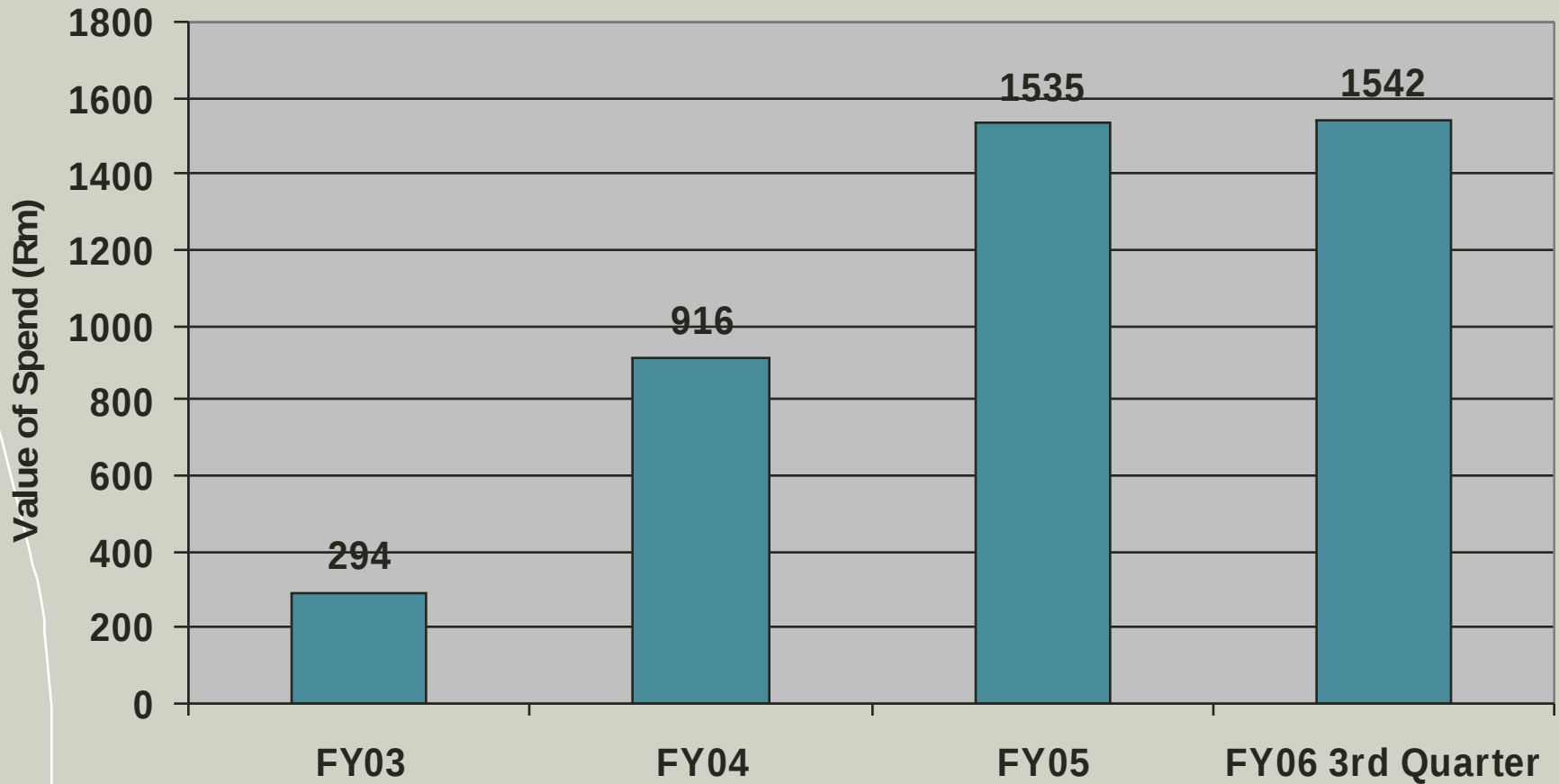
Key Learnings

- The continent will continue to witness huge problems related to disease, war, civil unrest, corruption, poor infrastructure and political risks
- Marked pockets of improvement evident.
- Making wise investments in the mining business requires boldness on the part of the investor, and thorough understanding and management of the risks.
- Social investment an integral part of the growth plan

Black Economic Empowerment (BEE)

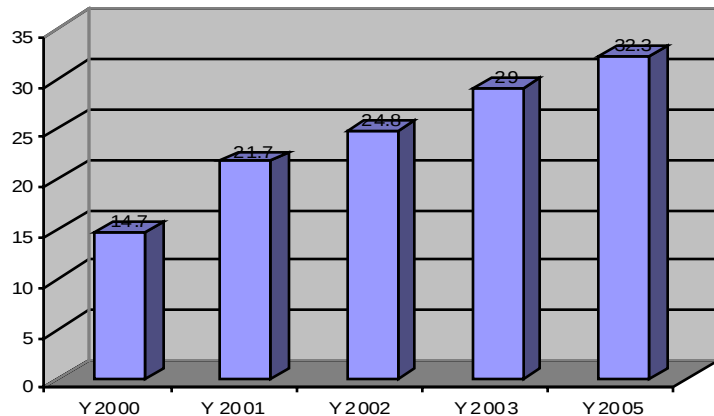
- The Act covers Ingwe, Samancor Cr and Mn and RBM, but not aluminium smelters at Richards Bay.
- 15% in 5 years and 26% in 10 years.
- The objective is to create Black mining house through skills development, Mentoring and sale/JV of business or assets.
- Transactions in Coal, RBM and Cr.
- Building on a positive relationship with Department of Minerals and Energy to ensure a smooth transition.
- We will be doing a number of transactions over a period of time.

Group BEE Spend as @ FY06 3rd Quarter



HDSA Representation in Management & Female Representation in Workforce

HDSA Representation in Management
(Target 40% by 2006)



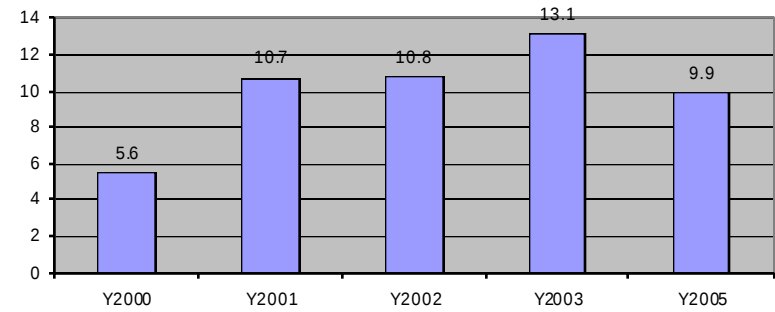
MILESTONES

1. Formalised Transformation Charter
2. BHP Billiton Development Program
3. Retention Strategy Developed
4. Talent Management across commodities & functions

CHALLENGES

1. Shortage of Skills in some functions i.e. engineering & technical
2. Ensure we attract and retain the best talent
3. Black professionals moving from formal sector to starting up own businesses
4. Focus on internal development

Female Representation in Workforce
(Target: 10% by 2006)



Social Responsibility

Group practice: 1% of pre-tax profit over 3-year average

- Expenditure for year ended 30/06/05: R46m /US\$7.4m
 - ✓ R32.3m/US\$5.2m on 29 projects valued at R81.6m/US\$13.1m
 - ✓ R13.7m/US\$2.2m spent on donations
- The BHP Billiton Development Trust (BBDT):
 - ✓ Managing body representing all CSGs
 - ✓ COOs acting as trustees
- Funding Criteria:
 - ✓ Sustainability
 - ✓ Value-add



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