2008 Annual Results

A strong set of results

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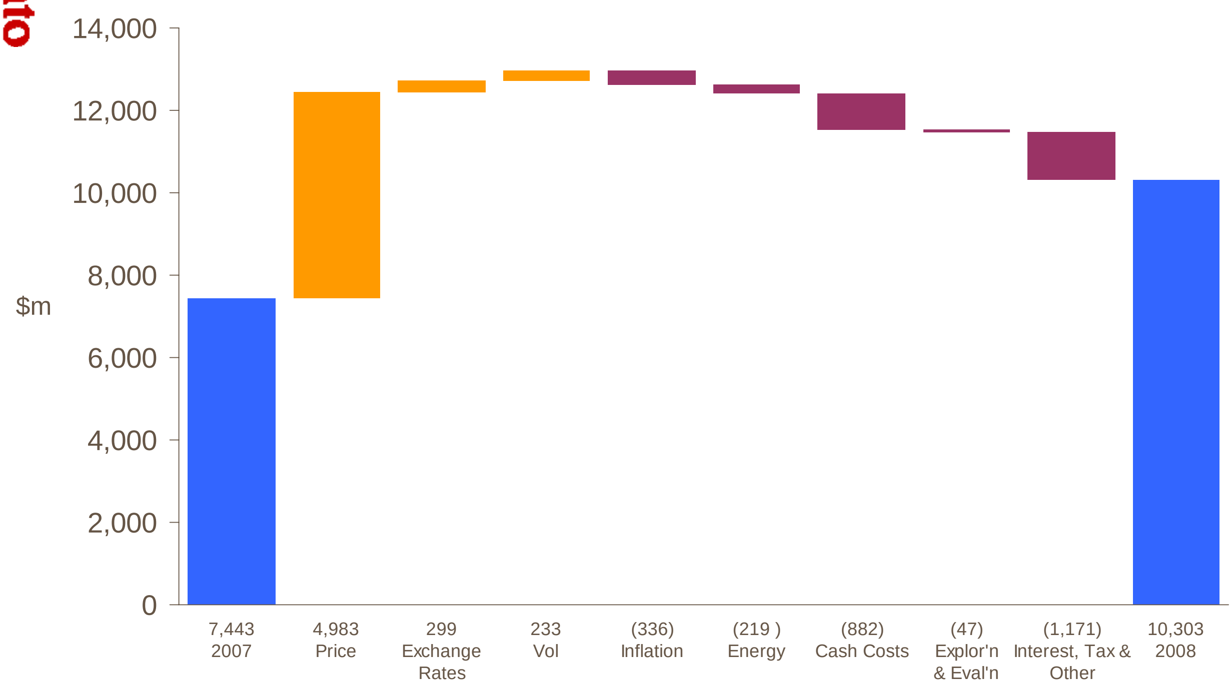
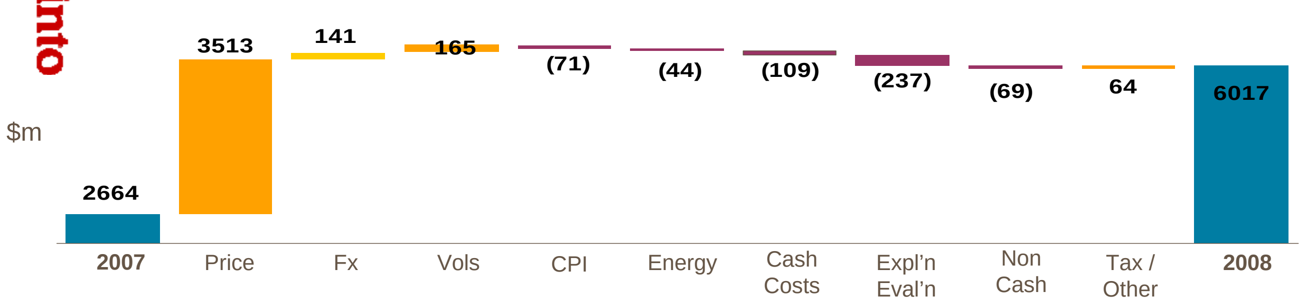
2008 earnings benefited from strong price environment for most of the year



