Building on success - growing the Pilbara

Greg Lilleyman – President, Pilbara Operations
Guideline

• Rio Tinto, in context
• The Pilbara integrated operations
• Rio Tinto’s major customers: some historical perspective
• Strong demand, uncertain industry supply
• Rio Tinto’s expansion: seeing is believing
• Rio Tinto’s Mine of the Future™
• Summary
Rio Tinto Iron Ore – Pilbara Operations
Old friends – dealing with regional partners in a broad based market
Business history: strong growth of Rio Tinto Iron Ore China business for 40 years

“No other company has exported anywhere near this amount of iron ore to China and it took 38 years for us to do so.”

Sam Walsh - On the shipment of the 1 billionth tonne
Despite near-term volatility, the fundamental drivers of Chinese steel demand growth remain strong

**Chinese steel demand will grow strongly**

- **Construction**
- **Industrial - Export**
- **Industrial - Domestic**

**The fundamental drivers of Chinese steel demand will remain strong**

1. **Economic growth**
   - Political focus will remain on GDP and income growth as the newly elected government looks to consolidate power and to maintain social stability by delivering economic development and ongoing increases in living standards.

2. **Urbanisation**
   - Urbanisation growth will continue to be strong through to 2030.

3. **Infrastructure/construction**
   - There is still significant infrastructure investment planned and required as well as increasing rebuild investment.

4. **Transition to consumption demand**
   - The government will continue to transition the economy to consumption based growth, with considerable flow-on demand effects for steel (as construction and infrastructure growth declines).

**SOURCE:** RTIO Industry Analysis
There continues to be significant constraint to the development of new iron ore supply

- Announcements do not necessarily translate to supply capacity
  - Competition for labour with oil/gas
  - Reduced sources of project financing
  - Protracted approvals processes
  - Shortage of specialist mining skills
  - Difficulty working in remote locations

- High cost Chinese domestic supply required to meet demand in the short to medium term

Source: UNCTAD, Rio Tinto analysis
We focus on delivering value through productivity and system optimisation …

- New nameplate capacity at 237Mt/a
  - Operations Centre assists deep system visibility, significantly advancing performance
  - Q3 2012 a record production quarter – 62.9Mt, a 5.2% increase on Q3 2011
  - Shipping remains strong
  - Closing in on the rail bottleneck

- Continue to progress improvement initiatives to provide further capacity creep
... challenging expansion optionality ...

Growth

Legend
- Not yet approved
- Underway
- Deleted

Sustaining

Note: Timing refers to first production

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… and maintaining major project time-lines

Rio Tinto Pilbara iron ore shipping capacity (100% basis) (Mt/a)
We have demonstrated superior performance in delivering projects.
Delivering reality …

Car Dumper
RTIO Reserves and Resources

RTIO PILBARA Mineral Reserve History
2001 - 2012

Probable  Proven

RTIO PILBARA Mineral Resource History (exclusive of Reserves)
2001 - 2012

Inferred  Indicated  Measured

Report: Rio Tinto 2012 Annual Report
CP Name: Resources: Bruce Sommerville, Phil Savory. Reserves: Leon Fouche and Chris Tabb.
Rio Tinto confirms that they are unaware of any subsequent information or data that materially affects the Resources and Reserves.
Our Mine of the Future™ is turning competitive advantage into real business value

- Technology and automation will continue to drive business success
- Improving sophistication of real time data and progressive cultural change are keys to success
- Substantial benefits will accrue
  - Cost savings – eg recruiting 900 fewer people
  - Managing increasing business complexity
  - Anticipating problem areas
- Phase II of our Operations Centre will unlock further value across our network
Autonomous Haul Trucks

• 10 trucks at Yandi in a fully autonomous pit

• 26 trucks are planned at Nammuldi, with 5 trucks currently operational and 5 more to be delivered over the coming weeks

• 19 trucks are planned for Hope Downs 4, with 3 currently being assembled
• AutoHaul™ is an investment of US$518 million to introduce autonomous train operations across our integrated Pilbara rail network

• It is the first long-distance heavy-haul system of its kind in the world and will place us at the forefront of technological advances

• Is a key component of our expansion to 360Mtpa in the Pilbara

• First phase, Driver Assist, is nearing completion and significant engineering works are complete

• Full implementation is planned for 2015
In summary ...

• Our Pilbara Operations are part of a truly global mining business

• Running it efficiently, while expanding within time and cost constraints, is how Rio Tinto creates value

• We have a long, strong history with China and Japan

• These mutually beneficial relationship will continue into the future

• As we deliver expansions to meet future needs of our customers