

Rio Tinto 2010 Interim Results QA transcript – North American conference call

5 August 2010

QUESTION:

Thank you. And thank you, Tom, for making yourself available to a North America call, it's much appreciated from the analysts that sit on this side of the pond. In terms of the \$9 billion – I'm sorry, I should say by the way it's great to see Rio Tinto making such a strong profit when we still haven't fully realised spot met coal prices and especially spot iron ore prices in the first half, so here's looking to a stronger second half.

In terms of your projections of \$9 billion of potential capex next year, could we have broadly a split-up into your sectors, so roughly how much iron ore, how much copper, how much coal please?

TOM ALBANESE:

I would say we haven't given the specific percentages so I wouldn't want to be doing anything selectively now. But I would say that the large portion of that is going into the Iron Ore business, and you would see that would be disproportionate to the other product groups, and of course a large portion of that would be sitting with the expected ongoing expansion efforts in the Pilbara.

I think there will be expected to be funding in the Aluminium, in the Copper and in the Energy groups and also in Diamonds & Minerals commensurate with the range projects they would have. But you would see that the shift upward would be primarily driven by the Iron Ore business.

QUESTION:

Okay. Your mention of diamonds, I assume pencilled in that mine would be the underground block cave for Argyle?

TOM ALBANESE:

Yes. We have done a little bit of ramping up at Argyle but we would be anticipating in the back end of this year/during the course of the next several months that we would be looking to resuming the full underground development.

It was really a tough year last year in the diamond markets. We did make some difficult decisions to defer that capital spending. I think as we see not only the return of some diamond demand in OECD countries, it is particularly pleasing to see the Indians and the Chinese actually buying and consuming diamonds themselves, so I think Argyle underground development, the resumption of that, would be well positioned in this market.

QUESTION:

Okay. Thank you. Two last questions because I don't want to hog the line.

I think if I understood from the previous conference call, the capex for the Pilbara to go to 330 million tonnes, you mentioned double-digits and billions of dollars. Can we tease a smaller range out of you please?

TOM ALBANESE:

Well, that's quite teasing right there. We haven't disclosed any new number for that, but I would expect as we go through the various approvals that we would make the appropriate announcements.

QUESTION:

Do you have a timeline on that please?

TOM ALBANESE:

I think what we have said is the second half of this year. The again, I think it is important to recognise that there is a likely sequence of expansions where we would be first focusing on a 280 million tonne tranche and then a 330 million tonne tranche, but also recognise as we go forward for that first 280 there are certain components of capital that you have got to put in place to optimise the ability to get to the 330.

QUESTION:

Great! And the final question please, more of a macro-view. How do you see iron ore demand for the next 6 months please? What are your clients, especially the Chinese steel mills', telling you about their expectation of demand please?

TOM ALBANESE:

First of all I think we saw a sort of peak of buying expectations in about April of this year and then you had quite a bit of softening of expectations, probably some consolidation, possibly some de-stocking that took place over the past couple of months, and you saw spot prices then dropping even at points below \$120 or \$115 per tonne.

Over the past few weeks we have seen some recovery of that, closer to something in the \$140 range, and I think that is reflected of the fact there is only so far you can go before you've got to get back into the iron ore markets and during this period we have been selling all of our products on that quarterly type approach.

QUESTION:

Right. Thank you.

TOM ALBANESE:

Thank you.

TOM ALBANESE:

Okay. Well, thank you very much and I look forward to moving forward in the second half. And thank you for all of your participation in this call.

(End of conference call)