Source: Rio Tinto

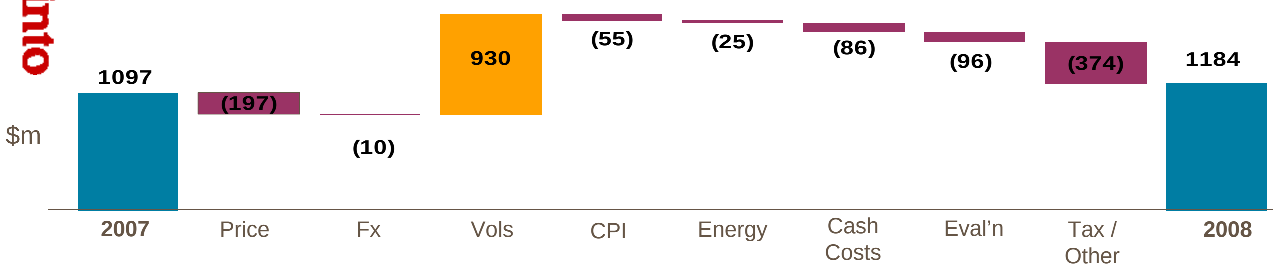
Cash costs plus costs associated with grade variability are consistent with the total of energy and other cash cost variances in the earnings press release

Iron ore



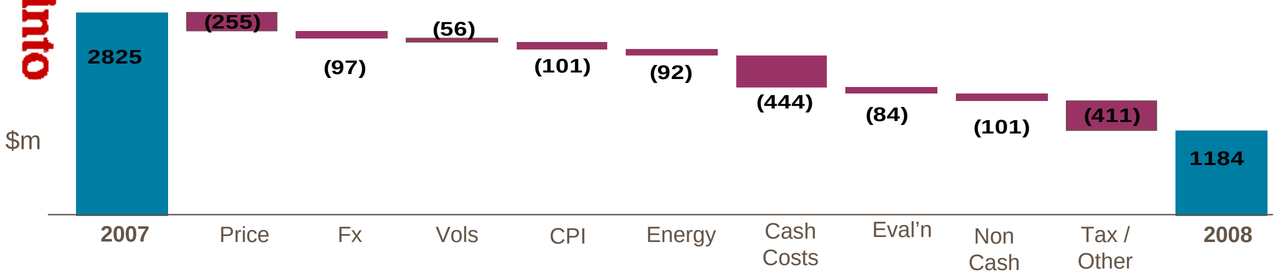
- Record earnings following record benchmark prices
- Achieved spot sales target of 16 mt in 2008
- Pilbara infrastructure capacity of 220mtpa reached by year end following completion of Cape Lambert expansion to 80mtpa
- Annualised production run rate reduced by ten per cent in fourth quarter in line with market conditions
- Flexibility maintained to respond to improvement in market conditions
  - Spot market showing some signs of recovery
- Expansion projects on hold pending market improvement
- Corumbá mine divested early 2009

Rio Tinto Alcan



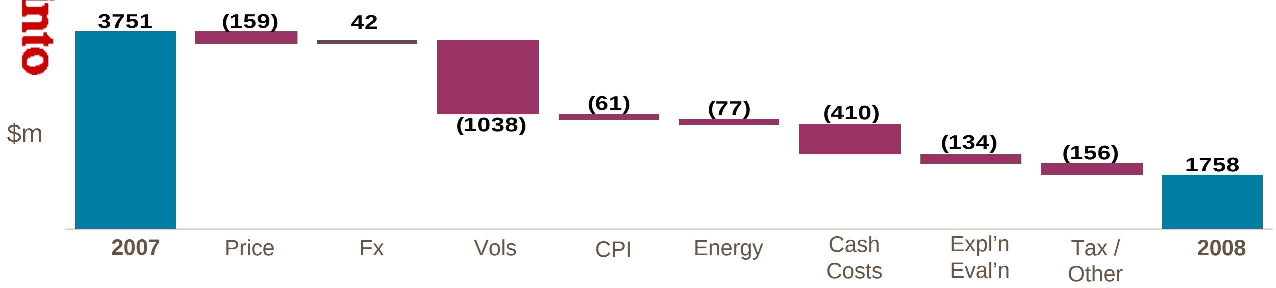
- Earnings and EBITDA impacted by sharp decline in prices in fourth quarter
- Rapid response to market conditions with closures of high cost smelting capacity
- Integration on track with synergies of $585m achieved in '08; target of $1.1bn in '10 remains
- Sohar smelter ramp up on target with 49,000 tonnes produced
- New product group CEO from 1 February 2009
- US$7.1bn goodwill impairment of Alcan goodwill and assets
  - of which US$1.8bn in EP and Packaging

