

“Stormproofing” the business

- driving step change improvement in our key assets

Mike Oppenheimer

President Energy Coal

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Sydney



BHP Billiton Energy Coal CSG

The theme of our JB Were conference paper last year;
'Are good assets enough?'

"Market led"
approach required

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World class
asset portfolio
+
"Market driven"
mindset

What are world class assets?

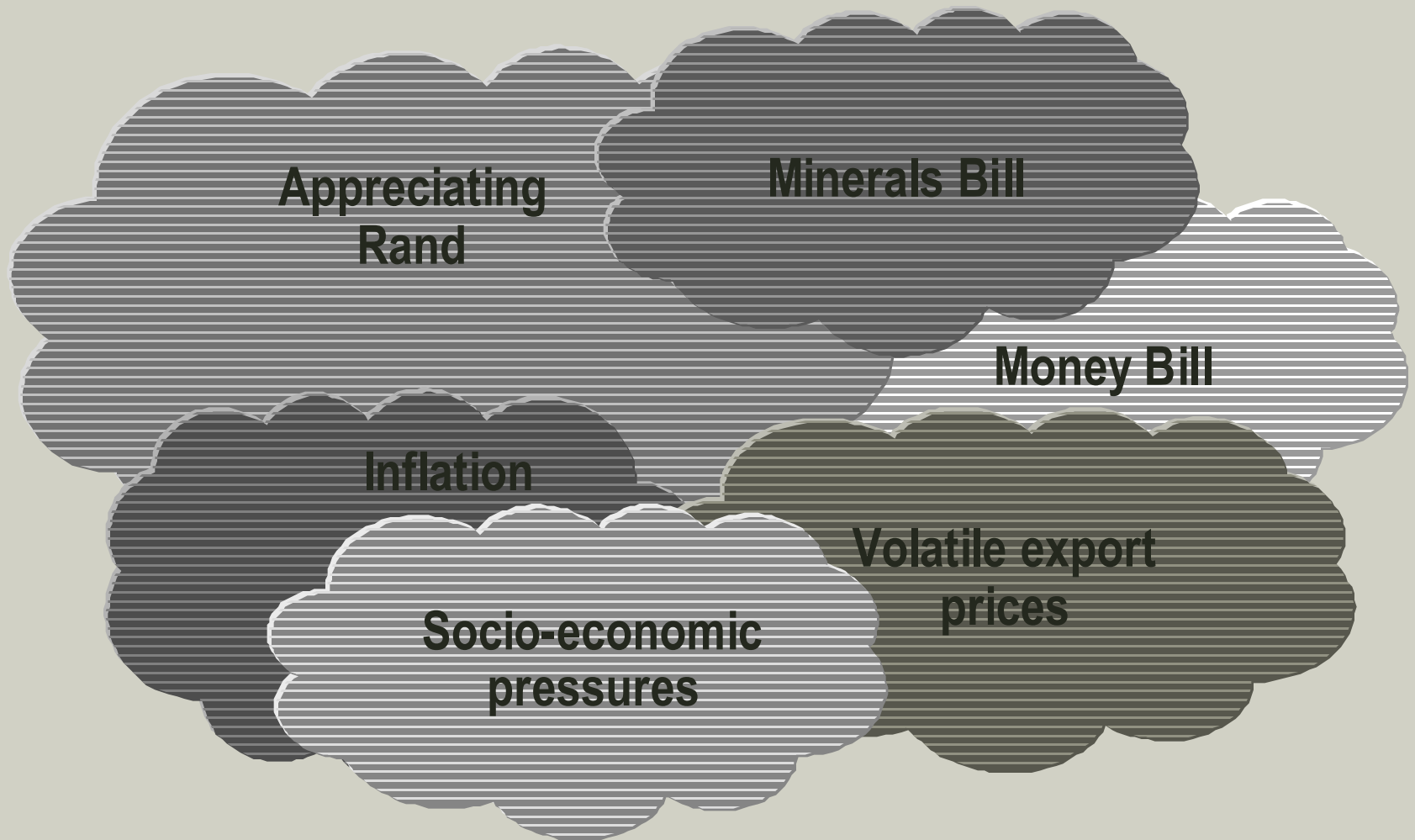
Attributes

- Low delivered cost – quality adjusted
- High margin
- Positive margin throughout commodity cycle
- Long life, sustainable position
- Meets customer needs
- Healthy and safe for workers and community
- Minimised impact on environment
- Integrated with local community
- Contributes to social and economic development

