

Rio Tinto

2008 Annual Results

12 February 2009



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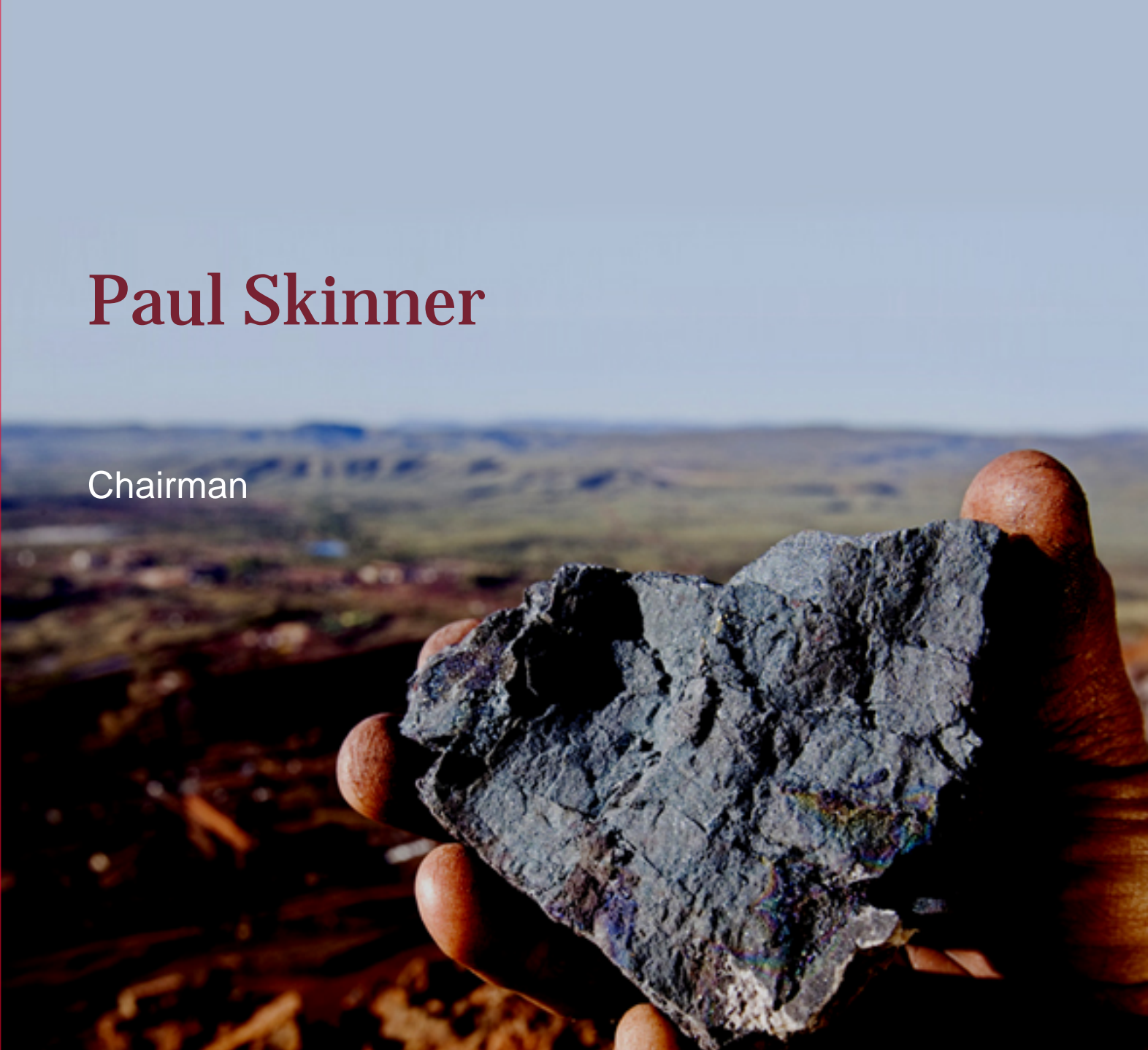
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Rio Tinto

Paul Skinner

Chairman



A strong set of results

Robust underlying performance in 2008

- Underlying EBITDA of \$22.3 billion, up 60%
- Record underlying earnings of \$10.3 billion, up 38%

Impairment charge of \$8.4 billion recognised, mainly relating to Alcan

- Net earnings of \$3.7 billion, down 50%

Decisive measures already taken to position the Group for the downturn

- Significant reductions in operating and capital expenditure
- Divestments of \$3 billion in 2008 and \$1.7 billion in January 2009
- 2008 dividend held at 2007 level

