Key Challenges for the Resources Industry

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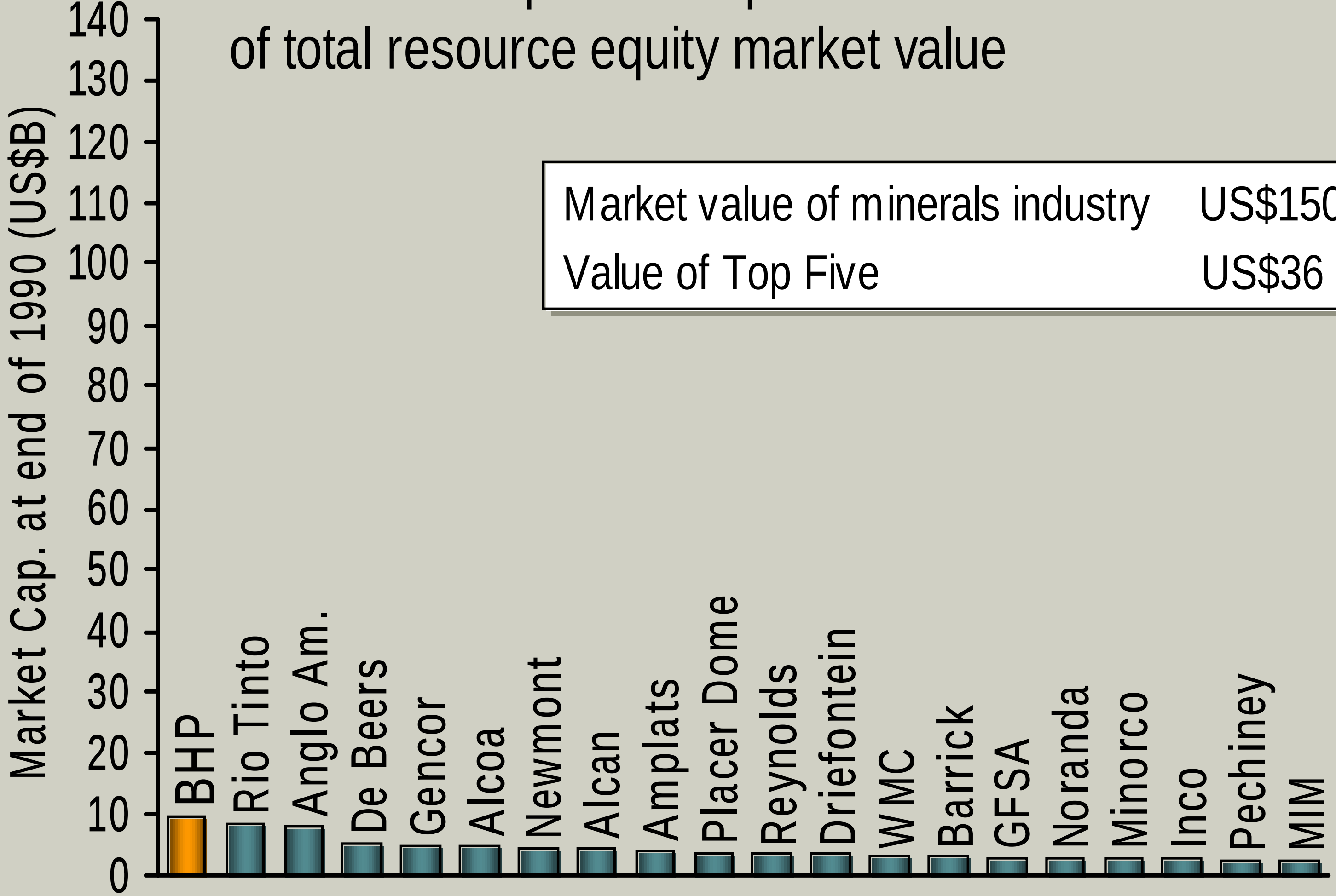
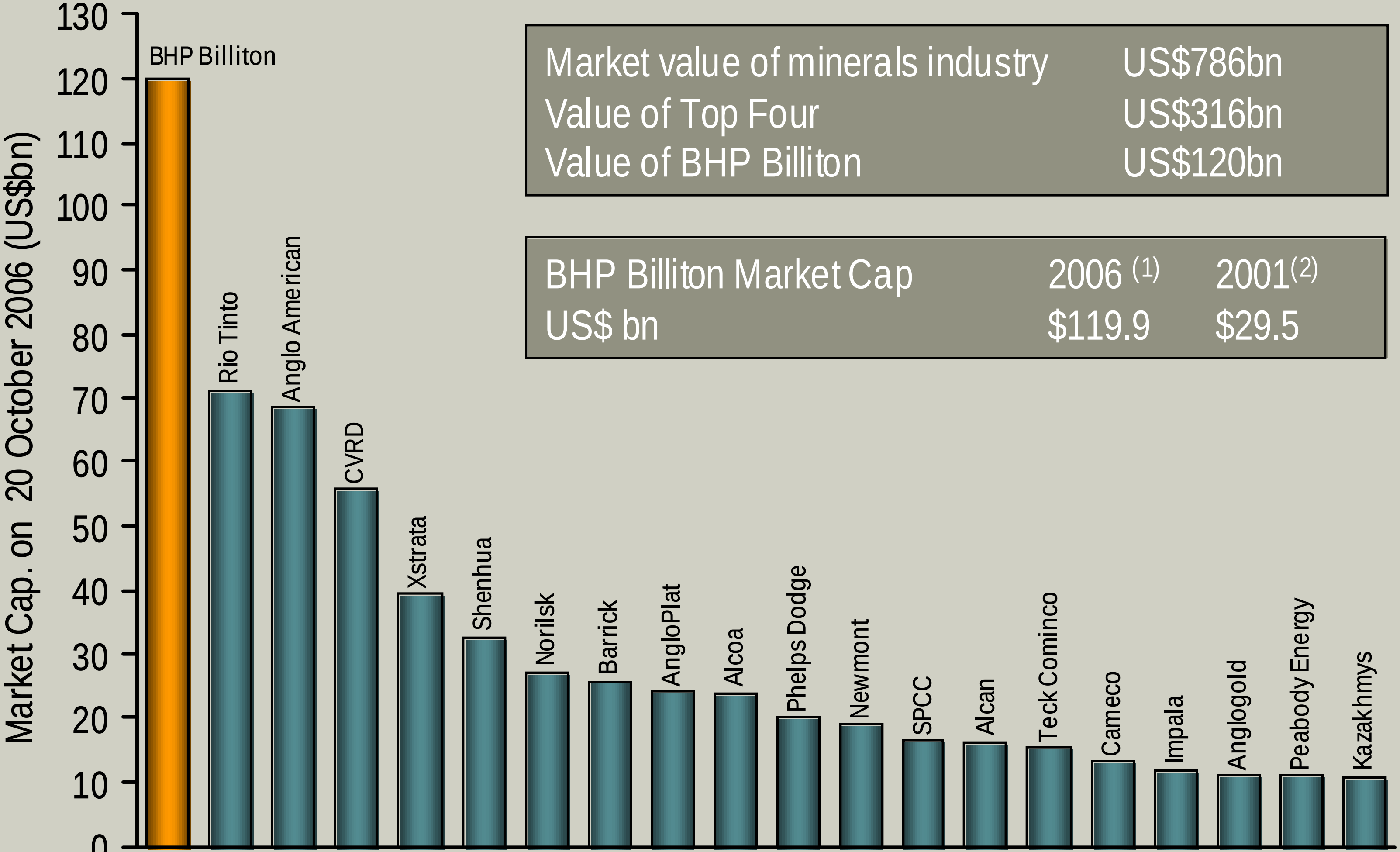
1990 – Industry structure

