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Questions and Answers

BHP Billiton Plc

Annual General Meeting 2013

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Questions and Answers

These questions were answered at our 2013 Annual General Meeting of BHP Billiton Plc. The answers below provide more detailed responses along with references to supporting material for interested stakeholders. We believe it is beneficial and important to listen to all questions on our performance and we welcome the opportunity to engage transparently on these matters.

1. Water Management

In your Annual Report, you have something on water management. Of course, the regulatory authorities throughout the world are all different. I am wondering what you see as best practice, particularly with you getting involved in food supplies and things like that. Water then becomes extremely important, certainly when you are looking five or 10 years ahead. Perhaps you could let us have a bit more of your thoughts on the matter.

The sustainability of our operations relies on our ability to obtain the appropriate quality and quantity of water and to use this resource responsibly. We use water at every stage in our operations. Increased competition for water due to population growth, urbanisation and industrialisation is affecting the quantity and quality of available water and posing a potential operational risk for our organisation. These risks and impacts experienced by our operations vary from region to region and from site to site, with some sites facing multiple and varying risks. Some are located in water scarce environments; others have to manage water excess, water quality or water discharge issues.

To address issues related to water availability and stakeholder expectations, our operations are required to develop a Water Management Plan. The plan takes into consideration the baseline quantity and quality of water potentially affected by our operations and requires the operation to quantify the acceptable level of impact to water resources, taking into account regulatory requirements and stakeholder expectations. Our operations also consider cumulative effects on water resources when multiple operations are active within a region. Preventive and mitigating controls necessary to achieve the acceptable level of impact are detailed in the plan, and each operation is required to implement a monitoring and review program that verifies the effectiveness of these controls.

In the 2013 financial year, we set a target that required operations with water-related material risks, including volume and quality considerations, to set targets and implement projects to reduce their impacts on water resources. This target recognises the local and regional context of water and allows operations to annually review and define the necessary projects that will best address their material water risks.

As an example, our Escondida operations, in Chile, are faced with risks related to surface water and groundwater scarcity, which requires increased water efficiency and new sources of water. The majority of water supply currently comes from well fields, and up to 14 per cent is supplied from the asset's desalination plant in the Port of Coloso. Minimising evaporation from tailings dams has also enabled Escondida to reduce planned water use by more than 18 per cent in FY2013. A new desalination facility is being constructed to provide a secure and sustainable water supply and will minimise our reliance on the region's aquifers.

You mentioned desalination; that could become a growing business. Is it something you see this Company getting much more involved in?

Our strategy is to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market. For over a decade, our strategy has remained unchanged and has enabled us to deliver superior margins throughout economic and commodity cycles. Therefore, we remain focused on developing and growing our diversified portfolio of tier one assets to continue to meet the changing needs of our customers.

2. Executive Directors

CFOs of other FTSE100 companies are also Executive Directors of those groups – why is that not the case at BHP Billiton?

There is no one answer to the balance between executives and non-executives. In the past, we have had two or three Executive Directors on our Board, but at this point in time we think the balance we have works for us. The CEO is our only Executive Director, but the Board has extensive access to members of senior management. Our senior executives frequently attend Board meetings, where they make presentations and engage in discussions with Directors, answer questions, and provide input and perspective on their areas of responsibility.

3. Impairments

I am concerned about some of the things that have happened recently in respect of our recent investments, notably the US\$5 billion that we had to impair during the last financial year in respect of nickel and aluminium assets, which was caused by ongoing strength of the Australian dollar and weakness in price. There is a partial question there: there is not enough information in the accounts to assess whether there will be further impairments in the future. Will there be future impairments and, if so, how much more can we expect to come?

We regularly assess the value of our assets and make revisions as required. These values are at a point in time and are affected by a range of factors. In the case of nickel, aluminium and alumina, growth in Chinese processing capacity and the appreciation of the Australian dollar have structurally affected businesses such as Nickel West and Worsley. The recent impairment of these businesses reflects the broader challenges being faced by capital intensive, downstream mineral processing industries. These impairments are clearly disappointing, but it is important to recognise that they are not a reflection of the quality of our resources and operations.

The US\$12 billion we paid for Petrohawk last year concerns me. I was looking at the accounts at note 2 on page 210. I was looking at the EBIT of the petroleum and potash business. EBIT in 2011 was 6.2; in 2012, when we bought the business, it was 6.0; in 2013, when we had had the business for a full year, it was 5.6. Where has that 12 billion gone? When can we expect benefits to flow from that? Are we exposed to another monstrous impairment?

