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The following is a transcript of a presentation conducted by Marius Kloppers, Chief Executive Officer, BHP Billiton and J. Michael Yeager, Chief Executive Petroleum, BHP Billiton, a video of which is available on www.bhpbilliton.com.

BHP Billiton

Petroleum Customer Sector Group Briefing

7 May 2008

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BHP Billiton plans to register the offer and sale of securities it would issue to Rio Tinto plc US shareholders and Rio Tinto plc ADR holders by filing with the Securities and Exchange Commission (the SEC) a Registration Statement (the Registration Statement), which will contain a prospectus (the Prospectus), as well as other relevant materials. No such materials have yet been filed. This communication is not a substitute for any Registration Statement or Prospectus that BHP Billiton may file with the SEC.

U.S. INVESTORS AND U.S. HOLDERS OF RIO TINTO PLC SECURITIES AND ALL HOLDERS OF RIO TINTO PLC ADRs ARE URGED TO READ ANY REGISTRATION STATEMENT, PROSPECTUS AND ANY OTHER DOCUMENTS MADE AVAILABLE TO THEM AND/OR FILED WITH THE SEC REGARDING THE POTENTIAL TRANSACTION, AS WELL AS ANY AMENDMENTS AND SUPPLEMENTS TO THOSE DOCUMENTS, WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

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BHP Billiton Limited is not required to, and does not plan to, prepare and file with the SEC a registration statement in respect of the Rio Tinto Limited Offer. Accordingly, Rio Tinto Limited shareholders should carefully consider the following:

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It may be difficult for you to enforce your rights and any claim you may have arising under the US federal securities laws, since the issuers are located in a foreign country, and some or all of their officers and directors may be residents of foreign countries. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the US securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a US court's judgment.

You should be aware that BHP Billiton may purchase securities of Rio Tinto plc and Rio Tinto Limited otherwise than under the exchange offer, such as in open market or privately negotiated purchases.

Strong Fit into BHP Billiton's Asset Portfolio

Marius Kloppers

Chief Executive Officer, BHP Billiton

I. Introduction

Good morning, ladies and gentlemen. I realise it is an early start, but thank you for taking the time to join us here today. The purpose of today is to give you a presentation about our Petroleum business in some detail, particularly its current performance and its outlook, and to help our investors and shareholders understand this business better and how we think about this business. I am joined here today by Mike Yeager, who is the head of our Petroleum business.

II. Industry Segregation and Diversification

BHP Billiton is currently alone in the major diversified resource companies in having both a minerals and a petroleum business; however, historically, this has not always been the case. Oil industry majors were key players in the mining industry in the 1970s and 1980s. On a particularly personal note, I joined the mining industry at the time that Shell was selling its Billiton assets, which was the mining arm of Shell at the time. That is how I got my start in the business. Obviously the oil majors sold out of these businesses in the 1980s and 1990s, after discovering that the returns that they had in the oil business were greater than in the minerals and metals business. In a certain way, we are the beneficiaries of those decisions at that time, not only in the Billiton transaction, but also with some of the other assets that we own, like Olympic Dam, which originally was a BP development, and Cerrejón Coal, which we heckle Mike about a little bit, which was originally bought back in Exxon. In a very real way, we have benefited from that.

III. Disclaimer

Before I start on the presentation proper today, I would like to draw your attention to the disclaimers that accompany this presentation and the associated materials. As always, please read them and ensure that you understand them; they are important.

IV. Agenda

1. Briefing Overview

Today we are going to present in two sessions. In the first, I will explain the fit of our Petroleum business with the rest of our business activities, and then Mike will give us a view of how we run this business and an overview of the Petroleum base business, which is a term that Mike will explain in due course. After a break, Mike will talk more about growth, projects, execution and how we are capturing new opportunities. I will conclude with a few observations on the offer for Rio Tinto. After that, we will conclude with questions and answers.

2. Petroleum Logic

We have been very clear for a very long time that petroleum is a unique, important and valuable asset for BHP Billiton. While the standalone share of value of the business is obvious, a number of the minerals-focused investors that I have spoken to over the last six months or so have expressed a genuine desire to get to know more about our business and, in particular, to get a better view of how we run this business, how we think about this business, what we plan for this business and how it fits into BHP Billiton. Today, we will cover this matter in some detail. Our underlying logic, as is most of what we do, is pretty simple and is built around the following elements.

We know this business as well as any of our minerals businesses. We have been at it for a long time, and it fits in our ownership and in a strategic sense.

We are a diversified natural resources company, and oil and gas are resource commodities with some real and obvious attractions.

Petroleum brings to BHP Billiton something that goes beyond being just a superb investment return. There is genuinely and I will explain this a symbiotic relationship between Petroleum and other businesses in our portfolio. We will show you how BHP Billiton is a special owner of Petroleum that enables our business, under our stewardship, to prosecute a strategy that is unique and that enables it to deliver superior returns, both today and in the future.

Finally, our Petroleum business is obviously a high-quality business in its own right. Today you will see how it is very well positioned to deliver unique value.

I will talk about the first three of these elements, chiefly focused around our ownership of Petroleum and how we add special value to Petroleum within the BHP Billiton family businesses. Mike will talk more about the latter and give you a detailed view. We trust that, at the end of each presentation, you will understand why we are so confident of the quality of this business, as well as its ability, under our ownership, to deliver unique value.

