

Challenge of BRICs

Mike Salamon
Executive Director
Group President Non-Ferrous Metals

Deutsche Bank BRICs Conference
Friday 12th November 2004



Disclaimer

The views expressed here contain information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to accuracy, completeness or reliability of the information. Any forward looking information in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation should not be relied upon as a recommendation or forecast by BHP Billiton.

Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

Introduction

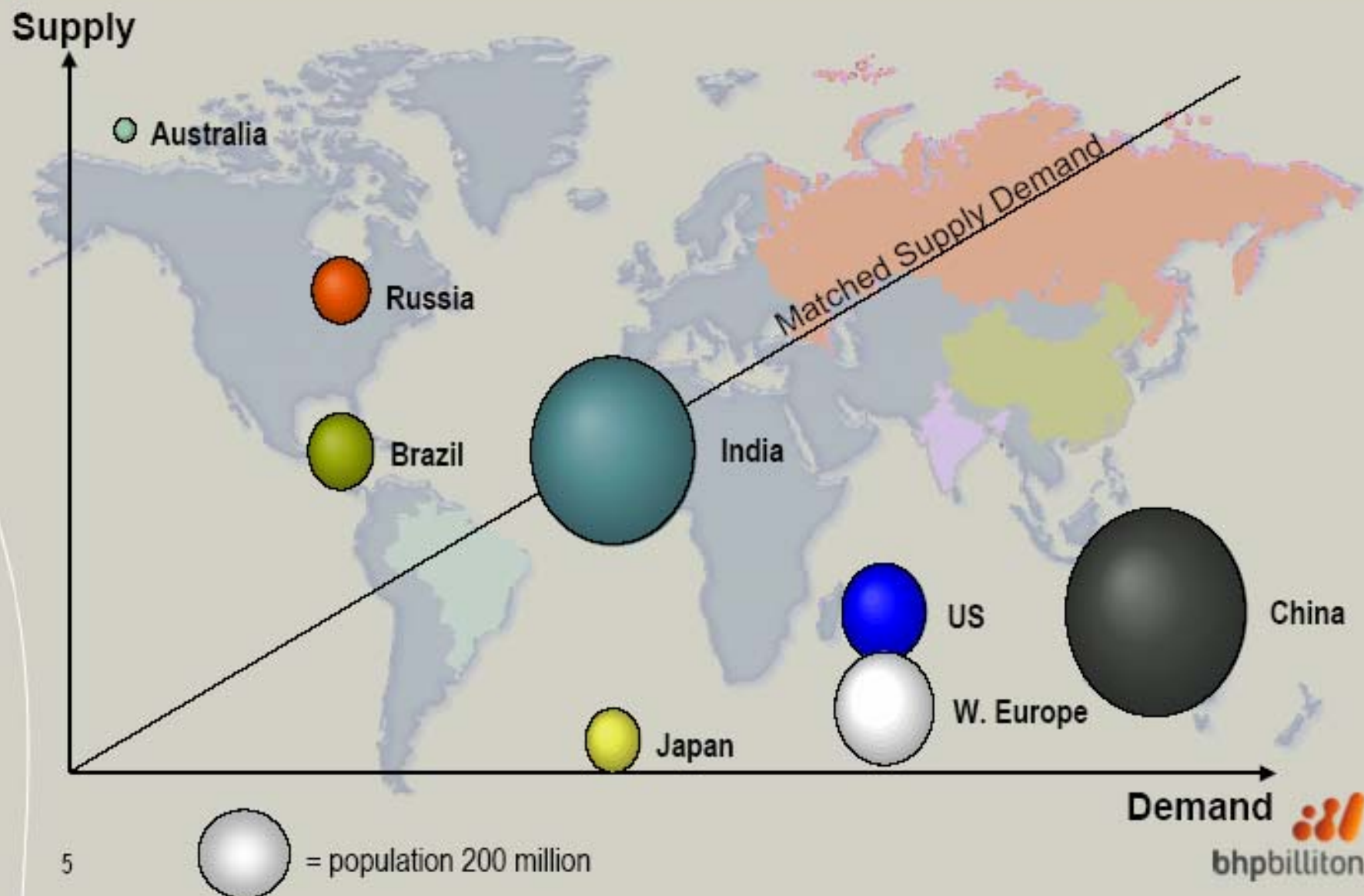
- BRICs business models
 - A market or a source of supply?
- BHP Billiton and BRICs
 - Marketing activities
 - Production
 - Projects
 - Business development opportunities
 - Exploration
- BRICs business risks
 - Managing risk in new geographies