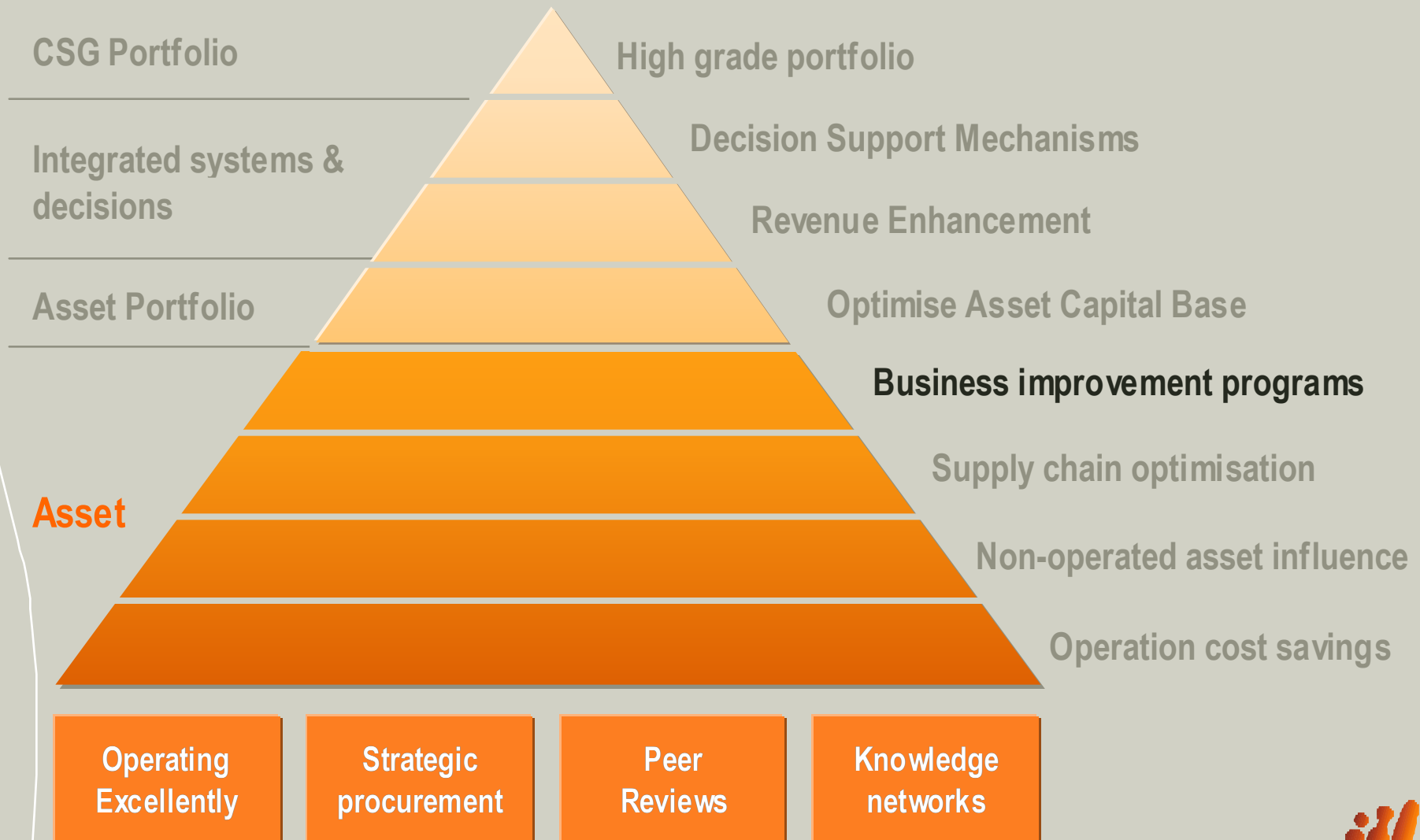
AND

Profits resilient to materially adverse external environment

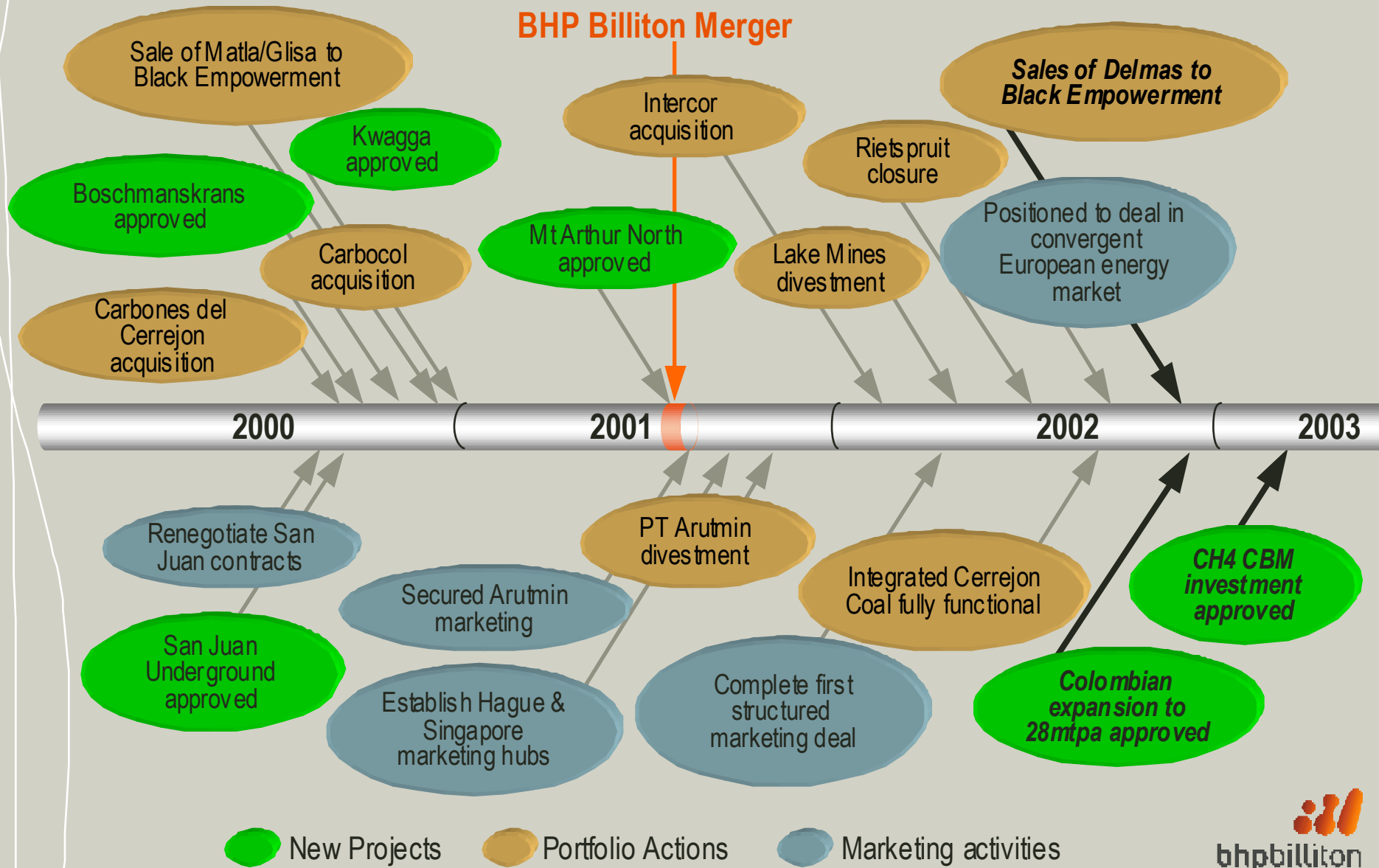
The 'Perfect Storm': South Africa Q1 2003



Energy Coal CSG: Integrated process to drive value



Portfolio actions to build long term performance



We have delivered the projects

San Juan underground

- Total capital US\$146m
- Longwall start up in October 2002, on time, under budget
- Ramp up on track

Boschmanskrans

- Total capital US\$118m
- First coal Dec 1999, on time, on budget
- Reached full production in 2002