V. Why We Know Petroleum

1. Proven Success

a. History

Petroleum has made an extraordinary and consistent contribution to BHP Billiton over a very long period of time. We are an established player in the industry, and we have developed strong capabilities to operate and grow the asset value in this business. We have to start with a trip down memory lane. We have essentially been in this business since 1965. In 1960, the company, then BHP, approached an American consulting geologist, Lewis Weeks, and asked him to visit Australia and asked him for some advice on where oil might be found. Lewis directed us towards the Bass Strait.

b. Bass Strait

Following early seismic success, and a decision to agree with Exxon to lead that exploration effort, gas was found in 1965, and the giant Kingfish and Halibut oil fields were discovered in 1967. For more than 30 years, the Bass Strait has been Australia's premier supplier of energy, supplying 3.5 billion barrels of oil and 6 trillion cubic feet (TCF) of gas. In a very real sense, the industrialisation of Australia has been built upon this resource.

c. Asset position

Now, some good, admittedly some average, and some truly inspired decisions took us to where we are today. We have delivered, as we will demonstrate today, to ourselves and to our shareholders an asset position that is truly unique in the industry and the envy of the industry. We have, among others, very high-quality assets in the Bass Strait, the North West Shelf (NWS) and the Gulf of Mexico. Particularly over the last two decades, we have built a business that is not only an investor in the business, as it was in the early days, but an explorer, a developer and an operator of the business. Some of the materials that Mike will take us through will demonstrate that in spades.

2. Strategy

We often talk about BHP Billiton's longstanding, unchanged strategy. Certainly at every opportunity that I talk to shareholders, I talk about the fact that we have had a very consistent strategy. To recap our strategy in a nutshell, our strategy is to be in upstream long-life low-cost export-orientated assets, which are diversified by operating geography, product and market to which we sell. We focus on high-quality assets, which have the right return-to-risk profile. Again, I have stated many times both externally, and particular internally, simplicity is the key.

In Petroleum, while the technology of exploitation might be a little bit more complex than in some other of our minerals businesses, the reality is that, once you have built assets in this business, it is a simple production business from wellhead to market with, for the most part, transparently discovered market-clearing prices. This is moving even more so as we see those market-clearing prices also establishing in our liquefied natural gas (LNG) business.

3. Petroleum and Mining

a. Similarities

For those of you in the audience that primarily have a minerals background, let me assure you that the Exploration and Production (E&P) business has many similarities. For us, it starts with health, safety and environment, which present similar challenges. In fact, we believe that we benefit from the focus that the E&P industry has had on this aspect, as we transfer that to our minerals business. The E&P business, like the minerals business, consists of long-term capital-intensive investments, with an absolutely comparable value chain – exploration, production, decommissioning and restoration. Both in minerals and oil, we require multi-disciplinary project management and operating skill sets. Both of these businesses working with our stakeholders, communities, governments, resource owners, unions, etc, is key towards preserving our licence to operate and achieving a quality business in Petroleum. Both these businesses involve large-scale capital-intensive projects, global financing and the continued development and adoption of technology.

b. Differences

Let me also be patently clear: there are some unique and fundamental differences between these two businesses; for example, how the oil is harvested, the geo-science reservoir engineering and the very high-tech drilling and other testing skills that are required to develop this business. These skills are highly specialised, and we manage our team, as Mike will illustrate today, with highly specialist, functionally strong management like Mike Yeager and his team. They are uniquely devoted towards managing this business. We know when to nurture the differences, but we also understand the similarities.

4. Board and Executive Skills

a. BHP Billiton Board

Mike is going to talk more about the management team, but let me start at the Board level. Our Board brings to the table the skills, experience and background of the highest quality to support this business and, might I add, not by accident. Each one of Paul Anderson, John Buchanan, David Jenkins and John Schubert has detailed and extensive experience in the oil and gas sector, bringing a wealth of experience ranging from exploration all the way through marketing and finance. We believe that each of these gentlemen, individually and particularly as a collective, would be welcome on the major oil companies' boards around the globe.

b. Mike Yeager

Again, Mike is going to talk to us a little bit more about the Petroleum management team, but Mike is not the type of guy to talk about himself, so I thought that I would just give a few words of introduction.

Mike joined us in April 2006 from Exxon, bringing with him a solid track record in running an oil and gas business and, more importantly, bringing huge credentials in the development arena from building huge oil projects. In his previous role as vice president to Exxon Mobil Development Company, he had responsibility for 22 major projects worldwide, each with an investment amount – and this is going back to when a dollar was still a dollar – of more than \$500 million each. He had a number of very relevant prior roles before that, including periods of responsibility for Imperial

Oil's E&P business and for Exxon Mobil's European and Africa E&P businesses. Prior to the Exxon and Mobil merger, Mike held the position of president of E&P for the US E&P business. Having said something about our team, Mike, the Board and so on, let us talk about the oil business and start with strategy.