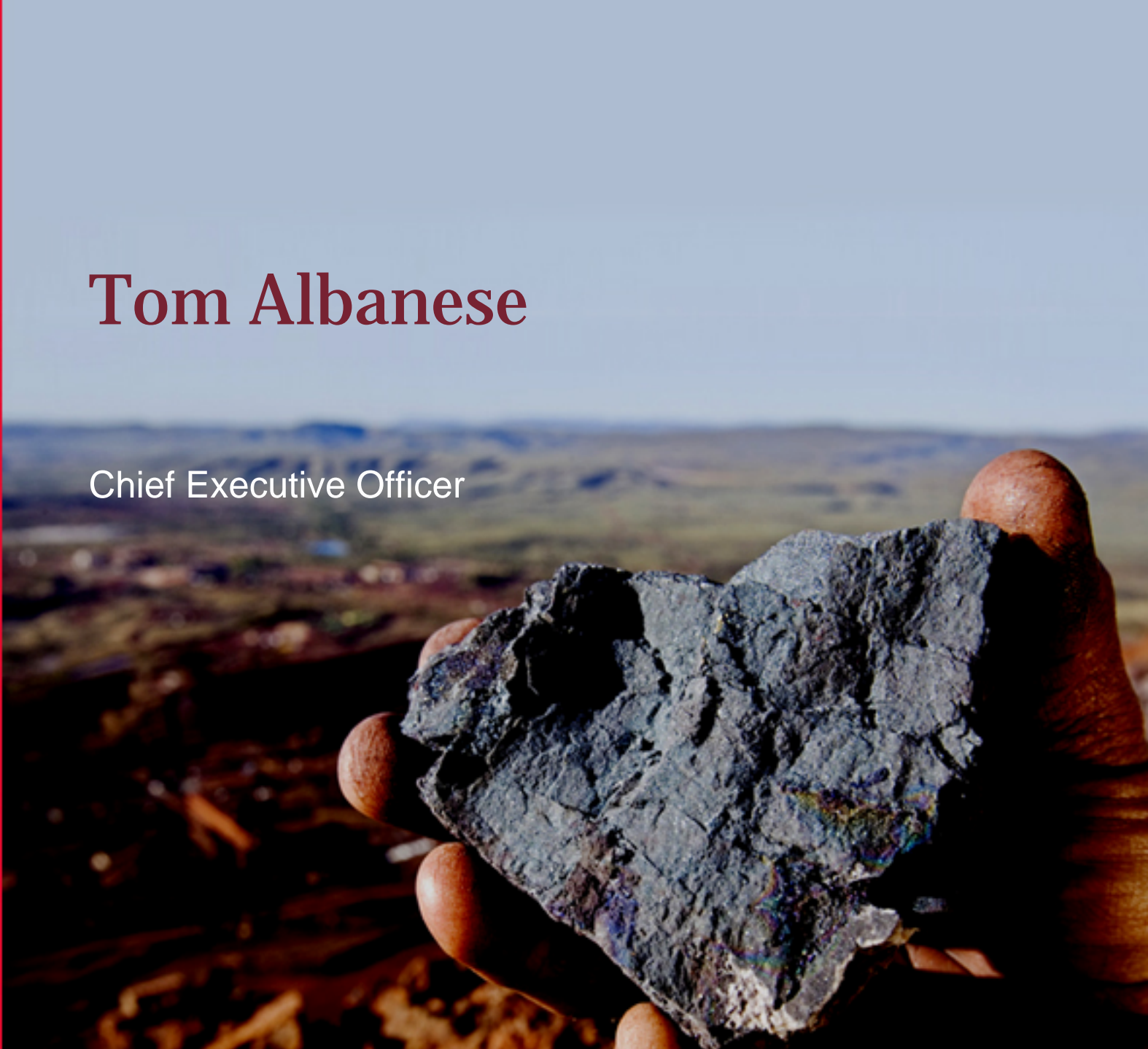
Sector recovery is likely to be delayed

- Short term outlook is driven by broader economic cycle
 - Sharp decline in growth rates
 - Uncertainty of near term commodity demand
 - China to continue growing but at a slower pace, in an environment of OECD weakness
- Commodity producers have responded to weak conditions with capacity reductions
- Announced stimulus packages expected to have a positive impact
- Fundamentals of the Chinese market remain intact and the mining industry's long-term prospects remain positive