In 1990 the top five companies accounted for less than 25% of total resource equity market value

Market value of minerals industry	US$150 bn
Value of Top Five	US$36 bn



The largest company in the resources sector



Market value of minerals industry	US$786bn
Value of Top Four	US$316bn
Value of BHP Billiton	US$120bn

BHP Billiton Market Cap	2006 (1)	2001 (2)
US$ bn	$119.9	$29.5

Source: Datastream and Bloomberg (data as at 20 October 2006)
1. Market Capitalisation on 20 October 2006
2 .Market Capitalisation on 28 June 2001

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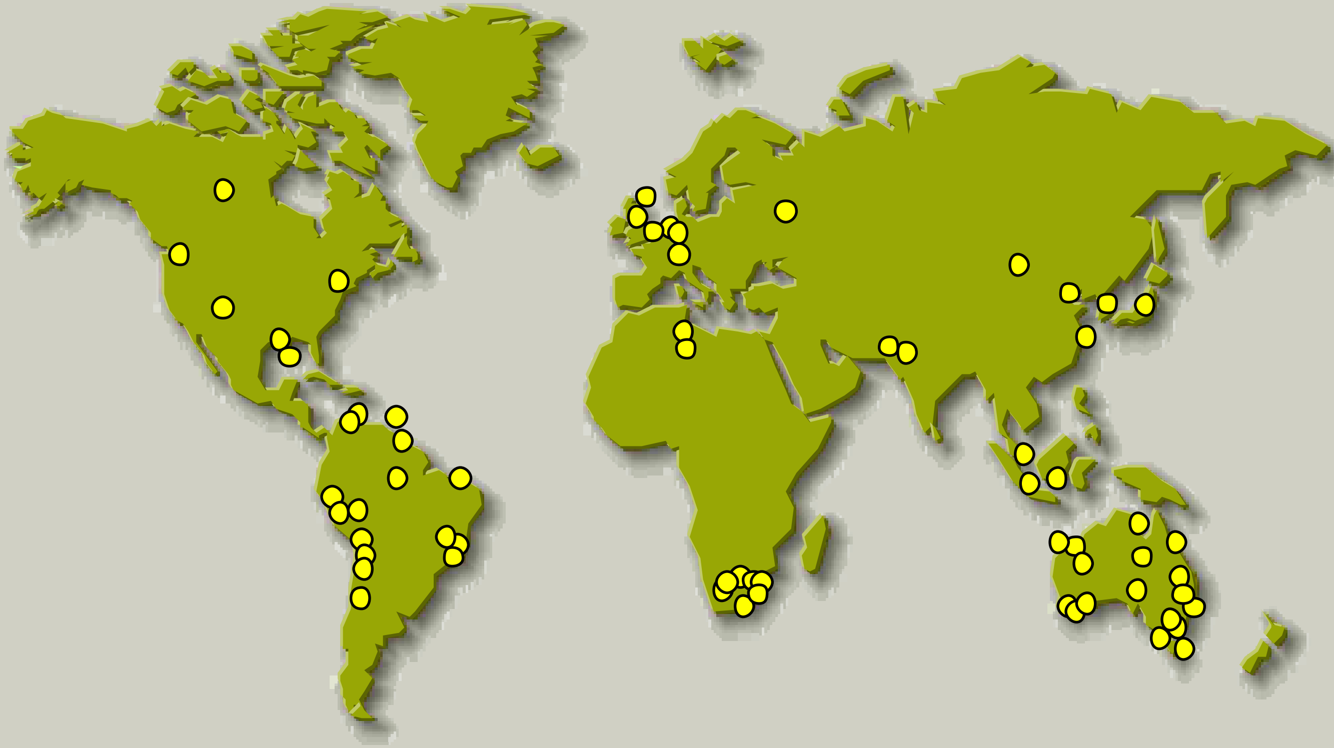
Structure driven by customer needs