5. Oil Strategy

a. Attributable production

Many minerals people make the mistake of believing oil and gas are necessarily short-life businesses. In part, that is governed by the Securities and Exchange Commission (SEC) rules that govern the reporting and booking of reserves. Oil assets, just like minerals assets, do deplete from the first day that you start extracting the resource, but many oil fields can and do have very long lives, courtesy of continued drilling, reporting those reserves as they become reportable and new incremental discoveries. To illustrate the point, I have charted the BHP Billiton attributable annual production from Bass Strait and NWS.

b. Proven resources

Bass Strait commenced operation soon after those discoveries in the mid-1960s, around 1969. Bass Strait reservoirs are expected to continue to produce crude oil and natural gas at least until 2030, which is a 60-year lifespan. In contrast to the minerals business, where we often use the term "resources" to describe the potential of a project and where we can formally report resources, under SEC rules, oil companies can only report proven results in their annual results statements. That makes a big difference when people look at them and conclude from them certain things about the business. Proven resources are estimated quantities of crude oil, which geological engineering data demonstrate with a high degree of certainty, 80-90% confidence, to be recoverable in the future and here come the next key words "using existing available technology." In addition to these two constraints, what you report must be commercially viable under current economic conditions, which are the prices prevailing at the time of the evaluation. Hence, as a result of these constraints, E&P companies continue to add to their reserves during a field's lifetime.

c. Reporting assets

Unfortunately, for those who do not understand this that well, this gives the impression that an E&P company is chasing its tail in replacing reserves. Mike will talk about how natural field decline might be 8-9% a year but, in reality, we achieve 2-3% decline. The important thing is that we can only report a proportion of the assets we believe we have. Mike is going to give you some unique insights and perspectives on this later on.

VI. Oil's Attractions

1. Strategy and Focus

Let us turn to why we are privileged to own this oil and gas business in our commodities portfolio. As we said, we have a consistent, long-standing, unchanging strategy. We are a diversified natural resources company. We deliver superior returns to our shareholders within the confines of our strategic focus. Let me just, because it is so important, state that strategic focus again: upstream long-life export-orientated expandable assets, diversified by product, geography and market. We

focus on those commodities where we have a natural competitive advantage, or where we have a unique belief about some characteristic of supply, demand or market. These focus areas help us to deliver superior shareholder returns.

Let me explain why oil is so attractive to us.

2. Long-term Global Growth

It is an inescapable fact that, in the long term, energy demand growth is going to continue. Economic progress drives reasonably predictable, stable global increases in demand. Primary energy consumption is strongly correlated to economic development. World energy demand is expected to grow by almost 50% between now and 2030, primarily driven by economies like China and India, but also a broader array of developing non-OECD countries. Oil, gas and, incidentally, coal will remain fundamental to the world's energy mix. The International Energy Agency (IEA) predicts that global demand for oil in the period up to 2030 will grow at a cumulative annual growth rate of 1.6%, and gas at 2.4%.

3. What Is Driving this Growth?

a. China

In energy, as in metals and minerals, the core driver of demand is China. Primary energy consumption from all major sources, for the seven years 2000 to 2006, for each of the major consuming regions around the world shows that, in aggregate, China consumed only 14%, although the upwards trend is very clear. However, we can see that, of incremental demand of total energy, China accounted for 42% of the world energy consumption growth. BHP Billiton's strong position in petroleum, although we are not talking about that primarily today, and also its massive reserves in resources in uranium and its strong position in seaborne coal, are all leveraged to this growth in primary energy consumption. In oil products, it is no different. For the same seven-year period, China consumed only 8% of global oil, but contributed 36% more than a third of global demand growth for oil.

b. Middle East

I want to make one additional observation and talk a little about the Middle East. Despite only consuming 7% of oil during this period, the Middle East has consumed 36% of the incremental growth of oil consumption. The message is that the Middle East, as a major producing region, is recycling back into its own economy a substantial proportion of that growth, which has real ramifications for available global supply growth as we go forward. We have a good sense of what is happening in energy consumption and, in particular, oil. Having talked about the demand side, what about the supply of oil?

4. Supply

Supply is an interesting story. Oil prices have moved up very substantially, and the core question for investors must be: is this simply an economic cycle increase or is there something more structural at work here? Our view is that the change is far more structural. Why? Decades of poor returns in oil and gas, in the same way we saw for minerals, during the 1980s and 1990s in particular, caused capital around the world to be directed towards the new areas of the economy, starving the commodities industry minerals and petroleum of the capital to build new capacity.

In oil, it was not really until the year 2000 that the excess capital that existed in the world's energy supply system stopped hiding this issue: that the world was not investing in the capacity to meet demand. What happened is that the traditional swing capacity was consumed and started being part of the baseload supply. The OPEC national oil companies became no more than a normal component of base supply. Capacity is essentially fully utilised. It is very difficult against a backdrop of one country alone driving 36% of the growth in demand to forecast a demand shock exactly. Any sort of demand-side effect shows that capacity to be fully constrained. As a consequence, this constrained capacity has translated into higher prices, which we think are structural rather than cyclical.

5. Building Capacity

a. Resource deficiencies

There have been several years of growing investment and expenditure in building capacity. Nevertheless, the shortage remains intact. We think there are a couple of reasons. The first is, as the oil industry started to redeploy money in a greater way, it ran into bottlenecks in many other arenas and drove up costs, because key resources like labour, steel, equipment and other inputs were in short supply. We still cannot respond to that increased investment, and are just driving up costs.

b. Political constraints

The second reason is more fundamental. The vast bulk of known oil reserves and resources are located where there are political constraints, which inhibit the absolute free flow of capital, technology, labour and so on. As a result, investment rates there are lower than the pure price signals would predict. In our view, these factors for a protracted period of time mean that oil supply growth will continue to be constrained, almost regardless of price or the expected return from these projects.

c. Short supply conditions

What is happening? The increase of oil price is not cyclical in the traditional sense but is driven by rising costs. The relationship between oil price and the average of the highest quartile of production costs in the industry show that marginal costs do not explain those recent price movements. Those recent price movements are more explained by the constraints of very short supply conditions. They are basically opportunity-cost driven. The key conclusion is that structural drivers for oil price change are in place; we should not expect cyclical reversal any time soon.