Mount Arthur North

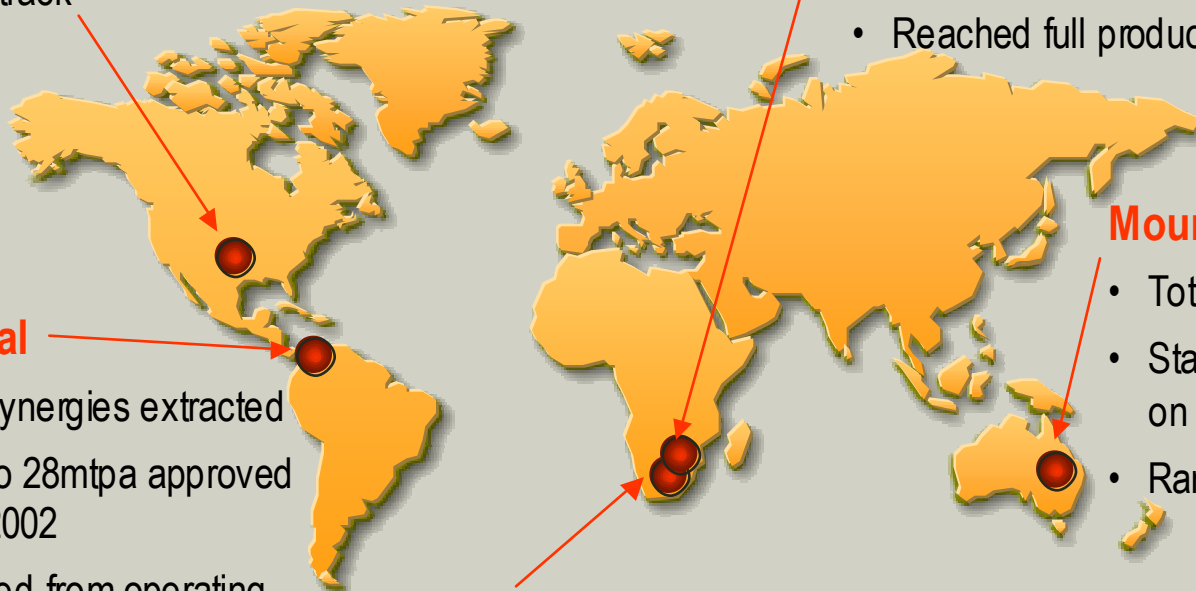
- Total capital US\$411m
- Start up in March 2002, on time, on budget
- Ramp up on track

Cerrejon Coal

- Significant synergies extracted
- Expansion to 28mtpa approved in October 2002
- Capital funded from operating cashflow
- Ramp up on track

Kwagga

- Total capital US\$40m
- First coal January 2003, on time, on budget
- Ramp up on track



Moving asset performance to the next level

- **Setting performance targets for assets in face of adverse external environment**
- **All assets undergoing performance improvement projects**
- **South Africa and Colombia major focus**

South Africa Ingwe – Our key asset



Our South African assets face diverse issues

- **Macroeconomic**

- Short term: Appreciating Rand, slowing but relatively high inflation
- Long term: Depreciating Rand, low inflation targets

- **Market**

- Volatile export prices

- **Political**

- Minerals Bill/Black Empowerment Charter
 - In 5 years – 15% HDSA ownership, 40% HDSA management
 - In 10 years – 26% HDSA ownership
- Money Bill
 - Royalty; 2% for export, 1% for 'low-grade' domestic, tax deductible expense

- **Social**

- Attitudes to health and safety
- HIV/AIDS
- Expectations of rising living standards

Organisation transformation required

- **Poor safety performance crystallised need for change**
 - Embarked on safety transformation
 - Significant overall safety performance improvement
 - Demonstrated ability of management and workforce to embrace transformational change
- **Leadership enhancement**
 - Built commercial capability of management team
 - Higher proportion of HDSAs

