

Core objective and strategy

Rio Tinto's core objective is to maximise the long term return to shareholders by finding, mining and processing metal and mineral resources across the globe.

To deliver this objective the Group follows a long term strategy that concentrates on:

- The discovery of Tier 1, (large, low cost) orebodies that will safeguard our future cash flow.
- The development of Group assets into safe and efficient large scale, long life and low cost operations to ensure the Group can operate profitably at every stage of the commodity cycle.
- Operating in an ethical and socially responsible manner that maintains Rio Tinto's reputation and ensures ongoing access to people, capital and mineral resources.
- Putting long term sustainable development at the heart of everything the Group does.

RIO TINTO'S STRATEGIC PILLARS

To support and deliver its long term strategy, Rio Tinto structures its medium term activities around the six core strategic pillars below. These pillars are used by each product group and support group to develop their medium and short term strategic and operational plans. Using this consistent framework, represented by the Rio Tinto strategy map on page 22, ensures that the Group is aligned in the delivery of the long term strategy.

Health and safety

We believe that all incidents and injuries are preventable. Rio Tinto's aim is to create an environment where all employees and contractors have the knowledge, skills and desires to work safely, so that everyone goes home safe and healthy at the end of each day. In 2009 there will be a renewed focus on implementing the safety programmes currently being rolled out across the Group, with a particular focus on contractor management.

Operational and financial delivery

The mineral and metal extraction industry is cyclical, but to deliver the maximum value to shareholders the Group must earn positive financial returns at the lowest points of the economic cycle with exceptional returns delivered at times of strong commodity prices. The majority of Rio Tinto's assets aim to operate in the lower half of the cost curve for their respective industries. Rio Tinto achieves this through the promotion of management excellence, the application of the latest mining technologies, the

constant delivery of business improvement programmes and investment in the asset throughout its lifecycle.

Growth and innovation

The Group's ability to maintain production growth over long periods in line with demand is underpinned by a strong reserve and resource position in its key commodities. Consistent commitment to greenfield and brownfield exploration activity ensures that the Group's mineral inventory is continually replenished, and creates a strong pipeline of future development opportunities. The current weak global market has had a significant impact both on commodity prices and customer demand, leading the Group to re-evaluate and cut back on its near term capital expenditure on growth projects. The near term focus is to reduce capital spending yet maintain strategic growth options.

People

Rio Tinto's workforce consists of both staff and contractors and their safety is the organisation's first priority. Rio Tinto believes that attracting, developing and retaining a skilled and engaged workforce is critical to business performance. Strategic workforce planning, an integrated talent sourcing and development model, the total rewards architecture and efficient, effective development are examples of the Group wide initiatives that Rio Tinto uses to optimise the value of its workforce. As the Company strives to deliver shareholder value under challenging market conditions, the Human Resources function will enable the organisation to engage its employees, support the development of critical leadership competencies during periods of change and extend the overall agility of the workforce while sustaining business performance.

Communities and environment

Rio Tinto has a strong commitment to all aspects of sustainable development. This is an integral part of the way Rio Tinto conducts its business activities. By focusing on delivering economic prosperity, social wellbeing and environmental stewardship, within strong governance systems, we ensure sustainable development remains at the forefront. While this approach helps us to manage risk, our strong reputation as a socially responsible miner also continues to win us customer preference, giving us improved access to land, people and capital – the three critical resources upon which our business success is built.

Customers and markets

By understanding what our customers value, we develop offerings which meet their needs and generate superior returns for Rio Tinto. Competitively positioning our businesses in their markets is based on a robust, fact based five year marketing strategy supported by rigorous tactical execution. Effective supply chain integration with our operations and Rio Tinto Marine ensures that we meet customer needs and create value for ourselves by supplying the right products and services at the right time to the right place. While market conditions in 2009 are some of the most challenging we have seen, our investment in sales and marketing capability will ensure that we meet the revenue challenge of the down-cycle while retaining the flexibility to take advantage of future growth.

Core objectives and long term strategy continued

RIO TINTO'S STRATEGY MAP

Core objective

Maximise the company's value and the long term return delivered to shareholders by finding, mining and processing metal and mineral resources across the globe

Long term strategy

Discovering Tier 1 orebodies

Developing new and existing assets into safe and efficient, large scale, long life and low cost operations

Operating in an ethical and socially responsible manner

Putting long term sustainable development at the heart of all we do

Strategic pillars

Health & safety	Operational & financial delivery	Growth & innovation	People	Communities & environment	Customers & markets
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Our aspiration

An uncompromising approach to safety	Consistent delivery of production targets	Entrepreneurial developer and acquirer of value creating assets	Employer of choice	Developer of choice	Supplier of choice
A zero harm environment	Value based decision making	Ability to capitalise on changes in the markets	High performing, engaged and flexible workforce	Well positioned for a carbon-priced world	Entry and growth in emerging markets
Healthy employees, contractors and local communities	Cash generative assets at all points in commodity cycle	Leader in developing and utilising new mining and processing technologies relevant to Rio Tinto's orebodies	Durable workforce that is well developed for future needs	Respect for the environment and local communities	Positioned to deliver products that underpin global economic growth
			Global needs met with local employees		Fact based marketing strategy and tactics