

Analyst Visit 4 June 2005

QNI Pty Ltd



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QNI has most of requisite factors for world competitive sustainable nickel and cobalt processing

- Abundant water – WRF
- Power largely self-generated by co-generation
- Reasonably priced gas and coal
- Skilled workforce
- Well established safety and production systems
- Well established sophisticated support industry
- Enabling local political climate
- Political and fiscal stability
- Good rail/road/air



The QNI strategy



Stabilise Yabulu operation

- Zero harm
 - Business re-engineering
 - Maximise plant uptime
- = sustainable, predictable production improvements**

Optimise Yabulu margins

- Incremental value-added product development.
- Plant efficiency projects
- Gas conversion
- Selected own mine development

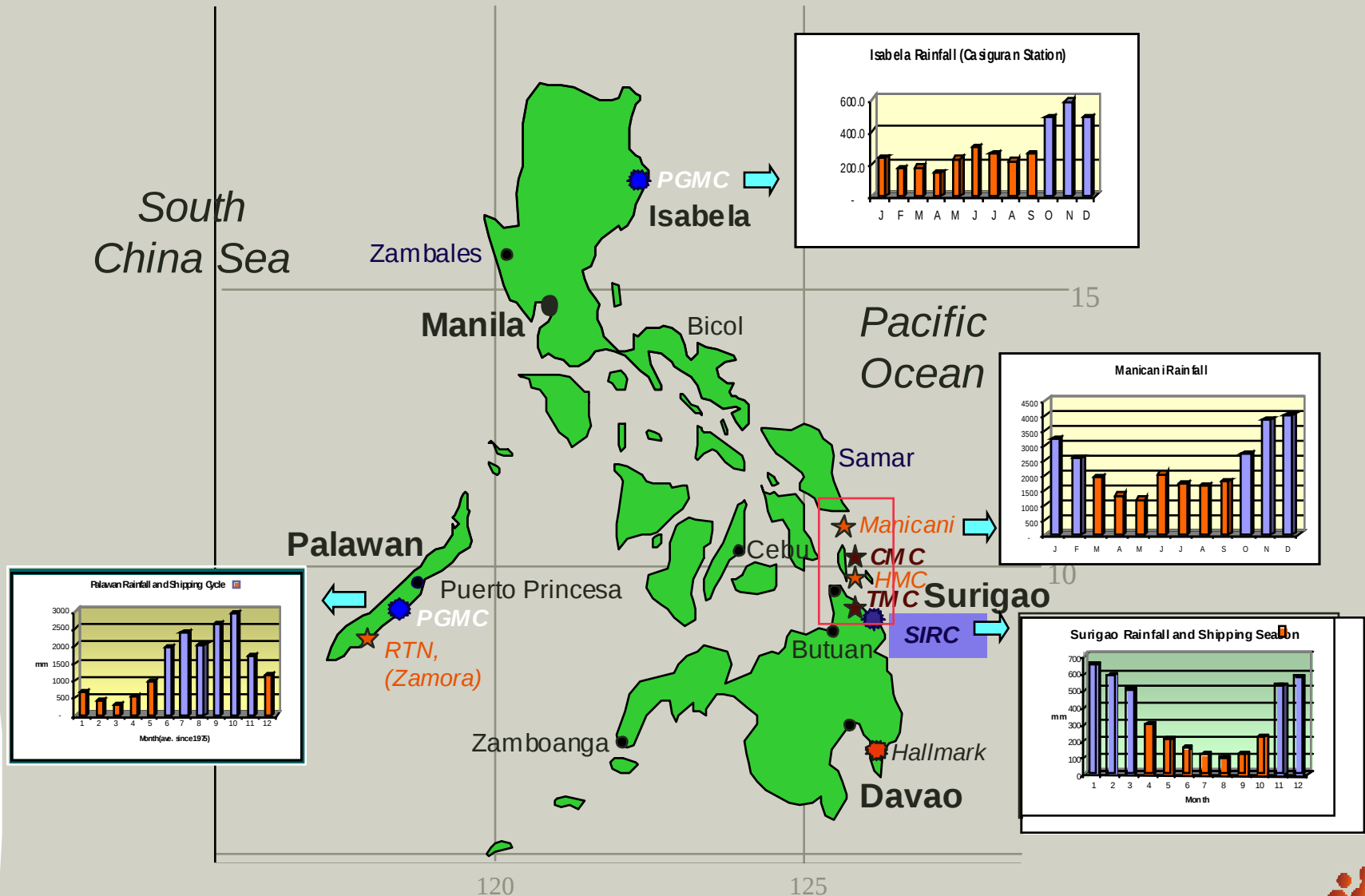
Central Refinery Strategy

- **Phase I:**
Develop Ravensthorpe as “front end” and expand Yabulu.
- **Phase II:**
Develop next front end, replacing ore importation

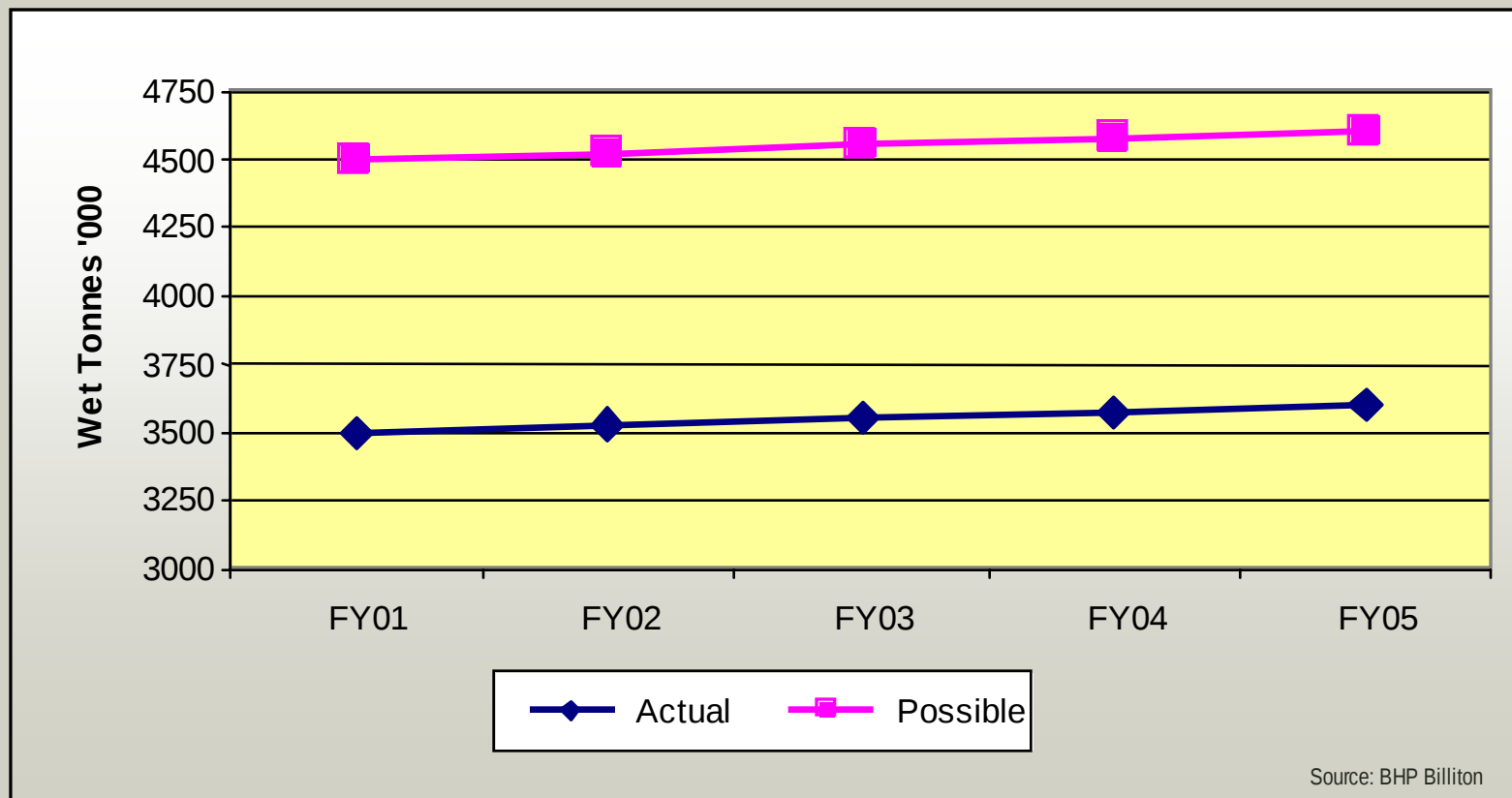
Sources of ore supply to Yabulu Refinery



Mine site location and rainfall patterns



Identified ore sources vs actual offtake



Ship loading by barge



Ore discharge at Materials Handling Facility

Approximately 3.7 million tonnes of Nickel Ore is unloaded and transported to Yabulu Refinery every calendar year.



The QNI strategy



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• Phase I:

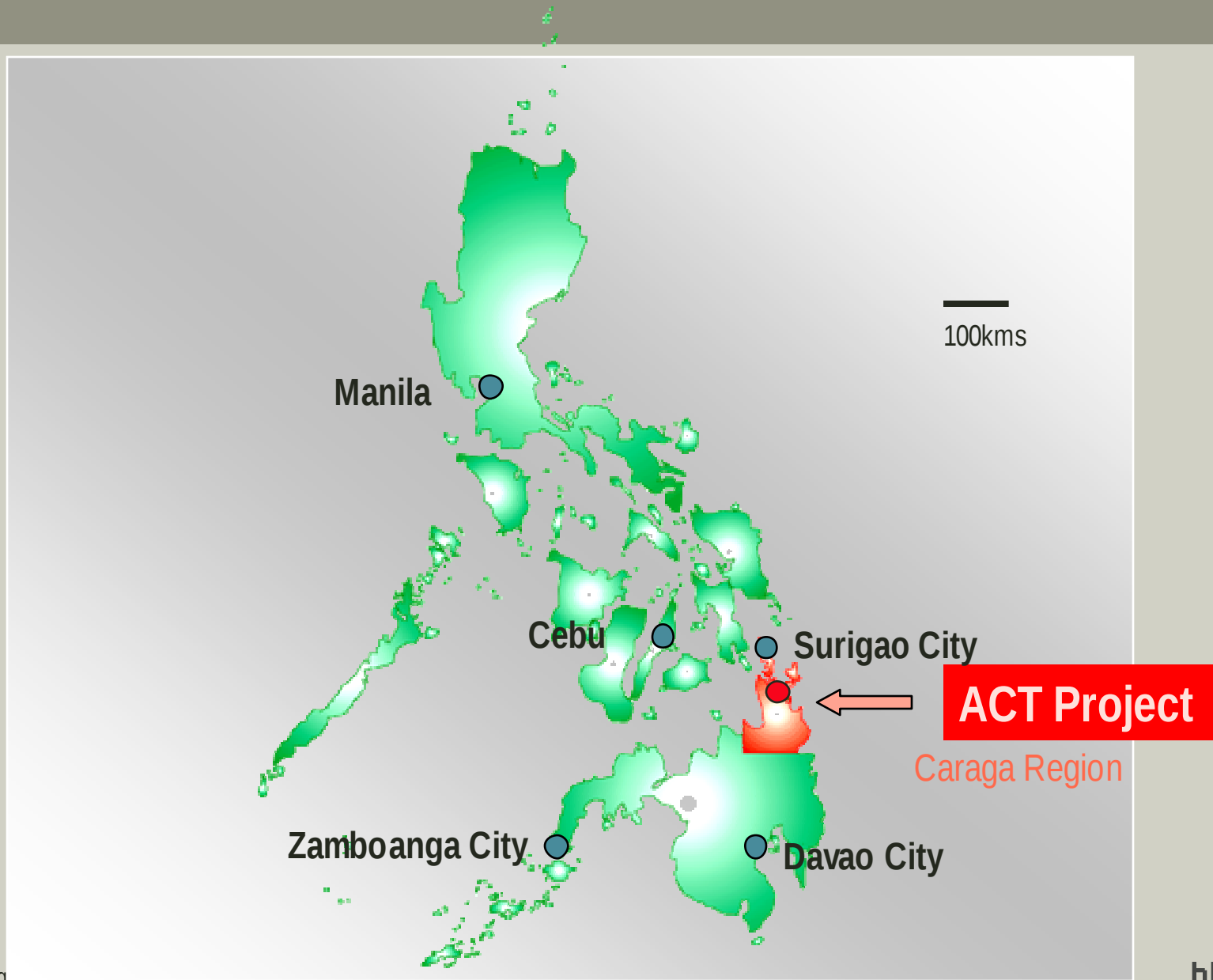
Develop Ravensthorpe as “front end” and expand Yabulu.