6. Energy Prices

Why are we focused on this background? The key is energy prices. We cannot see any scenario for which we can conclude that strong oil prices and energy prices in general are not here to stay for a long time.

What price for oil? Forecasting oil prices is a difficult profession. It was done by the Energy Information Administration (EIA) some 12 months ago. There are a couple of scenarios, but I want to reflect for a minute on the low- and high-price scenarios. We think the probability of a low-price scenario here is zero, and the probability of a high-price scenario is not that improbable, or quite high.

Since we spoke earlier about resources, reserves, how we book them and how we replace them, I thought I would make a couple of additional comments for those in the room whose background is primarily in the minerals and metals sectors. Finding or buying resources, just like for minerals, is quite fundamental to value creation in Petroleum. That might be a truism; we are, after all, a resources company. However, the oil business is a little different from the metals and minerals business. Given capital and, particularly, the technical expertise that Mike is going to talk about later on in our case, and the finding probabilities in oil and gas, adding to the resource base is actually quite predictable. Take your technical capability, add your exploration budget to that and, if you are competent, you will continue to use that capability to find and bring into development oil and gas for about \$20 per barrels of oil equivalent (bboe), if I look at those industry figures. You try to do better than that.

7. Size and Investment Performance

Importantly also, I want to look at the types of assets in this industry. In this industry, there is a very real relationship between size and return. You might ask: why do I highlight that when we own a medium-sized E&P business? The reality is that we believe that larger projects drive better returns. Only the larger companies, of which BHP Billiton, in the sense of its balance sheet and total size and scope, can deliver, secure and execute these larger projects, and handle, in particular, the cost and risk associated with these large projects. BHP Billiton behaves in the E&P space like the \$220-230 billion company that it is, not like a medium-sized E&P business. To make it absolutely clear: we focus on those assets that are large. We can execute the largest, highest-return projects, which in the outside world are in the domain of the super-majors. Mike runs a portfolio that looks like the portfolio of a super-major, with the returns associated with that.

Our conclusion is, therefore, that the scale and scope of the whole of the BHP Billiton business adds value to our Petroleum business. To drive the point home, in our mind there is therefore a truly symbiotic relationship between the whole of BHP Billiton and its E&P business. Just to hammer the point home: our E&P business, in the hands of a medium-sized oil and gas business, would probably be worth less, because it would stop taking those risks and stop prosecuting the type of business that we, as a \$220-230 billion company, wanted to execute. This means our Petroleum business is worth most if we own it. Can I say that again? Our Petroleum business is worth most if we own it.

VII. A Symbiotic Relationship

1. Reach and Influence

Our Petroleum business would have ranked about 25 when measured among listed E&P players, but I have emphasised that BHP Billiton as a parent brings the financial power, the capabilities and the risk tolerance of the much larger company. We also deliver the global reach and influence of a much larger player. BHP Billiton is a global resources player with access and stature that can be used to facilitate Petroleum into assets and locations, where it probably would have found itself on more uncertain ground as a standalone player. BHP Billiton is a credible, well-respected developer and operator in a large number of jurisdictions around the globe. Additionally, we are not an above-the-radar competitor to the national oil companies and the super-majors. Our domicile is less contentious than some of the super-majors. As the parent of Petroleum, BHP Billiton delivers a credibility and stature that it could not secure in its own right. When major oil and gas resource holders consider the relatively small number of partnership options that they have, particularly for

the more technologically complex, risky and higher-return options, we know that BHP Billiton is a credible and welcome alternative.

2. Petroleum Stands Alone

We have spoken a lot about what BHP Billiton delivers to our Petroleum business. What does Petroleum deliver to us or to the company as a whole? Petroleum stands alone in our portfolio for the consistency of its returns over the last five years. Petroleum has materially diversified our portfolio risk. The current alignment of high metal prices at the same time as high oil prices is quite unusual, if we look at past history. As I have said before, our Petroleum business is but one part of our total energy portfolio, with uranium and energy coal complementing that. Another aspect of the Petroleum business that adds an interesting perspective and also helps to explain why we do not mind being a mid-sized player in this industry is that it is the one business for which, given the size of this market, our growth options are virtually unlimited. Finally, the investment returns from this business are first-class. We will return to that theme later on.

VIII. Resourcing the Future

1. Agenda

For the final element that explains our strong belief in a business that is a very high-quality upstream E&P business, I am going to hand you over to Mike, who will walk you through this business in talk in particular about how it is uniquely positioned to deliver growth and value that is unique and valuable to our BHP Billiton shareholders. Before I do, given the range of astute observers we have today, I would be surprised if you had not noticed the theme of resourcing the future, which appears in a couple of places around the room.

2. Transformation and Focus

We have been through quite significant change over the last couple of years. The fact is that the world that we serve has changed just as much. We have had a consistent strategy; it is very tight, clear and unchanging. We have grown dramatically, and are participating in this extraordinary industrialisation event that we have spoken about before. We have changed our portfolio to focus on that upstream space, and all of those other attributes that I highlighted in our strategy. In that context, we have divested downstream products steel, stainless steel, metals distribution and all of the smaller assets in our business. We have transformed ourselves into a very simple, upstream-focused player. We now operate and own a suite of very simple very large very low-cost high-volume assets around the world. We are clearly the largest diversified resources company in the world.