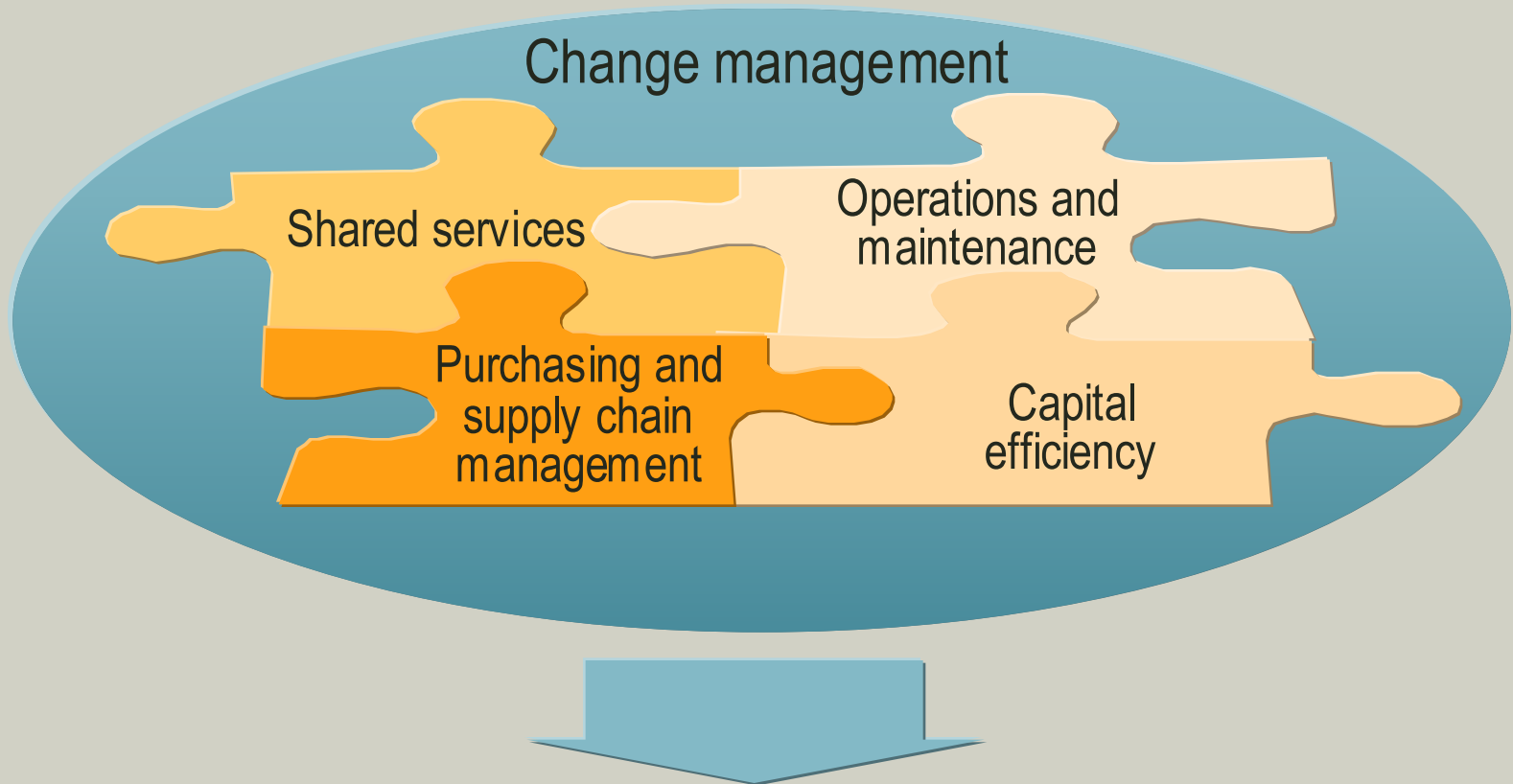


Now ready to launch a step change program to
move to next level of performance

Phenduka

What is Phenduka?