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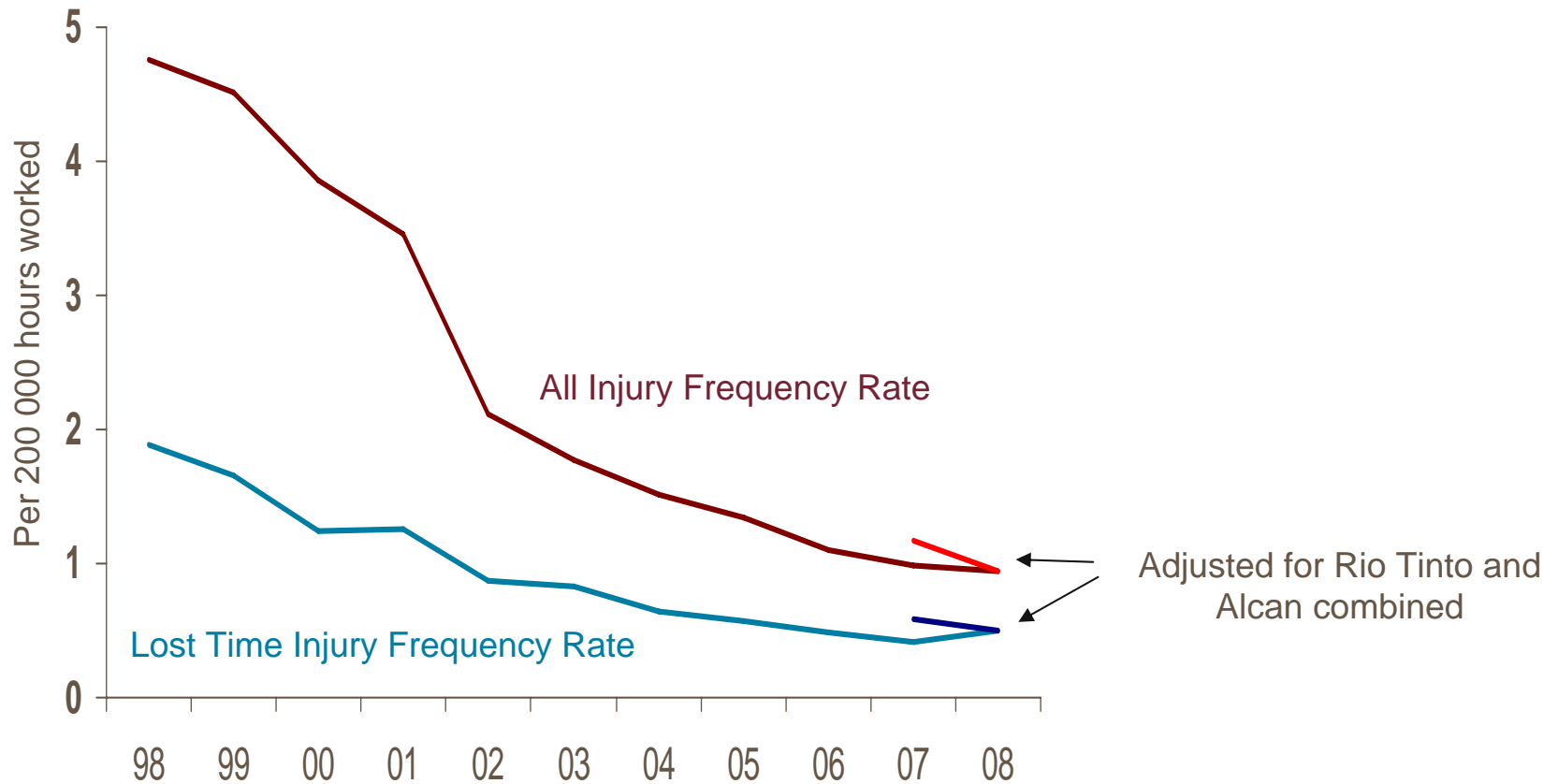
Tom Albanese

Chief Executive Officer



An unremitting focus on safety

Decline in injury frequency rates 1998 – 2008

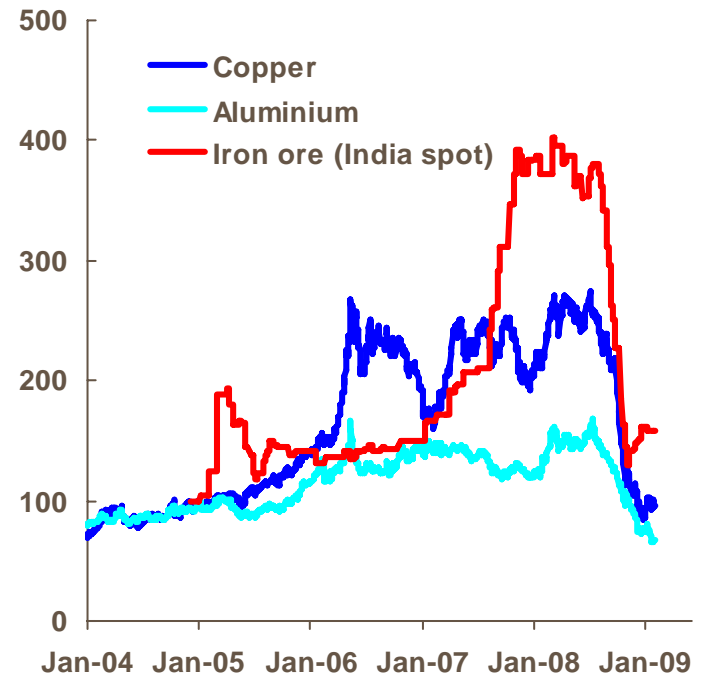


Source: Rio Tinto.