• Phase II:

Develop next front end, replacing ore importation



ACT Project Location

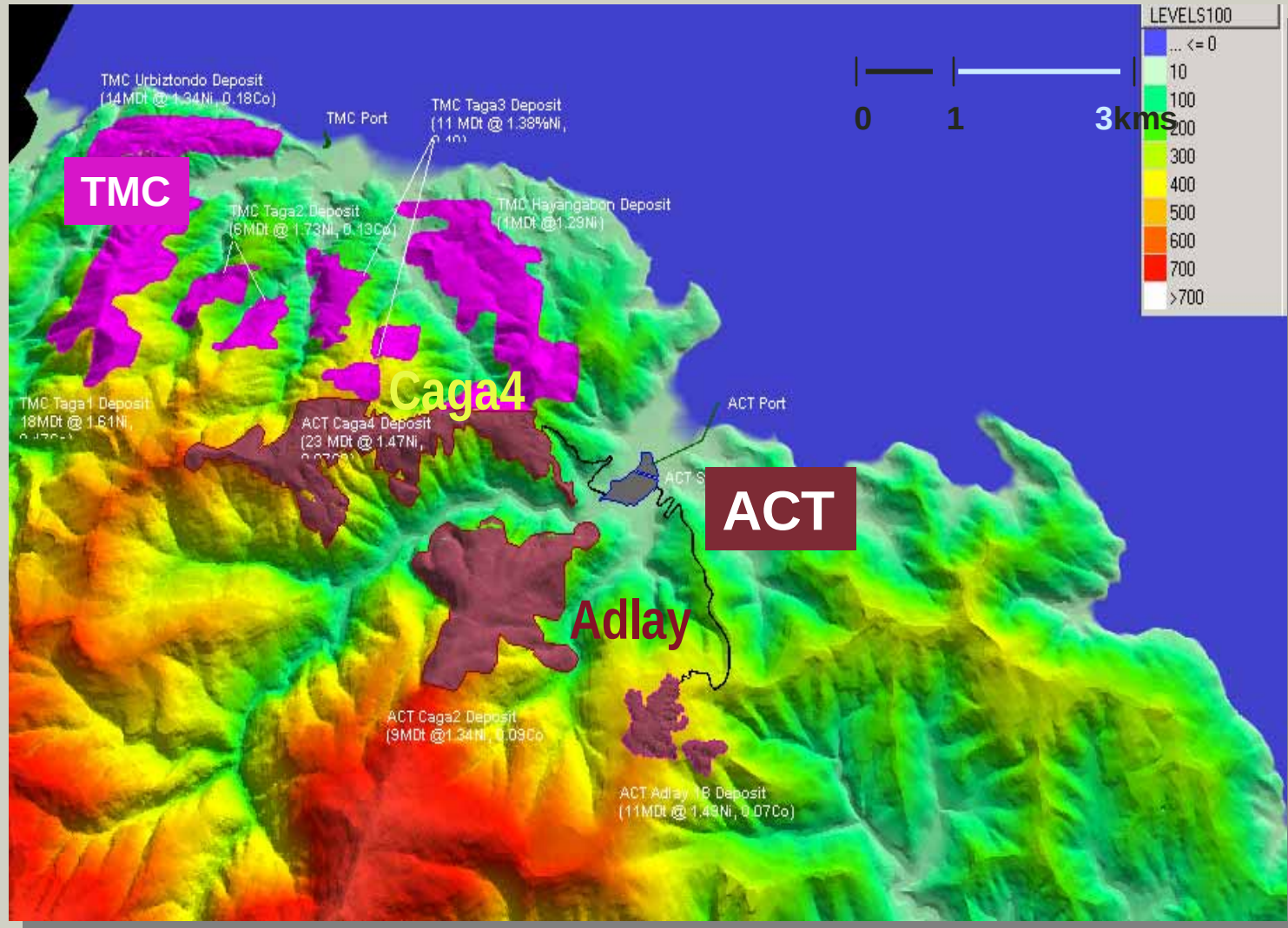


ACT Project: significant parameters

- Mineable reserves: min 12MWt
- Minelife: 12 years, minimum
- Production: 1MWt/y
- Method: Surface mining w/ progressive rehab
- Sustainability: Programme & policy framework in plan
- Direct capitalisation: US\$19.2M



ACT Project: Location of Ore Reserves



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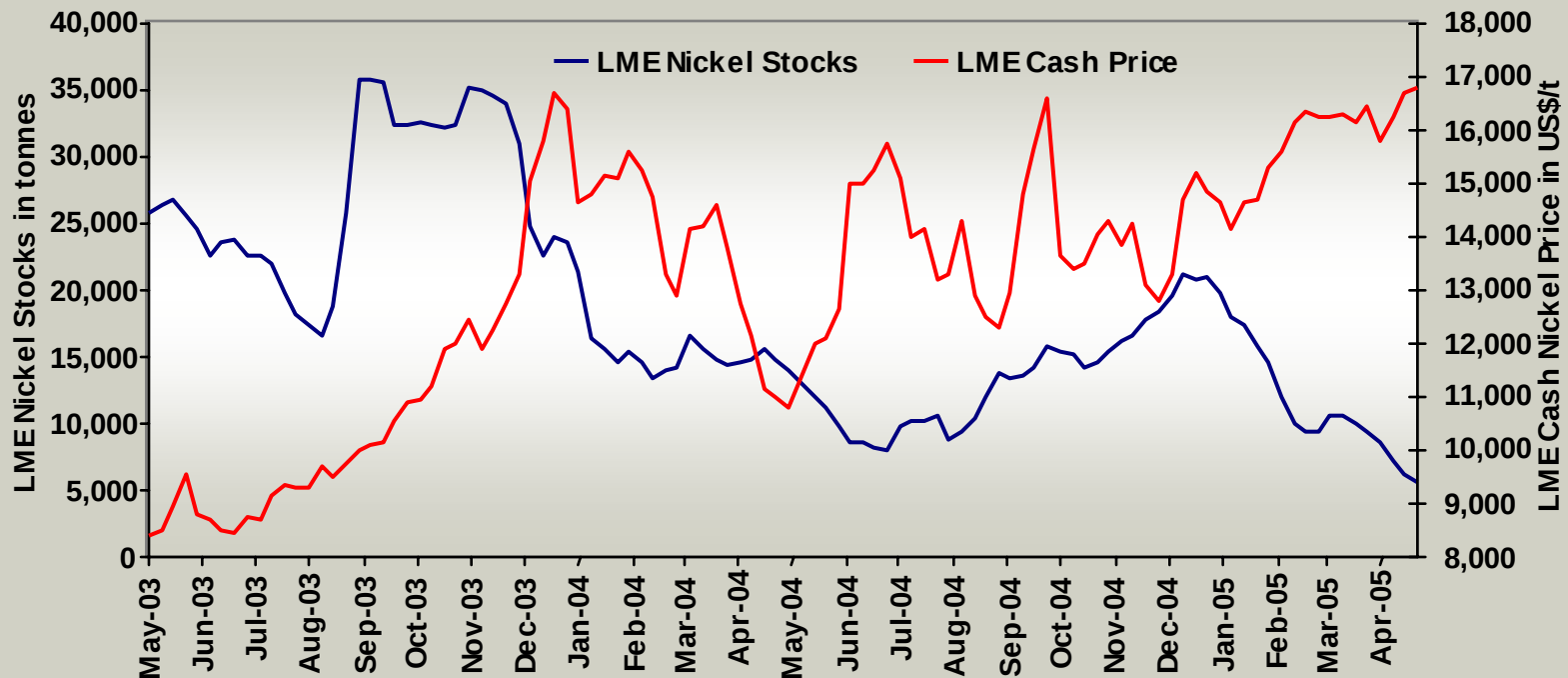
Brief market and sales overview



Nickel supply and demand balance, price and stock development

CY	2003	2004	2005
Global Supply (kt)	1,284	1,272	1,305
%change		-0.9%	2.6%
Global Consumption (kt)	1,240	1,263	1,317
%change		1.9%	4.3%
Surplus/Deficit	43	9	-12

Source: CRU



Source: London Metals Exchange

Nickel market is in structural tightness

➤ Nickel demand remains robust

- 300 series remains the workhorse of the stainless industry because of “core” applications
- Strong growth in the aerospace industry and land-based turbines
- Hybrid electric vehicles provide a positive development for long-term growth

➤ Real constraints to supply

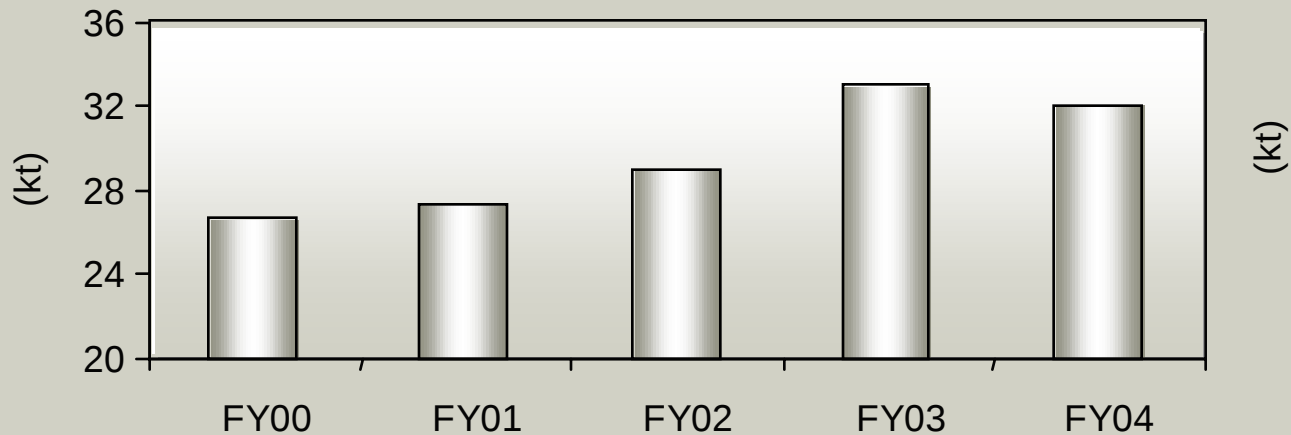
- No major technological revolution anticipated
- Capital costs are high

Nickel demand is, however, sufficiently elastic to avoid a prolonged period of high prices. Nickel bearing stainless steels remain cost-competitive against alternatives in their core applications.