We maintain a positive outlook for our Onshore US petroleum business. While this remains a relatively new business, we were pleased to report a 39 per cent increase in EBITDA to US\$922 million in the second half of the 2013 financial year.

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Our targeted program in the liquids rich Black Hawk region of the Eagle Ford continues to deliver very attractive returns. The Eagle Ford is now our largest single petroleum producing asset and it continues to grow. While we did impair specific evaluation wells in the Permian that did not support economic development, this is not unusual at this early stage of evaluation. These activities have significantly increased our knowledge of the basin and have defined our primary area of focus. We also plan to dispose acreage that may be of more interest to others. That being said, we continue to see the potential to develop a significant business in the Permian. Production in the Permian Basin is expected to quadruple to 4 million barrels of oil equivalent in the 2014 financial year.

Longer term, demand for energy will continue to grow and our unique and diversified energy portfolio will continue to differentiate BHP Billiton.

4. Iron Ore Exploration, Guinea and Liberia

I notice that in your Annual Report you only devote a single column inch to Guinea and Liberia, where you have iron ore exploration and evaluation operations. Specifically as far as Guinea is concerned, what has become of the reported negotiations with B&A Mineração for the exit of BHP from the Mount Nimba project, which is directly adjacent to the Mount Nimba World Heritage Site?

BHP Billiton currently has a 41.3 per cent interest in a joint venture that holds the Nimba Mining Concession and four iron ore prospecting permits in southeast Guinea. The joint venture is continuing to undertake a pre-feasibility study for the development of the concession and associated transport infrastructure. As with all of our projects, should we decide to proceed with any development at the concession, we will only do so in a way that is consistent with *Our Charter*, taking into account the concession's adjacency to a World Heritage Site. We have explicit requirements in our environmental standards relating to areas of high environmental sensitivity and also in relation to threatened species – these include:

- not exploring or extracting resources within the boundaries of World Heritage-listed properties; and
- not exploring or extracting resources adjacent to World Heritage-listed properties unless the proposed activity is compatible with the World Heritage outstanding universal values.

As far as Liberia is concerned, where you have a mineral development agreement with the Liberian government, how many millions of dollars have been spent there now on exploration? Specifically, what results have you obtained from the Goe Fantro and Kintoma prospects? Which of your Liberian portfolios do you see as being the most prospective area for development and why?

BHP Billiton currently has a 100 per cent interest in a Mineral Development Agreement with the Government of Liberia. This enables the further exploration and development of our Liberian iron ore mineral leases. Exploration and development of these leases continues, with drilling conducted on select targets.

5. IndoMet Coal, Indonesia

BHP Billiton has historically been pulling out or stopping operating in Indonesia, like in Sumba. I believe that the IndoMet project in central Kalimantan is being similarly developed around a protected area of indigenous people. Why does BHP still continue to operate in Kalimantan with a similar situation?

We understand how important the IndoMet coal project is to all its stakeholders and we take it very seriously. We have been consistent with our response over the last few years during our Annual General Meetings in relation to this matter. Last year we stated that while we would progress some elements, particularly around infrastructure, a major project in Kalimantan would not be sanctioned in the 2013 calendar year. What we have done is progress a small project at Haju that is not yet operational and will not produce any coal this calendar year. This included the development of road works, loading facilities, employee accommodation and other preparatory works for a small mine. It is important to clarify that we do not apply different standards in different countries and that as with any project, we will only proceed with any development in a way that is consistent with *Our Charter* and any material developments or changes will be disclosed in accordance with market practices.

I know that we are not necessarily going to agree about what type of development and what type of impacts BHP Billiton has in central Kalimantan, but I ask you to listen to the call by civil society in central Kalimantan, which is rejecting that railway that will drive a spear into the heart of the rainforest in central Kalimantan. It is, if you like, there for coal; it is a coal railway. Please, could you tell us what exactly your relationship to that railway is and what will you do to ensure that communities in central Kalimantan do not come away damaged and destroyed by what you are doing there?

We are not progressing the investigation or development of rail facilities in central Kalimantan.

6. Cerrejón Coal, Colombia

Wealth for us, the Wayuu indigenous peoples, is our spiritual richness. We reject everything that opposes our spiritual wisdom, which for us represents harmony and biodiversity in the world. Our hopes mirror our defence of Mother Earth, which has been our law and purpose since the beginning. We are opposed to your operations at Cerrejón and we are seeking to force the Company to leave our territory; our ancestral land. My question is when is your Company going to leave our ancestral territory?