Petroleum

Aluminium

Base Metals



Carbon Steel Materials

Diamonds & Spec Prod

Energy Coal

Stainless Steel Materials

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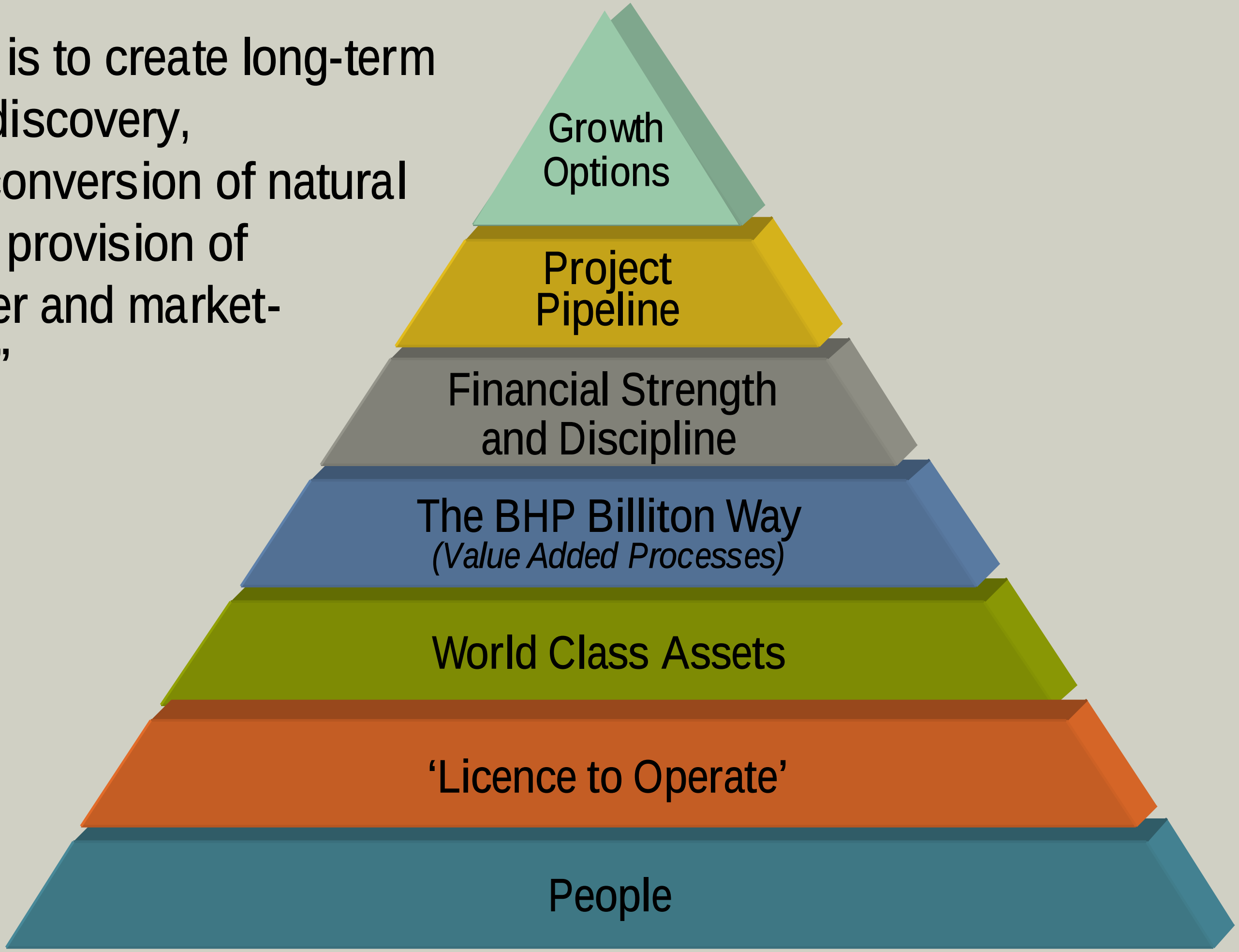
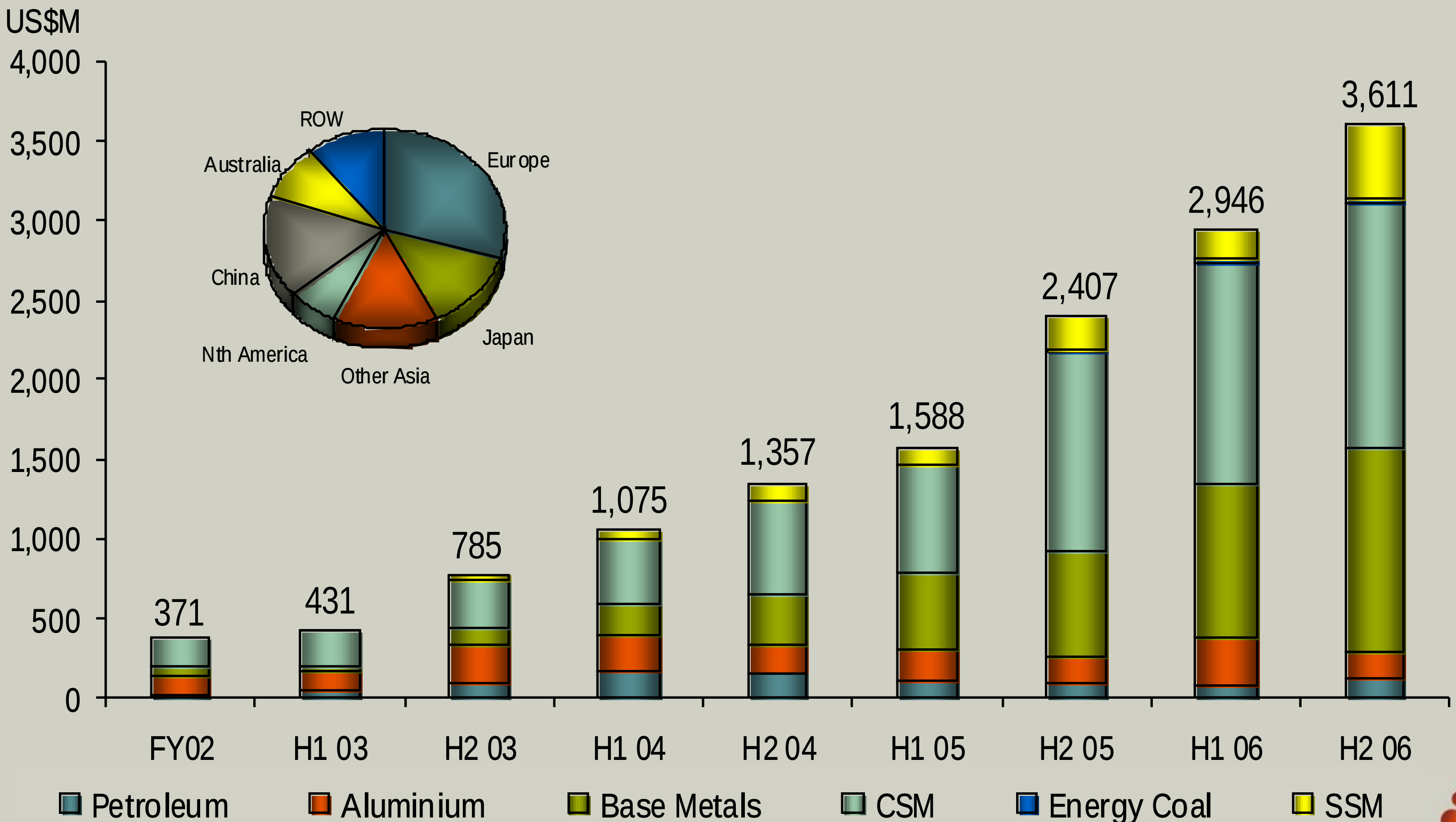
Strategic drivers