Decisive action taken to reposition the Group for current market conditions

- Cutting planned capex in 2009 from over \$9bn to approximately \$4bn,
- Reducing capex to sustaining levels in 2010
- Operating expenditure to be cut by \$2.5bn in 2010
- Selective cutbacks in production capacity
- Divestments announced in 2009 totalling \$1.7bn
- Continuing discussions on a number of other divestment targets
- Holding 2008 dividend at 2007 level

Nominal metal prices index
1 Jan 2005 = 100



Actions being taken to reduce capital expenditures to approximately \$4 billion in 2009

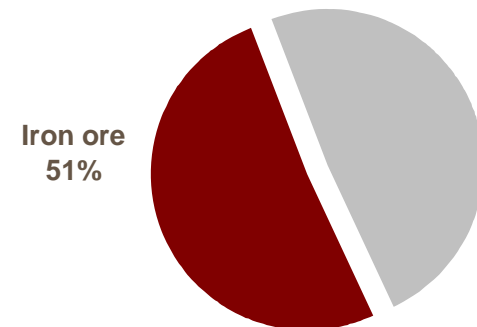
Product Group	Projects continuing	Projects slowed or deferred
Iron Ore	Hope Downs Stage 2 Brockman 4 Mesa A WA power station	Pilbara 320mt infrastructure and studies IOC Automated Train Operations
Aluminium	Yarwun Expansion Shipshaw power station	Kitimat modernisation
Copper and Diamonds	KUC East 1 pushback KUC Moly Autoclave	Diavik underground Argyle underground Resolution pre-feasibility study Northparkes E48 block cave Eagle
Energy and Minerals	Clermont QMM Kestrel Expansion	Rössing extension

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
 - Expansion projects completed on budget and on schedule
- Reduced production in Q4 to align with customer delivery requirements
- 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

\$m	2007	2008	% change
EBITDA	4,668	10,212	+119%
Earnings	2,664	6,017	+126%

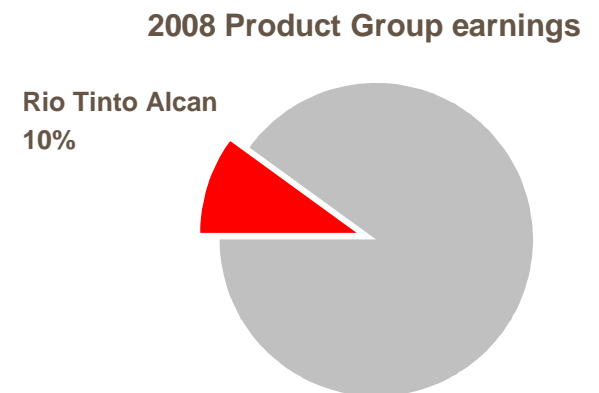
2008 Product Group earnings



Rio Tinto Alcan

- Earnings and EBITDA impacted by sharp decline in prices in fourth quarter
 - less impact on EBITDA margin of upstream business compared to peers
- Rapid response to market conditions with closures of high cost smelting capacity
- Integration on track with synergies of \$585 million after tax achieved in 2008; target of \$1.1bn in 2010 remains
- Sohar smelter ramp up on target with 49,000 tonnes produced
- New product group CEO from 1 February 2009
- \$7.9bn impairment of Alcan goodwill and assets
 - of which \$800m relates to Alcan Packaging

\$m	2007	2008	% change
EBITDA	1,701	4,137	+143%
Earnings	1,097	1,184	+8%



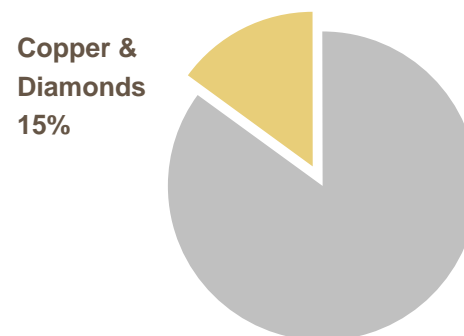
Note: Alcan results included from date of acquisition of 24 October 2007