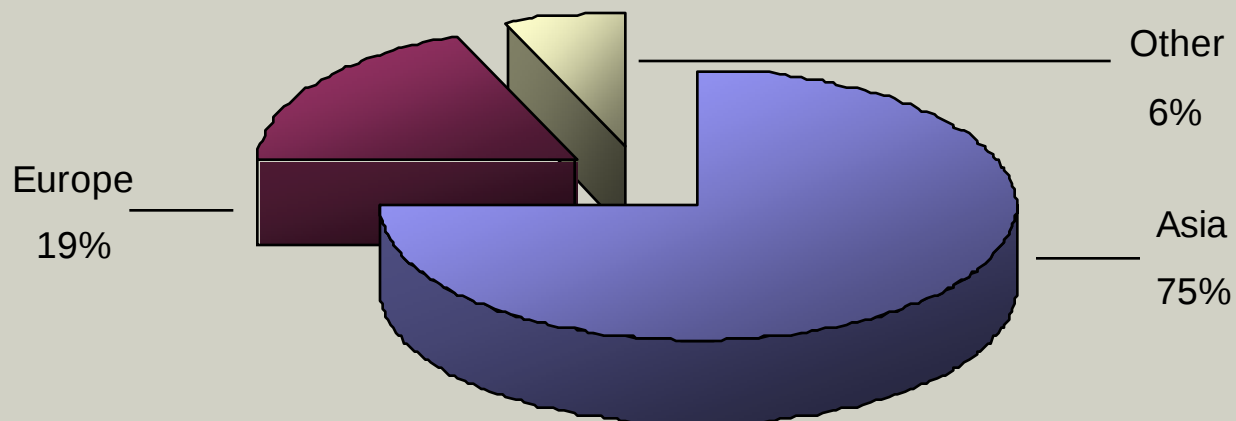


Yabulu Ni production and sales

Yabulu nickel sales



FY 04 Geographical Sales split – Poised for YEP Output



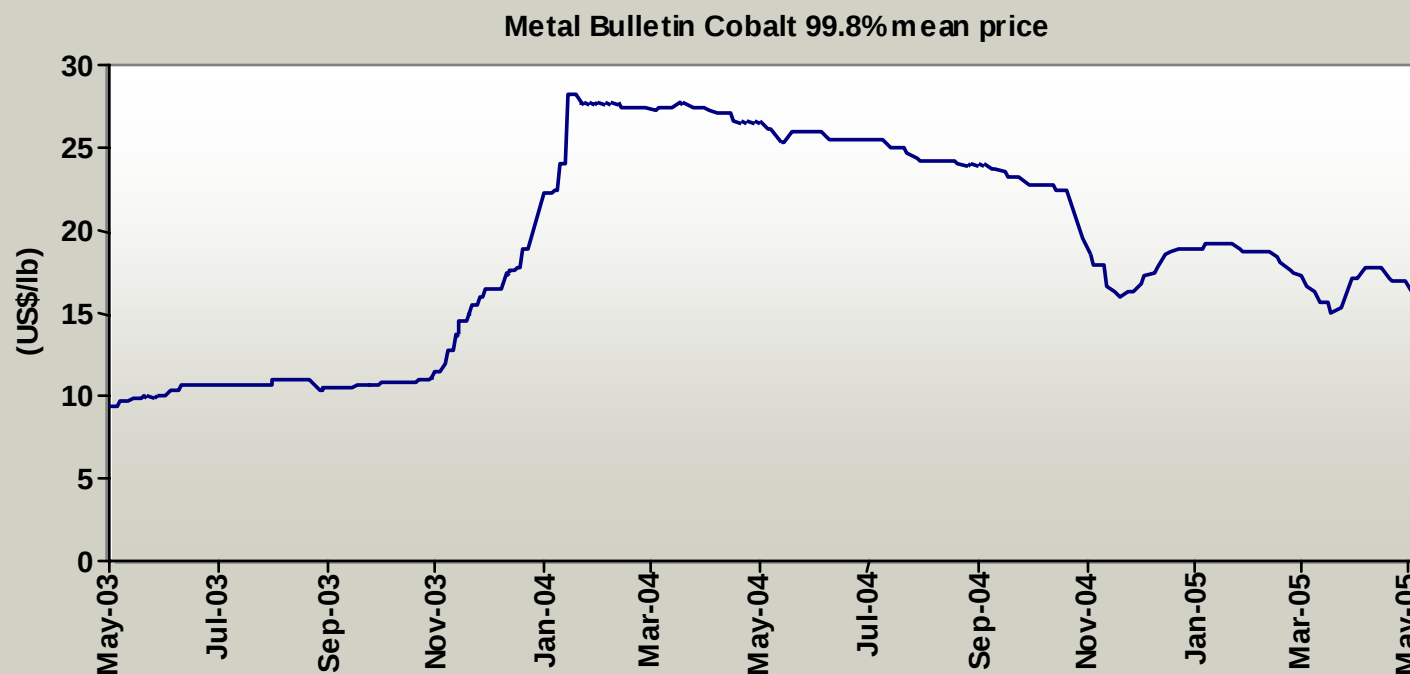
Source: BHP Billiton

Cobalt supply and demand balance, price development

CY	2001	2002	2003	2004*
Global Supply (kt)	41.5	42.4	46.7	49.5
%change		2.2%	10.1%	6.1%
Global Consumption (kt)	39.4	41.0	45.9	49.4
%change		4.1%	12.0%	7.6%
Surplus/Deficit	2.1	1.4	0.8	0.1

Source: CRU

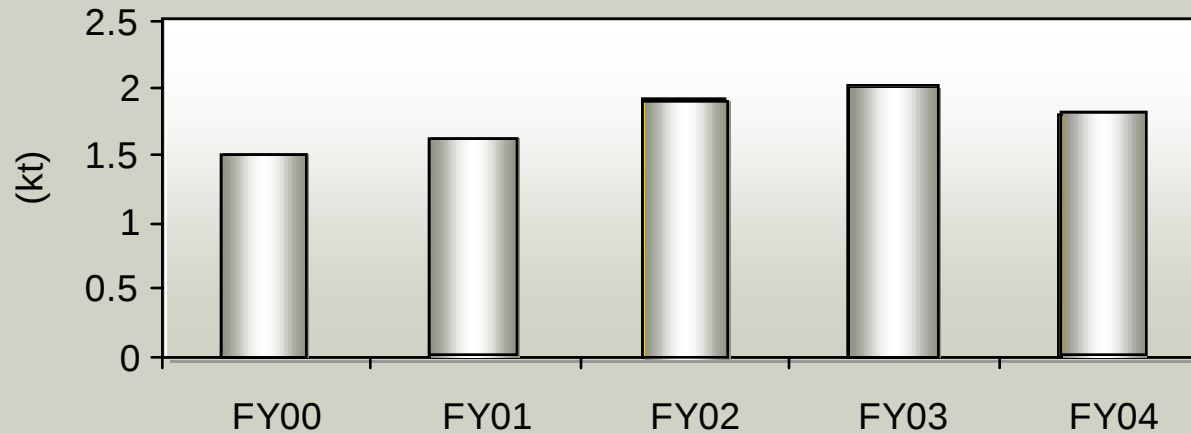
* Provisional figures



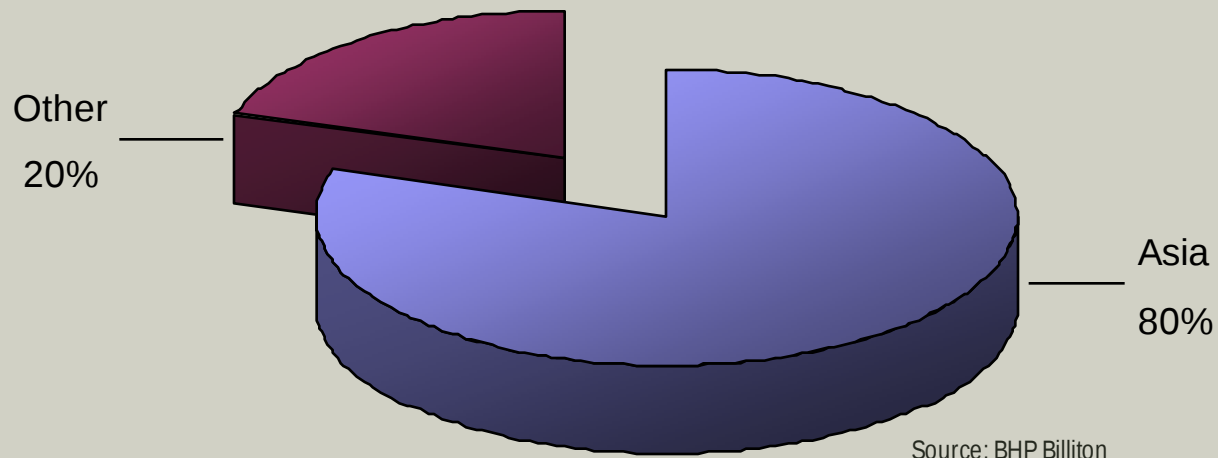
Source: London Metal Bulletin

Yabulu Cobalt production and sales

Yabulu cobalt sales



Geographical Sales split – FY04



The QNI 3 Horizon Strategy – creating a robust platform for capital efficient growth



Stabilise Yabulu operation

- Zero harm
- Business re-engineering
- Catch-up maintenance

Optimise Yabulu margins

- Incremental value-added product development.
- De-bottlenecking to increase Ni and Co volumes
- Cost reduction
- Ore supply risk management
- Gas conversion

Central Refinery Strategy

- **Phase I:**
Develop Ravensthorpe as “front end” and expand Yabulu.
- **Phase II:**
Develop next front end, replacing ore importation

Incremental value-added product development for cobalt

Aim: Incremental value-added product development based on modification of existing products

Target: Li-Ion battery for portable applications

Results: Last year 70% of cobalt was sold as a premium chemical product to the Li-Ion battery industry

Future: Expand activities to include Ni and Co targeting the Li-Ion battery for larger applications



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Yabulu Refinery

Alan Cuddon



Outline of presentation

- Our vision
- Yabulu strategy
- Yabulu Refinery overview
- Yabulu Performance
- Our Environment
- Our Community



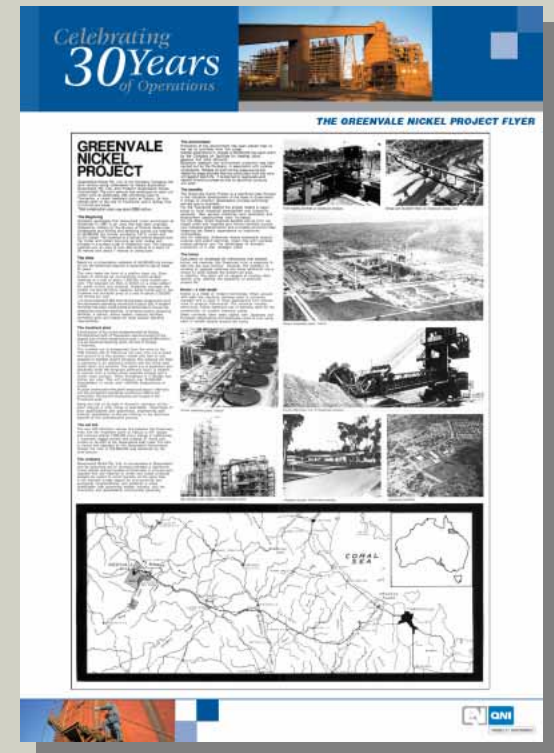
Our Vision

We are here for the long term to grow a responsible, robust, world class nickel and cobalt business.