Rio Tinto Alcan (pro forma)



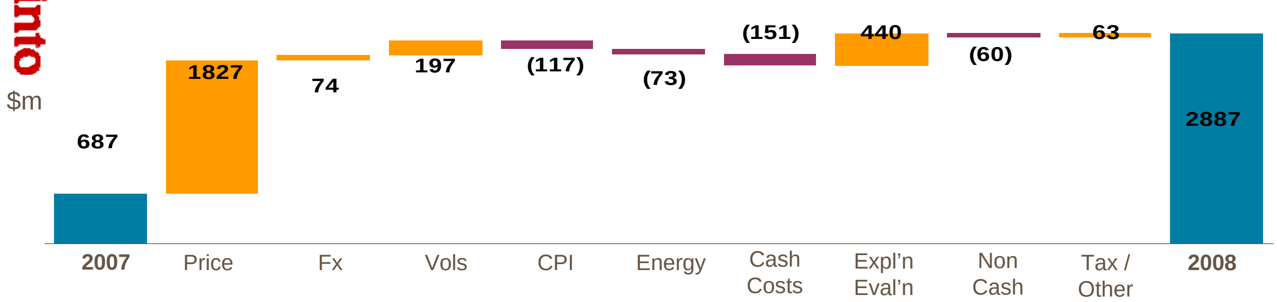
- Pro forma data includes Alcan as if it were part of the Rio Tinto group from 1 January 2007

Copper & Diamonds



- Earnings impacted by lower grades and reduced refined copper, gold and molybdenum production
- Provisional pricing and Escondida hedging loss compound impact of lower prices
- Escondida grade and operational issues likely to persist through at least H1 09
- La Granja and Resolution scaled back in light of economic conditions
- Argyle and Diavik underground development slowed

Energy & Minerals



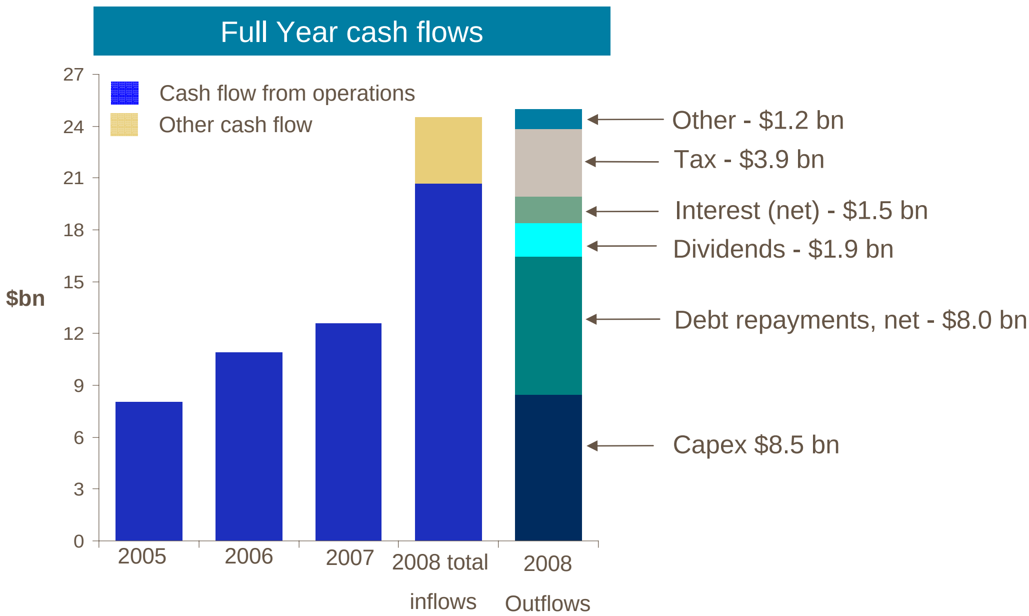
- Record earnings
  - Kintyre $0.5 billion gain recognised in underlying EBITDA / earnings
- Coal prices benefit from strong demand and constrained supply
- Uranium earnings benefit from higher realised prices at ERA
- Strong coal production taking advantage of additional port capacity
- Production reduced by 15% at Kestrel
- Strong markets in 2008 for TiO_2 and metallic co-products
- First ilmenite production in Madagascar