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

\$m	2007	2008	% change
EBITDA	6,336	3,294	-48%
Earnings	3,751	1,758	-53%

2008 Product Group earnings

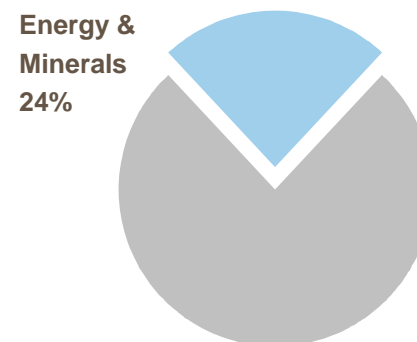


Energy & Minerals

- 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
- Strong markets in 2008 for TiO₂ and metallic co-products
- First ilmenite production in Madagascar

\$m	2007	2008	% change
EBITDA	1,795	5,242	+192%
Earnings	687	2,887	+320%

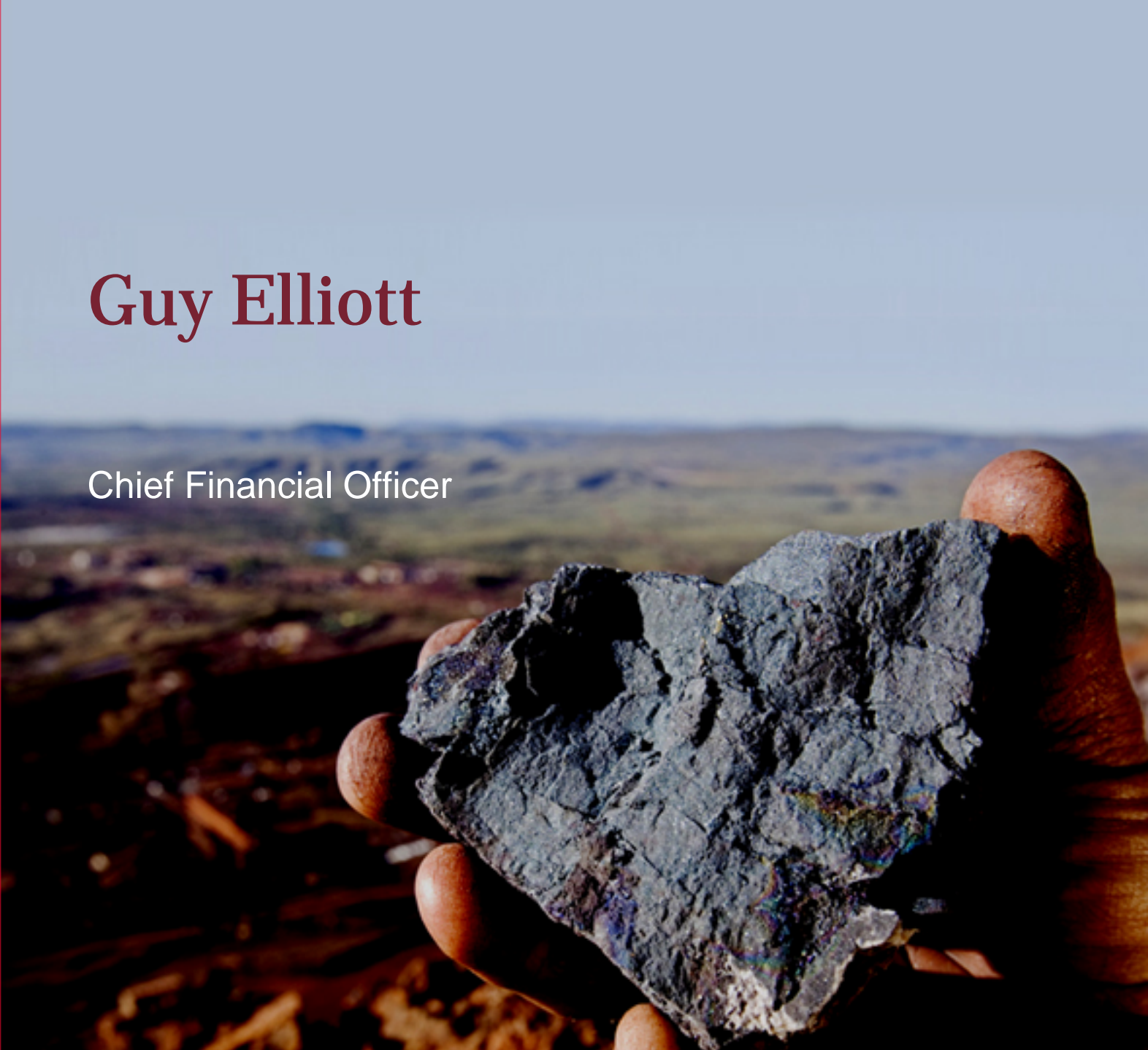
2008 Product Group earnings



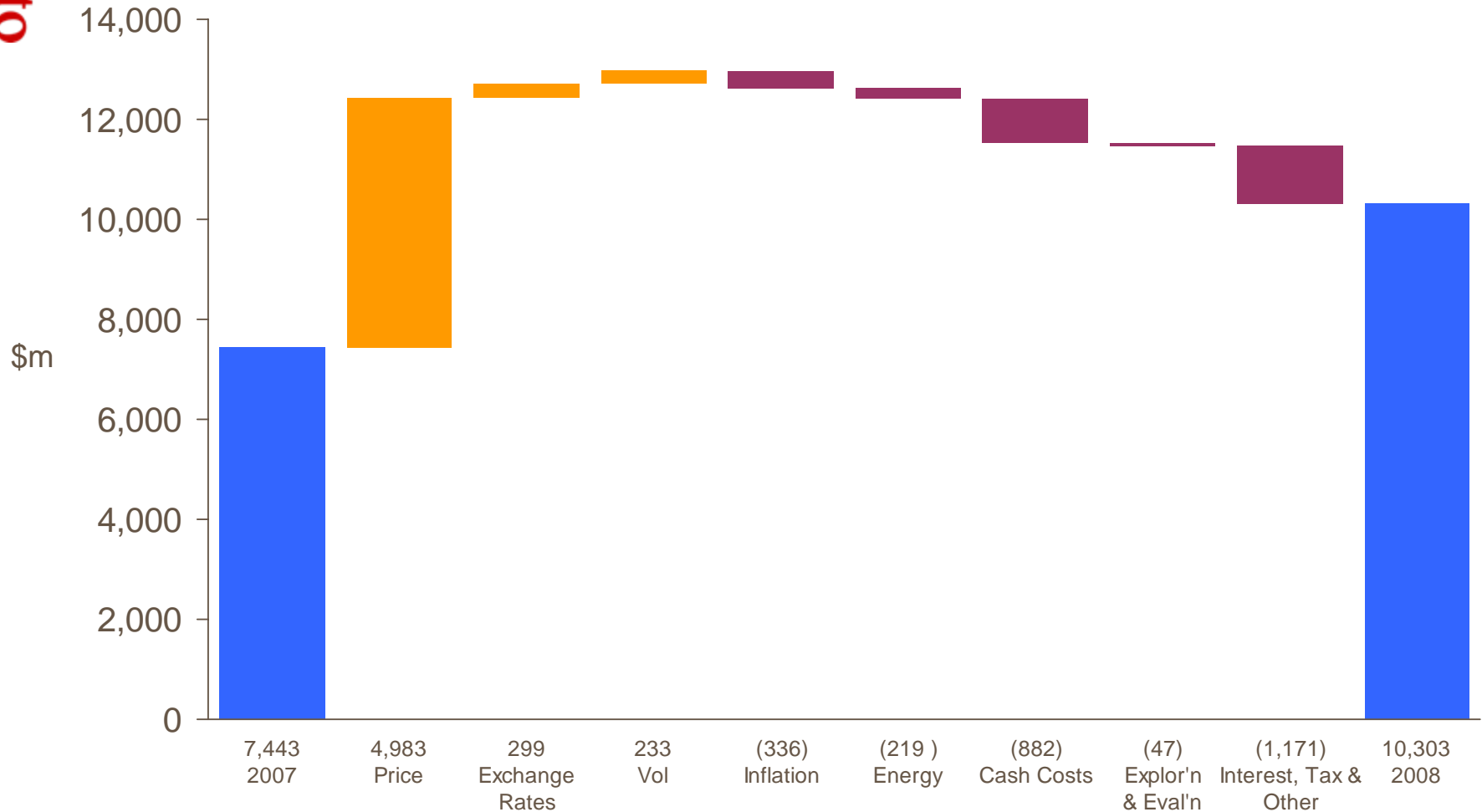
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Guy Elliott