Overview - Yabulu Refinery

- Commenced operations in 1974, ore from Greenvale nickel deposit.
- Mine exhausted in 1992; other domestic supplies in 1995. Imported ore since 1986
- Located on the east coast of Australia
- 3.5 M tpa of imported ore produces 32 000T Ni and 2000T Co
- Efficient refining process (Caron)
- Billiton finalised purchase in Dec 1998, Billiton merged with BHP in June 2001.
- Ravensthorpe - Yabulu Integrated Nickel Project approved – March 2004
- Largest private employer in the region.



Production, process & people

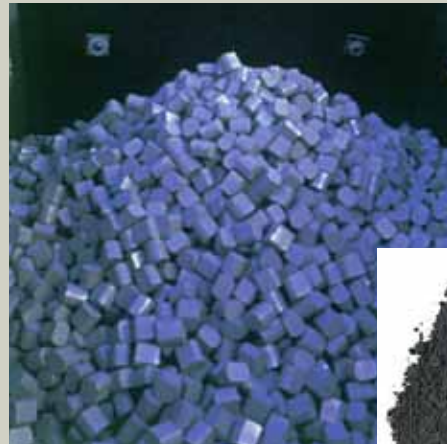
- Four main processing areas
- Continuous process – Caron
- Ore Roast, Extract & Refine
- 24 hour production utilising 4 shift crews on 12hr rotating roster
- Day-work support crews
- People – 700 compliment
+ 200 projects



Product Range – Nickel/Cobalt Products

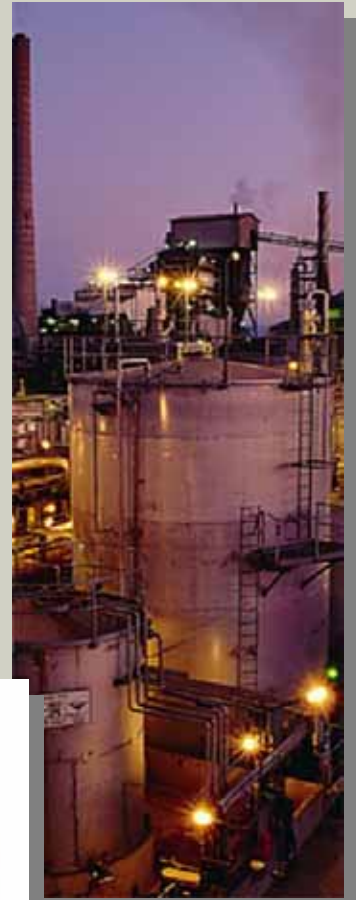
Nickel

- QN Nickel compacts (>99% Ni)
- QN Nickel Carbonate
- QN Nickel Oxide (78% Ni)



Cobalt

- QN ChemGrade Cobalt



Zero Harm
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The QNI strategy



Central Refinery Strategy

Optimise Yabulu margins

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• Phase I:

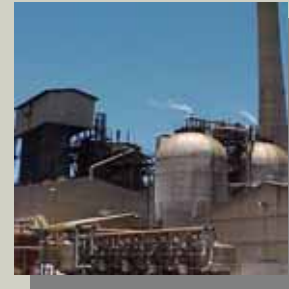
Develop Ravensthorpe as “front end” and expand Yabulu.

• Phase II:

Develop next front end, replacing ore importation

Power Generation

- Coal-fired boiler produces process steam & power



Gas Production

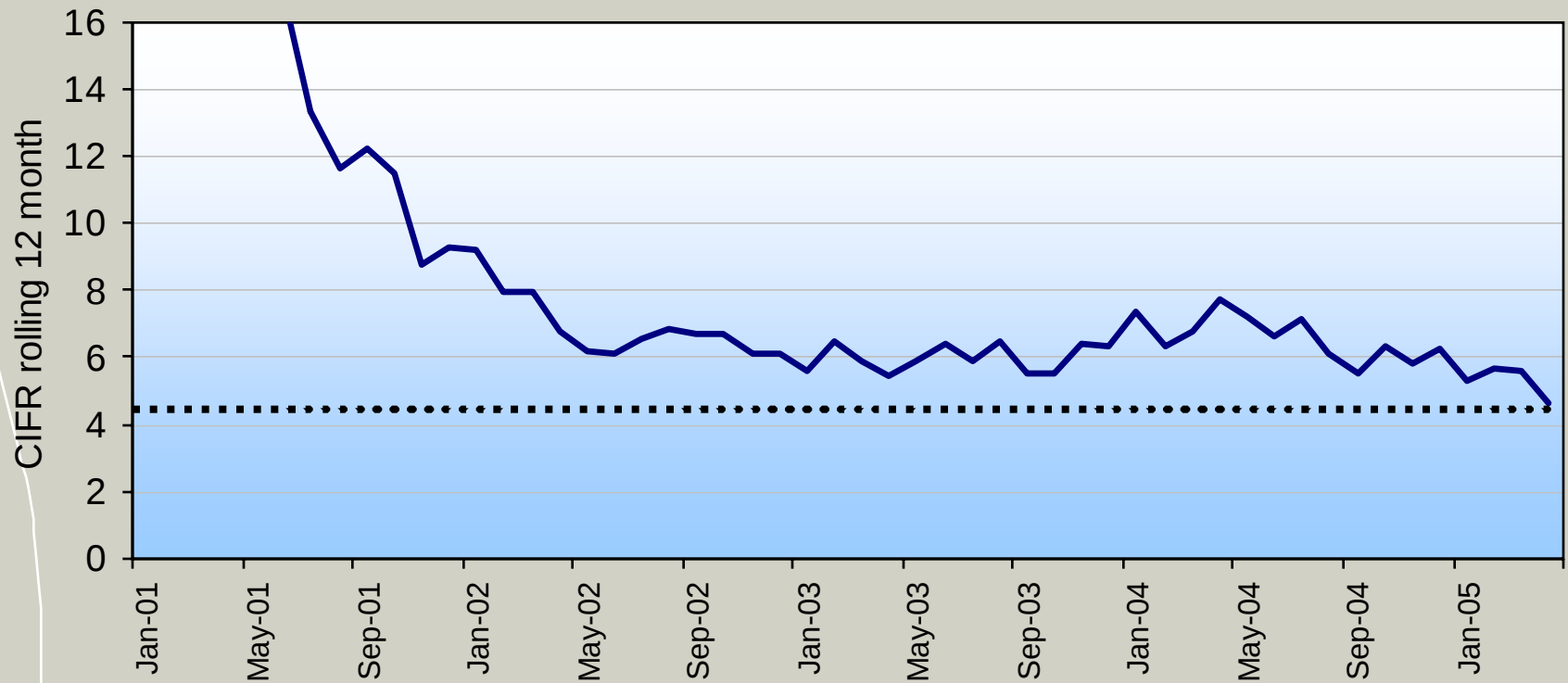
- Syngas, aqua ammonia & H₂S from naptha

Conversion to Coal Seam Methane

- Tie in's completed, key equipment being procured
- Taking gas at Yabulu from early 2006
- Reduce unit costs, US\$0.14/lb nickel

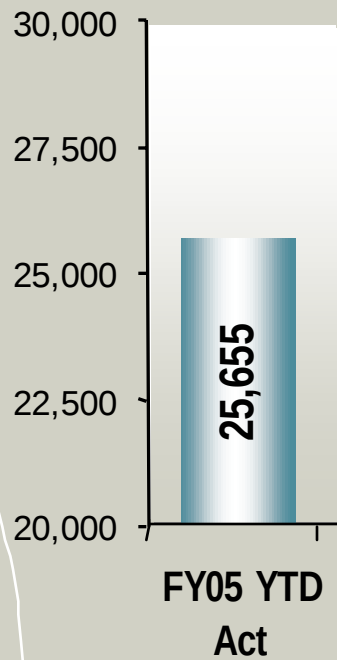


Classified Injury Frequency Rate Performance

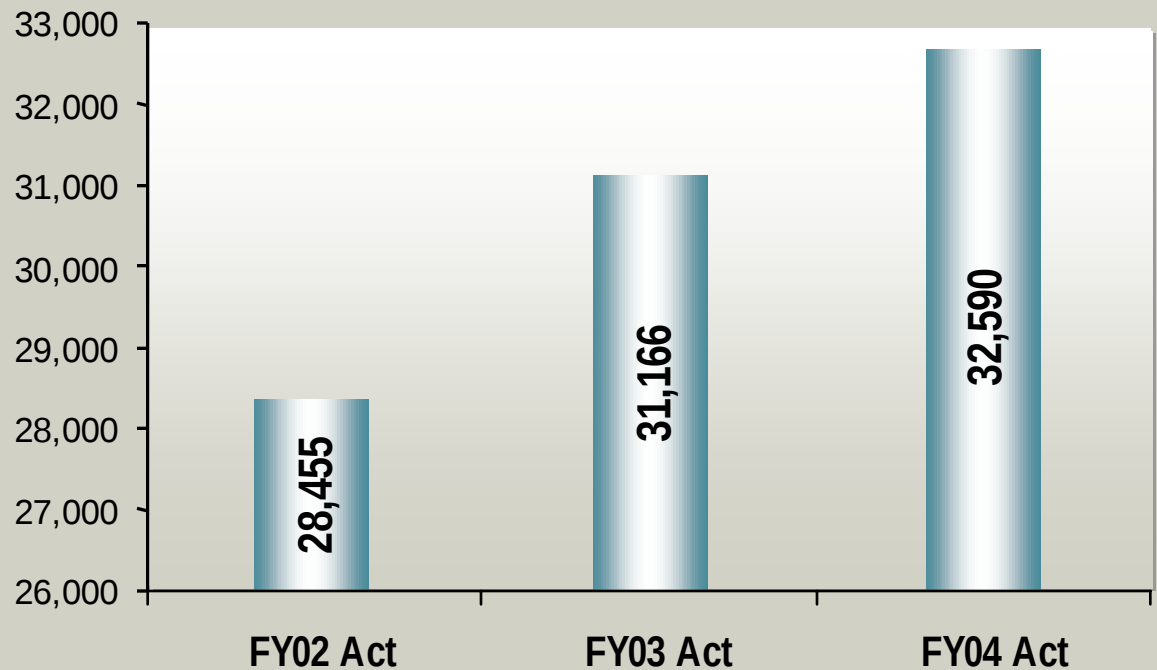


Improving Production - Ni

YTD Apr 05

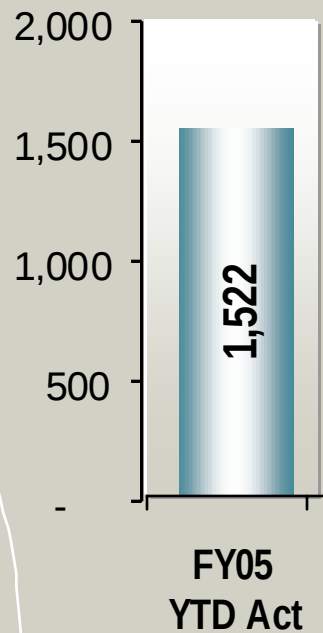


Nickel Production (tonnes)
(financial year)