Other costs include higher interest charge

$millions	***2007***	*Fx / price*	*Inflation*	*Sales vols*	*Cash costs*	*Expl'n Eval'n*	*Non Cash*	*Interest, tax & other*	***2008***
Other operations	**15**	(2)	-	(21)	(52)	-	(8)	16	**(52)**
Central exploration	**20**	3	(3)	-	-	(20)	(5)	(119)	**(124)**
Interest	**(265)**	-	-	-	-	-	-	(765)	**(1,030)**
Other	**(541)**	50	(29)	-	(74)	-	206	103	**(285)**

- Other operations – mainly Rio Tinto Marine reflecting changes in intergroup charges
- Exploration – greenfield programmes maintained. Lower divestments in 2008.
- Interest charge reflects full year of Alcan debt
- Other cost variance relates to technology, share options, corporate activity, central tax, insurance and IS&T

Strong cash flow supported capex and repayment of debt in 2008

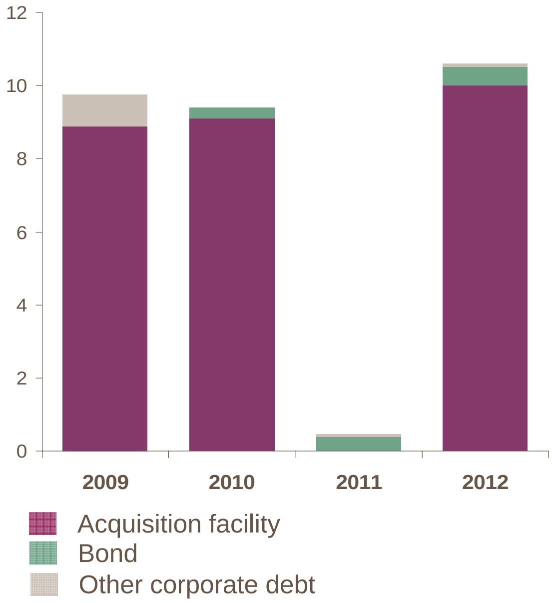


- Reducing capex to approximately $4 billion in 2009
- Holding 2008 dividend flat

Financial position at 31 December 2008

Facility ($bn)	Maturity	Drawn	Undrawn
Acquisition facility A	2009	8.9	-
Other short term debt	2009+	1.2	-
Acquisition facility B	2010	9.1	0.9
Acquisition facility C	2012	-	5.0
Acquisition facility D	2012	10.0	-
Bilateral bank facilities	2011/12	-	2.2*
Other long term debt		10.7	-
Cash		(1.2)	1.2
Total		38.7	9.3

Debt maturity profile 2009 - 2012 ($bn)



- Reduction of net debt by $6.5 billion during 2008 to $38.7 billion
- Net debt to underlying EBITDA of 1.7 times compared to covenant of 4.5
- Successful bond issue of $5 billion
- Secure facilities available

**Bilateral bank facilities of $2.3 billion (maturity in 2011 and 2012) less $0.1 billion of commercial paper*

Impairment charges

$ millions	Rio Tinto share (post tax)	Goodwill	Property, plant and equipment
Rio Tinto Alcan			
Continuing Operations	7,122	6,608	514
Discontinued Operations (Alcan Packaging)	827	0	827
Other assets	457	47	410
Total	8,406	6,655	1,751