3. What the Company Stands for

However, in that change process, while we have changed quickly and significantly, perceptions about the company in the external market have not always kept up, so we want to say in a very simple, direct and understandable way what our company stands for. Resourcing the future makes that statement for us. It is a statement that will guide our people internally, and tell our customers and investors what it is that we do. In the coming weeks and months, we will use this theme increasingly to tell more about the BHP Billiton story and the exciting future that we see ahead for the company.

How We Run BHP Billiton Petroleum**Mike Yeager****Chief Executive, Petroleum****I. Introduction**

Good morning, and good evening, ladies and gentlemen. It is good to be with you today. I am delighted to update you on our business at this time. I have had a chance to visit many of you one-to-one or in your various companies over the last 18 months, but the last time I had an opportunity to address a broad audience like this was in October 2006. As Marius said, I had joined the company about six months prior to that. I came here to London and did the simulcast as we are doing today, to update you on our intentions at that time. I am very glad to come back now and update you on what we have been able to put in place since the results we have been able to achieve and, just as importantly, give you a glimpse into the future, which we are very excited about. Hopefully today, you will be too.

We have a lot going on today, much of which is happening in places that are very strong, with very good results and at a really good time. I will describe that to you in more detail as we move along.

II. Petroleum Business Overview**1. Size and Scale**

We would be the 25th largest Petroleum business if we were to stand alone, in a publicly traded sense. This is a significant oil and gas business around the world. We have a large and diverse portfolio of operating assets. We have some exciting development opportunities and exploration permits and licences that we have been acquiring, which are consistent with the theme that Marius talked about and are mature in this corporation. We have operations in six countries today, and are currently exploring commitment wells in four others. There are a large number of countries beyond that, where we are negotiating and continuing to gain a foothold. We have eight development projects that are currently in execution and a large number beyond that. I will show you how that is playing out; we are very pleased with it.

2. A Key Component

As Marius described, we have been a key part of the BHP Billiton family for over 40 years, dating back to our legacy in the Bass Strait. I am going to show you the technology gains that we have been able to put in place over time, the emphasis that we place on that technology today and how it is paying significant dividends for us, as a key part of this corporation.

3. Financial Significance

A small section on numbers upfront solidifies our place in the family today. At the end of our first half-year in 2008, BHP Billiton Petroleum was contributing about 20% of the corporation's EBIT; we were spending 32% of the corporation's capital expenditure at that time; the barrels that we

bring to this company have a 76% EBITDA margin. As you saw on Marius chart, that is the highest among the BHP Billiton commodities.

4. Capital Competition

Like any other part of this corporation, we compete for capital in the boardroom and with our senior management team. We have high rates of return, significant present values (PVs) and it is very rare that we bring something to the corporation that has 20 years of life or less. Most of our assets are long-life, just like our mining assets. The one thing that we do that is unique, because we are talking about resources that are three to five miles below the ground, that cannot be seen, touched or felt, is to spend a great deal of time working on the worst thing that could happen. What is the low side? What is the lowest amount of reserves we could capture? What is the highest cost it could take to get there? What is the worst thing that could happen? We try to bring the corporation projects that are PV positive, even with a low side, then we enjoy the benefits when they are way above that, which they normally are.

5. Cash Returns

BHP Billiton Petroleum has funded itself in entirety. We have strong free cash flow. Even over the last few years of record capital spending it is among the highest of any commodity in the company, as well as the highest that BHP Billiton Petroleum has ever spent. We return billions of dollars to the corporation beyond our own needs, and this year will be a record in that regard. In summary, we are a key part of this corporation. We stand among the other businesses in equal stead and, in some cases, deliver superior returns in our own right, in those businesses.

III. Financial Profile

1. Production

I will give you a brief profile of our public results over the last two or three years. Our FY06 and FY07 numbers for the various categories show that top line of millions of barrels a day, and million of barrels per annum. Over the last two years, we have averaged 115-116 million barrels of oil equivalent (mmboe). You can see we had 60 million barrels in the first half of this year. If you double that, you will see we are starting to grow there. You will see that theme over and over again throughout our presentation.

2. Earnings

At mid-year, you can see how our revenue is up significantly on a rateable basis versus the two prior years. Our underlying EBIT is already at almost \$2 billion at only halfway through the year. Our EBIT margin continues to be strong at the mid-year at 63%. As you can see, we are increasing our exploration spending on a rateable basis. I will describe how that has grown significantly this year. We anticipate the same going forward.

3. Capex

We are spending at a record level of capital. BHP Billiton Petroleum will spend about \$2.5 billion. You can also see how we had 100% reserve replacement last year. I will tell you today that we are

looking very positively at doing that again. Our EBIT return on capital employed (ROCE) at the mid-year, at around 52%, is now looking even stronger. I wish I could show you our second-half results. I hope I can describe how the barrels will be more, the price more, the costs low and how the returns are going to be significant.