Firstly, it is important to clarify that last year due to market conditions Cerrejón postponed the studies of any expansion requiring the diversion of the Rancheria River.

That being said, we appreciate that there are broader concerns among the local indigenous communities in La Guajira about Cerrejón's presence in the region. We respect that and along with our joint venture partners Anglo American and GlencoreXstrata, as well as with the Cerrejón management team, we are committed to maintaining and enhancing the operation's relationship with the indigenous Wayuu people. The Cerrejón mine directly employs over 200 indigenous people in its operations and has assisted with the establishment of nine indigenous businesses that benefit around 250 families.

Cerrejón also runs a range of community programs designed to specifically benefit the local indigenous communities. These programs are delivered through special purpose Foundations

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benefiting around 20,000 indigenous people. They include health, education, food security, agricultural production, water and cultural programs.

As a shareholder in the Cerrejón mine we take a very active interest in the way the mine is working with the local communities and we want to ensure that the local indigenous communities directly benefit from the mine's presence. There are always opportunities for improvement in the future and we continue to engage and work together to create a lasting positive legacy for the people of the area.

7. Pensions and Post-Retirement Benefits

There are two areas where I can make a positive suggestion that you could save some money. I would like to suggest that you close the existing defined benefit pension schemes to future accruals. You can also stop post-retirement medical benefits for existing employees by changing their terms of employment, and if necessary pay them a higher salary or bonus of some sort.

BHP Billiton is taking steps to ensure greater consistency and equity in how we provide retirement benefits globally. Only a small number of defined benefit (DB) pension schemes remain operating in Australia, the Americas, Europe and South Africa for existing members. We have closed all DB schemes to new entrants and most of our employees are in defined contribution (DC) arrangements. Our objective is to offer consistent, equitable DC arrangements globally for all employees.

The Group also operates a number of post-retirement medical schemes in the Americas and South Africa. Full actuarial valuations are prepared and updated annually by local actuaries for all schemes. The Group intends to continue to contribute to each DB pension and post-retirement medical scheme in accordance with the latest recommendations of each scheme actuary.

8. Jansen Potash, Canada

Do you intend to have a go slow basis of investment in potash and therefore miss out on being a potash player? Other established potash producers could turn the tables against you if you do not act fast enough. Do you need to weigh up whether you need to go ahead with it as per usual, on a slow pace basis where you have to pay US\$12 billion in 20 years' time? If so you may miss out.

BHP Billiton is investing US\$2.6 billion to finish the excavation and lining of the Jansen Potash project production and service shafts, and to continue the installation of essential surface infrastructure and utilities. This investment will be spread over a number of years, with completion of both shafts expected during the 2016 calendar year, while the associated works program will extend into the 2017 calendar year.

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The longer term outlook for potash, a fertiliser that improves the yield and quality of agricultural production, is strong. As the world's population grows and incomes in emerging economies improve, agricultural demand is expected to rise. This will increase the need for potash and require the construction of new mines. Our projections assume a shift away from the current marketing dynamic and we believe the potash price will ultimately reflect the cost of adding new supply.

Jansen is the world's best undeveloped potash resource and is capable of supporting a mine with annual capacity of ten million tonnes for more than 50 years. With economies of scale and the use of modern mining techniques, Jansen is likely to be one of the lowest cost sources of supply once fully developed. The successful excavation and lining of both shafts will substantially reduce development risk and allow the Company to time first production to meet growth in market demand. Investment at Jansen is creating a valuable asset and we will continue to pursue a development path that maximises returns for shareholders.

9. Free Prior Informed Consent (FPIC)

The International Council on Mining and Metals' (ICMM) new position statement commits ICMM members, including BHP Billiton, to work to obtain the consent of indigenous peoples for new projects and major changes to current projects. Although the position comes with caveats, not least it is not implementable until May 2015, it seems to go further than the Company's current policy. In your Annual Report you stressed that you will be working to ensure that your Company policies are in line with that position statement. I just wanted to ask what you are planning to do, if that include talks with indigenous leaders and whether you might beat the generous deadline of May 2015.

We have been working with the International Council on Mining and Metals to develop a progressive position statement on this issue for some time. We are therefore pleased that the position statement has now been endorsed by the ICMM. The statement will require ICMM members to work through a clear Free Prior Informed Consent process with indigenous communities potentially affected by their new projects. That work through the FPIC process with indigenous communities will need to occur prior to the development of new projects. This is consistent with our long term objective of always ensuring that communities value our presence, which includes ensuring broad-based community support before any development. We see the ICMM position statement as a very significant step forward for the industry and are developing our own implementation guidelines.