Divestment programme update

- $3 billion of divestments completed in 2008
- Ningxia aluminium smelter in China sold for $125 million in January
- Agreement to sell Corumbá and potash assets in January for $1.6 billion
- Strong trade interest in all assets but credit market remains challenging
- Continuing discussions on a number of other divestment targets

Summary

- Strong earnings and cash flow supported by performance of bulk commodities
- Asset quality supports strong cash flow through the cycle
- Decisive measures taken to address changed market conditions
- Investment in place to maintain growth options
- Continued optionality from long term projects (e.g. Oyu Tolgoi, Simandou, La Granja)
- Well placed for turnaround in markets
- Chinalco transaction positions the Group for the future

Additional information

Diamonds analysis

$m	Gross revenue		EBITDA		Underlying earnings	
	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
Argyle	**347**	426	**41**	109	**29**	87
Diavik	**468**	578	**356**	427	**114**	193
Murowa	**25**	16	**9**	7	**2**	3
Diamonds - other	**-**	-	**(11)**	(4)	**(8)**	(3)
Total	**840**	1,020	**395**	539	**137**	280

Diamonds analysis

$m	Capital expenditure		Depreciation & amortisation	
	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
Argyle	**346**	263	**14**	18
Diavik	**298**	255	**154**	158
Murowa	**7**	4	**6**	4
Diamonds – other	**1**	3	**1**	1
Total	**652**	525	**175**	181

Underlying earnings and net earnings

	2008 US$m	2007 US$m
Underlying earnings	**10,303**	**7,443**
Items excluded from underlying earnings		
Profits on disposal of interests in businesses	1,470	1
Impairment (charges) less reversals	(8,406)	(113)
Exchange differences and derivatives	843	190
Other, including non-recurring consequences of Alcan acquisition	(534)	(209)
Net earnings	**3,676**	**7,312**

Provisional pricing

	Open shipments (million lbs)			Provisional pricing effect (US$m)		
	30 Jun 08	31 Dec08	31 Dec 07	H1 08	H2 08	FY 08
Escondida	243	140	226	+137	-300	-163
Freeport	15	5	11	+5	-	+5
Northparkes/Other	15	38	33	+9	-57	-49
	273	**183**	**270**	**+151**	**-357**	**-207**

Earnings reconciliations

	2008
Energy Resources of Australia	US$m
Earnings per ERA press release (A$222m)	191
Increased amortisation of rehabilitation asset	(12)
Less: Minority interests (31.6%)	(56)
Other	18
Underlying earnings as reported by Rio Tinto	**141**

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Earnings reconciliations

	2008
Palabora	US$m
Earnings per Palabora press release (R720m) excluding impairment reversal	87
Recognition of Secondary Tax on Companies (STC) by Rio Tinto	(9)
Add interest and fx gain/loss on debt shown centrally by Rio Tinto	7
Less: minority interest (42.3%)	(36)
Underlying earnings as reported by Rio Tinto	**49**
Coal & Allied	
Earnings per Coal & Allied press release (A$804m)	688
Less: minority interests (24.3%)	(164)
Other	(13)
Add: RTCA earnings	1,126
RTCA underlying earnings as reported by Rio Tinto	**1,637**

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Analysis of interest

Twelve months ended 31 December		
US$ millions	2008	2007
Net interest per cash flow	(1,538)	(489)
Interest capitalised	203	122
Change in accruals	(79)	(37)
Subsidiary interest per Income Statement	(1,414)	(404)
Taxation	380	131
Outside interests	4	8
Net interest charge	(1,030)	(265)

Variance analysis methodology

- **Price** = Change in commodity price x prior year sales volumes
- **Exchange** = (Change in exchange rates x Prior year cost of sales) + Relative movements in exchange gains and losses on working capital
- **Inflation** = Inflation rate x Prior year cash cost of sales
- **Volume** = Change in sales volumes x Current year margins
- **Cost** = cash cost variance + non cash cost variance + impact of energy price changes + one-off costs
  - Energy = change in input price x prior year usage
  - Cash cost = Change in cash unit costs x Prior year sales volumes
  - Non cash cost = Change in non cash unit costs x Prior year sales volumes