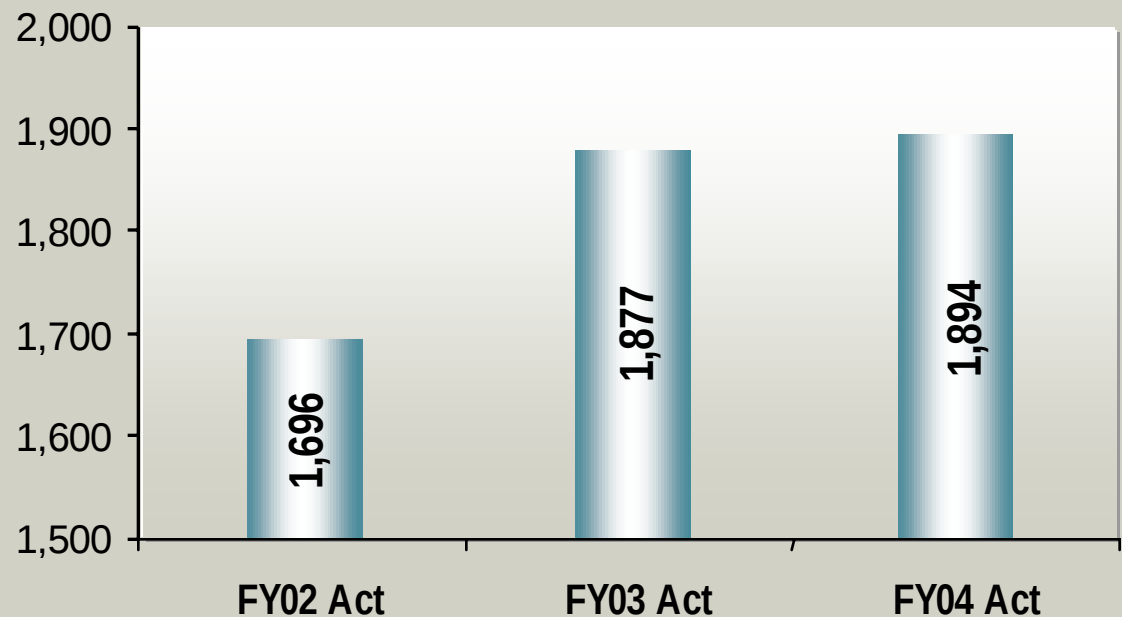


Production - Co

YTD Apr 05



Cobalt Production (tonnes)
(financial year)



Post Investment Review – Yabulu Optimisation Initiatives

- HSEC



- 0 CI, 0 MTC

- Budget



- Budget US\$15.4m
- Actual US\$15.4m

- Benefits



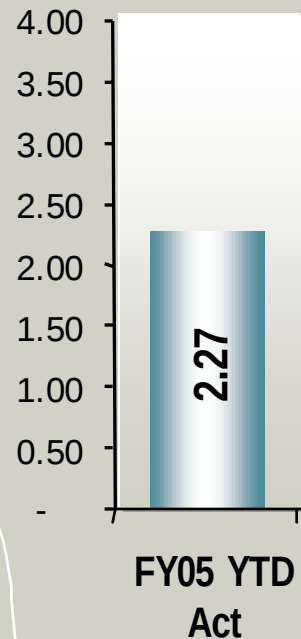
- NPV US\$69.8m @ 7.0% discount
- Payback 2.2yrs
- ROR 77.3%
- Safer plant operation
- Ni +2.2%
- Co +8%
- Steam Savings 24tph
- Reduced Energy 512,000 GJ/yr
- Reduced GHG 35,200 t Co2
- Reduced Raw Water 650 ML/yr

QNI Financial Performance

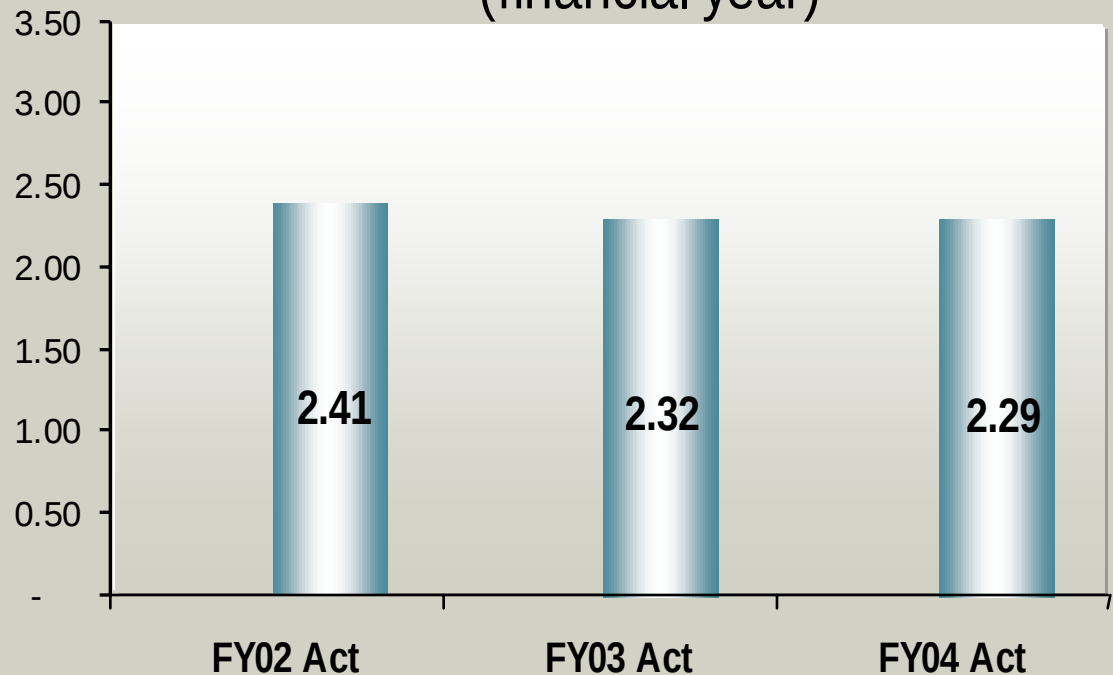
US\$M		FY05 H1	FY04	FY03
Ni Production	Tonnes	15,027	32,590	31,166
	M lb Ni	33	72	69
Ni Sales	Tonnes	15,556	32,097	33,008
	M lb Ni	34	71	73
Ni Turnover	\$M	207	375	234
EBITDA	\$M	96	163	48
Depreciation	\$M	18	28	24
EBIT	\$M	78	135	24
Turnover - EBITDA	\$M	111	212	186
	\$/lb Production	3.35	2.95	2.71
Turnover - EBIT	\$M	129	240	210
	\$/lb Production	3.89	3.34	3.06

Operating Unit Cost (after Cobalt Credit)

Q1-Q3 2005

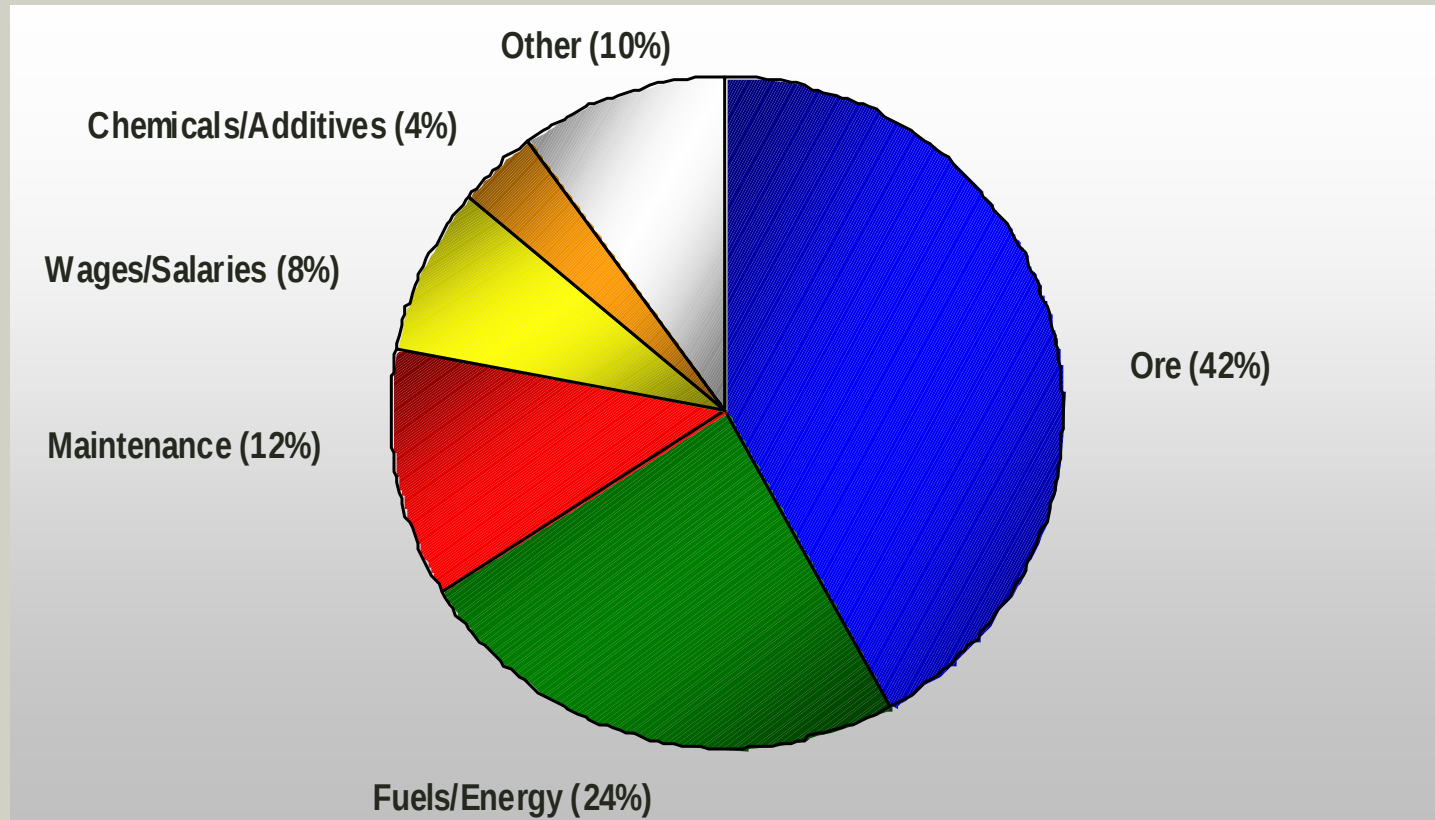


**Unit Operating Cost (US\$/lb after Co credits)
(financial year)**



* Normalised to FY01 protocols

QNI Cost Structure



Environment Management programs



- Environment Assessment and Management (EA&M) Program
 - carried out by CQU, Uni of Qld and JCU.
 - monitors and investigates marine, estuarine, terrestrial and freshwater systems, in place for 5 years ~ clean bill of health.