10. Climate Change Risks

In the context of the international political agreement to limit global warming to 2°C, there has been increasing public discussion about the concept of 'unburnable' carbon reserves that cannot be exploited if the world is to meet that target. There is growing scientific and policy concerns as up to 80% of known fossil fuel reserves are effectively 'unburnable'. In your Sustainability Report, it says that BHP acknowledges that we live in a carbon constrained world. I would like to ask, does BHP Billiton accept the concept of 'unburnable' carbon reserves in general?

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We recognise that global emissions need to decline and we have taken a leadership position on these matters. Climate change has been a key priority for us for 20 years and in the last seven years our Annual Report has also informed our shareholders of the potential risks to our business from these challenges.

Firstly, we have focused on the things we can manage internally. We have invested US\$430 million in emission reduction programs since 2007 and in the five-year period to 2012 we reduced our greenhouse gas intensity by about 16 per cent, compared with a target of a 6 per cent reduction. We are therefore ahead of the targets that we originally published publically. More recently, we have also committed to holding our total emission levels in absolute terms below the 2006 level while we continue to grow our business. We consider these important actions we can carry out internally to be more efficient around the areas that we can control.

Secondly, we have engaged constructively in public debate on this important issue. We first publicly outlined our plans to reduce greenhouse gas emissions in 1996 in advance of most others in our sector. Since then we have reported on our performance every year through our independently verified Sustainability Reports. In 2010, we publicly stated the Company's support for a price on carbon and we established six emissions reduction policy principles. This was done voluntarily and well in advance of other organisations in our sector or any decision by the Australian Government on carbon policy.

Accordingly, we have recognised our accountability both through our emissions abatement efforts and our public engagement on a number of matters we believe are important for the long-term management of climate change challenges. What we cannot do, however, is determine the energy requirements of the world. We expect global energy demand to continue to rise driven by population growth and the continued development of emerging nations. Against that backdrop, it is up to communities and governments to decide what their energy requirements will be and the energy sources they will use to meet those requisites. From a BHP Billiton perspective, our diversified portfolio positions us well to respond to a wide range of energy demand scenarios. Over the last 150 years our portfolio has evolved to adapt to shifts in societal, economic and industrial conditions. We have considered the concept of 'unburnable' carbon in considerable depth using our significant internal modelling capability to understand the impact on our portfolio against a range of scenarios. In fact, for over 10 years now we have put a carbon price into all of our investment considerations and we remain confident that our portfolio will continue delivering strong returns to shareholders even in some of the more extreme scenarios.

I do believe that the BHP Billiton Board currently is ill equipped to deal with the challenge and the opportunity that this risk provides. The fact that the Board's response to Ian Dunlop's nomination was to initially dismiss climate change as a single issue seems to indicate that you have failed to grasp the structural and systematic nature of climate change risk as it affects the entire operating environment of the Company. What mechanisms have you put into Director and Senior Executive remuneration policies to ensure climate change risks are managed appropriately?

In order to link sustainability matters to remuneration, 15 per cent of the short-term incentive opportunity for Group Management Committee (GMC) members was based on Health, Safety, Environment and Community (HSEC) performance during the year. For the 2014 financial year performance, the weighting of this metric will move to 20 per cent.

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The Sustainability Committee assists the Remuneration Committee in determining appropriate HSEC metrics to be included in GMC scorecards, and also assists in relation to assessment of performance against those measures. The designated measures are derived from the Group's HSEC public targets set out in our Sustainability Report, which include our greenhouse gas emissions management commitments.

In addition, our long-term incentive plan ensures that management consistently focuses on long-term opportunities and challenges, including the risks of climate change to our business. Our five-year plan remains one of the longest term plans in the market, but the reality is that our executives have a rolling series of five-year awards so their perspective is not just a single five-year period. Another important feature of the plan is the Remuneration Committee discretion, which allows the Committee to reduce vesting outcomes where performance across the five years, in a holistic sense, is not satisfactory. This discretion is an important safeguard which helps to ensure a genuinely long-term approach by management.

The Board believes this method of assessment is transparent, rigorous and balanced, and provides an appropriate, objective and comprehensive assessment of performance. Further information on the metrics and their assessment is set out in the Remuneration section of our Annual Report.