Chief Financial Officer



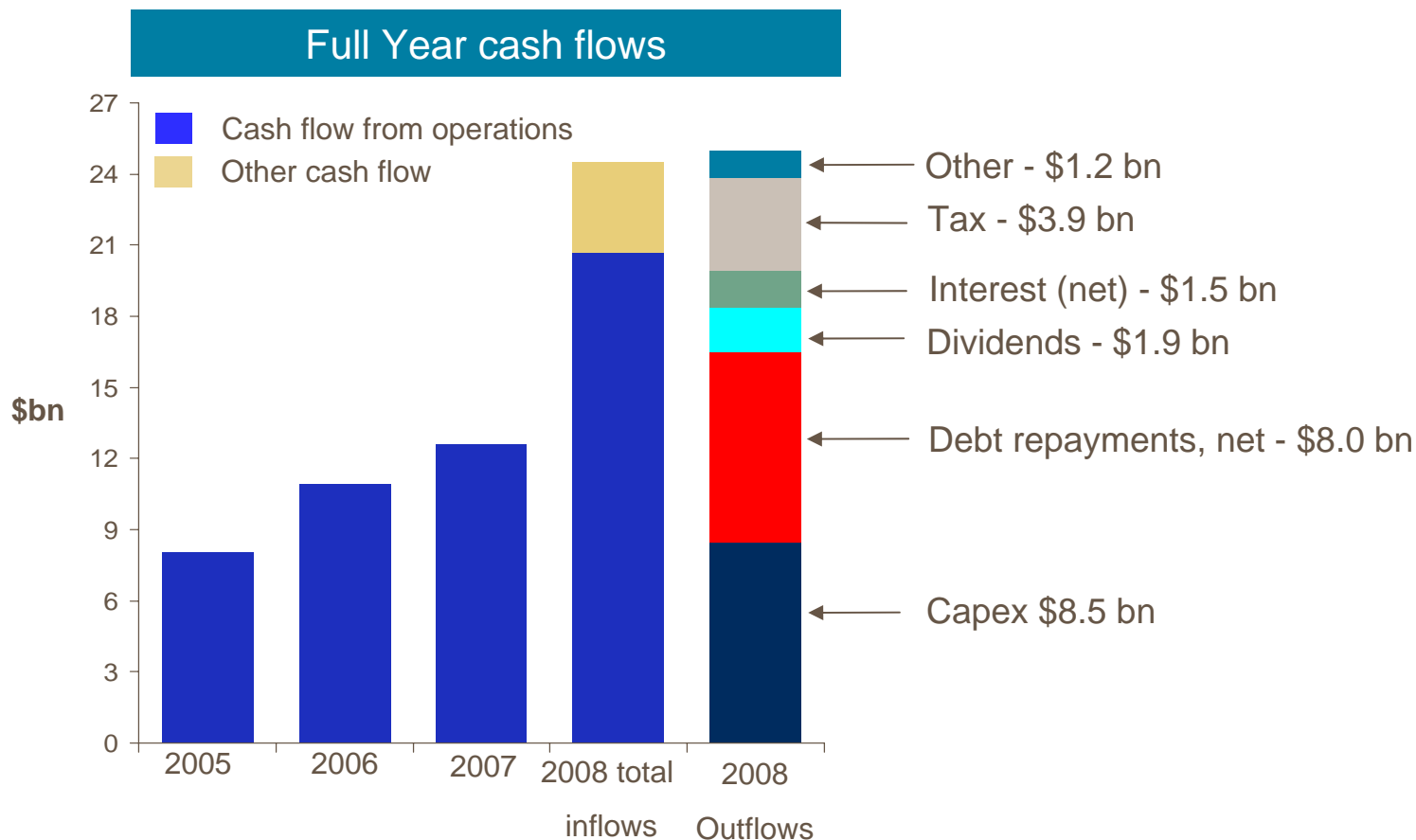
2008 earnings benefited from strong price environment for most of the year



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

Strong cash flow supported capex and repayment of debt in 2008



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

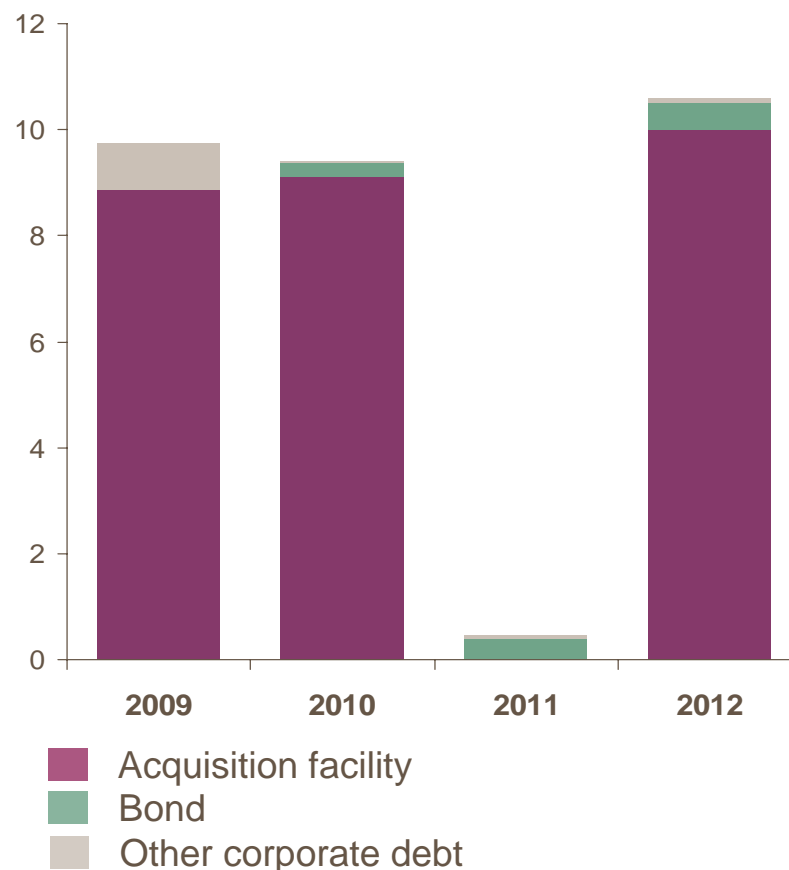
Source: Rio Tinto

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

- 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

Debt maturity profile 2009 - 2012 (\$bn)



