

Round & About

Short stories from Rio Tinto around the world

Dividend to be paid

Rio Tinto's 2009 full year financial results announced on 11 February underlined the scale and strength of the Group's operating performance during the year. A positive outcome for shareholders is that a final dividend of 45 US cents per share will be paid, reflecting the strong performance, and what chairman Jan du Plessis called "excellent progress with divestments and our positive outlook". Underlying earnings were US\$6.3 billion compared to US\$10.3 billion in 2008. Cash flow from operations was US\$13.8 billion, a rate of more than US\$1 billion a month. Chief executive Tom Albanese said: "Our rigorous cost reduction programme delivered US\$2.6 billion in savings, beating our target one year in advance. Whilst trading conditions were tough in the first half, the second half was much improved, with the benefits of our decisive actions on costs, increased production and better markets all making a contribution." A highlight of the year was the recapitalisation of the balance sheet, with net debt reduced from US\$38.7 billion in 2008 to US\$18.9 billion at 31 December 2009. Commenting on the outlook, Jan du Plessis said: "We have witnessed a substantial recovery in the pricing of most of our key commodities over the past twelve months, driven largely by government measures in response to the global financial crisis. The bottoming out of the global economy and cutbacks in production have also influenced commodity prices. Looking forward, we believe that the factors that drove price recovery in 2009 will continue through 2010. We expect that China will grow at over nine per cent and the emergence of the OECD from recession will provide further support." He added a note of caution, saying the winding down of stimulus packages across the globe and speculative asset bubbles could produce volatility. "Rio Tinto, with its suite of low cost, Tier 1 assets, recapitalised balance sheet and options for growth, is well positioned to benefit from a sustained recovery in the world economy."

Yandicoogina mine – iron ore champion of Australia.



Yandicoogina breaks 50

Efficiency gains in 2009 helped Australia's biggest iron ore mine, Rio Tinto's Yandicoogina, become the first Australian iron ore mine to produce 50 million tonnes of iron ore in one year. To put this in perspective, Rio Tinto's first iron ore mine, Tom Price, started in the 1960s at a rate of five million tonnes a year and this was thought to be a remarkable level of production. "The 50 million tonnes per year mark is a worthy effort, made more notable because due to cyclone and flooding problems early in the year, by April the mine was producing at a rate only sufficient to record 40 million tonnes for the year," said Sam Walsh, chief executive Iron Ore and Australia. Yandicoogina opened in 1998, originally conceived on a far smaller scale. Its first full year of operations produced 10.7 million tonnes. Since its most recent expansion, the mine has been ramping up towards its nameplate annual capacity of 52 million tonnes. In 2008 it produced 45.6 million tonnes of saleable product.



Prizes for legal innovation

Rio Tinto's Legal group has won a string of awards for an outsourcing initiative that has become a talking point in legal circles. By passing work such as legal research, contract drafting, transaction due diligence and document reviews to a team of 15 lawyers in India, outsourcing has freed up the in house legal team to concentrate on the higher value, strategic work that the function deems "mission critical", as well as making major cost savings. The team in Delhi is employed by CPA Global, one of the world's leading providers of legal process outsourcing (LPO) services. The Legal team won a 2009 British Legal Award for its outsourcing of work. The Legal team were also runners up in the in house category in the London *Financial Times* Innovative Lawyers Awards.

Burying the carbon

Rio Tinto has sold its interest in Hydrogen Energy International to BP (British Petroleum), a company that is pursuing the Hydrogen Power Abu Dhabi (Masdar) project in the Gulf region. The Hydrogen Power Abu Dhabi project uses natural gas as a feedstock, and so is not of particular interest to Rio Tinto. Rio Tinto retains a 50 per cent interest in the Hydrogen Energy California project, which will use solid fuels such as coal and petroleum coke as feedstocks and so is better aligned with Rio Tinto's business. The Hydrogen Energy California project is a hydrogen powered electricity generating facility that will capture and store most of its carbon emissions in old oil wells in a process known as enhanced oil recovery. The project recently won US\$308 million of US Department of Energy funding for development of the Kern County integrated gasification and combined cycle (IGCC) power plant.

Representatives of local investor groups with Rio Tinto chief executive Tom Albanese and RBM managing director Cameron McRae.



Sharing the benefits

Five years ahead of the time required by law, Richards Bay Minerals (RBM) in South Africa has completed the transfer of a 24 per cent stake in the company to Blue Horizon, a consortium of local investor groups, to help redress the historic economic imbalance between the largely white held mining economy and black people who were disadvantaged in the time of apartheid. An additional two per cent of RBM's equity has been transferred to RBM's employees via an Employee Share Participation Trust, making the total transaction a divestment of 26 per cent to previously disadvantaged South Africans. The transaction means that, well ahead of time, RBM has complied with the provisions of the South African Mining Charter which requires mining companies to apply for the conversion of their existing mining licence into a "new order" licence. RBM is a 50/50 joint venture between Rio Tinto and BHP Billiton. It mines mineral sands on the northern coast of KwaZulu-Natal to produce titanium dioxide used mainly for paint pigments, as well as high purity pig iron, rutile and zircon.