You say that there is no groupthink on the Board; I would like to know if you can describe the mechanisms the Board has instituted to ensure that it comprises a diversity of perspectives and expertise, including in relation to climate change?

The Board and its committees work hard to ensure that the Board continues to have the right balance of skills, experience, independence and Group knowledge necessary to discharge its responsibilities in accordance with the highest standards of governance. We look out five years as we consider succession for Board members, ensuring we address gaps in skills and experience the Board may have as Directors retire. When considering new appointments to the Board, we take into account the specific skills, knowledge and experience deemed necessary to augment the present Board and meet its future needs and diversity aspirations. The Board considers that a diversity of skills, backgrounds, knowledge, experience, geographic location, nationalities and gender is required in order to effectively govern the business.

All of our Directors make an outstanding contribution and continue to add a valuable perspective because of their talent and experience. As a Board, our Directors contribute: international business and senior executive experience; relevant operating experience; understanding of the sectors in which we operate; knowledge of world capital markets; regulatory and government policy experience; and an understanding of the health, safety, environmental and community challenges that we face. We consider that our Board is well positioned to continue fulfilling its role on behalf of shareholders, including in the area of climate change.

11. Carbon Disclosure Project

I wanted to talk about the Carbon Disclosure Project today. We do recognise that the Carbon Disclosure Project at the moment has a one-size-fits-all approach to all sectors and we very much welcome the fact that they are moving to a sectoral methodology, starting with oil and gas next year. Having said that, BHP Billiton is the only company whose performance band has declined from a B to a C this year. So, my question is: as one of the highest emitting companies in the index, will you be willing to continue to work with the Carbon Disclosure Project to at least reach the minimum levels achieved by the FTSE 100 companies as a whole, which would mean getting yourselves back to a B performance band and increasing your disclosure from 75% to 80%.

We are clearly disappointed at the decline in the performance ranking of our submission to the Carbon Disclosure Project. In 2003 we were a founding participant to the Carbon Disclosure Project and we continue to place a considerable amount of importance on this area. We worked hard to improve our last submission and are currently analysing and addressing the results that were recently made available to us. We are committed to transparently discussing the regulatory, physical and other climate change risks and opportunities for BHP Billiton. Since 2007 we have disclosed the greenhouse gas intensity of our production and over the five-year period to 2012 we achieved a 16% reduction in that measure, compared with our target of 6%. We also remain one of the very few companies in the resources sector to receive the highest level of independent verification against our greenhouse gas data, which is contained in our Sustainability Report. We believe that our transparent public reporting and our efforts to deliver further emissions abatement opportunities will continue to serve the Company and shareholders well. We remain dedicated to maintaining emissions below our 2006 financial year baseline while we continue to grow our business and will report on our progress against this ambitious target in our Sustainability Report and our submissions to the Carbon Disclosure Project.

12. Buy-Backs

I am disappointed that the Company still has a resolution for buying back shares. I am not disappointed at all in the Company's performance. I know share prices go up and go down, but in this Company the income has risen steadily and you have done a good job totally. I also know when I receive a dividend, but when you have used part of my money and other people's money to buy back shares I have not seen any result in my pocket.

For over a decade our capital management strategy has been clear: we invest in our business for value through the cycle; we maintain a strong balance sheet and progressive base dividend; and we return any excess capital to shareholders. By allocating capital in this disciplined manner, both BHP Billiton and our shareholders have benefited. Over the last decade, our high quality portfolio generated an average return on capital of 29 per cent, our dividend in Sterling increased at a compound annual growth rate of 20 per cent and we returned US\$23 billion to shareholders through share buy-backs. These buybacks were completed at an average price below £14 per share compared to a Plc price of £19 today. More broadly, these strong results delivered a total shareholder return (TSR) of 588 per cent against a FTSE100 TSR of 122 per cent. So while we have a diverse range of shareholders with various views on these matters, when you look at this holistically our strategy has worked well. Looking ahead, we will continue to test every investment decision against a range of measures, including returning the cash to shareholders, and to review the balance to ensure your Company remains strong.

13. Papua New Guinea Sustainable Development Program (PNGSDP)

I have got a question about a recent decision in Papua New Guinea (PNG) that affects the Company legally. Papua New Guinea has nationalised the Ok Tedi mine, is attempting to take over the long-term fund of the PNG Sustainable Development Program and appears to have made BHP Billiton potentially legally liable again for pollution from the Ok Tedi mine. I just wonder whether you would comment on that decision.