Phenduka is a cost reduction and business improvement project



Deliver acceptable returns to shareholder throughout the cycle

Proactive South African Minerals Bill strategy

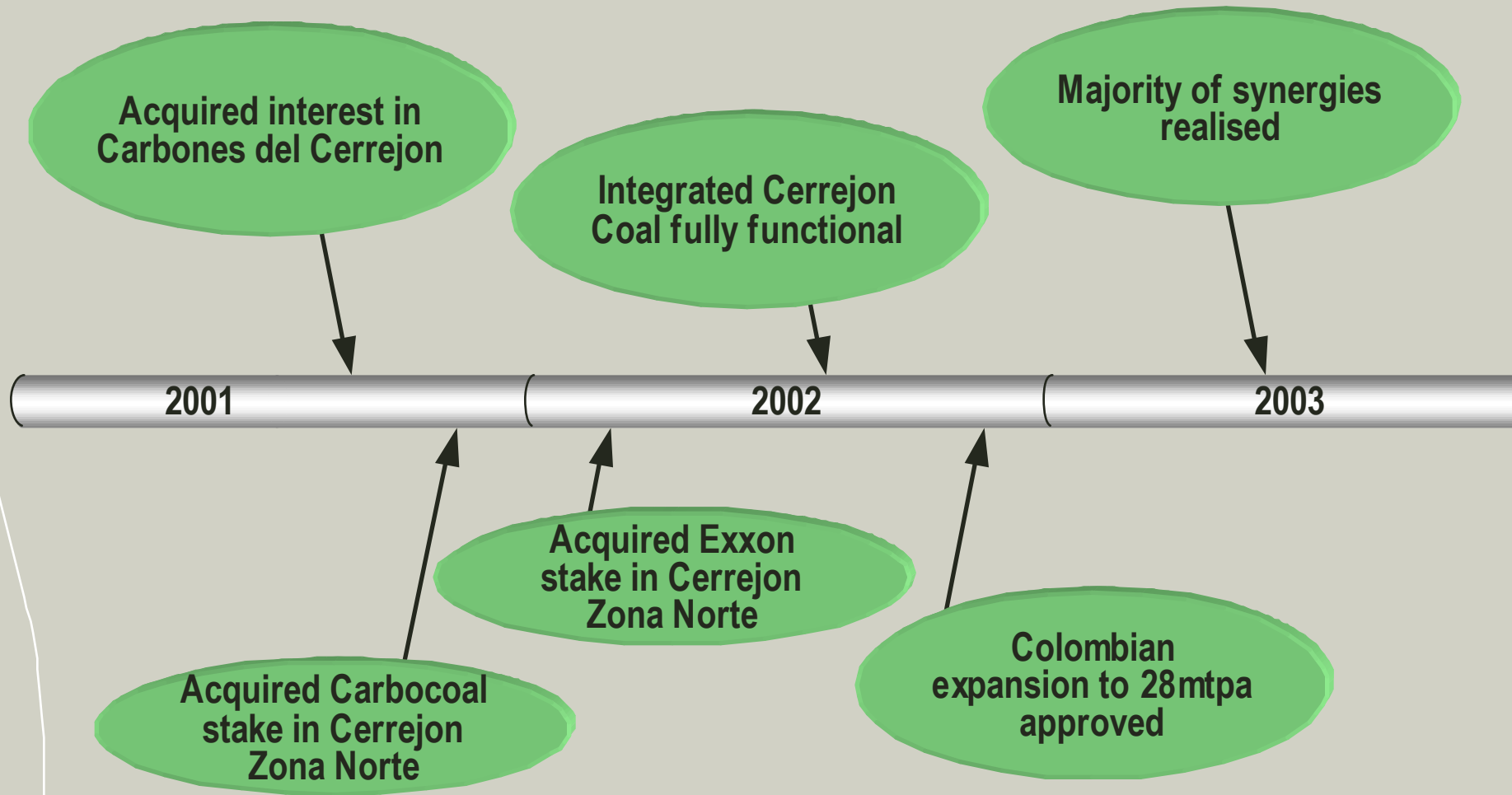
- **Pro-active approach to conversion, bilateral “leadership” with Government**
 - Recognition of existing equity transfer credits (Eyesizwe, Delmas)
 - Ongoing advisory and consulting services to BEE owners of divested assets
 - Working actively with Government on interpretation and application
 - Engaged with Government on conversion process to New Order Rights
- **Proactive organisational and structural change in Ingwe**
 - HDSAs now represented at senior management level
 - HDSAs employment growing overall
- **Ongoing development of HDSA procurement to meet target**
 - BEE companies providing wide range of goods and services
- **Building on our relationship with local communities**
 - Contribute 1% of profit to community development initiatives
 - Committed to provide education to employees and outside community