IV. Production Diversification

1. Global Operational Focus

Our Petroleum headquarters are in Houston, which is where my senior management team and I work. Our operating centres are around the world as I have described. We have standalone production units in the Gulf of Mexico, Trinidad, the UK, Algeria, Pakistan, Western Australia from Perth and the Bass Strait. The areas in which we are doing significant exploration right now, about which we will share more with you in the next couple of years, are in eastern Canada, the deepwater Gulf of Mexico, offshore Colombia, the Falkland Islands of South America, Malaysia and Southeast Asia, continued exploring off Western Australia offshore and the Bass Strait itself. These are significant places, some of the oiliest and gassiest places in the world. Throughout my discussion today I will be able to give you more insight into all of those. This is a good global footprint. We are having good success in mostly all of those.

2. Assets and Products

I will also give you some early exposure to how our contribution is aligned. You can see how the major contributions of our total production, which has averaged 320,000 barrels a day for the last two years flat, comes from Bass Strait at about 25%, the NWS, Atlantis, Shenzi and Genghis Khan in the deepwater Gulf of Mexico, our UK operations, our Algeria operations, and everything else that is a lower percentage of that, which we call other. Those are a number of assets many of which are very significant, like Mad Dog in the deepwater Gulf of Mexico or our new Stybarrow project off Western Australia, which I will describe in more detail. This breaks down how we reported our third-quarter results at 31 March this year, and how they break down by operating unit.

You can see the further diversification we bring to the BHP Billiton family with our commodities. We are now at almost 49% crude and 51% gas, but gas is broken down into the natural components of LNG and natural gas liquids (NGL). As you know from reading, our crude side will increase over the near term as many of the new barrels we are bringing home are preferentially crude oil. We will also be increasingly NGL and LNG as part of this portfolio. Today I will describe to you how the margin on these things was what we were dreaming about some years ago. Now we are bringing that to fruition in some of the most politically stable and fiscally responsible areas of the world. That gives us great confidence in what we are going to show you.

V. Core Strategy and Competitive Advantages

1. Core Strategy

a. Operational focus

As Marius described, our core strategy in BHP Billiton Petroleum mirrors that of the corporate family: large, long-life, upstream assets with multiple options. If there is anything we do on the Petroleum side that takes more effort, it is that we go after things that we want to operate. That is

not always a given, because of the joint venture nature of the Petroleum business. We have the same basic theme as our corporation: to ensure we have things that are material.

b. Organic growth

We target organic growth opportunities through exploration, and go after what is material to the BHP Billiton Group. In other words, we are not trying just to optimise Petroleum; we are trying to pursue things that are big enough to move our corporation, and I will show you some of those today.

c. Proven basins and other opportunities

We have a balanced portfolio in proven hydrocarbon basins around the world, and we also pursue significant high-risk high-reward frontier opportunities. This is the luxury we have in the strong balance sheet, which this corporation affords us the chance to do.

d. Organisational model

We do this through our functional organisation, which means we are aligned worldwide on exploration, our projects in development, our production operations and our marketing. We are not organised in nine individual units around the world like we used to be, each with their own capability. We manage to a worldwide global portfolio, as I will describe to you. We think that gives us advantages, not only in ensuring we do things that are material to our company, but ensuring we are functionally strong in how we go about doing those things. I would be delighted to show you more of that today.

2. Competitive Advantages

a. Balance sheet strength

Despite our size and some other things, we have some competitive advantages that are unique to us. As Marius said, and I think is true, our balance sheet as a corporation is that of a super-major, but it allows us to have the size and energy of a startup.

b. Competition

We are able to compete technically with the super-majors in our chosen locations around the world. I will show you how in the deepwater Gulf of Mexico and in Western Australia we can go head-to-head with anyone.

c. Technology

We have industry-leading geo-science imaging technology, particular in the deepwater subsalt. Those of you who are familiar with the oil and gas industry, are familiar with what that describes. Our geo-science imaging is the heart of being able to see into the subsurface and being able to image what we think the reservoir potential is in the subsurface. Once again, this is three to five miles below the ground, as I have described. We are an industry leader in this. One of the more complicated aspects of that is when you have large amounts of salt that you try to image through. We are a leader in that also. This includes some of the most difficult geo-science and geo-physics in the world, and we are very good at it.

d. Partnership

Our fourth major competitive advantage, which is something I see from my office on a weekly basis, is others coming in and wanting to work with us. They view us as a trusted and dynamic partner. When you work with BHP Billiton Petroleum, you gain the technology and the expertise of the super-majors, in the areas in which we compete, but with a company that is going to move rapidly and get things done. Oftentimes, that is not what you get when you work with the really big guys. People see us and pursue us in order to be a partner.

e. Speed

Last but not least, as a part of that, we can make decisions very quickly and robustly, in a corporation that can move quickly. That is not something others can do. We have some unique competitive advantages as a part of our Petroleum organisation.

3. Functional Organisation*a. Model*

The last time I visited you in October 2006, we briefly described how we were going to evolve from a geographically orientated organisation into one that was functionally orientated. I want to update you on that. We have a very simple organisational model in Petroleum based on worldwide functional accountability. A division president heads up each of the following areas: Exploration, Development, Production and Marketing. This allows us to have management focus on these key parts of the business, which are critical to our success. If you were to wander our halls, you would not find many people focused on activity that was not dead central to these areas. We call this staying focused on the revenue line. We have few distractions; we are buried down into these areas.