*Bilateral bank facilities of \$2.3 billion 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

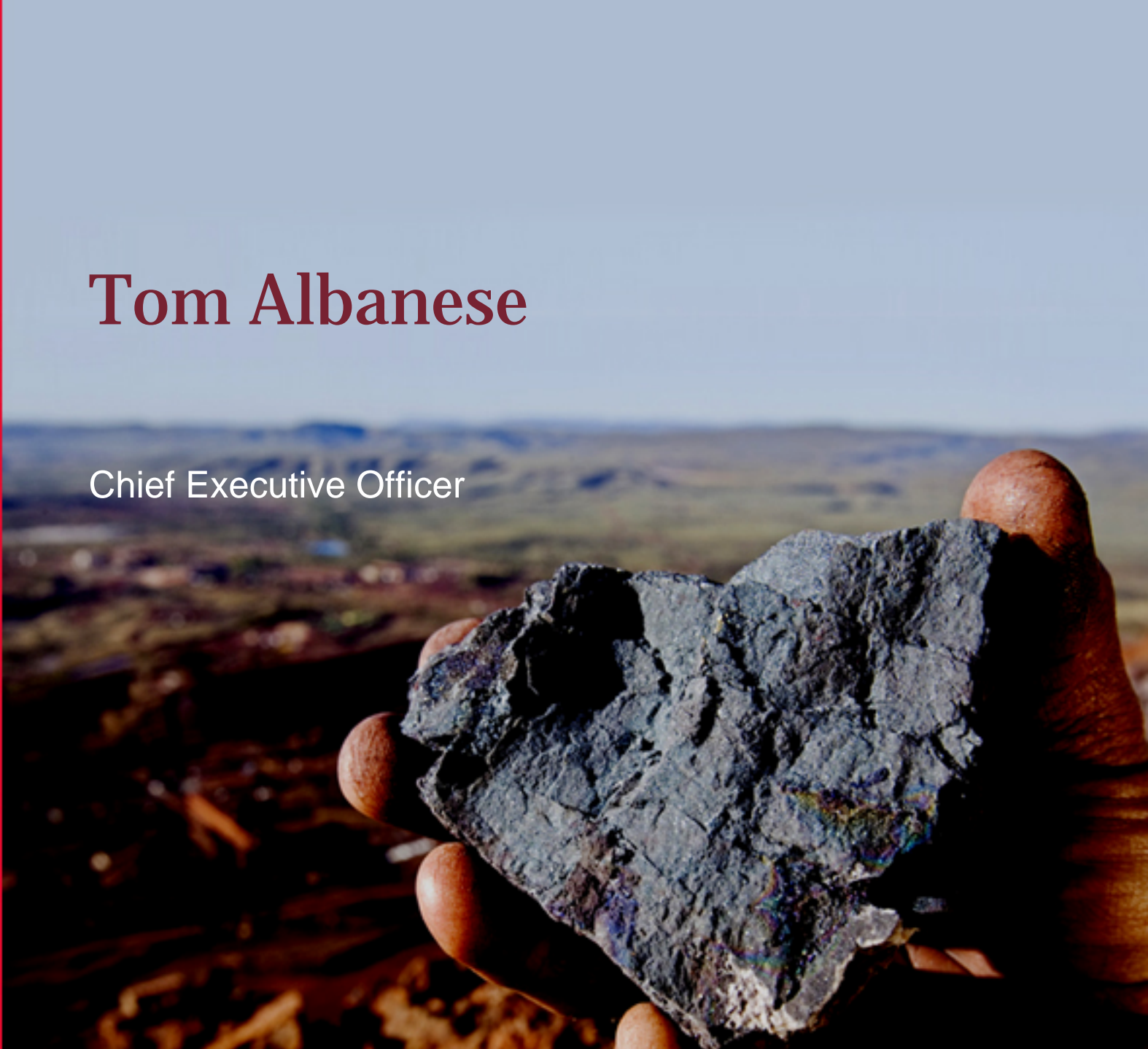
Divestment programme update

- \$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
- US coal divestment making progress
- Continuing discussions on a number of other divestment targets

RioTinto

Tom Albanese

Chief Executive Officer



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

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