- Water Recycling Facility
 - \$25million WRF a sustainable, long term solution to water management at Yabulu.
 - Benefits:
 - replaces the practice of routine release of excess water to sea
 - allows a significant reduction in demand from external water supplies



Zero Harm
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Community Relations

- **Matched Community Safety Grants** when recognising 1,000,000 LTI free hours (twice in FY05!)
- **Community spend**
 - **Sustainable Energy Precinct** – Thuringowa Riverway Project: \$750,000
 - **Adopt A School** program with NQ Cowboys – Cowboys foremost community program ~ & a league benchmark
- Participated in UQld **Community Reputation Survey**
 - 175 surveys completed in community.
- **30 years of Operations** program of activities & events during 2004



QNI Yabulu Refinery - The Triple Bottom Line

Environment



Community



Business

Our License to Operate

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Ravensthorpe Nickel Project



Ravensthorpe Nickel Project



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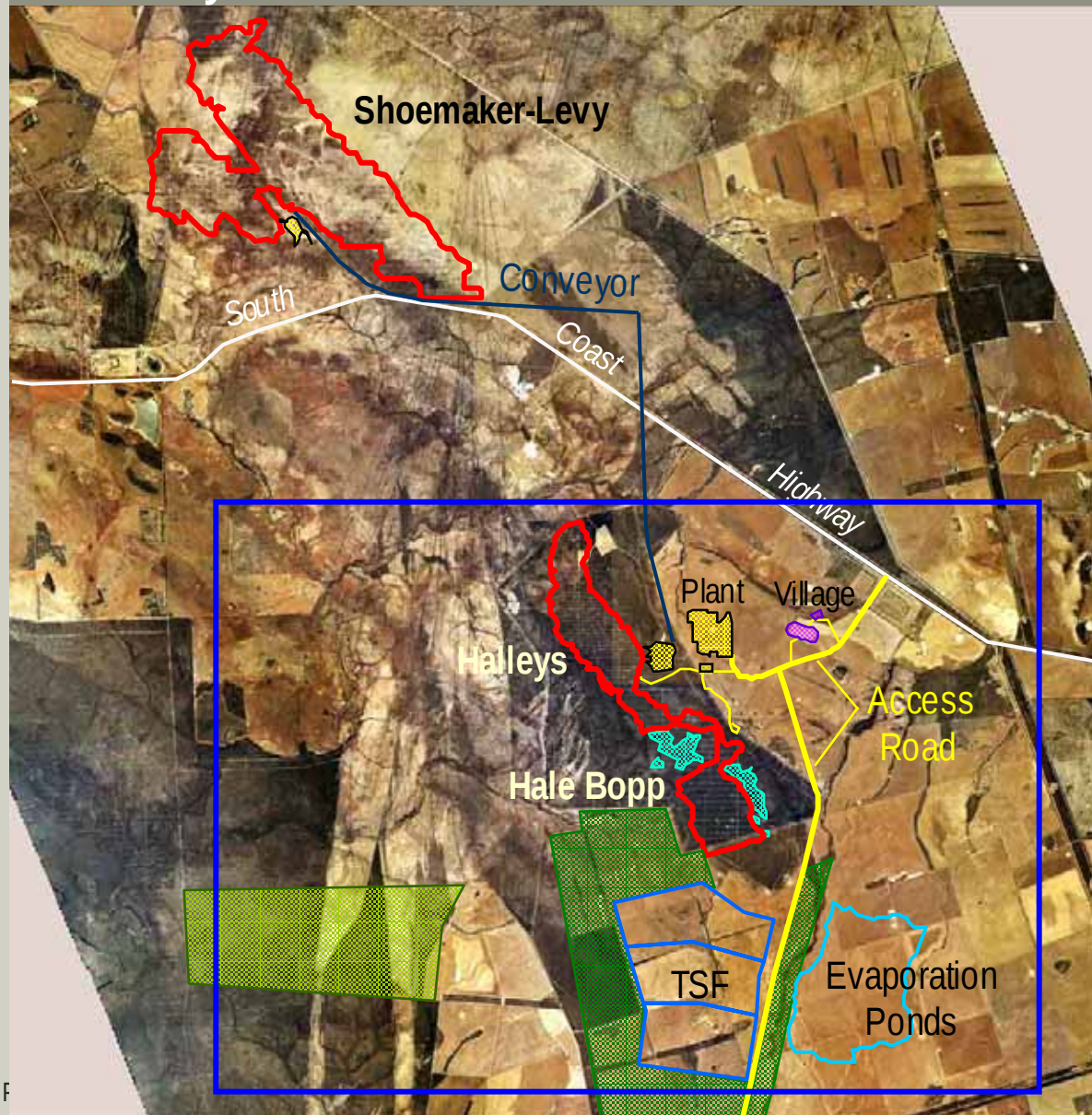
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Ravensthorpe Nickel Project Site Layout



LEGEND

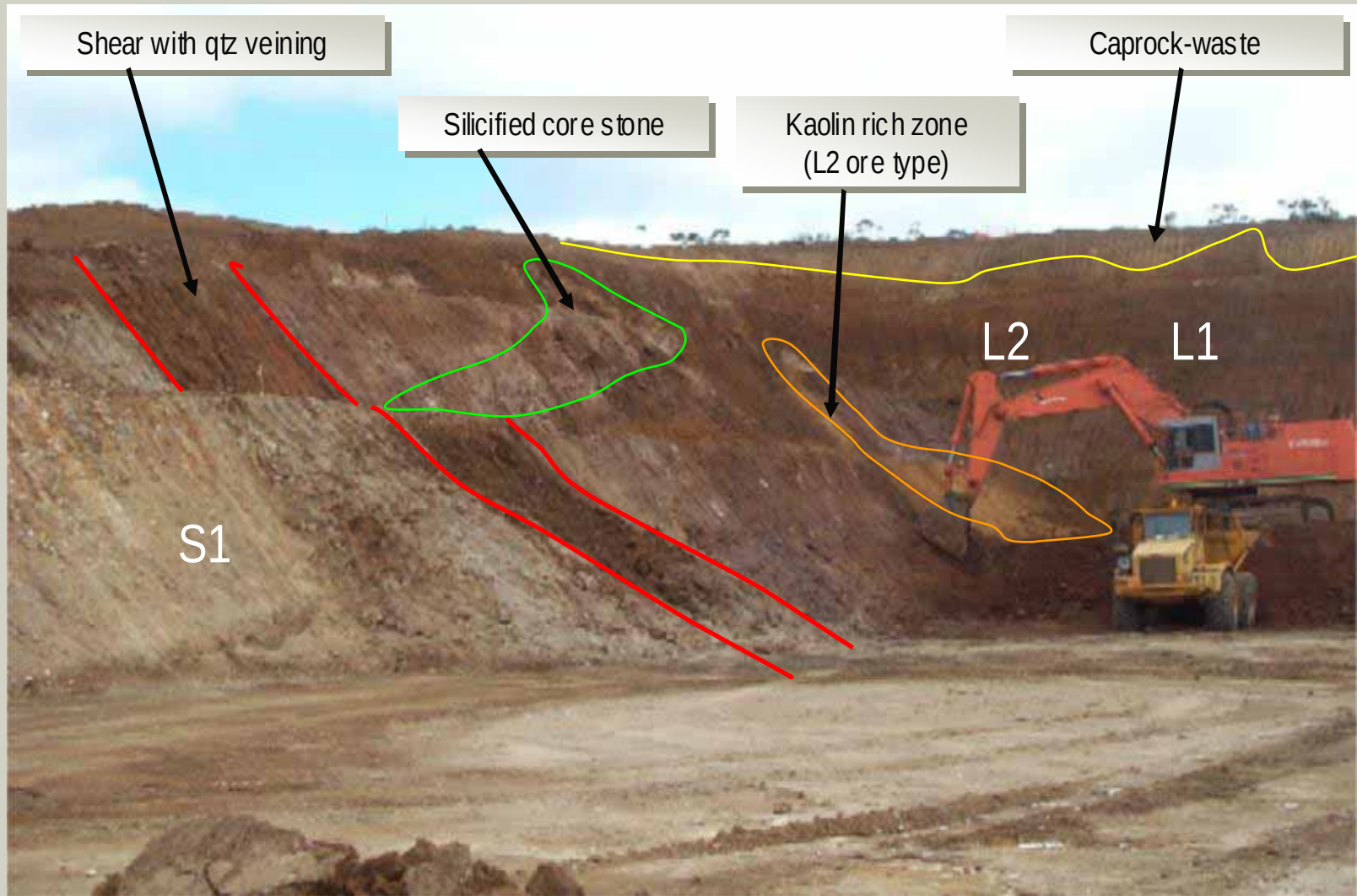
-  Pit Outline
-  Priority Flora
-  Re-vegetated Area
-  Conservation Offset