"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."



China

- Sales into China increasing but diversification remains
- Currently 16.8% of total company revenues



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

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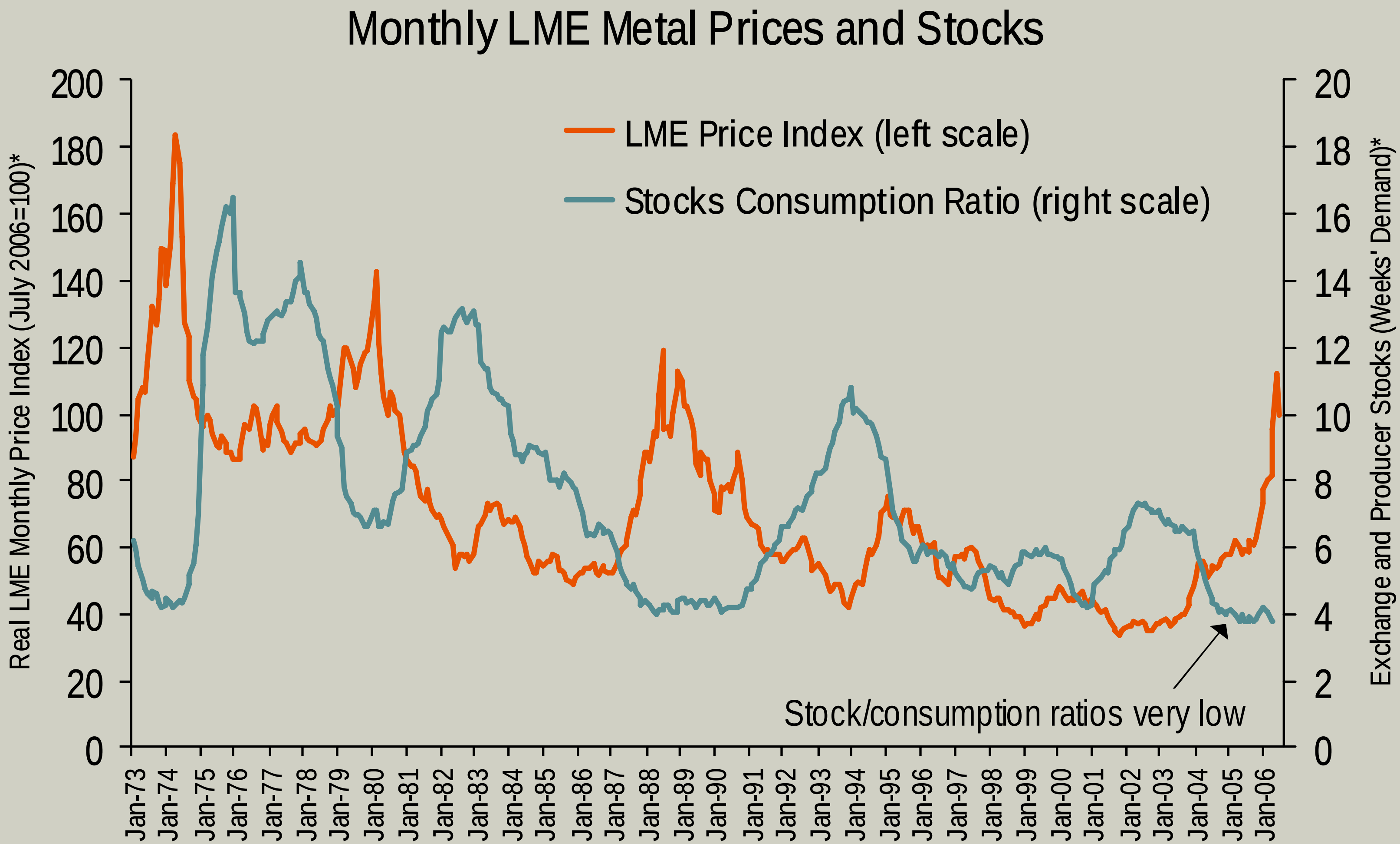
Inventory levels at historic lows
Real LME metal prices at similar levels to late 1980s' boom



Source: Macquarie, BHP Billiton. * LME prices and stocks of Al, Cu, Zn, Pb, Ni

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Industry cost and capacity pressures