BHP Billiton and BRICs

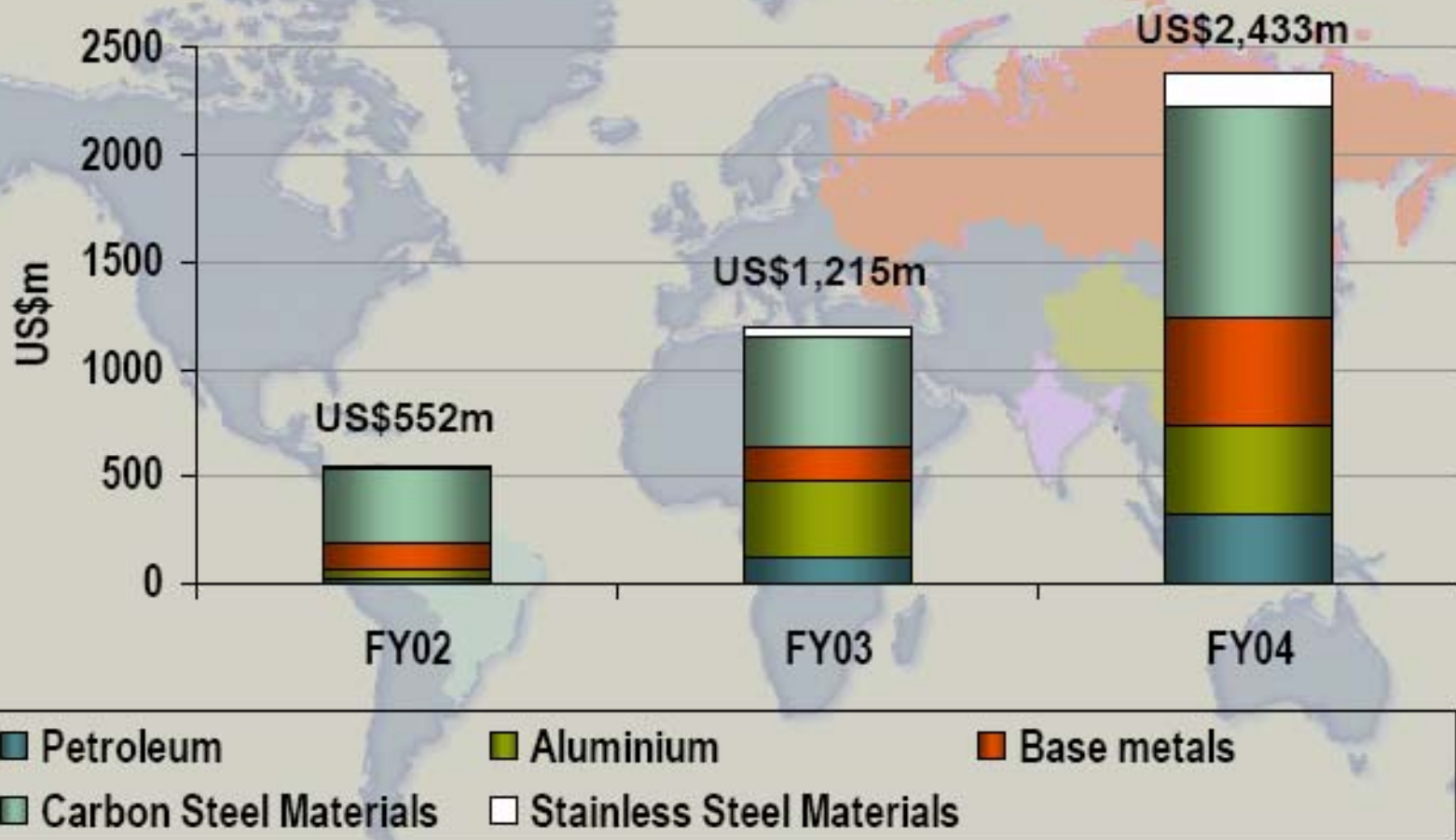
Current position

	Marketing Activities	Production	Projects	Business Development	Exploration
Brazil	✓	✓	✓	✓	✓
Russia	✓	✗	✗	✓	✓
India	✓	✗	✗	✓	✓
China	✓	✗	✗	✓	✓

A market or resource-rich?



China – primarily a market...



...v. Russia – potentially a supplier

Year ended 30 June 2004



■ Aluminium ■ Base metals ■ Carbon Steel Materials ■ Stainless Steel Materials

BHP Billiton and BRICs

	Marketing Activities	Production	Projects	Business Development	Exploration
Brazil	Aluminium Coking coal Manganese Chrome	Bauxite Alumina Aluminium Iron Ore	Expansions at Alumar and Samarco	Various	Bauxite Nickel
Russia	Limited: Bauxite Alumina	Potentially	Early stage	Various	Diamonds Nickel
India	Coking coal Copper Energy Coal Aluminium Manganese	Probably	Early stage/concept	Primarily: Alumina Iron ore	Diamonds Iron ore Nickel Base metals
China	Iron ore Copper Alumina Petroleum Manganese Nickel Aluminium Chrome	Possibly – Not a focus	Not a focus	Various	Various (but not high priority)

Brazilian assets



Brazilian projects



Feasibility study underway:

- Expansion of alumina refinery to 3.3mtpa (from 1.3mtpa)
- Estimated capex of c. US\$900m (100%)*
- Forecast initial production Mid CY07*

* Indicative only



Pre-feasibility study underway:

- Expansion of the pellet plant to 21mtpa (from 14mtpa)

