



THE MELBOURNE MINING CLUB LUNCHEON 'ON THE ROAD'

23rd June, 2008

Marius Kloppers –CEO Rio Tinto Limited
Topic: Building The Future



The Melbourne Mining Club was back 'on the road' in London attracting a capacity crowd of 400 resource industry executives, bankers, investors and luminaries to the Café Royal, Piccadilly. Following a highly successful luncheon in Melbourne on 5th June, Marius Kloppers once again was the designated speaker.



Mr Kloppers explained how the industry was going through a period of "unprecedented opportunity" largely driven by the industrialisation and urbanisation of China which is set to maintain the current high demand for mineral resources. He said that his "iron-ore and stainless-steel businesses had margins of 52% but this was still lower than base metals at 70% and petroleum at 75%". Kloppers said the oil arm - not long ago seen as a potential sell-off target - "was now expected to show 10% compound annual production growth up to 2011", whilst oil majors such as Shell and ExxonMobil were struggling to raise their output. The BHP Billiton boss also outlined how expansion plans at Olympic Dam in South Australia would raise annual ore and copper output. "BHPB had a bright future on its own", he said, but with Rio the two could produce "greater successes than either company could build on its own".



Kloppers stressed a "commitment to our core strategy". To remain focused on Tier 1 assets that are large, low-cost, expandable and consistently profitable. Beyond that, an upstream focus on export-oriented commodities and maintaining a deep inventory of growth options. Underpinning this strategy is an overriding commitment to ethics, safety, environment and community engagement, plus the desire to remain an "Employer of choice" and a preferred partner of countries, suppliers, customers and interested parties worldwide.

The 45 year old South African-born father of three said that "Strong pricing fundamentals, due to increased demand and lagging supply, bolster this strategy. However the Rio Tinto acquisition represents an opportunity to generate additional value for both sets of shareholders and is strongly aligned with BHP Billiton's strategy and management philosophy of simplicity, accountability and global talent. Having had the ear of Rio Tinto's key executives during these past two MMC luncheons it will be interesting to see if the rhetoric coming out of the enemy camp softens any towards this takeover. Regardless, it may all be all for naught if any of the various competition commissions in the US, EU or indeed Australia believe this takeover breaches monopoly concerns... watch this space.



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