In 2002, we decided to withdraw from OK Tedi in the Western Province of Papua New Guinea due to concerns about potential environmental impacts from continuing operations. While we would have preferred to close the mine early, the PNG government said this was not acceptable due to the social and economic importance of the mine to the country. As a result we gave our 52 per cent share of the mine to the PNG Sustainable Development Program, a not-for-profit independent company which uses the dividends from its interest in Ok Tedi to support sustainable development projects in the Western Province and other areas of Papua New Guinea. The company is chaired by former PNG Prime Minister Sir Mekere Morauta. The PNG Sustainable Development Program has so far received around US\$2 billion in dividends and over US\$600 million has already been spent or committed to programs in the Western Province and the rest of PNG. The remainder is held in a long-term fund for future generations.

It is important to recognise that BHP Billiton has no ongoing ownership or management connection to the PNG Sustainable Development Program or Ok Tedi. When BHP Billiton transferred its previous interest in the mine to the PNG Sustainable Development Program (SDP) it received an indemnity against any losses it may suffer arising from operation of the Mine after its exit. The indemnity also covers any losses which may arise from PNG Government environmental claims or prosecutions, whether relating to the period before or after BHP Billiton's exit. That indemnity remains in place and is secured against the assets of SDP which are very substantial notwithstanding the recent expropriation of its shares in the mine (principally consisting of the long term fund accumulated from dividend payments over the last decade). Due to the passage of time, continued operation of the mine, and compensation already paid, a successful claim against BHP Billiton arising from operation of the mine prior to its exit is considered unlikely and no contingent liability relating to OK Tedi has been recorded. The ownership of the OK Tedi mine and stewardship of the long term fund are matters of significant public debate in PNG at the moment, and as BHP Billiton has some security rights over the long term fund we expect that we will continue to be referenced in that debate.

14. Petroleum Exploration, India

Have you definitely withdrawn from the exploration of oil and gas in India or is it a question of brinkmanship because of the tacit exasperation with the bureaucratic delays and also with the perceived interference from the Defence Ministry of India and other NGOs in that subcontinent?

Over the past five years, brownfield exploration has increased our resource base around our portfolio of existing assets in large resource basins, which now provides us with significant growth opportunities. This has allowed us to reduce brownfield exploration expenditure and rationalise our greenfield exploration program to focus on copper in Chile and Peru and conventional oil and gas predominantly in the Gulf of Mexico and Western Australia.

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The decision to relinquish some of our petroleum exploration blocks in India is the result of our exploration portfolio review and the inability to carry out exploration operations in these blocks. We will preserve our 50 per cent interest in the NELP IX block, which is operated by BG Group and for which we are currently awaiting seismic survey results. We also remain active in the Indian market more broadly.

15. Onshore Petroleum, United States

You have bought from Chesapeake in February of 2011 for US\$4.75 billion in cash, their assets in shale in the region called Fayetteville, which is one of the six biggest players in shale oil and gas. In August of that year, you spent US\$12 billion plus another US\$3 billion in cash, a total of US\$15 billion, buying out Petrohawk Energy. They have primarily in effect three big regions of oil and shale gas play, namely Eagle Ford, Haynesville, and Permian Basin. Why is it that you have not joined in to buy into the one and only regulatory approved export terminal for LNG in the US where you can get a higher price for oil and gas at US\$15 per thousand cubic feet if you sell it to Asian countries like China and Japan, and US\$10 to Europe, whereas you only get probably US\$2 in the US?

Our strategy is to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market. For over a decade, our strategy has remained unchanged and has enabled us to deliver superior margins throughout economic and commodity cycles. Therefore, we remain focused on developing and growing our diversified portfolio of tier one assets to continue to meet the changing needs of our customers. Particularly in relation to our Onshore US petroleum business, we remain very positive about the outlook of our operations. We were pleased to report a 39 per cent increase in EBITDA to US\$922 million in the second half of the 2013 financial year and our targeted program in the liquids-focused Black Hawk region of the Eagle Ford continues to deliver very attractive returns. The Eagle Ford is now our largest single petroleum producing asset and it continues to grow. In the Permian, we have significantly increased our knowledge of the basin and have defined our primary area of focus disposing of acreage that may be of more interest to others. We continue to see the potential to develop a significant business in the Permian with production expected to quadruple to 4 million barrels of oil equivalent in the 2014 financial year. Over the longer term, demand for energy will continue to grow and our unique and diversified energy portfolio will continue to differentiate BHP Billiton.