tyre preservation programmes

ongoing

truck capacity increased – longer lead times

9 months 18 months

rig availability constraints

ongoing

shortage of experienced people – focus on training

ongoing

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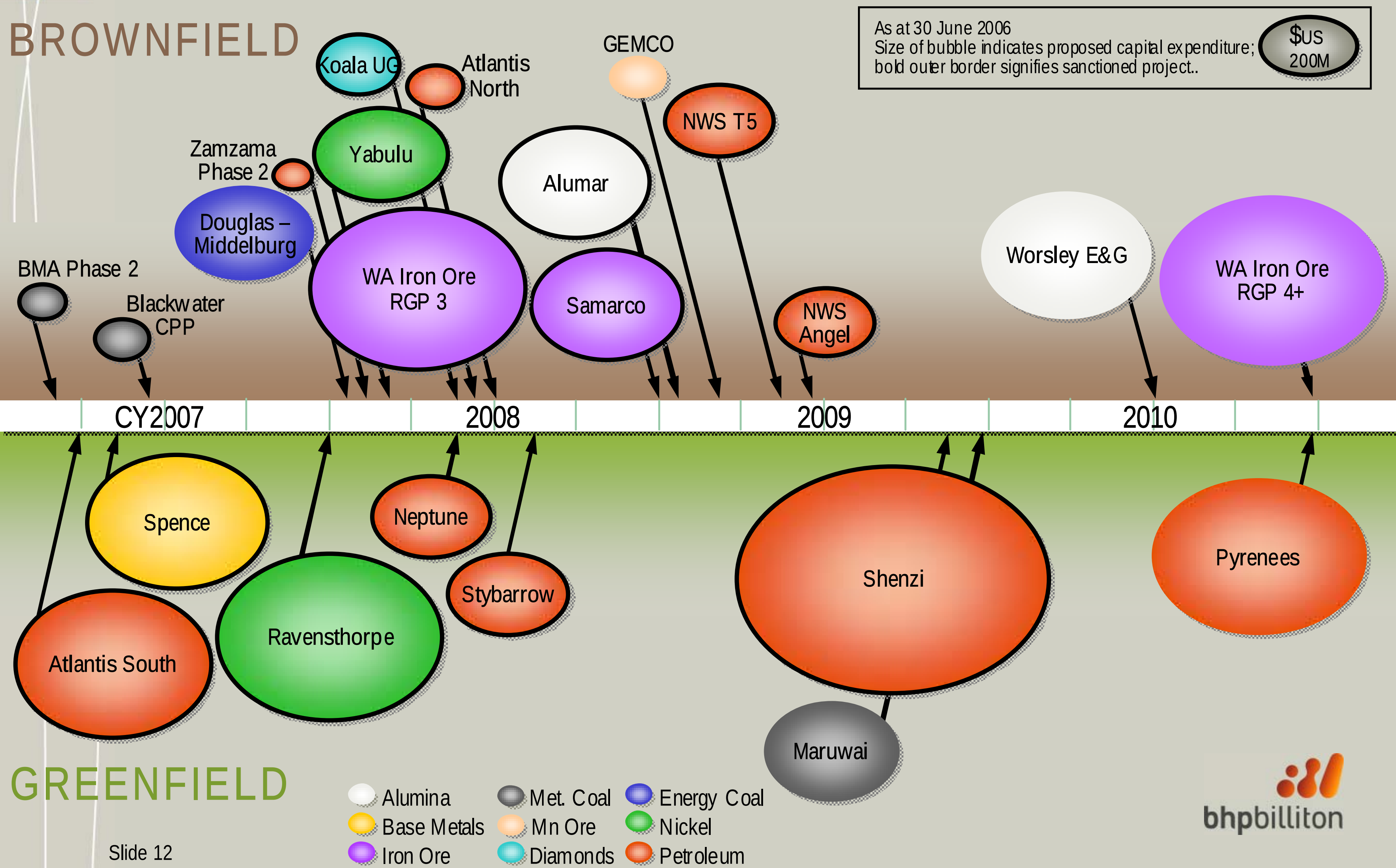
Australian Mining Industry Labour Market Outlook

- Industry needs 70,000 more people in 2015 than it has now
- Largest shortages will be in trades and semi skilled personnel
- Projected economy wide labour force growth in these categories will be slowest.
- Challenge of attracting people to skills shortage professional areas is "strategically critical"
- Additional demand will be focussed:
  - WA 42,000
  - QLD 15,000
  - NSW 5,000
  - SA 5,000
- Fastest growth projected between 2006 and 2010.
- Shortages will continue to worsen

Source: National Institute of labour Studies, "Staffing the Supercycle: Labour Force Outlook in the Minerals Sector, 2005 to 2015", August 2006

Deep inventory of growth projects



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BHP Billiton's Queensland Assets

- Cannington Silver Lead and Zinc Mine
- QNI Yabulu Nickel Refinery
- BMA Coal operations (50%)

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World Class Met Coal Operations

in 2005/06 BMA moved

716 million m³ of overburden

+

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Cannington Mine

- World's largest single mine producer of silver and lead

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Yabulu Nickel Refinery

Expansion on track for delivery in 2007

In Summary

- Dynamics of the global resources industry are changing
- 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

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