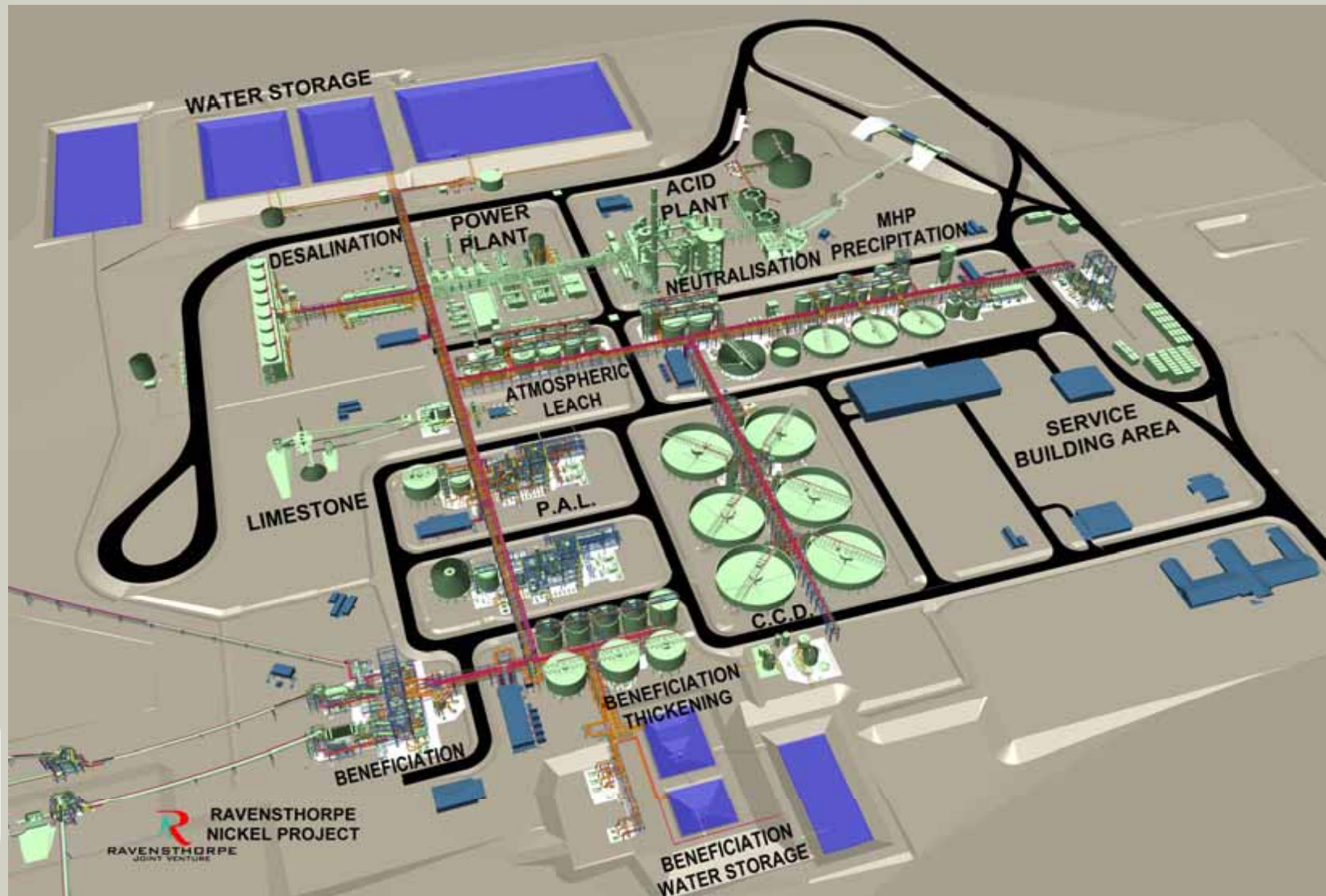
HSEC Performance and Issues

- Leading indicators on target or better
- CIFR (end – May and 1,025,000 hrs) at RNP of 4.7
- ICAM training completed and FRCPs implemented
- DuPont appointed to assist in the Road to Zero Harm
- Contractor management remains the key focus
 - Tender evaluations
 - Pre-mobilisation checks
 - Quality of JSAs, Toolbox Talks and Behavioural Observations
 - D & A testing
- No material environmental issues
- Community relations remain excellent
- Local contracting and employment programs (incl indigenous) in place

Trial Pit Geology - Visually Distinct Ores



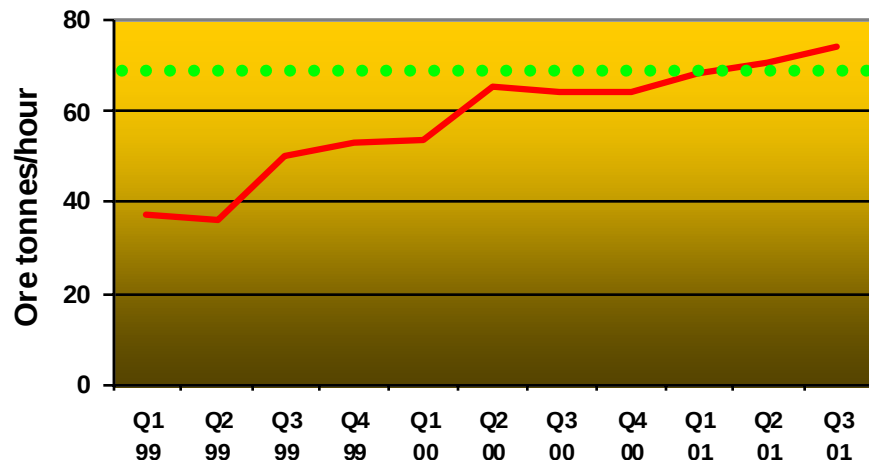
Ravensthorpe Nickel Project - Virtual Tour