b. Exploration

Our worldwide exploration focus allows us, once again, to put the best things in the wall, do the best and stay away from the worst. We are not trying to optimise Trinidad. If Trinidad has something that we are going to drill, it will be because it ranks on our worldwide seriatim in an excellent way. Our Exploration organisation, in addition to safety, is responsible for our opportunity inventory for the future, all of our resource ads that come from Exploration data, our seismic and data quality, and our finding costs. They are directly accountable for this. Things stay with our Exploration management until they are of such a size and such a confidence that that little black triangle between Exploration and Development has been met. CRT stands for critical resource threshold. It is the judgment we place on whether a discovery is of sufficient size to place a project team on it and move it forward. When it has been decided big enough, the division presidents of Exploration and Development sign off that resource size, and we start driving that through as hard as we can, all the way to the finish line. We are functionally orientated around Exploration worldwide.

c. Development

It is the same with our Development organisation. This is where we drill our wells and build our projects. Our division president in Development is responsible for not only the safety piece of the business, once again, but the concept optimisation of how a resource can be monetised in the most efficient way, then taking that concept into a project in drilling execution, and ensuring the cost, schedule and money in that project are dealt with every single day. We have a little homily we use,

which is true: we try to know how many wells were made in a project last week and whether they met our concepts or not. If not, we double up next week. We want to be responsible for our business that closely. Finally, Development is responsible for bringing these projects to commission and startup. Once again, this is functionally orientated. All the capital and projects I am going to show you today are in that group of specialists driving those things towards fruition.

d. Production

The key break point between Development and Production is at startup. At startup, our Production management takes over. That means that, in the meantime, they would have built a new Production organisation, hired those people or repositioned them from other operations around the world, and placed them on the assets while they were being built. Oftentimes, our operating people actually float out with the assets while they are going offshore. While they are out there, they have already lived and worked on them, before they begin startup. Our Production operation, once again in addition to safety, is responsible for post-startup execution, all of the daily production that occurs from that point on and making sure we have the lowest cost operations we can possibly have. I will show you today how we think we are among the best in that area.

They are responsible over the life of that asset. We are only able to book a small amount of reserves upfront, so we have to book those reserves as we go along and receive the technical data that those reserves are there. They are responsible for reserve recovery over the life of that field. In order to offset natural decline, they are responsible for developing additional opportunities: compression, additional drilling and other types of equipment capability improvements. Our production organisation does these things very well.

e. Marketing

We work very hard to bring these molecules to the surface, so our marketing organisation has to focus on maximising them. Crude, natural gas and liquefied natural gas (LNG) have their own unique aspects. We have global marketing organisations that in addition to their own safety are responsible for capturing the full market process and help us with gas market development in countries like Trinidad and Pakistan where it is critical that we develop that customer base. Some gas will not move into a fully-fledged project unless it is understood, so our gas marketing people help us to achieve sponsorship of some projects and advise on whether those molecules should stay in the domestic market or be exported, and how that should work.

f. Common Standards

We run BHP Billiton Petroleum through those four major divisions. Everybody in our organisation sits in them and is totally focused on the metrics. The management team and I have brought this to the business over the last few years, and I hope that you will see the results for our longer-life activity.

The four divisions are supported by the normal global support functions: planning, HSEC, human resources, finance, legal, external affairs and IT. We have common systems that everyone works on; geoscience, reservoir engineering and facility engineering are all on a common system. Standards, metrics and the data we look at every day, month and quarter are the same in all the units around the world. This allows us to make like-for-like comparisons, critical in our global business. It has also permitted a leaner organisation. When we had nine individual units around the world, we had about 210 finance people. In the organisational model I am showing you today, key finance staff are centralised in our headquarters and we have significant people in our operating units, but

not every unit has its own specialists. From 210, we are now down to about 150-160. A key concept of what you are looking at here is our ability to have a lean, leveraged, low-cost but stronger functional organisation.

VI. Senior Management Team

I would like to introduce you to a few of the senior management team that you do not have a chance to see. Steve O'Rourke is our president of exploration worldwide. Steve had 17 years with Shell prior to joining BHP Billiton, both in the US and the Hague. Steve is competent in both geoscience and geophysics. He has been with BHP Billiton for eight years and has played a key role in the major discoveries I am going to show you today and that we are developing as we speak. Steve and his team are deep and rich. We have as good an exploration organisation, pound for pound, as any in the industry. We are sought after for our deepwater seismic and geophysics. Steve has a number of vice presidents who are outstanding in their own right.

Nigel Smith is president of development. Nigel was with Shell and ARCO for 17 years prior to joining BHP Billiton and has been with us for eight years. Both Steve and Nigel are 25-year veterans in this industry. Nigel has worked in numerous countries around the world and even with BHP Billiton he has worked in Trinidad, the UK, Australia and now in Houston. Nigel has six project managers working for him around the world as well as the large drilling organisation and our supply organisation. He is an important part of our operations and a key member of our senior management team.

Tim Cutt is the newest member of our organisation, the president of production. Tim was with Exxon Mobil for 25 years and has been with BHP Billiton for one year. Tim has held country-level responsibilities around the world and has a broad engineering background in the production sciences. He brings to us knowledge in facilities integrity, reservoir management, drilling and other aspects of how our operations should be cared for. He has nine country managers around the world, a very large global reach and a huge job.

Renee Klimczak heads up our gas marketing organisation. She has 24 years in gas marketing, 21 of them prior to joining BHP Billiton; she has been with us about three years. She has market gas directly on the ground around the world and heads this business in a very strong way.

Alex Green heads our crude marketing, and with the new barrels coming on, this is a very exciting part of our business, ensuring that refineries around the world are forewarned of the types of crude we are bringing on-stream so that we can capture maximum value as soon as possible. We have crude marketing organisations in the Hague, Houston and Singapore to deal directly with our customers.