Colombia

Cerrejon Coal – A world class business



Staged Cerrejon investment required integration



Integration completed and synergies delivered

- **Physically integrated operations without production disruption**
- **Streamlined, independent, Colombian management team**
- **Captured synergies**
 - Reduced corporate and marketing costs
 - Optimised combined mine plan
 - Combined and reduced maintenance and support services
- **Implemented more capital efficient expansion option**
- **Capable of expansion in response to market growth**
- **Competitive into both European and US markets**

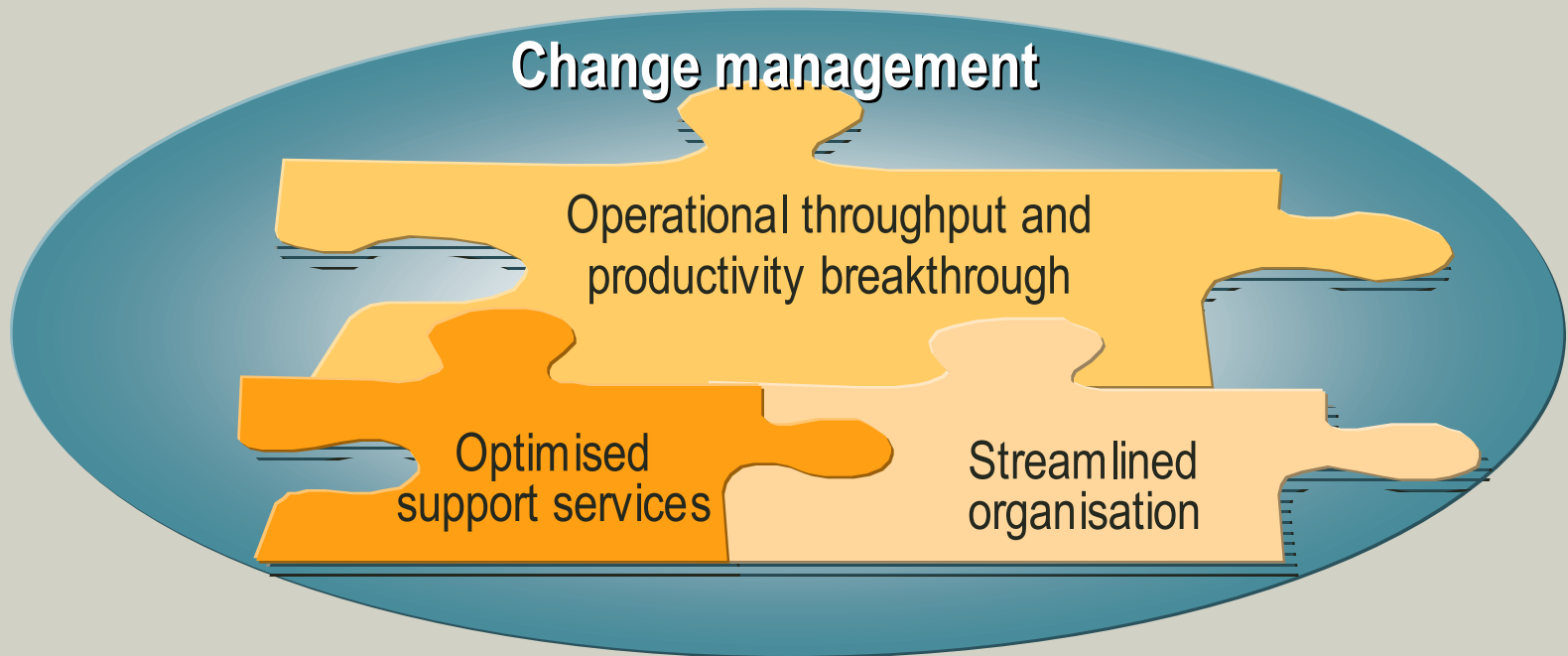


**Building on integration and synergy capture with
a step change program**

Crecer

What is Crecer?

Crecer is a cost reduction and business improvement project



Deliver Cerrejon Coal's full performance potential

Wrap up

World class assets exposed to an adverse external environment

Moving asset performance to the next level

Undertaking structural change in our key assets

Ensure profits resilient to materially adverse external environment



“Stormproofing” key assets