India – potential business development opportunities



Carbon Steel Materials

- POSCO and BHP Billiton are proposing an integrated raw materials, infrastructure and steel plant project in Orissa with a 10Mtpa capacity
- Steel Authority of India (SAIL) and BHP Billiton have entered into an agreement that will potentially allow BHP Billiton to acquire equity in SAIL's undeveloped iron ore resources in exchange for equity in a BHP Billiton undeveloped coking coal resource

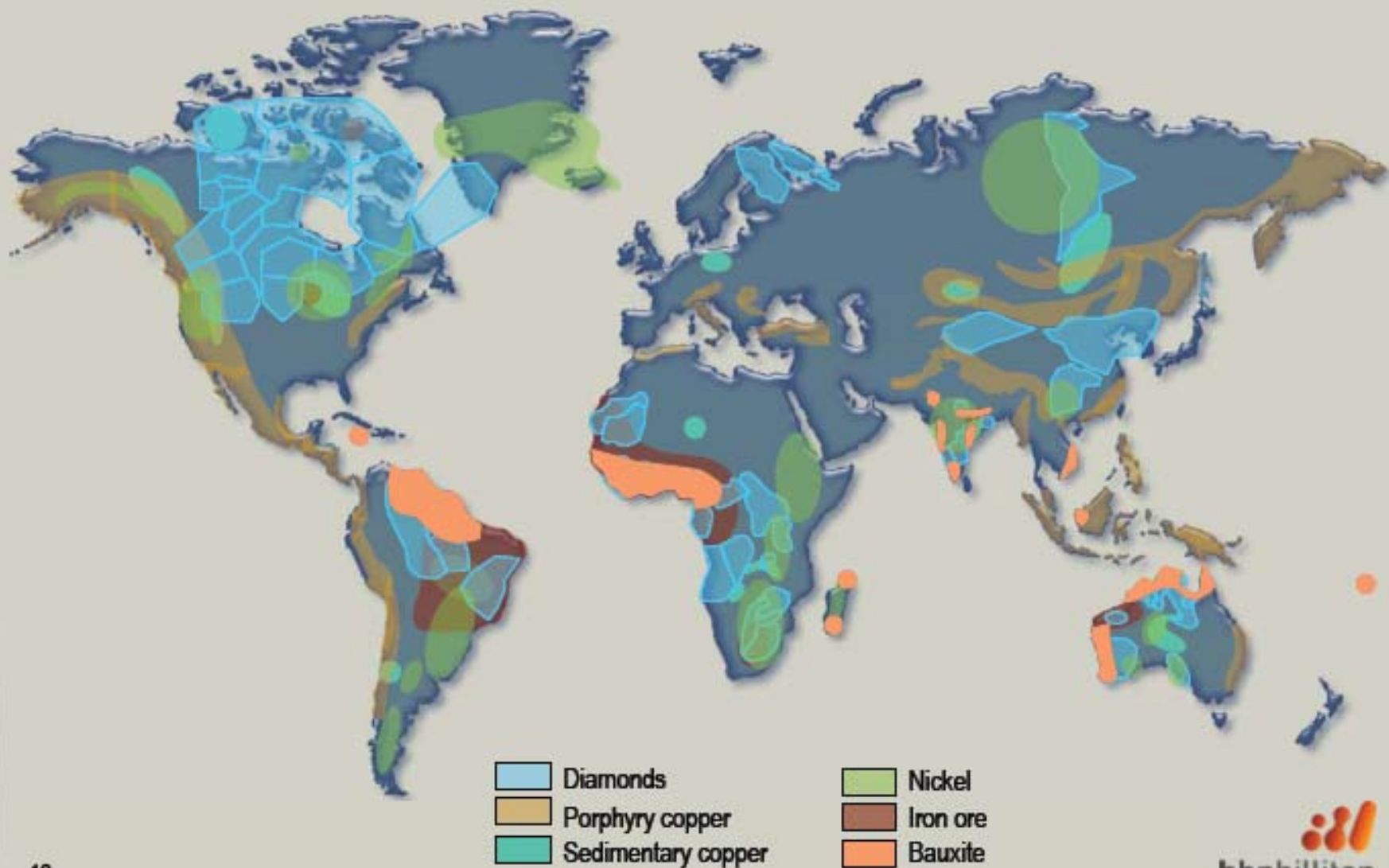
Aluminium

- Entered into an agreement with a local company to potentially develop an alumina plant (1.5Mtpa capacity)

Petroleum

- With improved relationships between India and Pakistan, the Iran-Pakistan-India pipeline promoted by BHP Billiton is again under consideration

Prospective Terrains



BRICs - Risks

- Understanding the market
 - Political risk
 - Regulatory risk
- BHP Billiton has the ability to take on greater risk
 - > 80% of EBIT derived from assets in investment grade countries
- Ability to manage operations/projects in “risky countries”
 - Experience
 - HSEC/licence to operate
- Management of market risk
 - Marketing structure

Conclusion

- BRICs economies developing rapidly, but not all the same
- Market v. producer
- BHP Billiton is well placed in terms of existing operations and projects
- Prospective regions of the world may require a different skill base to those required from operating in OECD countries

BHP Billiton is well placed to service traditional markets whilst capturing value adding growth opportunities in the developing BRICs economies



bhpbilliton