Zlatko Todorovski is our chief financial officer. He is a BHP Billiton veteran and has been with the corporation for 22 years. He is extremely knowledgeable in all of our systems, a very astute man with a broad background and a senior, highly-valued member of our team.

There are only two people in this group who were in place two years ago. The rest are new and are responsible for everything you are going to see today in terms of how we work and what we are achieving. I am very proud to introduce these people to you.

VII. Functional Organisation Benefits

1. Focus and Functional Excellence

I would like to talk about the huge benefits and how we gain value from the functional organisation. I hope it has been clear that the accountability and organisational alignment that flows from this is not blurred. We do not have people drilling wells in the morning, producing a little at lunch and selling in the afternoon. We have people with their heads down, focused on their responsibilities and getting it done, with everyone in their organisation aligned around that. We are proud of how that works in exploration, development, production and marketing.

We think this gives us a huge opportunity to promote functional excellence in everything. Many of the wells we are drilling are \$75 million, being drilled in 4-5,000 feet of water and 25,000 feet below the mud line once they reach bottom. It is hard to do this in a generalist way; it takes functional expertise, diligence and a long career of experience to do it well. Our people are focused on their roles which helps us worldwide.

This is not just about our technologists. We want everybody to be functionally strong in their job including lawyers, supply people and external affairs and to bring that expertise to a common problem so that we can solve it multi-functionally. We are proud of the skill of our company and how it is growing.

Our functional organisation provides the opportunity to put things on a worldwide ranking basis. I cannot tell you how important that is. Once again, we always want to put everything on the wall, do the best and stay away from the worst. If you stay away from the worst, your performance is mind boggling, and we have the natural ability to get that done.

2. Leveraged Model

Our model is highly leverageable. We have centralised expertise in our Houston headquarters and decentralised execution on the ground. We do not try to have specialists in every location. Career development without relocation for many people is a clear advantage. We have people who can move through a number of job opportunities, receive increasing areas of responsibility and global reach and not have to relocate for many jobs. In today's market, people are the number one risk we have as an industry so this gives us a clear advantage in managing them. We still need global mobility and the nine operating units to execute on the ground, but we have a large amount of career development without relocation.

3. Skills

Through an organisational approach, we can bring the best skills to each opportunity. We do not have nine experts at every place; we have two, who touch everything we do. Everything we do is passed through the people who know the most about it. We do not sign off on anything without top knowledge being applied to it. Likewise, if we have a problem, we have the ability to take people from the 10th floor and put them on the 11th floor in order to swarm the problem. Finally, we learn rapidly. If we have something good one week, we expect all units to be doing it the following week and our organisational model allows us to do that. We do not want to keep reinventing the wheel; we do not want to keep repeating the same mistakes.

VIII. Results

I have given you some information about our senior management team, what we are trying to do, our strategy and what our advantages are. I would like to outline some of the early results.

1. Performance Improvement

I will talk about safety later on. In terms of performance improvement over the last two years, we had 20 lost-time incidents in fiscal year 2006 and this year through 10 months we are at three lost-time incidents. This is industry-leading and something others wish they could do. On volume growth, we have averaged 318,000 barrels a day for the last two years. In April this year, we averaged 378,000 barrels a day so we are on a rapid growth increase. Most is in the liquid side, in politically-stable and great fiscal regimes around the world.

2. Base Performance

We have strong base performance. Costs are very low, amongst the lowest in the industry, and the reliability of our equipment is high. When we run something, it runs well, night and day, year round. We are currently ramping up our major recent developments, primarily oil. We have built a huge amount of additional capacity and we are now bringing it online. We are looking forward to the future and have rejuvenated our exploration activity in terms of how much we are spending and where we are targeting. We have also had successes from two significant discoveries which will form the next part of our portfolio in the future. In addition, we have captured some of the best acreage in the world. Others are calling us on a daily basis hoping to partner with us.

3. Organisation

To underpin all of this, our organisation is the most critical and important thing we have. We have been able to hire 299 people to join our organisation over the last 12 months. We are essentially fully staffed and ready to grow. We continue to be very proud of our organisation: its flexibility, adaptability and the skills that are contributed every day.

IX. Summary

This is a significant oil and gas business and a key part of our corporation, as it has been for a very long time. Our key strategy is clear and all of our employees understand this and are attacking it every day. We have made significant organisational changes over the last 12-18 months. We have retooled our skills, particularly at senior management level. We have upgraded our focus and attacked metrics in a new way.

Going forward, we should be able to improve on our historical performance in a significant way. That is aided by an experienced senior management team that is implementing the strategy well. We have a deep team that is very capable in every respect as what I show you today will bear out. This business has real competitive advantages in the balance sheet, and the focus we have and great number of partners who want to work for us. We feel that this strategy has delivered some significant results on safety, volumes, cost, project development and our exploration future in the last 18 months to two years.

Driving Base Performance

Mike Yeager

I. Introduction

1. What is Base Performance?

I would like to describe how we manage driving base performance. By base, we mean our operations that are on-stream today: 318,000 barrels a day, and all the facilities and wells that we had at the end of the last two years. Since then, we have brought on four major products that are now part of our base and are being executed with all the metrics and focus I am going to describe to you today. Our base is very large; billions of dollars of revenue pass through it. This is our