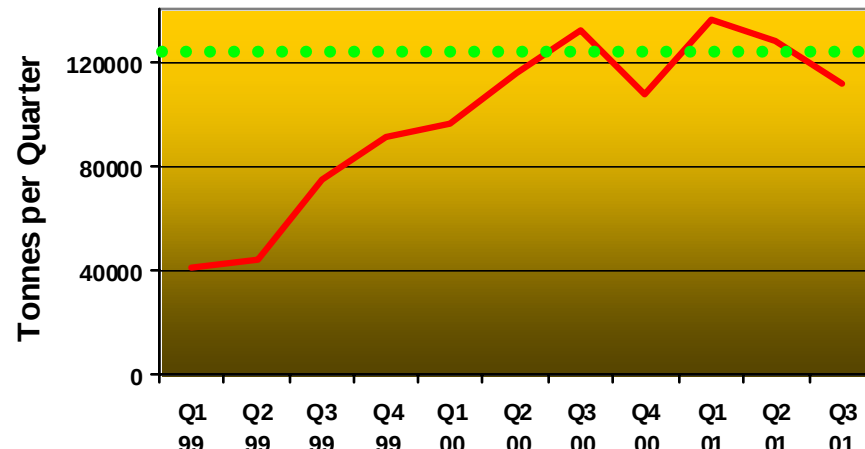
Ravensthorpe Nickel Project

Cawse Ramp-up Rate

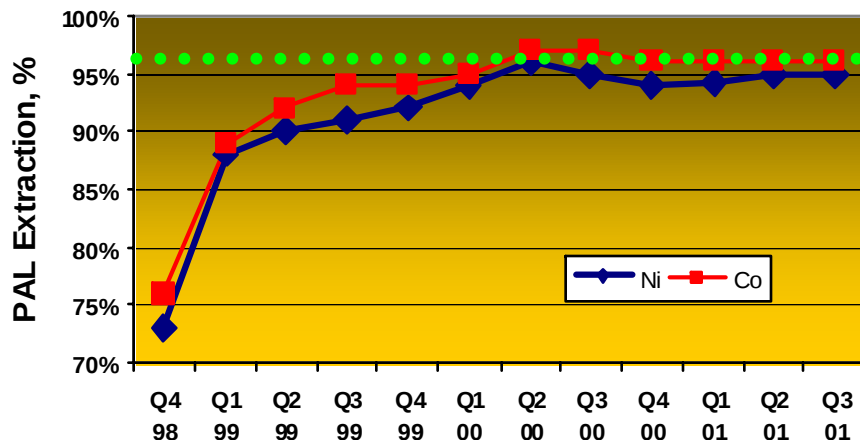
Cawse Autoclave Feed Rate



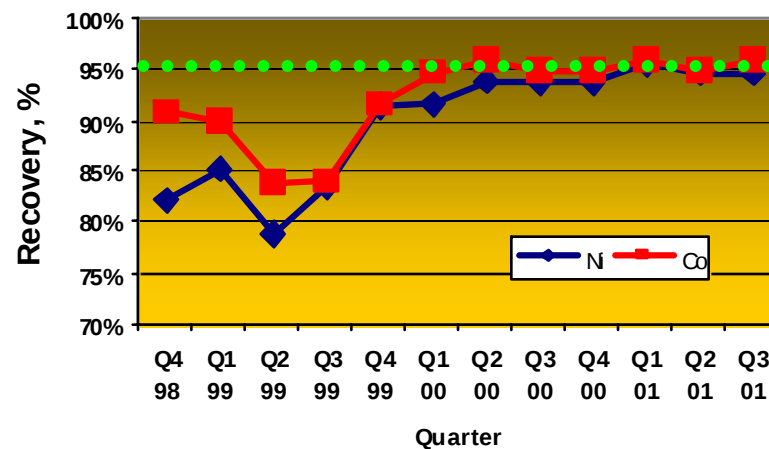
Cawse Autoclave Feed Tonnage



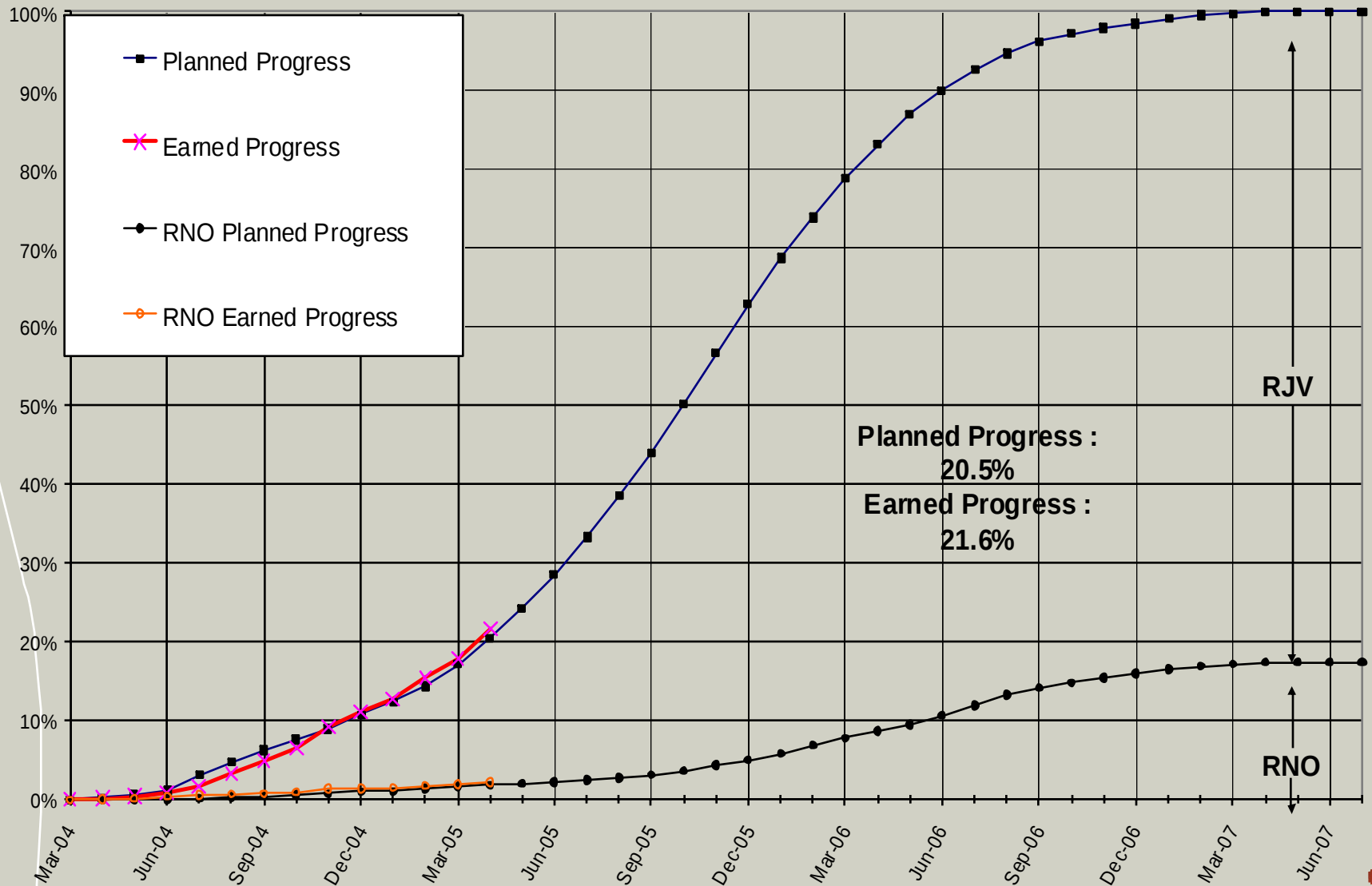
PAL Extraction vs time



Post-PAL Metals Recovery



Ravensthorpe Nickel Project Overall Progress April 2005

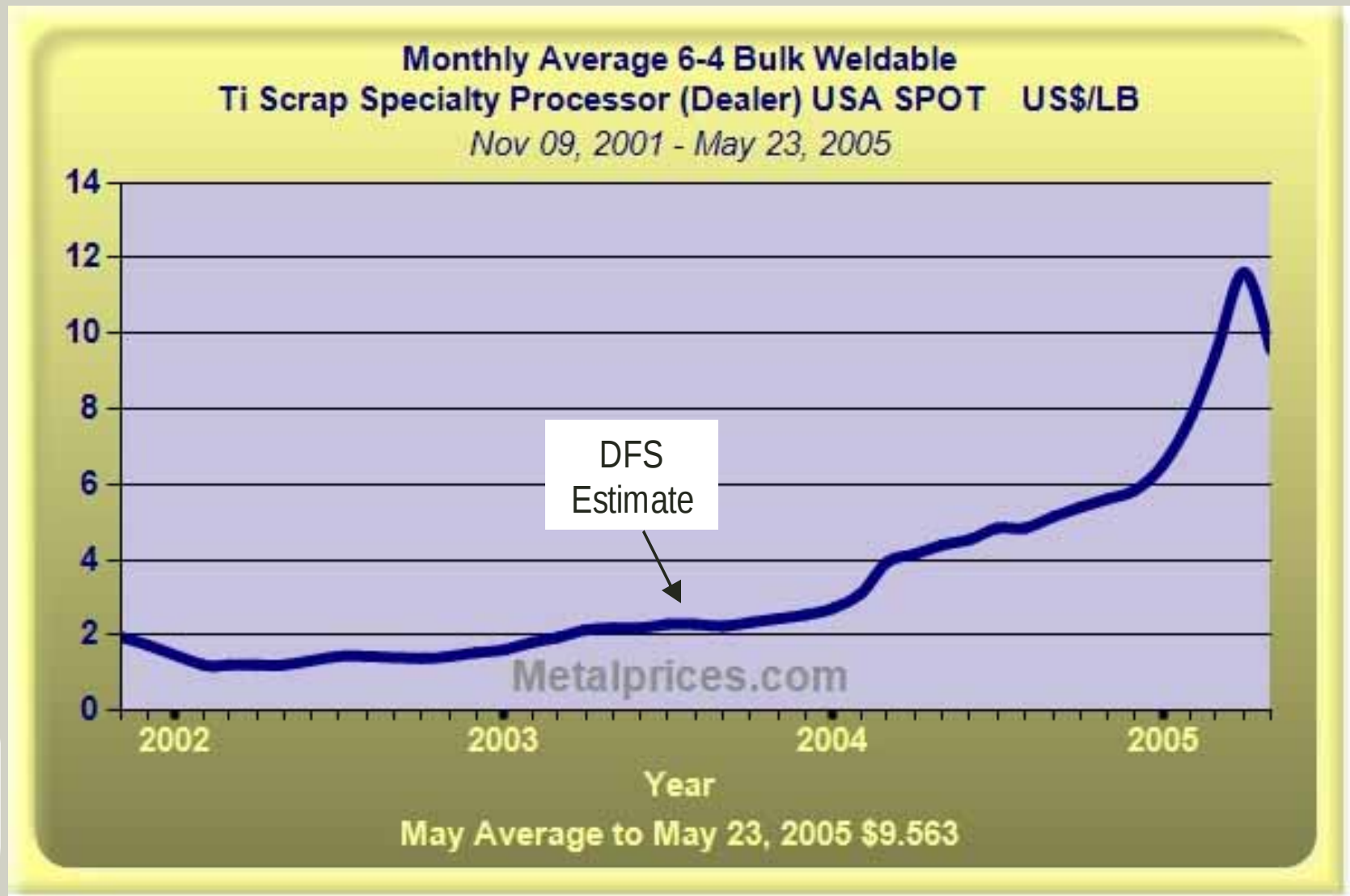


Ravensthorpe Nickel Project

Proposed Upgrade at Esperance Port Location of Sulphur Storage Shed



Ravensthorpe Nickel Project Titanium Prices 2002 - 05



Key Issues and Forward Plan

- HSEC
 - DuPont assistance
- Cost Pressures
 - Extensive off-shore procurement (>US\$200M)
 - Early procurement of Titanium raw materials
 - Minimise changes through scope and design control
 - Sole source where expertise and leverage
- Schedule
 - On track for early 2007 start-up
 - IR management - site agreement, quality facilities, safety
 - Targeted incentives and expediting

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Yabulu Extension Project



What is YEP?

- Yabulu flowsheet consists of ore treatment and metal refining.
- YEP extends the high-value add metal refining plant.
- Why at Yabulu?
 - Known flowsheet – more of the same with only one new flowsheet step
 - Skilled workforce
 - Maintains existing product suite (Ni & Co) and branding
- First step towards turning Yabulu into a toll refiner of semi-processed feedstocks.

HSEC Performance

- ✓ 241 000 hours CI free during implementation
[508 000 hours CI free project to date including all study phases]
- ✓ Yabulu's licence conditions change as required to cater for the construction, commissioning and subsequent operation of YEP plant
- ✓ Construction EMP & ambient particulate monitoring programme sanctioned by EPA and in place.



Progress

- Project remains on schedule
- Long lead equipment ordered ahead of schedule
- Supply Enquiries issued 80 of 85
- Construction Contracts let 4 of 11
- Commitments to date AUD 123M –v- AUD 142 plan

Site Activities

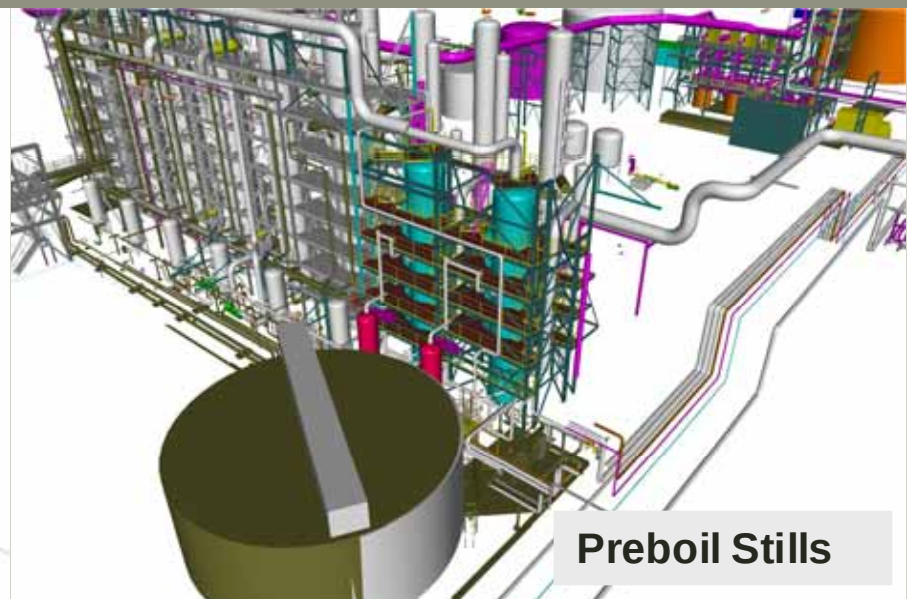
- Site labour agreement ratified
- Early site infrastructure works underway
- Progressive handover of areas from Operations
- BNC tanks foundations completed, tank erection started
- Horizontal concrete & piling package started

Site Photographs

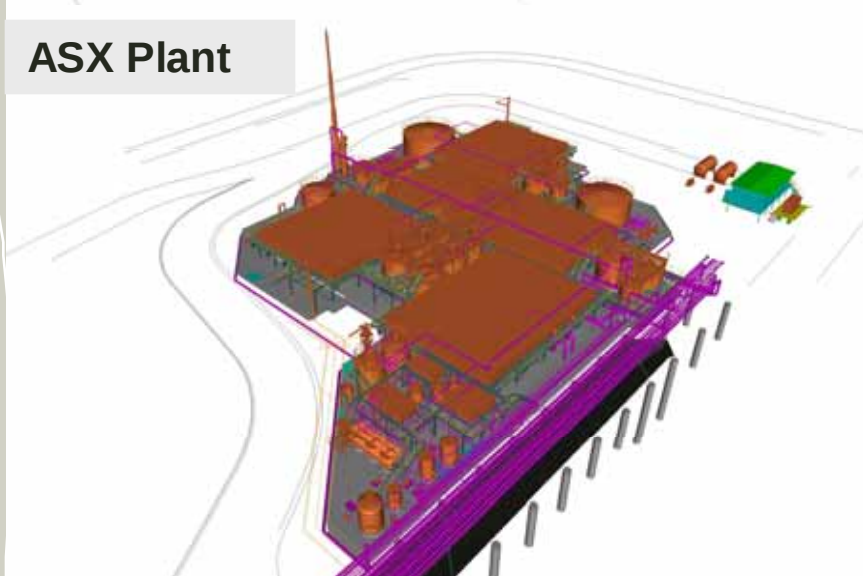
MHP Receival & Leach



Preboil Stills



ASX Plant

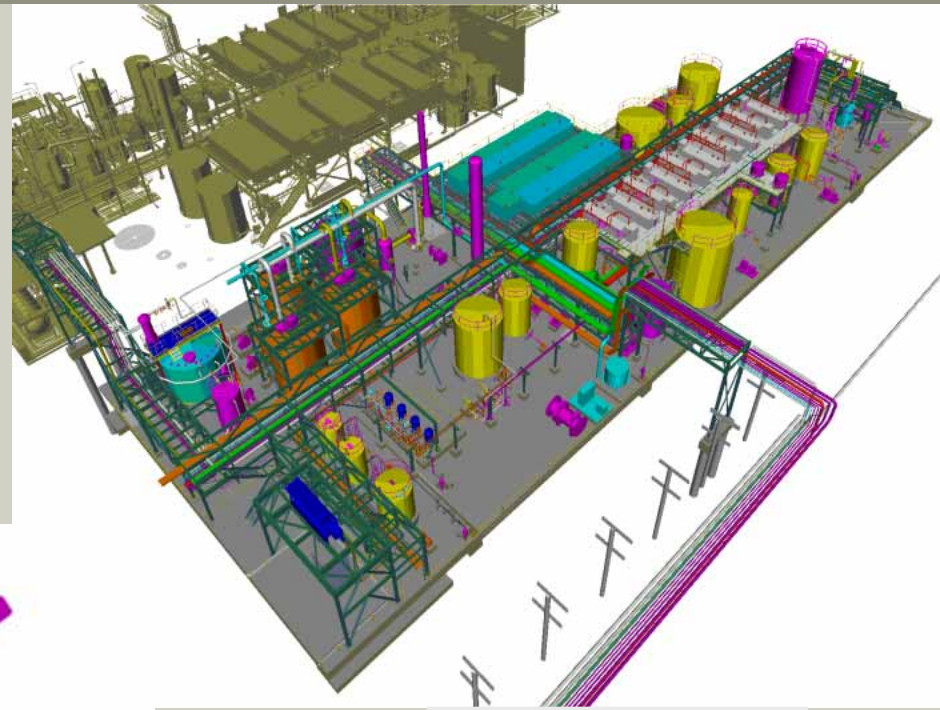


Site Photographs

Nickel Plant



Cobalt Plant





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